uraniumone™
investing in our energy

annual financial statements

Annual Consolidated Financial Statements
for the year ended December 31, 2010

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management's responsibility for financial reporting

Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles, who, when necessary, have made informed judgments and estimates of the outcome of events and transactions. Management acknowledges its responsibility for the fairness, integrity and objectivity of all information in the consolidated financial statements.

As a means of fulfilling its responsibility, management relies on the company's system of internal control. This system has been established to ensure, within reasonable limits, that the assets are safeguarded, transactions are properly recorded and are executed in accordance with management's authorization and that the accounting records provide a solid foundation from which to prepare the consolidated financial statements.

Any system of internal control has inherent limitations, therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, consisting solely of non-management independent directors. This committee meets periodically, reviews the scope of the external audit, the adequacy of the system of internal control and the appropriateness of the financial reporting and then makes its recommendations to the Board of Directors. Based on those recommendations, the Board of Directors approves the consolidated financial statements.

The consolidated financial statements have been audited by the Company's independent auditors, Deloitte & Touche LLP. The Independent Auditor's Report to the Shareholders of Uranium One Inc., outlines the scope of their examination and opinion on the consolidated financial statements.

"Chris Sattler"
Chris Sattler
Chief Executive Officer

"Graham du Preez"
Graham du Preez
Chief Financial Officer

March 7, 2011

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independent auditor's report

Independent Auditor's Report

To the Shareholders of Uranium One Inc.

We have audited the accompanying consolidated financial statements of Uranium One Inc., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations, changes in equity, comprehensive income (loss), accumulated other comprehensive income (loss) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

Independent auditor's report - continued

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Uranium One Inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"

Chartered Accountants
March 7, 2011
Vancouver, Canada

Uranium One Inc.

Consolidated Balance Sheets

As at December 31, 2010 and 2009
(in United States dollars)

	Notes	Dec 31, 2010 $'000	Dec 31, 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	315,766	148,465
Restricted cash	15	8,577	-
Accounts and other receivables	5	103,444	42,405
Inventories	6	91,000	71,634
Other assets	9	13,625	24,472
		532,412	**286,976**
Non-current assets			
Mineral interests, plant and equipment	8	2,729,919	1,748,284
Loans to joint ventures	7.2	28,722	29,250
Other assets	9	78,004	33,137
Assets held for sale		-	51,460
		2,836,645	**1,862,131**
Total assets		**3,369,057**	**2,149,107**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10	82,838	65,908
Income taxes payable		13,814	1,633
Current portion of convertible debentures	12	151,402	-
Current portion of long term debt	11	-	63,579
Current portion of joint venture debt	7.1	60,131	5,000
Other liabilities	15	25,275	132,043
		333,460	**268,163**
Non-current liabilities			
Convertible debentures	12	206,298	140,862
Asset retirement obligations	13	26,229	16,100
Future income tax liabilities	14	377,264	180,687
Joint venture debt	7.1	86,150	47,574
Other liabilities	15	3,165	1,877
Assets held for sale		-	12,944
		699,106	**400,044**
SHAREHOLDERS' EQUITY			
Share capital	16	5,325,426	3,823,297
Contributed surplus	17	114,861	133,478
Equity component of convertible debentures		90,491	46,480
Accumulated other comprehensive income		29,988	16,392
Deficit		(3,224,275)	(2,538,747)
		2,336,491	**1,480,900**
Total shareholders' equity and liabilities		**3,369,057**	**2,149,107**

Basis of presentation and principles of consolidation (note 2.1) & contingencies (note 27)

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Approved on behalf of the board of directors

"Ian Telfer"
Ian Telfer
Chairman of the board

"Andrew Adams"
Andrew Adams
Chairman of the audit committee

Uranium One Inc.

Consolidated Statements of Operations

For the years ended December 31, 2010 and 2009
(in United States dollars)

	Notes	Year ended Dec 31, 2010 $'000	Dec 31, 2009 $'000
Revenues		**326,850**	**151,992**
Operating expenses		(92,019)	(51,021)
Depreciation and depletion		(97,383)	(46,383)
Earnings from mine operations		**137,448**	**54,588**
General and administrative	18	(53,010)	(37,903)
Exploration expense		(5,449)	(8,830)
Impairment of mineral interests, plant and equipment	8.1	(116,667)	(265,456)
Care and maintenance		(2,905)	(15,386)
Operating loss		**(40,583)**	**(272,987)**
Interest and other	19	(41,957)	(9,145)
(Loss) / gain on available for sale securities	9	(10,603)	193
Foreign exchange (loss) / gain	20	(13,131)	59,027
Corporate development expenses		(8,906)	-
Other		(690)	(630)
Loss from continuing operations before income taxes		**(115,870)**	**(223,542)**
Current income tax expense	14	(49,298)	(20,915)
Future income tax (expense) / recovery	14	(24,534)	206,379
Loss from continuing operations		**(189,702)**	**(38,078)**
Earnings from discontinued operations		-	1,991
Net loss		**(189,702)**	**(36,087)**
Loss per share from continuing operations			
Basic and diluted		$(0.31)	$(0.08)
Earnings per share from discontinued operations			
Basic and diluted		-	$0.00
Net loss per share			
Basic and diluted		$(0.31)	$(0.08)
Weighted average number of shares (in thousands)			
Basic and diluted	22	611,562	475,583

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2010 and 2009
(in United States dollars)

	Share capital $'000	Contributed surplus $'000	Equity component of convertible debentures $'000	Accumulated other comprehen-sive income / (loss) $'000	Deficit $'000	Total $'000
Balance as at January 1, 2009	**3,522,824**	**131,602**	**46,480**	**(247,708)**	**(2,502,660)**	**950,538**
Net loss for the year	-	-	-	-	(36,087)	(36,087)
Stock options and restricted shares vested	-	7,502	-	-	-	7,502
Exercise of stock options and restricted shares	6,856	(5,626)	-	-	-	1,230
Issuance of contingent shares	388	-	-	-	-	388
Unrealized gain recognized on translation of self-sustaining foreign operations	-	-	-	16,391	-	16,391
Realized loss on sale of Gold One[1]	-	-	-	13,074	-	13,074
Realized loss on sale of Uranium One Africa	-	-	-	234,533	-	234,533
Acquisition of Karatau (note 3.4)	293,229	-	-	-	-	293,229
Fair value adjustments on available for sale securities	-	-	-	102	-	102
Balance as at December 31, 2009	**3,823,297**	**133,478**	**46,480**	**16,392**	**(2,538,747)**	**1,480,900**
Net loss for the year	-	-	-	-	(189,702)	(189,702)
Special cash dividend	-	-	-	-	(492,864)	(492,864)
Stock options and restricted shares vested	-	13,902	-	-	-	13,902
Exercise of stock options and restricted shares	67,829	(32,519)	-	-	-	35,310
Unrealized gain recognized on translation of self-sustaining foreign operations	-	-	-	13,713	-	13,713
Unrealized fair value adjustments on available for sale securities	-	-	-	(10,720)	-	(10,720)
Realized fair value adjustments on available for sale securities	-	-	-	10,603	-	10,603
JUMI Debentures issued (note 12)	-	-	125,692	-	-	125,692
JUMI Debentures redeemed (note 12)	-	-	(125,692)	-	(2,962)	(128,654)
2010 Debentures (note 12)	-	-	44,014	-	-	44,014
ARMZ private placement	602,708	-	-	-	-	602,708
Acquisition of Akbastau and Zarechnoye	831,578	-	-	-	-	831,578
Conversion of 2010 Debentures (note 12)	14	-	(3)	-	-	11
Balance as at December 31, 2010	**5,325,426**	**114,861**	**90,491**	**29,988**	**(3,224,275)**	**2,336,491**

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

[1] Gold One International Limited (formerly Aflease Gold)

Uranium One Inc.

Consolidated Statements of Comprehensive Income / (Loss)

For the years ended December 31, 2010 and 2009
(in United States dollars)

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Unrealized gain recognized on translation of self-sustaining foreign operations	13,713	16,391
Realized foreign exchange loss on sale of Gold One	-	13,074
Realized foreign exchange loss on sale of Uranium One Africa	-	234,533
Unrealized fair value adjustments on available for sale securities	(10,720)	(91)
Realized fair value adjustments on available for sale securities	10,603	193
Other comprehensive income for the year	**13,596**	**264,100**
Net loss	(189,702)	(36,087)
Comprehensive (loss) / income	**(176,106)**	**228,013**

Consolidated Statements of Accumulated Other Comprehensive Income / (Loss)

As at December 31, 2010 and 2009
(in United States dollars)

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Accumulated other comprehensive income / (loss) at January 1	16,392	(247,708)
Other comprehensive income for the year	13,596	264,100
	29,988	16,392
Deficit	(3,224,275)	(2,538,747)
Accumulated other comprehensive income and deficit	**(3,194,287)**	**(2,522,355)**
Components of accumulated other comprehensive income / (loss) at the end of the year:		
Unrealized foreign exchange adjustment - continuing operations	30,003	16,290
Available for sale marketable securities and investments	(15)	102
	29,988	**16,392**

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2010 and 2009
(in United States dollars)

		Year ended	
		Dec 31, 2010	Dec 31, 2009
	Notes	$'000	$'000
Net loss from continuing operations		(189,702)	(38,078)
Items not affecting cash:			
- Fair value adjustment included in revenue	15	(10,611)	(7,227)
- Loss on sale of fixed assets		3,835	-
- Depreciation and depletion		97,383	46,383
- Impairment of mineral interest plant and equipment	8.1	116,667	265,456
- Loss / (gain) on sale of available for sale securities		10,603	(193)
- Stock option and restricted share expense	18	13,902	7,502
- Interest accrued on loans and debentures		15,911	3,728
- Gain on redemption of debenture	12	(1,160)	-
- Unrealized foreign exchange loss / (gain)	20	9,748	(55,950)
- Future income tax expense / (recovery)	14	24,534	(206,379)
- Revaluation of financial instruments		1,445	-
- Other		(197)	497
Movement in non-cash working capital	21	(45,969)	(9,658)
Cash flows from operating activities		**46,389**	**6,081**
Acquisition of mineral interests, plant and equipment	25	(108,421)	(65,621)
Advance cash payments for other assets		(45,412)	(3,629)
Acquisition of Karatau, net of acquisition costs		-	(8,228)
Acquisition of Akbastau and Zarechnoye		18,705	-
Acquisition of Christensen Ranch and Irigaray		(28,869)	(8,750)
Cash received in acquisition of SKZ-U LLP		-	1,290
Cash advance for sulphuric acid plant investment		-	(5,385)
Proceeds on sale of Uranium One Africa Ltd	3.5	37,300	-
Proceeds on sale of Gold One Ltd		-	20,972
(Acquisition) / disposal of available for sale securities		(1,259)	487
Karatau promissory note and contingent payment		(111,773)	-
Cash proceeds from joint ventures		1,226	8,167
Proceeds on sale of mineral interests, plant and equipment		3,600	7,304
Restricted cash		(8,577)	-
Other		(979)	1,093
Cash flows used in investing activities		**(244,459)**	**(52,300)**
Common shares issued, net of issue costs		35,310	1,230
ARMZ private placement net of issue costs		602,708	-
Loans received by joint ventures		34,146	12,000
Advances received		11,155	-
Debentures issued, net of issue costs		498,626	-
Debentures redeemed		(269,394)	-
Special dividend on common shares		(492,864)	-
Repayment of credit facility	11	(65,000)	-
Cash flows from financing activities		**354,687**	**13,230**
Effects of exchange rate changes on cash and cash equivalents		**10,684**	**5,229**
Net increase / (decrease) in cash and cash equivalents		167,301	**(27,760)**
Cash and cash equivalents at the beginning of the year		148,465	176,225
Cash and cash equivalents at the end of the year		**315,766**	**148,465**

Supplemental cash flow information (note 21)

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

1 NATURE OF OPERATIONS

Uranium One Inc. ("Uranium One"), its subsidiaries and joint ventures (collectively, the "Corporation") is a Canadian Corporation engaged through subsidiaries and joint ventures in the mining and production of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, the United States, Australia and Canada.

The Corporation holds a 70% interest in the Betpak Dala joint venture, which owns the Akdala and South Inkai uranium mines in Kazakhstan, a 50% interest in the Karatau joint venture, which owns the Karatau uranium mine in Kazakhstan, a 50% interest in the Akbastau joint venture, which owns the Akbastau uranium mine in Kazakhstan, a 49.67% interest in the Zarechnoye joint venture, which owns the Zarechnoye uranium mine in Kazakhstan, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project in Kazakhstan. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia, and Canada.

On April 14, 2010, the Corporation sold its South African development and exploration assets.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation and principles of consolidation

The consolidated financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

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

The following are the Corporation's principal mineral properties as at December 31, 2010:

Operating mine:

Entity	Mineral property/Operation	Location	Ownership	Status
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	70%	Proportionately consolidated
Betpak Dala LLP	South Inkai Uranium Mine	Kazakhstan	70%	Proportionately consolidated
Karatau LLP	Karatau Uranium Mine[1]	Kazakhstan	50%	Proportionately consolidated
Akbastau LLP	Akbastau Uranium Mine[2]	Kazakhstan	50%	Proportionately consolidated
Zarechnoye LLP	Zarechnoye Uranium Mine[2]	Kazakhstan	49.67%	Proportionately consolidated

Advanced development projects:

Entity	Mineral property/Operation	Location	Ownership	Status
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	30%	Proportionately consolidated
Uranium One Americas, Inc.	United States development projects	United States	100%	Consolidated

The Corporation is also developing the following mineral properties:

Entity	Mineral property/Operation	Location	Ownership	Status
Honeymoon Uranium Project Joint Venture	Honeymoon Project	Australia	51%	Proportionately consolidated

The Corporation owns a 19% interest in the SKZ-U joint venture, which is constructing a sulphuric acid plant in Kazakhstan (note 7.1).

(1) The joint venture interest in the Karatau Uranium Mine was acquired on December 21, 2009. Refer to note 3.4
(2) The joint venture interests in the Akbastau and Zarechnoye Uranium Mines were acquired on December 27, 2010. Refer to note 3.1

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new standards

Financial instruments – recognition and measurement

During 2009, the Corporation adopted the amendments made by the CICA to Handbook Section 3855 – "*Financial Instruments – Recognition and Measurement"* ("Section 3855"). Section 3855 was amended to provide additional guidance concerning the assessment of embedded derivatives upon reclassification of a financial asset out of the held-for-trading category, amend the definition of loans and receivables, amend the categories of financial assets into which debt instruments are required or permitted to be classified, amend the impairment guidance for held-to-maturity debt instruments and require reversal of impairment losses on available-for-sale debt instruments when conditions have changed. The additional guidance on assessment of embedded derivatives is applicable for reclassifications made on or after July 1, 2009. All other amendments are applicable as of January 1, 2009. The adoption of these amendments did not result in a material impact on the Corporation's consolidated financial statements.

Business combinations

CICA Section 1582 – "*Business Combinations*", which replaces CICA Section 1581 – "*Business Combinations*", establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard ("IFRS") 3, "*Business Combinations".* This standard is effective for the Corporation's business combinations with acquisition dates on or after January 1, 2011. Early adoption is permitted and the Corporation adopted this standard effective January 1, 2010. The adoption of this standard required the Corporation to use the closing share price on the close of the transaction to calculate the value of consideration, compared to the share price on announcement date. Transaction costs are now expensed as incurred. The acquisition of the Akbastau Uranium Mine, Zarechnoye Uranium Mine and Christensen Ranch and Irigaray were accounted under the rules of the new standard (refer note 3).

Consolidated financial statements and non-controlling interests

CICA Section 1601 – "*Consolidated Financial Statements*" ("Section 1601") and Section 1602 – "*Non-controlling Interests*" ("Section 1602") replaces CICA Handbook Section 1600 - "*Consolidated Financial Statements".* Sections 1601 and 1602 establish standards for preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. These standards are effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted and the Corporation adopted these standards effective January 1, 2010. The adoption of these standards did not result in a material impact on the Corporation's consolidated financial statements.

2.3 Measurement and reporting currency

Items included in the financial statements of each entity in the Corporation are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

The Corporation's reporting currency is the United States dollar. Uranium One, its subsidiaries and joint ventures operate in Kazakhstan, the United States, Australia, and Canada.

The financial statements of the entities that are determined to be integrated foreign operations have been translated into United States dollars by translating foreign currency denominated monetary assets and liabilities, which includes future income tax, at rates of exchange in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates and revenues and expenses at average rates of exchange during the period. Exchange gains and losses arising on translation are included in the consolidated statements of operations.

The financial statements of the entities that are determined to be self-sustaining foreign operations have been translated into United States dollars by translating all assets and liabilities, which includes future income tax, at rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates for the period. All resulting exchange differences are included in accumulated other comprehensive income / (loss) on the consolidated balance sheet.

2.4 Inventories

Inventories of solutions and uranium concentrates are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation and depletion of mineral interests.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Mineral interests, plant and equipment

Mineral interests, plant and equipment are recorded at cost less accumulated depreciation and depletion.

Mineral interests, plant and equipment includes capitalized expenditures related to the development of mineral properties and related plant and equipment. Capitalized costs and plant and equipment are depreciated and depleted using either a unit-of-production method, over the estimated economic life of the mine to which they relate, or using the straight-line method over their estimated useful lives.

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value allocated to reserves is depreciated on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine. The reserve value is noted as depletable mineral properties for operations in commercial production. The resource value represents the property interests that are believed to potentially contain economic mineralized material such as inferred material; measured, indicated, and inferred resources with insufficient drill spacing to qualify as proven and probable reserves; and inferred resources in close proximity to proven and probable reserves.

Resource value and exploration potential value are classified as non-depletable mineral interests. At least annually or when otherwise appropriate, value from the non-depletable category for operating mines will be transferred to the depletable category as a result of an analysis of the conversion of resources or exploration potential into reserves. Costs related to property acquisitions are capitalized until the viability of the mineral property is determined. When it is determined that a property is not economically viable the capitalized costs are written down. Exploration expenditures on properties not advanced enough to identify their development potential are charged to operations as incurred.

Mining expenditures incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued. Mine development costs incurred to sustain current production are capitalized.

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

2.6 Impairment of long-lived assets

The Corporation reviews the carrying values of its mineral interests, plant and equipment when changes in circumstances indicate that those carrying values may not be recoverable. Estimated future net cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. An impairment loss is recognized when the carrying value of an asset held for use exceeds the sum of undiscounted future net cash flows. An impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value.

2.7 Asset retirement obligations

The Corporation recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of mineral property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the net present value of the liability for an asset retirement obligation is recognized in the period incurred. The net present value of the liability is added to the carrying amount of the associated asset and amortized over the asset's useful life. The liability is accreted over time through periodic charges to earnings and is reduced by actual costs of reclamation. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect changes in the estimated future cash flows underlying the obligation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Revenue recognition

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

In a uranium supply arrangement, the Corporation is contractually obligated to provide uranium concentrates to its customers. Uranium that was produced by the Corporation is delivered to conversion facilities ("Converters") where the Converter will credit the Corporation's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Corporation instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supply. The Corporation does not recognize revenue in circumstances where it delivers borrowed material into contracts.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Corporation.

2.9 Future income and mining taxes

The Corporation uses the liability method of accounting for income and mining taxes. Under the liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward. For business acquisitions, the liability method results in a gross up of mining interests to reflect the recognition of the future tax liabilities for the tax effect of such differences.

Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A reduction in respect of the benefit of a future tax asset (a valuation allowance) is recorded against any future tax asset if it is not more likely than not to be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period in which the change is substantively enacted.

2.10 Stock based compensation

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 an option pricing model. The fair value of the Awards is expensed over the vesting period of the Awards.

Upon exercise of the Awards, the related amount of stock based compensation previously expensed is transferred from contributed surplus and together with consideration received, is recorded as share capital.

The Corporation's stock based compensation plans consist of the following:

Options

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

Restricted shares

Under the Uranium One Restricted Share Plan, restricted share rights are granted to eligible employees, contractors and directors. Each restricted share right is exercisable for one common share of Uranium One at the end of the restricted period for no additional consideration. The vesting period for restricted shares that are currently issued is either two-thirds on the first anniversary of the grant date and the remainder on the second anniversary of the grant date, or total vesting on the third anniversary of the grant date. The aggregate maximum number of shares available for issuance under the restricted share plan is capped at three million. The number of shares for issuance to non-employee directors may not exceed 0.5% of the total number of common shares outstanding on a non-diluted basis.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Earnings / loss per share

Earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. The calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of Uranium One at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share. Dilution from convertible securities is calculated based on the number of shares to be issued after taking into account the reduction of the related after tax interest expense. The impact of outstanding share options, warrants and convertible debentures are excluded from the diluted share calculation for loss per share amounts, because it is anti-dilutive.

2.12 Financial instruments

The Corporation's financial instruments primarily consist of cash, short-term money market investments, marketable securities, accounts receivable, accounts payable, loans to joint ventures, draw downs against credit facilities, long term debt and convertible debentures. The fair value of the financial instruments approximates their carrying values, except for the fair values of marketable securities that have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

Comprehensive income comprises the Corporation's net income and other comprehensive income. Comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the Corporation, other comprehensive income includes currency translation adjustments on its net investment in self-sustaining foreign operations, and unrealized gains and losses on available-for-sale securities.

Financial assets and financial liabilities are recognized on the balance sheet when the Corporation has become party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value, which includes transaction costs, except for financial instruments classified as held for sale, where the transaction cost is expensed through the statement of operations. Subsequent to initial recognition these instruments are measured as set out below:

Investments

Purchases and sales of marketable investments are recognized on the trade date at fair value, which is the date that the Corporation commits to purchase or sell the asset. After initial recognition, the investments are classified as available for sale investments carried at fair value, with the fair value adjustments accounted for in other comprehensive income. When available for sale investments are sold, the cumulative market rate adjustment previously recorded in other comprehensive income is recognized in the consolidated statement of operations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits held at call and certificates of deposits, money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper with a remaining maturity of three months or less at date of purchase, and are carried at fair value.

Financial assets

Financial assets that are classified as available for sale securities are recognized at fair value on the trade date, which is the date that the Corporation commits to purchase or sell the asset. After initial recognition, the assets are carried at fair value, with the fair value adjustments accounted for in other comprehensive income.

Accounts receivable

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment and uncollectability of financial assets

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

For investments included under financial instruments, if there is an other than temporary decline in the value of the investment, such reduction is included in the consolidated statement of operations.

Financial liabilities

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

Financial liabilities that are classified as held for trading are recognized at fair value on the trade date, which is the date that the Corporation commits to the contract. After initial recognition, the liabilities are carried at fair market value, with the fair value adjustments accounted for in the consolidated statement of operations.

Accounts payable

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

Debt

Debt payable is recognized initially at the proceeds received, net of transaction costs incurred. Debt payable is subsequently measured at amortized cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated statement of operations, as interest expense, over the period of the loan.

Offset

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

Compound instruments

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

Embedded derivatives

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Equity instruments

Equity instruments issued by Uranium One are recorded at the proceeds received, net of direct issue costs.

2.14 Use of estimates

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

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of accounts receivable and investments, the proven and probable reserves, resources and exploration potential of mineral interests and the related depletion and depreciation, the estimated net realizable value of inventories, impairment of mineral interests, plant and equipment, determination of fair values of financial instruments, the fair value for stock-based compensation, the valuation of investments, the provision for income taxes and composition of income tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining interests, the anticipated costs of reclamation and closure cost obligations, and the fair value of assets and liabilities acquired in business combinations and asset acquisitions.

2.15 Variable interest entities

Variable interest entities ("VIE's") as defined by the Accounting Standards Board in Accounting Guideline ("AcG") 15, "*Consolidation of Variable Interest Entities*" are entities in which equity investors do not have characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIE's are subject to consolidation by the primary beneficiary who will absorb the majority of the entity's expected losses and/or expected residual returns. The Corporation has determined that none of its equity investments, contracts or other holdings qualify as VIE's.

2.16 Reclassification of prior year comparative figures

Joint venture debt has been reclassified from other liabilities and is now presented separately on the consolidated balance sheet and notes. Other minor prior year comparatives have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported consolidated statements of operations.

2.17 International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion to IFRS will be applicable to the Corporation's reporting in the first quarter of 2011, with restatement of comparative information presented.

3 ACQUISITIONS AND DISPOSALS

3.1 Acquisition of the Akbastau Uranium Mine and Zarechnoye Uranium Mine

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

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

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

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

On December 27, 2010 Uranium One completed the final closing of its transaction with ARMZ, comprising the issuance of a further 178 million new common shares of Uranium One to ARMZ in return for ARMZ's 50% interest in Akbastau and 49.67% interest in Zarechnoye, $40 million in receivables from ARMZ and $11.6 million in cash on acquisition to compensate for an unfavorable contract entered into by Zarechnoye prior to the acquisition. The JUMI debenture was redeemed after the closing of the transaction for C$275.8 million, including 101% of the outstanding principal amount and C$4.0 million of accrued interest.

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

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

	Akbastau $'000	Zarechnoye $'000	Total $'000
Purchase price:			
178 million shares issued for acquisition of the interest in the joint ventures	645,983	185,595	831,578
Acquired receivables	(40,000)	(11,600)	(51,600)
	605,983	**173,995**	**779,978**
Net assets acquired:			
Cash and cash equivalents	4,796	2,309	7,105
Inventory	11,676	10,514	22,190
Other current assets	2,814	2,186	5,000
Mineral interests, plant and equipment	731,005	251,162	982,167
Other non-current assets	11,845	5,921	17,766
Accounts payable and accrued liabilities	(20,352)	(3,157)	(23,509)
Current portion of joint venture debt	(14,769)	(10,658)	(25,427)
Other current liabilities	(552)	(13,967)	(14,519)
Future income tax liabilities	(117,330)	(35,468)	(152,798)
Joint venture debt	-	(33,835)	(33,835)
Other non-current liabilities	(3,150)	(1,012)	(4,162)
	605,983	**173,995**	**779,978**

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

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.2 Option agreement to acquire Mantra Resources Ltd

The Corporation and ARMZ jointly announced on December 15, 2010 the signing of a definitive agreement to acquire all of the issued shares of Mantra Resources Limited ("Mantra") pursuant to an Australian Scheme of Arrangement. Mantra's core asset is the Mkuju River Project in Tanzania which is nearing the completion of a definitive feasibility study.

Pursuant to the agreement with ARMZ, Uranium One has a call option to acquire Mantra from ARMZ, exercisable at any point within 12 months of closing (subject to extension) of the acquisition of Mantra by ARMZ. The agreement also provides ARMZ with a put option to sell Mantra to Uranium One at the end of the term.

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

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

3.3 Acquisition of Christensen Ranch and Irigaray

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

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

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

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

	$'000
Purchase price:	
Cash	35,315
Operating and remediation costs	2,619
	37,934
Net assets acquired:	
Cash and cash equivalents	315
Accounts and other receivables	2,005
Mineral interests, plant and equipment	56,364
Accounts payable and accrued liabilities	(34)
Asset retirement obligations	(7,320)
Future income tax liabilities	(13,396)
	37,934

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

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.4 Acquisition of the Karatau Uranium Mine

Uranium One acquired on December 21, 2009, a 50% joint venture interest in the Karatau Uranium Mine ("Karatau") in Kazakhstan from ARMZ. The other 50% joint venture interest in Karatau is held by Kazatomprom.

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 and the second during January 2011. Due to uncertainty regarding the payment of the remaining $20 million, it was not recognized as a liability on acquisition.

The value of the Uranium One shares issued was calculated using the weighted average share price of Uranium One shares two days before, the day of, and two days after the date of the announcement of the arrangement.

The purchase price allocation was finalized during the year.

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

	$'000
Purchase price:	
Promissory note	90,000
Common shares	293,229
Contingent payment	20,000
Acquisition costs	8,751
	411,980
Net assets acquired:	
Cash and cash equivalents	523
Inventory	26,761
Other current assets	3,102
Mineral interests, plant and equipment	536,032
Other non-current assets	2,218
Accounts payable and accrued liabilities	(28,889)
Other current liabilities	(45,051)
Future income tax liabilities	(79,850)
Other non-current liabilities	(2,866)
	411,980

3.5 Disposal of Uranium One Africa Ltd

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

4 CASH AND CASH EQUIVALENTS

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Cash	255,629	44,362
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	60,137	104,103
	315,766	**148,465**

Cash and cash equivalents do not include any asset backed commercial paper.

5 ACCOUNTS AND OTHER RECEIVABLES

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Trade receivables	80,258	25,825
Value added tax and general sales tax	8,248	9,004
Prepayments and advances	6,715	4,747
Other receivables	8,223	2,829
	103,444	**42,405**

6 INVENTORIES

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Finished uranium concentrates	62,842	41,055
Solutions and concentrates in process	18,541	24,871
Product inventory	**81,383**	**65,926**
Materials and supplies	9,617	5,708
	91,000	**71,634**

All operating expenses and depreciation and depletion are processed to inventory and expensed when the product is sold. The Corporation expensed $189.4 million of inventory as cost of sales during 2010 (2009: $97.4 million).

Finished uranium concentrates includes a fair value adjustment of $9.7 million (2009: $8.9 million) that was processed on acquisition of Akbastau and Zarechnoye during 2010 and the acquisition of Karatau during 2009, to increase the carrying value to fair market value. $9.2 million was released to the consolidated statement of operations as non-cash depreciation and depletion for sales made up to December 31, 2010.

7 JOINT VENTURES

7.1 Proportionate interests in joint ventures

The Corporation owns the following interests in joint ventures:

Akbastau	50%
Betpak Dala	70%
Karatau	50%
Zarechnoye	49.67%
Kyzylkum	30%
SKZ-U LLP	19%
Honeymoon	51%
Australia Exploration	50%

The Corporation acquired a 19% joint control interest in SKZ-U LLP ("SKZ-U") during 2009 to ensure long term sulphuric acid supply to Kyzylkum and other projects in the region. The SKZ-U joint venture was established to construct a sulphuric acid plant near Kharasan at Zhanakorgan.

The Corporation acquired a 50% joint control interest in Akbastau and a 49.67% joint interest in Zarechnoye during 2010 (note 3.1).

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

As at December 31, 2010	Akbastau	Betpak Dala	Karatau	Zarechnoye	Kyzylkum & SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cash	4,788	37,164	1,267	2,305	7,998	9,923	63,445
Other current assets	14,080	101,273	45,494	13,341	943	641	175,772
Mineral interests, plant and equipment	734,804	626,177	518,828	250,562	218,109	12,625	2,361,105
Other assets	1,105	3,080	4,021	5,931	9,171	43	23,351
Current liabilities	(20,867)	(9,050)	(8,860)	(3,392)	(5,409)	(6,839)	(54,417)
Current portion of joint venture debt	(14,742)	-	(18,750)	(10,639)	(16,000)	-	(60,131)
Other liabilities (1) (2) (3) (4) (5)	(54)	(1,487)	(24,282)	(12,538)	(495)	(35)	(38,891)
Joint venture debt	-	-	-	(33,776)	(52,374)	-	(86,150)
Future income tax liabilities	(116,581)	(69,012)	(94,734)	(35,392)	(15,941)	-	(331,660)
Asset retirement obligation	(2,535)	(8,406)	(3,006)	(2,190)	(1,133)	(1,732)	(19,002)
Net assets	**599,998**	**679,739**	**419,978**	**174,212**	**144,869**	**14,626**	**2,033,422**

(1) In addition to the $19.1 million loan (note 7.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling $160 million in prior periods. One facility, in the amount of $70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of $90 million, was obtained from Citibank. $60.2 million was outstanding on the JBIC facility and $77.4 million was outstanding on the Citibank facility as at December 31, 2010. During the period, Kyzylkum also negotiated a secured loan totaling $42.2 million from Kazatomprom of which $41.5 million was outstanding as at December 31, 2010. The proceeds were used to repay $17.5 million to the Corporation, $4.0 million to JBIC and $6.3 million to Citibank. The Corporation's share of these facilities is $53.7 million.

(2) Karatau negotiated and drew down on a secured short term bank loan totaling $10 million with Citibank during 2009. During the year ended December 31, 2010, Karatau negotiated additional secured bank loans from Citibank in the amount of $6.5 million, Halyk Bank in the amount of $11 million and UniCredit Bank in the amount of $40 million. The Halyk Bank and Citibank facilities were drawn down in full and $10 million was outstanding against the UniCredit Bank facility as at December 31, 2010. The Corporation issued a guarantee to UniCredit Bank to secure the $40 million facility. At December 31, 2010, the Corporation's share of these loans is $18.8 million.

(3) In addition to the $18 million loan (note 7.2) from the Corporation, SKZ-U received unsecured loans from Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and JBIC in the amounts of $17.4 million, $15 million and $44.9 million respectively. At December 31, 2010, the Corporation's share of these loans is $14.7 million.

(4) At December 31, 2010, Akbastau had loans outstanding of $10 million, $3.4 million and $16 million from Alpha Bank, GRK and Effective Energy, respectively. Uranium One acquired (note 3.1) a proportionate share of Akbastau's loans outstanding totaling $14.7 million.

(5) At December 31, 2010, Zarechnoye had loans outstanding of $28 million, $60 million and $1.4 million from Eurasia Development Bank, Effective Energy and Citibank, respectively. Uranium One acquired (note 3.1) a proportionate share of Zarechnoye's loans outstanding totaling $44.4 million

7 JOINT VENTURES

7.1 Proportionate interests in joint ventures (continued)

As at December 31, 2009	Betpak Dala	Karatau	Kyzylkum & SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000
Cash	3,062	160	1,283	5,163	9,668
Other current assets	77,871	18,930	279	1,388	98,468
Mineral interests, plant and equipment	658,509	510,494	208,830	78,039	1,455,872
Other assets	1,479	1,924	7,407	-	10,810
Current liabilities	(8,494)	(27,020)	(4,072)	(2,575)	(42,161)
Current portion of joint venture debt	-	(5,000)	-	-	(5,000)
Other liabilities (1)	(1,479)	(11,687)	(1,207)	(34)	(14,407)
Joint venture debt	-	-	(47,574)	-	(47,574)
Future income tax liabilities	(55,844)	(74,637)	(12,223)	(4,074)	(146,778)
Asset retirement obligation	(8,170)	(2,847)	(1,356)	(705)	(13,078)
Net assets	**666,934**	**410,317**	**151,367**	**77,202**	**1,305,820**

(1) *In addition to the $35 million loan (note 7.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling $160 million in prior periods. One facility, in the amount of $70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of $90 million, was obtained from Citibank. These facilities were fully drawn down as at December 31, 2009, and the Corporation's share of these facilities is $48 million.*

(2) *Karatau negotiated a secured short term bank loan totaling $10 million with Citibank and the Corporation's share of this loan is $5 million*

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows for the years ended December 31, 2010 and 2009 are as follows:

Year ended December 31, 2010

	Akbastau	Betpak Dala	Karatau	Zarechnoye	Kyzylkum & SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	-	205,613	105,430	6,287	-	-	317,330
Expenses and other income	-	(118,932)	(65,842)	(6,285)	(789)	(115,228)	(307,076)
Foreign exchange (loss) / gain	(1,107)	(4,325)	(423)	(319)	195	-	(5,979)
(Loss) / earnings before income taxes	**(1,107)**	**82,356**	**39,165**	**(317)**	**(594)**	**(115,228)**	**4,275**
Current income tax expense	-	(21,812)	(15,696)	-	-	-	(37,508)
Future income tax (expense) / recovery	-	(12,667)	(14,610)	534	(3,532)	4,398	(25,877)
(Loss) / earnings	**(1,107)**	**47,877**	**8,859**	**217**	**(4,126)**	**(110,830)**	**(59,110)**
Cash flows from operating activities	-	60,338	9,047	-	-	-	69,385
Cash flows used in investing activities	-	(26,236)	(21,690)	-	(19,700)	(27,430)	(95,056)
Cash flows from financing activities	-	-	13,750	-	26,415	32,190	72,355
Net increase in cash	**-**	**34,102**	**1,107**	**-**	**6,715**	**4,760**	**46,684**

7 JOINT VENTURES

7.1 Proportionate interests in joint ventures (continued)

Year ended December 31, 2009

	Betpak Dala	Karatau	Kyzylkum & SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000
Revenue	138,473	10,710	-	-	149,183
Expenses and other income	(86,394)	(10,684)	(450)	(769)	(98,297)
Foreign exchange gain / (loss)	59,153	(358)	11,553	-	70,348
Earnings / (loss) before income taxes	**111,232**	**(332)**	**11,103**	**(769)**	**121,234**
Current income tax expense	(16,567)	(1,228)	(1)	-	(17,796)
Future income tax recovery / (expense)	164,561	(103)	46,403	(36)	210,825
Earnings / (loss)	**259,226**	**(1,663)**	**57,505**	**(805)**	**314,263**
Cash flows from operating activities	21,487	499	-	-	21,986
Cash flows used in investing activities	(19,150)	(339)	(16,194)	(24,281)	(59,964)
Cash flows from financing activities	-	-	17,385	29,444	46,829
Net increase in cash	**2,337**	**160**	**1,191**	**5,163**	**8,851**

7.2 Loans to joint ventures

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Long term portion		
Kyzylkum	13,873	25,698
SKZ-U	14,849	3,552
Total	**28,722**	**29,250**

7 JOINT VENTURES (CONTINUED)

7.2 Loans to joint ventures (continued)

Kyzylkum loan

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

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Balance at January 1	35,000	46,666
Interest capitalized	3,132	-
Repaid during the year	(19,066)	(11,666)
	19,066	**35,000**
Interest accrued	753	1,711
Balance at December 31	**19,819**	**36,711**
Less: elimination of proportionate share – 30%	(5,946)	(11,013)
	13,873	**25,698**
Less: current portion	-	-
Long term portion	**13,873**	**25,698**

The loans to Kyzylkum are unsecured.

Kyzylkum repaid 50% of the outstanding loan during 2010.

SKZ-U loan

The Corporation made loans to SKZ-U pursuant to its obligation to provide project financing for construction of a sulphuric acid plant in the amount of $31 million. The loans bear interest at LIBOR plus 6.0% per annum, with interest payable on a semi-annual basis, commencing in 2013.

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Balance at January 1	4,291	-
Repaid during the period	(4,291)	-
Additions during the period	17,995	4,291
	17,995	**4,291**
Interest accrued	337	94
Balance at the end of the period	**18,332**	**4,385**
Less: elimination of proportionate share – 19%	(3,483)	(833)
	14,849	**3,552**
Less: current portion	-	-
Long term portion	**14,849**	**3,552**

The loans to SKZ-U are unsecured.

8 MINERAL INTERESTS, PLANT AND EQUIPMENT

December 31, 2010	Cost $'000	Accumulated amortization $'000	Net carrying Amount $'000
Mineral interests	2,435,769	(145,406)	2,290,363
Plant and equipment	539,053	(99,497)	439,556
	2,974,822	**(244,903)**	**2,729,919**

December 31, 2009	Cost $'000	Accumulated amortization $'000	Net carrying Amount $'000
Mineral interests	1,485,968	(82,852)	1,403,116
Plant and equipment	385,621	(40,453)	345,168
	1,871,589	**(123,305)**	**1,748,284**

A summary by property of the net book value is as follows:

December 31, 2010		Mineral interests				
	Country	Depletable $'000	Non-depletable $'000	Total $'000	Plant and equipment $'000	Total $'000
Akbastau Mine	Kazakhstan	110,758	585,216	695,974	38,830	734,804
Akdala Mine	Kazakhstan	62,876	74,358	137,234	25,337	162,571
South Inkai Mine	Kazakhstan	90,820	269,817	360,637	102,586	463,223
Karatau Mine	Kazakhstan	55,229	390,567	445,796	73,032	518,828
Zarechnoye Mine	Kazakhstan	52,004	159,567	211,571	38,991	250,562
Kharasan Project	Kazakhstan	-	140,078	140,078	78,031	218,109
United States development projects	United States	-	139,174	139,174	64,126	203,300
United States exploration projects	United States	-	116,327	116,327	489	116,816
United States conventional mining projects	United States	-	39,107	39,107	826	39,933
Honeymoon Project	Australia	-	2,916	2,916	9,709	12,625
Corporate and other		-	1,549	1,549	7,599	9,148
Total		**371,687**	**1,918,676**	**2,290,363**	**439,556**	**2,729,919**

December 31, 2009		Mineral interests				
	Country	Depletable $'000	Non-depletable $'000	Total $'000	Plant and equipment $'000	Total $'000
Akdala Mine	Kazakhstan	77,199	74,358	151,557	28,149	179,706
South Inkai Mine	Kazakhstan	194,753	181,068	375,821	102,598	478,419
Karatau Mine	Kazakhstan	141,052	312,575	453,627	56,867	510,494
Kharasan Project	Kazakhstan	-	140,078	140,078	68,752	208,830
United States development projects	United States	-	94,653	94,653	26,873	121,526
United States exploration projects	United States	-	114,905	114,905	493	115,398
United States conventional mining projects	United States	-	38,896	38,896	1,014	39,910
Honeymoon Project	Australia	-	31,830	31,830	46,209	78,039
Corporate and other		-	1,749	1,749	14,213	15,962
Total		**413,004**	**990,112**	**1,403,116**	**345,168**	**1,748,284**

8 MINERAL INTERESTS, PLANT AND EQUIPMENT (CONTINUED)

8.1 Impairment of mineral interests, plant and equipment

December 31, 2010	Impairment $'000	Future income tax adjustment $'000	Net impairment $'000
Honeymoon project	113,538	3,712	109,826
Dominion Project (note 3.5)	1,216	-	1,216
Corporate assets	1,913	-	1,913
Total	**116,667**	**3,712**	**112,955**

December 31, 2009	Impairment and closure costs $'000	Future income tax adjustment $'000	Net impairment $'000
United States exploration projects	789	268	521
Corporate and other	136	-	136
Mineral interests, plant and equipment	**925**	**268**	**657**
Dominion Project	246,525	-	246,525
Assets held for sale	**246,525**	**-**	**246,525**
Texas assets	14,767	(5,422)	20,189
Other assets	3,239	1,070	2,169
Disposals during the year	**18,006**	**(4,352)**	**22,358**
Total	**265,456**	**(4,084)**	**269,540**

9 OTHER ASSETS

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Current		
Borrowed uranium concentrates	12,500	8,900
Future income tax assets	820	1,070
Deposit for acquisition of Christensen Ranch and Irigaray (note 3.3)	-	8,750
Deferred business development expenditure	-	5,174
Other	305	578
	13,625	**24,472**
Non-current		
Asset retirement fund	37,809	13,500
Acquired receivable, net of Karatau contingent payment (notes 3.1 and 3.4)	20,000	-
Advances for plant and equipment	16,030	7,487
Long term inventory	1,482	1,244
Future income tax assets	515	-
Available for sale securities	319	9,287
Other	1,849	1,619
	78,004	**33,137**

Asset retirement fund

The Corporation contributed $18.3 million to its asset retirement fund as part security for the additional asset retirement obligations acquired as part of the acquisition of Christensen Ranch and Irigaray (note 3.3). The Corporation also contributed $4.0 million to the asset retirement funds required as part of continued development of its US development assets. Additionally, the joint ventures made contributions to their asset retirement funds during the year and the proportionate share of these contributions was $2.0 million during 2010.

Uranium concentrates loans

The Corporation entered into a uranium concentrates borrowing agreement to mitigate the risk of delivery delays, enabling the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The asset represents the borrowed uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value. The corresponding financial liability of $12.5 million, which was classified as held for trading, is also carried at fair value and is included in uranium concentrates loans in current liabilities (note 15).

Available for sale securities

The Corporation holds available for sale securities with a cost of $0.3 million and a fair value of $0.3 million. Unrealized losses of fifteen thousand dollars are included in accumulated other comprehensive income. A loss of $10.6 million was recognized during the year relating to the sale of available for sale securities.

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Trade payables	30,643	22,325
Accruals	22,541	18,661
Advances received	20,505	19,938
Commodity and other taxes payable	7,932	4,378
Other	1,217	606
	82,838	**65,908**

11 LONG TERM DEBT

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Opening balance	63,579	61,275
Amortized financing fees	1,507	2,371
Interest paid	(806)	(1,210)
Interest accrued	720	1,143
Repaid	(65,000)	-
Closing balance	-	**63,579**
Current portion	-	63,579
Long term portion	-	-
	-	**63,579**

On June 27, 2008, the Corporation established a $100 million bank debt senior secured revolving credit facility (the "facility"). Under the terms of the facility, the Corporation had the ability to borrow up to $100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia (the "Banks"). The Corporation repaid the outstanding amount of $65 million in June 2010.

Financing fees relate to upfront costs and other costs incurred associated with establishing the credit facility, and are expensed over the term of the facility.

12 CONVERTIBLE DEBENTURES

2006 Debentures

The Corporation has outstanding convertible unsecured subordinated debentures maturing December 31, 2011 (the "2006 Debentures") with a face value of C$155.3 million ($152.4 million). The 2006 Debentures were originally issued at C$1,000 per debenture and bear interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The conversion price was initially C$20 per share, which was equivalent to 50 common shares for each C$1,000 principal amount of debentures.

On December 13, 2010, after the record date for a special cash dividend (note 3.1), the Corporation adjusted the conversion price for the 2006 Debentures from C$20.00 to C$15.76 per common share in accordance with section 6.1.4 of the trust indenture that governs the 2006 Debentures.

2010 Debentures

On March 12, 2010 the Corporation issued convertible unsecured subordinated debentures for gross proceeds of C$260 million ($253.3 million), including C$10 million taken up under an underwriters' over-allotment option. The 2010 Debentures have a March 13, 2015 maturity date, with interest payable at a rate of 5.0% per annum, payable semi-annually 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 were initially convertible into common shares of the Corporation at a rate of 250 common shares per C$1,000 principal and had a conversion price of C$4.00 per common share.

On October 12, 2010 the Corporation delivered a legal opinion to the indenture trustee, certifying that all necessary Kazakh approvals have been obtained for the conversion of the 2010 Debentures and the interest rate on the Debentures was consequently reset from 7.5% to 5%.

On December 13, 2010, due to the payment of a special cash dividend (note 3.1), the Corporation adjusted the conversion price for the 2010 Debentures from C$4.00 to C$3.15 per common share in accordance with section 6.1.6 of the trust indenture that governs the 2010 Debentures.

JUMI Debentures

On January 14, 2010, the Corporation issued to Japan Uranium Management Inc. ("JUMI") a C$269.1 million ($258.1 million) aggregate principal amount 3% convertible unsecured subordinated debenture maturing ten years from the date of issue (the "JUMI Debentures"). Pursuant to the terms of the JUMI Debentures, the Corporation must offer to re-purchase the JUMI Debentures for 101% of the outstanding principal amount plus accrued interest upon a "change of control". The transaction with ARMZ (note 3.1) constituted a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI, which JUMI accepted, after which the debentures were redeemed on December 29, 2010.

The debentures contain both a liability component and an equity component, being the holders' conversion right, which is presented separately on the consolidated balance sheet as illustrated in the table below. The Corporation has allocated the fair value of the debentures to the individual liability and equity components by establishing the liability component and then allocating the balance remaining, after subtracting the fair value of the liability from the issue price, to the equity component. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate for a debt instrument of comparable maturity and credit quality but excluding any conversion privilege by the holder. A rate of 10.38% was used for the 2010 Debentures and 11.33% for the JUMI Debentures.

12 CONVERTIBLE DEBENTURES (CONTINUED)

The table below provides a breakdown of the equity and liability allocation on initial recognition of the JUMI Debentures and 2010 Debentures:

	JUMI Debentures $'000	2010 Debentures $'000
Liability	131,378	207,203
Transaction costs	(1,050)	(10,357)
Net liability	**130,328**	**196,846**
Equity	126,727	46,068
Transaction costs	(1,035)	(2,054)
Net equity	**125,692**	**44,014**
Net proceeds	**256,020**	**240,860**

The table below indicates the movement in the liability:

December 31, 2010

	JUMI Debentures $'000	2010 Debentures $'000	2006 Debentures $'000	Total $'000
Opening balance as at Jan 1, 2010	-	-	140,862	140,862
Issued	131,378	207,203	-	338,581
Interest accrued	14,539	18,272	9,918	42,729
Coupon payment	(7,551)	(13,981)	(6,443)	(27,975)
Transaction costs	(1,050)	(10,357)	-	(11,407)
Conversion	-	(11)	-	(11)
Redemption	(141,900)	-	-	(141,900)
Foreign exchange movement	4,584	5,172	7,065	16,821
Liability as at the end of the period	**-**	**206,298**	**151,402**	**357,700**
Current portion	-	-	151,402	151,402
Long term portion	-	206,298	-	206,298
	-	**206,298**	**151,402**	**357,700**

December 31, 2009

	2006 Debentures $'000	Total $'000
Opening balance as at Jan 1, 2009	118,042	118,042
Interest incurred	8,739	8,739
Coupon payment	(6,049)	(6,049)
Foreign exchange movement	20,130	20,130
Liability as at the end of the period	**140,862**	**140,862**

The payment on redemption of the JUMI debentures was allocated as follows:

	JUMI Debentures $'000
Liability carrying value on redemption	141,900
Payment allocated to liability	(140,740)
Gain on redemption recognized in profit and loss	**1,160**
Equity carrying value on redemption	125,692
Payment allocated to equity	(128,654)
Loss on redemption recognized in equity	**(2,962)**

13 ASSET RETIREMENT OBLIGATIONS

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Opening balance	16,100	12,999
Accretion expense	957	1,291
Settled	(3,587)	(959)
Incurred	461	6,555
Acquired through business combinations	12,091	2,841
Reallocated to assets held for sale	-	(7,211)
Foreign exchange movement	207	584
Closing balance	**26,229**	**16,100**

	Dec 31, 2010	Dec 31, 2009
Undiscounted and uninflated amount of estimated cash flows ($'000)	**36,192**	**23,801**
Payable in years	2 - 43	8 - 44
Inflation rate	2.69% - 5%	2.69% - 7.00%
Discount rate	6% - 11%	8.40% - 12.52%

Security of $37.8 million (2009: $13.5 million) for reclamation obligations has been provided in the form required by the relevant country's authorities (note 9).

14 INCOME TAXES

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Current income tax expense	49,298	20,915
Future income tax expense / (recovery)	24,534	(206,379)
	73,832	**(185,464)**

Reconciliation between the average effective tax rate and the applicable statutory tax rate.

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Loss before income taxes	(115,870)	(223,542)
Canadian federal and provincial income tax rates	28.50%	30.00%
Expected income tax recovery	**(33,023)**	**(67,063)**
Permanent differences, including share based compensation and foreign exchange	9,323	(9,606)
Effect of tax rate changes	39,052	(202,201)
Disposal of assets	143,967	-
Change in valuation allowance	(149,997)	92,798
Differences in tax rates in foreign jurisdictions	(10,759)	(478)
Expiration and restriction of losses	57,134	-
Withholding taxes	11,553	-
Other	6,582	1,086
	73,832	**(185,464)**

14 INCOME TAXES (CONTINUED)

Future income tax

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

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Future income tax assets		
Mineral interests, plant & equipment	26,901	137,003
Other	43,005	85,642
Tax losses	77,904	90,090
Future income tax assets before valuation allowance	**147,810**	**312,735**
Valuation allowance	(107,844)	(256,403)
Future income tax assets, net of valuation allowance	**39,966**	**56,332**
Future income tax liabilities		
Mineral interests, plant & equipment	415,895	235,949
Future income tax liabilities	**415,895**	**235,949**
Net current portion of future income tax assets	820	1,070
Net non current portion of future income tax assets	515	-
Net non current portion of future income tax liabilities	(377,264)	(180,687)
Net future income tax liability	**(375,929)**	**(179,617)**

Tax loss carry-forwards

Canada and provincial tax jurisdictions
At December 31, 2010, the Corporation had Canadian federal and provincial net operating loss carry-forwards totaling $129.5 million with a tax value of $32.7 million that expire from 2011 through 2030. A valuation allowance of $32.7 million has been applied against the future tax asset representing these losses.

United States federal and state tax jurisdictions
At December 31, 2010, the Corporation had United States federal and state net operating loss carry-forwards totaling $77.8 million with a tax value of $27.6 million that expire from 2021 through 2030. A valuation allowance of $7.5 million has been applied against the future tax asset representing these losses.

Kazakhstan tax jurisdictions
At December 31, 2010, the Corporation had Kazakhstan net operating loss carry-forwards totaling $29.3 million with a tax value of $5.8 million that expire from 2011 through 2013. A valuation allowance of $5.8 million has been applied against the future tax asset representing these losses.

Australia tax jurisdictions
At December 31, 2010, the Corporation had Australian net operating loss carry-forwards totaling $33.1 million with a tax value of $9.9 million with no expiry. A valuation allowance of $9.9 million has been applied against the future tax asset representing these losses.

15 OTHER LIABILITIES

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Current		
Promissory note	-	90,211
Contingent payment (note 3.4)	-	20,000
Unfavorable contracts	11,354	11,655
Uranium concentrates loan	12,500	8,900
Other	1,421	1,277
	25,275	**132,043**
Non-current		
Due to the Republic of Kazakhstan	2,734	1,696
Other	431	181
	3,165	**1,877**

Uranium concentrates loan

On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of U_3O_8 to be repaid on September 30, 2010. In July 2010, the maturity of the loan was extended to September 30, 2011. Under the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed U_3O_8. The loan was classified as a financial liability held for trading and is recorded at fair value. The Corporation deposited $8.6 million as cash collateral for the letter of credit that was issued as a guarantee for the loan during the period and this is presented as restricted cash on the consolidated balance sheets.

Unfavourable contract

The Corporation acquired an unfavorable contract as part of the Zarechnoye acquisition during 2010, which is carried at fair value on acquisition date (note 3.1). The Corporation also acquired an unfavorable contract as part of the Karatau acquisition during 2009, which is carried at fair value (note 3.4).

The Corporation realized $10.6 million of the fair value in revenue during 2010 for deliveries into the unfavorable contracts. A fair value adjustment of $1.3 million was recorded in the statement of operations for the change in the uranium price during 2010.

Promissory note

During 2009, the Corporation issued a $90 million promissory note as part of the consideration for the purchase of Karatau (note 3.4). The promissory note was due not later than 12 months from closing and was repaid on January 18, 2010.

16 SHARE CAPITAL

Issued and outstanding common shares	Number of shares	Value of shares $'000
Common shares on January 1, 2009	**469,612,956**	**3,522,824**
Exercise of stock options	600,184	6,599
Exercise of restricted shares	44,836	257
Contingent shares issued	165,600	388
Karatau acquisition share issued	117,000,000	293,229
Common shares on December 31, 2009	**587,423,576**	**3,823,297**
Exercise of stock options	13,073,222	65,494
Exercise of restricted shares	429,159	2,335
ARMZ private placement (note 3.1)	178,127,165	602,708
Acquisition of Akbastau and Zarechnoye (note 3.1)	178,127,164	831,578
Conversion of 2010 Debenture	3,750	14
Issued and outstanding common shares at December 31, 2010	**957,184,036**	**5,325,426**

17 CONTRIBUTED SURPLUS

The following table details the movement of contributed surplus during the year:

	Warrants $'000	Restricted shares $'000	Options $'000	Total $'000
As at January 1, 2009	**13,912**	**1,606**	**116,084**	**131,602**
Stock options issued and vested	-	-	7,027	7,027
Stock options exercised	-	-	(5,369)	(5,369)
Restricted shares issued and vested	-	475	-	475
Restricted shares exercised	-	(257)	-	(257)
As at December 31, 2009	**13,912**	**1,824**	**117,742**	**133,478**
Stock options issued and vested	-	-	13,391	13,391
Stock options exercised	-	-	(30,184)	(30,184)
Restricted shares issued and vested	-	511	-	511
Restricted shares exercised	-	(2,335)	-	(2,335)
As at December 31, 2010	**13,912**	**-**	**100,949**	**114,861**

17 CONTRIBUTED SURPLUS (CONTINUED)

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

	December 31, 2010	December 31, 2009
Risk free interest rate	2.06% - 2.79%	1.7% - 2.82%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	70% - 94%	98% - 115%
Expected life	5 years	5 years

Warrants
The Corporation has no outstanding warrants at December 31, 2010 (2009: nil).

Stock options

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

	Number of options	Weighted average exercise price Cdn $
Outstanding options as at January 1, 2009	**15,858,517**	**7.82**
Granted options	6,292,351	2.23
Exercised options	(600,184)	2.25
Forfeitures of stock options	(2,986,524)	6.89
Outstanding options as at December 31, 2009	**18,564,160**	**6.26**
Granted options	10,526,100	3.89
Exercised options	(13,073,222)	2.73
Forfeitures of stock options	(2,335,962)	8.18
Outstanding options as at December 31, 2010	**13,681,076**	**7.49**

The stock option compensation expense for the year ended December 31, 2010 was $13.4 million, which includes the expense recognized for the accelerated vesting of options due to the change of control triggered by the ARMZ transaction (note 3.1). The stock option compensation expense for the year ended December 31, 2009 was $7.0 million. As at December 31, 2010, the aggregate unexpensed fair value of unvested stock options granted was $16.5 million. The fair value of options granted during the year was $25.8 million ($2.45 per option) (2009: $8.2 million, $1.31 per option).

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

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

17 CONTRIBUTED SURPLUS (CONTINUED)

Restricted share rights

The following is a summary of Uranium One's restricted shares issued under the Restricted Share Plan:

	Number of restricted shares
Balance at January 1, 2009	**623,495**
Exercised during the year	(44,836)
Expired	(127,500)
Balance at December 31, 2009	**451,159**
Exercised during the year	(429,159)
Expired	(22,000)
Balance at December 31, 2010	**-**

The restricted share rights expense for the year ended December 31, 2010 was $0.5 million which includes the expense recognized for the accelerated vesting of restricted share rights due to the change of control, triggered by the ARMZ transaction (note 3.1). The restricted share rights expense for the year ended December 31, 2009 was $0.5 million. As at December 31, 2010 the aggregate unexpensed fair value of unvested restricted share rights granted amounted to $Nil (2009: $0.6 million). No restricted shares were granted during 2010 or 2009.

Contingently issuable shares

Under the terms of the acquisition agreement for the Kyzylkum JV interest, Uranium One is obligated to issue 6,964,200 common shares of Uranium One upon commencement of commercial production from Kyzylkum.

The Corporation assumed all of the obligations of Uranium One Americas, Inc. and its subsidiaries arising under certain option and joint venture agreements with third parties. At December 31, 2010 Uranium One has reserved a total of 57,200 common shares for issuance pursuant to the assumed obligations under contingent share rights agreements. No contingent shares were issued during the period and no contingent share rights have lapsed during the period.

18 GENERAL AND ADMINISTRATIVE

	Year ended	
	Dec 31, 2010 $'000	Dec 31, 2009 $'000
General and administrative	33,588	30,401
Restructuring cost	5,520	-
Stock option and restricted share expense	13,902	7,502
	53,010	**37,903**

19 INTEREST AND OTHER

	Year ended	
	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Interest income	6,096	4,885
Interest paid	(3,806)	(1,155)
Convertible debenture interest (note 12)	(42,729)	(8,739)
Gain on redemption of debenture (note 12)	1,160	-
Credit facility charges	(1,924)	(3,720)
Interest and costs incurred on uranium concentrates loan	(306)	(351)
Costs incurred in relation to letters of credit	(448)	(65)
	(41,957)	**(9,145)**

20 FOREIGN EXCHANGE (LOSS) / GAIN

A summary of the foreign exchange (loss) / gain by item is as follows:

	Year ended	
	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Unrealized foreign exchange (loss) / gain on future income tax liabilities	(823)	63,771
Unrealized foreign exchange loss on other items	(8,925)	(7,821)
Realized foreign exchange (loss) / gain on cash and other items	(3,383)	3,077
	(13,131)	**59,027**

The National bank of Kazakhstan announced on February 4, 2009 that it has ceased to maintain the Kazakhstan tenge ("tenge") within the previous range of 117-123 tenge to the US dollar and suggested the rate be set within a range of 145-155 tenge to the US dollar. The tenge closed at 148.36 tenge to the US dollar on December 31, 2009. The resulting devaluation affected the translated values of monetary assets and liabilities, resulting in a $63.8 million gain on future income tax liabilities in 2009.

21 CASH FLOW INFORMATION

	Year ended	
	Dec 31, 2010 $'000	**Dec 31, 2009 $'000**
Changes in non-cash working capital excluding business combinations:		
(Increase) / decrease accounts and other receivables	(47,773)	6,613
Decrease in prepaid expenses and other	2,086	10,379
Increase in inventories	(2,538)	(9,486)
Decrease in accounts payable and accrued liabilities	(9,369)	(7,949)
Increase / (decrease) in income taxes payable	11,625	(9,215)
	(45,969)	**(9,658)**
Supplemental cash flow information		
Cash interest paid	32,816	8,399
Cash tax paid	37,114	30,310

22 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	Year ended	
	Dec 31, 2010	**Dec 31, 2009**
Basic weighted-average number of shares outstanding ('000)	611,562	475,583
Effect of dilutive securities:		
-convertible debentures	-	-
-restricted shares	-	-
-stock options	-	-
-warrants	-	-
Diluted weighted-average number of shares outstanding	**611,562**	**475,583**

For the years ended December 31, 2010 and 2009, all convertible debentures, stock options, warrants and restricted shares were not included in the dilutive weighted average number of shares outstanding as they were anti-dilutive.

23 CAPITAL DISCLOSURES

The Corporation's objectives when managing capital are to:

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

In the management of capital, the Corporation includes shareholders' equity, long term debt, joint venture debt, convertible debentures, cash and the current portion of loans to joint ventures.

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

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

For years ended

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Total liabilities (excluding future income tax liabilities)	655,302	487,520
Net liabilities (total liabilities less cash, restricted cash and receivables)	227,515	296,650
Total capitalization (total shareholders' equity)	2,336,491	1,480,900
Total liabilities as a percentage of shareholders' equity	28%	33%
Net liabilities as a percentage of shareholders' equity	10%	20%

24 FINANCIAL INSTRUMENTS

As at December 31, 2010: (in $'000)

Convertible debentures	2010 Debenture	2006 Debenture
Liability component	206,298	151,402
Equity component	44,014	46,480
	250,312	**197,882**
Fair value of convertible debentures	**439,312**	**153,279**

As at December 31, 2009: (in $'000)

Convertible debentures	2006 Debenture
Liability component	140,862
Equity component	46,480
	187,342
Fair value of convertible debentures	**131,668**

The Corporation's activities expose it to a variety of financial risks, including the effects of changes in debt and prices of equity instruments held, foreign currency exchange rates, interest rates, and commodity prices.

The Corporation continuously monitors its exposure to risk. The risk management carried out by the Corporation is approved by the Board of Directors. The following section describes the type of significant risks that the Corporation is exposed to and its objectives and policies for managing those risk exposures.

24 FINANCIAL INSTRUMENTS (CONTINUED)

(i) Designation and valuation of financial instruments

The following table summarizes the designation and fair value hierarchy under which the Corporation's financial instruments are valued, other than trade and other receivables and payables.

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

		As at December 31, 2010			
Designation of financial assets	**Notes**	**Cash and cash equivalents $'000**	**Loans and receivables $'000**	**Available for sale securities $'000**	**Total $'000**
Cash and cash equivalents	4	315,766	-	-	315,766
Restricted cash	15	-	8,577	-	8,577
Loans to joint ventures	7.2	-	28,722	-	28,722
Available for sale securities	9	-	-	319	319
Asset retirement fund	9	-	37,809	-	37,809
Acquired receivables	9	-	20,000	-	20,000
Total		**315,766**	**95,108**	**319**	**411,193**

		As at December 31, 2009			
Designation of financial assets	**Notes**	**Cash and cash equivalents $'000**	**Loans and receivables $'000**	**Available for sale securities $'000**	**Total $'000**
Cash and cash equivalents	4	148,465	-	-	148,465
Loans to joint ventures	7.2	-	29,250	-	29,250
Available for sale securities	9	-	-	9,287	9,287
Asset retirement fund	9	-	13,500	-	13,500
Total		**148,465**	**42,750**	**9,287**	**200,502**

		As at December 31, 2010		
Designation of financial liabilities	**Notes**	**Held at fair value through profit and loss $'000**	**Financial liabilities at amortized cost $'000**	**Total $'000**
Joint venture debt	7.1	-	146,281	146,281
Convertible debenture	12	-	357,700	357,700
Uranium concentrates loan	15	12,500	-	12,500
Unfavorable contracts	15	-	11,354	11,354
Due to the Republic of Kazakhstan	15	-	2,734	2,734
Other	15	-	1,852	1,852
Total		**12,500**	**519,921**	**532,421**

24 FINANCIAL INSTRUMENTS (CONTINUED)

		As at December 31, 2009		
Designation of financial liabilities	**Notes**	**Held at fair value through profit and loss $'000**	**Financial liabilities at amortized cost $'000**	**Total $'000**
Long term debt	11	-	63,579	63,579
Joint venture debt	7.1	-	52,574	52,574
Convertible debenture	12	-	140,862	140,862
Uranium concentrates loan	15	8,900	-	8,900
Promissory note	15	-	90,211	90,211
Contingent payment	15	-	20,000	20,000
Unfavorable contracts	15	-	11,655	11,655
Due to the Republic of Kazakhstan	15	-	1,696	1,696
Other	15	-	1,458	1,458
Total		**8,900**	**382,035**	**390,935**

	As at December 31, 2010			
Fair value hierarchy of financial assets and liabilities measured at fair value	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Available for sale securities	319	319	-	-
Uranium concentrates loan	(12,500)	-	(12,500)	-
Total	(12,181)	319	(12,500)	-

	As at December 31, 2009			
Fair value hierarchy of financial assets and liabilities measured at fair value	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
Available for sale securities – UEC shares	8,740	-	8,740	-
Available for sale securities - other	547	547	-	-
Uranium concentrates loan	(8,900)	-	(8,900)	-
Total	**387**	**547**	**(160)**	**-**

(ii) Foreign exchange risk

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

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

	Financial assets and liabilities				Non-financial assets and liabilities	
December 31, 2010	**Cash and cash equivalents $'000**	**Accounts receivable $'000**	**Accounts payable and accrued liabilities $'000**	**Convertible debentures $'000**	**Mineral interests plant and equipment [1] $'000**	**Future income tax liabilities $'000**
Canadian dollar	5,015	2,281	13,938	357,700	-	-
Australian dollar	16,637	1,633	9,054	-	12,625	-
Kazakhstan tenge	29,708	74,462	21,771	-	-	331,660
Euro	1,124	-	216	-	-	-
	52,484	**78,376**	**44,979**	**357,700**	**12,625**	**331,660**

[1] *Only includes mineral interests, plant and equipment of self-sustaining operations.*

24 FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2009	Financial assets and liabilities				Non-financial assets and liabilities	
	Cash and cash equivalents $'000	Accounts receivable $'000	Accounts payable and accrued liabilities $'000	Convertible debentures $'000	Mineral interest plant and equipment [1] $'000	Future income tax liabilities $'000
Canadian dollar	170	2,539	6,186	140,862	-	-
Australian dollar	22,071	1,571	4,369	-	78,039	4,074
Kazakhstan tenge	3,496	28,981	37,761	-	-	142,704
Euro	41	-	9	-	-	-
South African rand	674	-	-	-	-	-
	26,452	**33,091**	**48,325**	**140,862**	**78,039**	**146,778**

[1] *Only includes mineral interests, plant and equipment of self-sustaining operations.*

The following table shows the effect on earnings and other comprehensive income after tax as at December 31, 2010 of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above-mentioned financial and non-financial assets and liabilities of the Corporation.

	Other comprehensive income	Net Earnings
A 10% appreciation in all foreign currencies against the US dollar, with all other variables held constant.	**(1,431)**	**(17,095)**

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

(iii) Credit risk

Credit risk is primarily associated with trade receivables, and to a lesser extent, cash equivalents, restricted cash, loans to joint ventures, available for sales securities and asset retirement funds.

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

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

	Notes	Dec 31, 2010 $'000	Dec 31, 2009 $'000
Accounts receivable	5	103,444	42,405
Cash and cash equivalents	4	315,766	148,465
Restricted cash	15	8,577	-
Loans to joint ventures	7.2	28,722	29,250
Available for sale securities	9	319	9,287
Asset retirement fund	9	37,809	13,500
Acquired receivables	9	20,000	-
		514,637	**242,907**

24 FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Liquidity risk

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

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

	Less than 1 year	1 to 3 years	4 to 5 Years	After 5 years	Total
Lease obligations	1,533	2,547	1,348	1,124	6,552
Joint venture debt	60,131	59,056	18,834	8,260	146,281
Kyzylkum funding	24,000	12,000	9,000	-	45,000
Capital commitments	16,128	900	-	-	17,028
Asset retirement obligations	-	927	6,360	18,942	26,229
Accounts payable and accrued liabilities	82,838	-	-	-	82,838
Uranium concentrates loan (note 15)	12,500	-	-	-	12,500
Convertible debentures	155,168	-	259,934	-	415,102
Other	463	925	925	1,284	3,597
	352,761	**76,355**	**296,401**	**29,610**	**755,127**

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

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

On January 19, 2009, in connection with the construction of a sulphuric acid plant by SKZ-U, in which the Corporation subsequently acquired a 19% joint venture interest, the Corporation provided a guarantee to a third party in respect of 19% of the construction cost of the plant, limited to a maximum amount of $7.6 million (Euro 5.5 million).

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

A 10% change in commodity prices, should the Corporation be exposed, would impact the Corporation's liquidity risk due to the uranium concentrates loan (note 15), as follows:

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
A 10% appreciation in commodity prices, with all other variables held constant:		
- current	**-**	**-**
- maximum exposure	**1,250**	**890**

A 10% depreciation in the commodity price would have the exact opposite effect on net earnings.

24 FINANCIAL INSTRUMENTS (CONTINUED)

(v) Interest rate risk

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The outstanding interest-bearing borrowings as at December 31, 2010 are the loan facilities obtained by Akbastau, Karatau, Kyzylkum, SKZ-U and Zarechnoye (note 7.1) which bear interest at floating rates, and the convertible debentures, with fixed interest rates.

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

	Dec 31, 2010 $'000	Dec 31, 2009 $'000
A 100 basis point appreciation in interest rates, with all other variables held constant	**1,336**	**1,659**

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

(vi) Commodity price risk

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

25 SEGMENTED INFORMATION

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

For the year ended December 31, 2010: (in $'000)

	Country	Revenues $'000	Operating expenses $'000	Depreciation and depletion $'000	Exploration expense $'000	Net earnings/ (loss) from continuing operations $'000	Capital expenditure $'000
Akbastau Mine	Kazakhstan	-	-	-	-	(1,107)	-
Akdala Mine	Kazakhstan	93,870	(23,663)	(19,682)	-	33,853	2,875
South Inkai Mine	Kazakhstan	121,263	(46,072)	(30,356)	-	17,586	20,543
Karatau Mine	Kazakhstan	105,430	(19,939)	(43,405)	-	8,859	14,505
Zarechnoye Mine	Kazakhstan	6,287	(2,345)	(3,940)	-	217	-
Kharasan Project	Kazakhstan	-	-	-	-	(4,126)	9,042
United States development projects	United States	-	-	-	-	294	26,941
United States exploration projects	United States	-	-	-	(3,931)	(2,687)	-
United States conventional mining projects	United States	-	-	-	-	(1,221)	18
Honeymoon Project	Australia	-	-	-	(1,312)	(110,830)	33,673
Corporate and other		-	-	-	(206)	(130,540)	824
Total		**326,850**	**(92,019)**	**(97,383)**	**(5,449)**	**(189,702)**	**108,421**

For the year ended December 31, 2009: (in $'000)

	Country	Revenues $'000	Operating expenses $'000	Depreciation and depletion $'000	Exploration expense $'000	Net earnings/ (loss) from continuing operations $'000	Capital expenditure $'000
Akdala Mine	Kazakhstan	74,085	(19,113)	(16,699)	-	47,228	2,345
South Inkai Mine	Kazakhstan	67,197	(28,778)	(22,131)	-	183,440	17,165
Karatau Mine	Kazakhstan	10,710	(3,130)	(7,553)	-	(1,663)	-
Kharasan Project	Kazakhstan	-	-	-	-	55,960	8,158
United States development projects	United States	-	-	-	-	(8,651)	11,780
United States exploration projects	United States	-	-	-	(6,749)	(23,205)	-
United States conventional mining projects	United States	-	-	-	-	(923)	84
Honeymoon Project	Australia	-	-	-	(880)	(798)	25,447
Corporate and other		-	-	-	(1,201)	(289,466)	642
Total		**151,992**	**(51,021)**	**(46,383)**	**(8,830)**	**(38,078)**	**65,621**

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25 SEGMENTED INFORMATION (CONTINUED)

As at December 31, 2010: (in $'000)

	Country	Mineral interest plant and equipment $'000	Total assets $'000	Future income tax liabilities $'000	Total liabilities $'000
Akbastau Mine	Kazakhstan	734,804	754,777	116,581	154,779
Akdala Mine	Kazakhstan	162,571	209,093	20,001	26,559
South Inkai Mine	Kazakhstan	463,223	530,477	49,011	60,324
Karatau Mine	Kazakhstan	518,828	569,610	94,734	149,632
Zarechnoye Mine	Kazakhstan	250,562	272,139	35,392	97,927
Kharasan Project	Kazakhstan	218,109	236,221	15,941	91,352
United States development projects	United States	203,300	225,261	-	4,201
United States exploration projects	United States	116,816	117,761	35,415	35,449
United States conventional mining projects	United States	39,933	48,164	10,189	13,547
Honeymoon Project	Australia	12,625	23,232	-	8,606
Corporate and other		9,148	382,322	-	390,190
Total		**2,729,919**	**3,369,057**	**377,264**	**1,032,566**

As at December 31, 2009: (in $'000)

	Country	Mineral interest plant and Equipment $'000	Total assets $'000	Future income tax liabilities $'000	Total Liabilities $'000
Akdala Mine	Kazakhstan	179,706	214,121	18,231	24,004
South Inkai Mine	Kazakhstan	478,419	522,574	37,613	49,017
Karatau Mine	Kazakhstan	510,494	531,508	74,637	141,192
Kharasan Project	Kazakhstan	208,830	217,800	12,223	66,433
United States development projects	United States	121,526	122,040	-	154
United States exploration projects	United States	115,398	116,148	28,711	28,742
United States conventional mining projects	United States	39,910	47,324	5,198	8,226
Honeymoon Project	Australia	78,039	85,380	4,074	7,389
Corporate and other		15,962	240,752	-	330,106
Total [(1)]		**1,748,284**	**2,097,647**	**180,687**	**655,263**

[(1)] Excludes assets held for sale and discontinued operations

26 RELATED PARTY TRANSACTIONS

Transactions with related parties

	Party	Relationship	Dec 31, 2010 $'000
Joint venture loans	Effective Energy	Subsidiary of parent company	37,802
Other assets	ARMZ	Parent company	20,000

The Corporation has sales contracts and off-take agreements with related parties. These transactions have market related terms and pricing, except for a Zarechnoye contract acquired as part of the ARMZ transaction. The Corporation received $11.6 million in cash on acquisition to compensate for the unfavourable contract.

27 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.

Betpak Dala acquisition

As part of the original acquisition of the interest in Betpak Dala on November 7, 2005, it was agreed that the Corporation is liable for a bonus payment payable in cash based on uranium reserves discovered on the South Inkai property in excess of 74,000 tonnes. The payment is based on the Corporation's share of U_3O_8 in excess of 74,000 tonnes times the average spot price of U_3O_8 times 6.25%. This payment is to 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. No payment was due at December 31, 2010 (December 31, 2009 - $Nil).

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

Kyzylkum acquisition

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

An additional bonus payment of 30% of 12.5% (being an effective 3.75%) of the weighted average spot price of U_3O_8 will be paid on incremental reserves in excess of 55,000 tonnes of U_3O_8 discovered during each fiscal year with payment beginning within 60 days of the end of the 2008 calendar year. No payment was due at December 31, 2010 (December 31, 2009 - $nil).

Karatau acquisition

Contingencies relating to the Karatau acquisition are described in note 3.4.

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

Contingencies relates to the Uranium One Americas, Inc (previously Energy Metals Corporation) are described in note 17.