uraniumone™
investing in our energy

interim financial statements

Interim Consolidated Financial Statements
for the three and nine months ended September 30, 2010
(Unaudited)

Uranium One Inc.

Interim Consolidated Balance Sheets - Unaudited

As at September 30, 2010 and December 31, 2009
(in United States dollars)

	Notes	Sep 30, 2010 $'000	Dec 31, 2009 $'000
ASSETS			
Current assets			
Cash and cash equivalents		421,983	148,465
Restricted cash	8	8,577	-
Accounts and other receivables		41,389	42,405
Inventories	5	89,878	71,634
Other assets	7	10,667	24,472
		572,494	**286,976**
Non-current assets			
Mineral interests, plant and equipment	6	1,817,834	1,748,284
Loans to joint ventures	4.2	28,221	29,250
Other assets	7	49,957	33,137
Assets held for sale		-	51,460
		1,896,012	**1,862,131**
Total assets		**2,468,506**	**2,149,107**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		43,164	65,908
Income taxes payable		1,308	1,633
Current portion of long term debt	8	-	63,579
Other liabilities	10	44,661	137,043
		89,133	**268,163**
Non-current liabilities			
Convertible debentures	9	490,041	140,862
Asset retirement obligations		20,936	16,100
Future income tax liabilities		187,657	180,687
Other liabilities	10	53,907	49,451
Assets held for sale		-	12,944
		752,541	**400,044**
SHAREHOLDERS' EQUITY			
Share capital	11	3,830,885	3,823,297
Contributed surplus	12	135,179	133,478
Equity component of convertible debentures		216,186	46,480
Accumulated other comprehensive income		24,799	16,392
Deficit		(2,580,217)	(2,538,747)
		1,626,832	**1,480,900**
Total shareholders' equity and liabilities		**2,468,506**	**2,149,107**

Basis of presentation and principles of consolidation (note 2.1)

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

Uranium One Inc.

Interim Consolidated Statements of Operations - Unaudited

For the three and nine months ended September 30, 2010 and 2009
(in United States dollars)

		Three months ended		Nine months ended	
	Notes	Sep 30, 2010 $'000	Sep 30, 2009 $'000	Sep 30, 2010 $'000	Sep 30, 2009 $'000
Revenues		**73,054**	**21,333**	**174,556**	**82,859**
Operating expenses		(19,739)	(6,331)	(56,062)	(28,067)
Depreciation and depletion		(25,455)	(5,576)	(57,363)	(22,858)
Earnings from mine operations		**27,860**	**9,426**	**61,131**	**31,934**
General and administrative [1]		(10,177)	(9,013)	(29,561)	(27,163)
Exploration expense		(1,211)	(2,292)	(3,514)	(6,762)
Impairment of mineral interests, plant and equipment		-	(8,969)	(1,886)	(260,033)
Care and maintenance and closure costs		(593)	(4,059)	(2,562)	(11,653)
Operating earnings / (loss)		**15,879**	**(14,907)**	**23,608**	**(273,677)**
Interest and other	13	(11,430)	(2,165)	(32,214)	(5,859)
(Loss) / gain on sale of available for sale securities		(2,231)	134	(10,449)	126
Foreign exchange (loss) / gain	14	(1,611)	(6,442)	(2,344)	62,749
Corporate development expenses		(5,451)	-	(8,484)	-
Other		632	1,596	(424)	1,400
Loss from continuing operations before income taxes		**(4,212)**	**(21,784)**	**(30,307)**	**(215,261)**
Current income tax expense		(9,302)	(3,836)	(18,747)	(18,683)
Future income tax recovery		3,291	10,311	7,584	16,265
Loss from continuing operations		**(10,223)**	**(15,309)**	**(41,470)**	**(217,679)**
Earnings from discontinued operations		-	3,408	-	1,991
Net loss		**(10,223)**	**(11,901)**	**(41,470)**	**(215,688)**
[1] Stock option and restricted share expense (non-cash) included in general and administrative	12	2,139	1,926	5,910	5,690
Loss per share from continuing operations					
Basic and diluted		(0.02)	(0.03)	(0.07)	(0.46)
Earnings per share from discontinued operations					
Basic and diluted		-	0.01	-	0.00
Net loss per share					
Basic and diluted		(0.02)	(0.03)	(0.07)	(0.46)
Weighted average number of shares (in thousands)					
Basic and diluted	16	588,015	469,799	587,651	469,702

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

Uranium One Inc.

Interim Consolidated Statements of Changes in Equity - Unaudited

For the nine months ended September 30, 2010 and year ended December 31, 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	-	-	-	13,074	-	13,074
Realized loss on sale of Uranium One Africa	-	-	-	234,533	-	234,533
Acquisition of Karatau	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 period	-	-	-	-	(41,470)	(41,470)
Stock options and restricted shares vested	-	5,910	-	-	-	5,910
Exercise of stock options and restricted shares	7,588	(4,209)	-	-	-	3,379
Unrealized gain recognized on translation of self-sustaining foreign operations	-	-	-	8,510	-	8,510
Unrealized fair value adjustments on available for sale securities	-	-	-	(10,552)	-	(10,552)
Realized fair value adjustments on available for sale securities	-	-	-	10,449	-	10,449
JUMI Debentures (note 9)	-	-	125,692	-	-	125,692
2010 Debentures (note 9)	-	-	44,014	-	-	44,014
Balance as at September 30, 2010	**3,830,885**	**135,179**	**216,186**	**24,799**	**(2,580,217)**	**1,626,832**

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

Uranium One Inc.

Interim Consolidated Statements of Comprehensive Income / (Loss) - Unaudited

For the three and nine months ended September 30, 2010 and 2009
(in United States dollars)

	Three months ended		Nine months ended	
	Sep 30, 2010 $'000	Sep 30, 2009 $'000	Sep 30, 2010 $'000	Sep 30, 2009 $'000
Unrealized gain recognized on translation of self-sustaining foreign operations	10,202	6,307	8,510	19,198
Realized foreign exchange loss on sale of Gold One Ltd	-	1,690	-	13,073
Realized foreign exchange loss on sale of Uranium One Africa Ltd	-	-	-	234,513
Unrealized fair value adjustments on available for sale securities	2,246	-	(10,552)	307
Realized fair value adjustment on available for sale securities	2,231	(282)	10,449	(282)
Other comprehensive income for the period	**14,679**	**7,715**	**8,407**	**266,809**
Net loss	(10,223)	(11,901)	(41,470)	(215,688)
Comprehensive income / (loss)	**4,456**	**(4,186)**	**(33,063)**	**51,121**

Interim Consolidated Statements of Accumulated Other Comprehensive Income / (Loss) - Unaudited

As at September 30, 2010 and December 31, 2009
(in United States dollars)

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Accumulated other comprehensive income / (loss) at January 1	16,392	(247,708)
Other comprehensive income for the period	8,407	264,100
	24,799	**16,392**
Deficit	(2,580,217)	(2,538,747)
Accumulated other comprehensive loss and deficit	**(2,555,418)**	**(2,522,355)**
Components of accumulated other comprehensive income at the end of the period:		
Unrealized foreign exchange adjustment - continuing operations	24,800	16,290
Available for sale marketable securities and investments	(1)	102
	24,799	**16,392**

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

Uranium One Inc.

Interim Consolidated Statements of Cash Flows - Unaudited

For the three and nine months ended September 30, 2010 and 2009
(in United States dollars)

		Three months ended		Nine months ended	
		Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
	Notes	$'000	$'000	$'000	$'000
Net loss from continuing operations		(10,223)	(15,309)	(41,470)	(217,679)
Items not affecting cash:					
- Fair value adjustment included in revenue	10	(282)	-	(10,386)	-
- Depreciation and depletion		25,455	5,576	57,363	22,858
- Impairment of mineral interests, plant and equipment		-	8,969	1,886	260,033
- Loss / (gain) on sale of available for sale securities		2,231	(134)	10,449	(126)
- Stock option and restricted share expense	12	2,139	1,926	5,910	5,690
- Interest accrued on loans and debentures		11,888	2,722	19,643	6,401
- Unrealized foreign exchange loss / (gain)	14	1,548	7,561	(1,756)	(60,560)
- Future income tax recovery		(3,291)	(10,311)	(7,584)	(16,265)
- Other		1,284	240	1,238	1,769
Movement in non-cash working capital	15	7,449	6,880	(23,865)	(120)
Cash flows from operating activities		**38,198**	**8,120**	**11,428**	**2,001**
Acquisition of mineral interests, plant and equipment		(31,703)	(22,737)	(77,572)	(50,443)
Cash payment for other assets		(7,670)	(360)	(33,595)	(3,526)
Acquisition of Christensen Ranch and Irigaray	3.1	-	(8,750)	(28,869)	(8,750)
Cash received in acquisition of SKZ-U LLP		-	1,290	-	1,290
Disposal / (acquisition) of available for sale securities		10,715	283	(4,622)	283
Karatau promissory note and contingent payment		-	-	(111,773)	-
Cash advance for sulphuric acid plant investment		-	-	-	(5,385)
Proceeds on sale of Uranium One Africa Ltd	3.3	-	-	37,300	-
Proceeds on sale of Gold One Ltd		-	6,274	-	20,972
Uranium purchases		-	-	-	5,954
Cash proceeds from joint ventures		7,780	-	1,226	8,167
Proceeds on sale of mineral interests, plant and equipment		3,600	-	3,600	5,172
Restricted cash	10	-	-	(8,577)	-
Other		133	-	(326)	-
Cash flows used in investing activities		**(17,145)**	**(24,000)**	**(223,208)**	**(26,266)**
Common shares issued, net of issue costs		3,271	25	3,379	215
Loans received by joint ventures		887	-	34,297	12,000
UPC loan received		-	-	-	1,094
Advances received		-	-	7,948	-
Debentures issued, net of issue costs		-	-	498,626	-
Repayment of credit facility	8	-	-	(65,000)	-
Cash flows from financing activities		**4,158**	**25**	**479,250**	**13,309**
Effects of exchange rate changes on cash and cash equivalents		**2,429**	**2,634**	**6,048**	**5,444**
Net increase / (decrease) in cash and cash equivalents from continuing operations		**27,640**	**(13,221)**	**273,518**	**(5,512)**
Cash and cash equivalents at the beginning of the period		394,343	183,934	148,465	176,225
Cash and cash equivalents at the end of the period		**421,983**	**170,713**	**421,983**	**170,713**

Supplemental cash flow information (note 15)

The accompanying notes form an integral part of these Interim 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 and Australia.

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

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information, they follow the same accounting policies, and methods of application as the audited consolidated financial statements of the Corporation for the year ended December 31, 2009, except as discussed in note 2.2. These interim unaudited consolidated financial statements do not include all the information and note disclosure required by the generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements.

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 September 30, 2010:

Operating mines:

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	Kazakhstan	50%	Proportionately consolidated

Advanced development projects:

Entity	Mineral property/Operation	Location	Ownership	Status
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	30%	Proportionately consolidated

The Corporation is also developing the following mineral properties:

Entity	Mineral property/Operation	Location	Ownership	Status
Uranium One Americas, Inc.	United States development projects	United States	100%	Consolidated
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 4.1).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new standards and recent accounting pronouncements

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 did not result in a material impact on the Corporation's consolidated financial statements.

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 this standard effective January 1, 2010. The adoption of this standard did not result in a material impact on the Corporation's consolidated financial statements.

Financial instruments – recognition and measurement

In June 2009, the CICA amended Section 3855 to clarify the application of the effective interest rate method after a debt instrument has been impaired and when an embedded prepayment option is separated from its host debt instrument at initial recognition for accounting purposes. The amendments are applicable for the Corporation's interim and annual financial statements for its fiscal year beginning January 1, 2011. Earlier adoption is permitted. The Corporation is currently evaluating the future impact of this section on its financial statements. The adoption of this standard did not result in a material impact on the Corporation's consolidated financial statements.

3 ACQUISITIONS AND DISPOSALS

3.1 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 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

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.2 Acquisition of Akbastau Uranium Mine and Zarechnoye Uranium Mine

The Corporation announced on June 8, 2010, the signing of a definitive purchase and subscription agreement to acquire a 50% joint venture interest in 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. Kazatomprom owns 50% and 49.67% joint venture interests in Akbastau and Zarechnoye, respectively. The remainder of the interest in Zarechnoye is held by a Kyrgyz company.

Pursuant to the transaction, ARMZ will contribute its interests in the Akbastau and Zarehnoye joint ventures and a cash investment in return for common shares of the Corporation. Following closing, the Corporation will pay a special cash dividend to shareholders other than ARMZ. Each of the cash investment, number of shares and special dividend is dependent on whether Japan Uranium Management Inc. ("JUMI") exercises its right of repurchase under the terms of its convertible debenture which will be triggered by the transaction with ARMZ. On July 30, 2010, JUMI undertook to exercise its right of repurchase. As a result of this election, the cash investment by ARMZ will be $610 million; the number of shares to be issued by the Corporation will be 356 million; and the special dividend to be paid to shareholders other than ARMZ will be $1.06 per share.

Upon completion of the transaction, ARMZ will own not less than 51% of Uranium One's outstanding common shares. 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.

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

The transaction is anticipated to be completed before the end of 2010, subject to receipt of one remaining US regulatory approval.

3.3 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 JOINT VENTURES

4.1 Proportionate interests in joint ventures

The Corporation owns the following interests in joint ventures:

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

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

As at September 30, 2010	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	11,064	556	1,742	9,186	10,666	33,214
Other current assets	87,678	647	21,539	25	833	110,722
Mineral interests, plant and equipment	633,892	205,186	496,601	9,161	110,388	1,455,228
Other assets	2,304	321	4,517	11,557	909	19,608
Current liabilities	(10,933)	(3,886)	(9,070)	(1,828)	(1,634)	(27,351)
Other liabilities (1) (2) (3)	(1,342)	(54,031)	(42,524)	(14,670)	(38)	(112,605)
Future income tax liabilities	(54,027)	(12,307)	(73,156)	-	(4,288)	(143,778)
Asset retirement obligation	(8,708)	(1,450)	(3,045)	-	(837)	(14,040)
Net Assets	**659,928**	**135,036**	**396,604**	**13,431**	**115,999**	**1,320,998**

(1) In addition to the $17.5 million loan (note 4.2) 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. $66.0 million was outstanding on the JBIC facility and $84.9 million was outstanding on the Citibank facility as at September 30, 2010. During the period, Kyzylkum also negotiated a secured loan totaling $42.2 million from Kazatomprom of which $28.6 million was outstanding as at September 30, 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 $53.9 million.

(2) Karatau negotiated and drew down on a secured short term bank loan totaling $10 million with Citibank during 2009. During the nine months ended September 30, 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 The Unicredit Bank facility. The Corporation issued a guarantee to Unicredit Bank to secure the $40 million facility. At September 30, 2010, the Corporation's share of these loans is $18.8 million.

(3) In addition to the $18 million loan (note 4.2) 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 September 30, 2010, the Corporation's share of these loans is $14.7 million.

As at December 31, 2009	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cash	3,062	871	160	412	5,163	9,668
Other current assets	77,871	274	18,930	5	1,388	98,468
Mineral interests, plant and equipment	658,509	205,293	510,494	3,537	78,039	1,455,872
Other assets	1,479	389	1,924	7,018	-	10,810
Current liabilities	(8,494)	(4,034)	(27,020)	(38)	(2,575)	(42,161)
Other liabilities (1) (2)	(1,479)	(48,781)	(16,687)	-	(34)	(66,981)
Future income tax liabilities	(55,844)	(12,223)	(74,637)	-	(4,074)	(146,778)
Asset retirement obligation	(8,170)	(1,356)	(2,847)	-	(705)	(13,078)
Net Assets	**666,934**	**140,433**	**410,317**	**10,934**	**77,202**	**1,305,820**

(1) In addition to the $35 million loan (note 4.2) 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.

4 JOINT VENTURES (CONTINUED)

4.1 Proportionate interests in joint ventures (continued)

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows for the three and nine months ended September 30, 2010 and 2009 are as follows:

Three months ended September 30, 2010

	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	29,617	-	41,164	-	-	70,781
Expenses and other income	(18,201)	(290)	(27,889)	(10)	(117)	(46,507)
Foreign exchange (loss) / gain	(240)	(44)	281	9	-	6
Earnings / (loss) before income taxes	**11,176**	**(334)**	**13,556**	**(1)**	**(117)**	**24,280**
Current income tax expense	(2,919)	-	(6,372)	-	-	(9,291)
Future income tax recovery / (expense)	238	(2)	2,324	-	(81)	2,479
Earnings / (loss)	**8,495**	**(336)**	**9,508**	**(1)**	**(198)**	**17,468**
Cash flows from operating activities	5,385	-	19,197	-	-	24,582
Cash flows used in investing activities	(9,676)	(3,525)	(7,890)	(3,799)	(3,808)	(28,698)
Cash flows from / (used in) financing activities	-	625	(9,660)	5,706	6,512	3,183
Net (decrease) / increase in cash	**(4,291)**	**(2,900)**	**1,647**	**1,907**	**2,704**	**(933)**

Three months ended September 30, 2009

	Betpak Dala	Kyzylkum	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000		$'000	$'000
Revenue	20,514	-	-	-	20,514
Expenses and other income	(10,168)	(589)	-	(121)	(10,878)
Foreign exchange loss	4,649	165	(183)	-	4,631
Earnings / (loss) before income taxes	**14,995**	**(424)**	**(183)**	**(121)**	**14,267**
Current income tax expense	(3,846)	-	-	-	(3,846)
Future income tax expense	1,513	-	-	-	1,513
Earnings / (loss)	**12,662**	**(424)**	**(183)**	**(121)**	**11,934**
Cash flows from / (used in) operating activities	13,070	342	-	(604)	12,808
Cash flows used in investing activities	(6,689)	(1,544)	-	(9,917)	(18,150)
Cash flows from financing activities	-	-	-	17,881	17,881
Net increase / (decrease) in cash	**6,381**	**(1,202)**	-	**7,360**	**12,539**

4 JOINT VENTURES (CONTINUED)

4.1 Proportionate interests in joint ventures (continued)

Nine months ended September 30, 2010

	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	108,664	-	58,147	-	-	166,811
Expenses and other income	(72,886)	(506)	(41,623)	3	(385)	(115,397)
Foreign exchange (loss) / gain	(4,296)	124	(168)	5	-	(4,335)
Earnings / (loss) before income taxes	**31,482**	**(382)**	**16,356**	**8**	**(385)**	**47,079**
Current income tax expense	(10,455)	-	(8,161)	-	-	(18,616)
Future income tax recovery / (expense)	2,152	(10)	1,933	-	(1)	4,074
Earnings / (loss)	**23,179**	**(392)**	**10,128**	**8**	**(386)**	**32,537**
Cash flows from operating activities	28,731	-	3,491	-	-	32,222
Cash flows used in investing activities	(20,729)	(8,888)	(15,659)	(9,315)	(23,839)	(78,430)
Cash flows from financing activities	-	8,573	13,750	18,089	29,342	69,754
Net increase / (decrease) in cash	**8,002**	**(315)**	**1,582**	**8,774**	**5,503**	**23,546**

Nine months ended September 30, 2009

	Betpak Dala	Kyzylkum	SKZ-U	Honeymoon & Australia exploration	Total
	$'000	$'000		$'000	$'000
Revenue	82,039	-	-	-	82,039
Expenses and other income	(48,781)	(608)	-	(572)	(49,961)
Foreign exchange gain	61,605	12,700	(183)	-	74,122
Earnings / (loss) before income taxes	**94,863**	**12,092**	**(183)**	**(572)**	**106,200**
Current income tax expense	(16,571)	-	-	-	(16,571)
Future income tax recovery	4,517	-	-	-	4,517
Earnings / (loss)	**82,809**	**12,092**	**(183)**	**(572)**	**94,146**
Cash flows from / (used in) operating activities	25,059	716	-	(630)	25,145
Cash flows used in investing activities	(12,323)	(13,148)	-	(12,519)	(37,990)
Cash flows from financing activities	-	12,000	-	17,881	29,881
Net increase / (decrease) in cash	**12,736**	**(432)**	**-**	**4,732**	**17,036**

4 JOINT VENTURES (CONTINUED)

4.2 Loans to joint ventures

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Long term portion		
Kyzylkum	13,614	25,698
SKZ-U	14,607	3,552
Total	**28,221**	**29,250**

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.

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Balance at January 1	35,000	46,666
Repaid during the period	(17,500)	(11,666)
	17,500	**35,000**
Interest accrued	1,949	1,711
Balance at the end of the period	**19,449**	**36,711**
Less: elimination of proportionate share – 30%	(5,835)	(11,013)
	13,614	**25,698**
Less: current portion	-	-
Long term portion	**13,614**	**25,698**

The loans to Kyzylkum are unsecured.

Kyzylkum repaid 50% of the outstanding loan during the nine months ended September 30, 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 $18.0 million. The loans bear interest at LIBOR plus 6.0% per annum, with interest payable on a semi-annual basis, commencing within three years of initial funding.

	Sep 30, 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	39	94
Balance at the end of the period	**18,034**	**4,385**
Less: elimination of proportionate share – 19%	(3,427)	(833)
	14,607	**3,522**
Less: current portion	-	-
Long term portion	**14,607**	**3,552**

The loans to SKZ-U are unsecured.

5 INVENTORIES

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Finished uranium concentrates	53,686	41,055
Solutions and concentrates in process	27,684	24,871
Product inventory	**81,370**	**65,926**
Materials and supplies	8,508	5,708
	89,878	**71,634**

All operating expenses and depreciation and depletion are processed to inventory and expensed when the product is sold.

Finished uranium concentrates includes a fair value adjustment of $8.9 million at December 31, 2009 that was recognized on acquisition of Karatau, to increase the carrying value to fair market value. The full amount was released to the statement of operations as non-cash depreciation and depletion for sales made up to September 30, 2010.

6 MINERAL INTERESTS, PLANT AND EQUIPMENT

September 30, 2010	Cost $'000	Accumulated Amortization $'000	Net carrying Amount $'000
Mineral interests	1,534,972	(127,038)	1,407,934
Plant and equipment	479,282	(69,382)	409,900
	2,014,254	**(196,420)**	**1,817,834**

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:

September 30, 2010		**Mineral interests**				
	Country	**Depletable $'000**	**Non-depletable $'000**	**Total $'000**	**Plant and equipment $'000**	**Total $'000**
Akdala Mine	Kazakhstan	66,012	74,358	140,370	26,358	166,728
South Inkai Mine	Kazakhstan	94,325	269,817	364,142	102,655	466,797
Karatau Mine	Kazakhstan	119,731	312,575	432,306	64,295	496,601
Kharasan Project	Kazakhstan	-	140,078	140,078	74,269	214,347
United States development projects	United States	-	139,287	139,287	53,872	193,159
United States exploration projects	United States	-	116,515	116,515	489	117,004
United States conventional mining projects	United States	-	39,107	39,107	823	39,930
Honeymoon Project	Australia	-	34,569	34,569	75,819	110,388
Corporate and other		-	1,560	1,560	11,320	12,880
Total		**280,068**	**1,127,866**	**1,407,934**	**409,900**	**1,817,834**

6 MINERAL INTERESTS, PLANT AND EQUIPMENT (CONTINUED)

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**

7 OTHER ASSETS

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Current		
Borrowed uranium concentrates	9,301	8,900
Future income tax assets	1,070	1,070
Deposit for acquisition of Christensen Ranch and Irigaray (note 3.1)	-	8,750
Deferred business development expenditure	-	5,174
Other	296	578
	10,667	**24,472**
Non-current		
Asset retirement fund	30,106	13,500
Advances for plant and equipment	14,470	7,487
Long term deposits and guarantees	157	347
Long term inventory	649	1,244
Available for sale securities	3,089	9,287
Other	1,486	1,272
	49,957	**33,137**

Asset retirement fund

The Corporation contributed $15.4 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 3.1).

Uranium concentrates borrowed

The Corporation entered into uranium concentrates borrowing agreements 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.

Available for sale securities

The Corporation holds available for sale securities with a cost of $3.1 million and a fair value of $3.1 million. Unrealized losses of one thousand are included in accumulated other comprehensive income.

8 LONG TERM DEBT

	Sep 30, 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**

The Corporation established a $100 million credit facility with the Bank of Montreal and the Bank of Nova Scotia in 2008. According to the terms of the credit facility, the Corporation repaid the outstanding amount of $65 million in June 2010 and extended the maturity date of the facility to November 30, 2010. In October 2010 the credit facility was cancelled and the letters of credit in the amount of $8.7 million which had been issued under the credit facility were transferred to another financial institution.

9 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 is C$20 per share, which is equivalent to 50 common shares for each C$1,000 principal amount of 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 will be convertible into common shares of the Corporation after receipt of all necessary Kazakh approvals, at a rate of 250 common shares per C$1,000 principal and will have a conversion price of C$4.00 per common share.

On October 12, 2010 the Corporation received all necessary Kazakh approvals for the conversion of the 2010 Debentures and the interest rate on the Debentures was consequently reset to 5%.

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 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 proposed transaction with ARMZ (note 3.2) constitutes a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI which JUMI accepted, subject to the closing of the transaction with ARMZ. The JUMI Debentures was also amended on July 30, 2010 such that the JUMI Debentures cannot be converted into common shares of the Corporation unless the proposed transaction with ARMZ is terminated.

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.

9 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:

September 30, 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	10,736	12,596	7,354	30,686
Coupon payment	(3,556)	(5,658)	(3,176)	(12,390)
Transaction costs	(1,050)	(10,357)	-	(11,407)
Foreign exchange movement	1,712	(751)	2,748	3,709
Liability as at the end of the period	**139,220**	**203,033**	**147,788**	**490,041**

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**

10 OTHER LIABILITIES

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
Current		
Promissory note	-	90,211
Contingent payment	-	20,000
Unfavorable contract	-	11,655
Uranium concentrates loan	9,300	8,900
Joint venture external loan facilities	34,750	5,000
Other	611	1,277
	44,661	**137,043**
Non-current		
Joint venture external loan facilities	52,211	47,574
Due to the Republic of Kazakhstan	1,514	1,696
Other	182	181
	53,907	**49,451**

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.

A director of Uranium One, is also a senior officer of an entity that advanced a uranium loan to the Corporation.

The Corporation does not recognize revenue when borrowed material is delivered into a contract, and revenue will be recognized on the date when the material is returned into the Corporation's account from its own production.

Unfavourable contract

The Corporation acquired an unfavourable contract as part of the Karatau acquisition during 2009, which is carried at fair value. The Corporation realized $0.3 million and $10.4 million of the fair value in revenue during the three and nine months ended September 30, 2010 respectively, for deliveries into the unfavorable contract. A fair value adjustment of $1.3 million was recorded in the statement of operations for the change in the uranium price during the nine months ended September 30, 2010.

Promissory note

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

Contingent payment

The Karatau purchase agreement 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. The Corporation has not recognized the remaining $40 million contingent payments as a liability, as the requirement to make such payment will not be determinable until January 1, 2011 and 2012, respectively.

11 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 shares issued	117,000,000	293,229
Issued and outstanding common shares at December 31, 2009	**587,423,576**	**3,823,297**
Exercise of stock options	1,657,166	7,417
Exercise of restricted shares	37,221	171
Issued and outstanding common shares at September 30, 2010	**589,117,963**	**3,830,885**

12 CONTRIBUTED SURPLUS

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

	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	-	-	5,605	5,605
Stock options exercised	-	-	(4,038)	(4,038)
Restricted shares issued and vested	-	305	-	305
Restricted shares exercised	-	(171)	-	(171)
As at September 30, 2010	**13,912**	**1,958**	**119,309**	**135,179**

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:

	September 30, 2010	December 31, 2009
Risk free interest rate	2.06% - 2.79%	1.70% - 2.82%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	89% - 94%	98% - 115%
Expected life	5 years	5 years

Warrants
The Corporation has no outstanding warrants at September 30, 2010 (December 31, 2009: nil).

12 CONTRIBUTED SURPLUS (CONTINUED)

Stock options

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

	Number of options	Weighted average exercise price Cdn $
Outstanding options as at January 1, 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	4,495,400	2.80
Exercised options	(1,657,166)	2.12
Forfeitures of stock options	(2,136,810)	7.97
Outstanding options as at September 30, 2010	**19,265,584**	**5.62**

The stock option compensation expense for the three and nine month periods ended September 30, 2010 was $2.0 million and $5.6 million respectively, and for the three and nine month periods ended September 30, 2009 it was $1.7 million and $5.3 million. As at September 30, 2010, the aggregate unexpensed fair value of unvested stock options granted amounted to $7.7 million. The fair value of options granted during the nine month period amounts to $9.1 million, $2.02 per option (during the nine months ended September 30, 2009: $8.2 million, $1.30 per option).

The following table summarizes stock options outstanding at September 30, 2010:

	Options outstanding			Options exercisable		
Range of exercise prices Cdn $	**Number outstanding as at September 30, 2010**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $	**Number exercisable as at September 30, 2010**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $
0.78 to 2.74	4,303,105	3.45	2.20	832,308	3.40	2.24
2.75 to 4.76	7,618,873	3.73	3.25	2,826,923	2.83	3.86
4.77 to 7.79	1,660,372	2.12	7.28	1,655,687	2.12	7.28
7.80 to 9.90	3,012,950	4.96	8.43	2,994,703	4.98	8.43
9.91 to 12.93	1,448,908	1.85	12.12	1,418,575	1.84	12.11
12.94 to 15.63	474,126	1.63	13.94	474,126	1.63	13.94
15.64 to 16.59	747,250	1.54	16.51	747,250	1.54	16.51
	19,265,584	**3.45**	**5.62**	**10,949,572**	**3.09**	**7.87**

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	(37,221)
Expired	(22,000)
Balance at September 30, 2010	**391,938**

The following is a summary of the outstanding restricted share rights:

	Number of restricted shares	
	Sep 30, 2010	**Dec 31, 2009**
Grant date		
June 7, 2006	72,083	72,083
December 8, 2006	1,355	4,576
April 7, 2008	318,500	374,500
Balance at the end of the period	**391,938**	**451,159**

12 CONTRIBUTED SURPLUS (CONTINUED)

Restricted share rights will not expire while the rights holder is an employee of the Corporation.

The restricted share rights expense for the three and nine month periods ended September 30, 2010 was $0.1 million and $0.3 million respectively, and for the three and nine month periods ended September 30, 2009 was $0.2 million and $0.4 million. As at September 30, 2010 the aggregate unexpensed fair value of unvested restricted share rights granted amounted to $0.2 million (2009: $0.8 million). No restricted shares were granted during the three and nine months ended September 30, 2010.

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. (previously Energy Metals Corporation Inc.) and its subsidiaries arising under certain option and joint venture agreements with third parties. At September 30, 2010 Uranium One has reserved a total of 57,500 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.

13 INTEREST AND OTHER

	3 months ended		9 months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
	$'000	$'000	$'000	$'000
Interest income	1,914	1,331	4,125	3,957
Interest paid	(1,111)	(397)	(3,166)	(1,090)
Convertible debenture interest	(11,960)	(2,271)	(30,687)	(6,337)
Credit facility charges	(116)	(718)	(1,868)	(2,114)
Interest and costs incurred on uranium concentrates loan	(73)	(110)	(225)	(275)
Costs incurred in relation to letters of credit	(84)	-	(393)	-
	(11,430)	**(2,165)**	**(32,214)**	**(5,859)**

14 FOREIGN EXCHANGE GAIN / (LOSS)

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

	3 months ended		9 months ended	
	Sep 30, 2010	Sep 30, 2009	Sep 30, 2010	Sep 30, 2009
	$'000	$'000	$'000	$'000
Unrealized foreign exchange (loss)/ gain on future income tax liabilities	(111)	1,326	(752)	68,449
Unrealized foreign exchange (loss)/ gain on other items	(1,437)	(8,887)	2,508	(7,889)
Foreign exchange (loss) / gain on cash and other items	(63)	1,119	(4,100)	2,189
	(1,611)	**(6,442)**	**(2,344)**	**62,749**

15 CASH FLOW INFORMATION

	3 months ended		9 months ended	
	Sep 30, 2010 $'000	Sep 30, 2009 $'000	Sep 30, 2010 $'000	Sep 30, 2009 $'000
Changes in non-cash working capital excluding business combinations:				
Decrease in accounts and other receivables	14,654	10,487	3,285	29,881
Decrease in prepaid expenses and other	-	991	-	991
Decrease / (increase) in inventories	2,623	(6,920)	(3,756)	(16,262)
(Decrease) / increase in accounts payable and accrued liabilities	(11,234)	1,633	(23,163)	(11,184)
Increase / (decrease) in income taxes payable	1,406	689	(231)	(3,546)
	7,449	**6,880**	**(23,865)**	**(120)**
Supplemental cash flow information				
Cash interest paid	3,365	397	16,575	3,897
Cash tax paid	7,999	6,674	19,071	25,756
Cash equivalents	**192,629**	**114,352**	**192,629**	**114,352**
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper				

16 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	3 months ended		9 months ended	
	Sep 30, 2010 ’000	Sep 30, 2009 ’000	Sep 30, 2010 ’000	Sep 30, 2009 ’000
Basic weighted-average number of shares outstanding	588,015	469,799	587,651	469,702
Effect of dilutive securities:				
-convertible debentures	-	-	-	-
-restricted shares	-	-	-	-
-stock options	-	-	-	-
-warrants	-	-	-	-
Diluted weighted-average number of shares outstanding	**588,015**	**469,799**	**587,651**	**469,702**

For the three and nine months ended September 30, 2010 and 2009, 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.

17 FINANCIAL INSTRUMENTS

As at September 30, 2010: (in $'000)

Convertible debentures	JUMI Debenture	2010 Debenture	2006 Debenture
Liability component	139,220	203,033	147,788
Equity component	127,304	43,847	51,745
	266,524	**246,880**	**199,533**
Fair value of convertible debentures [1]	**N/A**	**268,360**	**148,554**

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**

[1] The fair value of the JUMI debenture is not determinable as it was issued pursuant to a private placement and does not have a quoted market price. The debenture is redeemable at 101% of its face value during closing of the ARMZ transaction.

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.

(i) 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	
September 30, 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	118,831	1,448	9,919	490,041	-	-
Australian dollar	19,334	783	2,900	-	110,388	4,288
Kazakhstan tenge	14,889	22,012	22,629	-	-	139,490
Euro	86	-	101	-	-	-
	153,140	**24,243**	**35,549**	**490,041**	**110,388**	**143,778**

17 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 September 30, 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.	**(1,341)**	**14,349**

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

(ii) Interest rate risk

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The Corporation has outstanding interest-bearing borrowings as at September 30, 2010 which include the loan facilities obtained by Kyzylkum and Karatau (note 4.1) which bear interest at floating rates and the convertible debentures, with fixed interest rates.

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

	Sep 30, 2010 $'000	Dec 31, 2009 $'000
A 100 basis point appreciation in interest rates, with all other variables held constant	**2,577**	**1,659**

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

18 SEGMENTED INFORMATION

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

For the three months ended September 30, 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
Akdala Mine	Kazakhstan	11,265	(2,651)	(2,320)	-	5,140	1,305
South Inkai Mine	Kazakhstan	20,625	(8,086)	(5,528)	-	4,720	8,128
Karatau Mine	Kazakhstan	41,164	(9,002)	(17,607)	-	9,508	4,328
Kharasan Project	Kazakhstan	-	-	-	-	(156)	4,250
United States development projects	United States	-	-	-	-	(1,633)	8,300
United States exploration projects	United States	-	-	-	(930)	1,231	-
United States conventional mining projects	United States	-	-	-	-	(311)	3
Honeymoon Project	Australia	-	-	-	(209)	(168)	5,220
Corporate and other		-	-	-	(72)	(28,554)	169
Total		**73,054**	**(19,739)**	**(25,455)**	**(1,211)**	**(10,223)**	**31,703**

For the nine months ended September 30, 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
Akdala Mine	Kazakhstan	45,986	(12,753)	(10,691)	-	15,914	3,065
South Inkai Mine	Kazakhstan	70,423	(30,904)	(19,433)	-	10,228	16,606
Karatau Mine	Kazakhstan	58,147	(12,405)	(27,239)	-	10,128	8,196
Kharasan Project	Kazakhstan	-	-	-	-	(2,137)	8,492
United States development projects	United States	-	-	-	-	800	16,962
United States exploration projects	United States	-	-	-	(2,698)	(480)	-
United States conventional mining projects	United States	-	-	-	-	(929)	15
Honeymoon Project	Australia	-	-	-	(618)	(257)	23,722
Corporate and other		-	-	-	(198)	(74,737)	514
Total		**174,556**	**(56,062)**	**(57,363)**	**(3,514)**	**(41,470)**	**77,572**

18 SEGMENTED INFORMATION (CONTINUED)

For the three months ended September 30, 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	12,936	(3,047)	(2,863)	-	1,592	635
South Inkai Project	Kazakhstan	8,397	(3,284)	(2,713)	-	5,413	8,871
Kharasan Project	Kazakhstan	-	-	-	-	(517)	1,691
United States development projects	United States	-	-	-	-	1,318	2,767
United States exploration projects	United States	-	-	-	(1,905)	(4,255)	-
United States conventional mining projects	United States	-	-	-	-	50	70
Honeymoon Project	Australia	-	-	-	(188)	557	8,387
Corporate and other		-	-	-	(199)	(19,467)	316
Total		**21,333**	**(6,331)**	**(5,576)**	**(2,292)**	**(15,309)**	**22,737**

For the nine months ended September 30, 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	41,331	(10,492)	(9,506)	-	19,142	2,596
South Inkai Project	Kazakhstan	41,528	(17,575)	(13,352)	-	60,578	14,648
Kharasan Project	Kazakhstan	-	-	-	-	11,999	9,289
United States development projects	United States	-	-	-	-	1,306	9,775
United States exploration projects	United States	-	-	-	(5,094)	(5,216)	-
United States conventional mining projects	United States	-	-	-	-	(642)	114
Honeymoon Project	Australia	-	-	-	(672)	106	13,456
Corporate and other		-	-	-	(996)	(304,952)	565
Total		**82,859**	**(28,067)**	**(22,858)**	**(6,762)**	**(217,679)**	**50,443**

18 SEGMENTED INFORMATION (CONTINUED)

As at September 30, 2010: (in $'000)

	Country	Mineral interest plant and equipment $'000	Total assets $'000	Future income tax liabilities $'000	Total liabilities $'000
Akdala Mine	Kazakhstan	166,728	196,480	17,096	24,350
South Inkai Mine	Kazakhstan	466,797	525,911	36,931	49,416
Karatau Mine	Kazakhstan	496,601	524,399	73,156	127,795
Kharasan Project	Kazakhstan	214,347	236,678	12,307	88,211
United States development projects	United States	193,159	208,961	-	3,789
United States exploration projects	United States	117,004	117,978	35,384	35,415
United States conventional mining projects	United States	39,930	47,339	8,495	11,768
Honeymoon Project	Australia	110,388	122,795	4,288	6,796
Corporate and other		12,880	487,965	-	494,134
Total		**1,817,834**	**2,468,506**	**187,657**	**841,674**

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 Project	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*

19 SUBSEQUENT EVENTS

Material transactions occurring subsequent to September 30, 2010 are described in note 3.2, note 8 and note 9.