

## News Release

March 27, 2013

### **Uranium One Announces 15% Increase in 2012 Production to 12.2 Million Pounds; Average Total Cash Costs of \$16 per Pound Sold and Attributable Sales of 11.7 Million Pounds**

Toronto, Ontario – Uranium One Inc. (“Uranium One”) today reported record revenue of \$562.9 million for 2012 at an average total cash cost per pound sold of \$16 based on sales of 11.7 million pounds at an average realized sales price of \$48 per pound. Attributable production for 2012 was 12.2 million pounds.

#### **2012 Highlights**

##### *Operational*

- Total attributable production during 2012 was a record 12.2 million pounds, 15% higher than total attributable production of 10.7 million pounds during 2011.
- The average total cash cost per pound sold was \$16 per pound during 2012 compared to \$14 per pound during 2011.

##### *Financial*

- Attributable sales volumes for 2012 increased by 18% to a record 11.7 million pounds, compared to 9.9 million pounds sold during 2011.
- Revenue was a record \$562.9 million in 2012, compared to \$530.4 million in 2011. The average realized sales price during 2012 was \$48 per pound compared to \$54 per pound in 2011. The average spot price in 2012 was \$49 per pound.
- Earnings from mine operations were \$224.8 million during 2012, compared to earnings from mine operations of \$262.6 million in 2011.
- The net loss for 2012 was \$96.7 million or \$0.10 per share, compared to net earnings of \$88.4 million or \$0.09 per share for 2011.
- The adjusted net earnings for 2012 were \$68.2 million or \$0.07 per share, compared to adjusted net earnings of \$113.7 million or \$0.12 per share for 2011.
- The carrying value of the equity investment in Mantra was written down by \$102.3 million in Q4 2012, due to delays in the expected initial production, (mainly from permitting delays), increased capital expenditure experienced in the industry, and lower uranium prices.

- In Q3 2012, the carrying value of the Zarechnoye Mine was written down by \$79.1 million, net of deferred taxes of \$14.9 million, due to the decrease in uranium prices and a decrease in the South Zarechnoye resource base.

### *Corporate*

- The United Arab Emirates announced the award of \$3 billion worth of fuel supply contracts to six global suppliers, including Uranium One. This long term contract will meet a portion of the uranium requirements of the Barakah Nuclear Power Station scheduled to start up by 2017.
- The Corporation also concluded its first Chinese contract during 2012, which calls for the supply of uranium to China Guangdong Nuclear Power Corporation in 2012 and 2013.
- On October 15, 2012, the Tanzanian Ministry of the Environment issued an environmental impact assessment certificate to Mantra Tanzania in respect of the Mkuju River Project. Issuance of the certificate completes Mantra's application for a Special Mining License for the Project and represents a significant permitting milestone.
- In January 2013, the Corporation entered into an agreement with ARMZ under which the Corporation would be taken private for cash consideration of CDN\$2.86 per share. The transaction provides total consideration to minority shareholders of approximately CDN\$1.3 billion and implies an equity value for Uranium One of approximately CDN\$2.8 billion. The transaction was approved by shareholders on March 7, 2013 and is expected to close in Q2 2013 after receipt of all required regulatory approvals.
- On March 25, 2013, the Corporation arranged a three year, \$1.45 billion revolving unsecured credit facility with ARMZ; drawings under the facility bear interest at the rate of 3.3%. On March 26, 2013, the Corporation drew down the facility as it evaluates initiatives to expand its business.

### **Outlook**

- Total attributable production for 2013 and 2014 is estimated to be 12.5 million and 13.0 million pounds, respectively.
- During 2013, the average cash cost per pound sold is expected to be approximately \$19 per pound.
- The Corporation expects attributable sales to be approximately 12.5 million and 13.0 million pounds in 2013 and 2014, respectively.
- The Corporation expects to incur attributable capital expenditures in 2013 of \$107 million for wellfield development and \$66 million for plant and equipment, totalling \$173 million for its assets in Kazakhstan, the United States and Australia.

- In 2013, general and administrative expenses, excluding non-cash items, are expected to be approximately \$40 million and exploration expenses are expected to be \$8 million.

## 2012 Operations and Projects

During 2012, Uranium One achieved attributable production of 12.2 million pounds, an increase of 15% over attributable production of 10.7 million pounds in 2011.

Operational results for Uranium One's assets during 2012 were:

Asset	2012 Attributable Production (lbs U <sub>3</sub> O <sub>8</sub> )	2012 Total Cash Costs (per lb sold U <sub>3</sub> O <sub>8</sub> )
Akdala	1,992,600	\$13
South Inkai	3,403,200	\$18
Karatau	2,775,500	\$11
Akbastau	1,563,200	\$11
Zarechnoye	1,216,200	\$24
Kharasan <sup>(1)</sup>	454,100	\$27
Willow Creek <sup>(2)</sup>	620,900	\$45
Honeymoon <sup>(3)</sup>	220,800	N/A
<b>Total</b>	<b>12,246,500</b>	<b>\$16</b>

(1) Production before and after the completion of commissioning during 2012 was 697,600 pounds (269 tonnes of U) and 816,000 pounds (314 tonnes of U) respectively, of which 454,100 pounds (174 tonnes U) was attributable to the corporation.

(2) Production before and after the completion of commissioning during 2012 was 140,300 pounds (54 tonnes U) and 480,600 pounds (185 tonnes U), respectively, for a total of 620,900 pounds (239 tonnes U) for the year.

(3) Production in commissioning from Honeymoon was 340,200 pounds (131 tonnes U) during 2012, of which 220,800 pounds (85 tonnes U) was attributable to the Corporation.

## 2012 Financial Review

Revenue was a record \$562.9 million in 2012, compared to \$530.4 million in 2011. The average realized sales price during 2012 was \$48 per pound compared to \$54 per pound in 2011. The average spot price in 2012 was \$49 per pound.

Operating expenses per pound sold were \$16 for 2012 compared to \$14 in 2011.

Earnings from mine operations were \$224.8 million during 2012, compared to earnings from mine operations of \$262.6 million in 2011.

Attributable inventory as at December 31, 2012 was 3.7 million pounds, which includes work in progress as well as finished product. Finished product at conversion facilities awaiting pre-scheduled deliveries into sales contracts was 0.9 million pounds at December 31, 2012.

The net loss for 2012 was \$96.7 million or \$0.10 per share, compared to net earnings of \$88.4 million or \$0.09 per share for 2011.

The adjusted net earnings for 2012 were \$68.2 million or \$0.07 per share, compared to adjusted net earnings of \$113.7 million or \$0.12 per share for 2011.

Consolidated cash and cash equivalents were \$454.8 million as at December 31, 2012 compared to \$619.0 million at December 31, 2011. Working capital was \$656.1 million at December 31, 2012.

The following table provides a summary of key financial results:

<b>FINANCIAL</b>	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>FY 2012</b>	<b>FY 2011</b>
Attributable production (lbs) <sup>(1)</sup>	3,223,500	3,156,200	11,676,100	10,057,200
Attributable sales (lbs) <sup>(1)</sup>	5,136,000	3,161,200	11,694,800	9,881,400
Average realized sales price (\$ per lb) <sup>(2)</sup>	44	50	48	54
Average total cash cost per pound sold (\$ per lb) <sup>(2)</sup>	17	15	16	14
Revenues (\$' millions)	227.6	157.9	562.9	530.4
Earnings from mine operations (\$' millions)	76.6	76.0	224.8	262.6
Net (loss) / earnings (\$' millions)	(68.8)	(1.1)	(96.7)	88.4
Net (loss) / earnings per share – basic and diluted (\$ per share)	(0.07)	(0.00)	(0.10)	0.09
Adjusted net earnings (\$' millions) <sup>(2)</sup>	34.9	21.4	68.2	113.7
Adjusted net earnings per share – basic (\$ per share) <sup>(2)</sup>	0.04	0.02	0.07	0.12

(1) Attributable production and sales are from assets owned and in commercial production during the period. Willow Creek and Kharasan reached commercial production levels effective from May 1, 2012 and July 1, 2012, respectively and sales and production results for these mines are included in the operating results for the periods after these dates.

(2) The Corporation has included non-GAAP performance measures: average realized sales price per pound, cash cost per pound sold, adjusted net earnings and adjusted net earnings per share. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

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

(US DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	3 MONTHS ENDED		YEAR ENDED	
	DEC 31, 2012 \$'MILLIONS	DEC 31, 2011 \$'MILLIONS	DEC 31, 2012 \$'MILLIONS	DEC 31, 2011 \$'MILLIONS
Net (loss) / earnings	(68.8)	(1.1)	(96.7)	88.4
Fair value adjustments	(0.3)	3.9	-	2.6
Impairment charges (net of deferred taxes of \$14.9 million)	102.3	-	181.4	-
Gain on business combination	-	-	(17.2)	-
Care and maintenance costs	0.3	0.3	1.5	1.2
Corporate development expenditure	0.1	0.2	2.7	1.2
Restructuring costs	0.7	1.4	2.2	3.6
Ruble bond hedge accounting adjustments	0.6	-	4.7	-
Non-recurring income tax adjustment	-	16.7	(10.4)	16.7
Adjusted net earnings	34.9	21.4	68.2	113.7
Adjusted net earnings per share – basic (\$) and diluted	0.04	0.02	0.07	0.12
Weighted average number of shares (millions) – basic and diluted	957.2	957.2	957.2	957.2

The financial statements, as well as the accompanying management’s discussion and analysis, are available for review at [www.uranium1.com](http://www.uranium1.com) and should be read in conjunction with this news release. All figures are in U.S. dollars unless otherwise indicated. All references to pounds sold or pounds produced are to pounds of U<sub>3</sub>O<sub>8</sub>.

### Going Private Transaction

On January 13, 2013, the Corporation entered into a definitive agreement (the “Arrangement Agreement”) with ARMZ under which the Corporation would be taken private pursuant to a plan of arrangement (the “Plan of Arrangement”). ARMZ and its affiliates currently own 51.4% of the Corporation’s outstanding common shares (“Common Shares”).

Under the Plan of Arrangement, ARMZ will acquire all of the Common Shares that ARMZ and its affiliates do not already own for cash consideration of CDN\$2.86 per share. The transaction provides total consideration to minority shareholders of approximately CDN\$1.3 billion and implies an equity value for Uranium One of approximately CDN\$2.8 billion.

The implementation of the Plan of Arrangement was approved by the Corporation’s shareholders and option holders at a special meeting held on March 7, 2013. In accordance with an interim order of the Ontario Superior Court of Justice dated February 6, 2013, the transaction was subject to the affirmative vote of two-thirds of the Corporation’s shareholders and option holders, as well as a majority of the minority shareholders. At the meeting, approximately 95.7% of the votes cast by the holders of

the Common Shares, and 95.7% of the votes cast by the holders of the Common Shares and options voting together as one class, were voted in favour of the Plan of Arrangement. In addition, approximately 86% of the votes cast by minority shareholders, i.e. shareholders other than ARMZ, its affiliates and related parties, and those senior officers of Uranium One who hold options, were voted in favour of the Plan of Arrangement.

The transaction is subject to applicable regulatory approvals and certain closing conditions customary in transactions of this nature, the details of which are outlined in the Corporation's management information circular for the special meeting dated February 8, 2013. The Corporation has obtained US, Russian, Australian and South African regulatory approvals and continues to diligently pursue all required remaining approvals. The transaction is expected to close in the second quarter of 2013.

Within 30 days of completion of the transaction, the Corporation will make an offer to purchase the \$259,985,000 aggregate principal amount of 7.5% (re-set to 5%) convertible unsecured subordinated debentures due March 13, 2015 in accordance with the terms of the trust indenture governing the debentures.

#### *About Uranium One*

Uranium One is one of the world's largest publicly traded uranium producers with a globally diversified portfolio of assets located in Kazakhstan, the United States, Australia and Tanzania.

For further information, please contact:

Chris Sattler  
Chief Executive Officer  
Tel: +1 647 788 8500

Anton Jivov  
Vice President, Corporate Affairs  
Tel: +1 647 788 8461

#### *Cautionary Statement*

*No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*

*Investors are advised to refer to independent technical reports containing detailed information with respect to the material properties of Uranium One. These technical reports are available under the profile of Uranium One Inc. at [www.sedar.com](http://www.sedar.com). Those technical reports provide the date of each resource or reserve estimate, details of the key assumptions, methods and parameters used in the estimates, details of quantity and grade or quality of each resource or reserve and a general discussion of the extent to which the estimate may be materially affected by any known environmental, permitting, legal, taxation, socio-political, marketing, or other relevant issues. The technical reports also provide information with respect to data verification in the estimation.*

*Forward-looking statements: This press release contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, the timing of uranium processing facilities being fully operational, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, market conditions, corporate plans, objectives and goals, requirements for additional capital, government regulation of mining operations, the estimation of mineral resources and reserves,*

*the realization of resource and reserve estimates, environmental risks, unanticipated reclamation expenses, the timing and potential effects of proposed acquisitions, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Uranium One to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the completion of the projects described in this press release, the future steady state production and cash costs of Uranium One, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible shortages of sulphuric acid in Kazakhstan, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions and the realization of synergies relating thereto, to international operations, to prices of uranium, as well as those factors referred to in the section entitled "Risk Factors" in Uranium One's Annual Information Form for the year ended December 31, 2011, which is available on SEDAR at [www.sedar.com](http://www.sedar.com), and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.*

*Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.*

*For further information about Uranium One, please visit [www.uranium1.com](http://www.uranium1.com).*