



# **2007 First Quarter Disclosure Documents**



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# management discussion and analysis

Stock Exchanges: Toronto Stock Exchange (TSX)  
Johannesburg Stock Exchange (JSE)

## **Management's Discussion and Analysis of Financial Condition and Results of Operations Prepared as of May 11, 2007**

Set out below is a review of the activities, results of operations and financial condition of sxr Uranium One Inc. ("Uranium One") and its subsidiaries for the three months ended March 31, 2007, together with certain trends and factors that are expected to impact the remainder of its 2007 financial year. Information herein is presented as of May 11, 2007 and should be read in conjunction with the unaudited consolidated financial statements of Uranium One for the three months ended March 31, 2007 and the notes thereto (referred to herein as the "consolidated financial statements"). Uranium One's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are in US dollars, except where otherwise indicated.

The common shares of Uranium One are listed on the TSX and JSE. Uranium One's convertible unsecured subordinated debentures due December 31, 2011 are also listed on the TSX. The shares of Uranium One's subsidiary, Aflase Gold Limited ("Aflase Gold"), are listed on the JSE.

References herein to "Q1 2006" and "Q1 2007" refer to the three months ended March 31, 2006 and 2007, respectively. References to "FY 2006" refer to the 12 months ended December 31, 2006.

Additional information about Uranium One and its business and operations can be found in its continuous disclosure documents. These documents are available at [www.sedar.com](http://www.sedar.com).

*This Management's Discussion and Analysis includes certain forward-looking statements. Please refer to "Additional Information".*

## GENERAL

Uranium One is a Canadian uranium mining and development corporation engaged through subsidiaries in the acquisition, exploration, development and operation of properties in South Africa, Australia, Kazakhstan, Canada and the United States. Through Aflase Gold, Uranium One is engaged in the development of the Modder East Gold Project in South Africa.

Uranium One owns 70% of the operational Akdala Uranium Mine in Kazakhstan. In South Africa at the Dominion Reefs Uranium Project, low grade uranium ore is being fed through the atmospheric leach circuit. With the imminent commissioning of the solvent extraction section, the mine expects to produce its first batch of ammonium diuranate (ADU). It is also developing the South Inkai and Kharassan Uranium Projects in Kazakhstan and the Honeymoon Uranium Project in South Australia. Uranium One owns the Shootaring Canyon Uranium Mill in Utah and a land package comprising approximately 38,763 acres of uranium properties in Utah, Wyoming, Arizona and Colorado. Uranium One is also engaged in uranium exploration activities in Canada, South Africa, Australia and Kyrgyzstan.

### Q1 2007 HIGHLIGHTS

#### Financial

- In line with expectations, a Q1 operating loss of \$8.9 million and a net loss of \$3.8 million (2.81 cents per share – basic and fully diluted), compared to an operating loss of \$9.6 million and net loss of \$1.9 million (1.91 cents per share – basic and fully diluted) in Q1 2006.
- An increase from December 31, 2006 of \$39.8 million in non-current assets to \$330.1 million at March 31, 2007, primarily as a result of additions to property, plant and equipment at Dominion, Honeymoon and at Modder East.
- Cash balances declined to \$287.7 million as at March 31, 2007 from \$327.5 million at December 31, 2006, primarily due to the capital spent on the further development of projects.

#### UrAsia Energy Transaction

- The transaction to acquire UrAsia Energy Limited ("UrAsia") was negotiated during the quarter and completed on April 20, 2007.
- U<sub>3</sub>O<sub>8</sub> production at the Akdala Uranium Mine in Q1 2007 amounted to 497,000 pounds (191,000 kg U), which was 10% ahead of budget for the year to date.
- Attributable U<sub>3</sub>O<sub>8</sub> sales from Akdala during Q1 2007 were 605,000 pounds (233,000 kg U).
- \$41.7 million of attributable revenue was earned from Akdala uranium sales, with resultant earnings of \$29.8 million.
- Average realized sales price for U<sub>3</sub>O<sub>8</sub> in Q1 2007 was \$69 per pound (the average spot price for U<sub>3</sub>O<sub>8</sub> during this period was approximately \$85 per pound); the average cash production cost per pound of U<sub>3</sub>O<sub>8</sub> sold was approximately \$12 per pound.
- Net income for Q1 2007 was \$8.0 million (\$0.02 per share). This included a non-cash expense of \$8.6 million arising from an exchange loss on the revaluation of future income tax liabilities. If this item were to be excluded, net income for the period would have been \$16.5 million.
- Due to improved cash flow from uranium sales at Betpak Dala, all outstanding loans payable to UrAsia by Betpak Dala were repaid during Q1 2007 (these had stood at \$62.6 million on December 31, 2006).
- At South Inkai exploration and production drilling are on schedule. Construction is slightly behind schedule, but the contractor workforce has been enlarged and the number of shifts on site has been increased so that the project can revert to schedule by the last quarter, when the first production is expected.
- Four new GEFCO drill rigs are now at the two development sites and the training of crews has begun.
- At Kharassan, some delays in construction have been experienced due to wet weather and floods. Drilling is 1-2 months behind schedule due to rig shortages, but the lost time is expected to be made up following the commissioning of the two new GEFCO rigs which are now on site. Production is still scheduled to begin during the last quarter.

#### Dominion Uranium Project

- The National Nuclear Regulator (NNR) issued a Certificate of Registration (CoR) in February 2007.
- Processing of ore from underground commenced in February 2007; ramp-up of production from underground, and completion of all plant components, is ongoing in order to meet stated production targets.
- Milestone achievements at the plant during the quarter include:
  - Hot commissioning on February 28, 2007 of the atmospheric leach circuit, including the uranium counter current decantation circuit.
  - Boiler operated at design capacity and passed a performance guarantee test.
  - On-site assay laboratory is operational for all plant samples.

### Honeymoon Uranium Project

- Design work by the EPCM contractor, Bateman, is underway.
- Work is proceeding on infrastructure for the Honeymoon Uranium Project.

### Other

- Completion of purchase from US Energy Corp. of the Shootaring Canyon Uranium Mill and associated properties on April 30, 2007.

### ACQUISITIONS SUBSEQUENT TO MARCH 31, 2007

#### UrAsia Energy Ltd.

On April 20, 2007, Uranium One completed the acquisition of all of the outstanding common shares of UrAsia. Holders of UrAsia shares received an aggregate 217,164,830 Uranium One common shares. UrAsia warrants and stock options were exchanged for warrants and stock options which give holders the right to acquire common shares of Uranium One.

The closing followed on the two companies reaching a definitive arrangement on February 11, 2007, UrAsia shareholder approval of the arrangement on April 5, 2007 and the receipt of all required regulatory approvals.

As a result of the transaction, the combined company is held approximately 60% by previous holders of UrAsia shares and approximately 40% by previous Uranium One shareholders. Accordingly, this business combination will be accounted for as a reverse takeover under Canadian generally accepted accounting principles, with UrAsia being identified as the acquirer and Uranium One as the acquiree.

#### Combined production profile and reserves and resources subsequent to the UrAsia transaction

Based on publicly disclosed information at the time of the announcement, the combined company is expected to provide Uranium One with a total combined attributable annual production in 2008 in excess of 7 million pounds of U<sub>3</sub>O<sub>8</sub>, estimated cash operating costs of approximately \$10 to \$12 per pound in steady state and attributable proven and probable reserves of 48.7 million pounds U<sub>3</sub>O<sub>8</sub>, total attributable indicated resources of 100.9 million pounds U<sub>3</sub>O<sub>8</sub>, and total attributable inferred resources (not including inferred resources at the Sheep Mountain Property) are expected to be 268.5 million pounds of U<sub>3</sub>O<sub>8</sub>.

The resources and reserves were compiled as follows:

#### Total attributable proven and probable reserves

<b>Property</b>	<b>Tonnes (millions)</b>	<b>Grade (% U)</b>	<b>Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (millions of lbs)</b>
Akdala - proven	2.8	0.057		4.1
Akdala - probable	9.0	0.057		13.3
Dominion - probable	18.5		0.77	31.3
Total				48.7

#### Total attributable indicated resources<sup>(1)</sup>

<b>Property</b>	<b>Tonnes (millions)</b>	<b>Grade (% U)</b>	<b>Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (millions of lbs)</b>
Akdala	12.0	0.057		17.8
Kharassan	0.8	0.201		4.1
Dominion	36.4		0.81	64.9
Dominion Dumps	3.4		0.16	1.2
Honeymoon	1.2	0.240		6.5
East Kalkaroo	1.2	0.074		2.0
Goulds Dam	1.7	0.120		4.4
Total				100.9

#### Total attributable inferred resources<sup>(1)</sup>

<b>Property</b>	<b>Tonnes (millions)</b>	<b>Grade (% U)</b>	<b>Grade (kg/tonne)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (millions of lbs)</b>
Akdala	6.8	0.062		10.9
South Inkai	40.4	0.043		43.5
Kharassan	9.2	0.095		22.6
Dominion	219.4		0.38	183.6
Billeroo	12.0	0.030		7.9
Total				268.5

<sup>(1)</sup> Mineral resources are inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### **Shootaring Canyon Uranium Mill and Associated Properties**

On April 30, 2007, Uranium One completed the purchase of the Shootaring Canyon Uranium Mill in Utah, as well as a land package comprising approximately 38,763 acres of uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information for 6,607,605 Uranium One common shares plus the sum of \$750,000 in cash. The purchase agreement provides for further payments by Uranium One of \$20.0 million upon the Shootaring Canyon Mill reaching commercial production and \$7.5 million on the first delivery to the Mill after commercial production of mineralized material from any of the purchased properties. In addition, U.S. Energy Corp. will receive a royalty equal to 5% of the gross proceeds from the sale of commodities produced at the Mill, to a maximum amount of \$12.5 million. Uranium One reimbursed U.S. Energy Corp. on closing for certain exploration expenditures relating to the purchased properties in the amount of \$1.6 million.

The Shootaring Canyon Mill is an acid leach facility with a 750 tons per day throughput capacity. There is also the potential to add a vanadium processing circuit to the existing Mill infrastructure. An estimated \$33.0 million will be required to refurbish the Mill, including the addition of the vanadium circuit. The purchased assets include a 50% interest in the Sheep Mountain property in Wyoming, which contains an inferred uranium mineral resource of 4.56 million tonnes, grading 0.17% U<sub>3</sub>O<sub>8</sub> equivalent (15.6 million pounds of contained metal).

The purchase agreement also provides for the assignment of U.S. Energy Corp's right to receive \$4.1 million in cash and 1.5 million common shares of Uranium Power Corp. ("UPC") in relation to certain of the purchased properties for a cash payment equal to a 5.25% annual discount rate applied to \$4.1 million plus the value of such shares (determined with reference to the weighted average closing price thereof on the TSX Venture Exchange prior to closing) for a cash consideration of \$5.0 million.

Closing of the purchase agreement was subject, among other things, to receipt of applicable U.S. state and federal regulatory approvals.

### **Dominion Uranium Project**

The Dominion Uranium Project is situated in the North West Province of South Africa, approximately 150 kilometres west-southwest of Johannesburg. The Dominion Uranium Project is operated by Uranium One's subsidiary, Uranium One Africa Limited ("Uranium One Africa"). The processing of uranium ore utilizing the atmospheric leach circuit of the Dominion uranium plant commenced on February 28, 2007 and the first ADU is expected to be produced in Q2 2007.

#### *Feasibility Study*

An independent technical report summarizing the feasibility study entitled "Dominion Uranium Project, North West Province, Republic of South Africa" dated August 1, 2006 and amended October 26, 2006 prepared by Dr. Michael Harley and Roger Dixon of SRK Consulting (South Africa) Pty Limited is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). The authors are independent qualified persons within the meaning of NI 43-101.

On July 28, 2006, Uranium One announced the details of the Dominion Project, Phase 1 feasibility study as well as a preliminary assessment of Phase 2 of the project, which considered a 30 year mine life. The feasibility study was also described in management's discussion and analysis for the year ended December 31, 2006.

Construction commenced in November 2005. The estimated construction capital to establish the full design capacity of 200,000 tonnes per month for Phase 1 was \$179.8 million according to the feasibility study. As at the end of March 2007 it is estimated that construction capital expenditures will amount to \$194.6 million by the end of 2007. Of this amount, an aggregate \$130.1 million has been spent to March 31, 2007, of which \$24.1 million was spent in Q1 2007. The increase in expected cost to completion is largely attributable to the Uranium Plant. At March 31, 2007 the total anticipated cost of construction of the Uranium Plant amounts to \$133.7 million, compared to \$111.0 million estimated in the feasibility study. The major components of the increase are the escalation of contractor's cost (20%), escalation of material (mainly steel piping) costs (17%), changes in detail plant design (17%) and omissions from the original feasibility budget (17%). According to the feasibility study, additional ongoing capital over the life of Phase 1, which will be incurred from January 1, 2008 onwards, is expected to be \$63.8 million.

The feasibility study used as a base case a U<sub>3</sub>O<sub>8</sub> price of \$46.50 per pound, a gold price of \$629 per ounce and a ZAR/US dollar exchange rate of ZAR 6.585 per US dollar. The ZAR/US dollar exchange rate on May 4, 2007 was ZAR6.93/\$ and the spot prices for uranium oxide and gold were \$113 per pound and \$687 per ounce, respectively, which are higher than the assumptions used in the feasibility study.

#### *Possible Production Expansion*

Conceptual studies on Phases 3 and 4 of the Project were initiated during the second half of 2006 and are in the process of being finalized. This work will form the basis for a feasibility study which is anticipated to support a production increase to 300,000 tonnes per month and a pre-feasibility study for a vertical shaft that is anticipated to support a production increase to about 400,000 tonnes per month.

#### *Development*

The development of the Rietkuil 1 decline was started from surface in January 2006 after completion of the bulk earthworks of the portal excavation. The old Rietkuil inclined shaft was partially re-commissioned and de-watered to facilitate the creation of multiple access points from which decline development could be initiated. As at April 30, 2007, capital development of 2,557 metres had been achieved; reef and waste development for the

same period were 1,078 metres and 991 metres, respectively. The 3 level to 4 level decline holed with the decline being developed from 4 level to 3 level during Q1 2007, and now represents a continuous decline of 1,583 metres extending to a depth of 229 metres below surface. Underground stoping operations at Rietkuil started in January 2007.

The bulk earthworks of the Dominion 1 portal excavation started in January 2006 and the development of the decline commenced in February 2006. At April 30, 2007, capital development of 1,590 metres had been achieved. Reef and waste development for the same period were 553 metres and 187 metres, respectively. Underground stoping operations at Dominion 1 commenced in April 2007.

The excavation of the portal at the Dominion 2 decline commenced in February 2006 and the development of the decline started in May 2006. As at April 30, 2007, capital development of 343 metres had been achieved, reef and waste development for the same period were 762 metres and 86 metres, respectively. Dominion 2 decline development has been adversely affected by poor, localized ground conditions associated with a fault. Additional ground support, in the form of wire mesh, shotcrete and clad closely spaced sets with void filling is required to develop through this ground. It is expected that normal development will resume in Q2 2007. Underground stoping operations at Dominion 2 commenced in January 2007. The construction work of the critical surface infrastructure to support the underground operations has progressed well; the power supply for the D2 decline from the national network was commissioned in March 2007.

#### *Permitting*

In August 2005, Uranium One Africa applied to the National Nuclear Regulator ("NNR") for a Certificate of Registration ("CoR") covering all aspects of the project's mining and prospecting activities. A limited CoR was issued on February 1, 2007. In accordance with the applicable South African procedures, Uranium One Africa has submitted several authorization change requests ("ACR's") covering subsequent stages of the project. Upon approval, the ACR's will form part of the current CoR and will include, among other things, a full Public Hazard Assessment and a Radiation Protection Programme, and the initial CoR will be amended to a full CoR.

During January and February 2007, background radiation studies were undertaken in the Ottosdal area, where additional prospecting rights have been granted to Uranium One. These background studies formed part of an additional CoR application covering prospecting activities in the Ottosdal area. This application was submitted in March 2007.

Several external laboratories utilized by Uranium One over the past years also await the granting of their CoR's. As a result, Uranium One has fast-tracked the establishment of its own on-site facility, managed by external contractors, to cater for the sample analysis and assay requirements of underground and plant production samples. The analysis of surface exploration drill samples continue to be undertaken at certificated external facilities.

#### *Metallurgical Plant Construction*

Construction of the uranium plant for Phase 1 was 99.0% complete at the end of April 2007. The atmospheric leach circuit, including the uranium counter current decantation circuit, was hot commissioned on February 28, 2007. This commissioning period was extremely valuable in resolving the teething problems occurring in a newly designed section and all the associated services. The boiler was operated at design capacity in April and passed a performance guarantee test. The on-site laboratory is operational for all plant samples. The solvent extraction section will be commissioned during May 2007. The completion and commissioning of the first autoclave of the pressure leach circuit is scheduled for Q2 2007 and the second autoclave, together with the remaining phase 2 construction, is scheduled for completion in Q3 2007.

#### *Sales contracts*

During Q4 of 2006 and early in Q1 2007, Uranium One negotiated terms for the sale of approximately 4.7 million pounds of U<sub>3</sub>O<sub>8</sub> from Dominion in the 2008-2012 period under five separate sales contracts. This represents 28% of the planned production of the Dominion Uranium Project over that period. Pricing is market-related at the time of delivery, with escalating floor price protection and without any caps.

#### *Resources and Exploration*

The current exploration program being undertaken on the Dominion and Rietkuil sections primarily considers surface exploration drilling. During 2006, the focus of the drilling was on converting resources from the inferred category to the indicated category through further extension and delineation of already identified higher-grade pay shoots to depths greater than 500 metres. This exploration work was utilised to undertake a resource update at the end of 2006, which was released by Uranium One on January 17, 2007. The revised resource information is contained in an updated technical report which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The revised indicated U<sub>3</sub>O<sub>8</sub> resources at Dominion now total 36.4 million tonnes grading 0.81 kg/t, containing 64.9 million pounds U<sub>3</sub>O<sub>8</sub>, representing a 303% increase in contained pounds of uranium in the indicated category during the year, and inferred U<sub>3</sub>O<sub>8</sub> resources totalled 219.4 million tonnes grading 0.38 kg/t, containing 183.6 million pounds U<sub>3</sub>O<sub>8</sub>, representing a 25% increase in contained pounds of uranium in the inferred category during the year. The gold resources at Dominion totalled 1.1 million ounces in the indicated category, grading 0.91 g/tonne (a 206% increase in indicated resources since 2005) and 4.8 million ounces in the inferred category, grading 0.67 g/tonne (a 115% increase in inferred resources since 2005). In addition to the Dominion Reefs, an evaluation of the Dominion Dumps was undertaken between May and November 2006 and the results released in January 2007. An Indicated resource of 3.4 million tonnes, grading at 0.16 kg/tonne uranium and 0.51 g/tonne gold, containing 1.2 million pounds of U<sub>3</sub>O<sub>8</sub> and 55,000 ounces of gold was declared.

Exploration undertaken during Q1 2007 has largely focused on the delineation of additional high-grade pay shoots, situated in the central areas of the Rietkuil Section and the northern areas of the Dominion Section. This exploration is achieved by diamond surface exploration drilling. The drilling is targeting resources currently classified as inferred, for upgrading to indicated resource categories. This increased indicated resource base will form the basis for the Phase 3 and Phase 4 expansion studies.

The number of drill rigs on the Dominion and Rietkuil Sections increased from 24 rigs at the end of December 2006 to 25 rigs at the end of March 2007. Drilling efficiencies have improved and a total of 28,717 metres were completed on the Dominion and Rietkuil Sections during Q1 2007, resulting in a total of 126,312 metres for the project to date. An estimated 50,000 metres of drilling is scheduled for the remainder of 2007.

The external commercial laboratories utilised during 2006 by Uranium One for the exploration samples are currently waiting for certification from the NNR to continue with uranium analyses. The use of these facilities has been temporarily halted until such certification has been received from the NNR. Several other external laboratories have been investigated, two of which were tested in Q1 2007. Commercial analysis of exploration samples at one of these laboratories (Anglo American Research Laboratories) commenced in April 2007. Final testing of the second laboratory based at NECSA (South African Nuclear Energy Corporation) is being undertaken and it is anticipated that commercial analyses here will commence during Q2 2007.

#### *Ottosdal Exploration Area*

The Ottosdal exploration area has been identified as the western extension of the Dominion Section. Here, combined with areas immediately adjacent (to the south) of the current mining area, the Dominion Reefs are projected to extend on strike for almost 60 km. Applications for prospecting rights across these identified extensions of the Dominion Reefs, combined with two nearby smaller areas containing uranium and gold-bearing Witwatersrand reefs, as well as areas immediately adjacent to the current mining area, were made during 2006 and Q1 2007.

As at the end of Q1 2007, prospecting applications over some 57,565 hectares had been granted to Uranium One in the above-described areas. Prospecting applications covering some 24,109 hectares have been submitted to and accepted by the Department of Minerals and Energy ("DME") and are currently under review. An additional four applications, totalling 22,275 hectares have been accepted by the DME pending the outcome of a review by the DME of prior applications submitted in the same area by other applicants. At the end of March 2007 and in addition to those described above, nine applications by Uranium One, totalling some 25,355 hectares, were refused by the DME. These nine applications largely form down-dip, and to a lesser extent shallow strike, extensions of prospecting and mining areas already held by Uranium One. The nine applications are currently the subject of an internal appeal lodged at the DME by Uranium One, on the basis, among other things, that the down-dip areas cannot be economically explored or exploited without the up-dip ground and the shallow strike extension areas are too small to constitute economical exploration or mining units in their own right.

Physical exploration (sampling and drilling) in the Ottosdal area can only commence upon the granting of the CoR. As such, the exploration work conducted has been limited to desktop studies and planning activities. Historical data have been scanned and referenced into a common modeling database. This information has been used to plan initial surface exploration borehole sites, based on identified potential anomalies. Additionally, the services of an aerial survey company, to conduct the radiometric and magnetic surveys, have been secured; the planning of the survey has been completed and contracts are being finalized. It is anticipated that this survey will be undertaken during Q2 and Q3 2007.

#### *Black Economic Empowerment*

On June 7, 2005, Uranium One Africa and Micawber 397 (Proprietary) Limited ("Micawber 397") entered into a definitive purchase and sale agreement (of an undivided 26% interest in the Dominion Uranium Project and the Bonanza Gold Project), a management and skills transfer agreement and a joint venture agreement. These agreements were summarized in Uranium One's discussion and analysis for the year ended December 31, 2006. The Micawber 397 transaction will be accounted for in Uranium One's financial statements when the risks and rewards of the transaction are deemed to have passed to Micawber 397.

#### *Bonanza Gold Project*

The Bonanza Gold Project is a small, primary gold project with secondary uranium by-product potential and was operated as a component of the Dominion Uranium Project.

During 2006, in line with Uranium One's decision to expedite development of the Dominion Uranium Project, equipment and trained production crews were relocated from Bonanza and the gold plant was also taken out of production intermittently for the purpose of integrating it with the Dominion uranium plant. Mining operations at Bonanza South were terminated in December 2006. The last available ore from Bonanza was processed and sold in February 2007.

### **Honeymoon Uranium Project**

The Honeymoon Uranium Project is located in the north-eastern section of the State of South Australia, approximately 75 kilometres northwest of Broken Hill on mining lease 6109. The mining lease has a term of 21 years from February 27, 2002.

#### *Feasibility Study*

An updated resource estimate for the Honeymoon Uranium Project was completed in June 2006. The updated estimate shows an indicated resource of 1.2 million tonnes at an average grade of 0.24% U<sub>3</sub>O<sub>8</sub>, containing 2,900 tonnes (6.5 million pounds) of U<sub>3</sub>O<sub>8</sub>.

The resource estimate was included in a cost and engineering feasibility study completed by Aker Kvaerner Australia and Mayfield Engineering in July 2006. An independent technical report summarizing the feasibility study, entitled "Honeymoon Uranium Project – Summary of Feasibility Study 400 tpa U<sub>3</sub>O<sub>8</sub> Equivalent" dated July 31, 2006 prepared by Victor J. Absolon, Colin E. Bazeley, Glenn Jobling and Phillip D. Bush of Mayfield Engineering Pty Ltd., Peter J. Bartsch of Aker Kvaerner Australia and Kenneth F. Bampton of Ore Reserve Evaluation Services, is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). The authors are independent qualified persons within the meaning of NI 43-101.

The feasibility study evaluated the Honeymoon Uranium Project as an in situ leach mine with an annual production rate of 400 tpa U<sub>3</sub>O<sub>8</sub> equivalent. The project has a life of approximately seven years, including the initial construction period; the actual mine life is expected to be between five and six years. The total estimated cost of the Honeymoon Uranium Project is \$35.9 million, comprising \$23.6 million in direct capital costs, \$4.2 million in indirect capital costs and \$8.1 million in owner's capital costs. An aggregate \$3.3 million has been spent to March 31, 2007, of which was \$2.1 million was spent in Q1 2007.

The feasibility study used as a base case a U<sub>3</sub>O<sub>8</sub> price of \$46.50/lb and an exchange rate of 0.75 US dollars per Australian dollar. Using these assumptions, the after-tax IRR for the Honeymoon Project was estimated to be 40%; the base case produces a project NPV of \$38 million at an 8% discount rate, and a payback period of 2.9 years from the commencement of construction. The US dollar/Australian dollar exchange rate on May 4, 2007 was 0.82 and the spot price for U<sub>3</sub>O<sub>8</sub> \$113 per pound.

#### *Development*

Work is proceeding on infrastructure for the Honeymoon Uranium Project. Staff quarters to provide on-site accommodation for 50 employees have been installed along with transportable buildings to provide additional office space. Work is progressing on the roads with 9km of the required 60km completed. Additional work on the supply of water for the road construction is continuing.

The allocated scope for basic engineering has been completed and key contracts are currently being finalized, the first of which has already been approved to allow critical path work to proceed. The project team started engaging with site contractors, and it is expected that the first soil will be turned towards the end of Q2 2007.

#### *Sales contracts*

There are two contracts in place for the production from the Honeymoon Uranium Project for approximately 2.7 million pounds of U<sub>3</sub>O<sub>8</sub> for delivery during the period 2008-2014. This represents about 40% of planned production of the Honeymoon Uranium Project over that period. Pricing provisions are formula based on the market-related price at the time of delivery.

#### *Exploration*

Exploration activities are ongoing, with a REPTM AEM survey completed in April 2007 over Ethudna, leading to the commencement of exploration drilling based on the results; preparation for exploration at Lake Constance in Q2 2007 is well underway; completion of one deep angled core hole into the Karkarook anomaly to 672 metres depth; and the planning of drilling programmes, based on the results of a gravity survey, on Yeltacowie, one of the Stuart Shelf exploration licences.

A major data collection over the Northern Territory has commenced as part of Australia's project generation. A number of NT exploration assets are currently being evaluated for acquisition.

### **Pitchstone Joint Venture**

In January 2007, Uranium One completed the requirements to earn 50% of Pitchstone's interest in five properties located in the Athabasca basin in northern Saskatchewan. Pitchstone owns a 100% interest in four of these properties (Darby, Waterfound, Moon Lake and Lynx Lake) and a 75% interest in the Candle property.

#### *Drilling Activities*

Three holes were drilled in the north-east part of the Darby property. The Bone Lake camp for Darby-Candle was re-opened January 12, 2007 and hole CD-08R was completed at the end of March 2007 at a depth of 695 metres, after two holes had to be abandoned prior to completion. Demobilization of crew and equipment commenced at the end of March 2007; a caretaker will remain on-site over break-up.

In March 2007, a contract was signed with Bryson Drilling Ltd. for 10,000 metres of drilling in 2007 plus an exclusive option for an additional 20,000 metres of drilling in 2008. This drilling will be allocated to the joint venture drilling as well as to 100% Pitchstone-owned projects.

#### *Electromagnetic Surveys (EM)*

During January 2007, approximately 26 km of line-cutting was completed on the Lynx Lake property. The grid was established to facilitate a fixed-loop electromagnetic survey.

Through February and March 2007, a 25 line km EM survey was completed at Darby and a 26 line km fixed loop EM survey was completed at Lynx Lake. Initial feedback from Quantec, for both surveys indicate that no strong conductors were observed; however, some weak, broad, mid-time responses are evident. These may represent alteration at the unconformity, or weakly graphitic basement conductors. Further interpretation will be required.

#### **Aflease Gold Limited**

Uranium One owns approximately 68% of Aflease Gold. Aflease Gold is engaged in the exploration and development of gold resource properties in South Africa and Namibia. Aflease Gold's principal property is the Modder East Gold Project in the East Rand gold fields of South Africa's Witwatersrand Basin. Aflease Gold is solely responsible for funding the development of its assets, including the Modder East Gold Project.

#### *Modder East Gold Project*

The Modder East Gold Project is located approximately 30 kilometres east of Johannesburg, South Africa. Project construction commenced in May 2006 and has advanced significantly, with the entire mine infrastructure required for development operations in place. The project is focussed on the development of the decline which has progressed 606 metres during the 2007 year to date, effectively 990 metres since commencement. The decline development was hampered by the presence of large volumes of water and the team is currently incrementally cementating the area directly ahead of the decline. The decline progress may still be affected by the presence of water; however the construction of the raise-bored ventilation shaft will commence in the interim as its progress is unaffected by progress on the development of the decline. The decline will be used to truck out the broken rock derived from the raise-boring process. A ventilation duct will be installed over the ventilation shaft and equipped with fans during Q2 2007. In addition, the main service pipes and cables for the decline will be installed in the ventilation shaft.

The metallurgical plant detailed design has progressed well, with various plant layouts having been evaluated and the final layout chosen. The plant and slimes dam areas were subjected to geotechnical test work and, based on the results, the first foundations are being designed for construction. The plant office and key reticulation systems have been designed and will be constructed as a priority to service the plant construction.

The feasibility study revision has progressed well and the mine design has been completed. The option of sinking the service shaft and thereby improving the production build-up is being considered. The remaining work on the revised plant design, financial valuation and auditing will be completed during Q2 2007.

Based on the original feasibility study, the total project capital expenditure is expected to be \$107.8 million, of which an aggregate \$8.5 million has been spent to March 31, 2007 and \$2.2 million was spent in Q1 2007. Additional ongoing capital and closure costs are expected to be \$6.5 million and \$2.1 million, respectively.

The Modder East Gold Project is expected to be completed on schedule, with the first gold pour in the third quarter of 2009.

#### *Sub Nigel*

The Sub Nigel Gold Project is located approximately 35 kilometres east-southeast of Johannesburg.

The pre-feasibility study on Sub Nigel was completed during Q1 2007 and the mine site and underground workings were inspected by independent consultants and the outcome of their audit on this study is expected shortly. The study was based on a 20,000 tonnes per month mine operating with its own metallurgical plant and tailings dam, producing approximately 25,000 ounces of gold per annum. The mine is a low cost mine as no pumping is required, little development is necessary and the proposed use of electrically driven rock drills is highly efficient.

### Exploration

The first borehole of the Phase III exploration program at Modder East was collared, intersecting high grade BPLZ mineralization. The exploration program at Modder East will continue as planned, i.e. to test for extensions to the BPLZ and UK9A Reefs, with a view to further increasing the resource base.

At Sub Nigel, resources are currently being computed for the Main Reef on Spaarwater Mine using historical data captured digitally during Q1 2007. As with Sub Nigel, stopes and on-reef development drives at Spaarwater are being sampled in order to verify the historical data. The final surface hole of the erosion channel exploration program is being completed and a report covering the resource potential of the erosion channel target is being compiled.

Work is currently underway to verify the historical Ventersburg borehole database. A robust sedimentological model for the area is being developed at the same time to augment the target generation process. Drilling at Ventersburg commenced in April 2007. To date two holes have been pre-collared (percussion drilled) to a depth of 342m and diamond drilling commenced in the first week of May 2007.

Based on the results of the Phase I exploration program at Etendeka in Namibia, Aflease Gold has decided to proceed with Phase II of the program. The fieldwork will involve geological mapping, lithochemical sampling, soil sampling and ground geophysical surveys, notably magnetic and radiometric. The aim of the program is to identify specific target areas amenable for drilling (Phase III).

Digital data capture (mined-out areas, stretch assay values) in respect of the Holfontein asset has been completed. Between four and eight short boreholes will be drilled on Modder East North starting in May 2007 in order to verify the historical data and secure a resource for the area.

Assay and mining layout data for the New Kleinfontein/Turnbridge asset is being captured digitally and the property is being re-evaluated.

### Black Economic Empowerment

On October 11, 2006, the shareholders of Aflease Gold Limited approved a black economic empowerment transaction with respect to the Modder East Gold Project similar in nature to the transaction between Uranium One Africa and Micawber 397 described above. Completion of this transaction remains subject to certain conditions precedent, including the conversion of Aflease Gold's "old order" rights over the Modder East Gold Project into a "new order" mining right. This transaction will be accounted for in Uranium One's financial statements when the risks and rewards of the transaction are deemed to have passed to the other party.

## SELECTED FINANCIAL INFORMATION

The table below sets out selected financial data relating to Uranium One's quarters ended March 31, 2007 and 2006. This financial data is derived from the consolidated financial statements, which are prepared in accordance with Canadian GAAP. All figures are in thousands of US dollars, except per share amounts; earnings per share data is presented in cents. Uranium One and its operating subsidiaries use the South African rand, Australian dollar and Canadian dollar as measurement currencies.

	Quarters ended March 31	
	2007	2006
Total gold sales	688	1,021
Net profit / (loss)	(3,813)	(1,910)
Net profit / (loss) per share – basic & diluted	(2.81)	(1.91)
Total assets	650,525	337,266
Long term financial liabilities	148,227	37,738
Short term financial liabilities	79,676	21,417

- (1) For a discussion of factors which caused period to period variations, please refer to "Dominion Uranium Project – Bonanza Gold Project" and "Changes in Accounting Policies Including Initial Adoption". For a discussion of factors which are expected to cause variations in future periods please also refer to "Acquisitions Subsequent to March 31, 2007".
- (2) Uranium One has not paid dividends. Please refer to "Dividend Policy".

## RESULTS OF OPERATIONS

### Revenue and operation results of gold production

Uranium One produced 53.7 kg (1,726 oz) and sold 48.9 kg (1,571 oz) of gold, of which 31.8 kg (1,022 oz) were produced from the processing of stock-piled ore from the Bonanza Project at an average price of \$670/oz during Q1 2007. Uranium One produced and sold 49.0 kg (1,591 oz) during Q1 2006 at an average price of \$642/oz.

For Q1 2007, revenue recognized from gold production was \$0.7 million, compared to \$1.0 million for Q1 2006. The revenue recognized in Q1 2007 relates to the remaining ore from the Bonanza Project that was still available for processing. From February 2007 the Bonanza gold plant was effectively integrated into the Dominion uranium plant and the gold produced will be treated as a by-product resulting from the processing of uranium bearing ore. Accordingly, gold revenues will be used to reduce capital development costs (gold revenue capitalized in Q1 2007 amounted to \$0.4 million). This practice will continue until the Dominion Uranium Project reaches commercial production.

For Q1 2007, the cost of gold production was \$700/oz, compared to \$2,120/oz for Q1 2006. For Q1 2007, the loss from gold production was marginal, compared with a loss of \$2.4 million for Q1 2006 and \$4.4 million for FY 2006. The decrease in the loss from gold production was the result of the fact that mining operations at Bonanza were terminated in December 2006 and stockpiled ore from Bonanza was written down to net realizable value at December 31, 2006. Stronger gold prices and the weakening of the South African rand against the U.S. dollar were also contributing factors.

As discussed in more detail above, management decided to terminate mining operations at the Bonanza Gold Project in December 2006.

### General and administrative expenditure

General and administrative expenditure for Q1 2007 increased due to Uranium One's expansion, fund-raising and acquisition activities, and the creation of more capacity in line with the growth experienced in 2006 and expected in 2007 and beyond. The expense was \$2.7 million, compared to \$1.5 million for Q1 2006, which is in line with expectations. The major components of general and administrative expenditure consisted of salaries and bonuses, consulting fees and legal fees.

### Projects and exploration expenditure

Exploration expenditure (which is included in the operating loss) was \$4.5 million for Q1 2007, compared to \$2.6 million for Q1 2006. The expenditure for Q1 2007 included \$0.3 million on the Honeymoon Uranium Project and other Australian projects, \$2.6 million on various uranium exploration projects in South Africa, \$1.4 million on Pitchstone and other North American exploration and \$0.2 million on the Alease Gold exploration projects, in keeping with Uranium One's commitment to growing its exploration portfolio, focusing on highly prospective uranium targets in Australia, Canada, South Africa and the United States.

### Operating loss

Operating losses for Q1 2007 of \$8.9 million (compared to \$9.6 million for Q1 2006) included general and administrative expenditures of \$2.7 million, exploration expenditures of \$4.5 million share option and restricted share right expenses of \$2.4 million. Sundry income of \$0.7 million was received during the quarter.

### Finance cost and Prior Financing Activities

Net finance cost (calculated as interest received less interest paid) amounted to \$0.6 million for Q1 2007, compared to net finance income of \$0.4 million for Q1 2006. Interest received increased in the current quarter to \$3.5 million, due to the investment of the proceeds of various funding initiatives undertaken during 2006. The proceeds from the funding activities are primarily being used to fund the development of the Dominion Uranium Project and the Honeymoon Uranium Project and the cash balances will therefore reduce in amount as capital is spent. Finance costs related predominantly to servicing of debt, the cost of equipment used in Uranium One's operations and the short term loans from Nedcor Securities. Please refer to "Discussion of Financial Position and Liquidity – Liquidity and capital resources".

In FY 2006, Uranium One completed two financings for aggregate net proceeds of \$272.3 million. The proposed use of those proceeds (other than for working capital), amounts spent in Q1 2007, and amounts spent to date are as follows:

	Proposed Use of Proceeds	Amounts Spent in Q1 2007	Amounts Spent to date
Honeymoon Uranium Project			
- construction of mine and related facilities	\$39.3 million	\$2.1 million	\$3.3 million
Dominion Uranium Project			
- completion of mine and related facilities and mine working capital	\$113.6 million	\$24.1 million	\$48.6 million
Refinancing of credit facilities	\$39.5 million	-	-

The proposed use of the balance of the proceeds was for general corporate purposes, including to fund exploration programs and potential future acquisitions consistent with Uranium One's acquisition and growth strategy.

Indebtedness under a February 2005 Nedcor Securities facility increased from \$0.2 million on December 31, 2006 to \$0.3 million at the end of Q1. The amount outstanding under an August 2006 futures-related Nedcor Securities term facility decreased from \$51.5 million on December 31, 2006 to \$50.4 million at the end of Q1 2007, due to the weakening measurement currency of the loan, the South African rand.

#### **Dilution gain on disposal of investments**

Uranium One Africa's interest in Alease Gold decreased from 71.4% to 68.05% during Q1 2007, leading to a dilution gain of \$5.7 million.

During the formation of the Alease Gold group in January 2006, Uranium One Africa effectively disposed of 20.1% of its interest in the New Kleinfontein group. A dilution gain of \$7.1 million was recognized at the time of the transaction.

Throughout the remainder of Q1 2006, Uranium One Africa's interest in Alease Gold was diluted from 79.9% to 79.1% through the issuance of Alease Gold shares to shareholders other than Uranium One Africa for the funding of the Modder East Gold Project as well as for general corporate purposes. A further dilution gain of \$1.0 million was recognized, bringing the total dilution gain for Q1 2006 to \$8.1 million.

In June 2006, Alease Gold entered into a share exchange agreement with a South African fund manager under which it will acquire at its election, subject to certain conditions, between 7.5 million and 13 million shares of Randgold and Exploration Ltd. ("Randgold") in consideration for the issuance of Alease Gold treasury shares. If completed, this transaction would result in the ownership interest of Uranium One being decreased to between 54.0% and 59.1%.

#### **Taxes**

There have been no material changes to Uranium One's tax affairs since December 31, 2006.

## **DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY**

#### **Cash and non-cash assets**

Cash balances available at March 31, 2007 decreased to \$287.7 million (December 31, 2006 - \$327.5 million), primarily due to investment in development projects, mainly the Dominion Uranium Project, during the quarter.

Accounts receivable increased to \$31.1 million at March 31, 2007 (December 31, 2006 - \$22.2 million). The increase was largely due to the increase in value-added tax owed to Uranium One, attributed to the increased spending on the construction of the Dominion Uranium Project.

Non-current assets increased to \$330.1 million at March 31, 2007 (December 31, 2006 - \$290.3 million). The increase is related to capital expenditure on the development of the Dominion Uranium Project, the Honeymoon Uranium Project and the Modder East Gold Project of \$39.1 million and an increase in the Asset retirement fund of \$0.6 million.

#### **Investing activities**

The liquidity and marketability of 5.866 million Randgold shares and 2.8 million Randgold futures which are held by Uranium One have been adversely affected by the de-listing of Randgold in 2005 by the NASDAQ and its suspension by the JSE Limited (the Johannesburg stock exchange) for failure to file audited financial statements for its 2004 financial year. Uranium One wrote down its investment in Randgold to zero as at December 31, 2005. The uncertainty as to Randgold's future prevailed subsequently and there has not been any change to Management's position. The Randgold shares are traded on the OTC market in the United States, where the closing price was \$3.05 per share on May 4, 2007.

#### **Financing activities**

Interest-bearing long and short term borrowings (consisting of the convertible debentures, the long and short term portions of finance leases and the short term loans from Nedcor Securities) totalled \$164.9 million at March 31, 2007 (December 31, 2006 - \$162.0 million). The increase was mainly due to interest accrued on the debt component of the convertible debentures of \$4.3 million and an increase in the February 2005 Nedcor Securities short term loan of \$0.1 million, offset by the decrease (due to exchange rate movements) on the short term finance raised through the August 2006 Nedcor Securities facility of \$1.1 million and repayments on finance leases of \$0.3 million. The balance of the long and short term liabilities, namely accounts payable and accrued liabilities, the asset retirement obligation and the future taxation liability, are not interest bearing.

### **Total liabilities**

Total liabilities decreased to \$227.9 million at March 31, 2007 (December 31, 2006 - \$229.0 million), due to, in addition to the items discussed under "Financing activities" above, the decrease in accounts payable of \$3.3 million during the quarter, a decrease in the asset retirement obligation of \$0.5 million (due to a re-estimation of the liability as well as exchange rate movements) and a decrease in the future taxation liability of \$0.3 million due to exchange rate movements.

### **Shareholders' equity**

Shareholders' equity increased to \$411.2 million at March 31, 2007 (December 31, 2006 - \$405.6 million), as the increase in share capital (due to the proceeds received on the exercise of warrants amounting to \$9.7 million) and contributed surplus (due to share option and restricted share expenses of \$2.4 million) during the period was offset by the loss of \$3.8 million and the decrease in currency translation adjustments of \$2.8 million. The decrease in the foreign currency translation reserve can primarily be attributed to the weakening of the South African rand against the US dollar during the quarter from ZAR7.04/\$ to ZAR7.29/\$.

### **Liquidity and capital resources**

Uranium One maintains a strong balance sheet and has sufficient liquidity and capital resources to fund its current commitments.

As at March 31, 2007, the capital commitments to further the development of the mine and processing plant at the Dominion Uranium Project were \$22.5 million. The capital commitments in respect of the Honeymoon Uranium Project were \$1.0 million. The total cash portion of the consideration to be paid to acquire the US Energy assets is \$6.6 million upon closing and up to \$40 million in future payments contingent upon the Shootaring Canyon Mill reaching commercial production, delivery of mineralized ore to the Mill from the properties acquired from U.S. Energy and future sales from the Shootaring Canyon Mill. It is expected that the first of these events will occur no earlier than 2010. No other significant cash commitments existed on March 31, 2007.

The cash resources of Uranium One, which amounted as at March 31, 2007 to \$274.0 million (\$287.7 million as disclosed in the financial statements, less \$13.7 million held by Afilease Gold), and interest earned on these cash balances will be utilized to cover existing commitments in respect of the Dominion Uranium Project, the Honeymoon Uranium Project and the cash required for the purchase of the US Energy assets.

Further capital expenditure of \$42.0 million, for which no current commitments exist, will be required to complete the construction of phase I of the Dominion Uranium Project during the remainder of 2007. An additional \$31.6 million, for which no current commitments exist, will be required to advance development of the Honeymoon Uranium Project to the point of hot commissioning in 2008.

The exploration budgeting process considers three primary exploration areas. Budgets for these areas of \$16.0 million have been approved by Uranium One for the Dominion and Rietkuil Uranium Sections, the Ottosdal exploration area and the gold exploration area. These budgets, which are dependent on successful exploration results, significantly exceed the minimum budget requirements of the Department of Minerals and Energy (DME) to maintain the prospecting permits.

Cash requirements to fund the exploration and development of projects, provide working capital to operations, including corporate expenditure and settle the purchase price of acquisitions are taken into account when considering Uranium One's funding strategy.

Consideration is given to the mix and relative cost of capital resources when evaluating further sources of funding. Prospective sources of additional funding include equity financing, debt financing and the proceeds from the exercise of stock options and warrants. Uranium One's ability to raise capital is highly dependent upon the commercial viability of its projects and the underlying prices of uranium. Through the UrAsia transaction, Uranium One will in future earn 70% of the income from the sale of uranium from the operational Akdala Uranium Mine in Kazakhstan. When these projects are brought into production, Uranium One will be earning income from the sale of uranium from the Dominion Uranium Project in South Africa and Honeymoon Uranium Project in Australia and share in the income from the sale of uranium from the South Inkai Uranium Project and Kharassan Uranium projects in Kazakhstan.

Uranium One's liquidity position could be influenced if margin calls in excess of ZAR175 million are made in respect of Uranium One Africa's futures position under the August 2006 Nedcor facility. A margin call may be made if Afilease Gold's share price declines to approximately ZAR1.65 per share. In the period since the facility was drawn down, Afilease Gold's share price has strengthened, closing at ZAR3.51 per share on May 4, 2007.

Declines in the prices for uranium may negatively impact Uranium One's ability to raise additional funding. Uranium One negotiated floor prices in the sales contracts for 28% of the Dominion Uranium Project's planned production from 2008 to 2012, without any caps in the pricing of the contracts. Other than these floor prices, Uranium One currently does not employ any mechanisms to manage its exposure to price fluctuations.

Uranium One has also entered into two contracts for the sale of 40% of the Honeymoon Uranium Project's planned production from 2008 – 2014. Other risk factors, for instance Uranium One's ability to develop its projects into commercially viable mines, international uranium industry competition, public acceptance of nuclear power and governmental regulation can also adversely affect Uranium One's ability to raise additional funding. There is no assurance that additional sources of funding, if required, will be forthcoming. Please refer to "Risks and Uncertainties".

Aflease Gold is not funded by Uranium One and it currently funds itself by issuing shares through its listing on the Johannesburg stock exchange. Aflease Gold committed \$20.0 million towards the development of the Modder East Gold Project as at March 31, 2007. Cash of \$13.7 million and ongoing share placements to shareholders other than Uranium One are expected to fund the further development of the Modder East Gold Project. Further capital expenditure of \$90.0 million, for which no current commitments exist, will be required to complete the construction of the Modder East Gold Project.

Aflease Gold has retained N M Rothschild & Sons to arrange a project finance facility for the Modder East project. It will seek to raise approximately ZAR300 million (approximately \$41.4 million) in project finance on the project, dependent on further project evaluation and pricing available to the company by commercial banks

## SELECTED QUARTERLY INFORMATION

The table below sets out selected financial data for the periods indicated. During the year ended December 31, 2005, in accordance with the rules of the Johannesburg stock exchange applicable to developmental companies, Uranium One Africa (formerly Aflease Gold and Uranium Resources Limited) prepared half-yearly, and not quarterly, interim financial statements. Information for that period is accordingly presented for the six month periods ended June 30 and December 31, 2005 as it is impracticable to present quarterly interim financial information for those, or prior, periods. The financial data presented is derived from Uranium One's consolidated financial statements, which are prepared in accordance with Canadian GAAP. All figures are in thousands of US dollars, except per share amounts; earnings per share data is presented in cents.

	Three months ended				Six months ended		
	Mar 31, 2007	Dec 31, 2006	Sep 30, 2006	June 30, 2006	Mar 31, 2006	Dec 31, 2005	June 30, 2005
Total gold sales	688	714	680	921	1,021	2,730	-
Net profit / (loss)	(3,812)	(23,595)	2,361	(19,963)	(1,910)	(34,701)	(7,039)
Net profit / (loss) per share - basic (1)	(2.81)	(18.78)	2.11	(17.84)	(1.91)	(48.78)	(11.32)
Net profit / (loss) per share - diluted (1)	(2.81)	(18.78)	1.94	(17.84)	(1.91)	(48.78)	(11.32)

- (1) The net profit / (loss) per share (basic and diluted) is determined separately for each quarter. Consequently, the sum of the quarterly amounts may differ from the year to date amount disclosed in the audited consolidated financial statements as a result of using different weighted average numbers of shares outstanding.

## OFF BALANCE SHEET ARRANGEMENTS

Uranium One does not have any off balance sheet arrangements.

## OUTLOOK

Uranium One intends to take full advantage of what it anticipates will be a continuing favourable commodity price environment by selling most of its uranium into the spot market and remaining unhedged.

During the remainder of 2007, Uranium One will continue to ramp up underground production at Dominion and complete the mill commissioning to ensure that our stated production targets are achieved. The Dominion expansion feasibility will be progressed through further delineation of ore resources for mining and completion of the engineering studies. Honeymoon will also be progressed to the commencement of production in early 2008.

Production at and development of Uranium One's Kazakhstan uranium projects will continue as planned, which entails the continuation of production at the Akdala Uranium Mine at a rate of 2.6 million pounds of U<sub>3</sub>O<sub>8</sub> per annum (100% basis), and the development of the in-situ mining operations at South Inkai and Kharassan.

In 2007, Akdala is planned to operate at its design rate of 1,000 tonnes uranium per annum. Therefore Uranium One's attributable share of production in 2007 is forecast to be 1.8 million pounds of U<sub>3</sub>O<sub>8</sub> (700 t U). Uranium One's attributable share of production for the calendar year 2007 from all Kazakhstan operations acquired through UrAsia is expected to be 2.0 million pounds of U<sub>3</sub>O<sub>8</sub> (770 t U).

Uranium One will not require additional funding to complete the projects as discussed above.

Uranium One will also remain focussed on completing the integration with UrAsia and bringing the assets acquired from U.S. Energy Corp. to book. The completion of these transactions created an emerging senior uranium company, with production and asset exposure to five uranium resource jurisdictions, namely South Africa, Australia, Kazakhstan, Canada and the United States.

Uranium One intends to continue exploration on its projects, each of which is believed to be a prospective target with low technical risk.

Uranium One will continue to examine other possible corporate development opportunities which could result in the acquisition of companies or assets for cash, securities or a combination thereof. If cash is used, depending on the size of the acquisition, Uranium One may be required to issue securities or to obtain external loans to fund such cash requirements.

Although Uranium One has been successful in raising finance in the past, there is no guarantee that it will be able to do so in future.

In addition, Uranium One anticipates that, in future periods, revenue from the sale of U<sub>3</sub>O<sub>8</sub> produced from the Akdala Uranium Mine will generate additional cash flow.

Due to the fact that the transaction with UrAsia is seen to be a reverse take over for accounting purposes and UrAsia is therefore the accounting acquirer, future Uranium One financial disclosure documents, including the MD&A and financial statements from Q2 2007 onwards, will be based on, and be used as comparatives for, UrAsia's financial disclosure documents prepared up to Q1 2007. UrAsia's financial statements for the quarter ended March 31, 2007, together with management's discussion and analysis thereon, will be available on [www.sedar.com](http://www.sedar.com) under UrAsia Energy Ltd.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Uranium One's interim consolidated financial statements have been prepared by it in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The consolidated financial statements do not include all the information and disclosure required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair and consistent presentation of the interim financial statements have been included. The accounting policies and their methods of application are consistent with those used in the December 31, 2006 consolidated financial statements. For further information, see Uranium One's consolidated financial statements and the accompanying notes included in the 2006 consolidated financial statements.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

In April 2005 the Accounting Standards Board issued CICA Handbook Sections 3855, Financial Instruments – Recognition and Measurement, Section 1530, Comprehensive Income, and Section 3865, Hedges. The new Sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. The new Sections were adopted by Uranium One during the quarter.

CICA Handbook Section 1530 – Comprehensive Income introduces new standards for reporting and display of comprehensive income. Comprehensive income is the change in equity (new assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The financial statements of prior periods are required to be restated for certain comprehensive income items. In addition, an enterprise is encouraged, but not required to present reclassification adjustments, in comparative financial statements provided for earlier periods. No restatements or reclassifications were required as a result of the adoption of the Section by Uranium One during the current reporting period.

CICA Handbook Section 3855 – Financial Instruments – Recognition and Measurement expands Section 3860, Financial Instruments – Disclosure and Presentation, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. All financial instruments will be required to be classified in various categories. Held to maturity investments, loans and receivables are measured at amortized cost with amortization of premium, or discounts and losses or impairment included in current period interest income or expense. Held for trading financial assets and liabilities are measured at fair market value with all gains and losses included in net income in the period in which they arise. All available for sale financial assets are measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet and losses due to

impairment included in net income. All other financial liabilities are to be carried at amortized cost. No restatements or reclassifications were required as a result of the adoption of the Section by Uranium One during the current reporting period.

CICA Handbook Section 3251: "Equity" establishes standards for the presentation of equity and changes in equity during the reporting period. No restatements or reclassifications were required as a result of the adoption of the Section by Uranium One during the current reporting period.

CICA Handbook Section 1506: Accounting Changes ("CICA 1506") effective for fiscal years beginning on or after January 1, 2007 establishes standards and new disclosure requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. CICA 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings. No restatements or reclassifications were required as a result of the adoption of the Section by Uranium One during the current reporting period.

## **RISKS AND UNCERTAINTIES**

Uranium One's operations and results are subject to various risks and uncertainties. These include, but are not limited to, the following: exploration and mining involves operational risks and hazards; mineral resources and mineral reserves are estimates only; there is no certainty that further exploration will result in new economically viable mining operations or yield new reserves to replace and expand current reserves; Uranium One cannot give any assurance that the Dominion, South Inkai, Kharassan and Honeymoon uranium projects and the Modder East Gold Project will become operating mines; mineral rights and tenures may not be granted or renewed on satisfactory terms and may be revoked, altered or challenged by third parties; limited supply of desirable mineral lands for acquisition; risks and problems associated with integrating acquisitions; competition in marketing uranium and gold; in the case of uranium, competition from other sources of energy and public acceptance of nuclear energy; volatility and sensitivity to uranium and gold prices; the capital requirements to complete Uranium One's current projects and expand its operations are substantial; currency fluctuations; Uranium One's operations and activities are subject to environmental risks; government regulation may adversely affect Uranium One; risks associated with foreign operations including, in relation to South Africa, economic, social and political issues such as employment creation, black economic empowerment and land redistribution, crime, corruption, poverty and HIV/AIDS; Uranium One is dependent on key personnel; and potential conflicts of interest.

Uranium One's risk factors are discussed in detail in its Annual Information Form for the year ended December 31, 2006, which is available on SEDAR at [www.sedar.com](http://www.sedar.com), and should be reviewed in conjunction with this document. Risk factors arising out of the acquisition of UrAsia are set out in the management information circular of UrAsia dated March 9, 2007, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **OUTSTANDING SHARE DATA**

As at May 11, 2007, after giving effect to the UrAsia and US Energy transactions, Uranium One had issued and outstanding 364,697,722 common shares and the following common share purchase warrants, each exercisable for one common share of Uranium One:

- 300,000 Series D warrants exercisable at Cdn \$6.95 per warrant
- 2,431,619 warrants exercisable at Cdn \$3.55 per warrant
- 6,964,200 warrants exercisable without any consideration (the Jeffcott warrant)

Uranium One had an aggregate of 13,741,267 options outstanding under its stock option plan, at exercise prices ranging from \$1.15 to \$14.39 per share. Included in the total are 9,763,498 options that were issued to employees of UrAsia as replacement options for their UrAsia options. There were 340,119 outstanding restricted share rights that can be exercised for common shares without the payment of any consideration.

Uranium One also had 155,250 convertible debentures outstanding, each convertible to 50 common shares of Uranium One, representing 7,762,500 common shares.

## **DIVIDEND POLICY**

There have been no dividend payments on the common shares of Uranium One. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no restrictions on Uranium One's ability to pay dividends except as set out under its governing statute.

## **STOCK OPTION AND RESTRICTED SHARE PLANS**

A significant contributing factor to Uranium One's future success is its ability to attract and retain qualified and competent personnel. To accomplish this, Uranium One adopted a stock option plan and a restricted share plan to advance its interests by encouraging directors, officers and employees to have equity participation in Uranium One.

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

Under the restricted share plan, restricted share rights exercisable for common shares of Uranium One at the end of a restricted period are granted by the Board of Directors in its discretion to eligible directors, officers and employees. The aggregate maximum number of common shares available for issuance under the restricted share plan is capped at one million; the number of shares available for issuance to non-employee directors may not exceed 0.5% of the total number of common shares outstanding on a non-diluted basis.

During Q1 2007, no stock options or restricted share rights were granted. A total of 1,600 options were exercised for nominal aggregate proceeds and a total of 4,688 restricted share rights were exercised during the quarter.

## **DISCLOSURE CONTROLS AND PROCEDURES**

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

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

During the most recent quarter there were no changes in Uranium One's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## ADDITIONAL INFORMATION

*This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium and gold, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, 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 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, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions, to international operations, to prices of uranium and gold 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, 2006 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.*

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

*This document uses the terms "measured", "indicated" and "inferred" resources as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. United States investors are advised that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility and it cannot be assumed that all or any part of an inferred mineral resource will be ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Scientific and technical information contained herein in respect of the Dominion Uranium Project including the Dominion Dumps has been reviewed on behalf of Uranium One by Dr. R.A. Stewart, Pr.Sci.Nat. (SACNASP), MGSSA, Vice President, Geology and Exploration, Uranium One. Scientific and technical information contained herein in respect of the Honeymoon Project and the East Kalkaroo, Goulds Dam and Billeroo properties has been reviewed on behalf of Uranium One by Mr. C. Skidmore, BScHons MAppSc MAusIMM, Vice President, Exploration, Uranium One. Both Dr. Stewart and Mr. Skidmore are qualified persons for the purposes of NI 43-101.*

*Scientific and technical information contained herein in respect of the Adkala Uranium Mine, the South Inkai and Kharassan Uranium Projects and the Sheep Mountain Property has been reviewed on behalf of Uranium One by C. Stewart Wallis, P.Geo. Consulting Geologist - a qualified person for the purposes of NI 43-101 and author of the Technical Reports prepared by Scott Wilson RPA (formerly Roscoe Postle Associates Inc.) in accordance with NI 43-101, including the Kharassan Technical Report, dated October 13, 2005, as revised March 25, 2006; the South Inkai Technical Report, October 8, 2005 as revised March 20, 2006; and the Adkala Technical Report, dated October 3, 2005 as revised March 3, 2006, and the Sheep Mountain Technical Report dated October 10, 2006. The Technical Reports are available at [www.sedar.com](http://www.sedar.com) under the profile established for UrAsia Energy Ltd., except for the Sheep Mountain Technical Report dated October 10, 2006, which is available under the SEDAR profile for Uranium Power Corp.*

# interim financial statements

**(Unaudited - Prepared by Management)  
As at and for the three month  
period ended March 31, 2007**

sxr Uranium One Inc.

## Consolidated Balance Sheets

As at March 31, 2007 and December 31, 2006

(in US dollars)

	Notes	Unaudited as at Mar 31, 2007 \$'000	Unaudited as at Dec 31, 2006 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		287,693	327,516
Accounts receivable		31,124	22,184
Inventories		1,648	2,342
		<b>320,465</b>	<b>352,042</b>
<b>Non-current assets</b>			
Property, plant and equipment	3	325,989	286,855
Asset retirement fund		4,071	3,427
		<b>330,060</b>	<b>290,282</b>
<b>Total assets</b>		<b>650,525</b>	<b>642,324</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		28,069	31,347
Current portion of lease obligations		943	1,272
Short term loans	4	50,664	51,659
		<b>79,676</b>	<b>84,278</b>
<b>Non-current liabilities</b>			
Asset retirement obligations		4,416	4,924
Lease obligations		293	304
Convertible debentures		112,991	108,653
Future taxation liability		30,527	30,863
		<b>148,227</b>	<b>144,744</b>
<b>Non-controlling interest</b>		11,406	7,688
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	5	525,356	513,966
Contributed surplus	6	16,755	15,966
Convertible debentures		20,937	20,937
Accumulated deficit		(161,318)	(157,505)
Comprehensive income		9,486	12,250
		<b>411,216</b>	<b>405,614</b>
<b>Total equity and liabilities</b>		<b>650,525</b>	<b>642,324</b>

See accompanying notes to the Consolidated Financial Statements, including:

- Basis of preparation (note 2.1)
- Subsequent events (note 10)

sxr Uranium One Inc.

## Consolidated Statements of Operations and Deficit

For three months ended March 31, 2007 and March 31, 2006

(in US dollars, except for per share amounts)

	Notes	Unaudited 3 months ended Mar 31, 2007 \$'000	Unaudited 3 months ended Mar 31, 2006 \$'000
<b>Gold sales</b>		<b>688</b>	<b>1,021</b>
Cost of sales		(715)	(3,373)
<b>Gross loss</b>		<b>(27)</b>	<b>(2,352)</b>
Sundry income		716	114
General and administrative expenditure		(2,677)	(1,545)
Share options expensed		(1,741)	(3,201)
Restricted shares expensed		(695)	-
Exploration expenditure		(4,517)	(2,597)
Other net income		-	(49)
<b>Operating loss</b>		<b>(8,941)</b>	<b>(9,630)</b>
Interest income		3,530	776
Interest expense		(4,097)	(340)
Dilution gain on disposal of investments		5,741	8,135
Foreign exchange losses on cash		(202)	-
<b>Loss before income taxes</b>		<b>(3,969)</b>	<b>(1,059)</b>
Provision for income taxes		-	(1,022)
<b>Net loss before non-controlling interest</b>		<b>(3,969)</b>	<b>(2,081)</b>
Non-controlling interest in loss of subsidiary		156	171
<b>Net loss</b>		<b>(3,813)</b>	<b>(1,910)</b>
Accumulated deficit at the beginning of the period		(157,505)	(114,399)
<b>Accumulated deficit at the end of the period</b>		<b>(161,318)</b>	<b>(116,309)</b>
Basic and diluted loss per common share (cents)	7	(2.81)	(1.91)
Weighted average number of basic and diluted common shares outstanding	7	135,781,818	99,934,468

See accompanying notes to the Consolidated Financial Statements

sxr Uranium One Inc.

## Consolidated Statements of Comprehensive Income

For three months ended March 31, 2007 and March 31, 2006

(in US dollars)

	Unaudited 3 months ended Mar 31, 2007 \$'000 Total	Unaudited 3 months ended Mar 31, 2006 \$'000 Total
Balance at the beginning of the period	12,250	21,534
Unrealized gains and losses on translating financial statements of self-sustaining foreign operations	(2,764)	(677)
<b>Balance at the end of the period</b>	<b>9,486</b>	<b>20,857</b>

sxr Uranium One Inc.

## Consolidated Statements of Cash Flows

For the quarters ended March 31

(in US dollars)

	Unaudited 3 months ended Mar 31, 2007 \$'000	Unaudited 3 months ended Mar 31, 2006 \$'000
Net loss	(3,813)	(1,910)
Add back: Net interest expense / (income)	567	(436)
Add back: Non-cash items:		
- Non-controlling interest in loss of subsidiary	(156)	( 171)
- Dilution gain on disposal of investments	(5,741)	(8,135)
- Depreciation and amortization	118	228
- Provision for income taxes	-	1,022
- Unrealized foreign exchange losses on cash	214	-
- Share options expensed	1,741	3,201
- Restricted shares expensed	695	-
Movement in working capital:		
- Decrease in inventories	617	52
- Increase in accounts receivable	(8,824)	(1,583)
- Decrease in accounts payable and accrued liabilities	(2,327)	(1,047)
- Increase in asset retirement obligations	(231)	( 183)
<b>Cash utilized by operations</b>	<b>(17,140)</b>	<b>(8,962)</b>
Net cash interest received	3,117	436
<b>Cash flows from operating activities</b>	<b>(14,023)</b>	<b>(8,526)</b>
Cash taken over from Sub-Nigel	-	1,933
Additions to property, plant and equipment	(45,473)	(12,965)
Increase in asset retirement fund	(648)	( 5)
<b>Cash flows from investing activities</b>	<b>(46,121)</b>	<b>(11,037)</b>
Net proceeds from the issue of ordinary shares and share options exercised	50	139,607
Net proceeds from the issue of ordinary shares by subsidiary	9,877	-
Net proceeds from the exercise of warrants	9,743	-
Loan received during the period	-	5,381
Decrease in capital element of finance leases	(294)	(293)
<b>Cash flows from financing activities</b>	<b>19,376</b>	<b>144,695</b>
<b>Effects of exchange rate changes on cash held in foreign currencies</b>	<b>945</b>	<b>(1,093)</b>
Net (decrease) / increase in cash	(39,823)	124,039
Cash at the beginning of the period	327,516	10,891
<b>Cash at the end of the period</b>	<b>287,693</b>	<b>134,930</b>

### Non-cash movements:

Interest accrued and foreign exchange movements on short term loans	(995)	-
Interest accrued and foreign exchange movements on convertible debentures	4,338	-

See accompanying notes to the Consolidated Financial Statements

## **Notes to the Consolidated Financial Statements (Unaudited)**

March 31, 2007

### **1 NATURE OF OPERATIONS AND BASIS OF PREPARATION**

The unaudited interim consolidated financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the Notes to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2006, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. The unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the interim period presented.

sxr Uranium One Inc. (the "Corporation" or "Uranium One") is a Canadian corporation with a primary listing on the Toronto Stock Exchange and a secondary listing on the JSE Limited (the Johannesburg stock exchange), engaged through subsidiaries and joint ventures in the acquisition, exploration and development of properties for production of uranium in South Africa, Australia, Canada and the United States, and gold in South Africa.

The Corporation's principal assets are the Dominion Uranium Project in South Africa and the permitted Honeymoon Uranium Project in South Australia. Through a joint venture with Pitchstone Exploration Ltd. ("Pitchstone"), the Corporation is also engaged in uranium exploration activities in the Athabasca Basin of Saskatchewan. The Corporation's Uranium One Africa Limited subsidiary holds 68.05% (December 31, 2006: 71.36%) of Alease Gold Limited, which owns the Modder East Gold Project and related gold assets in South Africa.

### **2 SIGNIFICANT NEWLY ADOPTED ACCOUNTING POLICIES**

#### **2.1 Basis of preparation**

In the current quarter, the Corporation has adopted all of the new and revised Standards and Interpretations issued by the Accounting Standards Board that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2007. The adopted statements include:

- Section 1530 - Comprehensive Income
- Section 3855 - Financial Instruments - Recognition and measurement
- Section 3865 - Hedges

The adoption of these Standards and Interpretations had no material financial impact on the financial statements of the Corporation. The newly adopted policies are illustrated below:

#### **2.2 Financial assets**

The Corporation classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Corporation commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest method.

## 2 SIGNIFICANT NEWLY ADOPTED ACCOUNTING POLICIES (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other (losses)/gains – net, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Corporation's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed between translation differences resulting from changes in amortized cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statement as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognized in the income statement as part of other income when the Corporation's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Corporation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Corporation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

### 2.2.1 Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

### 2.2.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

### 2.2.3 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

## 2.3 Financial liabilities and equity instruments issued by the Corporation

Financial liabilities are classified as financial liabilities measured at fair value or other financial liabilities measured at amortized cost.

### 2.3.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

## 2 SIGNIFICANT NEWLY ADOPTED ACCOUNTING POLICIES (continued)

### 2.3.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### 2.3.3 Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. 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 fair 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.

## 3 PROPERTY, PLANT AND EQUIPMENT

	Unaudited as at Mar 31, 2007			Unaudited as at Dec 31, 2006		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
Mine development costs and mine plant facilities	189,170	(3,678)	185,492	149,266	(3,561)	145,705
Mineral and Undeveloped properties	139,540	-	139,540	140,421	-	140,421
Motor vehicles	860	(372)	488	662	(382)	280
Office equipment	1,016	(547)	469	953	(504)	449
	<b>330,586</b>	<b>(4,597)</b>	<b>325,989</b>	<b>291,302</b>	<b>(4,447)</b>	<b>286,855</b>
Owned assets			324,394			285,065
Leased assets			1,595			1,790
<b>Total net carrying amount as at end of the period</b>			<b>325,989</b>			<b>286,855</b>

Mine development costs and mine plant facilities comprise of the following projects:

	Unaudited as at Mar 31, 2007			Unaudited as at Dec 31, 2006		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
Dominium Uranium Project	173,311	(1,812)	171,499	137,585	(1,709)	135,876
Honeymoon Uranium Project	5,368	(1,269)	4,099	3,253	(1,173)	2,080
Modder East Gold Project	10,491	(597)	9,894	8,428	(679)	7,749
	<b>189,170</b>	<b>(3,678)</b>	<b>185,492</b>	<b>149,266</b>	<b>(3,561)</b>	<b>145,705</b>

### 3 PROPERTY, PLANT AND EQUIPMENT (continued)

Mineral and Undeveloped properties comprise:	Mineral properties		Undeveloped properties	
	Unaudited as at Mar 31, 2007	Unaudited as at Dec 31, 2006	Unaudited as at Mar 31, 2007	Unaudited as at Dec 31, 2006
	\$'000	\$'000	\$'000	\$'000
Modder East	-	-	14,500	15,020
Sub-Nigel	-	-	14,888	15,423
Spaarwater	289	300	-	-
Honeymoon, Australia	5,299	5,246	31,801	31,818
Goulds Dam, Australia	-	-	24,921	24,921
Billeroo / Karkarook, Australia	-	-	43,170	43,170
Athabasca, Canada	2,474	2,366	2,198	2,157
	<b>8,062</b>	<b>7,912</b>	<b>131,478</b>	<b>132,509</b>

### 4 SHORT TERM LOANS

	Unaudited as at Mar 31, 2007	Unaudited as at Dec 31, 2006
	\$'000	\$'000
February 2005 Nedcor Securities loan	265	199
August 2006 Nedcor Securities loan	50,399	51,460
<b>Total liability</b>	<b>50,664</b>	<b>51,659</b>

The February 2005 Nedcor Securities loan represents draw-downs on a facility provided by Nedcor Securities, secured by Uranium One Africa's investment in Randgold and Exploration Company Limited ("Randgold") shares. This loan bears interest in South Africa at a variable rate currently at ZAR 8.95%, adjusted in terms of a formula which is influenced by movements in the Randgold share price. The effective interest rate for the period was ZAR 13.71%. The loan has no fixed repayment terms. The loan is repayable in South African rand.

The August 2006 Nedcor Securities loan represents draw-downs on a facility provided by Nedcor Securities, secured by Uranium One Africa's investment in Alease Gold shares. This loan bears interest in South Africa at a flat rate of ZAR 9% per annum, adjusted in terms of a formula which is influenced by movements in the Alease Gold share price. The effective interest rate for the period was ZAR 5.81%. The loan will be repaid on September 20, 2007. The loan is repayable in South African rand.

These loans are classified as liabilities held to maturity and are carried at amortized cost.

### 5 SHARE CAPITAL

Ordinary shares	Number of shares		Value of shares	
	Unaudited 3 months ended Mar 31, 2007	Unaudited 12 months ended Dec 31, 2006	Unaudited 3 months ended Mar 31, 2007	Unaudited 12 months ended Dec 31, 2006
			\$'000	\$'000
Opening balance of issued and outstanding shares	134,841,678	89,103,814	513,966	216,123
Common shares issued in public or private offering	-	43,195,830	-	301,510
Exercise of stock options and restricted shares	6,288	2,542,034	50	14,786
Exercise of warrants	1,800,000	-	11,340	-
Share issue costs	-	-	-	(18,453)
<b>Closing balance of issued and outstanding shares</b>	<b>136,647,966</b>	<b>134,841,678</b>	<b>525,356</b>	<b>513,966</b>

## 6 CONTRIBUTED SURPLUS

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

	Warrants Unaudited 3 months ended Mar 31, 2007 \$'000	Restricted shares Unaudited 3 months ended Mar 31, 2007 \$'000	Options Unaudited 3 months ended Mar 31, 2007 \$'000	TOTAL Unaudited 3 months ended Mar 31, 2007 \$'000	TOTAL Unaudited 12 months ended Dec 31, 2006 \$'000
At the beginning of the period	1,813	1,347	12,806	15,966	11,367
Share options expensed	-	-	1,740	1,740	10,845
Share options exercised	-	-	(10)	(10)	(7,593)
Restricted shares expensed	-	695	-	695	1,367
Restricted shares exercised	-	(40)	-	(40)	(20)
Warrants exercised	(1,596)	-	-	(1,596)	-
<b>At the end of the period</b>	<b>217</b>	<b>2,002</b>	<b>14,536</b>	<b>16,755</b>	<b>15,966</b>

### Assumptions

The fair value of Restricted shares used to calculate the compensation expense was determined as the share price at the grant date adjusted by the probability of the recipients remaining in the workforce until the vesting date.

The fair value of stock options used to calculate the compensation expense was estimated using the binomial option pricing model with the following assumptions:

	Unaudited 3 months ended Mar 31, 2007	Unaudited 12 months ended Dec 31, 2006
Risk free interest rate: Canadian rates	3.81% - 4.11%	3.81% - 4.11%
Expected dividend yield	0%	0%
Expected volatility of the Corporation's share price	60%	60%

Changes in the subjective input assumptions can materially affect the fair value estimate and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options and restricted shares.

### Options

Under the Corporation's 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, 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 generally one-third on the grant date, one-third on the first anniversary of the grant date and the remainder on the second anniversary of the grant date unless the board of directors determines otherwise. The board of directors, on December 8, 2006, decided to adopt an amended vesting schedule such that any options granted on and after December 8, 2006, would vest as to one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. The maximum number of shares of the Corporation that are issuable pursuant to the plan is limited to 7.2% of issued and outstanding shares.

## 6 CONTRIBUTED SURPLUS (continued)

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

	Number of options		Weighted average exercise price			
	Unaudited	Unaudited	Unaudited	Unaudited		
	3 months ended	12 months ended	3 months ended	12 months ended		
	Mar 31, 2007	Dec 31, 2006	Mar 31, 2007	Dec 31, 2006		
				\$'000	\$'000	
At the beginning of the period	5,487,901	5,268,610	7.97	0.47		
Granted during the period	-	2,926,443	-	8.35		
Exercised during the period	(1,600)	(2,518,309)	11.27	2.61		
Forfeiture of share options	(28,556)	(188,843)	13.00	4.34		
<b>Total options outstanding at the end of the period</b>	<b>5,457,745</b>	<b>5,487,901</b>	<b>7.94</b>	<b>7.97</b>		

The stock option compensation expense for the first quarter of 2007 was \$1.8 million (2006: \$3.2 million) for the sxr Uranium One options and \$0.1 million (2006: \$0) for the Alease Gold options. As at March 31, 2007, the aggregate unexpensed fair value of unvested stock options granted amounted to \$6.6 million (2006: \$7.4 million).

The following table summarizes certain information about the Corporation's stock options outstanding at March 31, 2007:

Range of Exercise Prices US\$	Options outstanding			Options exercisable		
	Number outstanding as at Mar 31, 2007	Weighted average remaining life (years)	Weighted average exercise price \$'000	Number exercisable as at Mar 31, 2007	Weighted average remaining life (years)	Weighted average exercise price \$'000
1.15 to 1.59	916,211	3.69	1.48	471,443	3.69	1.49
2.19 to 2.85	173,922	3.69	2.33	121,584	3.69	2.34
3.13 to 3.84	1,241,292	3.68	3.55	1,060,164	3.67	3.56
4.04 to 4.92	352,421	3.54	4.12	263,682	3.49	4.13
5.52 to 6.78	1,647,034	3.89	6.75	1,062,639	3.89	6.75
7.17 to 12.28	1,126,865	4.63	11.68	162,189	4.57	10.95
	<b>5,457,745</b>	<b>3.97</b>	<b>7.94</b>	<b>3,141,702</b>	<b>3.80</b>	<b>5.91</b>

Options exercised during the first quarter of 2007 resulted in 1,600 shares being issued at an average exercise price of \$11.27 per share.

### 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 is generally two-thirds on the first anniversary of the grant date and the remainder on the second anniversary of the grant date. The aggregate maximum number of shares available for issuance under the restricted share plan is capped at one 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.

## 6 CONTRIBUTED SURPLUS (continued)

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

	Number of restricted shares	
	Unaudited 3 months ended Mar 31, 2007	Unaudited 12 months ended Dec 31, 2006
At the beginning of the period	413,501	-
Granted during the period	-	441,915
Exercised during the period	(4,688)	(28,414)
Forfeiture of restricted shares	(4,582)	-
<b>Total Restricted shares outstanding at the end of the period</b>	<b>404,231</b>	<b>413 501</b>

The grant date of 113,993 Restricted shares was December 8, 2006. The share price on grant date was \$12.07 per share.

The grant date of 327,922 Restricted shares was June 7, 2006. The share price on grant date was \$8.80 per share.

Restricted shares will not expire while the participant is in the employ of the Corporation.

The Restricted share expense for the quarter ended March 31, 2007 was \$0.7 million (2006: \$0). As at March 31, 2007 the aggregate unexpensed fair value of unvested Restricted shares granted amounted to \$1.7 million (December 31, 2006: \$2.4 million).

Warrants	Number of warrants		Allocated value		Average exercise price	
	Unaudited 3 months ended Mar 31, 2007	Unaudited 12 months ended Dec 31, 2006	Unaudited 3 months ended Mar 31, 2007 \$'000	Unaudited 12 months ended Dec 31, 2006 \$'000	Unaudited 3 months ended Mar 31, 2007 \$	Unaudited 12 months ended Dec 31, 2006 \$
At the beginning of the period	5,976,319	5,976,319	1,813	1,813	3.69	3.69
Exercised by BMO Nesbitt	(1,800,000)	-	(1,596)	-	5.39	-
<b>At the end of the period</b>	<b>4,176,319</b>	<b>5,976,319</b>	<b>217</b>	<b>1,813</b>	<b>2.96</b>	<b>3.69</b>

Warrants comprise:	Number of warrants	
	Unaudited as at Mar 31, 2007	Unaudited as at Dec 31, 2006
2008 Warrants	3,876,319	3,876,319
BMO Nesbitt Warrants	-	1,800,000
Series D Warrants	300,000	300,000
<b>Total</b>	<b>4,176,319</b>	<b>5,976,319</b>

The fair value of the 2008 warrants (previously referred to as the "Eastbourne warrants") was valued, for Canadian GAAP purposes, at \$0.2 million on December 31, 2004. The 3,876,319 warrants have a term of 3 years from the date of issue and expire on September 24, 2008.

On February 14, 2007, 1.8 million warrants issued to BMO Nesbitt Burns were exercised at an exercise price of \$5.39 for proceeds of \$9.7 million.

Series D warrants represent those acquired from Southern Cross Resources Inc. through the reverse takeover. 150,000 warrants expire on September 16, 2007 and 150,000 warrants expire on January 4, 2008.

## 7 BASIC LOSS PER SHARE AND DILUTED LOSS PER SHARE

	Unaudited 3 months ended Mar 31, 2007	Unaudited 3 months ended Mar 31, 2006
Basic and diluted loss per share (cents)	(2.81)	(1.91)
is calculated based on a net loss for the period of (\$'000)	(3,813)	(1,910)
and a weighted average number of shares outstanding of	135,781,818	99,934,468

For the quarters ended March 31, 2007 and 2006, the impact of outstanding share options and warrants was excluded from the diluted share calculation because it was anti-dilutive for earnings per share purposes.

## 8 INVESTMENT IN JOINT VENTURE

In January 2007, the Corporation received formal notice from its joint venture partner, Pitchstone Exploration, to the effect that the Corporation had completed the requirements to earn a 50% interest in five properties located in the Athabasca basin in northern Saskatchewan. Pitchstone further confirmed that a total of \$3.4 million in exploration expenditures had been spent on the five properties and that Pitchstone has received the required payments.

The Corporation's proportionate shares of assets and liabilities of the Joint Venture as at March 31, 2007 are as follows:

As at March 31, 2007	Unaudited as at Mar 31, 2007 \$'000
Current assets	34
Non-current assets	6,069
Current liabilities	(110)
Non-current liabilities	-
<b>Net assets at March 31, 2007</b>	<b>5,993</b>

The Corporation's proportionate share of the Pitchstone Joint Venture revenue, expenses, net income and cash flows for the three months ended March 31, 2007 were:

	3 months ended Mar 31, 2007 \$'000
Exploration expenditure	(348)
<b>Net loss for the period ended March 31, 2007</b>	<b>(348)</b>
Cash used in operating activities	(456)
Cash advances paid to joint venture	296
<b>Net decrease in cash</b>	<b>(160)</b>

## 9 SEGMENTED INFORMATION

Segmented information is presented in respect of the Corporation's business and geographical segments. The primary format, business segments, is based on the Corporation's management and internal reporting structure.

For the quarter ended March 31, 2007 (unaudited):

Business	Africa	Australia	Canada	Aflease Gold	Eliminations <sup>(1)</sup>	TOTAL
	Uranium \$'000	Uranium \$'000	Corporate & Uranium \$'000	Gold \$'000	\$'000	\$'000
<b>Gold Sales</b>	<b>688</b>	-	-	-	-	<b>688</b>
Cost of Sales	(715)	-	-	-	-	(715)
<b>Gross loss</b>	<b>(27)</b>	-	-	-	-	<b>(27)</b>
Sundry income	16	28	627	45	-	716
General and administrative expenditure	(615)	(425)	(1,253)	(384)	-	(2,677)
Share options expensed	(682)	(148)	(828)	(83)	-	(1,741)
Restricted shares expensed	(62)	(73)	(560)	-	-	(695)
Exploration expenditure	(2,614)	(297)	(1,376)	(230)	-	(4,517)
<b>Operating loss</b>	<b>(3,984)</b>	<b>(915)</b>	<b>(3,390)</b>	<b>(652)</b>	-	<b>(8,941)</b>
Interest income	589	187	2,611	143	-	3,530
Interest expense	(947)	(8)	(3,136)	(6)	-	(4,097)
Dilution gain on disposal of investments	5,741	-	-	-	-	5,741
Foreign exchange losses on cash	-	-	(202)	-	-	(202)
Non-controlling interest in loss of subsidiary	156	-	-	-	-	156
<b>Loss before income taxes</b>	<b>1,555</b>	<b>(736)</b>	<b>(4,117)</b>	<b>(515)</b>	-	<b>(3,813)</b>
Provision for income taxes	-	-	-	-	-	-
<b>Net profit / (loss)</b>	<b>1,555</b>	<b>(736)</b>	<b>(4,117)</b>	<b>(515)</b>	-	<b>(3,813)</b>
<b>Total assets</b>	<b>306,746</b>	<b>28,616</b>	<b>861,708</b>	<b>40,212</b>	<b>(586,757)</b>	<b>650,525</b>
<b>Total liabilities</b>	<b>269,039</b>	<b>60,034</b>	<b>115,708</b>	<b>10,804</b>	<b>(227,682)</b>	<b>227,903</b>
<b>Other segment items</b>						
Capital expenditure	40,840	1,988	84	2,561	-	45,473

<sup>(1)</sup> - Eliminations relate to inter-company investments and inter-company loans

## 9 SEGMENTED INFORMATION (continued)

For the quarter ended March 31, 2006 (unaudited):

Business	Africa	Australia	Canada	Aflease Gold	Eliminations <sup>(1)</sup>	TOTAL
	Uranium \$'000	Uranium \$'000	Corporate & Uranium \$'000	Gold \$'000	\$'000	\$'000
<b>Gold Sales</b>	<b>1,021</b>	-	-	-	-	<b>1,021</b>
Cost of Sales	(3,211)	(159)	(3)	-	-	(3,373)
<b>Gross loss</b>	<b>(2,190)</b>	<b>(159)</b>	<b>(3)</b>	-	-	<b>(2,352)</b>
Sundry income	111	3	-	-	-	114
General and administrative expenditure	(394)	(242)	(773)	(136)	-	(1,545)
Share options expensed	-	-	(3,201)	-	-	(3,201)
Exploration expenditure	(1,684)	(913)	-	-	-	(2,597)
Other net costs	(49)	-	-	-	-	(49)
<b>Operating loss</b>	<b>(4,206)</b>	<b>(1,311)</b>	<b>(3,977)</b>	<b>(136)</b>	-	<b>(9,630)</b>
Interest income	173	78	511	14	-	776
Interest expense	(340)	-	-	-	-	(340)
Dilution gain on disposal of investments	8,135	-	-	-	-	8,135
Non-controlling interest in loss of subsidiary	171	-	-	-	-	171
<b>Loss before income taxes</b>	<b>3,933</b>	<b>(1,233)</b>	<b>(3,466)</b>	<b>(122)</b>	-	<b>(888)</b>
Provision for income taxes	(1,022)	-	-	-	-	(1,022)
<b>Net profit / (loss)</b>	<b>2,911</b>	<b>(1,233)</b>	<b>(3,466)</b>	<b>(122)</b>	-	<b>(1,910)</b>
<b>Total assets</b>	<b>115,076</b>	<b>19,919</b>	<b>596,929</b>	<b>21,600</b>	<b>(416,258)</b>	<b>337,267</b>
<b>Total liabilities</b>	<b>73,393</b>	<b>28,754</b>	<b>1,839</b>	<b>6,072</b>	<b>(50,900)</b>	<b>59,159</b>
<b>Other segment items</b>						
Capital expenditure	12,470	28	467	-	-	12,965

<sup>(1)</sup> - Eliminations relate to inter-company investments and inter-company loans

## 10 SUBSEQUENT EVENTS

### **UrAsia Energy Limited**

On April 20, 2007, Uranium One completed the acquisition of all of the outstanding common shares of UrAsia Energy Ltd. ("UrAsia"). Holders of UrAsia shares received an aggregate 217,164,830 Uranium One common shares. UrAsia warrants and stock options were exchanged for warrants and stock options which gives the holder the right to acquire common shares of Uranium One.

As a result of the transaction, the combined entity will be held approximately 60% by UrAsia shareholders and approximately 40% by Uranium One shareholders. Accordingly, this business combination will be accounted for as a reverse takeover under Canadian generally accepted accounting principles with UrAsia being identified as the acquirer and Uranium One as the acquiree.

For subsequent periods, Uranium One's financial statements will be based upon the historical financial statements of UrAsia.

### **US Energy Corp**

On April 30, 2007, Uranium One completed the purchase of the Shootaring Canyon Uranium Mill in Utah, as well as a land package comprising uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information for consideration equal to 6,607,605 Uranium One common shares plus the sum of \$750,000 in cash paid by Uranium One on the execution of a July 2006 exclusivity agreement with the vendor. The purchase agreement provides for further payments by Uranium One of \$20.0 million upon the Shootaring Canyon Mill reaching commercial production and \$7.5 million on the first delivery to the Mill after commercial production of mineralized material from any of the purchased properties. In addition, U.S. Energy Corp. will receive a royalty equal to 5% of the gross proceeds from the sale of commodities produced at the Mill, to a maximum amount of \$12.5 million. Uranium One reimbursed U.S. Energy Corp. on closing for certain exploration expenditures relating to the purchased properties in the amount of \$1.6 million.

The purchase agreement also provides for the assignment of U.S. Energy Corp's right to receive \$4.1 million in cash and 1.5 million common shares of Uranium Power Corp. ("UPC") under a purchase and related joint venture agreement between U.S. Energy and UPC relating to certain of the purchased properties for a cash payment equal to a 5.25% annual discount rate applied to \$4.1 million plus the value of such shares (determined with reference to the weighted average closing price thereof on the TSX Venture Exchange prior to closing) for a cash consideration of \$5.0 million.

The transaction will be accounted for as an asset acquisition.

# corporate information

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## **Stock Exchange Listings**

The Toronto Stock Exchange  
Trading Symbol: SXR  
The Johannesburg Securities Exchange  
Trading Symbol: SXR