



URANIUM ONE INC.

ANNUAL INFORMATION FORM

Year Ended December 31, 2009

March 31, 2010

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SCHEDULE “A” - CHARTER OF THE AUDIT COMMITTEE

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form, references to the “**Corporation**” or “**Uranium One**” include the subsidiaries of Uranium One Inc. unless the context otherwise requires. Unless otherwise stated in this Annual Information Form, the information contained herein is at December 31, 2009 and all currency references are in Canadian dollars.

1.2 Forward-Looking Information

Included in this Annual Information Form, and the documents incorporated by reference herein, are forward-looking statements (within the meaning of applicable securities laws) with respect to Uranium One. Such forward-looking statements or forward looking information include, but are not limited to, statements with respect to:

- estimates of the future prices of or demand for uranium;
- market conditions, corporate plans, objectives and goals;
- the estimation of the Corporation’s mineral reserves and mineral resources and mine life;
- the timing of uranium processing facilities being fully operational;
- estimates of the timing and amount of future uranium production from the Corporation’s current and future operations and estimates of metallurgical recovery rates;
- statements as to the completion of announced but not yet completed transactions and the benefits anticipated to be received by the Corporation from such transactions;
- statements as to the projected development of certain ore deposits, including estimated future production and operating costs, capital expenditures, exploration expenditures, royalties and other expenses for specific operations;
- the nature and type of permits required to bring the Corporation’s mineral projects into production and the time lines required to obtain such permits;
- the timing and potential effects of proposed acquisitions and divestitures;
- title disputes or claims and limitations on insurance coverage;
- exploration, mining and development risks and costs of future environmental compliance including reclamation and rehabilitation costs and clean-up of any environmental impacts;
- availability of sulphuric acid;
- timing and the possible outcome of litigation or investigations;
- the value of the currencies in which the Corporation incurs expenditures or is expected to generate revenue, including the United States dollar, Canadian dollar, South African Rand, Australian dollar and Kazakh tenge;
- timing for the receipt, and the nature, of governmental approvals, consents and waivers and contractual commitments;
- the impact of competition for mineral projects;
- the use of capital, the availability of additional capital, requirements for additional capital, and the timing of such requirements; and
- the cost of future environmental compliance including reclamation and rehabilitation cost.

Often, but not always, 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 statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Corporation’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- the actual price of uranium, including the demand for, and supply of, such commodity;
- discrepancies between actual and estimated production, between actual and estimated mineral resources and mineral reserves, and between actual and estimated metallurgical recoveries;
- changes to the cost of commencing production and the time when production commences, and actual ongoing operating costs;
- the occurrence of risks associated with the development and commencement of mining operations;
- unforeseen investigations or unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions;
- the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licences and permits;
- unforeseen changes in the costs of material inputs, including acid, fuel, steel and other construction materials;
- actual results of exploration activities;
- conclusions of economic evaluations;
- failure of plant, equipment or processes to operate as anticipated;
- changes in project parameters as plans continue to be refined;
- the unforeseen impact of competition for mineral projects;
- possible changes to the tax code in Kazakhstan;
- delays in obtaining government approvals or financing;
- risks relating to the completion of acquisitions and other announced but not completed transactions and the integration of completed acquisitions;
- the loss of key employees;
- unforeseen events with respect to joint venture partners;
- political risks in the countries in which the Corporation operates; and
- the loss of, or defective title to, exploration and mining claims, rights, leases or licences;

as well as those factors described in the section entitled “*Description of the Business - Risk Factors*” in this Annual Information Form.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Corporation’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Corporation’s actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this Annual Information Form.

Although the Corporation has attempted to identify 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. Forward-looking statements are based upon the beliefs, estimates and opinions of the Corporation's management at the time they are made and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change, except where events and circumstances have occurred that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete that the Corporation previously disclosed to the public. 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.

The Corporation 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 where required by applicable securities laws.

1.3 Mineral Reporting Standards

CIM Standards

The disclosure in this Annual Information Form in respect of the Corporation's Mineral Reserves and Mineral Resources is based on technical reports prepared on the Corporation's principal projects as set out under the heading "*Description of the Business*". Such information has been prepared in accordance with the Canadian requirements under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* promulgated by the Canadian Securities Administrators ("**NI 43-101**") and has been reviewed by qualified persons, as such term is defined in NI 43-101. The Mineral Reserves and Mineral Resources included in this document are current to the dates on which they were estimated.

Unless otherwise noted, the estimated Mineral Reserves and Mineral Resources for the Corporation's various mines and mineral projects, as disclosed in this Annual Information Form, have been calculated in accordance with the definitions and guidelines for the reporting of exploration information, Mineral Resources and Mineral Reserves determined by the Canadian Institute of Mining, Metallurgy & Petroleum ("**CIM**") Definition Standards on Mineral Resources and Reserves Definitions and Guidelines adopted under NI 43-101 (the "**CIM Standards**"). Pursuant to NI 43-101, a qualified person's classification of a mineral deposit as a Mineral Resource or Mineral Reserve must follow the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2003, as amended. The following definitions are reproduced from those guidelines.

The term "**Mineral Resource**" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term "**Inferred Mineral Resource**" means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information

and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term “**Indicated Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term “**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

The term “**Mineral Reserve**” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral Reserves are subdivided in order of increasing confidence into Probable and Proven categories.

The term “**Probable Mineral Reserve**” means the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term “**Proven Mineral Reserve**” means the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Historical Resources

This document contains references to “historical resources”. Historical resource estimates do not comply with categories of mineralization prescribed by NI 43-101. Historical resource estimates are based on prior data and reports obtained and prepared by previous operators and certain other information, and should not be relied upon. No qualified person (as defined by NI 43-101) has done sufficient work to classify the historical estimates as current Mineral Resources or Mineral Reserves. The Corporation has not completed the work necessary to verify the classification of the historical resource estimates. The Corporation is not treating the historical estimates as current Mineral Resources or Mineral Reserves as defined in NI 43-101. Properties containing historical resource estimates will require further evaluation.

Interests in Kazakh joint ventures

In this document, where tables refer to a portion of resources attributable to the Corporation's equity interest in the Betpak Dala joint venture, the Kyzylkum joint venture and the Karatau joint venture, this is a notional attribution because under the laws of Kazakhstan, which do not recognize the concept of beneficial ownership, only Joint Venture Betpak Dala Limited Liability Partnership ("**Betpak Dala**" or the "**Betpak Dala Joint Venture**"), Kyzylkum Limited Liability Partnership ("**Kyzylkum**" or the "**Kyzylkum Joint Venture**"), and Karatau Limited Liability Partnership ("**Karatau**" or the "**Karatau Joint Venture**") have any right to receive in kind the minerals produced from the Akdala Mine or the South Inkai Mine (in the case of Betpak Dala), the Kharasan Project (in the case of Kyzylkum) or the Karatau Mine (in the case of Karatau). The Corporation, through its equity interests in Betpak Dala, Kyzylkum and Karatau, is only entitled to the relevant percentage of any dividends or other distributions declared to the participants in these joint ventures.

1.4 Certain Technical Terms

The following is a glossary of certain technical terms that appear in this Annual Information Form:

cm	centimetre (0.01 metres)
cm ³	cubic centimetre
coffinite	a uranium silicate mineral, represented by the formula $U(SiO_4)_{1-x}(OH)_{4x}$, and which is an ore of uranium;
kg	kilogram
km	kilometre
km ²	square kilometre
kV	kilovolt;
lb	pound avoirdupois;
m	metre
m ²	square metre
m ³	cubic metre
mR/hr	milliRoentgens per hour
pitchblende	a uranium oxide mineral (uranium dioxide - UO_2 - or uranium trioxide - UO_3) which is an ore of uranium;
t or tonne	metric tonne (1,000 kilograms);
tpa	tonnes per annum (year);
U	uranium;
U_3O_8	uranium oxide, commonly known as "yellowcake";
uraninite	uranium dioxide, an ore of uranium represented by the formula UO_2
yellowcake	a common name for uranium oxide or U_3O_8 ;

ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Corporation was incorporated under the name “Southern Cross Resources Inc.” under the laws of the Province of Ontario by articles of incorporation dated January 2, 1997. Effective March 17, 2005, the Corporation continued under the *Canada Business Corporations Act* (Canada) (the “CBCA”).

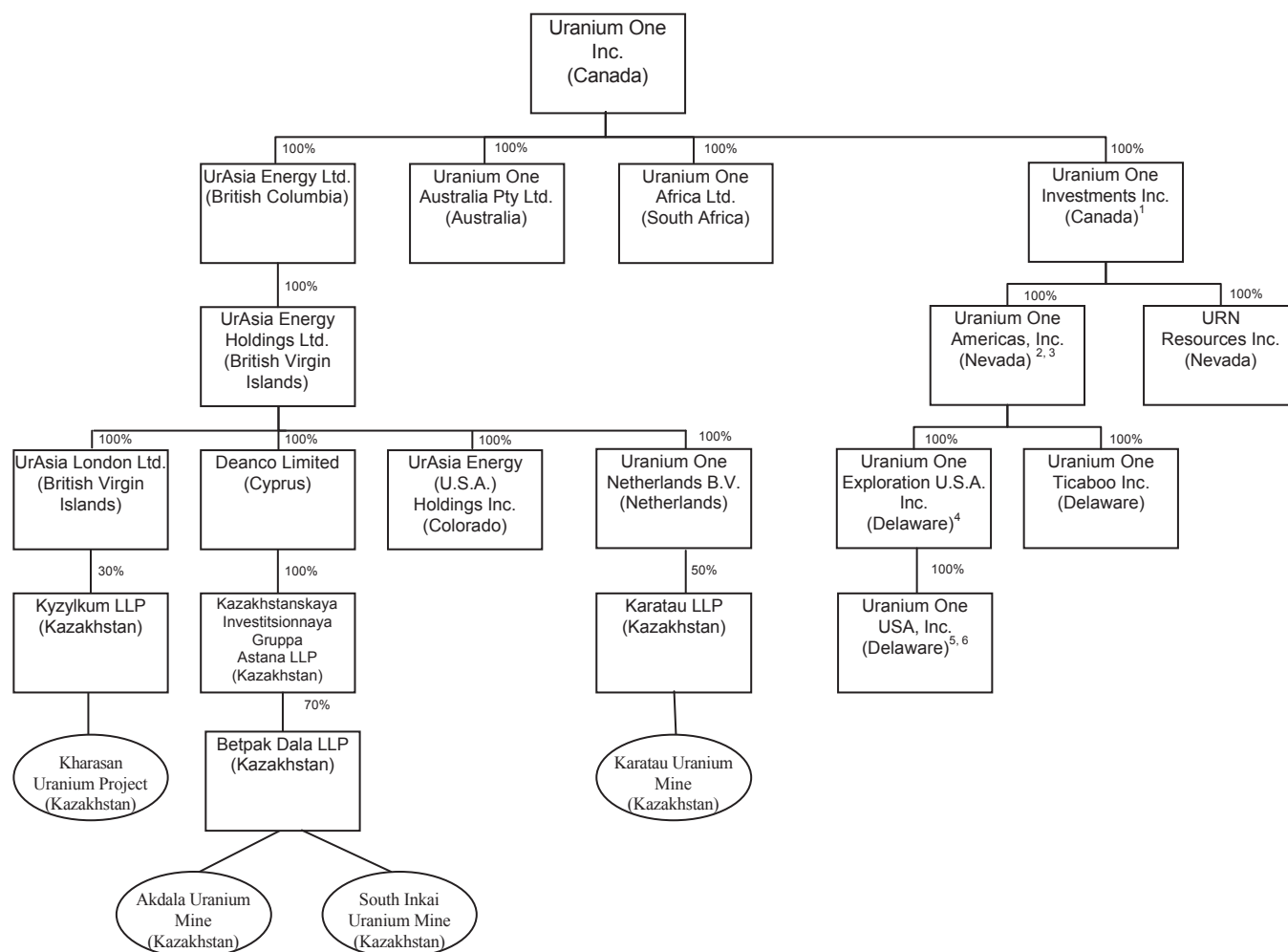
In connection with the acquisition of Aflease Gold and Uranium Resources Limited, subsequently renamed Uranium One Africa Limited (“**Uranium One Africa**”), the Corporation filed articles of amendment under the CBCA effective December 6, 2005 to change its corporate name to “sxr Uranium One Inc.” and to consolidate its common share capital on a 5:1 basis.

The Corporation filed articles of amendment under the CBCA effective June 8, 2007, to change its name to “Uranium One Inc.”.

Uranium One’s registered office is located at 550 Burrard Street, Suite 2900, Vancouver, British Columbia, V6C 0A3. Uranium One’s website address is www.uranium1.com. Uranium One’s head office is located at Suite 900, 1285 West Pender Street, Vancouver, British Columbia, V6E 4B1. Uranium One also maintains offices in Toronto, Canada, Denver, United States, Almaty, Kazakhstan, Adelaide, Australia and Cape Town, South Africa.

2.2 Inter-corporate Relationships

The following chart indicates the corporate structure of Uranium One and its material subsidiaries, the percentage of voting securities held, and the jurisdiction of incorporation of each entity as of March 30, 2010.



Notes:

1. Formed by the amalgamation of Southwest Uranium Inc., Standard Uranium Inc., Energy Metals Corporation, and Uranium One Canada Inc.
2. Formerly known as Energy Metals Corporation (US).
3. In 2009, as part of an internal reorganization, each of High Plains Uranium Inc. (a Delaware corporation, formerly a British Columbia corporation), Quincy Energy Corp., Southwest Uranium US Inc., Uranium One U.S.A. Inc. and Western Fuels Inc. was merged with and into Uranium One Americas, Inc. (formerly Energy Metals Corporation (US)).
4. As part of the 2009 internal reorganization, each of Atlas Database Corp., Clearwater Resources Inc., High Plains Uranium Inc. (an Idaho corporation), Uranium One Utah Inc. and Uranium One Ventures U.S.A. Inc. was merged with and into Uranium One Exploration U.S.A. Inc.
5. Formerly Cogema Resources Inc.
6. Following the completion of the MALCO acquisition (see "General Development of the Business – Three Year History – Acquisition of MALCO Joint Venture"), Malapai Resources Company, an Arizona corporation that was 100% owned by Uranium One Exploration U.S.A. Inc., was merged with and into Uranium One USA, Inc.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is the result of a merger between the former Southern Cross Resources Inc. (“**Southern Cross**”) and Aflease Gold and Uranium Resources Limited of South Africa (subsequently renamed Uranium One Africa Limited), which was completed in December 2005. The Corporation subsequently expanded through the acquisition of UrAsia Energy Ltd. (“**UrAsia**”) in April 2007, the acquisition of Energy Metals Corporation (“**EMC**”) in August 2007, and the acquisition of a 50% participating interest in Karatau in December 2009.

3.1 Three Year History

Acquisition of UrAsia. On April 20, 2007, Uranium One acquired all of the issued and outstanding common shares of UrAsia pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) in exchange for 217,164,830 common shares of Uranium One on the basis of 0.45 of a common share of Uranium One for each common share of UrAsia (rounded down to the nearest whole share). UrAsia’s outstanding stock options and warrants were replaced by options to purchase 9,763,498 common shares of Uranium One and warrants to acquire 6,964,200 common shares of Uranium One.

As a consequence of the arrangement, UrAsia became a wholly-owned subsidiary of Uranium One, and Uranium One acquired an interest in the Akdala uranium mine (“**Akdala**” or the “**Akdala Mine**”), the South Inkai uranium mine (“**South Inkai**” or the “**South Inkai Mine**”) and the Kharasan uranium project (“**Kharasan**” or the “**Kharasan Project**”), all in Kazakhstan, as well as certain uranium exploration licences in Kyrgyz Republic (which were divested in December 2008). Following the acquisition, the Corporation changed its name to “Uranium One Inc.”. Immediately following the completion of the arrangement, Uranium One was owned approximately 60% by the former UrAsia shareholders and approximately 40% by the then-existing Uranium One shareholders. See “*Akdala Mine*”, “*South Inkai Mine*” and “*Kharasan Project*” under the heading “*Description of the Business*”, below.

Acquisition of Shootaring Mill. On April 30, 2007, Uranium One completed the purchase from U.S. Energy Corp. and certain of its affiliates of the Shootaring Canyon Uranium Mill in Utah (the “**Shootaring Mill**”), 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 with respect to an additional 1,582,036 acres within a five mile zone surrounding the purchased properties. Under the terms of the asset purchase agreement, Uranium One issued 6,607,605 Uranium One common shares as partial consideration for the purchase. The Shootaring Mill has since been placed on care and maintenance.

Acquisition of EMC. On August 10, 2007, Uranium One acquired all of the issued and outstanding common shares of EMC pursuant to a plan of arrangement under the BCBCA in exchange for 100,444,543 common shares of Uranium One on the basis of 1.15 common shares of Uranium One for each common share of EMC (rounded down to the nearest whole share). EMC’s outstanding stock options and contingent share issuance obligations were replaced by options to purchase 8,382,546 common shares of Uranium One and obligations to issue 2,017,100 common shares of Uranium One.

As a consequence of the arrangement, EMC became a wholly-owned subsidiary of Uranium One, and Uranium One acquired the Hobson uranium processing plant (the “**Hobson Plant**”) and the Palangana

uranium project (“**La Palangana**” or the “**Palangana Project**”) in Texas (which were divested in 2009), the Moore Ranch uranium project (“**Moore Ranch**” or the “**Moore Ranch Project**”) in Wyoming, as well as certain other exploration properties in Wyoming, Arizona, Colorado, Nevada, New Mexico, Oregon, South Dakota, Texas and Utah. See “*Description of the Business - Other Projects*”.

Development of Honeymoon. During the first quarter of 2008, the Corporation suspended development activities at its Honeymoon uranium project in Australia (“**Honeymoon**” or the “**Honeymoon Project**”) to allow for evaluation of corporate development opportunities for the project. The Corporation subsequently agreed in October 2008 to create joint ventures in relation to its Australian assets with Mitsui and Co., Ltd. (“**Mitsui**”) and the joint venture transactions closed on December 24, 2008. Development of the Honeymoon Project recommenced in 2009.

Credit Facility. On June 27, 2008, the Corporation concluded a US\$100 million senior secured revolving credit facility with the Bank of Montreal and the Bank of Nova Scotia. The facility has a two year term, and may be extended for a further year with lender consent. Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions.

Suspension of Operations at Dominion. The Corporation suspended operations at its Dominion uranium project in South Africa (“**Dominion**” or “**Dominion Uranium Project**”) and placed the project on care and maintenance as of October 22, 2008. The Corporation decided to place Dominion on care and maintenance due to the significant deterioration in the project's economics associated with the continuing decline in uranium prices over 2008 and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production. After the completion of the Corporation's detailed life of mine planning process and budget for the project, the Corporation concluded that Dominion would require a sustained recovery in uranium prices, as well as significant additional capital investment, in order to become economically viable. In May 2009, the Corporation committed to a plan to sell Uranium One Africa. The Corporation estimates it will receive cash proceeds of \$38.5 million, net of costs on the sale. See “*Description of the Business – Other Projects*”.

Dividend from Betpak Dala Joint Venture. In November 2008, the Corporation received a dividend of US\$40 million (net of Kazakh withholding taxes) from its Betpak Dala Joint Venture. This was the first dividend from the Betpak Dala Joint Venture to its shareholders. The Corporation subsequently received a further dividend of US\$20 million (net of Kazakh withholding taxes) in December 2009.

Suspension of Operations at La Palangana. In November 2008, the Corporation decided to defer further capital expenditure and related expenses at the Palangana Project pending receipt of all necessary permits and the identification of additional development areas to feed the Hobson Plant. See “*Description of the Business – Other Projects*”.

South Inkai Production Approvals. On December 23, 2008, the Kazakh Ministry of Energy and Mineral Resources (“**MEMR**”) formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement. See “*South Inkai Mine*” under the heading “*Description of the Business*” below.

Mitsui Joint Venture. On December 24, 2008, the Corporation completed joint venture transactions with Mitsui. Under the terms of the joint ventures, Mitsui acquired a 49% interest in the Honeymoon Project and the Corporation's portfolio of Australian exploration properties for a minimum cash commitment of approximately US\$73 million (A\$104 million). These funds are being used to advance the development of

the Honeymoon Project through to commercial production. See “*Description of the Business – Other Projects*”.

New Tax Code in Kazakhstan. Effective January 1, 2009, Kazakhstan adopted a new Tax Code. Among other things, the new Tax Code reduces the corporate income tax rate from 30% to 20% for 2009, replaces royalty charges with a mineral extraction tax levied at a rate of 22% for 2009, and amends the basis for determining excess profits tax. Mineral extraction tax has a different tax basis than the system of royalty charges it replaced. For uranium solutions in process, for which no market exists, the mineral extraction tax is calculated according to a formula related to the cost of production.

The new Tax Code also abolished the former contractual “stabilization” regime relating to the taxation of subsoil users, except for those operating under production sharing agreements and subsoil use contracts approved by the President of Kazakhstan. None of the Corporation’s Kazakh subsoil use contracts is a production sharing agreement or a contract approved by the President. While the Akdala subsoil use contract contains a tax stability clause, the Corporation does not believe that the subsoil use contracts for its Kazakh projects contain effective tax stability clauses as a result of the new Tax Code. At the request of the MEMR, Betpak Dala, Kyzylkum and Karatau have entered into discussions with the MEMR on the application of the new Tax Code to their operations and submissions have been made to the MEMR to amend the subsoil use contracts for the Akdala Mine, the South Inkai Mine, the Kharasan Project and the Karatau Mine. Discussions with the MEMR (now the MINT (as defined below)) are ongoing.

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

As a result of changes to the excess profits tax and the corporate income tax, the Corporation reduced its future income tax liabilities related to its assets in Kazakhstan by US\$204 million in its December 31, 2009 annual financial statements.

Investigation of Kazatomprom. On May 27, 2009 the Corporation announced that the Kazakh authorities were conducting an investigation into certain of the activities of National Atomic Corporation Kazatomprom Joint Stock Corporation (“**Kazatomprom**”), the Kazakh state-owned uranium mining company which is a participant in Betpak Dala, Kyzylkum and Karatau. The former President of Kazatomprom was charged and tried for theft and embezzlement with respect to allegations of, among other things, stealing money from Kazatomprom from July 2003 to September 2007. In March 2010, the former President of Kazatomprom was found guilty of misappropriation and bribery and was sentenced to 14 years in prison. It is expected that he will appeal the decision. According to media reports, additional investigations are ongoing against the former President of Kazatomprom. The terms of reference of these investigations and the trial were not disclosed but the Corporation, Betpak Dala and Kyzylkum have cooperated with the Kazakh authorities in their investigations. To date, operations at Uranium One’s Kazakh projects are continuing and have not been affected by the investigations. See “*Risk Factors — Risks Relating to the countries in which the Corporation Operates — Investigation of Kazatomprom*”.

Private Placement and Strategic Relationship Transaction with Japanese Consortium. On February 10, 2009, Uranium One entered into a subscription agreement with Japan Uranium Management Inc. (“**JUMI**”). JUMI is a corporation formed by a consortium consisting of The Tokyo Electric Power

Corporation, Incorporated, Toshiba Corporation, and The Japan Bank for International Cooperation (the “**Japanese Consortium**”) providing for the private placement of an aggregate of 117,000,000 Common Shares, for gross proceeds of \$269,100,000.

On December 29, 2009, Uranium One and JUMI executed documentation revising the subscription agreement with respect to the private placement of 117,000,000 Common Shares to JUMI to a subscription agreement providing for a private placement to JUMI of a \$269,100,000 aggregate principal amount 3% convertible unsecured subordinated debenture maturing ten years from the date of issue (the “**JUMI Debenture**”). The JUMI Debenture will automatically convert into 117,000,000 Common Shares on receipt of required Kazakh regulatory approval, which is expected during 2010. If such approval is not received by January 5, 2011, the holder may, on 12 months’ prior notice, cause the JUMI Debenture to be redeemed at par plus accrued and unpaid interest. Such redemption may not occur before January 5, 2012.

Closing of the private placement of the JUMI Debenture occurred on January 14, 2010, at which time Uranium One received aggregate gross proceeds of \$269,100,000. The Corporation used US\$110,000,000 of the gross proceeds from the JUMI Debenture to repay the US\$90,000,000 promissory note and the US\$20,000,000 first contingent payment, both of which were payable in connection with the Karatau Acquisition. In addition, US\$35,000,000 of the gross proceeds were used to pay the purchase price for the acquisition of MALCO (as described below), and US\$15,000,000 were used to provide cash collateral for reclamation bonding relating to MALCO’s projects.

The Corporation entered into a long-term offtake agreement and a strategic relationship agreement with the Japanese Consortium, both of which became effective on January 14, 2010. The offtake agreement provides the Japanese Consortium with an option to purchase, on industry-standard terms, up to 20% of the Corporation’s available production from assets in respect of which the Corporation has the marketing rights. The strategic relationship agreement provides the Japanese Consortium with the right to appoint two directors to the Corporation’s board and a right of first opportunity to invest in any uranium mining asset or project which the Corporation may in its discretion decide to make available to third parties. The strategic relationship agreement also contains a standstill provision under which the Japanese Consortium has agreed, subject to certain exceptions, not to acquire without the Corporation’s prior approval more than 19.95% of the Common Shares.

The Japanese Consortium has agreed not to dispose of any significant portion of the Common Shares except by way of a broad market distribution or pursuant to certain other limited exceptions. The rights granted under both the offtake agreement and the strategic relationship agreement are generally subject to JUMI continuing to meet certain equity ownership thresholds.

Acquisition of 50% Interest in Karatau. On December 14, 2009, the Corporation acquired, through its wholly-owned subsidiary, Uranium One Netherlands B.V., a 50% interest (the “**Karatau Interest**”) in Karatau from Effective Energy N.V., a wholly-owned subsidiary of JSC Atomredmetzoloto (“**ARMZ**”), a Russian state-owned uranium mining company (the “**Karatau Acquisition**”). Karatau is a limited liability partnership formed under the laws of the Republic of Kazakhstan. The other 50% interest in Karatau is owned by Kazatomprom. Karatau owns and operates the Karatau uranium mine in Kazakhstan (the “**Karatau Mine**”).

As consideration for the acquisition, the Corporation issued 117,000,000 common shares to ARMZ, representing a 19.95% ownership interest in the Common Shares, as well as a US\$90,000,000 promissory note due not later than 12 months from closing. The amount owing under the promissory note was paid on January 18, 2010. The purchase agreement for the Karatau Acquisition also provides for a contingent

payment to ARMZ of up to US\$60 million, payable in three equal tranches over the period from 2010 to 2012, subject to certain post-closing tax-related adjustments. The Corporation satisfied its obligations in respect of the first US\$20 million tranche on January 18, 2010.

Concurrently with the execution of the purchase agreement in respect of the Karatau Acquisition, the Corporation entered into a long-term offtake agreement and a framework agreement with ARMZ, both of which became effective upon closing. Under the offtake agreement, so long as the framework agreement remains in effect, ARMZ has an option to purchase on an annual basis, on industry standard terms, the greater of 50% of Karatau's annual production and 20% of the Corporation's available attributable production from assets in respect of which the Corporation has the marketing rights.

Under the terms of the framework agreement, the Corporation has been granted a right of first offer on ARMZ's assets outside the Russian Federation in the event ARMZ determines to offer any of these for sale in the future. ARMZ has also agreed to assist the Corporation in the opening of accounts with Russian uranium converters and to use Russian uranium conversion and enrichment facilities for the benefit of the Corporation's customers.

ARMZ agreed to a standstill covenant under which it may not (subject to certain exceptions), without Uranium One's prior consent, for a period of at least five years from closing, acquire more than 19.95% of the outstanding Common Shares. In February 2010, the Corporation agreed to allow ARMZ to temporarily exceed the 19.95% standstill in order to enable ARMZ to settle certain option agreements that were entered into with the expectation that the transaction with the Japanese Consortium would have closed by the time the Karatau Acquisition closed. In March 2010, ARMZ announced that these option agreements had been physically settled, with the result that ARMZ owns 23.1% of the outstanding Common Shares. If Kazakh regulatory approval for the issuance of 117,000,000 Common Shares to JUMI upon the conversion of the JUMI Debenture has not been received by February 2011, ARMZ has agreed to reduce its holdings to the 19.95% level at that time.

At closing, Uranium One appointed Vadim Zhivov, Director General of ARMZ, to its board of directors and Uranium One agreed to appoint a second representative of ARMZ to its board in May 2010, subject to receipt of shareholder approval to increase the size of its board by one additional director.

ARMZ has agreed not to dispose of any significant portion of the Common Shares except by way of a broad market distribution or pursuant to certain other limited exceptions. The rights granted under both the offtake agreement and the framework agreement are generally subject to ARMZ continuing to meet certain equity ownership thresholds.

The Karatau acquisition is described in the Form 51-102F4 Business Acquisition Report filed by the Corporation on SEDAR on February 3, 2010. This report includes the audited annual financial statements of Karatau for the year ended December 31, 2008 (with unaudited annual comparative financial information for the year ended December 31, 2007), unaudited interim financial statements of Karatau for the nine months ended September 30, 2009 and 2008, and pro forma financial statements of Uranium One showing the effects of the acquisition as at September 30, 2009 and for the period then ended and for the year ended December 31, 2008.

Acquisition of MALCO Joint Venture. On August 10, 2009, the Corporation entered into a definitive agreement to acquire 100% of the MALCO Joint Venture ("MALCO") from wholly-owned subsidiaries of AREVA and Électricité de France for US\$35,000,000 in cash. The assets of MALCO include the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and

associated U₃O₈ resources located in the Powder River Basin of Wyoming. In January 2010 the Corporation received all regulatory approvals required in connection with the acquisition, and the acquisition was completed on January 25, 2010.

Sale of South Texas Mining Venture. On December 18, 2009 the Corporation completed the sale of its 99% interest in the South Texas Mining Venture, LLP, which held the Hobson Plant and La Palangana Project in Texas, to Uranium Energy Corp. (“UEC”) for consideration consisting of 2,500,000 restricted common shares of UEC.

Offering of Convertible Debentures. On March 12, 2010, the Corporation completed a bought deal public offering of \$260,000,000 aggregate principal amount of 7.5% (re-settable to 5%) convertible unsecured subordinated debentures, including \$10,000,000 taken up under an underwriters’ over-allotment option (the “**2015 Convertible Debentures**”) maturing on March 13, 2015. The 2015 Convertible Debentures will initially bear interest at an annual rate of 7.5%, payable semi-annually in arrears. From and after the date on which an opinion of local Kazakhstan counsel to the Corporation has been provided to the trustee for the 2015 Convertible Debentures stating that all waivers and/or approvals from the Government of Kazakhstan and/or the Kazakh Ministry of Energy and Mineral Resources necessary in order for the Corporation to issue the common shares upon conversion of the 2015 Convertible Debentures have been obtained or are no longer required (the “**Approval Date**”), the rate of interest per annum shall be 5%. From and after the Approval Date (but not before) until the maturity date, the Debentures will be convertible into common shares of Uranium One at the option of the holder at a conversion price of \$4.00 per common share, being at a rate of 250 Common Shares per \$1,000 principal amount of 2015 Convertible Debentures, subject to adjustment in certain circumstances. The Convertible Debentures will not be redeemable. The 2015 Convertible Debentures will be direct, unsecured obligations of the Corporation, subordinated to certain senior indebtedness, including the Corporation’s existing credit facility and to its outstanding 4.25% convertible unsecured subordinated debentures due December 31, 2011 (the “**2011 Convertible Debentures**”), and ranking equally with all other unsecured indebtedness of the Corporation.

The Corporation intends to use the net proceeds for potential acquisitions, working capital, general corporate purposes and to finance its operations and development projects.

Restructuring of MEMR

In March 2010, the Government of Kazakhstan eliminated the MEMR and transferred its responsibilities to two newly formed ministries, the Ministry of Oil and Gas and the Ministry of Industry and New Technologies (“MINT”). The MINT assumed responsibility for all matters relating to power generation, mining and the nuclear industry.

3.2 Significant Acquisitions

Please refer to the items titled “*Acquisition of UrAsia*”, “*Acquisition of EMC*” and “*Acquisition of 50% Interest in Karatau*” under the heading “*General Development of the Business - Three-Year History*”, above.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

Uranium One is engaged, through its subsidiaries and joint ventures, in the mining and production of uranium and in the acquisition, exploration and development of uranium properties in Kazakhstan, the United States, Australia and South Africa. Uranium One's principal projects are the Akdala Mine, the South Inkai Mine, the Karatau Mine and the Kharasan Project in Kazakhstan. The Corporation's other projects include the Powder River Basin Projects (including the Christensen Ranch satellite ISR facility, the Irigaray ISR central processing plant and the Moore Ranch Project) in Wyoming, the Honeymoon Project in Australia, the Dominion Uranium Project in South Africa, as well as other early stage development projects in the United States and various exploration properties in the United States, South Africa and Australia.

Uranium One is currently producing uranium from the Akdala Mine, the South Inkai Mine and the Karatau Mine. Production has commenced at the Kharasan Project, but due to the underperformance of Kharasan's current producing well field, new well fields in different geological horizons are being developed. Production from the new well fields is expected to commence in 2010. Based on expected improved performance from the new well fields, a feasibility study and application for industrial production are forecast to be prepared in 2011, with industrial production approvals expected to be granted in 2012.

The Corporation's internal growth initiatives include the following:

- ramping-up of production at the South Inkai Uranium Mine and Karatau Mine in Kazakhstan to full capacity of 5.2 million pounds U_3O_8 at each mine (of which the Corporation's attributable production is expected to reach an annualized rate of 3.6 million pounds (U_3O_8) during 2011, in the case of South Inkai, and an annualized rate of 2.6 million pounds (U_3O_8) during 2011, in the case of Karatau);
- advancing the development of, and obtaining the industrial production approval for, the Kharasan Project;
- advancing the development and permitting of its Powder River Basin Projects; and
- continuing resource delineation drilling across the Corporation's global property portfolio, with a view to proving up additional resources and upgrading existing resources to a higher confidence level.

The Corporation is focused on low cost and low technical risk projects with existing, near-term or medium-term production visibility in some of the world's largest uranium resource jurisdictions. Currently, the Corporation's focus is on assets located in Kazakhstan and the United States.

The Corporation's strategic objectives are to expand current levels of production, to progress its advanced development projects to commercial production, to generate increased levels of cash flow to fund its operations and development, to grow both organically and through acquisitions, if appropriate, and to maximize shareholder returns through capital appreciation.

In 2010, the Corporation is focussed on (i) ensuring that the Akdala Mine continues to meet its production and cost targets; (ii) ramping up production at South Inkai and Karatau towards full production; (iii) identifying potential acquisition targets; (iv) monitoring the performance of the new well fields at the Kharasan Project; (v) commissioning of the Honeymoon Project and the commencement of pilot production; (vi) advancing the development and permitting of its Powder River Basin Projects; and (vii) remaining a reliable supplier of U_3O_8 to the nuclear fuel industry.

Principal Product, Production and Sales

In 2009 the Corporation produced uranium from the Akdala Mine, the South Inkai Mine, the Kharasan Project and the Karatau Mine. The attributable production from the Corporation's producing properties in 2009 totalled 3.6 million lbs of U_3O_8 , consisting of 1.9 million lbs of U_3O_8 from the Akdala Mine, 1.5 million lbs of U_3O_8 from the South Inkai Mine, 81,700 lbs of pre-commercial production of U_3O_8 from the Kharasan Project and 73,100 lbs of U_3O_8 from the Karatau Mine.

The Corporation's revenue is entirely derived from the sale of uranium concentrates to customers who are not controlling shareholders of the Corporation or of the joint ventures in which the Corporation is a participant. Generally, the Corporation sells its uranium to major nuclear utilities in North America, Europe and Japan under long term supply agreements and in limited circumstances, to third parties such as trading companies in small quantities. The long term agreements include pricing terms based upon published market prices in effect at the time of each individual delivery under the agreements. As of March 6, 2010, the Corporation has contracts for the sale of an aggregate of 27 million attributable pounds U_3O_8 of which 13 million pounds is contracted with weighted average floor prices, subject to escalation, of approximately US\$47 per pound. The remainder of contracted attributable sales are related to the market price of U_3O_8 and are not subject to floor prices except for 4,910,000 pounds, which will be sold at an average fixed price of US\$65 per pound, subject to escalation.

The Uranium Market

Uranium is supplied from primary production (the mining of uranium ores) and secondary sources, which include excess inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and the down-blending of highly enriched uranium ("HEU") from Russia. The primary uranium production industry is international in scope, with a small number of companies operating in relatively few countries. According to the Ux Consulting Company LLC, in 2009, world uranium primary supply totalled approximately 132 million lbs of U_3O_8 . Approximately 84% of total uranium primary supply was produced by 10 companies. Approximately 90% of estimated world production was sourced from seven countries (in order of production, from greatest to least) – Kazakhstan, Canada, Australia, Namibia, Russia, Niger and Uzbekistan.

The principal use for U_3O_8 is as a fuel for nuclear power plants. Demand for U_3O_8 is directly linked to the level of electricity generated by nuclear power plants. According to the Nuclear Energy Institute, as of December 31, 2009 there were 436 commercial nuclear power plants operating worldwide, with an aggregate installed generating capacity of approximately 373,000 MWe, requiring approximately 170 million lbs of U_3O_8 per year. These plants are currently supplying approximately 15% of the world's electricity requirements. Another 53 commercial nuclear power plants are currently under construction in 13 countries, and 142 others are planned. The trend towards increased demand for uranium as the result of new plants coming on line and increasing capacity factors at existing plants may be offset to some extent by the closing of some older nuclear power plants.

Each year since 1985, the consumption of uranium has exceeded primary production by a substantial margin. To date, the supply gap has been accommodated by sales from existing inventories of uranium, stockpiles of HEU and recycling programs. The shortfall between anticipated world uranium requirements and production is increasing, however, as existing inventories and other sources of secondary supply are depleted. The largest single source of secondary supplies is the Russian-American HEU Agreement, under which Russia downblends HEU extracted from nuclear warheads into low enriched uranium for nuclear fuel. Russia currently supplies the world market with 24 million pounds worth of U_3O_8 from this program,

which ends in December 2013. Russia has stated that it will not continue downblending HEU for use as commercial nuclear fuel after this date.

Utilities secure a substantial proportion of their uranium requirements by entering into medium and long term contracts with producers. Contract prices are established by a number of methods, including base price levels adjusted by inflation indices, reference prices and annual price negotiations. Contracts may contain floor prices, ceiling prices and other negotiated provisions which affect the price paid.

Based on data provided by Ux Consulting Company LLC, during 2009 the spot price for U_3O_8 decreased by approximately 16%, ending the year at US\$44.50 per pound (compared to US\$53.00 per pound at the end of 2008), and the term contract price for U_3O_8 decreased by approximately 11%, ending the year at US\$62.00 per pound (compared to US\$70.00 per pound at the end of 2008).

Competitive Conditions

The uranium exploration and mining business is highly competitive. The Corporation competes with numerous other companies and individuals in the acquisition, exploration, financing and development of mineral properties. Many of these companies are larger and better capitalized than the Corporation. There is significant competition for the limited number of uranium acquisition and exploration opportunities. The Corporation's competitive position depends on its ability to successfully and economically explore, acquire and develop new and existing mineral properties. Factors that allow producers to remain competitive in the market over the long term include the quality and size of ore bodies, costs of operation and the acquisition and retention of qualified employees. The Corporation competes with other mining companies for skilled mining engineers, mine and processing plant operators and mechanics, geologists, geophysicists and other technical personnel. The Corporation also competes with other producers, traders and market participants in the spot and term contract markets for the sale of its U_3O_8 production.

Environmental Protection

The current and future operations of the Corporation, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Environmental protection requirements have not had a material effect on the capital expenditures, earnings and competitive position of the Corporation in the current financial year.

Employees

As at March 1, 2010, the Corporation had 420 employees and 170 contract employees. The total includes: 219 employees and 146 contract employees at Dominion; 76 employees and 9 contract employees in the United States (comprising 67 employees and 9 contract employees at the Corporation's US operations and 9 employees at the Denver corporate office); 70 employees and 8 contract employees in Australia (comprising 52 employees and 1 contract employee at the Honeymoon Project, 6 employees and 1 contract employee dedicated to exploration and 12 employees and 4 contract employees at the Adelaide corporate office); 29 employees and 7 contract employees in Kazakhstan at the Almaty corporate office; and 26 employees in Canada (comprising 2 employees at the corporate office in Toronto and 24 employees at the head office in Vancouver). In addition, Betpak Dala employs 301 employees at the Akdala Mine, 311 employees at the South Inkai Mine and 66 employees at its Almaty office; Kyzylkum employs 219

employees at the Kharasan Project and 41 employees at its Almaty office; and Karatau employs 141 employees at the Karatau Mine and 48 employees and 6 contract employees at its Almaty office.

Foreign Operations

The Corporation's principal assets are located outside of Canada, in Kazakhstan, with the majority of the other assets being located in the United States of America, Australia and South Africa.

4.2 Risk Factors

The Corporation's operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Corporation. The Corporation is engaged in mining, development and exploration activities which, by their nature, are speculative due to the high-risk nature of the Corporation's business and the present stage of its various properties. Should any of these risks occur, actual future events and the Corporation's actual future financial results could differ materially from those described in the Corporation's forward-looking statements, which could cause the Corporation's share- or debenture-holders to lose part or all of their investment in the Corporation. Certain of these risk factors are described below.

The risks described below are not the only ones facing the Corporation. Additional risks not currently known to the Corporation, or that the Corporation currently considers immaterial, may also adversely impact the Corporation's business, operations, financial results or prospects, should any such other events occur.

Risks related to the global financial markets

Recently, the global financial markets have been subject to increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Access to financing has been negatively impacted by both the sub-prime mortgage market in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Corporation is subject to counter-party risk and liquidity risk. The Corporation is exposed to various counter-party risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through companies that have payables to the Corporation, including the Corporation's customers for uranium concentrates; (iii) through the Corporation's insurance providers; (iv) through the Corporation's lenders; and (v) through companies that have received deposits from the Corporation for the future delivery of equipment. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's planned growth could be adversely impacted and the trading price of the Corporation's securities could be adversely affected.

Risks related to the uranium mining industry

The Corporation's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry.

The Corporation's business is subject to a number of inherent risks and hazards, including: environmental hazards; industrial accidents; labour disputes; catastrophic accidents; fires; blockades or other acts of

social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations or the implementation of new laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technological failure of mining methods. The Corporation may also contract for the transport of uranium and uranium products which will expose the Corporation to risks inherent in transportation, including loss or damage of transportation equipment and spills of cargo. There is no assurance that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Corporation, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the properties or impairment of the Corporation's exploration or development activities, which could result in unforeseen costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse impact on the Corporation's cash flows, earnings, results of operations and financial condition and prospects.

Economic extraction of minerals from uranium deposits may not be commercially viable

Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size and grade; the price of the relevant mineral; prevailing commodity prices; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Corporation not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material and adverse impact on the Corporation's cash flows, earnings, results of operations and financial condition and prospects.

There is significant uncertainty in any mineral resource and mineral reserve estimate

The figures presented for both mineral resources and mineral reserves in this document and the Corporation's other public disclosure documents are only estimates. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Corporation's estimates.

In the case of mineral reserves and mineral resources relating to the Akdala Mine, the South Inkai Mine, the Karatau Mine and the Kharasan Project, the relevant technical reports have highlighted certain limitations in the process relating to the preparation of the mineral reserve and mineral resource information for these projects which may mean that the estimates need to be re-assessed. Any re-assessment which results in a decreased estimate of mineral reserves or mineral resources could have a material and adverse effect on the business and prospects of the Corporation, and its financial position and results of operations. Further details are set out in the sections headed "*Description of the Business — Material Properties — Akdala Mine — Mineral Resources*" and "*Description of the Business — Material Properties — South Inkai Mine — Mineral Resources*", "*Description of the Business -Material Properties — Karatau Mine — Mineral Resources*" and "*Description of the Business -Material Properties — Kharasan Project — Mineral Resources*".

Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in uranium prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for uranium, increased production costs or reduced recovery rates or other factors may render the Corporation's present reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write-downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

No assurances can be given that future mineral production estimates will be achieved

Estimates of future production for the Corporation's mining operations are derived from the Corporation's mining plans. These estimates and plans are subject to change. The Corporation cannot give any assurance that it will achieve its production estimates. The Corporation's failure to achieve its production estimates could have a material and adverse effect on any or all of the Corporation's future cash flows, results of operations, production cost, financial condition and prospects.

The plans are developed based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions, hydrologic conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of production. Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above, and as set out below, including:

- mining dilution;
- accidents;
- equipment failures;
- natural phenomena such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- encountering unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation, including sulphuric acid, fuels, chemical reagents, water, equipment parts and lubricants;
- loss of leached solution to the environment;
- strikes and other actions by labour at unionized locations; and
- regulatory restrictions imposed by government agencies.

Such occurrences could, in addition to stopping or delaying mineral production, result in damage to mineral properties, injury or death to persons, damage to the Corporation's property or the property of others, monetary losses and legal liabilities. These factors may also cause a mineral deposit that has been mined profitably in the past to become unprofitable. Estimates of production from properties not yet in production or from operations that are to be expanded are based on similar factors (including, in some instances, feasibility studies prepared by the Corporation's personnel and outside consultants) but it is possible that actual operating costs and economic returns will differ significantly from those currently estimated. It is not unusual in new mining operations to experience unexpected problems during the start-up phase. Delays often can occur in the commencement of production.

Further exploration by the Corporation may not result in economically viable mining operations or yield new reserves

Exploration for uranium involves many risks and uncertainties and success in exploration is dependent on a number of factors, including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Major expenses may be required to establish reserves by drilling, constructing mining or processing facilities at a site, developing metallurgical processes and extracting uranium from ore. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration program is successful and economically recoverable uranium is found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and uranium that was economically recoverable at the time of discovery ceases to be economically recoverable. There can be no assurance that uranium recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of uranium projects.

The Corporation cannot assure that exploration and development programs will result in profitable commercial mining operations. The economics of developing uranium properties are affected by many factors including the cost of operations, fluctuations in the price of uranium, costs of processing equipment and such other factors as government regulations. In addition, the quantity of uranium ultimately extracted may differ from that indicated by drilling results and such differences could be material.

Development projects have no operating history and the development of any of the Corporation's projects into commercially viable mines cannot be assured

The Corporation's ability to sustain or increase levels of uranium production is dependent in part on the successful completion of its existing development projects, the discovery of new ore bodies and/or expansion of existing mining operations. The Corporation's principal and development projects have limited or no operating histories upon which to base estimates of future commercial viability. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future uranium prices. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. Capital and operating cost estimates are based on many factors, including the estimated mineral resources and mineral reserves, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected

recovery rates of uranium from the ore, comparable facility and equipment operating costs and anticipated environmental and regulatory compliance costs.

Each of the foregoing factors involves uncertainties and is subject to material changes. As a result, it is possible that the actual capital costs, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects, or could result in a determination not to proceed with the development of a project into a mine. There can also be no assurance that the Corporation will be able to complete the development of its mining projects, on time or at all, or on budget due to, among other things in addition to those factors described above, changes in the economics of the mineral projects, delays in receiving required consents, permits and licences (including mining licences), the need to amend existing consents, permits and licences, changes in development plans, the delivery and installation of plant and equipment and cost overruns. In addition, the Corporation's current personnel, systems, procedures and controls may not be adequate to support the development of the Corporation's projects into commercially viable mines.

The Corporation faces competition from other mining companies for the acquisition of new properties

There is a limited supply of desirable mineral lands available for acquisition, claim staking and/or leasing in the areas where the Corporation is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. The Corporation may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Corporation will be able to compete successfully with its industry competitors.

Competition in the uranium industry is high and the Corporation may find it difficult to operate because of government policies and international trade agreements

The international uranium industry is highly competitive. The Corporation intends to market uranium to utilities and other buyers in direct competition with supplies available from a relatively small number of mining companies, from excess inventories, including inventories made available from the decommissioning of nuclear weapons, from reprocessed uranium and plutonium derived from used reactor fuel and from the use of excess enrichment capacity to re-enrich depleted uranium tails. The supply of uranium from the Commonwealth of Independent States (the former U.S.S.R. – “CIS”) is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any future agreements, governmental policies or trade restrictions are beyond the control of the Corporation and may affect the supply of uranium available to the market, particularly in the United States, Europe and Asia, which are the largest markets for uranium in the world. If the Corporation is unable to supply uranium to important markets, including the United States, Europe and Asia, its business, financial condition and results of operations may be materially and adversely affected.

The Corporation's future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other governments will not enact legislation restricting to whom the Corporation can sell uranium or that the United States or other governments will not increase the supply of uranium by decommissioning nuclear weapons.

Deregulation of the electrical utility industry may affect the demand for uranium

The Corporation's future prospects are tied directly to the electrical utility industry worldwide. Deregulation of the utility industry, particularly in the United States and Europe, is expected to impact the market for nuclear and other fuels for years to come, and may result in the premature shutdown of some nuclear reactors. Experience to date with deregulation indicates that utilities are improving the performance of their reactors, achieving record capacity factors. There can be no assurance that this trend will continue.

The Corporation's expansion strategy will depend on its ability to identify suitable targets, acquire them on acceptable terms and integrate them successfully within the Corporation

The Corporation evaluates from time to time opportunities to acquire uranium mining assets and businesses. These acquisitions may be significant in size, may change the scale of the Corporation's business and may expose it to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks, such as the difficulty of completing a proposed acquisition and if so completed the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Corporation's ongoing business; the inability of management to maximize the financial and strategic position of the Corporation through the successful integration within the Corporation of acquired assets and businesses; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, suppliers, customers and contractors as a result of any integration of new management personnel; dilution of the Corporation's shareholders or of its interest in its subsidiaries as a result of the issuance of shares to pay for acquisitions; and the potential unknown liabilities associated with assets and businesses acquired by the Corporation. There can be no assurance that the Corporation will be successful in completing any proposed or future acquisitions or that the Corporation would be successful in overcoming these risks with any proposed, completed or future or any other problems encountered in connection with such acquisitions and the Corporation's pursuit of any future acquisition may accordingly have a material and adverse effect on its business, results of operations, financial condition, cash flows and liquidity.

There may be no right for shareholders to evaluate the merits or risks of any future acquisition undertaken by the Corporation except as required by applicable laws and regulations.

Competition from other energy sources and public perception and acceptance of nuclear energy

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates which in turn may result in lower market prices for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world or an accident relating to the transportation of new or spent nuclear fuel could negatively impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on the Corporation.

The Corporation's future revenues are highly dependent on and sensitive to the price of uranium

All of the Corporation's revenues are derived from the sale of uranium products. The Corporation's financial condition, results of operations, earnings and operating cash flow are closely related and sensitive to fluctuations in the long and short term market price of U_3O_8 . Historically, these prices have fluctuated widely. Between 1970 and 2008 the spot price of U_3O_8 has fluctuated between approximately US\$7 per pound and approximately US\$136 per pound and the price as at December 31, 2009 was US\$44.50 per pound.

Uranium prices are and will continue to be affected by numerous factors beyond the Corporation's control. Such factors include, among others, the demand for nuclear power; political and economic conditions in uranium producing and consuming countries such as Canada, the United States, Russia and other CIS countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tailings; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production in countries such as Russia and other CIS countries, Africa and Australia. The effect of these factors, individually or in the aggregate, is impossible to predict with accuracy. However, any adverse change in such factors could have a material and adverse impact on the Corporation, its financial position and results of operations.

If, after the commencement of commercial production, uranium prices fall below the costs of production at the Corporation's uranium mines for a sustained period, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Corporation's results of operation and financial position. A decline in uranium prices may also require the Corporation to write down its mineral reserves and mineral resources, which would have a material adverse effect on its earnings, profitability, financial position and shareholder returns. Should any significant write-down in reserves and resources be required, material write downs of the Corporation's investment in the affected mining properties and increased amortization, reclamation and closure charges may be required. The Corporation's future profitability may be materially and adversely affected by the effectiveness of any hedging strategy.

The Corporation's activities are subject to extensive legislation in respect of environment, health and safety

The Corporation's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. In addition, the uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Corporation is required to obtain governmental permits and provide associated financial assurance to carry on certain activities. The Corporation is also subject to various reclamation and other bonding requirements under federal, provincial, state or local air, water quality and mine reclamation rules and permits. Although the Corporation makes provision for reclamation costs, where appropriate, there is no assurance that these provisions will be adequate to discharge its obligations for these costs. Environmental and employee health and safety laws and regulations have tended to become more stringent over time. Any changes in such laws or in the environmental conditions at the Corporation's properties could have a material adverse effect on the Corporation's financial condition, cash flow or results of operations.

Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of licences or permits and the imposition of penalties. There can be no assurance that the Corporation has been or will be at all times in complete compliance with such laws,

regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not adversely affect the Corporation's business, results of operations, financial condition or prospects.

The Corporation's activities are subject to risks related to climate change

Extreme weather events (such as unusually heavy snowfall or flooding) have the potential to disrupt the Corporation's operations. Where appropriate, emergency plans have been developed for managing extreme weather conditions; however, extended disruptions to supply lines could result in interruptions to production.

The Corporation's operations depend on regular supplies of consumables (sulphuric acid, diesel, tires, etc.) and reagents to operate efficiently. In the event that the effects of climate change cause prolonged disruption to the delivery of essential commodities, the Corporation's production could be reduced.

Government regulation may have an adverse effect on the Corporation's exploration, development and mining operations

The current and future mining operations and exploration and development activities of the Corporation, particularly uranium mining, processing, sale and transport, are subject to laws and regulations governing exploration, tenure, production, worker health and safety, employment standards, mine development, mine safety, exports, imports, taxes and royalties, waste disposal, toxic substances, land claims of indigenous peoples, protection and remediation of the environment, mine decommissioning and reclamation, transportation safety and emergency response and other matters. Each jurisdiction in which the Corporation has properties regulates mining activities. It is possible that future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits, licences and approvals applicable to the Corporation or its projects, the implementation of which could increase costs of the Corporation and have a material and adverse impact on the Corporation's current mining operations or planned development projects.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies, and any change in these regulations or policies may have a negative impact on the Corporation's business or financial condition.

Mineral exploration and the development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending on the location of the project, involve multiple governmental agencies. The receipt, duration, amendment or renewal of such approvals, licences and permits are subject to many variables outside the Corporation's control, including potential legal challenges from various stakeholders such as environmental groups, nongovernmental organizations, aboriginal groups or other claimants. The costs and delays associated with obtaining necessary approvals, licences and permits and complying with these approvals, licences and permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or approvals, licences or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations, or material fines, penalties or other liabilities.

The Corporation may not be able to enforce its legal rights

In the event of a dispute arising at the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in Canada. The Corporation may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a material and adverse impact on the Corporation's business, prospects, financial condition and results of operations.

Litigation risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Corporation's financial position and results of operations.

Risks related to the Corporation's business and operations

If production costs increase or if the Corporation is unable to obtain key supplies or services, this could impact production and result in changes to the reserve and resource estimates of the Corporation

Changes in the Corporation's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials (including sulphuric acid), personnel costs and energy. Changes in the costs of the Corporation's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability and/or reserve and resource estimates. Many of these factors may be beyond the Corporation's control.

The significant expansion of oil and gas and mineral exploration in recent years has significantly increased demand for drilling operators and drill rigs. No assurance can be given that the Corporation will in the future be able to secure drill rigs and their operators in a timely manner in order to meet current exploration program and operation schedules in the countries in which it operates or that such operators will be able to perform their drilling services in a timely manner. As well, the cost of securing drilling services may be materially higher than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, this may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows.

Acquisitions and integration

From time to time, the Corporation examines opportunities to acquire additional mining assets and businesses. Any acquisition that the Corporation may choose to complete may be of a significant size, may change the scale of the Corporation's business and operations, and may expose the Corporation to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate the acquired operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Corporation has committed to complete the transaction and established the purchase price or exchange ratio; a material orebody may prove to be below expectations; the Corporation may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing

anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Corporation's ongoing business and its relationships with employees, customers, suppliers and contractors; and the acquired business or assets may have unknown liabilities which may be significant. In the event that the Corporation chooses to raise debt capital to finance any such acquisition, the Corporation's leverage will be increased. If the Corporation chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Corporation may choose to finance any such acquisition with its existing resources. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

The Corporation is dependent on its relations with third party service providers

The Corporation's operations depend on products and services provided by third parties, including contractors, surveyors and consultants. In particular, Betpak Dala, Karatau and Kyzylkum are heavily reliant on services provided by Kazatomprom. Most of the services used in production at the Akdala, South Inkai and Karatau Mines and the Kharasan Project are either purchased or leased from Kazatomprom or companies owned or associated with Kazatomprom. The provision of services by Kazatomprom may mean that actual or potential conflicts of interest arise between the joint venture parties and that the Corporation does not obtain the most competitive prices for services provided to the Corporation by Kazatomprom. Also, if there is a breakdown in relations with Kazatomprom or if there is any interruption to the products or services provided by Kazatomprom or other third parties, the Corporation's business and operations may be adversely affected, and the Corporation may be unable to find adequate replacement products or services on a timely basis or at all. This, in turn, could have a material and adverse effect on the profitability, results of operations and financial position of the Corporation.

No assurance can be given that estimates of commodity prices and exchange rates used in feasibility studies will actually be realized

The estimates of commodity prices and the currency exchange rates used in the Corporation's technical reports and/or feasibility studies are based on conditions prevailing at the time of writing of such reports. These conditions can change significantly over relatively short periods of time and, as such, there can be no assurance that the estimates of uranium prices and currency exchange rates used in such reports will remain accurate.

The Corporation does not hedge a material amount of its future uranium production and is exposed to changes in the market price of uranium

The prices negotiated with respect to certain sales contracts entered into by the Corporation in relation to production are market-related at the time of delivery with escalating floor prices and without any upper limit on price which may expose the Corporation to movements in the market price of uranium, except for one contract which stipulates an upper limit of US\$103 per pound (subject to escalation). The Corporation currently has fixed price contracts (subject to escalation) for approximately 4.9 million pounds of uranium.

In addition, the Corporation currently does not hedge a material amount of its future uranium production although it may engage in additional hedging activities in the future. Hedging activities would be intended to protect the Corporation from fluctuations in the price of uranium and to minimize the effect of declines in uranium prices on results of operations for a period of time. Although hedging activities may protect the Corporation against lower uranium prices, they may also limit the price that can be realized on uranium

that is subject to forward sales and call option contracts where the market price of uranium exceeds the uranium price in a forward sale or call option contract.

The Corporation may be unable to hire and retain qualified personnel

The Corporation's success depends to a significant degree upon the contributions of qualified technical personnel. Its future success will depend in large part upon its ability to attract and retain highly skilled personnel (in particular with respect to Kazakhstan, where the Betpak Dala, Kyzylkum and Karatau Joint Ventures are subject to requirements that they employ a certain minimum number of Kazakh employees). Non-compliance with this requirement may be considered grounds for termination of the Corporation's subsoil use contracts. Competition for personnel in the industry in which the Corporation operates is intense, and the Corporation may not be successful in attracting and retaining qualified personnel locally or in obtaining the necessary work permits to hire qualified expatriates. Its inability to do so in the future may materially and adversely affect its business, prospects, financial condition and results of operations, and its ability to comply with the employment requirements of its mining contracts.

The Corporation's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business, and certain risks are uninsured or uninsurable

While the Corporation may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Corporation cannot insure or against which it may elect not to insure. Further, the legislation of Kazakhstan requires insuring property interests located in Kazakhstan with Kazakh insurers only, and limits the amount of risk that may be re-insured abroad. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Corporation and potentially its financial condition and results of operations.

No assurance can be given that the Corporation's insurance will be available at economically feasible premiums or at all, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

Any uncertainties in the Corporation's title to any of its material properties may result in future losses or additional expenditures

The Corporation's rights to explore and extract minerals from its material properties are, to the best of its knowledge, other than as set out below, in good standing. No assurance can be given, however, that the Corporation will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdictions in which the Corporation operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, aboriginal peoples or other claimants. In May 2009, the Corporation became aware that the Kazakh authorities were conducting an investigation into certain of the activities of Kazatomprom, the Kazakh state-owned enterprise which is a participant in Betpak Dala, Kyzylkum and Karatau. The former President of Kazatomprom was charged and tried with respect to certain activities. In March 2010, the former President of Kazatomprom was found guilty of misappropriation and bribery and was sentenced to 14 years in prison. It is expected that he will appeal the decision. According to media reports, additional investigations are ongoing against the former President of Kazatomprom. The terms of reference of these investigations and the trial were not disclosed but the

Corporation, Betpak Dala and Kyzylkum have cooperated with the Kazakh authorities in their investigations. Although the Corporation believes that acquisitions in Kazakhstan by Uranium One and its predecessor companies were completed in accordance with the requirements of Kazakh law, and all transactions were approved by the Kazakh authorities and although the Corporation is not currently aware of any other existing title uncertainties with respect to any of its material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition. No assurance can be given that title to the Corporation's properties will not be challenged, encumbered or revoked in the future.

The Corporation holds its interests in the Akdala Mine, the South Inkai Mine, the Kharasan Project and the Karatau Mine through three joint venture agreements

The rights and obligations of the Corporation in relation to each of its uranium projects in Kazakhstan are set forth in the constitutive documents of the Corporation's Kazakh joint ventures. The Corporation indirectly owns a 70% interest in Betpak Dala, the entity that holds the right to the Akdala Mine and South Inkai Mine. Betpak Dala is overseen by a supervisory board on which the Corporation holds three-fifths of the available seats. The Corporation indirectly owns a 30% interest in Kyzylkum, the entity that holds the rights to the Kharasan Project. Kyzylkum is overseen by a supervisory board on which the Corporation holds two-sevenths of the available seats (the other joint venture participants in the Kyzylkum Joint Venture hold two-sevenths and three-sevenths of the seats, respectively). The Corporation indirectly owns a 50% interest in Karatau, the entity that holds the rights to the Karatau Mine. Karatau is overseen by a supervisory board on which the Corporation holds 50% of the available seats. In Kazakh joint ventures decisions made by the supervisory boards generally require a simple majority vote; however, except with respect to Karatau, certain material decisions require unanimous consent, which means that consensus must be reached between participants. In Karatau, the Chairman of the Supervisory Board holds the casting vote, and that position is rotated between the joint venture participants every year. As a result, the Corporation is not able to exert a controlling influence over strategic and major operational decisions that could be made in respect of the Kazakh joint ventures. In addition, since decisions to pay dividends to the joint venture partners require the unanimous consent of all the joint venture partners, the Corporation is not able to exert a controlling influence over decisions to pay dividends to the joint venture partners such as the Corporation. Accordingly, any dispute with the Corporation's joint venture partners may adversely affect the operation of the projects which, in turn, could materially and adversely affect the Corporation's operations, financial condition and results of operations.

Dividend payments from our Kazakh joint ventures are a significant source of cash inflow for the Corporation

The Corporation expects that dividend payments from its Kazakh joint ventures will continue to be the principal source of its cash inflows for the foreseeable future. The operations of the Corporation's Kazakh joint ventures are subject to numerous significant risks which are detailed herein. If the ability of the Corporation's Kazakh joint ventures to conduct operations or to pay dividends to the Corporation is materially affected by any of the risk factors detailed herein or by any other factors, the Corporation will not be able to make payments of interest or principal on its indebtedness or its ability to do so is likely to be materially adversely affected.

The Corporation's assets in Kazakhstan have been subject to security interests which, if exercised, may result in the loss or reduction of the Corporation's interest in such assets

Jeffcott Group Ltd. (“Jeffcott”) has a security interest over the ordinary shares of the Corporation’s indirect wholly-owned subsidiary UrAsia London Limited (“**UrAsia London**”) held by the Corporation’s indirect wholly-owned subsidiary UrAsia Energy Holdings Ltd. (formerly UrAsia Energy (BVI) Limited) (“**UrAsia Holdings**”) which secures certain contingent payments due to Jeffcott under the acquisition agreement relating to the acquisition by UrAsia of 100% of the ordinary shares of UrAsia London. If UrAsia Holdings were to default on its obligations to make these payments under such acquisition agreement, Jeffcott could attempt to realize its security and UrAsia Holdings could lose its interest in the ordinary shares of UrAsia London, and consequently, its indirect interest in Kyzylkum and the Kharasan Project. See “*Description of the Business – Material Properties – Kharasan Project – Encumbrances*”.

As security for the obligation of UrAsia Holdings to make future contingent payments to Widley Worldwide Inc. (“**Widley**”) under the acquisition agreement relating to the acquisition of 100% of the shares of the Corporation’s indirect wholly-owned subsidiary Deanco Limited (“**Deanco**”) by UrAsia Holdings (by which agreement UrAsia Holdings acquired an interest in Betpak Dala), Widley has a security interest over all of the ordinary shares of Deanco, over the 70% interest of Deanco’s wholly-owned subsidiary Kazakhstanskaya Investitsionnaya Gruppa Astana LLP (“**Astana**”), in Betpak Dala and over UrAsia Holding’s share of uranium products from the Akdala Mine and the South Inkai Mine. If Widley were to attempt to realize on its security, UrAsia Holdings could lose any or all of those assets and its indirect interest in the Akdala Mine and the South Inkai Mine. See “*Description of the Business – Material Properties – Akdala Mine– Encumbrances*” and “*Description of the Business – Material Properties – South Inkai Mine – Encumbrances*”.

Pursuant to the agreement for the Karatau Acquisition, Effective Energy N.V. has the right to repurchase the 50% participatory interest in Karatau that it sold to the Corporation, by returning to the Corporation the purchase price paid by the Corporation for the Karatau Acquisition, if within 12 months of the completion of the Karatau Acquisition: (i) any of the Akdala, South Inkai or Kharasan subsoil use contracts shall be terminated or suspended for a continuous period of 6 months; (ii) any of Betpak Dala or Kyzylkum shall be involuntarily terminated, liquidated or wound-up; or (iii) any permit required under any of the Akdala, South Inkai or Kharasan subsoil use contracts to extract, process or sell uranium is involuntarily terminated or suspended for a continuous period of 6 months (not counting a permit that expires in accordance with its terms where it has been renewed or replaced). Pursuant to the same agreement, the Corporation has the right to sell back to Effective Energy N.V. the 50% participatory interest in Karatau that it bought from Effective Energy N.V., in exchange for the return of the purchase price paid by the Corporation for the Karatau Acquisition, if at any time within 12 months of the completion of the Karatau Acquisition: (i) the Karatau subsoil use contracts shall be terminated or suspended for a continuous period of 6 months; (ii) Karatau shall be involuntarily terminated, liquidated or wound-up; or (iii) any permit required under the Karatau subsoil use contracts to extract, process or sell uranium is involuntarily terminated or suspended for a continuous period of 6 months (not counting a permit that expires in accordance with its terms where it has been renewed or replaced). See “*Description of the Business – Material Properties – Karatau Mine– Encumbrances*”.

Any loss by the Corporation of its interest in any of these mines could have a material and adverse effect on the Corporation’s business and operations, financial position and results of operations.

The Corporation's other assets are subject to security interests which, if exercised, may result in the loss or reduction of the Corporation's interest in such assets

The Corporation's lenders under the credit agreement dated as of June 27, 2008 (as subsequently amended) between Uranium One and certain lenders, including Bank of Montreal (the "**Credit Facility**") have been or, in the case of certain of the Corporation's subsidiaries, will be, granted certain security, including security interests over the shares of a number of the Corporation's subsidiaries, including the subsidiaries which hold the Corporation's interest in its Power River Basin Projects and the Dominion Uranium Project which secure obligations under the Credit Facility. If the Corporation were to default on its obligations, the lenders could attempt to realize their security and the Corporation could lose its interest in such projects and facilities.

Any loss by the Corporation of its interest in these subsidiaries or projects could have a material and adverse effect on the Corporation's business and operations, financial position and results of operations.

The Corporation requires further licences to exploit its uranium resources

The Corporation's exploration and mining activities, including the export of uranium, are dependent upon the grant of appropriate licences, permits and consents (the "**Authorizations**"), as well as continuation of the Authorizations already granted, which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. The Corporation requires numerous further Authorizations for the conduct of its operations, particularly in relation to the Kharasan Project and its projects in the United States. There can be no assurance that all necessary Authorizations will be granted to the Corporation, or that Authorizations already granted will not be withdrawn or made subject to limitations.

The Government of Kazakhstan is entitled to purchase and requisition uranium from licence holders at prices not exceeding world market prices

The Government of Kazakhstan possesses the pre-emptive right to purchase part or all of the uranium produced at the Corporation's Akdala, South Inkai, Kharasan and Karatau properties at prices not exceeding world market prices. In addition, the Government of Kazakhstan is entitled to requisition uranium produced at these properties in the event of war, acts of nature and other emergency events. In such an event, the Government must provide compensation for the requisitioned uranium, either in kind or by payment of its cost at the world market prices effective on the date of requisitioning. Were those rights to be exercised, the Corporation could be put in a position where it would breach obligations owed to other third parties, which could materially adversely affect the Corporation's business and operations, financial position and results of operations.

The Government of Kazakhstan has a pre-emptive right to acquire a share in assets held by the Corporation or in relation to transfers of shares in the Corporation's subsidiaries

The Government of Kazakhstan has a statutory pre-emptive right, exercisable in the event that the Corporation attempts to sell or otherwise transfer (i) any subsoil use rights under its Kazakh subsoil use contracts or (ii) any shares or other equity interest in (A) a legal entity holding a Kazakh subsoil use right or (B) a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user if the main activity thereof is connected to subsoil use in Kazakhstan, to purchase such rights or equity interests on terms no less beneficial than those offered to the current purchasers. While it is unclear whether such a pre-emptive right is valid at law in respect of offshore

transactions, it purports to have extra-jurisdictional effect. Consequently, as a matter of Kazakh public policy, future acquisitions of assets and/or equity interests in such assets in Kazakhstan will be subject to such law. Furthermore, the Government of Kazakhstan has the unilateral right to terminate a subsoil use contract for a violation of its pre-emptive right. Accordingly, the Government of Kazakhstan will be able to enforce extra-territorial breaches of its pre-emptive right by terminating the underlying subsoil use contract in the event of any such breach. In the event that the Government of Kazakhstan exercises its pre-emptive rights in respect of any transfer of subsoil use rights or related equity interests within, to or from the Corporation, such exercise may have a material adverse effect on the Corporation, its financial position, results of operations and the trading price of the common shares.

The Corporation's mineral rights in Kazakhstan may be terminated if the Corporation's joint venture entities do not comply with the terms of the applicable subsoil use contract

In Kazakhstan, mineral title (subsoil use rights) is granted by means of a contract entered into with the MEMR (now the MINT) which grants rights for the exploration and/or production of minerals. Such contracts (and any amendments thereto) are required to be registered with the MEMR (now the MINT) and are subject to numerous terms and conditions related to, among other things, drilling obligations, investments, use of Kazakh personnel and services, tax obligations, insurance coverage, environmental monitoring and mineral (uranium) production. If Betpak Dala (the joint venture entity in respect of the Akdala Mine and the South Inkai Mine), Kyzylkum (the joint venture entity in respect of the Kharasan Project) or Karatau (the joint venture entity in respect of the Karatau Mine) were to be in breach of such obligations under the applicable subsoil use contract, or if those contracts are not properly registered with the MEMR (now the MINT), those contracts could be suspended or terminated with a resultant loss of the Corporation's interests in the underlying properties which, in turn, could have a material and adverse effect on the Corporation's business, financial position and results of operations. No assurance can be given that the MINT would not take action to suspend or cancel the above-mentioned contracts as a result of any alleged breaches. Although the Corporation would intend to seek waivers of any breaches of or the renegotiation of the terms of these commitments, no assurance can be given that it would be successful in doing so.

The Government of Kazakhstan has recently introduced, but not yet passed, legislation to amend the legislation governing the subsoil contracts which, among other things, would require any disputes under such contracts to be determined by the Courts of Kazakhstan.

Karatau may be required to supply some of its production to Russian users

Karatau is identified in the Comprehensive Program of Russian-Kazakh Cooperation in the Area of Peaceful Use of Nuclear Energy dated December 7, 2007 adopted by Rosatom and the MEMR (the "**Comprehensive Program**"). This Comprehensive Program provides that in order to cover the demand of Russian reactors for natural uranium, Kazakh entities, including Karatau, may be required to supply in the territory of Russian Federation a total aggregate production volume from Kazakhstan uranium mines of at least 6,000 tonnes of uranium per year. There is no requirement for Kazakhstan under any contract with Karatau (including the Karatau subsoil use contract) to do so currently, but implementing the Comprehensive Program may lead to the imposition of requirements on the uranium mines in Kazakhstan including the Karatau Mine to supply some of its production to Russian consumers in order for Kazakhstan to implement the Comprehensive Program. In such event, the Corporation may be unable to fulfill its obligations under its uranium delivery contracts or any of them.

The mineral rights for the Dominion Uranium Project may be suspended or cancelled while the project is on care and maintenance

The Corporation continues to incur care and maintenance expenditures at the Dominion Uranium Project in order to comply with its obligations under applicable South African legislation and to keep critical mining and plant infrastructure in satisfactory condition while the Corporation explores strategic alternatives for the project.

No assurance can be given that the Corporation's mineral rights and, in particular, its mining rights will not be suspended or cancelled as a result of the decision to place the Dominion Uranium Project on care and maintenance. Any such suspension or cancellation could limit the strategic alternatives available for the project. Although the Corporation would intend to dispute any such suspension or cancellation, no assurance can be given that it would be successful in doing so.

Risks related to the countries in which the Corporation operates

Risks of operating in Kazakhstan

The Corporation is currently dependent upon its exploration, development and production properties in Kazakhstan and any adverse development affecting those properties or their interests, licenses and permits relating thereto may have a material adverse effect on the Corporation, its businesses, prospects, assets, results of operations and condition (financial or otherwise).

The Corporation's exploration, development and production activities in Kazakhstan currently account for a majority of its assets and all of its revenue. Any adverse condition affecting mining, development or exploration conditions in Kazakhstan could be expected to have a material adverse effect on the Corporation and its businesses, assets, prospects, results of operations and condition (financial or otherwise).

The Corporation's Kazakh joint ventures have entered into contracts with the Government of Kazakhstan or obtained permits or concessions from the Government of Kazakhstan that enable them to conduct operations or development and exploration activities. Notwithstanding these arrangements, the Corporation's ability to conduct operations or development and exploration activities is subject to changes in government regulations or shifts in political attitudes over which the Corporation has no control.

There can be no assurance that industries deemed of national or strategic importance to Kazakhstan such as mineral production will not be nationalized. Government policy may change to discourage foreign investment, renationalization of mining industries may occur and other government limitations, restrictions or requirements not currently foreseen may be implemented. There can be no assurance that the Corporation's assets in Kazakhstan will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by any authority or body. Similarly the Corporation's operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation, mine safety and annual payments to maintain mineral properties in good standing. There can be no assurance that the laws of Kazakhstan protecting foreign investments will not be amended or abolished or that these existing laws will be enforced or interpreted to provide adequate protection against any or all of the risks detailed above. There can be no assurance that any agreements with the government of Kazakhstan will prove to be enforceable or provide adequate protection against any or all of the risks described above.

The political and economic environment in Kazakhstan presents a number of serious risks.

The Corporation's principal mineral properties are located in Kazakhstan and, as such, the Corporation is subject to political and economic risk, including:

- corruption, requests for improper payments or other actions that may violate Canadian and United States foreign corrupt practices acts, uncertain legal enforcement and physical security;
- competition with companies from countries that are not subject to or do not follow Canadian and United States laws and regulations;
- invalidation, confiscation, expropriation or rescission of governmental orders, permits, agreements or property rights;
- the effects of local political, labour and economic developments, instability and unrest;
- currency fluctuations; and
- significant or abrupt changes in the applicable regulatory or legal climate, including limitations on mineral exports, exchange controls and export or sale restrictions, currency fluctuations and repatriation restrictions, and new regulations on taxation, mining, environmental and social issues.

Recent amendments to Kazakhstan's subsoil use legislation may increase the Kazakh Government's ability to expropriate the Corporation's properties in Kazakhstan in certain circumstances

On August 19, 2009, a resolution of the Government of Kazakhstan titled "On Determination of the List of Subsoil (Deposit) Areas having Strategic Importance" (the "**Resolution on Strategic Deposits**") came into force, whereby uranium deposits owned by Kyzylkum, Betpak Dala and Karatau (as well as 231 deposits of various minerals and hydrocarbon fields owned by third parties) were designated as strategic deposits.

Pursuant to the law "On Subsoil and Subsoil Use" (the "**Subsoil Law**"), the Government of Kazakhstan (through the MINT) may require amendments and/or revisions to a subsoil use contract if the actions of a subsoil user when conducting operations on strategic deposits have a material negative impact on Kazakhstan's economic interests and potentially constitute a threat to national security. There are no guidelines or criteria as to how to determine what is a negative impact on Kazakhstan's economic interests or what constitutes a threat to national security. Such determinations appear to be within the Government's exclusive discretion. Further, in the event that the country's economic interests are affected and there is a threat to national security, the MINT is entitled to unilaterally terminate the relevant subsoil use contract in the following instances: (i) if within a period of up to two months from the receipt of the notice the subsoil user does not give its written consent to negotiate on introduction of changes and/or additions to the terms and conditions of the subsoil contract or refuses to negotiate; (ii) if within a period of up to four months from the receipt of the subsoil user's consent the parties do not reach an agreement on the scope of those changes and/or additions; and (iii) if within a period of up to six months from the date when an agreed decision to restore the economic interests of Kazakhstan was reached but the parties do not consent in writing to the changes and/or additions to the terms and conditions of the subsoil contract. In addition, the MINT may, on two months' prior notice, unilaterally withdraw from a subsoil use contract with respect to a strategic deposit if the actions of a subsoil user when conducting operations on strategic deposits have a material negative impact on Kazakhstan's economic interests and potentially constitute a threat to national security.

As well, a new draft law “On Subsoil and Subsoil Use” was passed by the Majilis, the lower chamber of the Kazakh Parliament, and has been sent to the Senate, the upper chamber of the Parliament. It is not yet known whether the new law will be adopted and what will be contained in the new law. Changes to the law could have a material and adverse effect on the profitability, results of operations and financial position of the Corporation.

Recent developments in Kazakhstan’s local content laws may impact the Corporation’s operations in Kazakhstan

Since 2002, the Government of Kazakhstan has introduced a policy aimed at replacing imports, and using greater involvement, support and further stimulation of local producers. This policy has been further developed in 2009 when the governmental authorities elaborated the amendments to the Subsoil Law and other related laws (the “**Local Content Amendments**”) directed to increasing local content in purchase of goods, work and services by state bodies, national companies and subsoil users. The Local Content Amendments introduce a new criterion such as percentage of salary of local employees in payroll fund for calculation of a local content. In addition, a centralized system of goods, works and services used in subsoil use operations is required to be established and maintained.

The law on the Local Content Amendments does not include provisions that have retroactive effect. However, the MINT may encourage holders of subsoil use rights to agree to amendments to their subsoil use contracts aimed at incorporating new local content requirements, similar to the approach the MINT adopted when it forced many subsoil users to sign amendments to subsoil use contracts after adoption of the new Tax Code.

Recent developments in Kazakhstan’s currency regulation and currency control laws

On July 4, 2009, amendments to the Law of the Republic of Kazakhstan “On Currency Regulation and Currency Control” were adopted. These amendments are aimed at preventing possible threats to the economic security and stability of the Kazakh financial system. The President of Kazakhstan was granted with the right to establish, by way of a special President’s decree, a special currency regime which may include: (i) depositing a certain portion of foreign currency interest free in a resident Kazakh bank or the National Bank of Kazakhstan; (ii) obtaining special permission of the National Bank of Kazakhstan for currency transactions; and (iii) restricting foreign currency transfers overseas.

In general, the impact of the special currency regime is that, if imposed, it may potentially result in preventing Kazakh companies such as Betpak Dala, Kyzylkum and Karatau, from being able to pay dividends to their shareholders abroad or repatriating profits in foreign currency in full or in part. In addition, extra administrative procedures could be imposed and Kazakh companies could be required to hold a part of their foreign currency in local banks.

Investigation of Kazatomprom

As described above under “*Business of the Corporation — Recent Developments — Investigation of Kazatomprom*”, the former President of Kazatomprom was charged and tried for theft and embezzlement with respect to allegations of, among other things, stealing money from Kazatomprom from July 2003 to September 2007. In March 2010, the former President of Kazatomprom was found guilty of misappropriation and bribery and was sentenced to 14 years in prison. It is expected that he will appeal the decision. According to media reports, additional investigations are ongoing against the former President of Kazatomprom. The terms of reference of these investigations and the trial were not disclosed but the

Corporation, Betpak Dala and Kyzylkum have cooperated with the Kazakh authorities in their investigations. There can be no assurance that these matters will be completed in a timely manner, nor can there be any assurance that the results of these matters will not have a material and adverse effect on the profitability, results of operations and financial position of the Corporation, or negatively impact the Corporation's activities in Kazakhstan.

Significant improvements to local infrastructure will be required in the countries in which the Corporation operates

Expansion and development of the Corporation's uranium projects will require the financing and construction of additional infrastructure, including roads, power lines and power plants. The government of the host country may assume some costs associated with infrastructure expansion and development; however, this cannot be assured. If the Corporation is required to finance the expansion and development of infrastructure without governmental assistance, it will require significant additional capital, which may not be available or may not be available on commercially acceptable terms. If funding cannot be secured, expansion and development of the Corporation's uranium projects may be delayed or halted, which could have a material and adverse effect on the Corporation's business, prospects, financial condition and results of operations.

The Corporation's business is subject to the risks associated with operations in foreign jurisdictions

The Corporation conducts exploration, development and mining operations in a number of countries including Kazakhstan, the United States, South Africa and Australia and may in the future operate in other countries. The Corporation's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Corporation's future cash flows, earnings, results of operations, financial condition and prospects. Risks include, among others, labour disputes, arbitrary invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual obligations, foreign taxation, delays in obtaining or the inability to obtain necessary government permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, foreign exchange controls, currency devaluations, import and export regulations including limitations on uranium exports, instability due to economic underdevelopment, inadequate infrastructure and increased financing costs, changes in relation to the foreign control of mining assets; changes with respect to taxes, royalty rates, import and export tariffs, and withholding taxes on distributions to foreign investors; changes in anti-monopoly legislation or its enforcement; and interruption or blockage of the export of uranium. In addition, the Corporation may face disadvantages of competing against companies from countries that are not subject to laws, such as the Foreign Corrupt Practices Act of the United States, or restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. These risks may disrupt or limit the Corporation's operations, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that industries deemed to be of national or strategic importance such as mineral production, and in particular, uranium mining, will not be nationalized. Government policy may change to discourage foreign investment, nationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented.

Kazakhstan's foreign investment, subsoil use, licensing, corporate, tax, customs, currency, banking and anti-monopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to its parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even the Corporation's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences disproportionate to the violation. The uncertainties, inconsistencies and contradictions in the laws of Kazakhstan and their interpretation and application could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations.

Existing contracts or licences with respect to the Corporation's operations may be subject to selective or arbitrary government action

The Corporation's contracts and licences in foreign countries may be susceptible to arbitrary revision and termination. Legal redress for such actions may be uncertain, delayed or unavailable. In addition, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. In some cases, failure to follow the actions may call into question the validity of the entity or the action taken. Examples include corporate registration or amendments, capital contributions, transfers of assets or issuances or transfers of capital stock. Ensuring the Corporation's ongoing rights to uranium properties will require a careful monitoring of performance of its contracts and other licences and monitoring the evolution of the laws and practices of the countries in which the Corporation operates. Failure to comply with the terms of the necessary licences or contracts or show compliance against official records may result in their revocation which may have an adverse effect on the Corporation's operations.

The process of obtaining radioactive materials licences from the United States Nuclear Regulatory Commission allows for public participation. If a third party chooses to object to the issuance of a radioactive material licence or permit required by the Corporation, significant delays may occur before the Corporation is able to secure a radioactive material licence permit. Generally, problems arising from public participation can be overcome with the passage of time and through the procedures set out in the applicable permitting legislation. However, the regulatory agencies must also allow and fully consider public comment according to such procedures and there can be no assurance that the Corporation will be successful in obtaining any radioactive material licence or permit. The failure to obtain any required licence or permit could have a material and adverse effect on the Corporation, its prospects, financial position and results of operations.

If foreign exchange controls are imposed in Kazakhstan, it may be difficult for dividends to be paid from Kazakhstan to the Corporation

Although the Kazakh tenge is not a freely convertible currency outside of Kazakhstan, there are currently no restrictions on the exchange of Kazakh tenge for other currencies within Kazakhstan or on the repatriation of funds by companies operating within Kazakhstan. However, if foreign exchange controls are imposed by the Government of Kazakhstan, it may not be possible for Astana, Betpak Dala, Kyzylkum or Karatau to service debt obligations or to distribute any funds to their shareholders outside of Kazakhstan and could limit their ability to carry on business.

Changes in the political environment in Kazakhstan

Kazakhstan declared its independence in 1991 after the dissolution of the Soviet Union. Since Kazakhstan has little history of political stability as an independent nation, there is significant potential for social, political, economic, legal and fiscal instability. The Corporation cannot predict the possibility of any future changes in the political environment in Kazakhstan that would have an impact on Kazakh laws and regulations, their interpretation or enforcement, the effect of such changes on the Corporation's business, prospects, results of operations and financial condition. The risks include, among other things:

- local currency devaluation;
- civil disturbances;
- exchange controls or availability of hard currency;
- changes in export and transportation regulations relating to uranium;
- changes in national fiscal regulations;
- changes in anti-monopoly legislation or its exercise;
- nationalization or expropriation of property; and
- interruption or blockage of the export of uranium.

There can be no assurance that changes in the political environment will not affect governmental regulation and policy.

The Corporation's mining operations and exploration activities may be affected by political instability and governmental regulations and bureaucracy

The Corporation's mining operations and exploration activities are affected in varying degrees by political instability and governmental regulations relating to foreign investment and the mining industry. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation in Central Asia and the CIS. In certain of the countries in which the Corporation may carry on business, there may be a risk that bureaucratic requirements, processes and potentially corruption could preclude the Corporation from carrying out business activities fairly in such countries, which could have a material and adverse impact on the Corporation, its prospects, financial condition and results of operations.

The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties

All legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate. Taxes in Kazakhstan include an income tax, value-added tax, an excise tax, a social tax, a land tax, a property tax, a transport tax, as well as required contributions to various funds, duties and fees for licences.

Kazakh tax laws are not clearly determinable and have not always been applied in a consistent manner. In addition, the tax laws are continually changing and evolving. A new Tax Code (the "**Tax Code**") came into

force on January 1, 2009. Among other things, the new Tax Code reduces the corporate income tax rate from 30% to 20% for 2009, amends the basis for determining excess profits tax and replaces royalty charges with a mineral extraction tax (the “MET”). The new Tax Code also abolished the former contractual “stabilization” regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan which contain a tax stability clause. None of the Corporation’s Kazakh subsoil use contracts is a production sharing agreement or a contract approved by the President. At the request of the MEMR, Betpak Dala, Kyzylkum and Karatau have entered into discussions with the MEMR (now the MINT) and submissions have been made to the MEMR to amend the subsoil use contracts for Akdala, South Inkai, Kharasan and Karatau.

The Law “On amendments to certain legislative acts concerning taxation” was endorsed on November 16, 2009. The most notable amendments which may have impact on subsoil users include: (i) introducing new rates of the corporate tax rates for 2010-2012 at the same level as for 2009 (i.e. 20%); (ii) introducing new rates of MET for 2010-2012 at the same level as for 2009 (i.e. 22% for uranium); (iii) inclusion of the method of excess profit tax computation into the Tax Code; (iv) exclusion of subsoil users who made commercial discovery within the same area under an exploration contract from the list of signature bonus payers; and (v) introduction of a procedure for determination of quarterly payments for contracts, where historical costs are set up in foreign currency.

The inconsistent enforcement and the evolution of Kazakh tax laws create a risk of excessive payment of tax or penalties by the Corporation if it fails to comply with tax legislation.

The Corporation could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production as specified in certain of its subsoil use contracts

The taxation system in Kazakhstan is still developing. The tax risks with respect to the Corporation’s operations and investment in Kazakhstan are significant. Tax legislation is subject to different and changing interpretations as well as inconsistent enforcement at both local and state levels.

There are specific taxes, such as excess profits tax, and certain other mandatory payments of subsoil users, comprising MET and bonus (subscription bonus and commercial discovery bonus) payments. These taxes and mandatory payments are determined in the new Tax Code and the respective subsoil contracts.

Proposed amendments to the United States General Mining Law of 1872 may have an adverse effect on the Corporation’s business in the United States

Some of the Corporation’s mineral properties comprise unpatented mining claims in the United States. There is a risk that a portion of the Corporation’s unpatented mining claims could be determined to be invalid, in which case the Corporation could lose the right to mine mineral reserves contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the General Mining Law of 1872. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the General Mining Law of 1872. Unpatented mining claims are always subject to possible challenges of third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law.

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Corporation's cash flow, results of operations and financial condition.

The Corporation has experienced sulphuric acid supply constraints that affect production from its properties in Kazakhstan

Sulphuric acid supply constraints have been an issue for the Corporation and other uranium mining companies in Kazakhstan during the past two years.

It is expected that sulphuric acid supplies for the short term will be sufficient to meet production targets. To address long term supply constraints, the Corporation has established a joint venture with Kazatomprom and other parties to build a sulphuric acid plant at Zhanakorgan, which is close to Kharasan. The Corporation's ownership percentage in the joint venture is 19%. Construction of the plant is expected to be completed in 2011.

However, sulphuric acid supplies may also be impacted by logistical constraints including insufficient transshipment facilities to handle the volumes of acid and materials being unloaded within Kazakhstan.

Shortages of sulphuric acid or logistical constraints which slow down the distribution of acid may result in lower production than anticipated from Akdala, South Inkai, Kharasan and Karatau. No assurance can be given that the Corporation will be able to secure necessary supplies in a timely manner in the event of future shortages in such supplies, including sulphuric acid, in order to meet current exploration program and production schedules. As well, the cost of necessary supplies may be materially higher than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, it may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows. The failure to meet production targets under subsoil use contracts, for whatever reason, may constitute a breach of such contacts entitling the Government of Kazakhstan to terminate the contract.

Risks related to financial matters

Financial condition and liquidity

Recent disruptions in global credit and financial markets have resulted in a deteriorating economic climate. These macro-economic events have negatively affected the mining and minerals sector in general. Access to financing has been negatively impacted and while these circumstances have improved over the short term, the long term impact upon the Corporation's liquidity and its ability to raise capital required to execute its business plans going forward could be negative. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Corporation.

In response to these conditions, the Corporation has taken a number of steps to ensure it has sufficient liquidity and to reduce or defer previously planned capital and corporate expenditures, including selling its 99% interest in South Texas Mining Venture, L.L.P. (which owns the Hobson Plant), obtaining a partner to fund the development of Honeymoon, completing the private placement of the JUMI Debenture for gross

proceeds of approximately \$270 million, completing the convertible debenture offering for gross proceeds of \$260 million and implementing significant reductions in exploration expenditure and corporate costs across all operations. The Corporation will continue to re-evaluate expenditures to ensure liquidity objectives are met, but there can be no assurance that the Corporation will not face liquidity challenges.

There is a history of operating losses at the Corporation

The Corporation and its predecessors have sustained operating losses during recent fiscal years. The Corporation may continue to sustain operating losses in the future and cannot provide any assurance as to future profitability.

The Corporation's business requires substantial capital expenditure and there can be no assurance that such funding will be obtained on a timely basis, or at all

The development and operation of mines requires a substantial amount of capital. Such capital requirements relate to the costs of, among other things, acquiring mining rights and properties, obtaining government permits, exploration and delineation drilling to determine the underground configuration of a deposit, designing and constructing the mine and processing facilities, purchasing and maintaining mining equipment and complying with financial assurance requirements established by various regulatory agencies for the future restoration and reclamation activities for each project. In addition, the Corporation may incur unanticipated liabilities or expenses. The Corporation will accordingly have further capital requirements as it proceeds to expand its present mining activities and operations or to take advantage of opportunities for acquisitions. There can be no assurance that the Corporation will be able to obtain necessary financing on a timely basis on acceptable terms, or at all. Volatile demand for uranium and the volatile price for U_3O_8 may make it extremely difficult for the Corporation to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its uranium projects with the possible loss of the rights to such properties. If exploration or the development of any mine is delayed, such delay would have a material and adverse effect on the Corporation's business, financial condition and results of operations.

The Credit Facility will expire in June, 2010 and must be repaid if it is not extended and there is no guarantee the Credit Facility will be replaced

There is currently an outstanding amount of approximately US\$90 million under the Credit Facility, a letter of credit facility agreement between Uranium One and Bank of Montreal dated January 18, 2010, and certain other senior indebtedness of the Corporation. The Credit Facility is repayable on June 27, 2010, and the repayment date may be extended, if needed, to June 27, 2011, with lenders' consent. There is no assurance that the lenders will consent to an extension if one is requested by Uranium One or if one is granted it will be granted on acceptable terms. There is also no assurance that the Credit Facility will be replaced or, if it is replaced, that it will be replaced on acceptable terms. If the Credit Facility is not extended or replaced, all outstanding amounts due thereunder will have to be paid by the Corporation with either cash on hand or by raising capital in debt or equity markets.

Uranium One's ability to raise capital is highly dependent on the commercial viability of its projects and the underlying price of uranium, and there is no assurance that additional sources of funding, if required, will be forthcoming.

The JUMI Debenture may be redeemed prior to its maturity date

The JUMI Debenture may be redeemed at any time after January 5, 2012. If the JUMI Debenture is redeemed prior to its maturity date, the Corporation may not have sufficient cash on hand to satisfy its obligations thereunder and may have to raise capital in debt or equity markets. Uranium One's ability to raise capital is highly dependent on the commercial viability of its projects and the underlying price of uranium is no assurance that additional sources of funding, if required, will be forthcoming.

Fluctuations in the value of local currencies against the U.S. dollar and the Canadian dollar may materially adversely affect the Corporation's results of operations

Currency fluctuations may affect the costs that the Corporation incurs at its operations which may adversely affect the Corporation's cash flows, results of operations and financial condition. Uranium is sold throughout the world at prices set principally in U.S. dollars, but the majority of the Corporation's expenditures are, and will continue to be, incurred in non-U.S. dollar currencies including Kazakh tenge, South African Rand, Australian dollars and Canadian dollars. The appreciation of non-U.S. dollar currencies in those countries where the Corporation has exploration and mining activities would increase the costs of uranium production at such operations which could materially and adversely affect the Corporation's margins and profitability, results of operations and financial condition, and may limit the Corporation's ability to carry on its development and production activities or any exploration activities.

Recently, the outstanding amount on the 2011 Convertible Debentures increased, in U.S. dollar terms, mainly as a result of the 14% strengthening of the Canadian dollar against the U.S. dollar for the year ended December 31, 2009. The 2011 Convertible Debentures are denominated in Canadian dollars.

The currency of Kazakhstan, the Kazakh tenge, is not freely convertible and the exchange rate at which tenges can be exchanged for U.S. dollars is set by the Government of Kazakhstan from time to time. In February of 2009, the National Bank of Kazakhstan announced that it would cease to maintain the tenge within the previous exchange rate of 117 to 123 tenge to the U.S. dollar and suggested that the rate be set to between 145 and 155 tenge to the U.S. dollar. This effective 25% devaluation of the tenge resulted in unrealized foreign exchange gains of \$63.8 million for the Corporation for the year ended December 31, 2009. Further changes in the exchange rate of the tenge into U.S. dollars may materially affect the Corporation's financial results.

The Corporation currently does not hedge against currency exchange risks, although it may do so from time to time in the future.

Risks Relating to the Common Shares

Shareholders' interest in the Corporation may be diluted in the future

The Corporation may require additional funds to fund the Corporation's exploration and development programs and potential acquisitions. If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders.

The Corporation may issue additional common shares in the future to raise capital or on the exercise of outstanding stock options and warrants

Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Corporation's securities. A decline in the market prices

of the Corporation's securities could impair its ability to raise additional capital through the sale of new common shares should the Corporation desire to do so.

The market price for common shares cannot be assured

Securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

The trading price of the common shares has been, and may continue to be, subject to large fluctuations and, therefore, the value of any of the Corporation's securities convertible into, or exchangeable for, common shares may also fluctuate significantly, which may result in losses to investors. The trading price of the common shares and, if applicable, any securities exercisable for, convertible into, or exchangeable for, common shares may increase or decrease in response to a number of events and factors, both known and unknown.

In addition, the market price of the common shares is affected by many variables not directly related to the Corporation's success and are, therefore, not within the Corporation's control, including other developments that affect the market for all resource sector securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares on the exchanges on which the common shares trade has historically made the Corporation's share price volatile and suggests that the Corporation's share price will continue to be volatile in the future.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's profitability and reputation.

The Corporation has never paid dividends and may not do so in the foreseeable future

The Corporation has never paid cash dividends on its common shares. Currently, the Corporation intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any common shares in the foreseeable future. The Corporation's dividend policy will be reviewed from time to time by the board of directors.

4.3 Material Properties

Mr. M.H.G. Heyns, Pr.SCI.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President of Uranium One, is the qualified person who prepared or supervised the preparation of the information that forms the basis of the scientific and technical disclosure on the Corporation's mineral properties contained in this Annual Information Form.

4.3.1 Akdala Mine

The Akdala Mine is an operating in-situ recovery ("ISR") uranium mine located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. Betpak Dala, a 70% owned indirect subsidiary of the Corporation, owns a 100% interest in the Akdala Mine pursuant to a

contract (the “**Akdala Contract**”) dated March 28, 2001 (as subsequently amended) with the MEMR and Kazatomprom. The remaining 30% interest in Betpak Dala is owned by Kazatomprom. The Akdala Contract confers upon Betpak Dala the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Akdala Mine until March 28, 2026. The Akdala Mine is operated by Betpak Dala.

The Akdala Mine has been in production since January 2004.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Akdala Mine is derived from the independent technical report titled “Technical Report on the Akdala Mine, Kazakhstan” dated March 21, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of Roscoe Postle Associates Inc. (now known as Scott Wilson Roscoe Postle Associates Inc. - “**RPA**”) (the “**Akdala Report**”). The authors of the Akdala Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Akdala Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Akdala Report which is available for review on SEDAR under the profile for UrAsia Energy Ltd. located at the following website: www.sedar.com.

Property Description and Location

The Akdala Mine is located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. The property is comprised of three non-contiguous adjacent blocks, totalling 31.54 km² and centered on Longitude 68°37'E, Latitude 45°30'. The Akdala Contract gives Betpak Dala the right to mine uranium deposits to a depth of 220 m.

The Akdala Contract

The Akdala Contract dated March 28, 2001 and made between MEMR and Kazatomprom (subsequently assigned to Betpak Dala) sets out Betpak Dala's rights and obligations with respect to the Akdala Mine. The Akdala Contract was first amended on May 23, 2002 to reflect changes in the Kazakhstan tax code regarding the rates of royalties, value added tax, social tax and payments of pension contributions. It was amended on June 7, 2004 to replace Kazatomprom with Betpak Dala, then on April 25, 2005 to reflect changes in the tax code, and it was last amended on December 29, 2006 to reflect further changes to its working program. Kazatomprom transferred to Betpak Dala the rights and obligations under the Akdala Contract pursuant to the amendment No. 1423 dated June 7, 2004 to the Akdala Contract.

The Akdala Contract is valid for a period of 25 years commencing on March 28, 2001 and expiring on March 28, 2026. This period consists of an exploration period of five years that commenced on March 28, 2001 and expired on March 27, 2006 and a production period of 20 years. The term of the Akdala Contract may be extended by the mutual agreement of the parties, and upon such renewal, the terms and conditions of the agreement may be changed by written agreement between the parties. The Akdala Contract may not be assigned, nor can the subsoil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

Pre-emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the right to requisition uranium from the Akdala Mine in times of war, natural disaster or as set out in force majeure legislation, subject to compensation calculated by reference to the market price.

The Republic of Kazakhstan also has a priority right to purchase up to 10% of the annual production volume of uranium from the Akdala Mine at prices not exceeding the world market price of uranium. However the Akdala Contract does not provide a formula or guidelines for calculating the annual production volume or the world market price.

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Betpak Dala's interest in the Akdala Contract.

Payments to the Government of Kazakhstan

The Akdala Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Akdala Contract, Betpak Dala is required to make a further payment of approximately US\$1,500,000 in equal quarterly instalments commencing on January 1, 2008 and ending on December 31, 2017 to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

Betpak Dala is required to make a fixed payment to the Government of Kazakhstan of 0.05% of the value of approved extractable reserves (i.e. reserves approved by the Kazakhstan Government Commission on Mineral Reserves) as a commercial discovery bonus upon each commercial discovery within the area covered by the terms of the contract that results in an increase to the previously approved extractable reserves. This commercial discovery bonus was paid on August 23, 2004. The Akdala Contract does not provide a formula or further guidelines for calculating this bonus.

Mineral Extraction Tax/Royalty Payments

Under the new Tax Code, royalty payments were replaced with a MET which is a tax on production costs. The MET is based upon the wellfield production costs factored up by 120%. The MET is 22% of the factored costs for 2010 to 2012.

Taxation and General Stability

The new Tax Code also abolished the former contractual "stabilization" regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan which contain a tax stability clause. While the Akdala Contract contains a tax stability clause, the Corporation does not believe that it is effective any more as a result of the new Tax Code. None of the Corporation's Kazakh subsoil use contracts is a production sharing agreement or a contract approved by the President.

For information on certain risks relating to taxation, see *"Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties"*

Social Obligations

The Akdala Contract contains various social obligations for the benefit of its employees. These social obligations include investing at least 0.05% of Betpak Dala's operating expenses per annum in training programs for its Kazakh employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the Akdala Mine whenever possible provided that such goods and services are competitive with those that are available outside Kazakhstan and are of at least comparable quality. Currently most services are supplied not by Kazatomprom itself, but by its affiliates. The Akdala Contract does not provide for specific thresholds as to procurement from Kazakh businesses.

Dispute Resolution

To the extent that there are any disputes that cannot be resolved through negotiations between Betpak Dala and the Government of Kazakhstan, the Akdala Contract provides that these are to be submitted to the courts of Kazakhstan rather than to an independent international arbitration body.

Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to a share purchase agreement dated November 7, 2005 (the “**Akdala and South Inkai Acquisition Agreement**”) whereby Widley sold its 100% interest in Deanco to UrAsia Holdings for a price of US\$350,000,000. Deanco owns all of the outstanding shares of Astana, which owns a 70% interest in Betpak Dala. Under the Akdala and South Inkai Acquisition Agreement, Widley is also entitled to a bonus payment equal to 70% of 6.25% (being an effective rate of 4.375%) of the weighted average spot price per pound of U_3O_8 for the month in which the reserves are discovered for all Russian C1 and C2 category reserves on the South Inkai Mine in excess of 66,000 t U, expressed in pounds of U_3O_8 , that are discovered after November 7, 2005, payable no later than 60 days following the end of the applicable fiscal year. The payment of these bonuses is secured by (i) the pledge to Widley of a portion of Betpak Dala’s share of uranium products from the Akdala Mine and the South Inkai Mine; (ii) the pledge to Widley of Astana’s participatory 70% interest in Betpak Dala; (iii) the pledge to Widley of all of the issued ordinary shares of Deanco.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is accessible by a 240 km road which runs northeast from Suzak, and by a 470 km road from Shymkent. The railway passes through Taukent. The closest airports with scheduled local service are at Shymkent or Kyzylorda.

The Stepnoye Mining Company town site, Kyzylshek, 45 km south of the mine, provides housing for the workers and their families for all the nearby mining activities. A 35 kV power line is connected to the site. Both plant and potable water is obtained from the local aquifers.

On site are several office buildings, a cafeteria, a work shop, and a processing plant with associated pregnant and barren solution ponds, well fields, and pump houses connected with the ISR operation.

The property is located in the Betpak-Dala desert plateau with elevations of 245 m to 265 m. The ground consists of extensive sand deposits. There are no significant rivers in the area and vegetation is limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 170 mm, occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -40°C in January to 40°C in July. The climate does not unduly affect production, although during extreme cold, if the solutions are not continually pumped, there is a chance of freezing the pipes and losing production until the pipes are thawed.

History

In 1956, geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium ore to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young uplifted mountains adjacent to the basin. Drilling in the region began in 1961 and resulted in the discovery of a few small deposits, and in 1963 Uvanas was discovered (8,100 tons of uranium reserves as of 2004). The Mynkuduk deposit, which extends over a 65 km length, was explored between 1975 and 1989. The Inkai deposit, which covers an area of 55 km in length and up to 17 km wide, was explored between 1976 and 1991. Inkai Joint Venture (a joint venture between Cameco Corporation and Kazatomprom) and Betpak Dala are both actively mining in the Inkai deposit.

Akdala was initially discovered in 1982 as part of the Mynkuduk deposit, which was actively explored during the period 1982 to 1987. The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Exploration work included the implementation of a pilot plant for the ISR of the uranium which resulted in the extraction of 1,027.7 tonnes (2.67 million lbs) of uranium over a period of two years and three months. The mine commenced official production in January 2004.

Geological Setting

Regional Geology

The Akdala deposit is located in the Chu-Sarysu depression which represents a large Cretaceous age basin up to 250 km wide and which extends northward for more than 1,000 km from the foothills of the Tien Shan Mountains. The basin is underlain by folded Proterozoic and Early Paleozoic formations which flank the basin and are exposed at the southwest margin, where the Karatau Mountains separate the Chu-Sarysu basin from the parallel Syrdarya basin. The platform sediments are continental sediments up to 320 m thick and marine Palaeogene sediments of up to 200 m that are overlain by red-coloured sandy-clay Oligocene to Quaternary sediments.

The basin is an asymmetric syncline with a broad gently sloping northeast limb and an uplifted south limb which form the Karatau Mountains. The axis of the basin is parallel to its southwest margin.

Property Geology

The mineralized horizons extend for over 45 km along strike. As the mineralized horizons occur as sinuous structures, the lineal length is much greater. The property covers a minimum strike length of approximately 25 km and is underlain by Cretaceous to Cenozoic sediments, predominately sands, with occasional pebble and gravel layers, clay and loamy soils up to 190 m thick. The sediments are gently dipping to the southeast. The Jalpak horizon is host to the main body of mineralization. The various plans and sections observed by RPA do not indicate the presence of any significant faulting.

The lower Jalpak horizon consists of medium-grained grey sand and gravel with an average of 85% silica content. Thickness varies from 15 m to 20 m. The upper horizon consists of fine- to medium-grained sands, intercalated with mottled clays up to 2 m in thickness and densely cemented carbonaceous sandstones. Thickness of the upper horizon varies from 40 m to 45 m. Organic content varies between 0.05% and 0.5%.

Exploration

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is disclosed under the heading “*History*” above. Exploration consisted of diamond drilling to discover mineralization at depths of 100 m to 250 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections which were originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, approximately 1.0 km apart, with widely spaced drill holes approximately 200 m apart on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

Mineralization

Mineralization on Akdala occurs at depths varying between 136 m to 190 m over a distance of 25 km. The Jalpak horizon hosts the two main deposits, Blizhnii and Letnii, which contain 97% of the indicated resources and 90% of the inferred resources and all of the probable reserves. At least one other mineralized occurrence has been discovered to date on this horizon. The mineralized body I7, hosted in the finer grained Intymak horizon at a depth of 70 m to 90 m contains approximately 10% of the inferred resources. Mineralization has also been intersected in widespaced drilling on the Mynkuduk horizon in three areas at a depth of about 220 m. The number 1 Deposit in the Blizhnii mine area is currently in production from several resource blocks. Production from the Letnii area is expected to commence in 2011.

Roll fronts are continuous along strike and have widths from 30 m to 60 m. The uranium content varies from 0.01% to 0.3% uranium with an overall average of 0.058% uranium. Thickness varies between 0.5 m to 12 m at the thickest part of the roll front, averaging 7 m.

The principal ore minerals are pitchblende (36%) and coffinite (64%), often accompanied by selenium, rhenium, yttrium, molybdenum, arsenic, and phosphorus.

Drilling

The Corporation has not carried out any historical exploration drilling on the property. Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan, and other entities. Rotary mud drilling, using Russian equipment, was supplemented by core drilling using the same rigs. The core produced by these rigs was about 9 cm in diameter. About 50% to 70% of the holes drilled on the property are cored through the mineralized horizons. All holes are electrically logged.

The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Total drilling on the deposit during the period 1982 to 2003 is reported to amount to 252,531 m in 1,433 drill holes. This figure includes exploration drilling along the mineralized horizon and as such may include some drilling beyond the current licence boundaries. Stated exploration drill hole totals on the Blizhnii and Letnii deposits amount to 595 holes totalling 110,984 m and 482 holes totalling 77,871 m respectively. Total length of core recovered is reported to be 2,868 m. In addition, 49 hydrological holes totalling 8,652 m were completed on the two deposits and 205 holes totalling 36,714 m were drilled for well field exploitation within the currently producing licence.

Sampling and Analysis; Security of Samples

The Corporation has not carried out any sampling on the property. RPA was provided with a summary of the sampling methods carried out by previous workers. Kazatomprom reports that mineralized intervals (greater than 40 microroentgens per hour) in the core portions of the holes were split in half. The sample intervals ranged in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core were sent to different laboratories for assays by chemical methods. Samples submitted for uranium and radium chemical assays for the Blizhnii deposit amounted to 4,173 samples totalling 1,994 m and 504 samples totalling 172 m for the Letnii deposit.

Mineralized core is chemically assayed for uranium, radium, rhenium, yttrium, scandium, and total rare earths. Kazatomprom reports that chemical analyses on mineralized intervals in the diamond drill holes were carried out at the Central Analytical Laboratory PGO "Volkovgeologia" using the roentgen-spectral method on a fluorescent roentgen analyzer. On the entire Akdala exploration project, a total of 11,041 samples were analysed for uranium and radium. Protocols for internal standards and external control assays at other laboratories were in place. A total of 756 uranium analyses were rerun for internal control and 563 samples were submitted to other laboratories in Kazakhstan; Central Analytical Laboratory VIMS and the Central Scientific Research Laboratory KGRK. Reproducibility on both internal and external controls is shown to be well within standard limits, but RPA has not verified this statement.

All drill holes are probed with electric logs, with results including gamma counts, calliper, deviation measurements, and self potential. Chemical assay results are used to calibrate the gamma data to account for possible disequilibrium. All reserves and resource calculations are then based on calibrated gamma data.

The gamma calibration process is detailed. Each portion of approximately six sectors of the mineralized uranium roll front is assigned a specific chemical to gamma correction factor based on statistical analysis of the chemical assay data. Overall correlation between corrected gamma and chemical values is reported to be within approximately 5%. RPA has not verified this raw data associated with this statement but considers the results to be satisfactory and the data suitable for use in a database used to estimate resources and reserves.

Data Verification

RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections of the Akdala geologic database. The Akdala geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the Commission on Mineral Resources for the Republic of Kazakhstan.

Based on past experience with data collection in the USSR and the former Soviet Union, in the opinion of RPA, there is no more exhaustive process of uranium drill hole data collection and evaluation in use anywhere in the world than the process developed and used in the former Soviet Union and its now independent states, such as Kazakhstan. RPA has accepted the basic drill hole data upon which mineral reserves and resources are calculated.

Mineral Resources and Mineral Reserves

Mineral Reserves

The following table sets out the estimated attributable Mineral Reserves for the Akdala Mine as at July 31, 2006.

Akdala - Proven And Probable Mineral Reserves^(1,2,3)						
Mineralized Lens	Resource Category	Ore⁽²⁾ (tonnes)		Grade (% U)	Contained U (tonnes)	
		70% interest⁽⁴⁾	100% interest		70% interest⁽⁴⁾	100% interest
Jalpak horizon	Proven	2,786,700	3,981,000	0.057	1,589	2,270
	Probable	8,966,300	12,809,000	0.057	5,110	7,300
Total Proven and Probable Reserves		11,753,000	16,790,000	0.057	6,699	9,570

Notes:

1. Mineral reserve estimate from the Akdala Report, as subsequently updated and revised by RPA to take into consideration loss of Mineral Reserves due to production during the period July 1, 2005 to July 31, 2006, and any increase in Mineral Reserves due to the conversion of resources to reserves as the result of production drilling. RPA originally produced an estimate of Mineral Reserves as at June 30, 2005 and adjusted the statement of reserves in the Akdala Report to account for production in 2004 and the first half of 2005. As the actual recovery rate had not been provided, in the Akdala Report RPA back-calculated the tonnage for that period assuming a constant grade. As more information becomes available, the Corporation will be in a position to more accurately estimate the grade and tonnage. It is expected that the initial yield (% U) will exceed the average grade of 0.057% U and that the yield (% U) in later years will be below the average grade as the ore body is depleted.
2. RPA is of the opinion that the classification of Mineral Reserves as reported above meets the definitions of Proven and Probable Mineral Reserves as stated by NI 43-101 and defined by the CIM Standards.
3. Mineral reserves estimate does not take into account production since July 31, 2006. For recent production levels, see "Mining Operations - Historical Operations", below.
4. Represents the portion of total resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

Mineral Resources

The following table sets out the estimated attributable Mineral Resources for the Akdala Mine as at July 31, 2006.

Akdala - Indicated And Inferred Mineral Resources ^(1,2,3,4,5)						
Mineralized Lens	Resource Category	Ore (tonnes)		Grade (% U)	Contained U (tonnes)	
		70% interest⁽⁶⁾	100% interest		70% interest⁽⁶⁾	100% interest
Jalpak horizon	Indicated	12,010,600	17,158,000	0.057	6,846	9,780
	Inferred	6,778,100	9,683,000	0.062	4,214	6,020

Notes:

1. Mineral resource estimate from the Akdala Report, including mineral reserves, as subsequently updated and revised by RPA to take into consideration loss of mineral reserves due to production during the period January 1, 2004 to July 31, 2006.
2. RPA is of the opinion that the classification of Mineral Resources as reported in the table above meets the definition of Indicated and Inferred Mineral Resources as stated by NI 43-101 and defined by the CIM Standards.
3. The mineral reserves stated above are included in the total estimate of mineral resources as stated above.
4. Mineral resources are not mineral reserves do not have demonstrated economic viability.
5. Mineral resources estimate does not take into account production since July 31, 2006. For recent production levels, see "*Mining Operations - Historical Operations*", below.
6. Represents the portion of total resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

Cut-off criteria for uranium production in Kazakhstan is specified by the Government of Kazakhstan Commission on Mineral Reserves in accordance with the criteria developed in the former Soviet Union relative to the reserve calculation methodology termed "method of geological blocks", pursuant to which the cut-off grade is set at 0.01% uranium. Historically, within the former Soviet Union and its satellite states, resource recovery was much more important than the economics of recovery. Hence, cut-off criteria were set by law to maximize resource recovery with no regard for whether or not such recovery was economic. This practice remains unchanged in Kazakhstan today. It is the opinion of RPA that the cut-off criteria used for reserve/resource calculations at Akdala is too low and that some portion of the reserves/resources included in the project totals is uneconomic under current market conditions. This is particularly true for grade. The grade cut-off of 0.01% uranium does not represent an economic cut-off. Nevertheless, the total resource/reserve at Akdala is, on average, economic based on current market conditions and offers an opportunity for economic optimization should it be possible to amend or adjust the existing legislation.

RPA believes that the uneconomic portion of the Akdala reserve/resource is relatively small; probably less than 5%, and perhaps as low as 1% or 2%.

Considering that (1) the cut-off criteria has been set by legislation; (2) the reserve/resource base, on average, is economic under current market conditions; and (3) the potential correction is well within the potential margin or error for the overall calculation; RPA believes that a cut-off grade related adjustment to the reserve/resource base is not required.

Since those resources were approved by the Government of Kazakhstan Commission on Mineral Reserves, additional production drilling increased the drill hole density to 50 m centres. RPA consider that this spacing is sufficient to classify the resulting resource as measured and as it meets the criteria above, it can be classified as a Proven Reserve.

Mining Operations

Historical Operations

Akdala is an operating ISR project which produces sodium uranate, a wet yellowcake uranium product. Commercial operations commenced on January 1, 2004, following a 2.25 year pilot plant testing program conducted during the period from October 1, 2000 through to December 31, 2002. Uranium production during the pilot plant program totalled 1,027.7 t U. Total uranium production during the period 2004-2006 amounted to 3,427 t U, total production for 2007 was 1,004 t U (723 t U attributable to the Corporation), total production for 2008 was 1,030 t U (721 t U attributable to the Corporation), and total production for 2009 was 1,038 t U (727 t U attributable to the Corporation).

Approved Mining Program

Under the Akdala Contract, Betpak Dala has undertaken to comply with a detailed mining program, which was submitted for review and approved by a territorial department of “Yuzhkaznedra”, the state agency responsible for approving such programs, on an annual basis. The work program as set out in the Akdala Contract requires among other things, the production of 1,019.4 t U per year between 2007 and 2017. Between 2010 and 2012, Betpak Dala is expected to carry out additional exploration and drilling at a cost of approximately US\$7.1 million. The current plan is to complete a design project for the exploration program in 2010, conduct drilling in 2011 and complete the exploration report in 2012. Betpak Dala is obliged to submit annual updates of the program for approval. Yuzhkaznedra also evaluates Betpak Dala’s compliance with the terms of its obligations. Betpak Dala has full responsibility for financing the work program.

In accordance with its expansion plan, between 2004 and 2006, the Akdala Mine increased production from 600 t U per annum to 1,000 t U per annum and it is expected that production will continue at the rate of 1,000 t U per annum until exhaustion of reserves. Further details on the expansion are set out under “*Current Exploration and Development Activities*”, below.

Production

Uranium production at Akdala is by means of ISR. Leaching solution is injected into the uranium-bearing formation at maximum depths of about 220 m through a series of injection wells, passes through uranium-bearing material, and is recovered through a series of extraction wells.

Uranium-bearing solutions are pumped from the well fields into sedimentation ponds and onward to the processing plant where these solutions are passed through a series of 50 m³ ion exchange columns loaded with a uranium-selective resin. Uranium from the solutions is adsorbed onto the resin until a loading of about 20 kg U per m³ of resin is reached. Uranium-bearing resin is transferred to 100 m³ desorption columns where uranium is stripped from the resin with an ammonium nitrate solution. Strip solution is treated on-site with sodium hydroxide to precipitate a wet yellowcake product. Excess fluids in the precipitate are removed in a filter press and the resultant wet yellowcake is loaded into 2.0 m³ containers for shipment to final processing and refining facilities.

Stripped resin is regenerated with sulphuric acid and returned to the ion exchange columns. Further processing of the wet yellowcake product is necessary in order to produce a product which meets international commercial specifications. Western fuel cycle facilities typically require a product with a minimum uranium content of about 70% U₃O₈. This content is easily reached by most in situ leach

producers with a simple vacuum drying process which is always accomplished at the initial production facility. Certain Russian fuel cycle facilities require a product of much higher purity, approximately 98% U_3O_8 , which can only be achieved by calcining. Calcining facilities available to in situ leach uranium producers in Kazakhstan are located at Stepnogorsk and Ustkamenogorsk, Kazakhstan, and at Kara Balta in the Kyrgyz Republic.

Wet yellowcake produced at the Akdala facility is further processed by solvent extraction, reprecipitation, and calcining to a finished U_3O_8 yellowcake product at the Tselinni (Stepnogorsk) facility or the Kara Balta facility in Kyrgyzstan.

In 2009, construction of a drying facility commenced at the South Inkai Mine and the wet yellowcake produced at Akdala will be shipped to South Inkai for processing. A finished product will be produced on site, drummed and shipped directly to converters. It will not be a calcined product, but will meet the ASTM specification for converters. The facility is expected to be commissioned in the third quarter of 2010.

By the end of 2009, a total of 144 wells, comprising production, injection and monitoring wells, were completed during the year. There were 228 production wells in operation at the end of December 2009. The average flow rate for the year was 1,608 m³/hour and the average U concentration in the solution was 75 mg/l during the year. The number of wells in operation, and the flow from each well, is adjusted based on uranium content in the flow from each well, to produce the targeted production rate.

Sales

Betpak Dala production has been and will continue to be delivered into existing sales contracts. See “*Description of the Business - General - Principal Product, Production and Sales*”.

Taxation

Taxation is an important element in the assessment of uranium projects in Kazakhstan. The four major elements are: mineral extraction tax, corporate income tax, excess profits tax, and dividend withholding tax.

Betpak Dala will be required to pay MET in respect of the Akdala Mine as described under “*Akdala Mine – Mineral Extraction Tax/Royalty Payments*”.

The tax on income is 20% in 2010 and decreases to 17.5% in 2013 and to 15% thereafter.

The Corporation has analyzed the effects of the new Tax Code and the amendments and clarified the uncertainty related to the interpretation and the application of the new Tax Code. As a result, the Corporation has concluded that under the new Tax Code, the Corporation’s Kazakh uranium mining operations should not be subject to the excess profits tax.

Under the new Tax Code a dividend withholding tax of 15% is payable on the payment of a dividend out of Kazakhstan. A reduced 5% withholding tax rate is applicable if such dividend is paid to certain countries which have a tax treaty with Kazakhstan.

See “*Risk Factors — Risks relating to countries in which Uranium One operates — Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to*

production specified in certain of its subsurface use contracts” and “The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties”.

Environmental Considerations

Reclamation procedures in Kazakhstan are currently focused on a natural attenuation process over a period of a decade or more after which the Kazakh government accepts custody of the site.

RPA did not carry out an environmental audit at the properties. The general impression during the visit was that the operations were clean and well run. The mine is in a sparsely populated desert area and the aquifers are not used for drinking or livestock. There will be surface disturbance during production, and reclamation is required. Contaminated equipment will be buried, capped, and revegetated. The underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 years based on results from similar operations. The aquifers affected contain radium and other total dissolved solids well above drinking standards. Monitor wells will be used to observe the process.

As of December 2009, the asset retirement obligations for Akdala (on an undiscounted basis) have been estimated at US \$5.2 million for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the Akdala Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including but not limited to monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Prior to commencing operations under the contract, Betpak Dala was required to obtain the approval of the state environmental authorities, which was obtained on January 4, 2006. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired and that the contract area is suitable for future use.

In addition, Betpak Dala is obliged to transfer an amount equal to 0.1% of its operating expenses per annum into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Betpak Dala’s clean-up obligation, Betpak Dala is obliged to fund any such shortfall.

Current Exploration and Development Activities

Expansion of the process plant, auxiliary facilities and administration building was completed in 2006 increasing the flow capacity of the process plant and therefore increasing the production rate at the Akdala Mine from the original 600 t U to 1,000 t U per annum. In addition to maintaining production at a rate of 1,000 t per annum, the further expansion program provided for the necessary equipment to produce a wet yellowcake product on site and thereby eliminate the transportation of the strip solution to other facilities for processing. The yellowcake precipitation and filtration plant at the Akdala Mine commenced construction in April 2007 and was completed in the first quarter of 2008, and was fully commissioned and operational in the second quarter of 2008. This plant enables the Corporation to produce yellowcake on site, reducing its dependency on external processing facilities, decreasing transport lead times and reducing costs. During 2008, four new production blocks were acidified, three were commissioned and the well installation program was completed with a total of 188 wells installed in 2008 (comprising production, injection and monitoring wells). The well installation program for 2009, consisting of 144 wells

(comprising production, injection and monitor wells), was completed by the end of December 2009. All capital expenditure on Akdala is funded by Betpak Dala out of operations.

There is no exploration drilling scheduled for 2010.

A satellite processing facility consisting of ion exchange columns and uranium columns is planned to develop the Letnii Deposit approximately 11 km from the current facility. The resin from this facility will be transported to the current plant for treatment, which is more cost effective than pumping or building a complete processing facility. The capital expenditure is expected to be approximately \$19 million.

The 2009 production from the Akdala Mine attributable to the Corporation was 1,889,900 lbs of U_3O_8 , and for 2010 it is expected to be approximately 1,820,000 lbs of U_3O_8 .

Additional exploration activity at Akdala is scheduled to commence in 2012.

4.3.2 South Inkai Mine

The South Inkai Mine is an operating ISR uranium mine located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan. Betpak Dala owns a 100% interest in the South Inkai Mine pursuant to a contract (the “**South Inkai Contract**”) dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The South Inkai Contract confers on Betpak Dala the exclusive right to explore, develop, extract, mine and export uranium at the South Inkai Mine until July 8, 2029. The South Inkai Mine is operated by Betpak Dala.

The South Inkai Mine commenced pilot production in October 2007 with the first circulation of fluid through the adsorption columns. In December, 2008, the MEMR formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the South Inkai Mine is derived from the independent technical report titled “Technical Report on the South Inkai Mine Resources & Reserves, Southern Kazakhstan as at December 31, 2009” dated February 17, 2010 (the “**South Inkai Report**”), prepared by Simon Gatehouse, MAIG, and Brian Lancaster, M.AusIMM, of Hellman & Schofield Pty. Ltd. (“**H&S**”). The authors of the South Inkai Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the South Inkai Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the South Inkai Report which is available for review on SEDAR under the Corporation’s profile located at the following website: www.sedar.com.

Property Description and Location

The South Inkai Mine is located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan, covers a total area of 192.2 km² and is centered at approximately Longitude 67°30’E, Latitude 45°07’.

The South Inkai Contract

The South Inkai Contract sets out Betpak Dala’s rights and obligations with respect to the South Inkai Mine. In September 2005, Kazatomprom transferred to Betpak Dala the rights and obligations under the

South Inkai Contract pursuant to Amendment No. 1 (registration No. 1830) dated September 15, 2005 to the South Inkai Contract. Amendment No. 2 (registration No. 2906) to the South Inkai Contract was executed on December 19, 2008 between Betpak Dala and the MEMR and extended the exploration period until July 8, 2011 and approved the commencement of industrial production. Amendment No. 2 also amended the approved mining program in respect of exploration drilling works and pilot production and set 2011 as the date for attainment of the planned productivity of 2,000 tons of uranium per year.

The South Inkai Contract is for a period of 24 years commencing on July 8, 2005 and expiring on July 8, 2029. It provides for an exploration period of six years which commenced on July 8, 2005 and a production period of 20 years. The exploration period may be extended twice for a two year period each time. The production period may be extended until full development of the South Inkai Mine. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The contract may also be extended and, upon renewal, its conditions may be changed by written agreement between the parties. The South Inkai Contract may not be assigned, nor can the subsoil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

Pre-Emptive Rights of the Government of Kazakhstan

The Government of Kazakhstan has a priority right to purchase uranium from the South Inkai Mine at prices not exceeding the world market price of uranium defined as the average of the monthly spot price reported by TradeTech and Ux Consulting Company LLC, or as reported in such other recognized international publication as the parties may agree on.

The Republic of Kazakhstan also has the right to requisition uranium from the project in times of war, natural disaster or as set out in the force majeure legislation, subject to compensation calculated by reference to a similar spot price.

The Republic of Kazakhstan has a right of first refusal on any proposed sale or assignment of Betpak Dala's interest in the South Inkai Contract on the same terms as are offered to the third party.

Payments to the Government of Kazakhstan

The South Inkai Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the South Inkai Contract, Betpak Dala is required to make further payments of approximately US\$1,800,000 at the rate of US\$135.30 per tonne of produced uranium from the South Inkai Mine to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

As a commercial discovery bonus, Betpak Dala is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery which results in increase of initially approved mineable balance reserves) within the area covered by the contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 45.9% of the weighted average sale price of U₃O₈ for the relevant tax period.

Mineral Extraction Tax

Betpak Dala will be required to pay MET in respect of the South Inkai Mine as described under “*Akdala Mine – Mineral Extraction Tax/Royalty Payments*”

Taxation and General Stability

The new Tax Code also abolished the former contractual “stabilization” regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan which contain a tax stability clause. None of the Corporation’s Kazakh subsoil use contracts is a production sharing agreement or a contract approved by the President.

For information on certain risks relating to taxation, see “*Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Social Obligations

The South Inkai Contract contains various social obligations for the benefit of its employees, which include investing at least 1% of Betpak Dala’s exploration expenses during the exploration period and at least 1% of Betpak Dala’s operating expenses during the operating period in training programs for its Kazakh employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the South Inkai Mine. In particular, at least 40% of the cost of equipment and materials purchased must be for equipment and materials of Kazakh origin; at least 90% of the cost of contract work must be of Kazakh origin; at least 95% of employees must be Kazakh; and 100% of expenditures for processing of field materials and laboratory studies must be to Kazakh companies.

Dispute Resolution

The South Inkai Contract contains provisions on dispute resolution that are the same as those described in “*Akdala Mine – Dispute Resolution*”.

Termination

Pursuant to the South Inkai Contract, MEMR (now the MINT) is entitled to suspend operations under the contract if continuing such operations would be hazardous to human health or the environment. MEMR (now the MINT) is also entitled to suspend the contract for a period of up to six months where: (i) Betpak Dala breaches the terms and conditions of the contract; or (ii) Betpak Dala violates the state laws regarding Kazakh involvement, subsoil protection, environmental protection and safety in the course of its operations. MEMR (now the MINT) is entitled to terminate the contract unilaterally when: (i) Betpak Dala refuses to eliminate the grounds causing the suspension of the exploration and production or fails to eliminate such grounds within the period given; (ii) it is impossible to eliminate the grounds causing such suspension associated with risk to human life or health or the environment; (iii) Betpak Dala is in material default of obligations stipulated by the contract or work program; or (iv) Betpak Dala is declared insolvent in accordance with the laws of Kazakhstan.

Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to the Akdala and South Inkai Acquisition Agreement. UrAsia's obligations to make further bonus payments to Widley under the Akdala and South Inkai Acquisition Agreement are secured by UrAsia's share of the uranium product from the South Inkai Mine and its interests in Betpak Dala and Deanco, as described under "*Akdala Mine - Encumbrances*" above.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The deposit site straddles an unimproved road, approximately 180 km from Sheili, which is on the main paved highway and railroad that joins Shymkent with Kyzylorda. The nearest town is Taikonur, the headquarters of the Seventh Unit of Volkovgeologia, located on the northern boundary of the South Inkai Mine. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power line parallels the road, and water is readily available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

Since 2006, heavy vehicular access from Sheili to the south of South Inkai and from Shymkent via Kyzemshek to the east has progressively improved with road realignment, restructuring, resurfacing and progressive bituminisation, providing all weather access to the South Inkai Mine site.

Property infrastructure for ISR development at South Inkai includes bore field development, offices, personnel accommodation, and metallurgical plant.

The area is divided into two morphologically diverse regions; the sandy brackish delta of the Shu and Sarysu Rivers and the Betpak-Dala desert plateau. The delta is characterized by a maximum relief of 5 m to 25 m, with numerous lacustrine basins, dry rivers, and aeolian sands. The area underlain by water is not extensive and is not expected to hinder development of the well fields required for ISR mining. The desert plateau represents a gently sloping plain with a maximum relief of 150 m to 200 m. The ground consists of extensive sand deposits, with vegetation limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 140 mm and occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 40° C in July. The region is also characterized by strong winds. The climatic conditions are not expected to unduly hinder exploration and mining programs.

History

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young uplifted mountains adjacent to the basin. Initial reconnaissance drilling was carried out on lines spaced 25.6 km apart.

The Inkai mineralization was discovered in 1978. During the period from 1979 to 1984, detailed exploration and drilling were carried out over the length of the mineralized horizon which extends for 55 km from north to south and is 17 km wide. Between 1984 and 1991 detailed drilling and a pilot plant test were carried out on Section 1 which adjoined South Inkai to the north. Cameco Corporation's Inkai Joint Venture is currently in commercial production on this section.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Rotary mud drilling was

supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Drilling was carried out on a northeast-trending grid of 800 m with holes spaced 100 m to 50 m apart. Total drilling on the Inkai Uranium Field is reported to be 2,027,382 m. 70% of the holes were cored through the mineralized zone, which amounted to 15% extraction, amounting to approximately 300,000 m of core, with core recovery of 82%. All holes were logged with geophysical equipment. The drilling statistics reported above include drilling statistics for the entire Inkai Uranium Field. Based on information obtained by RPA, it is reported that drilling on the Corporation's South Inkai property consisted of 600 holes totalling 294,000 m. Based on the total statistics, RPA has estimated that about 420 holes would have been cored and would result in about 31,000 m of core. Unfortunately none of this core is available as the entire mineralized sections are used for analyses and quality assurance/quality control.

Exploration has consisted of diamond drilling to discover mineralization at depths of 400 m to 600 m. RPA has reviewed geological drill logs, plan maps, cross sections and representative electric logs from the South Inkai geologic database, which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced (approximately 1.0 km) fences with widely spaced (approximately 200 m) drill holes on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

During the exploration and drilling programs, the Kazakhstan geological expedition that completed the work did not subdivide the work into the various licences that now exist and a digital database of the work is not available.

Since late 2006 extensive exploration drilling amounting to 220,590 m and averaging 513 m per hole over 430 holes and culminating in March 2008 has been directed towards upgrading a substantial proportion of C2 reserves to C1 reserves in preparation for ISR development.

From October 2007 to December 2009 a series of bore field developments in support of pilot plant evaluation and economic assessment were completed. Ongoing bore field development has progressed with a total of 217 production and 532 injection wells being drilled in blocks 1 to 15 (but excluding block 12) as of December 31, 2009.

Geological Setting

Regional Geology

The geology of the region is as described under "*Akdala Mine – Geological Setting, Regional Geology*".

Property Geology

Overlying the basement rocks are the Cretaceous sediments that host the mineralization. They are comprised of fine-grained sands to gravels, 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into three horizons. The lowest Mynkuduk horizon is located about 500 m below surface and consists of coarse-grained grey alluvial sediments at the base, where it hosts the uranium mineralization, grading upward to fine-grained sands. Total thickness of the horizon is 40 m to 90 m. The Mynkuduk horizon is host to the #3 and #4 deposits at South Inkai.

The Inkuduk horizon is comprised of lower coarse gravels grading up to fine- to medium-grained sands with interbedded clays totalling 105 m to 130 m. Overlying it is the Jalpak horizon, consisting of medium-

grained grey to green sands grading upwards to red and brown clays totalling 20 m to 80 m. The Jalpak horizon hosts mineralization at the Akdala deposit, 80 km to the east. The Inkuduk horizon is not confined by a continuous impermeable clay layer as are many of the ISR applicable deposits but experimental leaching on other deposits in the area has successfully recovered uranium using ISR methods and the lack of confining units does not appear to be a problem.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There is up to 60 m of Quaternary alluvial sands, clays, and loam.

Mineralization

The South Inkai deposit is located at the southern end of the Inkai deposit which extends over a strike length of 55 km and a width of 17 km. The South Inkai deposit covers a 17 km length of the trend. There are eight mineralized beds identified to date; three are in the Mynkuduk horizon and five are in the Inkuduk horizon. Not all of the mineralized areas have been drilled in sufficient detail to establish resources.

Two resource areas, #3 and #4, have been delineated in the Mynkuduk horizon by drilling on 800 m fences with drill hole spacing of 50 m to 100 m. The mineralization is found at depths of 450 to 510 m below surface. The mineralization in the Mynkuduk horizon is in the form of pitchblende and coffinite occurring interstitially in the sandstones and to a lesser extent, the clay layers. The main roll fronts may reach a thickness of 20 m, but more commonly they average 7 m to 10 m at their thickest and 1m to 2 m on the limbs. The grade ranges from 0.02% to 0.07% U, averaging 0.043% U for the deposit.

Mineralization has also been found in the Inkuduk horizon at depths of 425 m to 450 m below the surface but insufficient drilling has been completed to establish resources. The grades are similar to that in the Mynkuduk horizon.

Mineralization at South Inkai is found at approximately 450-500 m below the surface, primarily in the Lower Mynkuduk horizon of the Upper Cretaceous with lesser amounts higher in the Upper Mynkuduk and in the more shallow (425-450 m) Middle Inkuduk horizon. Though the knowledge of the distribution of mineralization has improved with denser drilling since 2006, the dominance of the Lower Mynkuduk as the primary source of uranium remains. The additional information accruing from more detailed drilling suggests that simple roll front morphologies and identification of discrete and extensive mineralized beds discussed in earlier reports was idealized. Mineralization does not form simple roll fronts and wings. More complex accumulations are apparent, though in a general sense mineralization is very continuous at the scale of bore field development drilling.

Currently only mineralization in the Lower Mynkuduk horizon is being mined.

Exploration and Drilling

Prior to UrAsia acquiring an interest in the property, drilling was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

A delineation drilling program to convert 39,000,000 lbs of U_3O_8 (15,000 tonnes U) from the Russian C2 category to the C1 category was completed on schedule in December 2007. C1 category resources increased as a consequence with a concomitant decrease in C2 category resources. The drilling program spanned periods both before and after a previous RPA resource estimate update of October 2, 2006. A total of 413 exploration holes were drilled for this purpose. The State Committee on Reserves approved

the conversion in December 2008 and the MEMR formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement.

Exploration since 2006 has focussed on conversion of C2 reserves to C1 reserves in South Inkai block 4, now the South Inkai Mine. Drilling was designed to infill the C2 reserves to a grid of 200 m x 50 m required to bring C2 reserves to a C1 reserve status.

Both C1 and C2 reserve drilling programs use standardized geophysical logging techniques and protocols as described in the South Inkai Report. Holes were cored at a rate of approximately 1 line in 4 and sampling of core for from chemical assay for radium uranium moisture density, grain size analysis, potassium thorium acid consumption and mineral observation was exhaustive.

Between in March 2006 and January 2008, 430 holes were drilled for a total of 220,590 m. Hole depths targeted 530 m, penetrating the Palaeozoic base of the Lower Mynkuduk mineralized horizon, and averaged 513 m.

All exploration work is carried out by the staff of Volkovgeologia who are contracted to carry out all facets of uranium exploration on behalf of Betpak Dala and who report results of exploration directly to the State Committee on Mineral Reserves. Staffs of Betpak Dala and Uranium One are not involved in exploration in other than a monitoring capacity.

Bore field development drilling at South Inkai is done by Joint Drilling or Volkovgeologia on contract to Betpak Dala. Radiometric, geophysical and calliper logging is done under contract by Geotechnoservice, a subsidiary of Kazatomprom.

All holes are vertical and mineralisation is horizontal. Radiometric measurements represent true intercepts of mineralization.

Sampling and Analysis; Security of Samples

No core drilling or chemical analyses are carried out during bore field development drilling. Mineral Resource estimates set out in the South Inkai Report are based solely on radiometric and other geophysical logging using parameters determined during exploration drilling.

Radiometric and other geophysical logging is conducted by independent service companies and entered independently into the Atomgeo database for access by Betpak Dala. Independent verification by H&S has confirmed this process to be consistent and without evident security problems.

Drilling at South Inkai is done by Joint Drilling or contracted to Volkovgeologia. Radiometric, geophysical and calliper logging is done under contract by Geotechnoservice, a subsidiary of Kazatomprom.

All geophysical logging is conducted according to strict, well documented protocols, which include procedures for data gathering, calibration, and maintenance of calibration and the methodology and parameters to be used in the reduction of field data to radium %.

Significant radiometric disequilibrium occurs in the South Inkai property with chemically measured uranium on average being 1.2 times the radium equilibrium measure. The absence of a consistent spatial pattern to the disequilibrium precluded a reasonable basis for an upwards global adjustment of radiometric results by 20% for the resources estimated. From comparison between laboratory determined uranium and

radium assays it was concluded that significant radiometric secular disequilibrium occurs at South Inkai. Disequilibrium, its relationship to radium grade, hence cut-off and thus rock volumes available to profitable leaching is a significant source of uncertainty in estimating South Inkai resources at high confidence levels.

H&S were not provided with quality assurance/quality control (“QA/QC”) data for geophysical logging specifically relating to the bore field development drilling. H&S has not noted material breaches of the standard Kazakh methodology during exploration and is of the opinion that the guidelines were adhered to and that the quality of radiometric measurements were of a standard to support mineral resource estimation in accordance with CIM Standards.

Data Verification

Primary data has been supplied by Betpak Dala through Uranium One to H&S. The primary source of bore field development drilling data has been the Atomgeo database.¹ It has undergone normal Kazatomprom validation procedures and has been accepted by Betpak Dala as valid for the purposes of estimating uranium reserves.

H&S were unable to validate radiometric data from independent sources. For internal management reasons, Geotechnoservice were unable to directly provide H&S with geophysical data as had been done with exploration data in February 2009. Despite the lack of verification, H&S have no reason to believe that data is unrepresentative in any material manner.

Plant operating data and plant cost data were provided by Uranium One. These data were reviewed with the Uranium One staff in the company’s Almaty office and with Betpak Dala staff at the mine site. No inconsistencies were found.

Mineral Reserves

The following table sets out the estimated Mineral Reserves at the South Inkai Mine as at December 31, 2009.

South Inkai - Mineral Reserves^(1,2)					
	Ore (‘000 tonnes)		Grade (% U)	Contained U (tonnes)	
	70% interest⁽³⁾	100% interest		70% interest⁽³⁾	100% interest
Probable Reserves	23,200	33,200	0.038	8,750	12,500
Proven Reserves	4,300	6,100	0.009	378	540
Total Mineral Reserves	27,500	39,300	0.033	9,128	13,040

Notes:

- Figures are subject to rounding.
- Low grade in Proven Reserves is due to near-completion of mining in blocks 1 and 2.

¹ Atomgeo is the official Kazatomprom geological and geophysical database that is operated by a Kazatomprom subsidiary – LLP GRK (Mining Company). Each mine has access only to their part of the database. The database contains information such as: primary geophysical data (raw data), interpreted geophysical data, well passports, screen placement. Each mine is responsible for keeping its area in the database updated and accurate. Geophysical information is entered into the data base by another Kazatomprom subsidiary – the company GeoTechnoService – providing geophysical logging services and data interpretation as a contractor.

3. Represents the resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

An assessment of the extent to which a resource can be economically mined is largely dependent on the value of the product at the mine gate. The mine gate value of production from the South Inkai deposit has been estimated by taking the price recently received by Uranium One for yellowcake and subtracting transportation, drying, insurance, marketing and head office costs. This gives a mine gate value of \$103 per kg U.

Before any section of the mineralization can be considered as a resource it must contain sufficient recoverable uranium to pay for the cost of developing the section, of mining and processing the recoverable uranium and of rehabilitating the mined out area. The following table provides an estimate of these costs based on site operating costs and Uranium One operating budgets. A required return on capital of 8% has been assumed, while repairs and maintenance costs have been set at 3% of capital. Mineral extraction taxes, which have recently been increased, are calculated as 22% of certain operating cost. The mineral extraction tax figure shown in the table is taken from the Uranium One 2010 budget. In estimating this tax for the 2010 budget the well field production costs, the well field depletion costs and fifty percent of the mine support costs were grossed up by 20% and multiplied by 22%.

South Inkai – Key Assumptions Used for Mineral Reserve Estimate	
Assumed uranium recovery	90%
Acidification cost (per m ³)	\$0.87
Well field development cost (per m ²)	\$43.44
Rehabilitation cost (per m ²)	\$0.50
Mining and processing cost (per kg) including return on capital	\$21.47
Mineral extraction tax (per kg)	\$7.63
THICKNESS OF MINERALIZATION	ECONOMIC GRADE- THICKNESS
5 m	0.043 m%
7 m	0.044 m%
10 m	0.047 m%

Mineral Resources

The following table sets out the Indicated and Measured Mineral Resources at the South Inkai Mine as at December 31, 2009.

South Inkai – Indicated and Measured Mineral Resources^(1,2,3,4)					
	Ore (‘000 tonnes)		Grade (% U)	Contained U (tonnes)	
	70% interest⁽⁵⁾	100% interest		70% interest⁽⁵⁾	100% interest
Indicated Mineral Resources	23,200	33,200	0.038	8,750	12,500
Measured Mineral Resources	4,300	6,100	0.009	378	540
Total Indicated and Measured Mineral Resources	27,500	39,300	0.033	9,128	13,040

Notes:

1. Figures are subject to rounding.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Low grade in Measured Resources is due to near-completion of mining in blocks 1 and 2.
4. Mineral resources are inclusive of mineral reserves as reported in the previous table.
5. Represents the resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

The following table sets out the Inferred Mineral Resources at the South Inkai Mine as at December 31, 2009.

South Inkai - Inferred Mineral Resources^(1,2)					
	Ore (‘000 tonnes)		Grade (% U)	Contained U (tonnes)	
	70% interest⁽³⁾	100% interest		70% interest⁽³⁾	100% interest
Deposit 3 (Site 3)	10,900	15,500	0.042	4,600	6,600
Deposit 4 (Site 4)	19,100	27,300	0.039	7,400	10,500
Total Inferred Mineral Resources	30,000	42,800	0.040	12,000	17,100

Notes:

1. Figures are subject to rounding.
2. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
3. Represents the resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

Uranium contents within the broad mineralized envelopes have been estimated into panels without the prior imposition of geological constraints relating to permeability of strata. Recognition that proportions of estimated blocks contain uranium grades that may not be accessible to mining fluids is made after the initial estimation by applying a tonnage reduction factor which represents the proportion of each panel that contains impermeable shale lithologies. Grade and lithological proportion (permeability) models are constructed on identical panel geometries. The panel model produced contains the estimated grade and an estimate of the proportion of the panel which comprises permeable lithology.

The Ordinary Kriging (“OK”) technique used by H&S differs from the polygonal grade-thickness (“GT”) methods traditionally applied in that it gave estimates that are lower in grade and higher in tonnages, and contain more metal than a GT estimate done in the same broad rock volume. The OK technique as applied to South Inkai mineralization has not been constrained by geology in the first instance. The primary geological control of mineralisation has been accommodated by a separate OK indicator model of porosity and application to the grade model after block interpolation.

Resource estimation in the South Inkai Report was primarily conducted using radium concentrations measured by radiometric probe. In the South Inkai Report radium is used synonymously with Radium-C. Radium-C is a product of the radioactive decay of uranium, formally the isotope Bi-214. In practice, Radium % measured by Kazakh radiometric probes is the total gamma radiation, not only gamma rays from the decay of Bi-214. Under the assumption of secular radiometric equilibrium, the total radiation is deemed proportional to uranium after accounting for usually negligible contributions from radioactive potassium (K) and thorium (Th). The units of radium are calibrated to be percentage equivalent uranium (% eU), assuming secular equilibrium. The South Inkai Report uses the term radium to describe geophysically determined gamma radiation calibrated to the equivalent uranium % assuming a disequilibrium ratio of 1. Radium % is equal to uranium % at a disequilibrium ratio of 1.

Summary parameter information used to complete the OK estimate of radium grades include:

- radium % data composited to 0.5 m;
- radium % from probe measurement adjusted to uranium % by applying disequilibrium factor of 1.00 (i.e. no adjustment);
- rotation of the grid by 42 degrees anticlockwise;
- estimation into blocks of 60m W, 20m N and 1m depth (rotated grid);
- data search radii of 50m W, 50m N and 1m depth for notionally Measured Resources;
- data search radii of 65m W, 65m N and 1.3m depth for notionally Indicated Resources;
- a minimum of 16 data points and maximum of 32 x 0.5m radiometric composites within search radius for notionally Indicated and Measured Resources;
- previously estimated Inferred Resources were not reviewed;
- the same block dimensions and search criteria were used to estimate the permeable proportions of blocks.

Mining Operations

Approved Mining Program

Under the South Inkai Contract, Betpak Dala must comply with a detailed exploration program, approved by a territorial department of “Yuzhkaznedra”, the state agency responsible for approving such programs, on an annual basis. Under the exploration program pursuant to Amendment #2 to the South Inkai Contract, Betpak Dala must undertake exploration drilling of 1,414 holes totalling a minimum of 700,445 linear metres; pilot production of an aggregate of 300 tonnes of uranium at an estimated cost of US\$14,709,000; expend at least US\$41,000,000; and commence industrial production in 2008 with output reaching 2,000 tonnes of uranium per year by 2011.

All of the above milestones are being completed on schedule. South Inkai is expected to ramp up production over the next two years to reach 2,000 tonnes of uranium production in 2011.

Historical Operations

The South Inkai Mine is an operating ISR project which produces a wet yellowcake uranium product.

The South Inkai Mine is in an advanced stage of development. The project has been designed to produce 2,000 tonnes per annum of uranium from a leach solution containing 80 mg/l U. The mine and plant are currently operating at about 75% of design capacity. Apart from routine maintenance problems the mine and plant appear to be operating without difficulty. The mine should reach full production within twelve months.

From October 2007 to December 2008 a series of bore field developments in support of pilot plant evaluation and economic assessment were completed. Ongoing bore field development has progressed with

a total of 217 production and 532 injection wells being drilled in blocks 1 to 15 (but excluding block 12) as of December 31, 2009. Commercial mining began in January 2009 against preliminary C1 reserves awaiting final approval from the State Committee on Mineral Reserves.

Pre-commercial production to December 31 2008 was a total of 457 tonnes of uranium. Commercial production began in January 2009 and total production to December 2009 was 1,288 tonnes of uranium.

The 2009 production from the South Inkai Mine attributable to the Corporation was 1,511,800 lbs U_3O_8 (total production of 2,159,700 lbs U_3O_8), and for 2010 it is expected to be 2,548,000 lbs U_3O_8 (total production of 3,640,000 lbs U_3O_8). While the supply of acid is currently sufficient, as uranium production continues to increase the logistical constraints of storage and transportation by government-controlled transshipment bases may cause some supply difficulty. Contractors continue to meet the additional transportation requirements at this time. Please see, *“Description of the Business – Risk Factors – The Corporation has experienced acid supply shortages that affect production from its properties in Kazakhstan”*.

Based on the Proven and Probable Reserves of 13,040 t U reported in the South Inkai Report, assuming a 90% recovery rate, yellowcake containing 11,736 t U will be produced. Assuming the South Inkai production schedule provided by Uranium One of approximately 2,000 t U per year, it will take approximately six years to mine the proven and probable reserves and produce yellow cake containing the 11,736 t U. The payback period for the capital investment is expected to be less than two years.

Sales Contracts

Betpak Dala production has been and will continue to be delivered into existing sales contracts. See *“Description of the Business - General - Principal Product, Production and Sales”*.

Taxation

Betpak Dala will be required to pay mineral extraction tax, corporate income tax, and dividend withholding tax (but not excess profits tax) in respect of the South Inkai Mine under the new Tax Code. The taxes payable are as described under *“Akdala Mine – Taxation”*.

See *“Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts”* and *“The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties”*.

Environmental Considerations

H&S did not carry out an environmental audit at the properties. There is no infrastructure (other than the mine facilities), the property is located in a sparsely populated area and the aquifers are not used for drinking, livestock or irrigation. There will be surface disturbance during exploration and production and reclamation will be required. Contaminated equipment will be buried, capped, and revegetated. The aquifers affected currently contain radium and other total dissolved solids well above drinking standards. Under the current mining agreements at other projects, the underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 to 20 years based on results from similar operations. Monitor wells will be used to observe the process.

As of December 2009, the asset retirement obligations for South Inkai have been estimated at US\$7.5 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and well-field facilities. Under the South Inkai Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including, but not limited to, monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired at its own cost and that the contract area is suitable for future use save that it will not be liable for costs associated with earlier commercial operations prior to the effective date of the contract.

In January 2010 there was an official reclamation program approved (Program of Elimination of Betpak Dala LLP Activity Effects at Inkai Mine) that provides for annual payments to a reclamation fund to cover the future reclamation liabilities. Currently the payment is approximately US\$770,000 per year.

Current Exploration and Development Activities

By the end of 2009, a total of 342 wells were completed, comprising production, injection and monitoring wells. There were 201 production wells in operation at the end of December 2009. The average flow rate for the year was 1,184 m³/hour and the average U concentration in the solution was 76 mg/l during the year. The number of wells in operation, and the flow from each well, is adjusted based on uranium content in the flow from each well, to produce the targeted production rate.

During 2009, Betpak Dala drilled 286 holes to complete a 545 hole drill program started in 2008 in order to convert the Russian / CIS P1 category resources at South Inkai into C2 category resources. In 2009 Betpak Dala prepared a project for exploration to convert C2 category resources to C1 category resources at ore deposit #3 at South Inkai, which will include 495 exploration holes that will be drilled in 2010 and 2011.

Uranium processing facilities constructed at South Inkai are similar to the ISR processing plant that has been constructed at the Akdala Mine. Construction of the industrial complex is complete and the complex is fully operational. The additional construction of an onsite drying facility for the yellowcake is scheduled for completion in the third quarter of 2010, subject to regulatory approval.

During 2009 there were no supply shortages of acid. Major acid suppliers have approached the operations in order to sell acid to them directly, due to current overcapacity in acid production. However, the supply logistics regarding the storage and transshipment of acid have become a constraint on operations due to the limitations of the current government supply and transshipment facilities. Additional storage and transshipment facilities are being planned to address this bottleneck in supply.

Capital costs to build the 2,000 tpa plant and shift camp were estimated at approximately US\$44.7 million. As of December 31, 2009, approximately US\$68 million had been disbursed and further capital expenditure of approximately US\$5.5 million is expected to be required to complete dryers, the pump station and waste disposal storage. The construction costs have been, and will continue to be, funded exclusively from revenue generated by the Akdala Mine and the South Inkai Mine.

The 2009 production from the South Inkai Mine attributable to the Corporation was 1,511,800 lbs of U₃O₈, and in 2010 it is expected to be approximately 2,548,000 lbs of U₃O₈.

4.3.3 Karatau Mine

The Karatau Mine is an operating ISR uranium mine located in the Budenovskoye Uranium Field in the Suzak region of the South-Kazakhstan Oblast, approximately 400 km northwest of Shymkent, Kazakhstan and 100 km east of Kyzyl-Orda, Kazakhstan. The Budenovskoye Uranium Field is the southern continuation of the Inkai Uranium Field. Karatau, a 50% owned indirect subsidiary of the Corporation, owns a 100% interest in the Karatau Mine pursuant to a contract (the “**Karatau Contract**”) dated July 8, 2005 (as subsequently amended) with the MEMR and Kazatomprom. The remaining 50% interest in Karatau is owned by Kazatomprom. The Karatau Contract confers upon Karatau the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Karatau Mine until July 8, 2033. The Karatau Mine is operated by Karatau.

Commercial production at the Karatau Mine commenced on January 1, 2008.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Karatau Mine is derived from the independent technical report titled “Technical Report on the Karatau Uranium Mine, Kazakhstan” dated January 25, 2010, prepared by Wayne W. Valliant, P.Geo. and John I. Kyle, P.E. of RPA (the “**Karatau Report**”). The authors of the Karatau Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Karatau Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Karatau Report which is available for review on SEDAR under the Corporation’s profile located at the following website: www.sedar.com.

In this summary, references to the “Budenovskoye No. 2 deposit” are references to the Karatau Mine.

Property Description and Location

The Karatau Mine is located in the Budenovskoye Uranium Field in the Suzak region of the South-Kazakhstan Oblast, approximately 400 km northwest of Shymkent, Kazakhstan and 200 km east of Kyzyl-Orda, Kazakhstan.

The Budenovskoye Uranium Field extends some 75 km in an approximate north — south direction.

The Budenovskoye Uranium Field is the southern continuation of the Inkai Uranium Field. The Karatau Mine is located in the northerly extent of the Southern Budenovskoye Subfield and covers a total area of 28.23 km².

The Karatau Contract

The Karatau Contract dated July 8, 2005 and made between MEMR and Kazatomprom (subsequently assigned to Karatau) sets out Karatau’s rights and obligations with respect to the Karatau Mine. The Karatau Contract was first amended on September 15, 2005 to replace Kazatomprom with Karatau, and it was again amended on December 24, 2008 to reduce the exploration period under the contract from six years to three years, and to enlarge the area covered by the contract.

The Karatau Contract is valid for a period of 28 years commencing on July 8, 2005 and expiring on July 8, 2033. This period consists of an exploration period of three years that commenced on July 8, 2005 and expired on July 8, 2008 and a production period of 25 years. The term of the Karatau Contract may be extended by the mutual agreement of the parties, and upon such renewal, the terms and conditions of the

agreement may be changed by written agreement between the parties. The Karatau Contract may not be assigned, nor can the subsoil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

Under the Karatau Contract the geological allotment is 28.23 km² and the mining allotment totals 1.693 km² to a depth of 700 m.

Pre-emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the right to requisition uranium from the Karatau Mine in times of war, natural disaster or as set out in force majeure legislation, subject to compensation calculated by reference to the market price.

The Republic of Kazakhstan also has a priority right to purchase uranium from the Karatau Mine at prices not exceeding the world market price of uranium. However the Karatau Contract does not provide a formula or guidelines for calculating the annual production volume or the world market price.

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Karatau's interest in the Karatau Contract.

Payments to the Government of Kazakhstan

The Karatau Contract provides that Karatau is required to make certain payments to the Government of Kazakhstan, including the payment of a signature bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the new Tax Code, Karatau is required to reimburse the Government of Kazakhstan for historical costs in quarterly payments of US\$3,535 (US\$14,140 each year) through the end of 2015. The payments due to date have been paid as required.

Karatau is required to make a fixed payment to the Government of Kazakhstan of 0.1% of the value of approved extractable reserves (calculated by multiplying the volume of the incremental increase in extractable reserves approved by the Kazakhstan Government Commission on Mineral Reserves multiplied by the weighted average sale price of the first commercial product) as a commercial discovery bonus upon each commercial discovery within the area covered by the terms of the contract that results in an increase to the previously approved extractable reserves. This commercial discovery bonus was paid in two instalments in July and December 2009.

Mineral Extraction Tax

Karatau will be required to pay MET in respect of the Karatau Mine as described under "*Akdala Mine – Mineral Extraction Tax/Royalty Payments*".

Social Obligations and Local Procurement

The Karatau Contract contains various social obligations for the benefit of its employees. These social obligations include investing at least 1% of Karatau's operating expenses per annum in training programs for its Kazakh employees and at least US\$150,000 per annum for regional social programs.

In addition, Karatau has undertaken to procure locally (i.e. in Kazakhstan) at least 90 to 100% of its employees (the percentage varies with the professional level of the employees), 95% of works and services, and 40% of goods and equipment.

Dispute Resolution

To the extent that there are any disputes that cannot be resolved through negotiations between Karatau and the Government of Kazakhstan, the Karatau Contract provides that these are to be submitted to the courts of Kazakhstan rather than to an independent international arbitration body.

Encumbrances

Uranium One acquired its interest in Karatau from Effective Energy N.V. pursuant to a purchase agreement dated June 14, 2009 (the “**Karatau Acquisition Agreement**”). Pursuant to the Karatau Acquisition Agreement, Effective Energy N.V. has the right to repurchase the Karatau Interest by returning to the Corporation the purchase price paid by the Corporation for the Karatau Acquisition, if within 12 months of the completion of the Karatau Acquisition if: (i) any of the Akdala, South Inkai or Kharasan subsoil use contracts shall be terminated or suspended for a continuous period of 6 months; (ii) any of Betpak Dala or Kyzylkum shall be involuntarily terminated, liquidated or wound-up; or (iii) any permit required under any of the Akdala, South Inkai or Kharasan subsoil use contracts to extract, process or sell uranium is involuntarily terminated or suspended for a continuous period of 6 months (not counting a permit that expires in accordance with its terms where it has been renewed or replaced). Pursuant to the same agreement, the Corporation has the right to sell back to Effective Energy N.V. the 50% participatory interest in Karatau that it bought from Effective Energy N.V., in exchange for the return of the purchase price paid by the Corporation for the Karatau Acquisition, if at any time within 12 months of the completion of the Karatau Acquisition if: (i) the Karatau subsoil use contracts shall be terminated or suspended for a continuous period of 6 months; (ii) Karatau shall be involuntarily terminated, liquidated or wound-up; or (iii) any permit required under the Karatau subsoil use contracts to extract, process or sell uranium is involuntarily terminated or suspended for a continuous period of 6 months (not counting a permit that expires in accordance with its terms where it has been renewed or replaced).

Except as set out above, the Karatau Mine is not subject to any material royalties, overrides, back-in rights, payments or other encumbrances except as set out above.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Karatau Mine area is located approximately 10 km to the east of the Karatausky - Taikonur gravel road, approximately 40 km north of Aksumbe. The nearest town approximately 50 km to the north is Taikonur, the headquarters of the 7th Unit of Volkovgeologia, a subsidiary of Kazatomprom. The closest airports with scheduled local services are at Shymkent and Kyzyl-Orda, at a distance of approximately 400 km and 200 km, respectively.

Good gravel roads service the Karatau Mine area. Current infrastructure includes a staff compound (accommodation, kitchen, social areas, stores, etc.) and the processing plant area (including pumps, processing plant, truck washing bays, laboratory, staff welfare centre, settling pond, etc.).

Power is currently supplied by the national grid with power lines installed in 2006 and 2008. The majority of supplies are transported to site via road from the rail head at Suzak, which is 120 km away.

Water is supplied from artesian wells (with lesser amounts of groundwater), with water salinity at 1 g/L to 2 g/L.

The accommodation camp is located proximal to the plant area and includes sleeping quarters, kitchen, mess, stores, etc. The majority of the workforce works a 15-day rotation. The plant and accommodation camps have been recently constructed and the accommodation camp is of a good standard for a fly-in/fly-out operation.

The desert plateau represents a gently sloping plain with a maximum relief of 150 m to 200 m. The ground consists of extensive sand deposits, with vegetation limited to grasses and occasional low bushes. The climate is continental, with precipitation amounting to 120 mm to 190 mm per year, predominately in winter and spring. Snow cover up to 10 cm deep is found between December and March, with the depth of freezing limited to the upper 50 cm to 60 cm. There are extreme temperature fluctuations, both daily and annually, reaching from — 35°C in January to 40°C in July. The region is also characterized by strong winds. The climatic conditions are such that the exploration, mining, and processing operations can continue year round.

The surface rights granted to Karatau are sufficient to carry out the exploration, mining, and processing operations.

History

In 1956, geologists studying uranium deposits in Uzbekistan established a model based on the spatial relationship of uranium mineralization with the boundary between yellow oxidized sands and grey unoxidized sands.

In the late 1950s, exploration commenced in the Chu-Sarysu Basin based on the presence of young uplifted mountains adjacent to the basin. Initial reconnaissance drilling was carried out on lines spaced 25.6 km apart. Depending on the results, further drilling was carried out on a 6.4 km to 12.8 km line interval resulting in the location of the oxidation roll front. A line spacing of 3.2 km to 1.6 km was then utilized to increase the possibility of discovering a mineralized body related to the roll front. Spacing of the drill holes was reduced as discoveries were made, with resource estimation requiring line spacing of 400 m to 800 m and holes 50 m to 200 m apart.

The Budenskoye mineralization was discovered in 1979. Exploration in the Northern Subfield was undertaken between 1987 and 1990 by “Unit 7 of the Geological Exploration Expedition (GEE-7) Geological Objective 7-18”, on a 6.4 km to 3.2 km drill line spacing with drill holes 50 to 100 m apart. Exploration in the Southern Subfield by the “Unit 5 of Geological Exploration Expedition (GEE-5) Geological Objectives 5-15 and 15-8” between 1982 and 1986 included initial and more detailed drilling (up to an 800 m line spacing with a drill spacing of 200 m to 50 m). A total of 88,575 m was drilled in the Budenskoye Northern and Southern subfields up to 1990.

Regional historical exploration typically in 3.2 km to 800 m lines with a 2 km to 500 m drill hole spacing was undertaken in the Southern Budenskoye Subfield by the governments of the Soviet Union and Kazakhstan.

The exploration programs identified three uraniferous horizons, the Inkuduk, Zhalspak (also spelled as Jalpak) and Mynkuduk as summarized below.

Inkuduk Horizon

- Mineralized zone extends for 25 km along strike in the Southern Subfield.
- 12 km along strike was drilled on a 1,600 m line spacing with drill hole spacing at 200 m to 100 m.
- 1.6 km along strike was drilled on an 800 m line spacing with drill hole spacing at 200 m to 50 m (i.e., two lines).

Zhalpak Horizon

- Mineralized zone traced for 27 km along strike.
- 8 km along strike in the Northern Subfield was drilled along five lines on a 3,200 m to 1,600 m drill line interval with a 400 m to 100 m drill hole spacing.
- 7 km (in a straight line, 19 km meandering) along strike in the Southern Subfield was drilled along three lines (3,200 m line spacing) on a 400 m to 100 m drill hole spacing.

Mynkuduk Horizon

- The Northern Subfield was drilled along four lines (2,000 m to 1,600 m spacing) with a 400 m to 100 m drill hole spacing.
- The Southern Subfield was drilled along three lines (3,200 m spacing) with a 400 m to 200 m drill hole spacing.

Previous Mineral Resource Estimates

Mineral resources were previously estimated by Volkovgeologia in 1990, 2004, and 2007. The 1990 and 2004 mineral resource estimates are relevant in that they describe significant and possibly economic uranium mineralization. However, they are not reliable as they pre-date NI 43-101, they have no equivalent in the classification system adopted by CIM, and the data has not been verified. The 2007 mineral resources were reported in a technical report entitled “Technical Report on the Budenovskoye No. 2 Uranium Project, Kazakhstan” prepared for Effective Energy N.V. by RPA, dated December 20, 2007. This report has been superseded in its entirety by the Karatau Technical Report.

The following 2007 mineral resource estimate was reviewed by RPA and converted to indicated and inferred mineral resources as defined by CIM.

Karatau - Mineral Resource Estimate – November 2007^(1,2,3)			
Resource Category	Tonnage (tonnes)	Grade (%U)	Contained Uranium (tonnes)
Indicated	9,762,522	0.115	11,273
Inferred	879,648	0.088	771

Notes:

1. Mineral Resources based on 0.06 m% (grade x thickness) cut-off per hole and 0.10 m% per resource block.
2. Mineral Resources that are not Mineral Reserves may not be economically viable.
3. Mineral Resources based on CIM definitions.

Geological Setting

Regional Geology

The Karatau Mine is located in the Chu-Sarysu depression, which represents a large Cretaceous-age basin up to 250 km wide and extends northward from the foothills of the Tien Shan Mountains for over 1,000 km. The basin is underlain and flanked by folded early Proterozoic formations, which are exposed at the southwest margins where the Karatau Mountains separate the Chu-Sarysu Basin from the parallel Syr Darya Basin. The platform sediments are represented by continental sediments up to 320 m thick and marine Palaeogene sediments up to 200 m thick that are overlain by red-coloured sandy-clay Oligocene to Quaternary sediments.

The basin is an asymmetric syncline with a broad gently sloping northeast limb and an uplifted south limb (forming the Karatau Mountains). The axis of the basin is parallel to its southwest margin.

Property Geology

Overlying the basement rocks are the Cretaceous sediments that host the uranium mineralization. They are composed of lacustrine-alluvial fine-grained sands to gravels, and 10% to 20% clays as narrow beds. The late Cretaceous sedimentary rocks have been subdivided into the following three horizons:

- The lowest Mynkuduk horizon is located about 620 m to 800 m below surface and consists of coarse-grained grey alluvial sediments at the base where the uranium mineralization is hosted, grading upwards to fine-grained sands. Total thickness of the Mynkuduk horizon is 40 m to 90 m.
- The Inkuduk horizon is composed of basal coarse gravels grading upwards to fine- to medium-grained sands, with interbedded clays totalling 105 m to 130 m thick, at depths between 530 m and 670 m below surface.
- Overlying the Inkuduk horizon at typical depths between 470 m and 615 m below surface, the Jalpak horizon consists of medium-grained grey to green sands grading upwards to red and brown clays totalling 20 m to 80 m thick.

The above units meander in plan, in bands 27 km to 67 km long, 50 m to 1,500 m wide, and 0.5 m to 20 m thick. The mineralized bands average 4 m to 6 m thick.

The overlying Palaeogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There is up to 60 m of Quaternary alluvial sands, clays and loams.

In plan, the mineralized deposits are represented as weaving ribbons of various width and length per unit area as controlled by the oxidation zone boundary. The width of the deposits may vary from tens of metres to one kilometre, often dependent on the thickness and frequency of internal confining layers which complicate the boundary of the zone of formation oxidation (“ZFO”) thinning in the stratigraphy. The extended upper limb of a roll complicated by step-wise “sliding” of the geochemical boundary is as a rule observed when the thickness of the horizons is considerable and several confining lenses are available in the area of ZFO boundaries thinning. Multistage bodies and extended limbs consisting of a number of mineralized lenses, which are also found in abundance between the limbs, are typical of the deposit stratigraphy and confirm extreme complexity of the enclosing rock sequence. Rolled parts of various widths are encountered practically everywhere, with the exception of the Mynkuduk.

The Inkuduk horizon hosts the bulk of the uranium mineralization of the Budenovskoye No. 2 deposit. Thick water-permeable sediments and relatively low reducing and high filtration properties characterize this horizon.

On Section 1026, the width of the hinge parts of the roll varies from 200 m to 800 m at a thickness of up to 20 m. The limbs consist of sheet-like or lens-like deposits occurring step-wise or en echelon over the upper contact of commercial mineralization, and being more persistent over the lower contact of it. Sometimes the upper limb consists of a number of small independent rolls formed under the conditions of frequent clay and sand lenses. Individual mineralized deposits are encountered between the limbs in the middle part of the horizon (due to the heterogeneity of the stratigraphy and abundance of less permeable rocks).

The Budenovskoye deposits are distinctive in their depth. They are among the deepest ISL deposits in the world. The mineralized aquifer water has a typical water temperature of 32°C.

Mineralization

The Budenovskoye uranium mineralization is hosted in the Upper Cretaceous horizons, namely the Jalpak, Inkuduk, and Mynkuduk.

The Jalpak horizon occurs between 470 m and 615 m below ground level and is subdivided into the Lower Jalpak subhorizon (75 m to 80 m thick) and the Upper Jalpak subhorizon (25 m to 35 m thick). Uranium mineralization has only been recorded in the Lower Jalpak subhorizon. It can be traced over 60 km and is 500 m to 1,500 m wide. The maximum total thickness of the mineralized horizons is 5.8 m containing 0.076% uranium. The mineralized deposits are confined to medium-grained sands with a rather high carbonized organic content, with pebble and gravel inclusions.

The Inkuduk horizon occurs between 530 m and 670 m below surface at an average thickness of 85 m. It can be traced over 35 km along strike. The mineralization varies between 0.5 km and 20.9 km wide in plan. The mineralized horizons are up to 20.9 m thick, containing up to 0.098% uranium, hosted by coarse sands with gravel.

The Mynkuduk horizon typically lies between 620 m and 800 m below ground level and is approximately 35 m thick. It is typically composed of coarse sand, sandy gravel and small gravel. Rare thin (up to one metre thick) layers of clay and sandy shale are found within the horizon, increasing in frequency upwards. The uranium mineralization of commercial interest varies between 200 m and 800 m wide in plan and has a total thickness of up to 12 m containing up to 0.120% uranium, hosted by coarse and nonequigranular grey sands. It has been traced for over 55 km along strike.

The mineralized horizons are typically represented as lenses and, to a lesser extent, rolls.

The uranium mineralization is characterized by an uneven grain size distribution, typically coarse- to medium-grained with a possible significant fines content. Acid resistant minerals predominate in the mineralized sands (averaging 98.5%). Quartz is the major mineral (up to 62%), with feldspar (up to 17%), fragments of siliceous rocks (up to 18%), micas and “phytoleims” (organic content). Clay minerals, including montmorillonite, kaolinite and mica, are found within the matrix. Accessory minerals and authigenous minerals include ilmenite, pyrite, calcite, siderite, tourmaline, garnet, apatite and rutile.

Coffinite and pitchblende are the uranium minerals characteristic of the site, found as a cement and as a grain mantle. In the Inkuduk horizon, the coffinite and pitchblende are typically found in a 50:50 ratio.

The chemical composition of the mineralized horizons is typically silicate (81% to 85% SiO₂, 7% to 10% Al₂O₃, 1.9% to 2.4% Fe₂O₃, 2.3% to 2.7% K₂O, and 0.5% to 1% N₂O).

The carbonate content of the Budenovskoye deposits are typically less than 1% CaCO₃ (176 samples from the pre-2004 drilling at the Karatau Mine have an average 0.09% CaCO₃). Coffinite and pitchblende are the uranium minerals characteristic of the site, found as a cement and as a grain mantle.

Hydrogeology

The Jalpak, Inkuduk and Mynkuduk horizons form a single aquifer with no constant impermeable layer separating them, thus representing a single water-bearing complex 200 m to 245 m thick with filtration coefficients (permeability) of 2.9 m/day to 7.2 m/day. The piezometric surface is orientated south-southeast to north-northwest.

The aquifer is recharged in the Karatau Mountains. The subsurface water in the south has 0.5 g/L to 1.5 g/L dissolved solids, increasing to 1.8 g/L at Budenovskoye and 3.5 g/L to 3.6 g/L in the north (at the Inkai deposit). The groundwater features an absence of dissolved oxygen, low negative values for reduction/oxidation potential, the presence of hydrogen sulphide and near-neutral (trending to alkaline) conditions.

Exploration and Drilling

Drill holes are typically 620 m to 660 m deep, with the lowest 40 m to 50 m hosting the potential mineralization. The mineralized horizons occur close to horizontal. No core sampling has been undertaken in the upper margins of the drill holes. Coring typically begins at approximately 560 m below surface.

Drilling is done by Rosbormash, a drill contractor from Almaty, using a Z1F1200 machine drilling 80 mm core. Down-the-hole geophysical testing (including resistivity, selfpotential and radioactivity (gamma logging)) is undertaken at 10 cm intervals. The collar positions are surveyed, and the holes are surveyed along their entire length (in 20 m intervals) to determine their orientation.

Exploration is intrinsically based upon down-the-hole geophysical measurements. Historically, very little core was taken, principally only to calibrate the geophysical readings (i.e., grade, lithologies and permeability are determined from quantitative interpretation). Gamma logging (following the procedures set out in the 1987 Russian Manual) is undertaken to determine the uranium content of the material by use of scintillation counters.

Permissible borehole deviation in the recent drilling campaign has been one metre laterally per 100 m depth, equivalent to approximately 6.5 m lateral deviation for an average hole. Typically a deviation of about three metres is seen.

Contractually, Volkovgeologia, a subsidiary of Kazatomprom is obliged to achieve a minimum of 70% core recovery in the mineralized horizons.

Regional historical exploration, typically on 3.2 km to 800 m lines with a 2 km to 500 m drill hole spacing, was undertaken in southern Budenovskoye by the governments of the Soviet Union and Kazakhstan. See “*Business of the Corporation – Material Properties- The Karatau Mine - History*”. Drilling in Karatau prior to 2004 was undertaken along four sections, with 73 holes. None of the core drilled prior to 2004 is available as the entire mineralized sections were used for analysis and quality assurance/quality control. See “*Business of the Corporation – Material Properties- The Karatau Mine - Sampling Method and*

Approach “ and “Business of the Corporation – Material Properties- The Karatau Mine - Sample Preparation, Analyses and Security”. Hence, the historical Soviet drilling cannot be considered as truly independent as it cannot be independently verified. Rotary mud drilling was supplemented by core drilling in the mineralized zones utilizing the same drill rigs, with the geophysical readings used to refine the accuracy of the physical position of the samples.

Approximately 3,000 m of mineralized material was sampled from Sections 1016 and 1024, of which 299 m (or 10%) of core was subjected to chemical analysis and used to calibrate the geophysical measurements.

Following the delineation of the Southern Budenovskoye Subfield into six units in 2004 by Kazatomprom, Volkovgeologia (on behalf of Karatau), in 2005, drilled approximately 20 holes on a 50 m spacing along two drill sections (1022 and 1026) 200 m north and south, respectively, of historical drill line 1024 in the Karatau Mine.

The post-2004 drilling has been concentrated in the west of the lease area, closing up the drill grid spacing of the pre- 2004 drilling. This drilling increased the geological confidence and knowledge of the deposit and increased the resource assessment.

A number of holes were drilled in 2005 along sections 1022 and 1026 on a 50 m grid. These holes were subjected to core drilling below the overburden, down-the-hole survey and down-the-hole geophysics. Approximately 70 exploration drill holes were drilled in 2006 and 2007.

In 2006 and 2007, Karatau drilled 80 holes. In addition, four hydrogeological boreholes were drilled in 2006 and six in 2007.

Subsequent to November 2007, an additional 67 holes for a total of 45,277 m were drilled and incorporated into the database used for the current mineral estimate.

Sampling Method and Approach

The Karatau exploration is intrinsically based upon down-the-hole geophysical measurement. Historically, very little core was taken, principally only to adjust the geophysical readings, i.e., grade and lithologies are determined from gamma ray logging quantitative interpretation. Gamma logging, following the procedures set out in a 1987 Russian manual, is undertaken to determine the uranium content of the material. Down-the-hole geophysical readings were taken every 10 cm, recording:

- Count rate (microrentgen/hour, mR/hr) (scintillometer / radiometrics / gamma logging) with a KSP-60 instrument.
- Resistivity and self potential with a KSP-60 instrument.
- Radium (%).

Historical and recent exploration drilling has been undertaken using the same criteria. Essentially, all holes are logged with electrical logs, including gamma counts, calliper readings, deviation, and self-potential measurements. About 70% of the recent holes are cored through the mineralized zones, which are then sampled for chemical assays in addition to the geophysical logging. The core is visually logged at the drill rig in summer and at Volkovgeologia offices in the winter, and scintillometer readings are taken measure the gamma count. The scintillometer is calibrated every month internally by Volkovgeologia and once annually by an external company. The core is then sampled.

Standard procedure is that mineralized zones with core recovery greater than 70% and radioactivity greater than 40 mR/hr are split in half. The sample intervals vary in length from 0.15 m to 1.2 m, averaging 0.4 m. One half of the core is sent to the laboratory for chemical testing, while the remaining half is stored for at least until the results are available and the possibility of error is removed.

For the current mineral resource estimate, 2,480 samples of drill core were collected.

The contract with the drill contractor stipulates that a minimum of 70% core recovery is required in the mineralized horizons. Good core recovery is essential to ensure that the sample is representative of the local mineralization.

Density and moisture contents are determined from fresh drill core samples of mineralized and barren rocks, taken on a regular interval. Karatau has used dry weights and a density factor of 1.70 g/cm³ for the estimation of the mineral resources.

Sample Preparation, Analyses and Security

Core samples are stored in a secure location on site and then trucked to the central Volkovgeologia laboratory.

Standard analysis of the split core includes:

- Determination of uranium and radium content.
- Grain size composition.
- Carbonate content.
- Spectral analysis of 28 and 42 elements.
- Mineralogical analysis.
- Geochemical analyses including determination of iron forms, sulphur, organic carbon, rhenium, scandium, rare earths, yttrium, and selenium.

The analyses are performed by Volkovgeologia using procedures, including QA/QC, approved by the Kazakhstan Scientific Council on Analytical Methods.

Internal (202, or 3.9%, for uranium and 139, or 2.7%, for radium) and external (251, or 4.8%, for uranium and 169, or 3.2%, for radium) check analyses were undertaken to assess accuracy and reliability, and to calculate gamma ray logging correction factors. External chemical analytical checks were undertaken by All Russia Scientific Research Institute for Mineral Resources and PGO Nevskoye laboratories to determine the relative discrepancy between the analytical methods.

In RPA's opinion, the basic analyses were performed with reasonable accuracy and they can be utilized in the resource estimation with a gamma ray logging correction factor.

Where core samples are available, they are logged and tested by scintillometer to determine the gamma ray logging correction factor prior to laboratory chemical measurements.

The 'Filtration Ratio' has been calculated from the resistivity readings. It is a theoretical value calculated by statistical field data (including granulometric data) collected from Southern Budenovskoye Field. It has not been recently validated.

The silt and clay content is determined from size analysis. Permeability coefficients are determined by quantitative interpretation of electric logs on the basis of the pilot hydrogeological surveys.

Mineral Resource and Mineral Reserve Estimate

Mineral Resources

Mineral resources for the Karatau Mine were estimated by Volkovgeologia using the system developed for Mongolia and the CIS countries. RPA previously reviewed the parameters and methodology for the C1 and C2 category mineral resources in 2007. Since that time, no further drilling has been undertaken within the C1 mineral resource blocks. The outer limits of the C1 blocks have been slightly adjusted due to drilling on adjacent blocks. The minimum grade-thickness used in the current mineral resource estimate has been reduced to 0.04 m% from 0.06 m% used in the previous estimate. These amendments have resulted in a 3% reduction in contained uranium in the C1 blocks.

The C2 mineral resources have increased since the 2007 estimate based on additional drilling as described above. RPA visited the property and reviewed the drill database, parameters, and methodology for the current C2 mineral estimate.

The Volkovgeologia mineral resource estimate reviewed for the Karatau Technical Report was effective November 11, 2008. Subsequently, Karatau has produced 1,815 tonnes of uranium from the C1 mineral resource blocks. RPA has consequently reduced the mineral resources by that amount to estimate mineral resources and mineral reserves effective December 31, 2009.

RPA is of the opinion that the methodology used to estimate the mineral resources is appropriate and is in accordance with industry standards. RPA has reviewed the drill density, geological knowledge, production and reconciliation of producing wellfields and has reclassified the resources to conform to the definitions as stated by the CIM. A summary of mineral resources effective December 31, 2009 is presented in the table below.

Karatau - Mineral Resources^(1,2,3,4,5)					
Resource Category	Tonnage (tonnes)		Grade (%U)	Contained Uranium (tonnes)	
	100% interest	50% interest ⁽⁶⁾		100% interest	50% interest ⁽⁶⁾
Indicated (C1)	7,163,000	3,581,500	0.124	8,884	4,442
Indicated (C2)	5,379,000	2,689,500	0.068	3,652	1,826
Total Indicated	12,542,000	6,271,000	0.100	12,535	6,268
Inferred (C2)	5,379,000	2,689,500	0.068	3,651	1,826

Notes:

1. Mineral Resources based on 0.04 m% (grade x thickness) cut-off per hole and 0.10 m% per resource block.
2. Indicated Mineral Resources include 100% of C1 resources and 50% of C2 resources.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. Mineral Resources based on CIM definitions.

5. Mineral Resources are inclusive of Mineral Reserves.
6. Represents the portion of total resource notionally attributable to the Corporation's 50% equity interest in the Karatau Joint Venture

RPA is of the opinion that significant exploration potential exists at the Karatau Mine, as identified by additional exploration drilling.

Mineral resources and reserves in Mongolia and the CIS countries are classified according to the 1981 system developed in the former Soviet Union. According to this system, mineral concentrations are divided into seven categories in three major groups based on the level of exploration performed as per the following table.

CIS Classification of Mineral Resources		
CIS Classification	CIS Categories	Comparable CIM Classification
Explored Resources	A and B	Measured Resources
Explored Resources	C1	Indicated/Measured Resources
Evaluated Resources	C2	Inferred/Indicated Resources
Prognosticated Resources	P1, P2 and P3	Exploration Data

The density of the exploration grid and continuity of the mineralization determine the resource category of each geological block. This, in turn, is dependent on the complexity of the deposit (size, shape, and thickness and grade variability). Resource block classification is based on the degree of variability (coefficient of variation) of tonnage and grade. Prognosticated Resources (P1, P2 and P3) are not recognized mineral resources under the CIM classification system, but are equivalent to exploration data and estimations of tonnage and grade are considered conceptual or order of magnitude.

Parameters

The parameters for the resource estimation at the Karatau Mine are based on those used at the South Inkai deposit, as approved in the Minutes of the Interdepartmental Meeting held by the Geologorazvedka Company Group under the USSR Ministry of Geology and PGNTU of USSR Ministry of Atomic Energy and Industry on November 22, 1990. The parameters have been slightly revised since that time and were approved for the Karatau Mine by the Minutes of No. 697-08-KU of the State Commission on Mineral Reserves, a body of the MEMR (now the MINT), as of May 14, 2008. The following parameters were approved:

- Cut-off grade used for establishing mineralization widths is 0.01% uranium.
- Minimum total grade x thickness ("GT") per hole used within the outline of the mineralized body or block is 0.04 m%.
- Minimum average GT value used to outline a resource block is 0.13 m%.
- Maximum thickness of separate/individual waste (barren/uneconomic) layers included in the resource estimation is 1.0 m (C1 blocks only).
- Total thickness of barren interbeds included in one resource block is less than 6.0 m in C1 blocks and no limit on C2 blocks.

- Minimum aerial mineralization to waste ratio (ratio between the number of positive holes to the total number of holes within the mineralized resource block outline) is 0.75.
- Maximum size of a C1 block is 40,000 m².
- Minimum size of an isolated block is 40,000 m² for C1 blocks and 300,000 m² for C2 blocks.
- 2% maximum average CaCO₂ for the block.
- The silt and clay content (<0.05 mm particle size) within the mineralized horizons is not to exceed 30%.
- Minimum permeability of the mineralized horizon is 1.0 m/day (filtration factor/co-efficient (“Kf”).
- Block delineation is controlled by permeable and impermeable strata.
- Mineralization density is 1.7 tonnes/m³.

RPA notes that the cut-off grade of 0.01% uranium is rather low in comparison to western standards. However, the mineralization interval has to meet pre-determined permeability and GT minimums. In addition, the size of the deposit is significant. Hence, RPA is of the opinion that the methodology is appropriate for the estimation of resources.

Modelling Methodology

The mineral resource estimate is based on a polygonal model using exclusively drill hole data. The method is standard and certified for uranium fields of the region. The estimate was done by Volkovgeologia and approved by the State Commission on Mineral Reserves on May 14, 2008.

The uranium deposit has been modelled by taking into consideration similar structural and tectonic characteristics, lithological and facies types, and hydrogeological and geotechnical features. The resource has been estimated considering the following criteria:

- uniform structural and morphological features.
- delineation of areas of mineralization into horizons and parts of the oxidation roll front.
- proximity of lithological filtration properties of mineralized rocks included in the block.

Modelling of the deposit is influenced by the drill hole density. One quarter of the drill hole distance is used to extrapolate at the flanks of the mineralized bodies and one half of the drill hole distance is used to differentiate between positive and negative drill holes in the interpretative process.

C1 resources have been drilled on sections 200 m apart, with holes spaced at 50 m. C2 resources have been drilled on sections 400 m apart, with drill holes spaced at 50 m to 200 m. P1 mineralization has been identified from holes drilled on 800 m sections with holes 100 m apart.

The mineralized bodies have been subdivided into fronts, limbs, and outliers. Overall, correlation is based on all of the above parameters to give reliable results. In some areas, however, the thickness of six metres for barren interbeds was occasionally exceeded to make the correlation possible. On sections, the lower and

upper block boundaries are based on the assay cut-off grade. The delineation of mineralization and C1 and C2 resource blocks was carried out on plans at scales of 1:2,000 (and 1:10,000 for P1 blocks). The sections for the production zones have scales 1:1,000 (horizontal) and 1:200 (vertical).

If a single hole shows a sudden decrease in mineralized width, the upper and lower limits are extrapolated from adjacent holes, and the blocks include barren or low-grade intervals. In such cases, the overall thickness of a block is determined graphically and, if low-grade or barren widths exceeded six metres, they are not included in the calculation of the average parameters of the block.

In plan, the blocks are separated by straight lines connecting points identified by means of interpolation between high-grade and low-grade or barren holes along the line. The position of a hole on the plan is defined as a projection of hole intersection with the footwall of the deposit. The points and the hole itself are projected onto a vertical plane (along the line), and then the vertical limits of the block are identified. In most cases, the roll fronts thin out abruptly within short distances. Therefore, the interpolation uses one quarter of the distance between holes. For the limbs, the interpolation uses one quarter of the distance between high-grade and barren holes, and one half of the distance between high-grade and low-grade holes. If the thickness of the mineralization in a high-grade hole exceeds significantly the thickness of the mineralization in a low-grade hole, the interpolation is based on the accepted distance of one quarter to avoid overestimation of the block area.

Grade and Thickness Calculation

The grade and thickness of the mineralized horizon is determined from gamma ray logging quantitative interpretation. The gamma ray data was interpreted using the following basic correction coefficients:

- Correction for the radioactive equilibrium between uranium and Ra was 0.78.
- Drilling mud (correction factor varies between 0.8 to 0.93 depending on hole diameter and drilling mud density).
- Moisture content of the horizon (taken as 14% for permeable rocks derived from laboratory testing of core samples).

The above calculation produces a radium content which is then utilized along with geological considerations, to identify potential resource blocks. The uranium content (or grade) is then calculated with a block cut-off grade of 0.01% uranium.

The above is in accordance with the “Instruction on gamma-ray logging for uranium prospecting and exploration” as issued in 1987 Russian Manual.

Resource Estimation Methodology

The resource estimate of the uranium mineralization has been undertaken using geological blocks. The metal content (P) of a block is determined by

$$P = S \times K_p \times p$$

Where:

$$P = \text{Uranium metal (tonnes)}$$

S = Mineralized area (in a horizontal projection)(‘000 m²)

K_p = Uranium potential factor

p = Area productivity (kg/m²)

Where K_p = No. of positive boreholes in block / No. of negative boreholes in block.

$$p = d \times mc \times 10$$

Where:

d = density (tonnes/m³)

m = block [arithmetic] average thickness(m)

c = block [weighted] average uranium content(%)

The following parameters are permutated for each block:

- M_{bl} — Total thickness of permeable sediments
- M — Average block thickness
- C — Volume of block
- θ_p — Mass of block
- V_{bl} — Volume to be treated by solution

Resource block delineation is based on the following parameters:

- Exploration drill hole grid density.
- Continuity of the mineralization between contiguous intersections and the oxidation roll front.
- Contiguous hydrogeology (permeable and impermeable horizons).
- Consistent granulometry and carbonate content of the mineralized and adjacent non-mineralized rocks.

Homogeneity of structural and morphological features is the main consideration in block delineation.

Mineral Resource Classification

In RPA’s opinion, based on the data density, demonstrated continuity of the mineralization, and established high recoverability of uranium from the mineralization, the Karatau Mine mineral resources as per the CIS classification system can be converted to CIM equivalent mineral resources using the factors in the following table.

CIS to CIM Mineral Resource Conversion

CIS	CIM	Factor
C1	Indicated	100%
C2	Indicated	50%
C2	Indicated	50%
P1	No equivalent	N/A

Mineral Reserves

The December 31, 2009 indicated mineral resources were converted to probable mineral reserves by assuming a 90% wellfield recovery. The mineral reserve estimate, effective December 31, 2009, is summarized in the table below.

Karatau – Probable Mineral Reserves^(1,2,3,4)					
Reserve Category	Tonnage (tonnes)		Grade (% uranium)	Contained Uranium (tonnes)	
	100% interest	50% interest⁽⁵⁾		100% interest	50% interest⁽⁵⁾
Probable (C1)	7,163,000	3,581,500	0.112	7,994	3,997
Probable (C2)	5,379,000	2,689,500	0.061	3,286	1,643
Total	12,542,000	6,271,000	0.090	11,280	5,640

Notes:

1. Mineral Reserves based on 90% wellfield recovery.
2. Mineral Reserves based on CIM definitions.
3. Mineral Resources are inclusive of Mineral Reserves.
4. Columns and rows may not add due to rounding.
5. Represents the portion of total reserve notionally attributable to the Corporation's 50% equity interest in the Karatau Joint Venture

In addition to the indicated and inferred mineral resources, in the opinion of the authors of the Karatau Technical Report, there is significant potential to increase the mineral resource base. Exploration drilling indicates potential mineralization in the range of 20 million to 28 million tonnes grading 0.06% uranium to 0.10% uranium, containing 16,000 to 22,000 tonnes of uranium. This tonnage and grade is conceptual in nature and further exploration is required prior to classifying this mineralization as mineral resources. It is uncertain if further exploration will result in the target being delineated as a mineral resource.

Mining Operations

Approved Mining Program

Under the Karatau Contract, Karatau has undertaken to comply with a detailed mining program on an annual basis. The work program as set out in the Karatau Contract requires among other things, the production of 1,000 t U per year in 2009 and 2,000 t U per year in 2010-2011. Karatau has full responsibility for financing the work program.

Mining Operations

Uranium is currently being extracted from blocks OPV (the pilot block) and 1 through 10 using ISL techniques. Sulphuric acid leaching solution is pumped into the mineralized zone through a network of injection wells (boreholes) and extracted by production wells. Originally, the well design was based on a 7-

spot system, which employs six injection wells equally surrounding a production well. This technique was employed for the OPV and blocks 1 through 6, however, a new pattern has been employed for blocks 7 through 10.

The new pattern employs three parallel lines wherein the middle line consists of production wells and the two outer lines of wells consist of injection wells. The wells are typically 200 mm diameter in the upper portions reducing to 100 mm lower in the hole. The distance between the injection wells has been approximately 15 m and approximately 30 m between the production wells. The distance between the injectors and the producing wells ranges between 20 m and 45 m. The parallel lines are oriented perpendicular to the strike of the orebody and are restricted in width by the distance between the two lines of injector wells.

The well system is operated for seven to ten days to stabilize well operations, balance the solution mode, and establish favourable hydrodynamic conditions prior to initiating the acidification process. This staged execution reduces the well system standby time. Flow meters are employed at all well houses to provide better operating monitoring information which, when added to an automated operating system, allows better control of the facility. This allows operations better control of head grades to manage a more constant production rate.

The block production statistics are monitored on a daily basis by extensive monitoring equipment. The information has been averaged to provide the historical snapshot of each mining block initiated to date. The mining blocks have been initiated in a sequential fashion, so that the OPV block has the most time in operation, while block 10 has the least time in operation.

The average uranium concentration remains quite high, in the range of 200 mg/L. The total wellfield production volume is 10,276 m³ per day, which generates 2,193 kg of uranium per day. The actual production per day in January 2010 was approximately 4,000 kg. The grades are not yet decreasing over time, which suggests that the blocks are not yet beginning to be depleted of uranium.

Mineral Processing

The original pilot plant, which commenced operation in December 2006, has been expanded and now has a capacity of 2,000 tonnes of uranium per year for the Karatau Mine operation. In addition, the plant has 1,000 tonnes of uranium per year capacity to support the adjacent Akbastau operation that is serviced on an arm's-length tolling arrangement to produce yellowcake from solutions delivered from the Akbastau wellfield. This analysis ignores the tolling agreement for Akbastau and focuses only upon the capacity and production from the Karatau Mine.

Production from the Karatau operations for years 2007 through 2009 has been 463,652, and 1,398 t U, respectively. Commercial production commenced on January 1, 2008. The plant has been systematically expanded to achieve an ultimate plan of producing a total of 3,000 tonnes per year of uranium. The refining capacity was added in 2008 and that work was completed to allow approximately 300 tonnes of uranium to be refined during 2009 for Karatau and up to 2,000 tonnes of uranium planned for 2010. The total refining capacity of 3,000 tonnes for both operations is expected to be achieved during 2011. The production plan, approved by Kazatomprom, is 2,000 tonnes of uranium throughout the life of the operation.

The uranium recovery plant is fully contained in a single building and is serviced by separate personnel change buildings and workshops. Overall, the plant is highly instrumented, with both the wellfield and the plant being monitored and controlled using the most recent technology. The plant uses a uranium tube

extraction design for the removal of the uranium from the eluate solution. The ion exchange resin used in the ion exchange process is Amberjet 920 Cl, manufactured by Rohm& Haas. Commercial testing of the Amberjet 920 Cl strongly basic anion resin demonstrates good sorption and high kinetics of nitrate desorption to maximize usage of the SDK-1500 columns with a likely level of 500 tonnes of uranium per year per vessel while achieving a 70 g/L to 90 g/L concentration per column.

Previously, the eluent from the uranium tube process was shipped in 12 tonnes or 20 tonnes tanker trucks 160 km to the Kazatomprom facilities at the Taukent Mining Chemical Plant for refining. That refining process was by either precipitation with ammonium bicarbonate to an impure yellowcake or re-acidification, subjection to a multi-stage solvent extraction system, precipitation, and fusion to U_3O_8 . Now that the refinery has been constructed at the Karatau Mine, precipitation and refining will be conducted on site for the Karatau Mine production and the U_3O_8 will be shipped from the on-site refining plant to uranium markets.

Production Schedule

The current life of mine production schedule calls for 2,000 tonnes of uranium per year. Based upon the mineral reserves as outlined in this report, the mineral reserves are sufficient for approximately 5.6 years. Mineral reserves include a 90% recovery factor compared to the mineral resources such that no additional recovery factor has been applied to the mineral resources. Based upon the production of 1,398 tonnes in 2009, the remaining production schedule contains 11,280 tonnes of uranium to be produced over a 5.6 year period.

Environmental Considerations

Current Kazakhstan regulations regarding development are being followed. For this operation, the environmental issues relative to start-up can be expected to be minimal. A permit was prepared and approved. The operation was permitted for a pilot plant and entered into a fully functional operation when production of 300 tonnes was achieved. As no active restoration requirements of the aquifer are expected and the permitted plan is being followed whereby the mining infrastructure will be removed and the wells capped when decommissioned, the environmental risk is currently perceived to be low.

As of December 2009, the asset retirement obligations for Karatau (on an undiscounted basis) have been estimated at US\$7.2 million for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the Karatau Contract, Karatau is required to develop a liquidation program. The liquidation program was developed by a state-licensed company in 2009 and was submitted to MEMR (now the MINT) for final approval. Approval is expected to be received in the second quarter of 2010. Upon the conclusion of mining operations, Karatau is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired and that the contract area is suitable for future use.

In addition, Karatau is obliged to transfer an amount equal to 1% of its total investments per annum into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Karatau's clean-up obligation, Karatau is obliged to fund any such shortfall.

Markets and Sales Contracts

Karatau is obligated to deliver to Effective Energy N.V. and Kazatomprom 200 tonnes of uranium and 309 tonnes of uranium, respectively. Effective Energy N.V. and Kazatomprom prepaid the sales proceeds to Karatau at the time of entering into the contracts and Karatau will therefore not receive any cash proceeds on delivery of the uranium. For the world market for uranium and the Corporation's sales, please see "*Description of the Business - General - Principal Product, Production and Sales*".

Taxation

Karatau will be required to pay mineral extraction tax, corporate income tax, and dividend withholding tax (but not excess profits tax) in respect of the Karatau Mine under the new Tax Code. The taxes payable are as described under "*Akdala Mine – Taxation*".

See "*Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*" and "*The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*".

Current Exploration and Development Activities

In 2009 Karatau completed 96 exploration holes as part of the total of 322 holes drilled pursuant to its exploration project since 2005. Karatau's plan for 2010 was to drill 67 holes, but based on the recent information received from drilling, the area of the ore body was recalculated and Karatau is preparing changes to the project to increase the number of exploration holes to be drilled in 2010-2011 to a total of 175 additional holes (of which 95 are to be drilled in 2010 according to the reviewed exploration program plan for 2010). Karatau expects to finish the revised project and submit it to state regulators for approval in the second quarter of 2010.

Construction of the following facilities was completed at Karatau during 2009 (commissioning and regulatory approval are expected in due course):

- the U₃O₈ production plant;
- an expansion of the processing plant (added 4 stripping and 2 ion exchange columns);
- an increase of capacity of two old precipitation ponds from 500 m³ to 1,000 m³ each;
- a permanent shift camp
- a transportation container preparation unit, paint shop, and storage;
- additional 5 boilers for the heating of the U₃O₈ production plant, lab and change room and expansion of the processing plant with all support communication lines.

In 2009 Karatau commenced construction of two additional precipitation ponds of 2,000 m³ capacity each, and two pump stations. In the fourth quarter of 2009 Karatau started construction of three storehouses and a low radioactive waste storage area. In the second half of 2009 Karatau started construction of a set of 1,000 tonne (2 x 320 m³) acid storage tanks. All these facilities are expected to be completed by June 2010, with regulatory approval expected in the third quarter of 2010.

4.3.4 Kharasan Project

The Kharasan Project is an ISR uranium development project located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan and covers 70.8 square kilometres. Kyzylkum, a 30% owned indirect subsidiary of the Corporation, owns a 100% interest in the Kharasan Project pursuant to a contract (“the **Kharasan Contract**”) dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The remaining interest in Kyzylkum is owned 30% by Kazatomprom and 40% by Energy Asia (BVI) Limited, which is owned by a consortium of Japanese utilities and a trading company. The Kharasan Contract confers on Kyzylkum the exclusive right to carry out exploration, development, extraction, mining and sales of uranium from the Kharasan Project until July 7, 2034 (subsequently extended to July 7, 2054).

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Kharasan Project is derived from the independent technical report titled “Technical Report On The North Kharasan Uranium Project, Kazakhstan” dated March 20, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA (the “**Kharasan Report**”). The authors of the Kharasan Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Kharasan Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Kharasan Report which is available for review on SEDAR under the profile for UrAsia Energy Ltd. located at the following website: www.sedar.com.

Property Description and Location

The Kharasan Uranium Field is located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan, covers 70.8 km² and is centered approximately Longitude 66° 50'E, Latitude 43° 53'N.

The Kharasan Contract

The Kharasan Contract sets out Kyzylkum's rights and obligations with respect to the Kharasan Project. Kazatomprom transferred to Kyzylkum the rights and obligations under the Kharasan Contract pursuant to Amendment No. 1 (Registration No. 1829) dated September 15, 2005. Amendment No. 2 (Registration No. 2265) to the Kharasan Contract dated December 29, 2006 increased the contract area from 70.8 km² to 82.2 km². Amendment No. 3 (Registration No. 2524) to the Kharasan Contract dated December 26, 2007 extended the Kharasan Contract to a period of 49 years commencing on July 8, 2005 and expiring on July 8, 2054. Amendment No. 4 (Registration No. 2935) to the Kharasan Contract dated December 29, 2008 provides for industrial production to commence in 2009, subject to pilot production of 380 t U and the approval of sufficient reserves by the State Committee on Mineral Reserves, and a ramp up of production to 2,000 t U in 2012 and 3,000 t U in 2014.

The contract provides for an exploration period of four years which commenced on July 8, 2005 and will expire on July 7, 2009 and a production period of 45 years. The exploration period may be extended twice for a two-year period each time. An application for an extension of the exploration period is currently being prepared and will be submitted to the MINT before the end of April 2010. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The production period may be extended until full development of the Kharasan Project. The contract may be extended and, upon renewal, its conditions may be changed by written agreement between

the parties. The Kharasan Contract may not be assigned, nor can the subsoil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

During the exploration period a yearly work program must be submitted to the MEMR (now the MINT) for approval. Further details of the current exploration program are set out below.

Pre-Emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the same priority rights to purchase or requisition uranium from the Kharasan Project as for the South Inkai Mine, as described under “*South Inkai Mine – Pre-Emptive Rights of the Government of Kazakhstan*”.

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Kyzylkum’s interest in the Kharasan Contract.

Payments to the Government of Kazakhstan

The Kharasan Contract provides that Kyzylkum is required to make certain payments to the Republic of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Kharasan Contract, Kyzylkum is required to make a further payment of approximately US\$2,100,000 at the rate of US\$66 per tonne of produced uranium from the Kharasan Project to the Republic of Kazakhstan as reimbursement for historical geological exploration and surveys.

As a commercial discovery bonus, Kyzylkum is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery of a deposit with reasonable prospects for commercial production) within the area covered by the contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 47% of the weighted average sale price of U₃O₈ for the relevant tax period.

Mineral Extraction Tax

Kyzylkum will be required to pay MET in respect of the Kharasan Project as described under “*Akdala Mine – Mineral Extraction Tax/Royalty Payments*”.

Taxation and General Stability

The new Tax Code also abolished the former contractual “stabilization” regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan which contain a tax stability clause. None of the Corporation’s Kazakh subsoil use contracts is a production sharing agreement or a contract approved by the President.

For information on certain risks relating to taxation, see “*Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Social Obligations

The Kharasan Contract contains provisions on social obligations substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Mine – Social Obligations*”.

Dispute Resolution

The Kharasan Contract contains dispute resolution provisions substantially the same as the ones in the South Inkai Contract, as described under “*Akdala Mine – Dispute Resolution*”.

Termination

The Kharasan Contract contains termination provisions substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Mine – Termination*”.

Encumbrances

UrAsia acquired its interest in Kyzylkum pursuant to a share purchase agreement dated October 28, 2005 between Jeffcott, UrAsia London and UrAsia Holdings (the “**Kharasan Acquisition Agreement**”), pursuant to which UrAsia Holdings acquired all of the issued and outstanding ordinary shares of UrAsia London. UrAsia London holds a 30% equity interest in Kyzylkum. The Kharasan Acquisition Agreement also provides for the payment to Jeffcott of a bonus payment equal to 30% of 12.5% (being an effective rate of 3.75%) of the weighted average spot price in dollars per pound of U₃O₈ for the last business day of each year after 2008 for annual increases in Russian C1 and C2 category reserves on the Kharasan Project, expressed in pounds of U₃O₈, discovered on the Kharasan Project during each such year in excess of 55,000 tonnes of uranium, payable on or before the expiration of 60 days after December 31 of each such year. Under the Kharasan Acquisition Agreement, UrAsia Holdings is also responsible for arranging project financing of US\$80,000,000 for the construction and commissioning of a mine at the Kharasan Project, which has been provided. As security for this obligation and the obligation to make the bonus payments referred to above, UrAsia Holdings has granted Jeffcott a security interest over the shares of UrAsia London.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The deposit site is approximately 37 km from Zhanakorgan and approximately 100 km south of Sheili. Sheili is the administration centre for Mining Company No 6 which operates the North and South Karamurun Deposits. There are two nearby villages, Kargaly and Baigenje with populations of 1,500 and 700 respectively. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power

line crosses the property and potable water is available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

The area extends from the valley of the Syrdarya River to a sandy plain in the south. The area is characterized by elevations of 155 m to 185 m above sea level and maximum relief of 25 m to 30 m, with numerous lacustrine basins, dry rivers and aeolian sands. The ground consists of extensive sand deposits with vegetation limited to grasses and occasional low bushes. The climate is continental with annual precipitation amounting to 120 mm to 200 mm, occurring mostly in the spring. Snow cover averages 20 cm during November through February. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 45° C in July. The region is also characterized by strong winds and dust storms are common. The climatic conditions are not expected to unduly hinder exploration and mining programs.

History

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. Exploration in the Kharasan area commenced in 1979 with widely spaced drilling which identified mineralization in two horizons over a strike length of 20 km. Between 1980 and 1982, additional drilling with line spacing between 3.6 km and 1.6 km with drill holes 800 m to 200 m apart identified an additional mineralized horizon. In 1982, the area was divided into north and south deposits and in 1983 drilling was carried out on 800 m to 1600 m profiles. Drilling continued between 1984 and 1990 to establish resources by drilling at closer spacing. The total number of hole and metres drilled is not reported. A total of 400,079 m of drilling in 703 holes was carried out during the period between 1991 and 1996 when work stopped.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Under the former Soviet system, these entities can not be considered truly independent. Rotary mud drilling is supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Exploration has consisted of diamond drilling to discover mineralization at depths of 500 m to 750 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections from the Kharasan geologic database which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, approximately 1.0 kilometre apart, with widely spaced drill holes approximately 200 meters apart on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced. The north Kharasan property has been drilled with 400 m fences with drill holes spaced at 50 m to 100 m intervals. The central part of the deposit has been drilled on a 100 m by 50 m grid with a smaller area drilled on 50 m centres in preparation for pilot plant leach testing.

Exploration drilling statistics during the period 1979 to 1991, which were carried out on a larger area comprising both north and south Kharasan, were not provided to RPA at the time of the site visit RPA made in preparation for the Kharasan Report. Drilling on the north Kharasan property during the period 1991 and 1996 is reported as shown on the available drill plans.

In the Kharasan Report, RPA stated that it believes that based on parameters from other projects in the area, approximately 70% of the holes drilled on the property were cored through the mineralized horizon

with recovery reported to average 70%. Unfortunately none of this core is available as the entire mineralized sections were used for quality analyses and quality control.

Geological Setting

Regional Geology

The Kharasan deposit is located in north-eastern part of the Syrdarya basin which is underlain and flanked by folded Proterozoic and early Paleozoic formations which are exposed at the northeast margin where the Karatau Mountains separate the Syrdarya basin from the parallel Chu-Sarysu basin which hosts the Inkai, Akdala and Budenovskoye deposits. The basin is considered to be a monocline complicated by gently folded synclines.

Property Geology

The basement rocks are comprised of folded Proterozoic formations overlain by later carbonaceous, carbonate and sandstones of Paleozoic age.

Overlying the basement rocks are the Upper Cretaceous, Paleogene and Pliocene sediments, host to the mineralization which does not outcrop. The sediments are comprised of fine-grained sands to gravels, and 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into a number of mineralized horizons. The lower units, Senoman, Turon, Cognac and most of the Santon horizon have not been drilled on the Kharasan property due to their depth below surface, in excess of 700 m. The horizons, up to 450 m in total thickness, are reported to be comprised of red to grey siltstones, sandstones and occasional clay layers.

The three mineralized horizons investigated in some detail on the Kharasan property, are the Santon, Campan and Maastricht. The Santon horizon that hosts Body #1 is primarily a greenish-grey to grey sandstone with minor clay interbeds totalling 65 m to 70 m in thickness.

Overlying the Santon are the sediments of the Campan horizon which are lithologically complex and consist of grey to red oxidized interbedded sands and clays of alluvial origin, 15 m to 25 m thick.

The Maastricht horizon occurring at 600 m to 650 m depth has been divided into two cycles totalling 38 m to 45 m in thickness. The lower cycle makes up about one third of the total thickness and is comprised of grey sandy alluvial sediments. The upper cycle is predominately red to multi-coloured siltstones and clayey sandstones.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There are 100 m to 200 m of Quaternary alluvial sands, clays and loam overlying the older sediments with an angular unconformity.

Mineralization

The Kharasan deposit is located at the north end of a 30 km mineralized trend. There are potentially up to eight mineralized horizons on the property but the lowest horizons have not been evaluated due to their depth, 750 m to 850 m below surface. The three main mineralized horizons are the Maastricht, Campan and Santon. The Maastricht horizon consists of two cycles, each one about 10 m to 15 m in thickness. The average thickness of the mineralization is 3 m with a width of about 150 m and grades ranging from 0.07%

uranium to 0.2% uranium. The Maastricht horizon contains about 60% of the stated mineral resources on the property.

The Campan horizon is 100 m wide, 2 m in thickness with an average grade of 0.1% uranium. This horizon contains about 20% of the total mineral resources on the property.

The Santon horizon has had limited exploration but it contains some of the mineral resources at grades ranging from 0.07% uranium to 0.2% uranium averaging 0.08% uranium.

The grades of the Kharasan deposit are unusually high for a typical roll front deposit with an average grade of the mineralized resource blocks as high as 0.25% uranium.

The main ore minerals are 40% to 50% pitchblende and 50% to 60% coffinite. Selenium grade ranges from 0.05% to 0.07%. The selenium intervals have been modelled on the cross sections but resources have not been estimated. Other minerals include rhenium, scandium, yttrium, vanadium and rare earths.

Exploration

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is described under the heading “*History*”, above.

Drilling

At the time of the Kharasan Report, the only drilling that had been done on the Kharasan Project was the drilling to establish the resource that was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

Sampling and Analysis; Security of Samples

The Corporation has not carried out any sampling on the property. Kazatomprom reported that all holes are logged with electrical logs that include gamma counts, calliper, deviation and self potential measurements in the same manner as the South Inkai Mine, as described under the heading “*South Inkai Mine – Sampling and Analysis; Security of Samples*”. About 70% of the holes are cored through the mineralized zones which are sampled for chemical assays in addition to the geophysical logging.

Kazatomprom reports that mineralized intervals with greater than 70% core recovery and radioactivity greater than 40 microrentgens per hour are split in half. The sample intervals range in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core are taken and sent to different laboratories for chemical analyses. The exact number of samples submitted for the #4 area was not provided but is in the order of several thousands.

RPA was not provided with detailed information on the sample preparation and methodology for the Kharasan Project but assumes that based on information obtained from Kazatomprom on procedures used for the other properties in Kazakhstan, the analyses were carried out all their analysis at the Central Analytical Laboratory PGO “Volkovgeology / Volkovgeologia” using the roentgen-spectral method on a fluorescent roentgen analyzer. In other respects the same sampling, analysis and security procedures are followed as for the South Inkai Mine. See “*South Inkai Mine – Sampling and Analysis; Security of Samples*”.

Data Verification

RPA's findings with respect to data verification on the Kharasan Project were the same as for the South Inkai Mine. See "*South Inkai Mine – Data Verification*"

Mineral Resources

The following table sets out the Indicated and Inferred Mineral Resources at the Kharasan Project as at March 20, 2006.

Kharasan - Indicated and Inferred Mineral Resources^(1,2,3,4)						
Mineralized Lens	Resource Category	Ore (tonnes)		Grade (% U)	Contained U (tonnes)	
		30% interest⁽⁵⁾	100% interest		30% interest⁽⁵⁾	100% interest
Deposit 8	Indicated Mineral Resources	790,590	2,635,300	0.201	1,590	5,300
Other Lenses	Inferred Mineral Resources	9,159,510	30,531,700	0.095	8,715	29,050

Notes:

1. Mineral resource estimate from the Kharasan Report.
2. RPA is of the opinion that the classification of Indicated and Inferred Mineral Resources as reported above meets the definitions as stated by NI 43-101 and defined by the CIM Standards.
3. RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed drill logs, cross sections, plan maps and electric logs for the Kharasan geologic database. The geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the State Commission for Mineral Resources of the Republic of Kazakhstan.
4. Mineral resources are not mineral reserves do not have demonstrated economic viability.
5. Represents the portion of total resource notionally attributable to the Corporation's 30% equity interest in the Kyzylkum Joint Venture.

The cut-off grade mandated for the Kharasan Project by the Commission on Mineral Resources of the Republic of Kazakhstan is 0.01% uranium. It was the opinion of RPA that the cut-off criteria used for resource calculations at Kharasan is too low and that some portion of the resources outlined in this project may be uneconomic under current market conditions. RPA did not have sufficient information available to accurately assess the uneconomic portion of the Kharasan reserve/resource. Nevertheless, the total resource at Kharasan offered an opportunity for economic optimization should it be possible to amend or adjust the existing legislation that requires a low cut-off. Given that: (1) cut-off criteria has been set by legislation; (2) the resource base, on average, is economic under current market conditions; and (3) the potential correction is likely to be within the potential margin or error for the overall resource estimation, RPA did not consider this situation to be of major concern.

Mining Operations

Approved Work Program

Under the Kharasan Contract, Kyzylkum must comply with a detailed exploration program, approved by a territorial department of "Yuzhkaznedra", the state agency responsible for approving such programs, on an annual basis.

Certain issues, discussed below, have prevented completion of the current plan to move to industrial production at Kharasan in accordance with the original work program agreed with the MEMR (now the MINT), which resulted in a revised application to the MEMR (now the MINT) to change the work program.

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

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

In December 2009 Kyzylkum submitted a further proposed amendment to the Kharasan Contract for review and approval by the MEMR (now the MINT), which was returned by the MINT for further changes and will be resubmitted before the end of April 2010. Such amendment includes the following changes to the work program:

1. test mining will be extended for the period 2010-2012;
2. industrial Production is to start in 2013; and
3. designed production capacity of 3,000 t U is to be reached in 2021;

Also, the amendment includes changes to the exploration drilling program for the conversion of resources from the P1 category to the C2 category:

1. no exploration drilling in 2010; and
2. 203 holes are to be drilled in 2011, 277 in 2012, and 120 in 2013.

The conversion of P1 category resources to C2 category resources as a result of the above-mentioned exploration program is expected to further increase reserves. Approval of the amendment is expected to be received during the second quarter of 2010.

By the end of 2009, 66 holes had been completed in respect of the C2 to C1 conversion program. The drilling in 2009 was done by Kyzylkum's drilling contractor in Kazakhstan, Vokovgeology. The drill program in respect of the P1 to C2 conversion program started in April 2009 and is expected to continue into 2011. All exploration drilling was stopped by the end of 2009 and will resume in 2011.

Due to the underperformance of Kharasan's current producing well field, new well fields in different geological horizons are being developed. Production from the new well fields is expected to commence in 2010. Kharasan expects to complete a 30 well drilling program for the new test mining area in the first quarter of 2010, with piping of the field and acidification to commence in the second quarter of 2010.

Results from initial tests indicate that sulphuric acid consumption in the test blocks will be considerably lower than the block currently being mined. Kharasan expects to be in a position to evaluate the performance of the new test blocks by the end of 2010.

Based on expected improved performance from the new well fields, a feasibility study and application for industrial production are forecast to be prepared in 2011, with industrial production approvals to be granted in 2012 and industrial production to commence in 2013.

Taxation

Kyzylkum will be required to pay mineral extraction tax, corporate income tax, and dividend withholding tax (but not excess profits tax) in respect of the Kharasan Project under the new Tax Code. The taxes payable are as described under “*Akdala Mine – Taxation*”.

See “*Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*” and “*The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Sales Contracts

For Kyzylkum’s production at Kharasan, all 2010 production and a portion of the 2011 production has been sold to Kazatomprom and advance payment for such material has been made at a fixed price above the current spot price. See “*Description of the Business - General - Principal Product, Production and Sales*”.

Environmental Considerations

The Kharasan Project is subject to substantially the same environmental obligations as the South Inkai Mine and the Kharasan Contract contains environmental protection and remediation provisions substantially the same as the ones in the South Inkai Contract, all as described under “*South Inkai Mine – Environmental Considerations*”.

As of December 2009, the asset retirement obligations for Kharasan (on an undiscounted basis) have been estimated at approximately US\$7.2 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Current Exploration and Development Activities

The industrial complex, including the first phase with annual production of 1,000 tpa U, has been developed on the basis of an annual production rate of 2,000 tpa U. An additional facility, (a satellite plant) with capacity of 1,000 tpa U is expected to be constructed to allow for production to increase from 2,000 tpa U to 3,000 tpa U.

Sulphuric acid shortages caused delays in acidifying production blocks in 2008, but no acid shortages were experienced in 2009.

The major operating facilities of the 2,000 tpa production complex have been inspected by the necessary regulatory authorities and approval of such facilities was granted in August 2009. No further construction will be conducted until the results of the production from the new well fields have been received.

The construction of a railroad switching station was completed in the second quarter of 2008 and the first phase of the railroad transshipment base to meet the requirement for pilot production was approved in April 2009 and the remaining operating licenses are expected to be obtained by the end of March 2010. The main facilities were approved except for the final product storage facility, roads and landscaping; approvals are expected to be received in due course. Nonetheless, the transshipment base can be operated without those three facilities, and documentation and licensing for those facilities is expected to be completed in the first quarter of 2010 to permit operation. Until the transshipment base is available for shipment of U_3O_8 it will be necessary to store the product on site, as it is not legally approved to ship U_3O_8 through the villages on the alternative routes to other shipping points. The transshipment base will also be used for reagent transfer.

Pilot mining commenced in September 2008, with production fluids from the first test production block and some of the wells in the second production block being delivered to the processing plant. Acidification of an additional two production blocks commenced and the ion exchange and desorption circuits were completed and became operational during the third quarter of 2008. The precipitation and filtration circuit was completed and commissioned during the fourth quarter of 2008.

By the end of 2009, a total of 180 wells, comprising production, injection and monitoring wells, were completed. There were 66 production wells in operation at the end of 2009. By the end of 2009 the flow rate was 344 m³/hour compared to a plan of 325 m³/hour. The concentration was 40 mg/l versus the plan of 64.8 mg/l.

The 2009 production from the Kharasan Project attributable to the Corporation was 81,700 lbs of U_3O_8 (total production of 272,500 lbs U_3O_8), and the production for 2010 is expected to be 159,900 lbs of U_3O_8 (total production of 533,000 lbs U_3O_8).

The Corporation completed its obligation to provide financing of US\$80 million for funding the construction and commissioning of the Kharasan Project by April 2007. The maximum rate of interest on such loans is LIBOR plus 1.5%. The Kyzylkum Joint Venture entered into an unsecured bank loan facility totalling US\$100 million for additional project financing. US\$70 million of this facility was provided by the Japan Bank for International Cooperation and US\$30 million was provided by Citibank Corp. In late 2008, Citibank agreed to increase its existing loan facility to US\$90 million bringing the total loan facilities available to Kyzylkum to US\$160 million of which the full amount had been drawn as of December 31, 2009. These loan facilities will be repayable after full repayment of the existing US\$80 million loan from the Corporation, of which US\$35 million remained outstanding as of December 31, 2009. The Corporation's proportionate share of the new unsecured bank loan facility is US\$48 million. The interest rates payable under Japan Bank for International Cooperation and Citibank loan facilities are LIBOR plus 0.25% and 0.35%, respectively.

4.4 Other Projects

4.4.1 Development and Exploration Projects

Irigaray Facility and Christensen Ranch

On August 10, 2009, the Corporation entered into a definitive agreement to acquire 100% of MALCO from wholly-owned subsidiaries of AREVA and Électricité de France for US\$35,000,000 in cash. In January 2010 the Corporation received all regulatory approvals required in connection with the acquisition, and the acquisition was completed on January 25, 2010.

The assets of MALCO include the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated U₃O₈ resources located in the Powder River Basin of Wyoming. The Nuclear Regulatory Commission license for the Irigaray central processing plant allows for a maximum of 2.5 million pounds of dried U₃O₈ production per year.

The Irigaray central processing plant currently has the capacity to produce approximately 1.3 million pounds of dried U₃O₈ per year. The Corporation intends to expand the processing capacity at Irigaray in line with the facility's Nuclear Regulatory Commission license to approximately 2.5 million pounds U₃O₈ per year by incorporating a vacuum dryer purchased for use at the Corporation's Moore Ranch project.

The Corporation anticipates that its Moore Ranch project will now become a satellite ISR operation, with loaded resins being transported to Irigaray for further processing into dried U₃O₈. The Corporation's other projects in the Powder River Basin, including Ludeman, Allemand-Ross and Barge could also be developed as satellite operations, with final processing through Irigaray.

United States Exploration Properties

The Corporation has a number of development projects in the Great Divide Basin in Wyoming, including the JAB and Antelope projects. The Corporation is reviewing the development and permitting schedule for these projects. No development and permitting activities are expected to be conducted in the near term.

The Corporation has a number of exploration properties located in Arizona, Colorado and Utah. The Corporation does not intend to incur any material expenditure on these properties during 2010.

Australia

The Honeymoon Uranium Project is located in South Australia, approximately 75 kilometres northwest of the city of Broken Hill, New South Wales. The Corporation owns 51% of the Honeymoon Uranium Project Joint Venture, which owns the Honeymoon Uranium Project. The remaining 49% of the joint venture is owned by Mitsui & Co., Ltd, (“**Mitsui**”), which has committed A\$104 million towards the purchase of its interest in Uranium One Australia’s business and the development of the Honeymoon Uranium Project.

The project has a design capacity of 880,000 pounds of U₃O₈ per year, with an expected mine life (including production ramp-up) of six years. The current capital expenditure estimate for the Honeymoon project, including contingencies, is A\$138 million (on a 100% basis). As at December 31, 2009, a total of A\$86.3 million has been spent (on a 100% basis). In 2009, the capital expenditure estimate increased by 17% from the previous estimate, due to anticipated cost overruns on the structural, mechanical and piping works, as well as the electrical and instrumentation works cost estimates.

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

ITEM 5. DIVIDENDS

There have been no dividend payments on the common shares of the Corporation. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no restrictions on the ability of the Corporation to pay dividends except as set out under its governing statute. The Corporation does not intend to pay dividends at the present time.

ITEM 6. DESCRIPTION OF CAPITAL STRUCTURE

6.1 Common Shares

The Corporation is authorized to issue an unlimited number of common shares, of which 587,493,542 were issued and outstanding as at March 30, 2010.

The holders of the common shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the Board of Directors out of funds legally available therefore and to receive pro rata the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation.

6.2 Other Securities

As of March 30, 2010, the Corporation also has outstanding:

- (a) a \$269,100,000 aggregate principal amount 3% unsecured convertible debenture maturing on January 15, 2020, which is convertible into 117,000,000 common shares in the aggregate (see “*General Development of the Business - Three Year History - Private Placement and Strategic Relationship Transaction with Japanese Consortium*”);
- (b) \$155,250,000 aggregate principal amount (denominated in amounts of \$1,000) of 4.25% convertible debentures due December 31, 2011, convertible into up to 7,762,500 common shares in the aggregate;
- (c) \$260,000,000 aggregate principal amount (denominated in amounts of \$1,000) of 7.5% (re-settable to 5%) convertible debentures due March 13, 2015, convertible into up to 65,000,000 common shares in the aggregate (see “*General Development of the Business - Three Year History - Offering of Convertible Debentures*”);
- (c) warrants to acquire 6,964,200 common shares of the Corporation for no additional consideration upon commencement of commercial production from the Kharasan Project (see “*General Development of the Business – Significant Acquisitions – Acquisition of UrAsia*”);
- (d) property option and joint venture agreements of EMC under which (see “*General Development of the Business – Significant Acquisitions - Acquisition of EMC*”) up to 57,500 common shares of the Corporation are issuable;
- (e) options to purchase 22,103,635 common shares of the Corporation at exercise prices ranging from \$0.78 to \$16.59 per share, exercisable for periods ending between March 30, 2010 and March 30, 2017; and
- (f) restricted share rights to acquire 445,659 common shares of the Corporation at the end of such restricted period of time as determined by the Corporation’s Compensation Committee at the time of grant, during which the right cannot be exercised.

Description of the JUMI Debenture

The Corporation issued the JUMI Debenture to JUMI on January 5, 2010. The following description of the JUMI Debentures is a brief summary of their material attributes and characteristics and is qualified in

its entirety by reference to the provisions of the JUMI Debenture entered into between the Corporation and JUMI, a copy of which is available for review under the Corporation's profile on SEDAR. All capitalized terms are as defined in the JUMI Debenture unless otherwise defined herein.

The JUMI Debenture has an aggregate principal amount of \$269,100,000, bears interest at a rate of 3% per annum, and matures on January 15, 2020.

The JUMI Debenture is a general unsecured obligation of Uranium One and is subordinated in right of payment of the principal portion of all present and future senior indebtedness (being the Debentures, secured debt, unsecured bank or other institutional debt, and project debt, or renewals, extensions and refunding of such indebtedness) of Uranium One. The JUMI Debenture is direct senior unsecured indebtedness of Uranium One, ranking equally and rateably with all other senior unsecured indebtedness and senior to all subordinated indebtedness of Uranium One.

The JUMI Debenture will automatically convert into 117,000,000 common shares of the Corporation on receipt of required Kazakh regulatory approval, which is expected during 2010. If such approval is not received, the holder may, on 12 months' notice, cause the JUMI Debenture to be redeemed at par plus accrued and unpaid interest. Such redemption may not occur before the second anniversary of the closing in January 2012.

If the holder elects to redeem the JUMI Debenture, Uranium One shall withdraw its application for the Kazakh regulatory approval, and the JUMI Debenture will not longer be convertible into common shares of Uranium One. Uranium One does not have any right to redeem the JUMI Debenture.

Within 30 days of the occurrence of a "Change of Control" (defined as (i) the acquisition of voting control or direction over more than 50% of the aggregate voting rights attached to the Uranium One common shares then outstanding, (ii) Uranium One ceasing to own, directly or indirectly, all or substantially all of its interest in its Kazakh joint ventures, (iii) the consolidation, amalgamation or merger of Uranium One with another person, or (iv) the sale by Uranium One of all or substantially all of its property and assets) Uranium One must commence an offer to purchase the whole JUMI Debenture then outstanding, in whole or in part, at a price equal to 101 percent of the principal amount of the JUMI Debenture plus accrued and unpaid interest thereon.

JUMI may transfer the JUMI Debenture only with Uranium One's prior written consent, provided that: (i) if an event of default occurs under the JUMI Debenture, JUMI may transfer, sell or otherwise dispose of the JUMI Debenture without Uranium One's prior consent; and (ii) if JUMI elects to redeem the JUMI Debenture, JUMI may transfer, sell or otherwise dispose of it (A) to anyone, with Uranium One's prior written consent or (B) without Uranium One's prior consent, to a Japanese public utility or a Japanese trading company listed on the Tokyo Stock Exchange and involved in the uranium business and not engaged in any dispute with Uranium One.

Description of the 2011 Convertible Debentures

On December 20, 2006, Uranium One issued Cdn \$155,250,000 aggregate principal amount of 2011 Convertible Debentures. The 2011 Convertible Debentures are due on December 31, 2011 and bear interest on the principal amount at the rate per annum of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The 2011 Convertible Debentures are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "UUU.DB".

The following description of the 2011 Convertible Debentures is a brief summary of their material attributes and characteristics and is qualified in its entirety by reference to the provisions of the December 20, 2006 trust indenture, as amended (the “**2011 Indenture**”) entered into between Uranium One and Computershare Trust Company of Canada as 2011 Indenture Trustee which is available for review under Uranium One’s profile on SEDAR. All capitalized terms are as defined in the 2011 Indenture unless otherwise defined herein.

The 2011 Convertible Debentures are general unsecured obligations of Uranium One and are subordinated in right of payment of the principal portion of all present and future senior indebtedness (being secured debt, unsecured bank or other institutional debt, and project debt, or renewals, extensions and refunding of such indebtedness) of Uranium One. The 2011 Convertible Debentures are direct senior unsecured indebtedness of Uranium One, ranking equally and rateably with all other senior unsecured indebtedness and senior to all subordinated indebtedness of Uranium One.

Each 2011 Convertible Debenture is convertible into Uranium One common shares at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date or, if called for redemption, on the business day immediately preceding the date fixed for redemption, into 50 Uranium One common shares for each Cdn\$1,000 principal amount of 2011 Convertible Debentures, representing a conversion price of Cdn\$20.00 per share, subject to adjustment in certain circumstances.

The 2011 Convertible Debentures may not be redeemed by Uranium One prior to January 1, 2010. On and after January 1, 2010 and prior to the maturity date, the 2011 Convertible Debentures may be redeemed by Uranium One, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is at least 130 percent of the conversion price.

Uranium One has the option, subject to regulatory approval, to satisfy its obligations to repay the principal amount of the 2011 Convertible Debentures upon redemption or at maturity, provided no event of default under the 2011 Indenture has occurred and is continuing at such time, upon not less than 40 days and not more than 60 days prior notice, by issuing and delivering that number of freely tradable Uranium One common shares obtained by dividing the principal amount of the 2011 Convertible Debentures by 95 percent of the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days before the date fixed for redemption or maturity, as the case may be.

Within 30 days of the occurrence of a “Change of Control”, defined as the acquisition of voting control or direction over at least $66\frac{2}{3}$ percent of the aggregate voting rights attached to the Uranium One common shares then outstanding, Uranium One must commence an offer to purchase all 2011 Convertible Debentures then outstanding, in whole or in part, at a price equal to 101 percent of the principal amount of the 2011 Convertible Debentures plus accrued and unpaid interest thereon. In the event of a Change of Control that is a transaction in respect of which 10 percent or more of the aggregate fair market value of the consideration for the transaction consists of the fair market value of (i) cash, (ii) other property or (iii) equity securities that are not traded or scheduled to be traded immediately following such transaction on a recognized stock exchange, holders of the 2011 Convertible Debentures may elect to convert their 2011 Convertible Debentures and receive, in addition to the number of Uranium One common shares they otherwise would have been entitled to, an additional number of Uranium One common shares not exceeding

the specified amount of common shares per Cdn\$1,000 principal amount of 2011 Convertible Debentures, as further described in the 2011 Indenture, and provided that the conversion price is not less than permitted discounts to the market price. The arrangement with UrAsia was not a Change of Control for the purposes of the 2011 Indenture.

Description of the 2015 Convertible Debentures

On March 12, 2010, the Corporation completed a bought deal public offering of \$260,000,000 aggregate principal amount of 2015 Convertible Debentures. The 2015 Convertible Debentures are listed for trading on the TSX under the symbol “UUU.DB.A”.

The following description of the 2015 Convertible Debentures is a brief summary of their material attributes and characteristics and is qualified in its entirety by reference to the provisions of the trust indenture, as amended (the “**2015 Indenture**”) entered into between Uranium One and Computershare Trust Corporation of Canada as Indenture Trustee, a copy of which is available for review under Uranium One’s profile on SEDAR. All capitalized terms are as defined in the 2015 Indenture unless otherwise defined herein.

The 2015 Convertible Debentures will mature on March 13, 2015, and will initially bear interest at an annual rate of 7.5%, payable semi-annually in arrears. From and after the date on which an opinion of local Kazakhstan counsel to the Corporation has been provided to the trustee for the 2015 Convertible Debentures stating that all waivers and/or approvals from the Government of Kazakhstan and/or the Kazakh Ministry of Energy and Mineral Resources necessary in order for the Corporation to issue the common shares upon conversion of the 2015 Convertible Debentures have been obtained or are no longer required (the “**Approval Date**”), the rate of interest per annum shall be 5%.

The 2015 Convertible Debentures will be direct, unsecured obligations of Uranium One and will be subordinated in right of payment of the principal portion of all present and future senior indebtedness (being secured debt, unsecured bank or other institutional debt, and project debt, or renewals, extensions and refunding of such indebtedness) of Uranium One, including the Corporation’s existing credit facility and to its outstanding 2011 Convertible Debentures. The 2011 Convertible Debentures will rank equally and rateably with all other unsecured indebtedness of Uranium One, including the JUMI Debenture.

From and after the Approval Date (but not before) until the maturity date, the 2015 Convertible Debentures will be convertible into common shares of Uranium One at the option of the holder at a conversion price of \$4.00 per common share, being at a rate of 250 common shares per \$1,000 principal amount of 2015 Convertible Debentures, subject to adjustment in certain circumstances. The 2015 Convertible Debentures will not be redeemable.

Within 30 days of the occurrence of the acquisition by any person or group of persons of voting control or direction over more than 66^{2/3}% of the aggregate voting rights attached to the common shares then outstanding (a “**Change of Control**”), Uranium One must commence an offer to purchase all 2015 Convertible Debentures then outstanding, in whole or in part (the “**Offer**”).

If 90% or more of the aggregate principal amount of the 2015 Convertible Debentures outstanding on the date of the giving of notice of the Change of Control have been tendered to the Corporation pursuant to an offer made to the holders of all 2015 Convertible Debentures, the Corporation will have the right to redeem all the remaining 2015 Convertible Debentures at the same price.

Subject to regulatory approval, in the event of a Change of Control where the consideration consists of 10% or more in (i) cash, (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a stock exchange, or (iii) other property that is not traded or intended to be traded immediately following such transactions on a stock exchange (a “**Cash Change of Control**”), holders of the 2015 Convertible Debentures may, at any time during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective (the “**Effective Date**”) and ending 30 days after the Offer is delivered, convert their 2015 Convertible Debentures at a new conversion price (the “**Change of Control Conversion Price**”) calculated as follows:

$$\text{COCCP} = \text{OCP} / (1 + (\text{CP} \times (\text{c}/\text{t}))$$
 where:

COCCP = the Change of Control Conversion Price;

OCP = the Conversion Price in effect on the Effective Date;

CP = 25.8%;

c = the number of days from and including the Effective Date to but excluding the Maturity Date; and

t = the number of days from and including the Closing Date to but excluding the Maturity Date.

In the event that (i) the conversion of the 2015 Convertible Debentures in the manner described above would require the prior approval of the Government of Kazakhstan or a waiver of any rights by such Government, and (ii) the amount that is equal to the product obtained by multiplying the number of common shares to which such holder would have been entitled, determined on the basis of the Change of Control Conversion Price, by the value of the consideration per common share payable pursuant to the Cash Change of Control transaction (the “Change of Control Price”) is greater than 101% of the principal amount of such holder’s 2015 Convertible Debentures plus accrued and unpaid interest thereon, the Corporation shall make the Offer for such holder’s 2015 Convertible Debentures at a price equal to the Change of Control Price. In all other circumstances, the Corporation shall make the Offer for such holder’s 2015 Convertible Debentures at a price equal to 101% of the principal amount of such holder’s 2015 Convertible Debentures plus accrued and unpaid interest thereon.

ITEM 7. MARKET FOR SECURITIES

The common shares of the Corporation are listed on the TSX and (since December 19, 2005) the JSE Limited (the Johannesburg stock exchange) under the symbol “UUU” on both exchanges.

The following table sets forth the price ranges and volume of trading of the common shares on the TSX for each month during the year ended December 31, 2009:

Month	High \$	Low \$	Volume (#)
January	2.35	1.71	200,497,680
February	2.24	1.66	146,709,248
March	2.99	1.66	135,717,536
April	3.67	2.51	84,889,968
May	4.07	1.94	205,878,512
June	2.98	1.54	289,937,888
July	3.09	2.33	81,684,520
August	3.05	2.43	45,050,352
September	2.74	2.26	99,488,072
October	3.39	2.38	128,785,224
November	3.62	3.00	81,286,928
December	3.32	2.88	55,301,872

ITEM 8. DIRECTORS AND OFFICERS

8.1 List of Directors and Officers

The following table sets forth, for each of the directors and executive officers of the Corporation, the individual's name, municipality of residence, position held with the Corporation, principal occupation and, in the case of the directors, the period during which the individual has served as a director of the Corporation.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Director Since
IAN TELFER ⁽¹⁾⁽²⁾ West Vancouver, British Columbia, Canada	Chairman of the Board	Chairman, Goldcorp Inc. (a gold mining company)	April 2007
ANDREW ADAMS ⁽¹⁾⁽²⁾⁽³⁾ Oakville, Ontario, Canada	Director	Corporate Director	December 2005
DR. MASSIMO CARELLO ⁽³⁾ London, England	Director	Corporate Director	June 2007
SHIGEO FUJINAMI Yokohama, Kanagawa, Japan	Director	Group Manager, Uranium Business Strategy Group, Nuclear Fuel Cycle Department, The Tokyo Electric Power Company, Incorporated	March 2010
DAVID HODGSON ⁽⁴⁾⁽⁵⁾ Johannesburg, South Africa	Director	Corporate Director	July 2006
D. JEAN NORTIER ⁽⁶⁾ West Vancouver, British Columbia, Canada	President and Chief Executive Officer and Director	President and Chief Executive Officer, Uranium One Inc	August 2008

TERRY ROSENBERG ⁽²⁾⁽³⁾ Kloof, South Africa	Director	Chairman, Oakbrook Investments (an investment company)	December 2005
PHILLIP SHIRVINGTON ⁽⁴⁾⁽⁵⁾ San Francisco, California, U.S.A.	Director	Corporate Director	April 2007
AKIHIRO TAKUBO Kamagaya, Chiba, Japan	Director	Senior Fellow, Business Development, Power Systems Company	March 2010
MARK WHEATLEY ⁽⁴⁾⁽⁵⁾ North Manly, New South Wales, Australia	Director	Corporate Director	September 2003
KENNETH WILLIAMSON ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada	Director	Corporate Director	December 2005
VADIM ZHIVOV Moscow, Russia	Director	Director General of JSC Atomredmetzoloto	December 2009
STEVEN MAGNUSON Denver, Colorado, U.S.A.	Executive Vice-President and Chief Operating Officer	Executive Vice-President and Chief Operating Officer, Uranium One Inc.	-
ROBIN MERRIFIELD North Vancouver, British Columbia, Canada	Executive Vice-President and Chief Financial Officer	Chief Financial Officer, Uranium One Inc.	-
FLETCHER NEWTON Denver, Colorado, U.S.A.	Executive Vice-President, Corporate and Strategic Affairs	Executive Vice-President, Corporate and Strategic Affairs, Uranium One Inc.	-
CHRISTOPHER SATTLER Toronto, Ontario, Canada	Executive Vice-President, Corporate Development and Investor Relations	Executive Vice-President, Corporate Development and Investor Relations, Uranium One Inc.	-
JOHN M. SIBLEY West Vancouver, British Columbia, Canada	Executive Vice- President, General Counsel and Secretary	Executive Vice-President, General Counsel and Secretary, Uranium One Inc.	-

Notes:

- (1) Member of the Compensation Committee.
- (2) Member of the Corporate Governance and Nominating Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Safety, Health and Environment Committee.
- (5) Member of the Technical Operations Committee.
- (6) Mr. Nortier was the interim Chief Executive Officer from February 21, 2008 until August 13, 2008, when he was appointed President and Chief Executive Officer and became a director of the Corporation.

Directors are elected at each annual meeting of the Corporation's shareholders and serve as such until the next annual meeting or until their successors are elected or appointed.

Principal Occupations

The principal occupations of each of the Corporation's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

Ian Telfer, Chairman of the Board and Director. Mr. Telfer is currently Chairman of Goldcorp Inc., and was Chief Executive Officer and President of Goldcorp Inc. prior to November 2006 and Chairman and Chief Executive Officer of Wheaton River Minerals Ltd. prior to its merger with Goldcorp in 2005. He was also the Chairman of UrAsia prior its acquisition by the Corporation in April 2007. Mr. Telfer currently serves as an independent non-executive director of New Gold Ltd. and has over 25 years experience as an executive in the mining industry.

Andrew Adams, Director. Mr. Adams is a corporate director. He qualified as a Chartered Accountant in the U.K. in 1981. Prior to 1999, Mr. Adams was Chief Financial Officer of AngloGold North America Inc. From 1999 to 2003, Mr. Adams was Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd. and Gleichen Resources Ltd.

Dr. Massimo Carello, Director. Dr. Carello is a corporate director. He was a director of UrAsia prior to its acquisition by the Corporation in April 2007. Dr. Carello has over 30 years of international senior management and board level experience. Dr. Carello was Non-Executive Director of Anker plc from 2004 to 2005, Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, and Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001. Dr. Carello currently serves as an independent non-executive director of Canaccord Capital Inc., Orsu Metals Corporation and Velo Energy Inc.

Shigeo Fujinami, Director. Mr. Fujinami is the Group Manager, Uranium Business Strategy Group, Nuclear Fuel Cycle Department, The Tokyo Electric Power Company, Incorporated. He was the Deputy Representative for the Washington, D.C. office of the Federation of Electric Power Companies of Japan, from 2003 to 2009. Before that, he was the Vice-President of TEPCO Resources Inc., a wholly-owned subsidiary of The Tokyo Electric Power Company, Incorporated from 1997 to 2003.

David Hodgson, Director. Mr. Hodgson is a corporate director and was the Acting Chief Operating Officer of the Corporation from February 21, 2008 until November 30, 2008. Prior to joining Uranium One, Mr. Hodgson had a distinguished career in the mining industry, spanning more than 30 years with the Anglo American and DeBeers group of companies. From November 2001 to April 2005, Mr. Hodgson served as Chief Operating Officer for Anglogold Ashanti with responsibility for overseeing the production of approximately six million ounces of gold per annum from a total of 22 operations.

Jean Nortier, President and Chief Executive Officer. Mr. Nortier is currently the President and Chief Executive Officer of the Corporation as well as a director. Prior to August 13, 2008, he was the Interim Chief Executive Officer of the Corporation from February 2008; the Executive Vice-President of the Corporation, Corporate Development, from April 2007; and the Chief Financial Officer of the Corporation from December 2005. From 2004 to 2005, he was Chief Financial Officer of Uranium One Africa and served on that company's board of directors from 2002 to 2005. Prior to 2004, Mr. Nortier was managing director of Reitron (Proprietary) Limited, a private corporate finance and private equity consulting

business; from 1999 to 2001, he was chief executive officer of the Sovereign Group, the financial services division of TBB Holdings, a South African bank.

Terry Rosenberg, Director. Mr. Rosenberg is a South African businessman. He is currently the Chairman of Oakbrook Investments Limited, a South African investment company. From 1992 to 1999, Mr. Rosenberg was Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate. Prior thereto, he was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. He serves as Chairman of SA Bioproducts (an amino acid company) and Doral Properties (a property development company).

Phillip Shirvington, Director. Mr. Shirvington is a corporate director. Mr. Shirvington was the President and Chief Executive Officer of UrAsia prior to its acquisition by the Corporation in April 2007. He was the Managing Director of Energy Resources of Australia Ltd., the third largest uranium mining company in the world, for a period of six years commencing in 1994. Mr. Shirvington later became a consultant to the mining and energy industry in which he has over 20 years experience. Earlier in his career he was a nuclear scientist and First Secretary, Atomic Energy at the Australian Embassy in Washington, D.C.

Akihiro Takubo, Director. Mr. Takubo is a Senior Fellow, Business Development, Power Systems Company, a subsidiary of Toshiba Corporation. He was a Fellow Specialist, Global Business Strategy, at Power Systems Company from 2008 to 2009. Before that, he was the Senior Manager, WEC Sales & Marketing Department, WEC Coordination Division, Power Systems Company from 2006 to 2008, and Senior Manager, Overseas Project Promotion Department, Nuclear Energy Division, Power Systems Company from 2000 to 2006.

Mark Wheatley, Director. Mr. Wheatley is a corporate director. Mr. Wheatley has been Chairman of Gold One International Limited since May 2009, and prior thereto he was Managing Director and CEO of BMA Gold Limited from July 2006. He was CEO of Southern Cross from September 2003 to December 2005 and Chairman of Southern Cross from June 2004 to December 2005. Mr. Wheatley also served as non-executive director of St. Barbara Limited from November 2003 to August 2006. Prior to 2003, Mr. Wheatley was General Manager, Corporate Development for Aurion Gold Limited (previously Goldfields Limited); prior thereto, Mr. Wheatley held executive positions with Bankers Trust Australia Limited and BHP Limited.

Kenneth Williamson, Director. Mr. Williamson is a corporate director and former investment banker. He joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as a director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Biotech Environmental Technologies Inc. and Quadra Mining Ltd.

Vadim Zhivov, Director. Mr. Zhivov has been the Director General (equivalent to a Chief Executive Officer in Canada) of JSC Atomredmetzoloto, a Russian state-owned uranium mining company, since November 2007. Prior thereto, Mr. Zhivov was the President of MTB Canada Ltd. from 1991 to 2006, the First Deputy General Director of JSC Techsnabexport from 2006 to 2007, the Vice-President of CJSC Kapitell from 2004 to 2006, the Deputy General Director of Corporate Development of JSC Gazprommedia from 2003 to 2004, and the First Deputy General Director of JSC Telekompanya NTV from 2003 to 2004.

Steve Magnuson, Chief Operating Officer. Mr. Magnuson is the Chief Operating Officer of the Corporation. He is a professional engineer with 30 years mining experience, primarily in uranium ISR

operations. Most recently, Mr. Magnuson was Vice-President of Operations for a U.S. subsidiary of Cameco Corporation, with responsibility for ISR operations in Wyoming and Nebraska as well as the Inkai Joint Venture in Kazakhstan.

Robin Merrifield, Chief Financial Officer. Mr. Merrifield is the Chief Financial Officer of Uranium One. He was the Chief Financial Officer of UrAsia prior to its acquisition by the Corporation in April 2007. Mr. Merrifield is a Chartered Accountant; he obtained his professional designation while working for Deloitte and Touche LLP in South Africa. Mr. Merrifield has previously held the position of Controller for Cameco, as well as the position of Vice-President Finance for Cameco's Kumtor Operating Company.

Fletcher Newton, Executive Vice-President, Corporate and Strategic Affairs. Mr. Newton is the Executive Vice-President, Corporate and Strategic Affairs, of the Corporation. Mr. Newton has over 20 years of experience in the nuclear fuel industry and worked for Cameco Corporation from 1997 until June of 2007. From 2004 until 2007 he was the Chief Executive Officer for Power Resources Inc., the U.S. subsidiary of Cameco Corporation. He was part of the original team that negotiated the HEU Feed Agreement among Tenex, Cameco, Areva and Nukem, and helped to negotiate the agreement between Cameco and Kazatomprom for the creation of the Inkai Joint Venture. Most recently, Mr. Newton has worked with the U.S. Congress and Department of Energy to develop a strategy for the future use of U.S. government uranium inventories.

Christopher Sattler, Executive Vice-President, Corporate Development and Investor Relations. Mr. Sattler is the Executive Vice-President, Corporate Development and Investor Relations of the Corporation. Prior to joining Uranium One in 2006, Mr. Sattler worked for BMO Capital Markets in investment banking for five years and was involved in a variety of merger and acquisition transactions and equity financings in the mining sector.

John Sibley, Executive Vice-President, General Counsel and Secretary. Mr. Sibley is the Executive Vice-President, General Counsel and Secretary of Uranium One. Prior to assuming those roles in September, 2006, he was a partner with the Canadian law firm of Davis LLP between 2001 and August 2006; previously thereto Mr. Sibley was a partner with several other major Canadian law firms. During his career in private practice, Mr. Sibley advised numerous Canadian and foreign companies involved in the mining sector on a wide range of matters including public offerings and mergers and acquisitions. Mr. Sibley was a director of Uranium One Africa from 2003 to 2005.

Shareholdings of the Directors and Officers as a Group

As at March 5, 2010, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,207,829 common shares of the Corporation, representing approximately 0.38% of the total number of common shares outstanding before giving effect to the exercise of options or warrants to purchase common shares held by such directors and executive officers. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Corporation as a group is based upon information furnished by the directors and executive officers.

8.2 Audit Committee

The Corporation's Audit Committee is responsible for monitoring the Corporation's accounting and financial reporting practices, the adequacy of its internal accounting systems, controls and procedures and liaising and reviewing accounting matters with the Corporation's external auditors. The Audit Committee

is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors of the Corporation (unaudited quarterly financial statements are approved by the Audit Committee).

Audit Committee Charter

A copy of the charter of the Audit Committee is attached to this Annual Information Form as Schedule "A".

Composition of the Audit Committee

The members of the Corporation's current Audit Committee are Mr. Andrew Adams (Chairman), Dr. Massimo Carello, Mr. Terry Rosenberg and Mr. Kenneth Williamson.

Each of Messrs. Adams, Carello, Rosenberg and Williamson are independent and financially literate within the meaning of National Instrument 52-110 - *Audit Committees* ("NI 52-110"). In addition to being independent as described above, no member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fees or other payments from the Corporation other than annual retainer and meeting fees and regular benefits that other non-employee Directors receive.

In 2009, the Audit Committee met 4 times. Each meeting was attended by all of the members of the Committee, except for Mr. Rosenberg, who attended 3 of the 4 meetings.

Relevant Education and Experience

Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Committee:

Andrew Adams - Mr. Adams qualified as a chartered accountant in the United Kingdom in 1981. He was previously Chief Financial Officer of AngloGold North America Inc. and the Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd. and Gleichen Resources Ltd. and is the Chairman of the audit committee of each of these companies.

Dr. Massimo Carello - Dr. Carello has over 30 years of international senior management and board level experience, including as Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001 and Non-Executive Director of Anker plc from 2004 to 2005. Dr. Carello was a member of the Audit Committee of Anker plc.

Terry Rosenberg - Mr. Rosenberg holds an MBA degree and has over 25 years experience in accounting and business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. From 1989 to 1992, Mr. Rosenberg was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business, and from 1992 to 1999, Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate.

Kenneth Williamson - Mr. Williamson has extensive experience in the investment banking business, having joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and

acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Bioteq Environmental Technologies Inc. and Quadra Mining Ltd. Mr. Williamson holds an MBA degree from the University of Western Ontario.

Pre-Approval Policies and Procedures

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Corporation's external auditors. In August 2007 the Corporation adopted a pre-approval policy that sets out all pre-approved audit and permitted non-audit services to be performed by the external auditors and identifies the types of non-audit services or mandates that are considered incompatible with the principles underlying the independence of the external auditors.

External Auditor Service Fees

Deloitte & Touche LLP, Chartered Accountants, the Corporation's external auditors, has prepared the audit report dated March 9, 2010 on the Corporation's audited consolidated financial statements for its most recently completed financial year, December 31, 2009. Deloitte & Touche LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Following are the audit fees, audit-related fees, tax fees and all other fees billed by the external auditors in each of the last two fiscal years:

Fiscal Year	Audit Fees⁽¹⁾ (\$)	Audit-Related Fees⁽²⁾ (\$)	Tax Fees⁽³⁾ (\$)	All Other Fees⁽⁴⁾ (\$)
2009	1,511,942	269,582	235,360	-
2008	1,640,000	309,538	232,530	22,000

Notes:

- (1) "Audit Fees" refer to fees billed for audit services.
- (2) "Audit-Related Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the Corporation's financial statements and are not reported under 'Audit Fees'.
- (3) "Tax Fees" refer to fees billed for advice related to tax compliance, tax advice and tax planning.
- (4) "All Other Fees" refer to fees billed for services not included in the categories of 'Audit Fees', 'Audit-Related Fees' and 'Tax Fees'.

8.3 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No director or executive officer of the Corporation is, or within the ten years prior to the date hereof has been, a director or chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial

officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, (i) is, or within ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than (a) Ian Telfer, who was Vice-Chairman of a technology company when it made an assignment in bankruptcy on July 31, 2001; (b) Andrew Adams, who was a director of a mining company when it sought protection under the *Companies' Creditors Arrangement Act* in January 2008; (c) Jean Nortier, who was a director of a private South African company when it was liquidated in 2001 as a result of the financial restructuring of its parent company; and (d) Mark Wheatley, who was Managing Director and Chief Executive Officer of a mining company listed on the Australian Stock Exchange (the "ASX") when it was placed into voluntary administration and suspended from trading on the ASX on January 30, 2007 (the company was released from administration and trading of the company's shares on the ASX recommenced on December 3, 2007); or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

8.4 Conflicts of Interest

In the event conflicts arise at a meeting of the Board of Directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be "independent" within the meaning of NI 52-110) to review a matter in which one or more directors, or management, may have a conflict.

Except as disclosed in this Annual Information Form, to the best of the Corporation's knowledge there are no other known existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except that certain of the directors of the Corporation serve as directors and officers of other public companies and as nominees of significant shareholders and it is therefore possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director or officer of such other companies or as nominee of such significant shareholder. Where such conflicts arise, they will be addressed as indicated above.

ITEM 9. LEGAL PROCEEDINGS

The Corporation and its subsidiaries are not a party to any material legal proceedings. However, from time to time, the Corporation and its subsidiaries may become parties to disputes arising in the ordinary course of business.

ITEM 10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the interests of certain directors, officers and shareholders of the Corporation as described elsewhere in this Annual Information Form, none of the directors or officers of the Corporation, nor any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three years prior to the date hereof or proposed transaction which has materially affected or will materially affect the Corporation.

ITEM 11. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares in Canada is Computershare Investor Services Inc. at its principal office in Toronto, Ontario. The co-transfer agent and registrar is Computershare Investor Services 2004 (Proprietary) Limited at its principal office in Johannesburg, South Africa.

ITEM 12. MATERIAL CONTRACTS

There are no other contracts, other than those disclosed in this Annual Information Form and those entered into in the ordinary course of the Corporation's business, that are material to the Corporation and which were entered into in the most recently completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this Annual Information Form.

- (a) the 2011 Indenture (for details, see "*Description of Capital Structure – Other Securities-Description of the 2011 Convertible Debentures*");
- (b) the JUMI Debenture (for details, see "*Description of Capital Structure – Other Securities-Description of the JUMI Debenture*");
- (c) the subscription agreement dated December 29, 2009 between Uranium One and JUMI, amending and restating the subscription agreement dated February 9, 2009 between Uranium One and JUMI which, among other things, provides for the issuance of the JUMI Debenture (see "*General Development of the Business – Private Placement and Strategic Relationship Transaction with Japanese Consortium*");
- (d) the Strategic Relationship Agreement dated December 29, 2009 between the Corporation, The Tokyo Electric Power Company, Incorporated, Toshiba Corporation, and The Japan Bank for International Cooperation (see "*General Development of the Business – Private Placement and Strategic Relationship Transaction with Japanese Consortium*");
- (e) the purchase agreement dated June 14, 2009 between Uranium One, Uranium One Netherlands B.V. and Effective Energy N.V. (a wholly-owned subsidiary of ARMZ) to purchase from Effective Energy N.V. a 50% participatory interest in Karatau (see "*General Development of the Business – Acquisition of 50% Interest in Karatau*");
- (f) the Framework Agreement dated January 5, 2010 between the Corporation and ARMZ (see "*General Development of the Business – Acquisition of 50% Interest in Karatau*");
- (f) the Underwriting Agreement between Uranium One and the underwriting syndicate for the public offering of the 2015 Convertible Debentures dated February 24, 2010 (see "*General Development of the Business – Public Offering of Convertible Debentures*"); and

- (g) the 2015 Indenture (see “*Description of Capital Structure – Other Securities- Description of the 2105 Convertible Debentures*”).

ITEM 13. INTERESTS OF EXPERTS

Except as otherwise stated: (i) information of an economic, scientific or technical nature in respect of the Akdala Mine and the Kharasan Project included in this Annual Information Form is based upon independent technical reports prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA; (ii) information of an economic, scientific or technical nature in respect of the South Inkai Mine included in this Annual Information Form is based upon an independent technical report prepared by Simon Gatehouse, MAIG, and Brian Lancaster, M.AusIMM, of Hellman & Schofield Pty Ltd.; and (iii) information of an economic, scientific or technical nature in respect of the Karatau Mine included in this Annual Information Form is based upon an independent technical report prepared by Wayne V. Valliant, P.Geo. and John I. Kyle, P.E. of RPA.

To the best knowledge of management of the Corporation, as at the date hereof, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or its predecessor entities when the experts prepared their respective reports.

ITEM 14. ADDITIONAL INFORMATION

Additional information including directors’ and officers’ remuneration and indebtedness, principal holders of the Corporation’s securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular to be prepared in connection with the Corporation’s annual meeting of shareholders to be held on May 7, 2010 which will be available on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation’s financial statements and management discussion and analysis for the financial year ended December 31, 2009.

SCHEDULE “A”
URANIUM ONE INC.
CHARTER OF THE AUDIT COMMITTEE

Uranium One Inc.

Charter of the Audit Committee of the Board of Directors

1. General

- 1.1 The Audit Committee (the “**Committee**”) assists the Board of Directors in its oversight role with respect to the quality and integrity of the Corporation’s financial statements, the performance, qualifications and independence of the Corporation’s independent auditors, the performance of the Corporation’s internal audit function and the Corporation’s compliance with legal and regulatory requirements.
- 1.2 The Committee shall have the resources and authority appropriate to discharge fully its functions, duties and responsibilities, including the authority to (i) select, retain, terminate and approve the fees of, and other terms of retention of, special or independent counsel, accountants, auditors or other experts and advisers, and (ii) communicate directly with the internal and independent auditors, as it deems necessary or appropriate in connection with its functions, duties and responsibilities without seeking approval of the Board or management. The Committee will have unrestricted access to management, employees and information it believes will be relevant to the proper discharge of its functions, duties and responsibilities.
- 1.3 Each member of the Committee will be “independent” and “financially literate” for the purposes of National Instrument 52-110 - Audit Committees, as amended from time to time (“**NI 52-110**”), and will satisfy such other applicable criteria for independence and financial expertise as may be contained in the laws, rules, regulations and listing requirements to which the Corporation is subject and the applicable Corporate Governance Guidelines of the Board.
- 1.4 No Director may serve as a member of the Committee if such Director serves on the audit committees of more than two other public companies unless the Board determines that such service would not impair the ability of the Director to effectively serve on the Committee, and discloses this determination in the Corporation’s annual proxy circular and statement.
- 1.5 No member of the Committee may receive directly or indirectly any consulting, advisory or other compensatory fees or other payments from the Corporation other than (a) annual retainer and meeting fees, which may be received in cash, common shares or deferred stock units, and stock options or any other in-kind consideration ordinarily payable to non-employee Directors for serving as a Director and a chair or member of any committee of the Board and (b) other regular benefits that other non-employee Directors receive.
- 1.6 The Committee will operate under the guidelines applicable to all committees of Board as set out in the Corporate Governance Guidelines of the Board of Directors.
- 1.7 To the extent that this Charter sets out responsibilities and duties that are in addition to the requirements of NI 52-110, such responsibilities and duties are guidelines, rather than inflexible rules, and the Committee will adopt such additional procedures and standards from time to time as it deems appropriate to help fulfill its responsibilities. Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Corporation.

2. Meetings

- 2.1 The Committee will meet at least quarterly with each of management and the independent auditors, with management not present for an allotted part of the meeting. As part of its job to foster open communication, the Committee will meet periodically with management and the internal accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.
- 2.2 The Committee may request that any directors, officers or other employees of the Corporation, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the

Committee to provide such pertinent information as the Committee requests. The independent auditors will be entitled to attend each meeting of the Committee at the Corporation's expense. The Committee may exclude from its meetings any person it deems appropriate.

3. Responsibilities and Duties

3.1 In carrying out its responsibilities and duties, the Committee shall:

Independent Auditors

- (1) Have the sole authority to recommend the appointment of the independent auditors and, subject to the nomination of such independent auditors by the Board and the approval thereof by the shareholders, appoint, retain and oversee the work of the independent auditors, and approve the audit fees and other significant compensation to be paid to the independent auditors.
- (2) Pre-approve, or adopt appropriate procedures to pre-approve, all audit and permitted non-audit services to be provided by the independent auditors. Pre-approval of non-audit services is satisfied if:
 - (a) the aggregate amount of non-audit services not pre-approved is expected to constitute no more than 5% of total fees paid by the Corporation and its subsidiaries to the independent auditors during the fiscal year in which the services are provided;
 - (b) the Corporation or subsidiary did not recognize services as non-audit at the time of the engagement; and
 - (c) the services are promptly brought to the Committee's attention and approved prior to completion of the audit.
- (3) Ensure disclosure of any specific policies or procedures adopted by the Committee to satisfy pre-approval requirements for non-audit services by the Corporation's independent auditors.
- (4) On a periodic basis and at least annually, review and discuss with the independent auditors all significant relationships the auditors have with the Corporation in order to satisfy itself that the auditors are independent of management. Identify and review the types of non-audit services or mandates that it considers incompatible with the principles underlying the independence of the auditors and approve and provide for disclosure of any material non-audit services provided to the Corporation by the independent auditors.
- (5) Review and approve the independent auditors' audit plan and engagement letter. Discuss and approve audit scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- (6) At least annually obtain and review a report from the independent auditors a report describing their internal quality control procedures, any material issues raised by their most recent internal quality control review or by any inquiry or investigation within the preceding five years by governmental or professional authorities, including the Canadian Public Accountability Board, respecting one or more audits carried out by the firm, any steps taken to deal with any such issues, and all relationships between the independent auditors and the Corporation including non-audit services.
- (7) Periodically consult with the independent auditors out of the presence of management about significant risks or exposures, internal controls and other steps management has taken to control such risks, and the fullness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transaction or procedures which might be deemed illegal or otherwise improper.
- (8) Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors, including matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.

- (9) Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information or significant disagreements with management and the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.
- (10) Oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditors regarding financial reporting.
- (11) Review the performance of the independent auditors and approve any proposed discharge and replacement of the independent auditors when circumstances warrant.
- (12) Arrange for the independent auditors to be available to the Committee and the full Board as needed. Ensure that the independent auditors report directly to the Committee and are made accountable to the Committee and the Board, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (13) Review and approve hiring policies regarding partners, employees and former partners and employees of the past and present independent auditors.

Review Procedures

- (14) Review with management and the independent auditors, and approve, the Corporation's interim financial statements and interim management's discussion and analysis and interim earnings press releases prior to filing or otherwise publicly disclosing this information, and report thereon to the Board.
- (15) Review the Corporation's annual audited financial statements and the notes thereto, management's discussion and analysis of financial condition and results of operations and related documents and annual earnings press releases prior to filing or otherwise publicly disclosing this information, and make recommendations to the Board with respect to their approval.
- (16) Review the draft annual report, annual information form and such other financial information as may be required by the Corporation to be prepared under applicable legislation and make recommendations to the Board with respect to their approval.
- (17) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.
- (18) Review with management prior to distribution news releases or other disclosures containing material financial information that has not been previously reviewed in accordance with the procedures described in this charter.
- (19) Periodically and in any event at least annually review the process that management has in place to fulfill the role of the internal audit function.
- (20) Ensure that management has in place a process to ensure adherence to the Corporation's Confidentiality, Disclosure and Insider Policy and Complaints (Whistleblower) Policy.
- (21) Review at least quarterly or more frequently as circumstances dictate capital and exploration spending in relation to approved budgets.

Financial Reporting Processes/Process Improvements

- (22) In consultation with the independent auditors and management, review the quality, integrity and appropriateness of the Corporation's accounting policies and financial reporting processes and internal controls, including a review of the independent auditors' written comments to

management regarding these matters, if any, and management's responses to comments, both internal and external. Review the confirmation of compliance with the Corporation's policies on controls over financial reporting.

- (23) Review the principal risks of the businesses of the Corporation and its subsidiaries, associates and joint venturers as identified by management and oversee the implementation and operation of appropriate systems to identify, evaluate and manage such risks, as they affect the Corporation's financial reporting and application of this charter.
- (24) Establish and maintain regular and separate systems of reporting to the Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.
- (25) Periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Corporation.
- (26) Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have subsequently been implemented.

Internal Controls and Legal Compliance

- (27) Review and assess any reports prepared or caused to be prepared by management regarding internal controls and discuss with management its response, including the status of previous reviews.
- (28) At least quarterly, review with the Corporation's counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulatory or governmental agencies.
- (29) Ensure management has established a system to monitor compliance with the Corporation's Code of Business Conduct and Ethics.
- (30) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (31) Review management's reports on directors' and officers' related party transactions and conflicts of interest, if any.

General

- (32) Periodically review financial and accounting personnel succession planning within the Corporation and its major subsidiaries.
- (33) Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law as the Committee or the Board deems necessary or appropriate.

4. Other Matters

- 4.1 Annual Assessment. At least annually, the Committee shall review its own performance and reassess the adequacy of this Charter in such manner as it deems appropriate, and report the results thereof, including any recommendations for change, to the Board.

The Committee's role, as described in this Charter, is an important part of monitoring the quality and integrity of the Corporation's financial reporting. This role does not replace the responsibility of the Corporation's management for the preparation and presentation of financial statements in accordance with generally accepted accounting principles, for significant accounting estimates and judgments and for ensuring compliance by the Corporation with applicable laws relating to its financial reporting. Nor does the role of the Committee detract from the responsibility of the auditors to plan and conduct an audit in accordance with Canadian generally accepted auditing standards or from the fact that the independent auditors are ultimately responsible to the Board of Directors and the Committee as representatives of the shareholders.