Uranium One Inc.

Audited Annual Consolidated Financial Statements
For the years ended December 31, 2015 and 2014
(In U.S. dollars, tabular amounts in millions, except where indicated)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Other information contained in the Operating and Financial Review for the year ended December 31, 2015 has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control has been developed and is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable.

The Board of Directors approves the consolidated financial statements and ensures that management discharges its financial reporting responsibilities. The Board's review is accomplished principally through the Audit Committee, which effective as of February 26, 2015 is composed of executive directors. The Audit Committee meets periodically with management and the auditors to review financial reporting and control matters.

"Vasily Konstantinov"	"Dr. Guerman Kornilov"
Vasily Konstantinov	Dr. Guerman Kornilov
Chairman of the board	Chairman of the audit committee

March 30, 2016
Toronto, Canada

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Independent Auditors' Report

To the Shareholders of Uranium One Inc.

We have audited the accompanying consolidated financial statements of Uranium One Inc. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2015 and the consolidated income statements, consolidated statements of comprehensive income (loss), statements of changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Kim A.A.

Director, (power of attorney dated March 16, 2015 No. 11/15)

JSC "KPMG"

March 30, 2016

Moscow, Russian Federation

CONSOLIDATED INCOME STATEMENTS

For the years ended December 31, 2015 and 2014

	NOTES	YEAR ENDED DEC 31, 2015 US$m	YEAR ENDED DEC 31, 2014 US$m
Revenues		**324.7**	**260.9**
Cost of sales			
Operating expense		(310.9)	(253.2)
Depreciation		(9.4)	(19.1)
Gross profit (loss)		**4.4**	**(11.4)**
Share of earnings from joint ventures	12	138.1	77.1
General and administrative	3	(25.0)	(39.3)
Impairment of non-current assets	15	(0.9)	(33.3)
Exploration expense		(1.5)	(1.5)
Care and maintenance		(2.8)	(8.1)
Operating earnings (loss)		**112.3**	**(16.5)**
Finance income	4	10.3	10.3
Finance expense	4	(54.8)	(93.1)
Foreign exchange(loss) gain, net		(3.5)	141.7
Corporate development expense		(1.6)	(2.4)
Other income (expense), net	5	39.2	(202.3)
Profit (loss) before income taxes		**101.9**	**(162.3)**
Current and deferred income tax expense	20	(31.2)	(8.0)
Net profit (loss)		**70.7**	**(170.3)**
Net profit (loss) per share			
Basic and diluted, US$		0.07	(0.18)
Weighted average number of shares (millions)			
Basic and diluted		957.2	957.2

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2015 and 2014

	NOTES	YEAR ENDED DEC 31, 2015 US$m	YEAR ENDED DEC 31, 2014 US$m
Other comprehensive income (loss) for the year			
Items that may be reclassified subsequently to profit and loss			
Unrealized loss recognized on translation of foreign operations [1]	23	(614.9)	(252.1)
Translation of foreign operations reclassified to income statement [1]	10	(32.5)	-
De-designation of fair value of Ruble Bonds swap derivative [1]	23	-	0.8
Realized fair value of Ruble Bonds swap derivatives reclassified to income statement [1]	23	1.6	(0.2)
Unrealized foreign exchange on Ruble Bonds reclassified to income statement [1]	23	14.7	76.9
Unrealized fair value loss on Ruble Bonds swap derivative [1]	23	(5.2)	(49.1)
Unrealized fair value adjustments on available for sale securities [1]	23	(0.1)	0.1
Total other comprehensive loss for the year		**(636.4)**	**(223.6)**
Net income (loss)		70.7	(170.3)
Total comprehensive loss		**(565.7)**	**(393.9)**

(1) This amount is shown net of tax of $nil.

See accompanying notes to the audited annual consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at December 31, 2015 and 2014

	NOTES	AS AT DEC 31, 2015 US$m	AS AT DEC 31, 2014 US$m
ASSETS			
Current assets			
Cash and cash equivalents	6	142.0	194.5
Restricted cash	6	14.5	17.5
Dividends receivable	12	42.9	-
Trade and other receivables	7	43.9	34.1
Inventories	8	10.3	8.7
Loans receivable	13	8.1	7.2
Financial derivatives	28	0.1	0.2
Assets held for sale	10	-	10.2
Other assets	14	0.3	-
		262.1	**272.4**
Non-current assets			
Mineral interests, property, plant and equipment	9	154.3	168.5
Investment in associate	11	24.6	25.5
Investments in joint ventures	12	728.9	1,368.8
Loans receivable	13	125.7	113.7
Other assets	14	28.3	40.5
		1,061.8	**1,717.0**
Total assets		**1,323.9**	**1,989.4**
LIABILITIES			
Current liabilities			
Trade and other payables	16	38.7	84.8
Current tax payable		2.0	1.2
Interest bearing liabilities	17	42.6	21.0
Convertible debentures	18	-	27.8
Other liabilities	21	0.5	1.9
Financial derivatives	28	248.6	0.7
Liabilities held for sale	10	-	6.6
		332.4	**144.0**
Non-current liabilities			
Interest bearing liabilities	17	485.2	529.5
Provisions	19	15.4	23.8
Deferred tax liabilities	20	18.4	4.3
Financial derivatives	28	44.0	277.4
Other liabilities	21	14.8	31.0
		577.8	**866.0**
Total liabilities		**910.2**	**1,010.0**
EQUITY			
Share capital	22	4,969.0	4,969.0
Reserves	23	(948.6)	(303.8)
Deficit		(3,606.7)	(3,685.8)
		413.7	**979.4**
Total equity and liabilities		**1,323.9**	**1,989.4**

See accompanying notes to the audited annual consolidated financial statements.

Approved on behalf of the board of directors:	"Vasily Konstantinov" Vasily Konstantinov Chairman of the board	"Dr. Guerman Kornilov" Dr. Guerman Kornilov Chairman of the audit committee

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2015 and 2014

	NUMBER OF SHARES (millions)	SHARE CAPITAL US$m	RESERVES (NOTE 23) US$m	DEFICIT US$m	TOTAL US$m
Balance as at January 1, 2014	**957.2**	**4,969.0**	**(21.6)**	**(3,574.1)**	**1,373.3**
Net loss for the year	-	-	-	(170.3)	(170.3)
Unrealized loss on translation of foreign operations (1)	-	-	(252.1)	-	(252.1)
De-designation of Ruble Bonds swap derivative reclassified to income statement (1)	-	-	0.8	-	0.8
Realized fair value of Ruble Bonds swap derivative reclassified to income statement (1)	-	-	(0.2)	-	(0.2)
Unrealized foreign exchange on Ruble Bonds reclassified to income statement (1)	-	-	76.9	-	76.9
Unrealized fair value loss on Ruble Bonds swap derivative – mark to market (1)	-	-	(49.1)	-	(49.1)
Unrealized fair value adjustment on available from sale securities (1)	-	-	0.1	-	0.1
Total comprehensive income (loss)	**-**	**-**	**(223.6)**	**(170.3)**	**(393.9)**
Cancelation of equity component of convertible debentures	-	-	(58.6)	58.6	-
Balance as at December 31, 2014	**957.2**	**4,969.0**	**(303.8)**	**(3,685.8)**	**979.4**
Net profit for the year	-	-	-	70.7	70.7
Unrealized loss on translation of foreign operations (1)	-	-	(614.9)	-	(614.9)
Translation of foreign operations reclassified to income statement (Note 10) (1)	-	-	(32.5)	-	(32.5)
Realized fair value of Ruble Bonds swap derivative reclassified to income statement (1)	-	-	1.6	-	1.6
Unrealized foreign exchange on Ruble Bonds reclassified to income statement (1)	-	-	14.7	-	14.7
Unrealized fair value loss on Ruble Bonds swap derivative – mark to market (1)	-	-	(5.2)	-	(5.2)
Unrealized fair value adjustment on available from sale securities (1)	-	-	(0.1)	-	(0.1)
Total comprehensive income (loss)	**-**	**-**	**(636.4)**	**70.7**	**(565.7)**
Cancellation of equity component of convertible debentures	-	-	(8.4)	8.4	-
Balance as at December 31, 2015	**957.2**	**4,969.0**	**(948.6)**	**(3,606.7)**	**413.7**

(1) This amount is shown net of tax of $nil.

See accompanying notes to the audited annual consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	NOTES	YEAR ENDED DEC 31, 2015 US$m	YEAR ENDED DEC 31, 2014 US$m
Net profit (loss)		**70.7**	**(170.3)**
Items not affecting cash:			
- Share of earnings from joint ventures	12	(138.1)	(77.1)
- Depreciation		9.4	19.1
- Impairment of non-current assets	15	0.9	33.3
- Finance income	4	(10.3)	(10.3)
- Finance expense	4	54.8	93.1
- Foreign exchange losses (gains), net		3.5	(141.7)
- Current and deferred income tax expense	20	31.2	8.0
- Gain on disposal of Uranium One Australia	10	(48.4)	-
- Other expense (income), net		11.8	203.6
Movement in non-cash working capital	25	(57.9)	31.0
Operating cash flows before interest and tax		**(72.4)**	**(11.3)**
Cash tax paid		(14.3)	(2.2)
Cash interest paid		(63.8)	(62.6)
Cash flows used in operating activities		**(150.5)**	**(76.1)**
Additions of mineral interests, property, plant and equipment		(3.0)	(2.9)
Release of letter of credit		12.3	4.5
Cash receipt from sale of Uranium One Australia		2.0	-
Joint venture charter capital contribution	12	-	(34.8)
Loans to related parties	13	(13.0)	(16.2)
Loans repaid by joint ventures	13	7.4	7.4
Interest received		3.0	4.6
Dividends received	12	89.9	99.9
Cash flows from investing activities		**98.6**	**62.5**
Convertible debentures repurchased	18	(26.2)	(214.8)
Loan received from an affiliate	17	50.0	-
Senior Secured Notes purchased	17	(27.4)	-
Cash flows used in financing activities		**(3.6)**	**(214.8)**
Effects of exchange rate changes on cash and cash equivalents		3.0	1.4
Net decrease in cash and cash equivalents		**(52.5)**	**(227.0)**
Cash and cash equivalents at the beginning of the year		194.5	421.5
Cash and cash equivalents at the end of the year		**142.0**	**194.5**

See accompanying notes to the audited annual consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015 and 2014

1 NATURE OF OPERATIONS

Uranium One Inc. ("Uranium One", and together with its subsidiaries and joint ventures collectively, the "Corporation") is a Canadian corporation engaged through subsidiaries and joint ventures in the mining, production, purchase and sales of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, the United States and Tanzania. The Corporation's head office address is 333 Bay Street, Suite 1200, Toronto, Ontario, Canada, M5H 2R2.

Uranium One is a wholly-owned indirect subsidiary of State Atomic Energy Company "ROSATOM" ("ROSATOM"), the Russian state-owned nuclear industry operator.

In Kazakhstan, the Corporation holds a 70% interest in the Southern Mining and Chemical Company joint venture ("SMCC"), which owns the Akdala and South Inkai Uranium Mines, a 50% interest in the Karatau joint venture, which owns the Karatau Uranium Mine, a 50% interest in the Akbastau joint venture, which owns the Akbastau Uranium Mine, a 49.98% interest in the Zarechnoye joint venture, which owns the Zarechnoye Uranium Mine, a 30% interest in the Khorasan-U joint venture ("Khorasan"), which owns the Kharasan Uranium Mine, and a 19% interest in the SKZ-U joint venture, which owns a sulphuric acid plant near Kharasan as an additional source of sulphuric acid for its operations. In addition, the Corporation holds a 70% interest in the Betpak Dala joint venture which provided mine development, extraction and processing services to SMCC for the Akdala and South Inkai mines until September 30, 2015 and a 30% interest in the Kyzylkum joint venture which provides mine development, extraction and processing services to Khorasan for the Kharasan mine. In the United States, the Corporation owns the Willow Creek uranium mine in Wyoming. The Corporation operates the Mkuju River Project in Tanzania, and owns a 13.9% interest in Mantra Resources Pty Limited ("Mantra"), which, through its subsidiary Mantra Tanzania Ltd., owns the Mkuju River Project. The Corporation also owns, either directly or through joint ventures, uranium exploration properties in the western United States. Uranium One also owned, through Uranium One Australia Pty Ltd., 100% of the Honeymoon uranium project in Australia. The project was placed on care and maintenance in November 2013, and on November 30, 2015, Uranium One sold all of the outstanding shares of Uranium One Australia Pty Ltd.

The audited annual consolidated financial statements were approved on March 30, 2016 by the Board of Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

BASIS OF PREPARATION AND CONSOLIDATION

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The consolidated financial statements have been prepared on the historical cost basis, except for the financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements include the accounts of Uranium One, its subsidiaries, and its investments in joint ventures and in associates. All intercompany balances, transactions, revenue and expenses between the Corporation and its subsidiaries have been eliminated. The unrealized profit or losses from transactions between the Corporation and its joint ventures and associates have been eliminated to the extent of the Corporation's interest in the equity-accounted investee. As permitted under IFRS, the Corporation does not eliminate the unrealized profit or losses from transactions between two equity-accounted investees.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The significant mining properties of Uranium One Inc. are listed below. All operating activities involve uranium mining and exploration. Each of the significant entities has a December 31 year end.

			As at December 31,	
Entity	**Property**	**Location**	**2015**	**2014**
Subsidiaries (Consolidated)				
Uranium One USA Inc.	Willow Creek	USA	100%	100%
Uranium One Australia Pty Ltd (1)	Honeymoon Project	Australia	-	100%
Interests in jointly controlled entities (Equity accounted)				
JSC Akbastau	Akbastau	Kazakhstan	50%	50%
Betpak Dala LLP	Akdala (2) / South Inkai (2)	Kazakhstan	70%	70%
Southern Mining and Chemical Company LLP	Akdala (3) / South Inkai (3)	Kazakhstan	70%	70%
Karatau LLP	Karatau	Kazakhstan	50%	50%
JSC Kyzylkum	Kharasan (2)	Kazakhstan	30%	30%
Khorasan-U LLP	Kharasan (3)	Kazakhstan	30%	30%
JSC Zarechnoye	Zarechnoye	Kazakhstan	49.98%	49.98%
Interests in associate (Equity accounted)				
Mantra Resources Pty Ltd	Mkuju River Project	Tanzania	13.9%	13.9%

Notes: (1) Disposed on November 30, 2015
(2) Subsoil use rights owned until June 4, 2014
(3) Subsoil use rights owned from October 17, 2014

FUNCTIONAL AND PRESENTATION CURRENCY
The consolidated financial statements are presented in US dollars. The functional currency of Uranium One Inc. is the US dollar. Judgment is required to determine the functional currency of each entity in the consolidated group. These judgments are continuously evaluated and are based on management’s experience and knowledge of the relevant facts and circumstances.

SUBSIDIARIES
Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences.

JOINT ARRANGEMENTS
Joint arrangements are arrangements for which the Corporation has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements’ returns. They are classified and accounted for as follows:

Joint operation
When the Corporation has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Joint venture
When the Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method.

INVESTMENTS IN ASSOCIATES
Associates are entities over which the Corporation has significant influence over the financial and operating policies of the investee. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost and subsequently increased or decreased to recognize the Corporation’s share of earnings and losses of the associate. The Corporation’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The carrying values of the investments are reviewed when indicators of impairment are present.

BUSINESS COMBINATIONS
Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. Mineral rights that can be reliably valued are recognized in the assessment of fair values on acquisition. Other potential mineral rights for which values cannot be reliably determined are not recognized.

MEASUREMENT AND REPORTING CURRENCY
Financial statements of subsidiaries, joint ventures and associates, are maintained in their functional currencies and converted to US dollars for consolidation of the Corporation’s results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity.

The foreign currency transactions and balances are translated to the functional currency at the subsidiary, jointly controlled entity and associate level as follows: monetary assets and liabilities denominated in foreign currencies are revalued to the closing exchange rates at each

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

reporting period. Non-monetary assets and liabilities measured at historical cost are translated at the historical rate in effect on acquisition. Non-monetary assets and liabilities measured at fair value are translated at the rate in effect when the fair value was determined.

On translation to the presentation currency of entities with functional currencies other than the US dollar, income statement items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Balance sheet items are translated at closing exchange rates. Gains or losses on translation of foreign operations are recorded in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated income statement.

INVENTORIES

Solutions and concentrates in process and finished concentrates are valued at the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation of mineral interests, property, plant and equipment.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Materials and supplies are valued at weighted average cost and recorded at the lower of acquisition and replacement cost.

EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or projects that have been identified as having economic potential. Expenditure on exploration activity is not capitalized. Capitalization of evaluation expenditure commences when there is a high degree of confidence in the project’s viability and hence it is probable that future economic benefits will flow to the Corporation.

The carrying values of capitalized amounts are reviewed when indicators of impairment are present. In the case of undeveloped projects there may be only inferred resources to form a basis for the impairment review. The review is based on the Corporation’s intentions for development of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are charged to the consolidated income statement.

DEVELOPMENT EXPENDITURE

Development commences when technical feasibility and commercial viability has been demonstrated. Development expenditures are capitalized and classified as assets under construction. Development expenditure includes the pre-commercial production costs, net of proceeds from the sale of extracted product during the development phase, and wellfield development costs. On completion of development, the completed assets included in assets under construction are reclassified as property, plant and equipment.

MINERAL INTERESTS

Mineral interests are recorded at cost less accumulated depreciation and accumulated impairment charges. Mineral interest costs include the purchase price of mineral properties.

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired.

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment charges. Plant and equipment includes its purchase price, any costs directly attributable to bringing plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Upon sale or abandonment of any property, plant and equipment, the cost and related accumulated depreciation, are written-off and any gains or losses thereon are included in the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

DEPRECIATION OF MINERAL INTERESTS, PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

- Mineral interests - based on reserves on a unit of production basis
- Assets under construction - not depreciated
- Property, plant and equipment - 2 to 15 years straight-line or on a unit of production basis
- Buildings - 6 to 40 years straight-line or on a unit of production basis

GOODWILL

Goodwill arising on a business acquisition, including goodwill resulting from the required deferred tax adjustment, is carried at cost as established at the date of acquisition of the business, less any accumulated impairment charges, if any.

For the purposes of impairment testing, goodwill is allocated to the same cash generating unit as the assets acquired under the business combination through which it was created.

IMPAIRMENT

Formal impairment tests of cash generating units containing goodwill are carried out annually and at any other time whenever there is an indication of impairment. The Corporation reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there are any indications of impairment, at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less costs of disposal and the asset’s value in use.

Fair value is defined as the amount that would be obtained from the sale, in an arm’s length transaction, between knowledgeable and willing parties. Fair value for mineral interests, property, plant and equipment is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Corporation’s continued use and cannot take into account future development.

The Corporation’s weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual cash generating units operate and the specific risks related to the development of the project.

Where the asset does not generate cash flows that are independent of other assets, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs. If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated income statement.

The carrying values of non-financial assets including investment in associate and joint ventures are reviewed for indicators of impairment at the end of each reporting period and for possible reversal of impairment whenever events or changes in circumstance indicate that impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized as a gain in the consolidated income statement.

BORROWING COSTS

Borrowing costs directly relating to the financing of the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets until such time as they are ready for their intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Corporation during the period.

Transaction costs related to the establishment of a loan facility are capitalized and amortized over the life of the facility using the effective interest method, or set off against fair value of debt. Other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

PROVISIONS

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

ENVIRONMENTAL PROTECTION, REHABILITATION AND CLOSURE COSTS

The mining, extraction and processing activities of the Corporation normally give rise to obligations for site closure or rehabilitation. A provision is made for close down, restoration and for environmental rehabilitation costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates. The provision is discounted to its present value using a risk free rate relevant to the jurisdiction in which the rehabilitation has to be performed. The unwinding of the discount is included in finance expense. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The provision is reviewed at the end of each reporting period for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively. Rehabilitation trust funds holding monies committed for use in satisfying environmental obligations are included within other assets on the consolidated balance sheet.

REVENUE

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

On deliveries to conversion facilities (“Converters”), the Converter credits the Corporation’s account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Corporation instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer’s account at the Converter. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supplied.

On deliveries to locations other than Converters, as agreed with the customer, the Corporation delivers uranium to the agreed location. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supplied.

CURRENT TAX

Current tax for each taxable entity in the Corporation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date, and includes adjustments to tax payable or recoverable in respect of previous years.

Uncertain income tax provisions are accounted for using the standards applicable to current tax so both liabilities and assets are recognized when probable and are measured at the amount expected to be paid to (or recovered from) the taxation authorities based on the Corporation’s best estimate.

DEFERRED TAX

Deferred tax is accounted for using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or the deferred income tax liability is in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when the Corporation has a legally enforceable right to offset them and when they relate to income taxes levied by the same taxation authority, and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax relating to items recognized directly in equity or in other comprehensive income are recognized in equity or in other comprehensive income and not in the consolidated income statement.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to profit derived (revenue net of any allowable deductions) after adjustment for items comprising temporary differences.

Current and deferred tax are recognized in the income statement, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax amounts are also recognized in other comprehensive income or directly in equity respectively. Current and deferred income taxes arising from business combinations are included in the accounting for the business combination.

LONG TERM INCENTIVE PLAN

On March 26, 2014 the Corporation adopted a long-term incentive plan (“LTIP”) for its employees. The LTIP provides for incentive awards in the form of long term deferred cash awards and performance share units (“PSUs”). The incentive awards granted under the LTIP will vest on December 31 of the third year of a three year performance period. The PSUs are cash-settled and are accounted for as a liability at fair market value and the extent to which the employees have rendered service to date. The fair market value is derived from two pricing scenarios: (1) the income approach that is based on the net asset value derived from the discounted cash flow model using the life of mine models and (2) the market approach based on trading multiples of comparable public companies that compare the relative prices of public companies to their net asset values and operating cash flows. The inputs used in the income approach include the weighted average cost of capital, uranium prices, foreign exchange and production volumes. The market approach uses trading multiples that reflect the current market sentiment towards uranium producers. Any changes in the PSU liability are recognized in profit or loss. At the end of each year of the performance period, certain performance criteria are assessed based on the satisfaction of the performance criteria for such year for both the deferred cash awards and the PSUs. At the end of each year, one-third of the PSUs awarded and the deferred cash awarded may be adjusted by a factor of 0% to 200%, and the resulting adjusted number of PSUs or amount of deferred cash will be “banked”. Only banked amounts will vest at the end of the three year performance period. Banked PSUs are converted into a cash payment per PSU equal to the fair value per common share of the Corporation determined as of the end of the third year.

NET EARNINGS / LOSS PER SHARE

Net earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the period. The calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of Uranium One at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share. The impacts of outstanding share options and warrants are excluded from the diluted share calculation for loss per share amounts when they are anti-dilutive. The if-converted method is used to compute the dilutive effect of convertible debt. The dilutive effect of contingently issuable shares is computed by comparing the conditions required for issuance of shares against those existing at the end of the period.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the balance sheet when the Corporation has become party to the contractual provisions of the instruments.

Financial assets and liabilities initial recognition and classification

Financial instruments are initially measured at fair value, which includes transaction costs for all financial instruments except for financial instruments at fair value through profit or loss. All financial assets are recognized on the trade date at market value, which is the date that the Corporation commits to purchase or sell the asset. Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss’, ‘held-to-maturity’ investments, ‘available-for-sale’ financial assets and ‘loans and receivables’. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or ‘other financial liabilities’. Financial assets and liabilities are classified as ‘at fair value through profit or loss’ when the financial asset and liability is either ‘held for trading’ or it is designated as ‘fair value through profit or loss’. Subsequent to initial recognition these instruments are measured as set out below:

Available for sale investments

After initial recognition, investments which are classified as available for sale are carried at fair value, with the fair value adjustments accounted for in other comprehensive income. When available for sale investments are sold or impaired, the cumulative fair value adjustment previously recorded in other comprehensive income is recognized in the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

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

Impairment and uncollectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets, other than those at fair value through profit or loss, may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its estimated recoverable amount, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated income statement. The carrying amounts of financial assets are written off when the financial assets are considered irrecoverable. When there is uncertainty about the recoverability then an allowance account is created.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the consolidated income statement.

With the exception of assets held for sale and available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed through income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Financial liabilities and equity instruments

After initial recognition, financial liabilities, other than liabilities at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount on issuance or premium on settlement.

Financial liabilities at fair value through profit or loss are recognized on the trade date at fair value, which is the date that the Corporation commits to the contract. After initial recognition, the liabilities are carried at fair value, with the fair value adjustments accounted for in the consolidated income statement.

Trade payables

Liabilities for trade and other payables, which are normally settled on 30 to 90 day terms, are carried at amortized cost.

Interest bearing liabilities

Interest bearing liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the loan.

Offset

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

Compound instruments

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

Embedded derivatives

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

The host instrument may be designated as a financial asset or financial liability at fair value through profit or loss, unless the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract, or it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative is prohibited. In this case, the entire hybrid contract is measured at fair value, rather than only the embedded derivative.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedge accounting

The Corporation designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions, is documented. Furthermore, at the inception of the hedge and on an ongoing basis, the Corporation documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated income statement relating to the hedged item.

Hedge accounting is discontinued when the Corporation revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading reserves. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the “Other” line item on the consolidated income statement.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any unrealized gain or loss recognized at inception of a hedging instrument due to the hedging instrument having a fair value at inception is recognized in the consolidated balance sheet and offset against the fair value of the hedging instrument. The Corporation will recognize the unrealized gain or loss in profit or loss as part of the ineffective portion of the cash flow hedging relationship at maturity.

Hedge accounting is discontinued when the Corporation revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized in the consolidated income statement when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated income statement.

NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of authorization of the audited annual consolidated financial statements for the year ended December 31, 2015, a number of new Standards and *amendments to Standards* are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Corporation has not early applied the following new or amended Standards in preparing these consolidated financial statements.

IFRS 9, Financial instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle of the new standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16, Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and / or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Recoverability of trade receivables and investments

A provision is made against accounts that in the estimation of management may be impaired. The recoverability assessment of a trade receivable is based on a range of factors including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted quarterly. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. To the extent that future events impact the financial condition of the customers, these provisions could vary significantly.

Investments in securities are reviewed for impairment at the end of each reporting period. When the fair value of the investment falls below the Corporation's carrying value, and it is considered to be significant or prolonged, an impairment charge is recorded to the consolidated income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is considered prolonged, the Corporation considers such factors as the duration and extent of the decline, the investee's financial performance, and the Corporation's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment.

Net realizable value of inventories

In determining the net realizable value of inventories, the Corporation estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

Estimated reserves, resources and exploration potential

Reserves are estimates of the amount of product that can be extracted from the Corporation's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

Estimating the quantity and / or grade of reserves requires the analysis of drilling samples and other geological data.

Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Corporation's financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charged in the consolidated income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Impairment of mineral interests, property, plant and equipment

For the purpose of determining the recoverable amount of assets or cash generating units, estimates are made of the discount rate. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures. The Corporation's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be recognized in the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Expected economic lives of, estimated future operating results and net cash flows from mineral interests

In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

The Corporation's operating result and net cash flow forecasts are based on the best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down and restoration. These may include net cash flows expected to be realized from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralization that are contiguous with existing reserves.

The mine plan takes account of all relevant characteristics of the ore body, ore grades, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Corporation's cash flow forecasts are based on estimates of future commodity prices. These long term commodity prices, for most commodities, are derived from an analysis of the marginal costs of the producers of these commodities. These assessments often differ from current price levels and are updated periodically.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being re-estimated.

Fair value of financial instruments

For financial instruments that have fair values that cannot be reasonably approximated by their carrying values, the fair values of those financial instruments must be estimated. As much as possible, the fair values of those financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

The fair values of other financial instruments are measured using valuation models. These models require a variety of observable market inputs, market prices, forward price curves, yield curves and discount rates. Valuation methodologies and assumptions are reviewed on an ongoing basis. A significant change in this assessment may result in unrealized losses being recognized in net income.

The fair values of cross-currency interest rate swaps are based on credit risk adjusted discounted cash flows. These require the Corporation's management to make assumptions and estimates regarding US dollar exchange rates, interest rates and credit spreads. Some of the inputs to the valuation model are based on unobservable market data. The model is sensitive to assumptions and estimates made by the Corporation's management and changes in these inputs could result in different values being recognized (i) on the consolidated balance sheet as financial derivatives and reserves (ii) through the consolidated income statements for fair value changes associated with derivatives not in a hedging relationship and ineffectiveness for cash flow hedging relationships, and (iii) through other comprehensive income (loss) for the effective fair value changes of cash flow hedging relationships.

Fair value of stock-based compensation

The Corporation determines the fair value of its LTIP PSUs from two pricing scenarios: (1) the income approach that is based on the net asset value derived from the discounted cash flow model using the life of mine models and (2) the market approach based on trading multiples of comparable public companies that compare the relative prices of public companies to their net asset values and operating cash flows. The income approach requires the use of estimates and assumptions inherent in life of mine models such as uranium prices, foreign exchange, discount rate and production volumes. The market approach also uses assumptions including trading multiples that reflect market sentiment towards uranium producers.

Fair value of assets and liabilities acquired in business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment.

Allocation of the purchase price affects the results of the Corporation as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclamation and closure cost obligations

Reclamation and closure cost obligation provisions represent management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of reclamation and closure cost obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; determination of the appropriate discount rate; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

The following are the critical judgments that have a significant effect on the consolidated financial statements:

Impairment of mineral interests, property, plant and equipment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on an analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Impairment testing is done at the cash generating unit level. Some of the Corporation's joint ventures have multiple mining areas and management must exercise judgment in determining what constitutes a cash generating unit and the degree of aggregation of various assets. This impacts the impairment analysis performed, as the results of the impairment analysis might differ based on the composition of the various cash generating units.

Commencement of commercial operations

Determining when a project has commenced commercial operations involves judgment. Management performs this assessment on an ongoing basis for each development project. Amongst the criteria that are evaluated are: the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and, an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessarily indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the balance sheet and income statement, as upon commencement of commercial operations, development expenditures cease to be capitalized, revenue is recognized from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

Determination of joint control

The Corporation conducts the majority of its operations through joint ownership interests. Judgment is needed to assess whether these interests meet the definition of joint control, as opposed to an investment interest. Management makes this determination based on an analysis of the contracts with the other venturers, including assessing whether unanimous consent is required on financial and operating decisions.

Taxation

The provision for income taxes and composition of income tax assets and liabilities require management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Corporation's transactions.

Management judgment and estimates are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated balance sheet. Judgments are made as to whether future taxable profits will be available in order to recognize certain deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheet and the benefit of other tax losses and temporary differences not yet recognized.

Functional currency

Judgment is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

EXCHANGE RATES

The following exchange rates to the US dollar have been applied in these audited annual consolidated financial statements:

	AVERAGE YEAR ENDED DEC 31, 2015	AVERAGE YEAR ENDED DEC 31, 2014	CLOSING YEAR ENDED DEC 31, 2015	CLOSING YEAR ENDED DEC 31, 2014
Canadian dollar	1.28	1.11	1.38	1.16
Australian dollar	1.33	1.11	1.37	1.22
Russian ruble	61.22	38.65	72.52	60.74
Kazakh tenge	222.40	179.21	340.60	182.35
Euro	0.90	0.75	0.92	0.83

3 GENERAL AND ADMINISTRATIVE

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Salaries, benefits and directors' fees	13.0	26.7
Consulting and advisor fees	7.7	3.7
Travel expenses	1.0	1.8
General office expenses	0.9	2.1
Long Term Incentive Plan expense (Note 21)	0.2	0.4
Restructuring cost	-	2.4
Other expenses	2.2	2.2
	25.0	**39.3**

4 FINANCE INCOME AND EXPENSE

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Finance income		
Interest income	10.3	10.3
	10.3	**10.3**
Finance expense		
Interest expense on Ruble Bonds (Note 28) [1]	(28.9)	(51.2)
Interest expense on Senior Secured Notes (Note 17)	(19.2)	(19.6)
Amortization of transaction costs (Note 17)	(3.6)	(10.8)
Interest expense on loan from an affiliate (Note 17)	(0.9)	-
Convertible debentures interest (Note 18)	(0.4)	(9.3)
Accretion on environmental, rehabilitation and closure costs (Note 19)	(0.3)	(0.4)
Interest expense on revolving credit facilities	-	(1.0)
De-designation of fair value of Ruble Bonds swap derivative (Note 28)	-	(0.8)
Other	(1.5)	-
	(54.8)	**(93.1)**
Net finance costs	**(44.5)**	**(82.8)**

[1] Excludes $6.8 million (2014:$1.0 million of accrued interest income) of accrued interest expense on the portion of swap derivative liability that is not in a hedging relationship, as the amount is recorded in Other (expense) income.

5 OTHER (EXPENSE) INCOME

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Unrealized loss on mark-to-market revaluation of derivative (Note 28) [1]	(17.4)	(202.7)
Gain on disposal of Uranium One Australia (Note 10)	48.4	-
Income on dispute settlement, net of costs	7.4	-
Other	0.8	0.4
	39.2	**(202.3)**

[1] Includes $6.8 million (2014:$1.0 million of accrued interest income) of accrued interest expense on the swap derivative liability.

6 CASH AND CASH EQUIVALENTS

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Cash and cash equivalents (1)		
Cash	142.0	194.5
	142.0	**194.5**
Restricted cash (2)		
Restricted cash	14.5	17.5
	14.5	**17.5**
Cash and cash equivalents including restricted cash	**156.5**	**212.0**

(1) Cash and cash equivalents includes cash and highly liquid investments that are readily convertible to cash with a maturity of less than 90 days at the date of acquisition.

(2) Restricted cash consists primarily of collateral deposits, including an amount held in an escrow account pending satisfaction of regulatory requirements (Note 21).

7 TRADE AND OTHER RECEIVABLES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Trade receivables	40.3	31.5
Prepayments and advances	3.4	2.2
Value added tax	0.1	0.2
Other receivables	0.1	0.2
	43.9	**34.1**

The average credit period extended for sales is 30 days. There are no trade receivables that are past due. No allowance for doubtful accounts has been recognized in relation to any outstanding balances and no expense has been recognized in respect of bad or doubtful debts due.

8 INVENTORIES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Finished uranium concentrates	9.1	3.5
Solutions and concentrates in process	-	3.9
Product inventory	**9.1**	**7.4**
Materials and supplies	1.2	1.3
	10.3	**8.7**

9 MINERAL INTERESTS, PROPERTY, PLANT AND EQUIPMENT

DECEMBER 31, 2015	MINERAL INTERESTS US$m	PROPERTY, PLANT AND EQUIPMENT US$m	DEVELOPMENT EXPENDITURE US$m	TOTAL US$m
Cost				
Balance at January 1	**88.6**	**155.4**	**71.4**	**315.4**
Additions	-	0.6	2.4	3.0
Disposals	-	(1.7)	(6.8)	(8.5)
Disposal of Uranium One Australia (Note 10)	(2.2)	(40.1)	(27.4)	(69.7)
At the end of the year	**86.4**	**114.2**	**39.6**	**240.2**
Accumulated depreciation and impairment				
Balance at January 1	(10.8)	(110.6)	(25.5)	(146.9)
Charge for the year	-	(6.8)	-	(6.8)
Disposal of Uranium One Australia (Note 10)	2.2	40.1	25.5	67.8
At the end of the year	**(8.6)**	**(77.3)**	**-**	**(85.9)**
Carrying value at December 31, 2015	**77.8**	**36.9**	**39.6**	**154.3**

DECEMBER 31, 2014	MINERAL INTERESTS US$m	PROPERTY, PLANT AND EQUIPMENT US$m	DEVELOPMENT EXPENDITURE US$m	TOTAL US$m
Cost				
Balance at January 1	**107.0**	**126.2**	**107.7**	**340.9**
Additions	-	0.1	2.8	2.9
Transfer to Assets Held for Sale	(18.4)	(2.2)	(1.4)	(22.0)
Transfers	-	31.3	(31.3)	-
Disposals	-	-	(6.4)	(6.4)
At the end of the year	**88.6**	**155.4**	**71.4**	**315.4**
Accumulated depreciation and impairment				
Balance at January 1	(10.8)	(93.0)	(25.5)	(129.3)
Charge for the year	-	(17.8)	-	(17.8)
Impairment (Note 15)	(11.1)	-	-	(11.1)
Transfer to Assets Held for Sale	11.1	0.2	-	11.3
At the end of the year	(10.8)	(110.6)	(25.5)	(146.9)
Carrying value at December 31, 2014	**77.8**	**44.8**	**45.9**	**168.5**

Development expenditure fully relates to the Group's assets in the USA as of December 31, 2015.

10 ASSETS HELD FOR SALE

US Conventional Assets

On August 14, 2014, the Corporation's US subsidiary executed an asset purchase agreement to sell the US Conventional Assets, consisting of the Shootaring Canyon Mill ("Shootaring Mill") in Utah and including its conventional uranium exploration properties in Utah, Arizona and South Dakota, to Anfield Resources Inc. ("Anfield"). The sale was closed on August 27, 2015 ("Closing date"). Post-closing conditions have been substantially completed, including the final transfer of the mill license which occurred on January 29, 2016. The aggregate consideration was $5.6 million, with a significant portion to be settled in future payments: $1.0 million is payable in Anfield common shares, $2.0 million is payable in cash on the earlier of July 1, 2017 or the restart of commercial production at the Shootaring Mill and $2.0 million is payable in cash on the earlier of July 1, 2019 or 24 months after the restart of commercial production at the Shootaring Mill, together with the additional cash consideration of $0.6 million receivable no later than August 27, 2017. The fair value of the total consideration was $3.8 million, the result on disposal was $nil million.

As of the Closing date, 4,022,996 common shares of Anfield with a fair value of $0.4 million were issued in favour of the Corporation and were classified as available-for-sale financial assets (fair value as of December 31, 2015: $0.3 million). The remaining shares with fair value discounted at risk adjusted rate as of December 31, 2015 of $0.5 million (Net Present Value discounted at 20% risk-adjusted rate) are to be issued on August 27, 2016. The aggregate amount of shares receivable by the Corporation will be limited so that the Corporation does not end up with more than 9.9% of the outstanding shares of Anfield.

In the financial statements for the year ended December 31, 2014 the US Conventional Assets were classified as assets held for sale. The net carrying value of these assets as at December 31, 2014 is shown below.

10 ASSETS HELD FOR SALE (continued)

	DEC 31, 2014 US$m
Mineral interests, property, plant and equipment less accumulated depreciation before impairment	21.8
Movement since reclassification	(0.5)
Impairment (Note 15)	(11.1)
Mineral interests, property, plant and equipment less impairment and movements	10.2
Provision for environmental protection, rehabilitation and closure costs	(6.6)

There were no amounts recognized through Other Comprehensive Income.

Uranium One Australia

On August 31, 2015 the Corporation entered into a Share Sale and Purchase Agreement ("SPA") with Boss Resources Limited ("Boss") whereby Boss would acquire 100% of the issued share capital of Uranium One Australia, the owner of the Honeymoon Uranium Project. The consideration for the sale included an initial cash payment of approximately $2.0 million (comprising an amount of $1.5 million plus a care and maintenance contribution of approximately $0.3 million and a site access fee of $0.2 million); $1.7 million under a promissory note payable within 24 months of completion of the sale and $1.8 million under a promissory note payable within 48 months of completion of the sale.

The SPA also provided for payments to the Corporation that are contingent upon successful re-commissioning of the Honeymoon Uranium Project, consisting of $1.5 million payable in cash and/or shares of Boss upon the later of restart of the operations with commercial production or 5 years of completion of the sale, and a payment equal to 10% of the net operating cash flow of the Honeymoon Project payable annually up to a maximum of $2.1 million.

The sale of Uranium One Australia was completed on November 30, 2015 and resulted in a total gain of $48.4 million, mainly due to $32.5 million release of accumulated foreign currency translation reserve from shareholders' equity that was triggered by this sale. However, the release of this foreign currency translation reserve from shareholders' equity was offset in full by the corresponding loss recorded as part of other comprehensive income (OCI), so that the net impact on the total comprehensive income is zero.

	NOV 30, 2015 US$m
Mineral interests, property, plant and equipment	1.9
Restricted cash	6.4
Other assets	0.6
Provision for unfavorable contracts	(12.9)
Provision for close down, restoration and for environmental rehabilitation costs	(6.4)
Total net deficit	(10.4)
Translation of foreign operations reclassified to income statement	32.5
Consideration	5.5
Gain on disposal	**48.4**

11 INVESTMENT IN ASSOCIATE

On March 15, 2012, Uranium One acquired 13.9% of the issued shares of Mantra pursuant to an option agreement between Uranium One and ARMZ dated December 15, 2010 (as amended and restated March 21, 2011) for a payment of $150.0 million to ARMZ. Mantra's core asset is the Mkuju River Project in Tanzania.

ARMZ had acquired all of the issued shares of Mantra on June 7, 2011, and at that time Uranium One became the operator of Mantra's Mkuju River Project in Tanzania pursuant to an operating agreement entered into with ARMZ and Mantra. The Operating Agreement was amended and now expires on December 31, 2016 subject to earlier termination on 30 days' notice by Uranium One or Mantra. Upon termination or expiration, a termination payment of $42.8 million (after deducting withholding taxes and similar deductions) is to be paid by Mantra to Uranium One, which may be settled in cash or shares of Mantra or any combination thereof. Uranium One also provides funding for the project pursuant to a loan agreement with Mantra dated June 6, 2011. The loan agreement is guaranteed by ARMZ and provides for a loan of $150.0 million which was increased to $550.0 million after receipt of a special mining license for the Mkuju River Project. Drawdowns of $122.6 million have been made against the facility up to December 31, 2015 (2014: $102.1 million).

On December 9, 2013, Uranium One terminated the option agreement effective as of June 10, 2014.

Although the Corporation owns less than 20% of the equity shares of Mantra, it exercises significant influence by virtue of an agreement which appoints the Corporation as operator of the Mkuju River project as well as representation on the Board, and the Corporation applies equity accounting to its investment as a result. Summarized information in respect to Mantra is set out below:

11 INVESTMENT IN ASSOCIATE (continued)

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Current assets		
Cash	1.6	1.6
Accounts and other receivables	1.3	2.6
	2.9	**4.2**
Non-current assets		
Mineral interests, property, plant and equipment	1,422.0	1,403.3
Goodwill	65.0	65.0
Other	1.2	1.2
	1,488.2	**1,469.5**
Total assets	**1,491.1**	**1,473.7**
Current liabilities		
Accounts payable and accrued liabilities	4.6	6.0
	4.6	**6.0**
Non-current liabilities		
Loan payable	122.6	102.1
Deferred tax liabilities	286.4	286.4
Other	-	0.1
	409.0	**388.6**
Total liabilities	**413.6**	**394.6**
Net assets	**1.077.5**	**1,079.1**
Corporation's share of net assets of associate	**150.0**	150.0
Accumulated impairment – January 1	(124.5)	(102.3)
Impairment (Note 15)	(0.9)	(22.2)
Corporation's share of net assets of associate	**24.6**	**25.5**

Since March 15, 2012, Mantra has been capitalizing evaluation and development expenditures incurred on the Mkuju River Project.

12 INVESTMENTS IN JOINT VENTURES

The Corporation owns the following interests subject to joint control as a result of governing contractual agreements. These interests are accounted for under the equity method:

	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Akbastau JSC	Kazakhstan	Uranium mining	50%	285.4	514.9
Betpak Dala LLP	Kazakhstan	Uranium processing	70%	23.4	407.5
Southern Mining and Chemical Company LLP	Kazakhstan	Uranium mining	70%	170.2	-
Karatau LLP	Kazakhstan	Uranium mining	50%	162.6	267.3
Zarechnoye JSC	Kazakhstan	Uranium mining	49.98%	54.0	101.2
Kyzylkum LLP	Kazakhstan	Uranium processing	30%	25.1	68.2
Khorasan-U LLP	Kazakhstan	Uranium mining	30%	8.2	-
SKZ-U LLP	Kazakhstan	Sulphuric acid plant	19%	-	9.7
				728.9	**1,368.8**

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Movement in investment in joint ventures		
Balance at January 1	1,368.8	1,597.5
Share of net income	138.1	77.1
Dividends	(163.2)	(92.2)
Charter capital contributions	-	34.8
Foreign exchange and other adjustments	(614.8)	(248.4)
At the end of the year	**728.9**	**1,368.8**

The results for the Betpak Dala, Kyzylkum, Southern Mining and Chemical Company LLP ("SMCC") and Khorasan-U LLP ("Khorasan") joint ventures for 2014 and 2015 reflect:

(i) the invalidation of the subsoil use rights for the Akdala, South Inkai and Kharasan mines held by Betpak Dala and Kyzylkum effective June 4, 2014;

(ii) the reversion of said rights to their original owner, Kazatomprom and the transfer of the wellfield assets associated with said rights to Kazatomprom as of June 4, 2014 , at their carrying values of $72.3 million and $84.5 million by Betpak Dala and Kyzylkum respectively, in exchange for notes receivable of $81.0 million and $94.6 million inclusive of VAT and bearing nominal interest;

(iii) revenue recognized by Betpak Dala and Kyzylkum from the sale of uranium produced up until June 3, 2014, as well as from the sale of inventory produced up to June 3, 2014 (production from June 4, 2014 to October 17, 2014 was the property of Kazatomprom);

(iv) service revenue recognized by Betpak Dala and Kyzylkum under their agreements with Kazatomprom, in effect from June 4, 2014 to October 17, 2014, to provide mine development, extraction and processing services to Kazatomprom with respect to the Akdala, South Inkai and Kharasan mines;

(v) the transfer by Kazatomprom on October 17, 2014 of the subsoil use rights for the Akdala and South Inkai mines to SMCC and of the subsoil use rights for the Kharasan mine to Khorasan;

(vi) the transfer of the wellfield assets associated with the subsoil use rights by Kazatomprom on October 17, 2014, at their carrying values of $70.1 million and $87.2 million, to SMCC and Khorasan respectively, in exchange for promissory notes from SMCC in the amount of $78.5 million (representing the carrying value of assets transferred inclusive of VAT) and promissory notes from Khorasan in the amount of $95.2 million (plus a current payable of $2.4 million to Kazatomprom, which totals $97.6 million representing the carrying value of assets transferred inclusive of VAT);

(vii). the assignment by Kazatomprom on January 15, 2015 of its rights in the SMCC and Khorasan promissory notes to Betpak Dala and Kyzylkum, respectively, together with an additional payment of $2.9 million by Kazatomprom to Betpak Dala, as a result of which the notes receivable issued to Betpak Dala and Kyzylkum on June 4, 2014 by Kazatomprom were fully repaid.

Betpak Dala and Kyzylkum entered into agreements with SMCC and Khorasan, respectively, in which they utilize their property, plant and equipment to provide mine development, extraction and processing services to SMCC and Khorasan with respect to the Akdala and South Inkai mines (in the case of Betpak Dala) and the Kharasan mine (in the case of Kyzylkum) with effect from October 17, 2014. All inventory produced by Akdala, South Inkai and Kharasan mines since October 18, 2014 is the property of SMCC and Khorasan and will be sold and recognized as revenue by these joint ventures in normal due course.

On September 30, 2015 SMCC and Betpak Dala entered into sale and purchase agreements pursuant to which Betpak Dala agreed to sell all of its remaining production assets to SMCC. As a result, Betpak Dala is no longer providing services to SMCC as of that date. The sale of the production assets resulted in a gain of $1.1 million and has been mostly completed as at December 31, 2015.

12 INVESTMENTS IN JOINT VENTURES (continued)

In June 2014, the Corporation made a capital contribution of $34.5 million to Zarechnoye. The proceeds received by Zarechnoye were used to service its debt repayments and to fund capital and operational expenditures.

During 2014 the Corporation made capital contributions to SMCC and Khorasan in the amount of $0.2 million and $0.1 million, respectively. The carrying value of these investments as at December 31, 2014 is nil as the share of the Corporation's losses for the year ended December 31, 2014 from each of these two joint ventures exceeded the capital contribution.

The carrying value of the Corporation's investment in SKZ-U was nil as of December 31, 2015 as the share of the Corporation's losses from the joint venture exceeded the capital contribution.

12 INVESTMENTS IN JOINT VENTURES (continued)

The joint ventures assets and liabilities are as follows, on a 100% basis[1]:

AS AT DECEMBER 31, 2015	AKBASTAU US$m	BETPAK DALA US$m	SMCC US$m	KARATAU US$m	ZARECHNOYE US$m	KYZYLKUM US$m	KHORASAN US$m	SKZ-U US$m	TOTAL US$m
Current assets									
Cash	36.3	3.6	24.6	3.0	6.4	21.3	12.7	15.5	123.4
Notes receivable	-	84.9	-	-	-	-	-	-	84.9
Inventories	16.5	4.3	21.7	11.5	9.2	0.7	4.7	1.0	69.6
Other	38.8	9.7	56.3	42.5	15.7	16.7	35.9	6.1	221.7
	91.6	**102.5**	**102.6**	**57.0**	**31.3**	**38.7**	**53.3**	**22.6**	**499.6**
Non-current assets									
Mineral interests, property, plant and equipment	492.1	1.3	278.6	347.1	94.5	130.7	48.9	76.6	1,469.8
Goodwill	100.4	-	-	-	15.9	-	-	-	116.3
Notes receivable	-	-	-	-	-	50.8	-	-	50.8
Deferred tax assets	-	-	1.5	0.1	0.8	2.1	0.2	13.2	17.9
Other	0.9	-	3.4	5.6	2.9	2.2	4.3	1.7	21.0
	593.4	**1.3**	**283.5**	**352.8**	**114.1**	**185.8**	**53.4**	**91.5**	**1,675.8**
Total assets	**685.0**	**103.8**	**386.1**	**409.8**	**145.4**	**224.5**	**106.7**	**114.1**	**2,175.4**
Current liabilities									
Current portion of interest bearing liabilities	-	-	-	12.6	11.6	20.7	-	13.6	58.5
Notes payable	-	-	84.9	-	-	-	50.8	-	135.7
Other	4.3	70.2	9.4	12.7	11.2	3.6	27.0	0.7	139.1
	4.3	**70.2**	**94.3**	**25.3**	**22.8**	**24.3**	**77.8**	**14.3**	**333.3**
Non-current liabilities									
Non-current portion of interest bearing liabilities	-	-	-	-	-	94.3	-	86.3	180.6
Deferred tax liabilities	88.9	0.2	38.7	56.2	11.9	20.7	-	6.7	223.3
Provisions	3.7	-	6.8	3.2	2.6	1.4	1.6	-	19.3
Other	17.3	-	-	-	-	-	-	11.3	28.6
	109.9	**0.2**	**45.5**	**59.4**	**14.5**	**116.4**	**1.6**	**104.3**	**451.8**
Total liabilities	**114.2**	**70.4**	**139.8**	**84.7**	**37.3**	**140.7**	**79.4**	**118.6**	**785.1**
Net assets	**570.8**	**33.4**	**246.3**	**325.1**	**108.1**	**83.8**	**27.3**	**(4.5)**	**1,390.3**
Uranium One's share of net assets									
Ownership %	50%	70%	70%	50%	49.98%	30%	30%	19%	
Adjustment to net assets [2][5]	-	-	(2.2)	-	-	-	-	0.9	(1.3)
Attributable share of net assets	**285.4**	**23.4**	**170.2**	**162.6**	**54.0**	**25.1**	**8.2**	**-**	**728.9**

12 INVESTMENTS IN JOINT VENTURES (continued)

AS AT DECEMBER 31, 2014	AKBASTAU US$m	BETPAK DALA US$m	SMCC US$m	KARATAU US$m	ZARECHNOYE US$m	KYZYLKUM US$m	KHORASAN US$m	SKZ-U US$m	TOTAL US$m
Current assets									
Cash	17.2	18.3	0.5	7.0	8.3	28.0	1.5	18.8	99.6
Notes receivable	-	34.2	-	-	-	-	-	-	34.2
Inventories	14.1	18.9	34.2	23.8	22.1	2.3	15.8	2.8	134.0
Other	32.4	85.7	7.7	11.7	11.7	55.7	6.5	4.0	215.4
	63.7	**157.1**	**42.4**	**42.5**	**42.1**	**86.0**	**23.8**	**25.6**	**483.2**
Non-current assets									
Mineral interests, property, plant and equipment	956.0	474.1	81.9	679.7	186.6	245.4	89.4	149.9	2,863.0
Goodwill	187.6	-	-	-	29.7	-	-	-	217.3
Notes receivable	-	47.3	-	-	-	95.2	-	-	142.5
Other	6.3	0.6	4.2	10.1	4.9	4.2	7.8	9.9	48.0
	1,149.9	**522.0**	**86.1**	**689.8**	**221.2**	**344.8**	**97.2**	**159.8**	**3,270.8**
Total assets	**1,213.6**	**679.1**	**128.5**	**732.3**	**263.3**	**430.8**	**121.0**	**185.4**	**3,754.0**
Current liabilities									
Current portion of interest bearing liabilities	-	-	-	59.9	23.1	82.1	-	13.7	178.8
Notes payable	-	-	78.5	-	-	-	95.2	-	173.7
Other	6.4	18.4	41.3	15.6	11.4	19.1	23.9	1.4	137.5
	6.4	**18.4**	**119.8**	**75.5**	**34.5**	**101.2**	**119.1**	**15.1**	**490.0**
Non-current liabilities									
Non-current portion of interest bearing liabilities	-	-	-	-	-	57.0	-	99.8	156.8
Deferred tax liabilities	169.6	73.1	(0.4)	107.8	21.9	42.2	(0.1)	0.9	415.0
Provisions	7.9	5.4	12.8	11.2	4.4	2.2	4.7	-	48.6
Other	-	-	-	3.3	-	1.0	-	18.8	23.1
	177.5	**78.5**	**12.4**	**122.3**	**26.3**	**102.4**	**4.6**	**119.5**	**643.5**
Total liabilities	**183.9**	**96.9**	**132.2**	**197.8**	**60.8**	**203.6**	**123.7**	**134.6**	**1,133.5**
Net assets	**1,029.7**	**582.2**	**(3.7)**	**534.5**	**202.5**	**227.2**	**(2.7)**	**50.8**	**2,620.5**
Uranium One's share of net assets									
Ownership %	50%	70%	70%	50%	49.98%	30%	30%	19%	
Adjustment to net assets (2)	-	-	2.6	-	-	-	0.8	-	3.4
Attributable share of net assets	**514.9**	**407.5**	- (2)	**267.3**	**101.2**	**68.2**	- (2)	**9.7**	**1,368.8**

(1) Balances presented are on a 100% basis except wherever the Corporation's attributable share is noted. Amounts are reported by the joint venture, adjusted to eliminate unrealized profits on transactions between the joint venture and the Corporation to the extent of the Corporations interest and for fair value adjustments made at the time of acquisition. In accordance with the Corporation's accounting policy described in note 2, transactions between joint ventures are not eliminated.

(2) The carrying value of the Corporation's attributable share of net assets is limited to nil, as the Corporation does not have an obligation to fund the joint venture's operations.

12 INVESTMENTS IN JOINT VENTURES (continued)

The joint ventures revenue, cost of sales, earnings from mine operations, expenses and net earnings / (loss) are as follows, on a 100% basis(1):

YEAR ENDED DECEMBER 31, 2015	AKBASTAU US$m	BETPAK DALA(2) US$m	SMCC(2) US$m	KARATAU US$m	ZARECHNOYE US$m	KYZYLKUM (2) US$m	KHORASAN (2) US$m	SKZ-U US$m	TOTAL US$m	CORPORATION'S ATTRIBUTABLE SHARE (3) US$m
Revenue	142.9	41.0	278.8	184.0	78.5	36.7	100.7	-	862.6	467.8
Operating expenses	(45.7)	(34.3)	(101.7)	(40.1)	(42.6)	(28.7)	(51.6)	-	(344.7)	(183.5)
Depreciation	(31.2)	(21.8)	(27.4)	(34.0)	(27.9)	(1.7)	(11.9)	-	(155.9)	(85.0)
Gross profit / (loss)	**66.0**	**(15.1)**	**149.7**	**109.9**	**8.0**	**6.3**	**37.2**	**-**	**360.0**	**199.3**
Interest income	0.2	0.6	-	0.2	-	0.7	-	0.2	1.9	0.8
Interest expense	(0.4)	(0.2)	(0.8)	(2.7)	(1.1)	(6.0)	(0.1)	(2.6)	(13.9)	(5.1)
Expenses and other income	(3.0)	1.3	(0.9)	(0.1)	(2.5)	-	(2.6)	15.1	9.3	(0.4)
Foreign exchange (loss) / gain	10.7	3.4	21.0	(3.7)	(2.0)	(53.3)	9.4	(65.6)	(80.1)	(6.1)
Earnings / (loss) before income taxes	**73.5**	**(10.0)**	**169.0**	**103.6**	**2.4**	**(52.3)**	**43.9**	**(52.9)**	**277.2**	**188.5**
Current and deferred income tax (expense) / recovery	(14.5)	(1.5)	(34.0)	(23.8)	(3.9)	4.7	(8.8)	7.7	(74.1)	(45.7)
Net earnings / (loss)	**59.0**	**(11.5)**	**135.0**	**79.8**	**(1.5)**	**(47.6)**	**35.1**	**(45.2)**	**203.0**	**142.8**
Uranium One's ownership %	50%	70%	70%	50%	49.98%	30%	30%	19%		
Adjustment to net losses (4)	-	-	(2.6)	-	-	-	(0.8)	0.9	(2.5)	(2.5)
Deferred gross profit (5)	-	-	(2.2)	-	-	-	-	-	(2.2)	(2.2)
Attributable share of net earnings / (loss)	**29.5**	**(8.1)**	**89.7**	**39.9**	**(0.7)**	**(14.3)**	**9.7**	**(7.7)**	**138.1**	**138.1**
Dividends paid	41.4	83.3	-	21.7	-	-	-	-	146.4	89.9
Dividends payable	-	61.2	-	-	-	-	-	-	61.2	42.9

(1) Balances presented are on a 100% basis except wherever the Corporation's attributable share is noted. Amounts are reported by the joint venture, adjusted to eliminate unrealized profits on transactions between the joint venture and the Corporation to the extent of the Corporations interest and for fair value adjustments made at the time of acquisition.

(2) From the year from January 1, 2015 to December 31, 2015, Betpak Dala and Kyzylkum earned revenue of $ 39.7 million and $36.7 million pursuant to mine development, extraction and processing service agreements with SMCC and Khorasan. Operating expenses incurred by Betpak Dala and Kyzylkum relating to the service agreement was $33.2 million and $28.7 million. The cost of such agreements has been accounted for by SMCC and Khorasan as a directly attributable cost of inventory.

(3) The Corporation's attributable share of revenue includes revenues between Betpak Dala and SMCC of $27.8 million and revenues between Kyzylkum and Khorasan of $11.0 million. The Corporations attributable share of operating expenses includes operating expenses of $23.2 million between Betpak Dala and SMCC and $8.6 million between Kyzylkum and Khorasan. During the year ended December 31, 2015, $2.6 million of losses in SMCC that were previously unrecognized as they were restricted to the Corporation's net investment in SMCC were eliminated against the Corporations share of net earnings in SMCC of $94.5 million, resulting in attributable share of net earnings for SMCC of $91.9 million. In addition, during the year ended December 31, 2015, $0.8 million of losses in Khorasan that were previously unrecognized as they were restricted to the Corporation's net investment in Khorasan were eliminated against the Corporation's share of net earnings in Khorasan of $10.5 million, resulting in attributable share of net earnings for Khorasan of $9.7 million.

(4) Net losses attributable to the Corporation are limited to the extent that the recognition of the net losses of the joint venture results in the Corporation's net investment being reduced to nil.

(5) As of December 31, 2015, the Corporation's inventory includes $2.2 million of the unrealized profit related to purchase from SMCC.

12 INVESTMENTS IN JOINT VENTURES (continued)

YEAR ENDED DECEMBER 31, 2014	AKBASTAU US$m	BETPAK DALA[(1)] US$m	SMCC[(1)] US$m	KARATAU US$m	ZARECHNOYE US$m	KYZYLKUM [(1)] US$m	KHORASAN [(1)] US$m	SKZ-U US$m	TOTAL US$m	CORPORATION'S ATTRIBUTABLE SHARE[(2)] US$m
Revenue	120.0	293.9	-	164.5	63.9	74.0	3.6	-	719.9	403.2
Operating expenses	(39.5)	(137.0)	(0.2)	(46.8)	(42.3)	(36.0)	(3.5)	-	(305.3)	(172.2)
Depreciation	(45.1)	(48.0)	-	(48.3)	(32.5)	(13.0)	(0.6)	-	(187.5)	(100.6)
Gross profit / (loss)	**35.4**	**108.9**	**(0.2)**	**69.4**	**(10.9)**	**25.0**	**(0.5)**	**-**	**227.1**	**130.4**
Interest income	0.2	0.7	-	0.1	0.1	0.7	-	0.2	2.0	0.9
Interest expense	(2.3)	(0.6)	(0.1)	(5.8)	(3.5)	(5.0)	-	(3.2)	(20.5)	(8.4)
Expenses and other income	(1.2)	7.9	(0.1)	(3.2)	(1.7)	(2.0)	(0.1)	20.0	19.6	5.6
Foreign exchange (loss) / gain	(6.1)	6.4	-	(15.9)	(13.0)	(16.1)	-	(24.1)	(68.7)	(22.3)
Earnings / (loss) before income taxes	**26.0**	**123.3**	**(0.4)**	**44.6**	**(29.0)**	**2.6**	**(0.6)**	**(7.1)**	**159.5**	**106.2**
Current and deferred income tax (expense) / recovery	(5.8)	(24.8)	(3.7)	(15.4)	4.6	(12.3)	(2.4)	0.9	(58.9)	(32.5)
Net earnings / (loss)	**20.2**	**98.5**	**(4.1)**	**29.2**	**(24.4)**	**(9.7)**	**(3.0)**	**(6.2)**	**100.6**	**73.7**
Uranium One's ownership %	50%	70%	70%	50%	49.98%	30%	30%	19%		
Adjustment to net losses[(3)]	-	-	2.6	-	-	-	0.8	-	3.4	3.4
Attributable share of net earnings / (loss)	**10.1**	**69.0**	**(0.2)**	**14.6**	**(12.2)**	**(2.9)**	**(0.1)**	**(1.2)**	**77.1**	**77.1**
Dividends paid	24.4	81.0	-	62.0	-	-	-	-	167.4	99.9

(1) From the period of October 18, 2014 to December 31, 2014, Betpak Dala and Kyzylkum earned revenue of $26 million and $13.3 million pursuant to mine development, extraction and processing service agreements with SMCC and Khorasan. Operating expenses incurred by Betpak Dala and Kyzylkum relating to the service agreement was $17.9 million and $5.7 million. The cost of such agreements has been accounted for by SMCC and Khorasan as a directly attributable cost of inventory.

(2) The Corporation's attributable share of revenue includes revenues between Betpak Dala and SMCC of $18.2 million and revenues between Kyzylkum and Khorasan of $4.0 million. The Corporations attributable share of operating expenses includes operating expenses of $12.5 million between Betpak Dala and SMCC and $1.7 million between Kyzylkum and Khorasan. In addition, the recognition of net losses in SMCC and Khorasan was restricted to the Corporation's net investment in those joint ventures of $0.3 million. In accordance with the Corporation's accounting policy described in note 2, transactions between joint ventures are not eliminated.

(3) Net losses attributable to the Corporation are limited to the extent that the recognition of the net losses of the joint venture results in the Corporation's net investment being reduced to nil.

13 LOANS RECEIVABLE

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Loans to related parties		
Mantra	122.6	102.1
	122.6	**102.1**
Loans to joint ventures		
SKZ-U	11.2	18.8
	11.2	**18.8**
Current portion	8.1	7.2
Non-current portion	125.7	113.7
Total	**133.8**	**120.9**

(i) MANTRA LOAN

The Corporation made a loan available to Mantra to provide project financing for construction and commissioning of the Mkuju River Project. The loan bears interest at 7.74% per annum. The loan has no fixed repayment terms and is guaranteed by ARMZ.

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	102.1	79.4
Additions during the year	13.0	16.2
Interest accrued	7.5	6.5
Balance at the end of the year	**122.6**	**102.1**
Less: current portion	-	-
Long term portion	**122.6**	**102.1**

(ii) SKZ-U LOAN

The Corporation made loans available to SKZ-U LLP (“SKZ-U”), a joint venture in which the Corporation has a 19% interest, pursuant to its obligation to provide project financing in the amount of $31.0 million for construction and commissioning of a sulphuric acid plant. The loans bear interest at LIBOR plus 6% per annum, with interest payable on a semi-annual basis between 2013 and 2017. The loans are unsecured and the final payment is March 15, 2017.

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	18.8	26.4
Principal received	(7.4)	(7.4)
Interest accrued	0.9	1.4
Interest received	(1.1)	(1.6)
Balance at the end of the year	**11.2**	**18.8**
Less: current portion	(8.1)	(7.2)
Long term portion	**3.1**	**11.6**

14 OTHER ASSETS

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Current		
Other	0.3	-
Non-current		
Asset retirement funds [1]	20.5	40.4
Available for sale securities	0.3	-
Other	7.5	0.1
	28.6	**40.5**

(1) Consists primarily of collateral deposits for letters of credit issued for asset retirement obligations of subsidiaries in the United States of America.

15 IMPAIRMENT

The recoverable amount of each cash-generating unit ("CGU") is determined based on its fair value less cost of disposal, calculated as the present value of the estimated future cash flows, using assumptions such as production volumes, uranium prices, capital expenditures, cash costs of production and discount rate. The same methodology is used for impairment testing of investment in associate and joint ventures, except that the recoverable amount for the investment in associate and joint ventures is determined by estimating the fair value less cost of disposal of the investment.

Key Assumptions

Production volumes

Annual production volumes are estimated based on resource estimates, operational considerations and licensing constraints.

Uranium prices

Uranium prices are based on analyst consensus estimates and gradually increases from $40 per pound U_3O_8 in 2016 to a long term price of $65 per pound U_3O_8 beyond 2021.

Discount rate

The discount rate used for impairment testing is the real, post tax weighted average cost of capital. The discount rate is further adjusted for political and development risk based on the jurisdiction in which the CGU or investment resides. The discount rates for 2015 were 10.5% (2014: 10.5%) for Kazakhstan, 9.8% (2014: 10.4%) for USA and 11.7% for Mantra (2014: 11.7%).

The tables below provide the details of the impairments recognized by the Corporation:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Impairment of mineral interests, property, plant and equipment (Note 10)	-	11.1
Impairment of investment in Associate (Note 11)	0.9	22.2
Total	**0.9**	**33.3**

US Conventional Assets

During 2014, an impairment of $11.1 million was recognized on the US Conventional Assets following a decision to dispose those assets as described in Note 10.

Investment in associate

As at December 31, 2015, an impairment of $0.9 million (2014: $22.2 million) was recognized on the Mantra investment (Note 11) mainly due to decrease of pricing assumptions.

All other CGU's

Any adverse changes in the key assumptions for all the other CGU's could have associated impacts on certain other inputs into the long term plans, which may offset, to a certain extent, the impact of the adverse change.

16 TRADE AND OTHER PAYABLES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Trade payables	27.8	63.1
Accruals	8.4	8.6
Value added, withholding and other taxes payable	2.0	9.5
Other	0.5	3.6
	38.7	**84.8**

17 INTEREST BEARING LIABILITIES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Ruble Bonds	214.7	262.7
Senior Secured Notes	263.1	287.8
Loan from an affiliate	50.0	-
	527.8	**550.5**
Current portion	42.6	21.0
Non-current portion	485.2	529.5
Total	**527.8**	**550.5**

(i) RUBLE BONDS

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	262.7	467.1
Interest accrued	27.3	51.4
Interest paid	(34.9)	(41.2)
Fair value adjustment relating to hedged risk (Note 28)	-	0.2
Amortization of transaction costs	0.5	0.7
Foreign exchange gain	(40.9)	(215.5)
	214.7	**262.7**
Less: current portion	(41.0)	(19.1)
Long term portion	**173.7**	**243.6**
Fair value of Ruble Bonds[(1)]	**183.5**	**216.1**

(1) The fair value was calculated using quoted market prices and is categorized as level 1 in the fair value hierarchy (see note 28).

On December 7, 2011, the Corporation carried out an offering and issuance of Series 1 Ruble Bonds having an aggregate principal amount of $463.5 million (RUB 14.3 billion) repayable in five years from the date of issuance. The Series 1 Ruble Bonds bear interest at a Ruble rate of 9.75%, payable semi-annually from the date of issue.

On August 23, 2013, the Corporation completed a public offering in Russia of seven-year ruble-denominated Series 2 Ruble Bonds for gross proceeds of $380.7 million (RUB12.5 billion) with a ruble interest rate of 10.25%; and simultaneous public offering to repurchase, through the facilities of the Moscow Exchange, $359.4 million (RUB11.8 billion) of the Company's outstanding $435.5 million (RUB14.3 billion) aggregate principal amount five-year Series 1 Ruble Bonds with a ruble interest rate of 9.75%. This redemption resulted in $76.1 million (RUB 2.5 billion) of the principal of the Series 1 Ruble Bonds remaining outstanding.

The Ruble Bonds are direct, unsecured, non-convertible, interest-bearing obligations of the Corporation, subordinated to any present or future secured obligations, and ranking equally with all other unsecured indebtedness.

In addition, the Corporation entered into a number of derivative instruments to hedge the Series 1 and Series 2 Ruble Bonds – see Note 28 Fair value measurement.

17 INTEREST BEARING LIABILITIES (continued)

(ii) SENIOR SECURED NOTES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	287.8	285.4
Purchase	(27.4)	-
Interest accrued	19.2	19.6
Coupon interest paid	(19.6)	(18.8)
Transaction costs capitalized	-	(1.3)
Amortization of transaction costs	3.1	2.9
	263.1	**287.8**
Less: current portion	(1.6)	(1.9)
Long term portion	**261.5**	**285.9**
Fair value of Senior Secured Notes[1]	**255.5**	**241.3**

(1) The fair value was calculated using quoted market prices and is categorized as level 1 in the fair value hierarchy (see note 28).

On December 13, 2013, Uranium One Investments Inc. ("U1 Investments"), a 100% owned subsidiary of Uranium One, completed an offering of $300 million aggregate principal amount of non-convertible 6.25% Senior Secured Notes due 2018 (the "Senior Secured Notes"). The Senior Secured Notes will mature on December 13, 2018 and U1 Investments will pay interest semi-annually on June 13 and December 13 of each year. U1 Investments is entitled to redeem all or a portion of the Senior Secured Notes on or after December 13, 2016.

The Senior Secured Notes are guaranteed by Uranium One and certain of its subsidiaries and secured by pledges of certain of their assets.

The Corporation is required to comply with certain incurrence based financial covenants in connection with the Senior Secured Notes. The indenture governing the Senior Secured Notes limits, among other things, the ability of the Corporation to: incur additional indebtedness; pay dividends on, redeem or repurchase capital stock (other than payment of dividends up to the Corporation); make certain restricted payments and investments; create certain liens; impose restrictions on the ability of subsidiaries to pay dividends or other payments to the Corporation; transfer or sell assets; merge or consolidate with other entities; and enter into transactions with affiliates. Each of the covenants is subject to a number of exceptions and qualifications.

On September 24, 2015, the Corporation purchased $29.6 million of the principal amount of the Senior Secured Notes at a price of $920 per $1,000 of face value pursuant to a tender offer. The total amount of the transaction was $27.9 million, including $0.5 million of accrued interest and legal fees of $0.2 million. The Corporation financed the purchase with a loan provided by an affiliate. The Senior Secured Notes so purchased have not been retired and remain outstanding.

(iii) LOAN FROM AN AFFILIATE

	DEC 31, 2015 US$m
Opening balance	-
Drawdown	50.0
Interest accrued	0.9
Interest paid	(0.9)
	50.0
Less: current portion	-
Long term portion	**50.0**

On September 24, 2015, the Corporation received a loan of $50 million from an affiliate, bearing interest at the rate of 6.15% per annum and due on June 30, 2020 for the purpose of repurchasing Senior Secured Notes.

18 CONVERTIBLE DEBENTURES

2010 Debentures

On March 12, 2010, the Corporation issued convertible unsecured subordinated debentures for gross proceeds of C$260 million ($253.3 million), (the "2010 Debentures"). The 2010 Debentures have a March 13, 2015 maturity date, with interest payable at a rate of 5.0% per annum, payable semi-annually. The 2010 Debentures were convertible into common shares of the Corporation at a conversion price of C$3.15 per common share, being a rate of 317.46 common shares per C$1,000 principal.

The debentures had a cash settlement option which was accounted for as an embedded derivative. The Corporation allocated the fair value of the debentures to the individual liability and derivative components by establishing the derivative component and then allocating the balance remaining, after subtracting the fair value of the derivative from the face value, to the liability component. The embedded derivative was designated as a financial liability carried at fair value through profit or loss. On October 12, 2010, the Corporation received all necessary Kazakhstan regulatory approvals to allow the conversion of the 2010 Debentures into common shares of Uranium One at the option of the holders of the 2010 Debentures and as a result the cash settlement option was cancelled. The embedded derivative was reclassified as equity on cancellation of the cash settlement option.

On November 15, 2013, the Corporation made an offer to purchase the C$260 million aggregate principal amount of the 2010 Debentures in accordance with the terms of the trust indenture governing the debentures, as required by the trust indenture due to the completion of the Going Private Transaction. As a result of the change in the estimated cash flows an additional charge of $15.6 million was recorded in the year ended December 31, 2013. The effective annual interest rate is 10.93%. On January 2, 2014 the Corporation completed the repurchase of C$227.5 million ($214.8 million as valued on December 31, 2013) of the aggregate principal amount of its 2010 Debentures. This represents 87.49% of the outstanding aggregate principal amount of the 2010 Debentures.

On February 5, 2015, the Corporation repaid C$32.8 million being the balance of the outstanding principal amount of the 2010 Debentures plus the interest owing through to the maturity date and terminated the 2010 Debentures.

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

	2010 Debentures US$m
Liability	211.6
Transaction costs	(12.4)
Net liability	**199.2**
Derivative liability	41.7
Net derivative liability	**41.7**
Net proceeds	**240.9**

The table below indicates the movement in the liability:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	27.8	238.4
Repayment	(26.2)	(214.8)
Interest accrued	0.3	9.3
Coupon interest payments	(0.3)	(1.6)
Foreign exchange gain	(1.6)	(3.5)
Liability as at the end of the year	**-**	**27.8**
Less: current portion	-	(27.8)
Long term portion	**-**	**-**
Fair value of convertible debentures (1)	**-**	**26.6**

(1) The fair value was calculated using quoted market prices and is categorized as level 1 in the fair value hierarchy (see note 28).

19 PROVISIONS

Environmental protection, rehabilitation and closure costs

Provision is made for close down, restoration and for environmental rehabilitation costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

	DEC 31, 2015	DEC 31, 2014
Assumptions:		
Payable in years	2-17	2-17
Inflation rate	1.1%	2.2%-2.7%
Discount rate	2.3%	2.2%-3.02%

Security of $20.5 million (2014: $40.4 million) for environmental protection, rehabilitation and closure costs has been provided in the form required by the relevant country's authorities (Note 14).

The table below shows the movement in the provision:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Balance at January 1	23.8	30.7
Accretion	0.3	0.4
Reduction	(1.3)	-
Disposal (Note 10)	(6.4)	-
Transfer to assets held for sales (Note 10)	-	(6.6)
Foreign exchange	(1.0)	(0.7)
Balance at December 31	**15.4**	**23.8**

The provision for decommissioning of property, plant and equipment is sensitive to modifications in the underlying assumptions. Management has identified key assumptions for which there could be a range of outcomes which may cause an increase/decrease in the provision for decommissioning of property, plant and equipment. The above estimates are particularly sensitive in the following areas:

- A 5-year change in the commencement date of site restoration to a later date/earlier date would have (decreased)/increased the amount of the provision by ($1.3 million)/ $1.4 million, respectively, as at 31 December 2015.
- A 10% increase/ (decrease) in the cost of site restoration work would have increased/ (decreased) the amount of provision by $1.5 million/($1.5 million), respectively, as at 31 December 2015.
- A 1% increase/ (decrease) in the discount rate would have (decreased)/ increased the amount of provision by ($1.3 million)/ $1.5 million, respectively, as at 31 December 2015.
- A 1% increase/ (decrease) in the inflation rate would have increased/ (decreased)the amount of provision by $1.0 million/ $(0.9 million), respectively, as at 31 December 2015.

20 INCOME TAX

Amounts recognized in the income statement:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Current income tax expense	16.3	4.4
Deferred income tax expense	14.9	3.6
Income tax expense	**31.2**	**8.0**

20 INCOME TAX (continued)

Reconciliation between the tax expense and accounting profit for the year:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Income (loss) before income taxes	**101.9**	**(162.3)**
Canadian federal and provincial income tax rates	26.5%	26.5%
Expected income tax expense /(recovery)	**27.0**	**(43.0)**
Permanent differences	0.5	16.2
Change in temporary differences not recognized	26.3	57.9
Effect of share of profit of equity accounting	(36.6)	(20.5)
Differences in tax rates in foreign jurisdictions	4.4	(3.9)
Withholding taxes	10.6	1.8
Other	(1.0)	(0.5)
Income tax expense	**31.2**	**8.0**
Effective tax rate	**30.6%**	**(4.9%)**

Reconciliation of the deferred tax balance movement:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Balance at January 1	4.3	1.2
Income tax expense recorded in the income statement	14.9	3.6
Foreign exchange gain	(0.8)	(0.5)
Balance at December 31	**18.4**	**4.3**

The significant components of the Corporation's deferred income tax liabilities are as follows:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Deferred income tax asset		
Interest bearing liabilities	8.6	2.8
Deferred income tax liabilities		
Loans given	(18.8)	(7.1)
Investments in joint ventures	(8.1)	-
Other	(0.1)	-
Net deferred income tax liabilities	**(18.4)**	**(4.3)**

Deductible temporary differences and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Mineral interests property, plant and equipment	43.6	105.0
Net operating loss	365.6	360.8
Capital loss	34.6	32.7
Other	154.9	97.8
Total	**598.7**	**596.3**

The aggregate amount of taxable temporary differences associated with investment in subsidiaries for which deferred tax liabilities have not been recognized, as at December 31, 2015 is $526.7 million (2014: $574.4 million).

Tax loss carry-forwards

Canada and provincial tax jurisdictions
At December 31, 2015, the Corporation had Canadian federal and provincial net operating loss carry-forwards totalling $111.9 million that expire from 2030 through 2035 (2014: $144.0 million). The Corporation also had capital losses totaling $7.1 million with no expiry (2014: $5.2 million). No deferred tax assets have been recognized with respect to these operating or capital losses.

United States federal and state tax jurisdictions

At December 31, 2015, the Corporation had United States federal and state net operating loss carry-forwards totalling $127.1 million that expire from 2020 through 2035 (2014: $93.6 million). The Corporation also had capital losses totaling $27.5 million that expire in 2015 (2014: $27.5 million). No deferred tax assets have been recognized with respect to these operating or capital losses.

20 INCOME TAX (continued)

Kazakhstan tax jurisdictions

At December 31, 2015, the Corporation had Kazakhstan net operating loss carry-forwards totalling $23.1 million that expires from 2019 through 2025 (2014: $39.0 million). No deferred tax assets have been recognized on these losses.

Australia tax jurisdictions

At December 31, 2014, the Corporation had Australian net operating loss carry-forwards totalling $72.1 million. No deferred tax assets have been recognized on these losses. In 2015 the Corporation disposed of Uranium One Australia Pty Ltd (Note 10).

Europe tax jurisdictions

At December 31, 2015, the Corporation had European net operating loss carry-forwards totalling $103.5 million that expire from 2018 through 2024 as well as losses with no expiry (2014: $53.0 million). No deferred tax assets have been recognized on these losses.

21 OTHER LIABILITIES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Current		
Other	0.5	0.7
Unfavorable contracts (1)	-	1.2
	0.5	**1.9**
Non-current		
Unfavorable contracts (1)	-	13.3
Bonus payment (3)	14.3	17.1
Long term incentive plan (2)	0.5	0.4
Other	-	0.2
	14.8	**31.0**

(1) Unfavourable contracts: The Corporation had legacy sales contracts for Honeymoon with unfavorable terms. With the withdrawal of Mitsui & Co. (the Corporation's former joint venture partner in the Honeymoon project), the Corporation was required to account for these contracts at their realizable values. Stockpiled production from Honeymoon was to be used to satisfy any delivery requirements under these contracts. As of December 31, 2015, Uranium One Australia Pty Ltd has been disposed of (Note 10).

(2) Long term incentive plan: The total number of PSUs awarded under the LTIP on April 14, 2014 was 1,360,320 PSUs at a price of $2.04 per PSU. The number of PSUs outstanding as at December 31, 2014 was 507,798 and no PSUs were exercisable at that date. There were no exercised or expired PSUs during the period and 852,522 PSUs were forfeited or cancelled in the period to December 31, 2014. The total number of PSUs awarded under the LTIP on May 27, 2015 was 279,849 PSUs at a price of $1.94 per PSU. The number of PSUs outstanding as at December 31, 2015 was 561,847. There were no exercised or expired PSUs during the period and 225,800 PSUs were forfeited or cancelled in the period to December 31, 2015. The fair market value of the PSUs is calculated using various inputs including the weighted average cost of capital in the range of 10% to 12% and uranium prices in the range of $39/lb to $62/lb. The management of the Corporation is assisted by external valuators in determining the fair market value. The amount charged to the income statement for LTIP was $0.1 million for the year ended December 31, 2015 ($0.4 million for the period ended December 31, 2014).

(3) Bonus payment: As part of the original acquisition of the interest in Kyzylkum on November 7, 2005, the Corporation also assumed a liability for contingent consideration payable upon commencement of commercial production at the Kharasan mine, which consideration consisted of 15,476,000 shares of UrAsia Energy Ltd. ("UrAsia Energy"), subsequently converted to a warrant for an entitlement to 6,964,200 Uranium One shares as part of the UrAsia Energy acquisition in 2007. Commercial production was determined to have commenced at the end of 2012. The Corporation issued the 6,964,200 shares into escrow, which in turn were converted into cash proceeds on October 18, 2013, in connection with the Going Private Transaction for C$19.9 million, and included as part of other liabilities. These funds continue to be held in an escrow account by a wholly-owned subsidiary of Uranium One pending their release in accordance with the terms of the escrow agreement. The fair value of the contingently issuable shares was not included as part of the purchase price for Kyzylkum as commencement of commercial production could not be reasonably determined.

22 SHARE CAPITAL

	NUMBER OF SHARES	VALUE OF SHARES US$m
Common shares on December 31, 2015 and 2014, no par value	**957,189,036**	**4,969.0**

Until December 13, 2013, the Corporation was authorized to issue an unlimited number of common shares, of which 957,189,036 were issued and outstanding as at that date. On that date, the Corporation amended its articles to divide the existing class of common shares into a series

22 SHARE CAPITAL (continued)

of shares, with a first series designated as "Common Shares, Series A" and a second series designated as "Common Shares", and to provide that all the existing class of common shares be designated as Common Shares, Series A unless the holder of such shares elects otherwise, in which case they shall be designated as Common Shares.

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

23 RESERVES

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Equity component of convertible debentures		
Balance at the beginning of the year	8.4	67.0
Cancellation of equity component of convertible debentures	(8.4)	(58.6)
Balance at the end of the year	**-**	**8.4**
Foreign currency translation reserve		
Balance at the beginning of the year	(342.1)	(90.0)
Translation of foreign operations reclassified to income statement (Note 10)	(32.5)	-
Unrealized loss on translation of foreign operations	(614.9)	(252.1)
Balance at the end of the year	**(989.5)**	**(342.1)**
Cash flow hedging reserve		
Balance at the beginning of the year	29.9	1.5
Realized fair value of Ruble Bonds swap derivatives reclassified to income statement	1.6	(0.2)
De-designation of Ruble Bonds swap derivative reclassified to income statement	-	0.8
Unrealized foreign exchange on Ruble Bonds reclassified to income statement	14.7	76.9
Unrealized fair value loss on Ruble Bond swap derivative – mark to market	(5.2)	(49.1)
Balance at the end of the year	**41.0**	**29.9**
Available for sale securities reserve		
Balance at the beginning of the year	-	(0.1)
Unrealized fair value adjustments on available for sale securities	(0.1)	0.1
Balance at the end of the year	**(0.1)**	**-**
Total reserves	**(948.6)**	**(303.8)**

Equity component of convertible debentures

During 2014, as a result of the repurchase of 87.49% of the 2010 Debentures, the Corporation reclassified 87.49% of the reserve balance to retained earnings.

The remaining balance of the equity component of convertible debentures was reclassified to retained earnings of the Corporation following the termination of the convertible debentures in February 2015.

Foreign currency translation reserve

On translation to the presentation currency of entities with functional currencies other than the US dollar (primarily the Corporation's investments in joint ventures in Kazakhstan), income statement items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Balance sheet items are translated at closing exchange rates. Gains or losses on translation of foreign operations are recorded in the foreign currency translation reserve in equity.

Prior to August 20, 2015 the currency of Kazakhstan, the Kazakh tenge, was not freely convertible and the exchange rate, at which tenges could be exchanged for U.S. dollars, was set by the Government of Kazakhstan from time to time.

On February 11, 2014, The National Bank of Kazakhstan stated that the Tenge will trade at US$ 1.00 = KZT 185.00, within a range of 3 Tenge on either side of the target rate, a devaluation of 19% from the previous target rate of US$1.00 = KZT 150.00. The functional currency of the Kazakhstan joint ventures is the Tenge. As such, the Corporation incurs most of its operating costs in Tenge while its revenues are denominated in US$. As at December 31, 2014, the balance was $342.1 million of foreign currency translation losses, mainly due to the Tenge devaluation in 2014 that amounted to a loss of $248.4 million, the remainder of the loss is mainly attributable to the Australian operations.

23 RESERVES (continued)

On August 20, 2015, the Central Bank of Kazakhstan let the tenge float freely. As a result, the Kazakh tenge devaluated from US$ 1.00 = KZT 189.89 on August 20, 2015 to US$ 1.00 = KZT 340.60 on December 31, 2015. Foreign currency translation losses of $614.9 million, mainly due to the Tenge devaluation in the third and fourth quarters of 2015, have been recorded in the year ended December 31, 2015 and primarily relate to translation of investments in joint ventures of $614.8 million.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of the gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in the fair value of the hedging instruments that are recognized and accumulated under the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects net earnings.

24 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

For the years ended December 31, 2015 and 2014, the shares outstanding were anti-dilutive, and the basic weighted average number of shares outstanding was 957.2 million.

25 CASH FLOW INFORMATION

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Movement in non-cash working capital		
Increase in receivables	(10.1)	(1.6)
Increase in inventories	(1.6)	(1.0)
(Decrease) / increase in liabilities	(46.2)	33.6
	(57.9)	**31.0**

26 CAPITAL DISCLOSURES

The Corporation’s objectives when managing capital are to:

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

In the management of capital, the Corporation includes equity, interest bearing liabilities and convertible debentures.

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

The Corporation monitors the following in this respect: total debt as a percentage of total capitalization and net debt as a percentage of total capitalization.

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Interest bearing liabilities	527.8	550.5
Convertible debentures	-	27.8
Total debt (interest bearing liabilities and convertible debentures)	527.8	578.3
Cash and cash equivalents	142.0	194.5
Restricted cash	14.5	17.5
Dividends receivable	42.9	-
Trade and other receivables	43.9	34.1
Current portion of loans receivable	8.1	7.2
Net debt (total debt less cash, receivables, and current portion of loans receivable)	276.4	325.0
Total capitalization (total equity)	413.7	979.4
Total debt as a percentage of capitalization	128%	59%
Net debt as a percentage of capitalization	67%	33%

27 RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has charged the senior executive management of the Corporation with developing and monitoring the Corporation's risk management process. Senior executive management reports regularly to the Board of Directors on its activities in this regard. The Audit Committee of the Board of Directors oversees management's development, implementation and monitoring of the risk management process, assisted by the Internal Audit department.

The Corporation has implemented a risk management process as well as a system of internal controls to safeguard the Corporation's assets and controls over financial reporting. The Internal Audit department performs risk-based audits as well as annual audits on the Corporation's internal controls over financial reporting ("ICFR"). The results of the Internal Audit department's audits are reported to the Audit Committee.
Based on guidance from the Audit Committee of the Board of Directors, the Internal Audit department, as well as the senior executive management (specifically the CEO), the corporate and regional teams are responsible for the implementation of detailed internal control systems. Internal Audit also assists in this regard and performs annual reviews as further discussed below.

Uranium One has had a dedicated Internal Audit department since 2006 whose work is based on an annual internal audit plan, as approved by the Audit Committee. As part of the restructuring of the operations of the Corporation's Toronto head office, the internal audit function was relocated to the Corporation's parent company's office in Moscow at the end of the second quarter of 2015. The Internal Audit department currently consists of three persons. The Head, Group Internal Audit, is situated in the Moscow corporate office, and makes rotational visits to all operations as part of his duties.

The Internal Audit department's focus is a risk-based mix of assurance and advisory services. The majority of the assurance reviews are based on internal controls over financial reporting. Internal Audit follows a standard methodology consisting of five phases, to review and report on the design and effectiveness of internal controls:

- Phase 1 - Risk assessment
- Phase 2 - Scoping and Planning
- Phase 3 - Internal control documentation (prepare, update, review)
- Phase 4 - Identify and test key controls
- Phase 5 - Report on design and effectiveness of ICFR

Advisory reviews focus on operationally significant or high risk areas of the Corporation's business. Internal Audit is also involved in the preparation and review of corporate policies, e.g. delegation of authority policy, authorization of expenditure policy.

The role of Internal Audit is to assist management and the Audit Committee in the effective discharge of their responsibilities with respect to governance, risk management and internal control. Functionally, the Head, Group Internal Audit reports directly to the Chairman of the Audit Committee and administratively to the CEO. This ensures that a high level of independence is maintained.

28 FAIR VALUE MEASUREMENT

(I) DESIGNATION AND VALUATION OF FINANCIAL INSTRUMENTS

The following tables summarize the designation and fair value hierarchy under which the Corporation's financial instruments are valued.

DESIGNATION OF FINANCIAL ASSETS	NOTES	AS AT DECEMBER 31, 2015 LOANS AND RECEIVABLES US$m	FAIR VALUE THROUGH PROFIT AND LOSS US$m	TOTAL US$m
Cash and cash equivalents including restricted cash	6	156.5	-	156.5
Trade receivables	7	40.3	-	40.3
Loans receivable	13	133.8	-	133.8
Financial derivative assets	28	-	0.1	0.1
Asset retirement funds	14	20.5	-	20.5
Available for sale securities	14	-	0.3	0.3
Total		**351.1**	**0.4**	**351.5**

DESIGNATION OF FINANCIAL ASSETS	NOTES	AS AT DECEMBER 31, 2014 LOANS AND RECEIVABLES US$m	FAIR VALUE THROUGH PROFIT AND LOSS US$m	TOTAL US$m
Cash and cash equivalents including restricted cash	6	212.0	-	212.0
Trade receivables	7	31.5	-	31.5
Loans receivable	13	120.9	-	120.9
Financial derivative assets	28	-	0.2	0.2
Asset retirement funds	14	40.4	-	40.4
Total		**404.8**	**0.2**	**405.0**

DESIGNATION OF FINANCIAL LIABILITIES	NOTES	AS AT DECEMBER 31, 2015 HELD AT FAIR VALUE THROUGH PROFIT OR LOSS US$m	FINANCIAL LIABILITIES AT AMORTIZED COST US$m	TOTAL US$m
Trade payables	16	-	27.8	27.8
Interest bearing liabilities	17	-	527.8	527.8
Financial derivatives liabilities	28	292.6	-	292.6
Other	21	-	14.3	14.3
Total		**292.6**	**569.9**	**862.5**

DESIGNATION OF FINANCIAL LIABILITIES	NOTES	AS AT DECEMBER 31, 2014 HELD AT FAIR VALUE THROUGH PROFIT OR LOSS US$m	FINANCIAL LIABILITIES AT AMORTIZED COST US$m	TOTAL US$m
Trade payables	16	-	63.1	63.1
Interest bearing liabilities	17	-	550.5	550.5
Convertible debentures	18	-	27.8	27.8
Financial derivatives liabilities	28	278.1	-	278.1
Other	21	-	17.7	17.7
Total		**278.1**	**659.1**	**937.2**

The carrying value of the financial assets and liabilities that are presented in the tables above, generally approximate their fair values, except for the Ruble Bonds, Senior Secured Notes and 2010 Debentures, whose fair values are disclosed in notes 17 and 18.

28 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

The Corporation categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

For financial instruments that are recognized at fair value on a recurring basis, the Corporation determines whether transfers have occurred between levels in the hierarchy by re-assessing their classification (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Assets / (liabilities) measured at fair value on a recurring basis include:

	AS AT DECEMBER 31, 2015			
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	**LEVEL 1 US$m**	**LEVEL 2 US$m**	**LEVEL 3 US$m**	**TOTAL US$m**
Available for sale securities	0.3	-	-	0.3
Financial derivative assets	-	-	0.1	0.1
Financial derivative liabilities	-	-	(292.6)	(292.6)
Total	**0.3**	**-**	**(292.5)**	**(292.2)**

	AS AT DECEMBER 31, 2014			
FAIR VALUE HIERARCHY OF ASSETS AND LIABILITIES MEASURED AT FAIR VALUE	**LEVEL 1 US$m**	**LEVEL 2 US$m**	**LEVEL 3 US$m**	**TOTAL US$m**
Financial derivative assets	-	-	0.2	0.2
Financial derivative liabilities	-	-	(278.1)	(278.1)
Total	**-**	**-**	**(277.9)**	**(277.9)**

Transfers between Level 1 and Level 2, and transfers in and out of Level 3 are assumed to occur at the end of the period. There were no transfers for the years ended December 31, 2015 and 2014.

The fair value of available-for-sale investments is determined based on a market approach reflecting the closing price of each particular security at the consolidated balance sheet date. The closing price is a quoted market price obtained from the exchange that is the principal active market for the particular security, and therefore available-for-sale investments are classified within Level 1 of the fair value hierarchy.

Fair value assets and liabilities classified as Level 2 are valued using pricing models or discounted cash flow (DCF) models. These models require a variety of observable inputs including market prices, forward price curves, yield curves and credit spreads. These inputs are obtained from or verified with the market where possible.

Where inputs are based on unobservable market data, and the input is significant to the fair value, fair value assets and liabilities are classified as Level 3.

Derivative instruments are valued using pricing models or DCF models. These models require a variety of observable inputs including market prices, forward price curves and yield curves. These inputs are obtained from or verified with the market where possible. Forward RUB/USD curve was used for converting RUB cash flows in USD for each payment date which later resulted in net USD cash flow calculation and discounting using the LIBOR yield curve. The significant unobservable input used in the fair value measurement of the Corporation’s Level 3 fair value assets and liabilities is credit spread, which represents either the counterparty credit risk (for assets) or non-performance risk of the Corporation (for liabilities) and is used to calculate the probability of default. The probability of default sensitivity analysis for 5% increase / (decrease) would have resulted in no significant impact, respectively, of financial derivative liabilities fair value as at 31 December 2015.

28 FAIR VALUE MEASUREMENT (continued)

The table below shows a reconciliation of level 3 fair value measurements of financial liabilities / (assets):

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Opening balance	337.3	82.7
Unrealized loss recognized in other comprehensive income	3.7	49.1
Unrealized loss recognized in profit or loss (1)	10.6	203.7
Interest accrued on swap	8.4	(1.2)
Interest (paid) received	(8.1)	3.0
	351.9	337.3
Unrealized loss due to unobservable inputs at inception (2)	(59.4)	(59.4)
	292.5	**277.9**
Current portion (asset)	(0.1)	(0.2)
Non-current portion (asset)		-
Current portion liability (3)	248.6	0.7
Non-current portion liability	44.0	277.4

(1) Relates to fair value liabilities held at the end of the reporting period recognized in the "Other (expense) income" line item in the consolidated income statement.
(2) No amounts recognized for this balance in the consolidated income statement for the years ended December 31, 2015 and 2014.
(3) The Group's outflows on settlement of swaps expiring in 2016 will be mostly compensated by initial inflow from swaps expiring in 2020 resulting in net cash outflow of $80.0 million in 2016 (see also analysis of liquidity risk below).

Financial derivatives
A summary of derivative instruments are as follows:

	DEC 31, 2015	DEC 31, 2014
	(Asset) / Liability US$m	(Asset) / Liability US$m
Used for hedging		
Cross currency interest rate swaps		
- Cash flow hedge (1), (2)	61.3	56.3
Other		
Cross currency interest rate swaps	230.0	219.8
Forward strip contracts	1.2	1.8
	292.5	**277.9**
Fair value of derivative assets		
Current	(0.1)	(0.2)
	(0.1)	**(0.2)**
Fair value of derivative liabilities		
Current	248.6	0.7
Non-current	44.0	277.4
	292.6	**278.1**
Total fair value of derivatives	**292.5**	**277.9**

(1) The maximum term over which Accumulated Other Comprehensive Income will be reclassified to net earnings is 6 years.
(2) Ineffectiveness in the amount of a $1.5 million loss (2014: $4.1 million loss) arising from cash flow hedges is recorded in the "Other (expense) income" line item in the consolidated income statement for the years ended December 31, 2015 and 2014.

28 FAIR VALUE MEASUREMENT (continued)

CROSS CURRENCY INTEREST RATE SWAPS

Cross currency interest rate swap – Series 1 Ruble Bonds

The Corporation originally issued Series 1 Ruble Bonds having an aggregate principal amount of RUB 14.3 billion ($463.5 million) on December 7, 2011 (Note 17). At the same time the Corporation entered into a cross currency interest rate swap, which economically converted the Series 1 Ruble Bonds into a synthetic US dollar borrowing by fixing the Corporation's principal and interest payments in US dollar terms and, while the hedging relationship was in force, the Corporation was not economically exposed to any ruble currency risks. The swap has a US$ fixed exchange rate of $1.00 = RUB 30.855 and resulted in a US$ fixed interest rate of 6.74% on the principal amount of $463.5 million. For accounting purposes, the original swap was designated as a cash flow hedge and the Corporation applied a hedge ratio of 80% to the debt, resulting in the Swap covering 80% of the foreign currency risk inherent in the interest and principal payments on the RUB 14.3 billion borrowing.

On August 23, 2013, the Corporation repurchased and cancelled RUB 11.8 billion of the Series 1 Ruble Bonds, resulting in the original swap being de-designated from the hedging relationship. On October 1, 2013, 17% or RUB 2.5 billion of the original swap was designated as a cash flow hedge against 80% of the remaining RUB 2.5 billion Series 1 Ruble Bonds.

The remaining 83% of the original swap is no longer designated in a hedging relationship.

Cross currency interest rate swaps designated as hedges – Series 2 Ruble Bonds

On August 23, 2013, the Corporation completed a public offering in Russia of seven-year ruble-denominated Series 2 Ruble Bonds for gross proceeds of $380.7 million (RUB12.5 billion) (Note 17). On September 18 and 23, 2013, the Corporation entered into a number of cross currency interest rate swaps and forward strip contracts with the economic objective of managing the foreign exchange and interest rate risks of the Corporation. On October 1, 2013, these instruments and combinations of instruments were designated as hedging instruments against portions of the Series 2 Ruble Bonds (Note 17). The cross currency interest rate swaps and the associated hedging relationships are as follows:

(a) A cross currency interest rate swap with a notional amount of RUB 245 million / $7.7 million (fixed at an exchange rate of $1.00 = RUB 31.8) to convert a portion Series 2 Ruble Bonds into a synthetic US dollar borrowing. This swap was designated as a cash flow hedge to hedge a portion (RUB 196 million or an 80% hedge relationship) of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments and ruble principal amount due at maturity starting from October 1, 2013 to August 11, 2020.

(b) A cross currency interest rate swap with a notional value of RUB 4.1 billion / $129.8 million (fixed at an exchange rate of $1.00 = RUB 31.8) and effective date of November 30, 2016, to convert a portion of the Series 2 Ruble Bonds into a synthetic US dollar borrowing, at a fixed rate of 7.5%. This swap was designated as a cash flow hedge to hedge a portion (RUB 3.3 billion or an 80% hedge relationship) of the foreign exchange risk arising from the Series 2 Semi-annual ruble interest payments and ruble principal amount due at maturity starting November 30, 2016 to August 11, 2020.

DERIVATIVES NOT DESIGNATED IN ANY HEDGE RELATIONSHIPS

On September 18, 2013, the Corporation entered into a cross currency interest rate swap with a notional amount of RUB 7.7 billion / $238.2 million (fixed at an exchange rate of $1.00 = RUB 32.2) with the initial exchange date of November 30, 2016, and effective date of February 17, 2017, to convert a portion (RUB 7.7 billion) of the Series 2 Ruble Bonds into a synthetic US dollar floating borrowing (3 month US LIBOR interest rate plus a spread of 4.85%).

As noted in Note 17, on August 23, 2013, the Corporation redeemed RUB 11.8 billion of the series 1 Ruble Bonds, resulting in the original swap being de-designated from the hedging relationship. Management decided not to designate 29% or RUB 4.1 billion of the original swap in any hedging relationship. On October 1, 2013, 54% or RUB 7.7 billion of the original swap together with two forward strips were designated as a cash flow hedge against a portion of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments from October 1, 2013 to February 14, 2017 and the principal payment. On January 1, 2014, management de-designated this hedging relationship so that 54% of the original swap and the two forward strip contracts are no longer in a hedging relationship. As a result, a loss of $0.7 million was reclassified from other comprehensive income to finance expense.

On September 18, 2013, the Corporation entered into a cross currency interest rate swap with a notional amount of RUB 455 million / $14.1 million (fixed at an exchange rate of $1.00 = RUB 32.2) to convert a portion of the Series 2 Ruble Bonds into a synthetic US dollar floating borrowing (3 month US LIBOR plus a spread of 5%). On October 1, 2013, this cross currency interest rate swap was designated as a fair value hedge to hedge a portion (RUB 455 million or a 100% hedge relationship) of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments and ruble principal amount due at maturity starting from October 1, 2013 to August 14, 2020. On January 1, 2014, management de-designated this hedging relationship so that this swap is no longer in a hedging relationship. As a result, a loss of $0.2 million was reclassified from the Ruble Bonds to finance expense.

28 FAIR VALUE MEASUREMENT (continued)

The following table illustrates the movement in the Ruble Bonds and the Swap, and the effect of the application of hedge accounting on the financial results.

	DECEMBER 31, 2015			
	RUBLE BONDS (NOTE 17) US$m	SWAP (ASSET) / LIABILITY (NOTE 28) US$m	CASH FLOW HEDGING RESERVE (NOTE 23) US$m	INCOME STATEMENT (LOSS) / GAIN US$m
Opening balance	262.7	277.9	29.9	-
Interest accrued	27.3	8.4	-	(35.7)
Interest paid	(34.9)	(8.1)	-	-
Transaction costs, amortized	0.5	-	-	(0.5)
Unrealized loss recognized in the income statement[(1)]	-	10.6	-	(10.6)
Realized fair value reclassified to income statement	-	-	1.6	(1.6)
Foreign exchange	(40.9)	-	14.7	26.2
Revaluation of the swaps	-	3.7	(5.2)	1.6
Closing balance	**214.7**	**292.5**	**41.0**	**20.6**

	DECEMBER 31, 2014			
	RUBLE BONDS (NOTE 17) US$m	SWAP (ASSET) / LIABILITY (NOTE 28) US$m	CASH FLOW HEDGING RESERVE (NOTE 23) US$m	INCOME STATEMENT (LOSS) / GAIN US$m
Opening balance	467.1	23.3	1.5	-
Interest accrued	51.4	(1.2)	-	(50.2)
Interest paid	(41.2)	3.0	-	-
Transaction costs, amortized	0.7	-	-	(0.7)
Fair value adjustment relating to hedged risk (Note 28)	0.2	-	-	(0.2)
Unrealized loss recognized in the income statement[(1)]	-	203.7	-	(203.7)
Realized fair value reclassified to income statement	-	-	(0.2)	0.2
De-designation of fair value of Ruble Bonds swap derivative reclassified to the income statement	-	-	0.8	(0.8)
Foreign exchange	(215.5)	-	76.9	138.6
Revaluation of the swaps	-	49.1	(49.1)	-
Closing balance	**262.7**	**277.9**	**29.9**	**(116.8)**

(1) Relates to fair value liabilities held at the end of the reporting period recognized in the "Other expense" line item in the consolidated income statement.

(II) FOREIGN EXCHANGE RISK

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

The Corporation is primarily exposed to foreign currency risk through the following monetary assets and monetary liabilities denominated in currencies other than US dollars as at December 31, 2015 and 2014:

	MONETARY ASSETS		MONETARY LIABILITIES	
	DEC 31, 2015 US$M	DEC 31, 2014 US$M	DEC 31, 2015 US$M	DEC 31, 2014 US$M
Canadian dollar	15.1	57.1	15.6	70.4
Australian dollar	3.8	10.3	-	1.8
Kazakhstan tenge	0.6	5.9	1.4	2.2
Euro	0.1	0.3	1.2	1.1
Ruble[(1)]	218.6	234.7	214.7	251.4
	238.2	**308.3**	**232.9**	**326.9**

(1) As at December 31, 2015, the monetary assets include $210.5 million (2014: $225.2 million) which is the USD equivalent of the fair values of the Ruble leg of the swap liabilities of $292.5 million (2014: $277.9 million).

28 FAIR VALUE MEASUREMENT (continued)

The following table shows the effect on earnings and other comprehensive income after tax as at December 31, 2015 and 2014 of a 10% appreciation in the foreign currencies against the US dollar on the above-mentioned financial and non-financial assets and liabilities of the Corporation.

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Other comprehensive income	84.2	167.8
Net earnings	4.1	(8.5)

A 10% depreciation in exchange rates would have the following effect on other comprehensive income and net earnings:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Other comprehensive income	(68.9)	(162.8)
Net earnings	2.4	3.5

(III) CREDIT RISK

Credit risk is primarily associated with trade receivables, and to a lesser extent, cash and cash equivalents, restricted cash, loans receivable and asset retirement funds. The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation sells its products exclusively to organizations with strong credit ratings. Around 65% of sales for 2015 and 63% of trade receivable as of December 31, 2015 are attributable to a related party (year ended December 31, 2014: 82% and 57% respectively) (Note 30).

Cash and cash equivalents are comprised of financial instruments issued by international financial institutions (or their wholly-owned subsidiaries) and companies with high investment-grade ratings varying from B2 to Aa3 based on Moody's rating agency. These investments mature at various dates.

The Corporation entered into a cross currency interest rate swap for the outstanding Ruble Bonds. The Corporation is exposed to counterparty credit risk in situations where the fair value of the Swap is in the Corporation's favour.

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

	NOTES	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Cash and cash equivalents and restricted cash	6	156.5	212.0
Trade receivables	7	40.3	31.5
Loans receivable	13	133.8	120.9
Financial derivative asset	28	0.1	0.2
Asset retirement fund	14	20.5	40.4
		351.2	**405.0**

The management believes that the Corporation is not exposed to concentration risk except for cash and cash equivalents on bank accounts. At December 31, 2015, 66% and 17% of cash and cash equivalents were held at two banks with credit ratings of at least Ba2 based on Moody's rating agency. At December 31, 2014, 78% and 13% of cash and cash equivalents were held at two banks with credit ratings of at least Ba1 based on Moody's rating agency.

(IV) LIQUIDITY RISK

At December 31, 2015, the Corporation's current liabilities exceeded its current assets by $70.3 million. The Corporation has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Corporation's operating requirements on an ongoing basis and its expansion plans. The Corporation manages liquidity risk through the management of its capital structure and financial leverage as outlined in Note 26.

28 FAIR VALUE MEASUREMENT (continued)

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

	LESS THAN 1 YEAR	1 TO 3 YEARS	4 TO 5 YEARS	AFTER 5 YEARS	TOTAL
Operating lease obligations	0.6	0.9	0.2	-	1.7
Trade and other payables (1)	38.7	-	-	-	38.7
Interest bearing liabilities (1)	74.2	372.7	207.6	-	654.5
Financial derivatives (1) (2):					
Inflows	(595.9)	(35.2)	(190.0)	-	(821.1)
Outflows	675.9	45.4	409.6	-	1,130.9
	193.5	**383.8**	**427.4**	**-**	**1,004.7**

(1) Cash flows are converted at year end closing exchange rates.
(2) The Group's outflows on settlement of swaps expiring in 2016 will be mostly compensated by initial inflow from swaps expiring in 2020 resulting in net cash outflow of $80.0 million in 2016.

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

Operating leases relate to leases of land and office space with terms between 1 and 4 years. The Corporation does not have an option to purchase the lease land at the expiry of the lease periods. The lease payments recognized as an expense include the minimum lease payments of $1.6 million (2014: $1.5 million).

(V) INTEREST RATE RISK

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The risk is managed by monitoring and raising the majority of debt under corporate borrowing programs. The Corporation has entered into a cross currency interest rate swap to convert a certain portion of its Ruble Bonds into US dollar fixed interest rate exposure.

A 100 basis point appreciation in the interest rate would increase the Corporation's net earnings and other comprehensive income as follows:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Other comprehensive income	3.2	3.5
Net earnings	2.1	5.6

A 100 basis point depreciation in the interest rate would decrease the Corporation's net earnings and other comprehensive income as follows:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Other comprehensive income	(3.4)	(3.8)
Net earnings	(1.7)	(4.9)

(VI) COMMODITY PRICE RISK

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

29 SEGMENTED INFORMATION

Information reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is primarily by operating mine or mineral property and its location and it reflects the Corporation's proportionate share. The following financial information is presented by operating segment and is reconciled to these consolidated financial statements.
The proportionate share of the Corporation's reportable operating segments is summarized in the table below:

(a) YEAR ENDED DECEMBER 31, 2015:

	REVENUES(1) US$m	OPERATING EXPENSE US$m	DEPRECIATION US$m	EXPLORATION EXPENSE US$m	NET FINANCE COSTS US$m	INCOME TAX (EXPENSE) / RECOVERY US$m	NET EARNINGS / (LOSS) US$m
Kazakhstan							
Akbastau Mine	71.5	(22.9)	(15.5)	-	(0.1)	(7.3)	29.5
Akdala Mine	71.3	(22.4)	(12.1)	-	(0.1)	(9.1)	32.8
South Inkai Mine	132.7	(41.3)	(22.5)	-	(0.1)	(15.7)	64.6
Karatau Mine	92.0	(20.1)	(16.9)	-	(1.3)	(11.9)	39.9
Zarechnoye Mine	39.3	(21.3)	(14.0)	-	(0.6)	(2.0)	(0.7)
Kharasan Mine	32.2	(13.2)	(4.0)	-	(2.1)	0.3	(12.4)
United States							
Willow Creek Mine	9.6	(9.0)	(9.4)	-	(0.3)	-	(8.8)
ISR projects	-	-	-	(1.0)	-	-	0.1
Conventional mining projects(4)	-	-	-	(0.5)	-	-	(5.4)
Australia							
Honeymoon Project(4)	-	-	-	-	0.2	-	1.1
Corporate and other(2)	92.6	(92.1)	-	-	(44.4)	(31.2)	(62.8)
Sub-total (3)	**541.2**	**(242.3)**	**(94.4)**	**(1.5)**	**(48.8)**	**(76.9)**	**77.9**
Attributable to joint ventures (5)	(426.3)	141.2	85.0	-	4.3	45.7	(7.2)
Purchases by the Corporation from its joint ventures and subsequent sales to 3rd parties	209.8	(209.8)	-	-	-	-	-
	324.7	**(310.9)**	**(9.4)**	**(1.5)**	**(44.5)**	**(31.2)**	**70.7**

(1) Excluding the "Corporate and other" segment, revenues represent the Corporation's proportionate share of sales from its operations. In addition, the gross profit of material sold by the Corporation is allocated back to the operations from which the material was sourced, above the sub-total line. The Corporation then eliminates its proportionate share of the joint ventures' revenues. The cost of material sold by the Corporation which was sourced from its joint ventures is added back in the line described as "intercompany purchases from joint ventures", in order to properly reflect revenue on a gross basis.

(2) Corporate and other includes Toronto head office and other administrative offices. The revenue and associated cost of sales of material that has not been sourced from one of the Corporation's operations is shown as part of the corporate and other segment.

(3) The sub-total line captures the revenues and related expenses that management of the Corporation focuses on to monitor and evaluate performance of its business by individual mine operation. The amounts reflect the Corporation's proportionate share of various joint ventures in respect of each mine and the elimination of intercompany sales of product between the joint ventures and the Corporation. The amounts differ from the Corporation's consolidated reported revenues and expenses principally because the Corporation's joint venture are required to be equity accounted for, rather than on a proportionate consolidation basis.

(4) In 2015 the US Conventional assets and the Honeymoon project were disposed of (Note 10).

(5) Represents the elimination of the Corporation's proportionate share of the joint ventures' revenue and related expenses except for (i) the unrealized profit between joint ventures which are not eliminated as described in Note 2; (ii) to adjust for net losses of SMCC and Khorasan for the year. The recognition of net losses in Khorasan was restricted as the Corporation's net investment in Khorasan was nil at the beginning of the year. In the year ended December 31 2015, $2.6 million of losses in SMCC that were previously unrecognized as they were restricted to the Corporation's net investment in SMCC were eliminated against the Corporations share of net earnings in SMCC of $94.5 million, resulting in attributable share of net earnings for SMCC of $91.9 million.

29 SEGMENTED INFORMATION (continued)

(b) YEAR ENDED DECEMBER 31, 2014:

	REVENUES[1] US$m	OPERATING EXPENSE US$m	DEPRECIATION US$m	EXPLORATION EXPENSE US$m	NET FINANCE COSTS US$m	INCOME TAX (EXPENSE) / RECOVERY US$m	NET EARNINGS / (LOSS) US$m
Kazakhstan							
Akbastau Mine	60.0	(19.7)	(22.5)	-	(1.0)	(2.9)	10.1
Akdala Mine[5]	62.3	(22.2)	(9.2)	-	-	(8.3)	26.7
South Inkai Mine[5]	132.3	(61.2)	(25.0)	-	-	(11.6)	40.4
Karatau Mine	82.2	(23.4)	(24.1)	-	(2.8)	(7.7)	14.6
Zarechnoye Mine	32.0	(21.1)	(16.2)	-	(1.8)	2.3	(12.2)
Kharasan Mine[5]	19.7	(9.7)	(4.2)	-	(1.9)	(4.2)	(6.5)
United States							
Willow Creek Mine	18.3	(15.5)	(18.5)	-	(0.5)	-	(16.1)
ISR projects	-	-	-	(1.4)	-	-	(0.4)
Conventional mining projects	-	-	-	-	-	-	(14.8)
Australia							
Honeymoon Project [2]	-	-	-	(0.1)	0.3	-	0.4
Corporate and other [3]	69.4	(72.0)		-	(82.6)	(8.1)	(223.4)
Sub-total [4]	**476.2**	**(244.8)**	**(119.7)**	**(1.5)**	**(90.3)**	**(40.5)**	**(181.2)**
Attributable to joint ventures [6]	(381.0)	157.3	100.6	-	7.5	32.5	10.9
Purchases by the Corporation from its joint ventures and subsequent sales to 3rd parties	165.7	(165.7)	-	-	-	-	-
	260.9	**(253.2)**	**(19.1)**	**(1.5)**	**(82.8)**	**(8.0)**	**(170.3)**

(1) Excluding the "Corporate and other" segment, revenues represent the Corporation's proportionate share of sales from its operations. In addition, the gross profit of material sold by the Corporation is allocated back to the operations from which the material was sourced, above the sub-total line. The Corporation then eliminates its proportionate share of the joint ventures' revenues. The cost of material sold by the Corporation which was sourced from its joint ventures is added back in the line described as "intercompany purchases from joint ventures", in order to properly reflect revenue on a gross basis.

(2) The Honeymoon Project was placed on care and maintenance during the year ended December 31, 2013.

(3) Corporate and other includes Toronto head office and other administrative offices. The revenue and associated cost of sales of material that has not been sourced from one of the Corporation's operations is shown as part of the corporate and other segment.

(4) The sub-total line captures the revenues and related expenses that management of the Corporation focuses on to monitor and evaluate performance of its business by individual mine operation. The amounts reflect the Corporation's proportionate share of various joint ventures in respect of each mine and the elimination of intercompany sales of product between the joint ventures and the Corporation. The amounts differ from the Corporation's consolidated reported revenues and expenses principally because the Corporation's joint venture are required to be equity accounted for, rather than on a proportionate consolidation basis.

(5) Revenues under the service contracts with Kazatomprom for the period from June 4, 2014 to October 17, 2014 for Akdala, South Inkai and Kharasan were \$20.7 million, \$28.6 million and \$5.4 million respectively. Operating expenses related to these sales were: \$6.1 million, \$13.4 million and \$2.2 million respectively. (See note 1 for a description of the operations of Betpak Dala and Kyzylkum).

(6) Represents the elimination of the Corporation's proportionate share of the joint ventures' revenue and related expenses except for (i) the unrealized profit between joint ventures which are not eliminated as described in Note 2; (ii) to adjust for net losses of SMCC and Khorasan that have not been recognized in the consolidated financial statements as they exceed the amount of the Corporation's net investment in those joint ventures.

29 SEGMENTED INFORMATION (continued)

AS AT DECEMBER 31, 2015:

	MINERAL INTERESTS PROPERTY, PLANT AND EQUIPMENT US$m	TOTAL ASSETS US$m	DEFERRED TAX LIABILITIES US$m	TOTAL LIABILITIES US$m	CAPITAL ADDITIONS US$m
Kazakhstan					
Akbastau Mine	246.0	342.5	44.5	57.1	1.9
Akdala Mine	41.8	77.4	5.1	40.1	16.2
South Inkai Mine	154.0	242.7	21.1	78.2	42.4
Karatau Mine	173.6	204.9	28.1	42.3	4.6
Zarechnoye Mine	47.3	72.7	5.9	18.5	5.7
Kharasan Mine	68.5	121.1	4.3	88.5	6.2
United States					
Willow Creek Mine	82.2	118.6	-	16.2	-
ISR projects	63.5	65.3	-	0.6	0.8
Corporate and other (1)	8.6	399.4	18.4	891.9	1.6
Sub-total (2)	**885.5**	**1,644.6**	**127.4**	**1,233.4**	**79.4**
Attributable to joint ventures (3)	(731.2)	(320.7)	(109.0)	(323.2)	(77.0)
	154.3	**1,323.9**	**18.4**	**910.2**	**2.4**

(1) Corporate and other includes Toronto head office and other administrative offices.

(2) The sub-total line captures the assets and liabilities that management of the Corporation focuses on to monitor and evaluate performance of its business by individual mine operation.

(3) Represents the elimination of the Corporation's proportionate share of the joint ventures' assets and liabilities except for (i) the unrealized profit between joint ventures which are not eliminated as described in Note 2; (ii) to adjust for net losses of SMCC and Khorasan that have not been recognized in the consolidated financial statements as they exceed the amount of the Corporation's net investment in those joint ventures.

29 SEGMENTED INFORMATION (continued)

AS AT DECEMBER 31, 2014:

	MINERAL INTERESTS PROPERTY, PLANT AND EQUIPMENT US$m	TOTAL ASSETS US$m	DEFERRED TAX LIABILITIES US$m	TOTAL LIABILITIES US$m	CAPITAL ADDITIONS US$m
Kazakhstan					
Akbastau Mine	478.0	606.8	84.8	91.9	4.6
Akdala Mine	93.8	142.4	10.5	26.6	17.3
South Inkai Mine	295.4	415.4	40.3	133.7	61.2
Karatau Mine	339.8	366.1	53.9	98.9	4.5
Zarechnoye Mine	93.3	131.6	11.0	30.4	5.6
Kharasan Mine	129.0	194.2	12.8	123.8	1.5
United States					
Willow Creek Mine	89.6	151.7	-	18.7	1.9
ISR projects	61.1	62.5	-	0.5	0.6
Conventional mining projects	-	19.8	-	6.3	-
Australia					
Honeymoon Project [1]	-	10.1	-	22.1	0.4
Corporate and other [2]	17.8	351.4	4.3	930.5	-
Sub-total [3]	**1,597.8**	**2,452.0**	**217.6**	**1,483.4**	**97.6**
Attributable to joint ventures [4]	(1,429.3)	(462.6)	(213.3)	(473.4)	(94.7)
	168.5	**1,989.4**	**4.3**	**1,010.0**	**2.9**

(1) The Honeymoon Project was placed on care and maintenance during the year ended December 31, 2013.

(2) Corporate and other includes Toronto head office and other administrative offices.

(3) The sub-total line captures the assets and liabilities that management of the Corporation focuses on to monitor and evaluate performance of its business by individual mine operation.

(4) Represents the elimination of the Corporation's proportionate share of the joint ventures' assets and liabilities except for (i) the unrealized profit between joint ventures which are not eliminated as described in Note 2; (ii) to adjust for net losses of SMCC and Khorasan that have not been recognized in the consolidated financial statements as they exceed the amount of the Corporation's net investment in those joint ventures.

30 RELATED PARTY TRANSACTIONS

The Group transacts in its daily operations with a number of entities that are either controlled or jointly controlled by the Government of Russia. The Group applies the exemption in IAS 24 "Related party disclosures" that allows to present reduced related party disclosures regarding transactions with government-related entities.

Transactions with related parties

OPERATING ACTIVITIES	SALES (1)		PURCHASES (2)	
	DEC 31, 2015 US$m	DEC 31, 2014 US$m	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Uranium One Holding N.V.	451.4	212.7	76.4	16.5
ARMZ and affiliates	-	-	3.2	14.7
	451.4	**212.7**	**79.6**	**31.2**

OUTSTANDING BALANCES	TRADE RECEIVABLES		TRADE PAYABLES	
	DEC 31, 2015 US$m	DEC 31, 2014 US$m	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Uranium One Holding N.V.	25.4	18.1	-	-
ARMZ and affiliates	-	-	-	1.0
	25.4	**18.1**	**-**	**1.0**

LOANS	LOANS FROM RELATED PARTIES		INTEREST ON LOANS FROM RELATED PARTIES	
	DEC 31, 2015 US$m	DEC 31, 2014 US$m	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Uranium One Holding N.V.	20.0	19.8	1.3	1.3
ARMZ and affiliates	84.3	41.2	0.9	3.5
	104.3	**61.0**	**2.2**	**4.8**

	LOANS TO RELATED PARTIES		INTEREST ON LOANS TO RELATED PARTIES	
	DEC 31, 2015 US$m	DEC 31, 2014 US$m	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Mantra	101.8	88.8	20.8	13.3
SKZ-U	11.0	18.4	0.2	0.4
	112.8	**107.2**	**21.0**	**13.7**

(1) The Corporation and certain of the joint ventures made sales to Uranium One Holding N.V., ARMZ or its affiliates in the amount of $451.4 million in 2015 (2014: $212.7 million). The Attributable share of revenues and cost of sales associated with these transactions are included in the joint venture segments disclosed in Note 28.

(2) The Corporation purchased materials from Uranium One Holding N.V., ARMZ or its affiliates and delivered into its contracts. These transactions amounted to $76.4 million in 2015 (2014: $16.5 million). Revenue and cost of sales associated with these transactions are disclosed in the line *"Corporate and other"* in Note 29. The remaining balance of purchases is comprised of transactions between ARMZ affiliates and certain joint ventures. During 2015 an ARMZ affiliate rendered services to the Corporation in the amount of $3.2 million.

The Corporation purchases material from certain of its joint ventures. The value of these transactions was $216.1 million in 2015 (2014: $165.7 million).

Sales to and purchases from related parties are made pursuant to arm's length transactions at market prices and on normal commercial terms. Outstanding balances at year end are unsecured and settlement occurs in cash.

The Corporation is the operator of Mantra's Mkuju River Project in Tanzania. The Corporation does not receive a fee for being the operator of the Mkuju River Project but is a party to an operating agreement whereby the Corporation will receive a termination fee of $42.8 million, in cash or in shares of Mantra Tanzania Ltd. (or any combination thereof), upon the expiration or termination of the operating agreement by either party upon 30 days' notice, without impact to the value of the termination fee. The operating agreement expires on December 31, 2016. If Mantra Tanzania Ltd. were to pay the termination fee wholly or partly in shares, the operating agreement does not include a mechanism to determine the number of shares which may be issued by Mantra Tanzania Ltd. to make such payment. Therefore, there is no basis to determine the fair value of any shares to be received as payment. The Corporation has not recorded any amounts recoverable for the termination fee related to the operating agreement.

Except for the Mantra loan described in Note 13, no guarantees are provided to or received from any related party receivables or payables.

30 RELATED PARTY TRANSACTIONS (continued)

No allowance for doubtful accounts has been recognized in relation to any outstanding balances and no expense has been recognized in respect of bad or doubtful debts due from related parties.

Compensation of key management personnel

The compensation of directors and other key members of management personnel during the year was as follows:

	DEC 31, 2015 US$m	DEC 31, 2014 US$m
Short term benefits	1.3	3.7
Short term incentive	0.2	0.8
Retention payments	0.8	1.1
Share based payments	0.1	0.8
Termination benefits	1.5	4.6
	3.9	**11.0**

31 CONTINGENCIES

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

The Corporation assumed all of the obligations of Uranium One Americas, Inc. and its subsidiaries arising under certain option and joint venture agreements with third parties. At December 31, 2015 and 2014, the assumed obligations under the contingent share rights agreements were a total of 57,500 common shares of Uranium One. Uranium One has the option to settle this agreement by either issuing shares or a cash payment of $400,000. Uranium One will exercise its option to settle the obligation with a cash payment if it is exercised. No contingent shares were issued or lapsed during the years ended December 31, 2015 and 2014. No provision was recognised as at December 31, 2015 as the probability is remote.

Income taxes

The Corporation operates in numerous countries around the world and accordingly is subject to, and pays, annual income taxes under the various regimes in countries in which it operates. These tax regimes are determined under general corporate income tax laws of the country. The Corporation has historically filed, and continues to file, all required income tax returns and to pay the taxes reasonably determined to be due. The tax rules and regulations in many countries are complex and subject to interpretation. Changes in tax law or changes in the way that tax law is interpreted may also impact the Corporation's effective tax rate as well as its business and operations. From time to time the Corporation will undergo a review of its historic tax returns and in connection with such reviews disputes can arise with the taxing authorities over the Corporation's interpretation of the country's income tax rules.

The taxation system in Kazakhstan is relatively new and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by various levels of authorities, which have the authority to impose severe fines and interest charges. A tax year generally remains open for review by the tax authorities for five subsequent calendar years; however, under certain circumstances a tax year may remain open longer.

These circumstances may create tax risks in Kazakhstan that are more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable tax legislation, official pronouncements and court decisions. However, the interpretations of the relevant authorities could differ and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

Sanctions in respect of the situation in Ukraine

Since March 2014, the U.S. and Canadian governments and the European Union have implemented a number of measures in response to the situation in Ukraine.

In the case of the U.S., these include Executive Orders and regulations imposing visa restrictions and freezing the property and interests in property in the United States of persons designated under those Orders as contributing to the situation in Ukraine. The directives also prohibit U.S. persons from transacting in, providing financing for, or otherwise dealing in new equity or debt of longer than either 30 or 90 days maturity (depending on the directive) issued by designated Russian financial institutions and entities and from supplying to designated Russian companies goods, services and technology relating to exploration or production in Russian deepwater, Arctic offshore or shale projects. In addition, U.S. law prohibits exports of certain U.S.-origin items, technology and services that may be supplied to the Russian oil and gas sector and suppliers of that sector. In December 2014, U.S. legislation was enacted authorizing the expansion of existing U.S. sanctions targeting companies in and activities involving Russia's defense and energy sectors and the imposition of sanctions on non-U.S. financial companies which facilitate and support related transactions. Also in December 2014, an Executive Order was issued that implemented a near total trade embargo on the Crimea region of Ukraine.

31 CONTINGENCIES (continued)

In Canada, the federal government has enacted regulations creating classes of designated persons, and freezing the assets of certain designated persons. The regulations also prohibit, subject to specified exceptions, any person in Canada or any Canadian citizen outside Canada from, among other things, (i) dealing in any property of any designated person, (ii) facilitating financial transactions relating to such dealings, (iii) providing goods or financial or related services to or for the benefit of designated persons, (iv) transacting in, providing financing for or otherwise dealing in new equity or debt of longer than 30 or 90 days maturity (depending on the designation) of designated

Russian financial institutions and entities, and (v) supplying designated goods (or to provide services related to such goods) to Russia or to any person in Russia for use in offshore deepwater, Arctic or shale oil exploration or production.

The sanctions imposed by the European Union (EU) include export bans on the supply of dual-use items to any person in Russia if they are intended for military purposes, and an arms embargo. In addition, there are measures to block the main state-owned financial institutions in Russia and some other enterprises active in the energy sector and in the military sector from access to EU capital markets and from the EU banking system, and there are export restrictions in relation to deepwater oil exploration and production, Arctic oil exploration and extraction and shale oil projects. In addition, asset freezing measures and travel restrictions were imposed on various individuals (mainly, state officials and military personnel connected with the Ukraine crises).

The Corporation’s operations have not been impacted by the foregoing orders, directives or regulations and the Corporation continues to carry on business as usual. While the Corporation has banking relationships with Gazprombank and Sberbank, both of which are among the Russian banks whose access to certain Western debt and equity capital markets has been restricted as noted above, the restrictions have not affected the Corporation’s relationships with those entities. The Corporation will continue to monitor sanctions-related developments closely to ensure it remains fully compliant with all applicable legislative and regulatory requirements.

32 EVENTS AFTER REPORTING PERIOD

There have been no material events after the reporting period.

Operating and Financial Review
Year Ended December 31, 2015

Set out below is a review of the activities, results of operations and financial condition of Uranium One Inc. ("Uranium One") and its subsidiaries and joint ventures (collectively, the "Corporation") for the year ended December 31, 2015. Information herein is presented as of March 30, 2016 and should be read in conjunction with the audited annual consolidated financial statements of the Corporation for the year ended December 31, 2015 and the notes thereto (referred to herein as the "consolidated financial statements"). The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") ("IFRS" or "GAAP"). All amounts are in US dollars and tabular amounts are in millions, except where otherwise indicated. Canadian dollars are referred to herein as C$, Russian Rubles are referred to herein as Rubles or RUB, and Australian dollars are referred to herein as A$. The functional currency of Uranium One is the US dollar.

All references herein to pounds are to pounds of U_3O_8.

The common shares of Uranium One were listed on the Toronto and Johannesburg stock exchanges ("TSX" and "JSE", respectively) until October 21 and 22, 2013, respectively. Uranium One's unsecured convertible subordinated debentures ("debentures") due March 13, 2015 were listed on the TSX until February 9, 2015, its unsecured Ruble-denominated bonds are listed on the Moscow Exchange and its senior secured notes are listed on the Luxembourg Stock Exchange. Uranium One redeemed the debentures and terminated the trust indenture governing the debentures on February 5, 2015. Uranium One ceased to be a reporting issuer in Canada on February 24, 2015.

Additional information about the Corporation and its business and operations can be found on the Corporation's website www.uranium1.com

This Operating and Financial Review includes certain forward-looking statements. Please refer to "Forward-Looking Statements and Other Information".

Highlights

OPERATIONAL

- Total attributable production during 2015 was 12.5 million pounds, compared with the total attributable production of 10.4 million pounds during 2014. From June 4 to October 17, 2014, the Corporation did not recognize production from the Akdala, South Inkai and Kharasan mines, due to the loss of subsoil use rights to produce uranium at those mines effective June 4, 2014. The Corporation's total attributable production would have been 12.6 million pounds for 2014 if these rights had not been lost. On October 17, 2014, the subsoil use rights were reissued in respect of these mines. Please refer to our more detailed disclosure under the heading "Overview" below for additional information about these subsoil use rights.

- The average total cash cost per pound sold of produced material was $11 per pound during 2015 compared to $14 per pound during 2014. The average total cash cost per pound sold of produced material for the fourth quarter of 2015 was $9 per pound compared to $16 per pound during the fourth quarter of 2014. The average total cash cost per pound sold of produced material for the year and the fourth quarter of 2014 was impacted by production related tax assessments in respect of prior years that were recognized in the fourth quarter of 2014. Excluding the impact of these assessments, average total cash cost per pound sold of produced material would have been $13 per pound for the fourth quarter and for the full year 2014.

FINANCIAL

- Attributable sales volumes of produced material for 2015 were 12.3 million pounds sold from the Corporation's operations and joint ventures compared to 10.8 million pounds sold during 2014. Sales volume of produced material during 2014 was impacted by the temporary loss of the subsoil use rights for the Akdala, South Inkai and Kharasan mines as described above.

- Headline revenue was $324.7 million in 2015, compared to $260.9 million in 2014. This includes revenue from produced and purchased material.

- Attributable revenues consistent with the Corporation's segment reporting, which includes revenues from its interests in joint ventures, amounted to $541.2 million in 2015, compared to $476.2 million in 2014.

- The average realized sales price of produced material during 2015 was $36 per pound, compared to $33 per pound in 2014. The average spot price in 2015 was $37 per pound compared to $33 per pound in 2014.

- Gross profit was $4.4 million during 2015, compared to gross loss of $11.4 million in 2014.

- Attributable gross profit, including the Corporation's share of gross profit from joint ventures, totaled $204.5 million in 2015. This is an 83% increase compared to attributable gross profit of $111.7 million in 2014 (including the impact of the aforementioned production related tax assessments in respect of prior years of $6.2 million recognized in the fourth quarter of 2014), primarily due to an increase in sales volume and higher sales price during 2015 compared to 2014.

- The net earnings for 2015 were $70.7 million or $0.07 per share, compared to net loss of $170.3 million or $0.18 per share for 2014.

- The adjusted net earnings for 2015 were $41.1 million or $0.04 per share, compared to adjusted net loss of $57.4 million or $0.06 per share for 2014.

CORPORATE

- The Corporation repaid its outstanding C$32.8 million principal amount of unsecured convertible subordinated debentures and discharged the trust indenture governing the debentures on February 5, 2015. The debentures were de-listed from the Toronto Stock Exchange on February 9, 2015.

- In connection with the termination of its debentures, the Corporation received, on application to the Canadian securities regulatory authorities, an order deeming that the Corporation had ceased to be a reporting issuer in each province of Canada as of February 24, 2015. As a result, the Corporation is no longer required to file financial statements and other continuous disclosure documents with Canadian securities regulatory authorities. However, the Corporation will continue to make the disclosures required to the holders of its remaining securities outstanding, being its Ruble Bonds Series 1 and 2, and the Senior Secured Notes issued by Uranium One Investments Inc.

- In the first and second quarters of 2015, the Corporation announced changes in the composition and size of its Board of Directors. As a result of these changes, the Uranium One Board comprises Vasily Konstantinov, President of Uranium One Holding N.V., Dr. Guerman Kornilov, Vice President and Managing Director, Uranium One Holding N.V., Oleg Fedyashin, Vice President, JSC "Uranium One Group" and Feroz Ashraf, Chief Executive Officer of the Corporation. During the second quarter, the Corporation also completed a restructuring of the operations of its Toronto head office, including the relocation of certain office functions to its parent holding company under service agreement and the associated reduction in size of the Toronto office.

- Since March 2014, the United States and Canadian governments and the European Union have implemented a number of orders, directives and regulations in response to the situation in Ukraine. These measures generally impose visa restrictions and asset freezes on certain designated individuals and entities considered to have contributed to the situation in Ukraine, restrict access by certain designated Russian institutions and entities to Western capital markets and prohibit the supply of equipment for use in Russian offshore deepwater, Arctic or shale exploration or production projects. The Corporation's operations have not been impacted by the foregoing orders, directives or regulations or any designations made thereunder and the Corporation continues to carry on business as usual.

- On August 14, 2014, the Corporation's US subsidiary executed an asset purchase agreement to sell the US Conventional Assets, consisting of the Shootaring Canyon Mill ("Shootaring Mill") in Utah and including its conventional uranium exploration properties in Utah, Arizona and South Dakota, to Anfield Resources Inc. The sale was closed on August 27, 2015. Post-closing conditions have been substantially completed, including the final transfer of the mill license which occurred on January 29, 2016.

- On August 31, 2015, the Corporation entered into a Share Sale and Purchase Agreement with Boss Resources Limited, whereby Boss acquired 100% of the issued share capital of Uranium One Australia Pty Ltd., the owner of the Honeymoon Uranium Project. The sale was completed on November 30, 2015.

- In order to improve its balance sheet and its debt portfolio, the Corporation on September 24, 2015 purchased $29.6 million of the principal amount of the Senior Secured Notes at a price of $920 per $1,000 of face value pursuant to a tender offer. The total amount of the transaction was $27.9 million, including $0.5 million of accrued interest and legal fees of $0.2 million. The Corporation financed the purchase with a loan of $50 million provided by an affiliate, bearing interest at a rate of 6.15% per annum and due on June 30, 2020. The Senior Secured Notes so purchased have not been retired and remain outstanding.

Key Statistics

TOTAL ATTRIBUTABLE PRODUCTION	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
Attributable commercial production (lbs)					
Akdala (3)	474,800	453,700	486,100	438,900	336,600
South Inkai (3)	907,200	937,500	1,010,300	871,300	744,400
Karatau	726,500	672,000	654,500	625,800	719,400
Akbastau	531,100	516,100	596,600	491,200	603,600
Zarechnoye	295,500	270,400	262,300	245,100	277,600
Kharasan (3)	251,600	217,900	197,300	199,100	155,400
Willow Creek (5)	(22,600)	(500)	35,500	104,800	122,300
Total attributable production	**3,164,100**	**3,067,100**	**3,242,600**	**2,976,200**	**2,959,300**

TOTAL ATTRIBUTABLE PRODUCTION	Q4 2015	Q4 2014	FY 2015	FY 2014
Attributable commercial production (lbs)				
Akdala (3)	474,800	336,600	1,853,500	1,176,700
South Inkai (3)	907,200	744,400	3,726,300	2,324,100
Karatau	726,500	719,400	2,678,800	2,708,500
Akbastau	531,100	603,600	2,135,000	2,071,500
Zarechnoye	295,500	277,600	1,073,300	1,135,200
Kharasan (3)	251,600	155,400	865,900	431,900
Willow Creek (5)	(22,600)	122,300	117,200	563,100
Total attributable production	**3,164,100**	**2,959,300**	**12,450,000**	**10,411,000**

FINANCIAL	Q4 2015	Q4 2014	FY 2015	FY 2014
Attributable production (lbs) (1) (3)	3,164,100	2,959,300	12,450,000	10,411,000
Attributable sales (lbs) (1) – Produced material	4,471,800	2,200,500	12,256,400	10,818,200
Average realized sales price ($ per lb) (2) – Produced material	34	35	36	33
Average total cash cost per pound sold ($ per lb)(2) (4) – Produced material	9	16	11	14
Revenues ($ millions)	71.8	106.7	324.7	260.9
Attributable revenues ($ millions)(2)	178.4	153.8	541.2	476.2
Gross profit (loss) ($ millions)	3.1	(5.8)	4.4	(11.4)
Attributable gross profit ($ millions)(2) (4)	90.8	26.1	204.5	111.7
Net earnings (loss) ($ millions)	60.8	(61.9)	70.7	(170.3)
Net earnings (loss) per share – basic and diluted ($ per share)	0.06	(0.06)	0.07	(0.18)
Adjusted net earnings (loss) ($ millions)(2)	38.6	19.4	41.1	(57.4)
Adjusted net earnings (loss) per share – basic ($ per share)(2)	0.04	0.02	0.04	(0.06)

Notes:

(1) Attributable production pounds and attributable sales pounds are from assets owned and joint ventures in commercial production during the period.

(2) The Corporation has included the following non-GAAP performance measures: average realized sales price per pound – produced material, average total cash cost per pound sold – produced material, attributable revenues, attributable gross profit, adjusted net earnings (loss) and adjusted net earnings (loss) per share. See the section on *"Non-GAAP Measures"*.

(3) Represents production up to and including June 3, 2014, and from and including October 18, 2014. Although Betpak Dala LLP and Kyzylkum LLP lost the rights to produce uranium from the Akdala, South Inkai and Kharasan mines effective as of the dismissal of their appeal on June 4, 2014, they entered into agreements to provide mine development, extraction and processing services to Kazatomprom with respect to those mines. These service agreements provide for the continuation of normal business operations at these mines and were designed to ensure that the economic return to the joint ventures from existing operations was not affected in the period prior to the acquisition of subsoil use rights for the Akdala and South Inkai mines by SMCC and for the Kharasan mine by Khorasan. Uranium One and Kazatomprom also signed a definitive uranium offtake agreement ensuring the continuity of deliveries to Uranium One and its customers during this period.

(4) Includes the impact of production related tax assessments in respect of prior periods of $6.2 million or $3 per pound for the fourth quarter of 2014 and $1 per pound for the year ended December 31, 2014.

(5) The negative production from Willow Creek in the third and fourth quarters 2015 was due to converter adjustments.

Mine Site Production – Supplementary Information

The following table sets out what the Corporation's attributable production would have been for the fourth quarter of 2014 and for the 2014 financial year, as compared to the 2013 financial year, had the subsoil use contracts for the Akdala, South Inkai and Kharasan mines not been invalidated from June 4 to October 17, 2014.

This information is intended to provide the reader with additional useful information for comparative purposes and is not intended to represent the Corporation's actual attributable production for 2014, which is tabulated on the previous page under "Total Attributable Production".

SUPPLEMENTARY ATTRIBUTABLE PRODUCTION	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Attributable commercial production (lbs)				
Akdala	443,500	443,300	471,900	474,000
South Inkai	953,400	893,400	909,400	886,300
Karatau	719,400	660,300	681,900	646,900
Akbastau	603,600	558,800	458,900	450,200
Zarechnoye	277,600	275,800	294,100	287,700
Kharasan	199,800	157,900	144,700	166,800
Willow Creek	122,300	133,100	133,700	174,000
Subtotal	**3,319,600**	**3,122,600**	**3,094,600**	**3,085,900**
Attributable production during commissioning (lbs)				
Honeymoon	-	-	-	-
Subtotal	-	-	-	-
Total attributable production	**3,319,600**	**3,122,600**	**3,094,600**	**3,085,900**

SUPPLEMENTARY ATTRIBUTABLE PRODUCTION	FY 2014	FY 2013
Attributable commercial production (lbs)		
Akdala	1,832,700	1,856,500
South Inkai	3,642,500	3,694,300
Karatau	2,708,500	2,749,200
Akbastau	2,071,500	1,948,500
Zarechnoye	1,135,200	1,201,800
Kharasan	669,200	586,700
Willow Creek	563,100	940,000
Subtotal	**12,622,700**	**12,977,000**
Attributable production during commissioning (lbs)		
Honeymoon(1)	-	246,400
Subtotal	-	246,400
Total attributable production	**12,622,700**	**13,223,400**

Notes:

(1) The Honeymoon uranium project was placed on care and maintenance in 2013 and did not produce any uranium in 2014.

Overview

Uranium One is a Canadian corporation engaged through subsidiaries and joint ventures in the mining, production, purchase and sale of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, Tanzania, and the United States.

The common shares of Uranium One are currently 100% owned by subsidiaries of Russia's State Atomic Energy Company "ROSATOM" ("ROSATOM"), the Russian state-owned nuclear industry operator. In Kazakhstan, the Corporation holds a 70% interest in the Southern Mining and Chemical Company joint venture, which owns the Akdala and South Inkai Uranium Mines, a 50% interest in the Karatau joint venture, which owns the Karatau Uranium Mine, a 50% interest in the Akbastau joint venture, which owns the Akbastau Uranium Mine, a 49.98% interest in the Zarechnoye joint venture, which owns the Zarechnoye Uranium Mine, a 30% interest in the Khorasan-U joint venture, which owns the Kharasan Uranium Mine, and a 19% interest in the SKZ-U joint venture, which owns a sulphuric acid plant near Kharasan as an additional source of sulphuric acid for its operations. In addition, the Corporation holds a 70% interest in the Betpak Dala joint venture which provides mine development, extraction and processing services for the Akdala and South Inkai Uranium Mines and a 30% interest in the Kyzylkum joint venture which provides mine development, extraction and processing services for the Kharasan Uranium Mine. In the United States, the Corporation owns the Willow Creek uranium mine and projects in the Powder River and Great Divide basins in Wyoming. The Corporation is the operator of the Mkuju River Project in Tanzania, and owns a 13.9% interest in Mantra Resources Pty Limited ("Mantra"), which, through its subsidiary, Mantra Tanzania Ltd. ("Mantra Tanzania"), owns the Mkuju River Project. The Corporation also owns uranium exploration properties in the western United States. Uranium One also owned, through Uranium One Australia Pty Ltd., 100% of the Honeymoon uranium project in Australia. The project was placed on care and maintenance in November 2013, and on November 30, 2015, Uranium One sold all of the outstanding shares of Uranium One Australia Pty Ltd.

Pursuant to an order of the Special Inter-District Economic Court for the City of Astana (Republic of Kazakhstanthe subsoil use rights for the Akdala, South Inkai and Kharasan uranium fields held by the Corporation's Betpak Dala LLP and Kyzylkum LLP joint ventures were invalidated effective as of June 4, 2014, and reverted to their original owner, Kazatomprom. The wellfield assets associated with the subsoil use rights were transferred to Kazatomprom on that date as well, while Betpak Dala and Kyzylkum retained their remaining property, plant and equipment assets.

To mitigate the effect on operations from June 4, 2014 to October 17, 2014 Betpak Dala and Kyzylkum entered into agreements, which became effective on the dismissal of the appeal, to provide mine development, extraction and processing services to Kazatomprom with respect to the Akdala, South Inkai and Kharasan mines.

On October 17, 2014 Kazatomrpom transferred (a) subsoil use rights to the Akdala and South Inkai fields to Joint Venture Southern Mining and Chemical Company LLP ("SMCC"), indirectly owned 70% by Uranium One and 30% by Kazatomprom, and (b) subsoil use rights to the Kharasan field to Joint Venture Khorasan-U LLP ("Khorasan"), indirectly owned 30% by Uranium One, 33.98% by Kazatomprom and 36.02% by Energy Asia Holdings Ltd. The wellfield assets associated with the subsoil use rights were transferred by Kazatomprom to SMCC and Khorasan on that date. Betpak Dala and Kyzylkum entered into agreements with SMCC and Khorasan, respectively, in which they utilize their property, plant and equipment to provide mine development, extraction and processing services to SMCC and Khorasan with respect to the Akdala and South Inkai mines (in the case of Betpak Dala) and the Kharasan mine (in the case of Kyzylkum) with effect from October 17, 2014 to December 31, 2015.

On September 30, 2015 Betpak Dala sold all of its production assets to SMCC. As a result, Betpak Dala ceased to provide service to SMCC on the same date.

SITUATION IN UKRAINE

Since March 2014, the U.S. and Canadian governments and the European Union have implemented a number of measures in response to the situation in Ukraine.

In the case of the U.S., these include Executive Orders and regulations imposing visa restrictions and freezing the property and interests in property in the United States of persons designated under those Orders as contributing to the situation in Ukraine. The directives also prohibit U.S. persons from transacting in, providing financing for, or otherwise dealing in new equity or debt of longer than either 30 or 90 days maturity (depending on the directive) issued by designated Russian financial institutions and entities and from supplying to designated Russian companies goods, services and technology relating to exploration or production in Russian deepwater, Arctic offshore or shale projects. In addition, U.S. law prohibits exports of certain U.S.-origin items, technology and services that may be supplied to the Russian oil and gas sector and suppliers of that sector. In December 2014, , U.S. legislation was enacted authorizing the expansion of existing U.S. sanctions targeting companies in and activities involving Russia's defense and energy sectors and the imposition of sanctions on non-U.S. financial companies which facilitate and support related transactions. Also in December 2014, an Executive Order was issued that implemented a near total trade embargo on the Crimea region of Ukraine.

In Canada, the federal government has enacted regulations creating classes of designated persons, and freezing the assets of certain designated persons. The regulations also prohibit, subject to specified exceptions, any person in Canada or any Canadian citizen outside Canada from, among other things, (i) dealing in any property of any designated person, (ii) facilitating financial transactions relating to such dealings, (iii) providing goods or financial or related services to or for the benefit of designated persons, (iv) transacting in, providing financing for or otherwise dealing in new equity or debt of longer than 30 or 90 days maturity (depending on the designation) of designated Russian financial institutions and entities, and (v) supplying designated goods (or to provide services related to such goods) to Russia or to any person in Russia for use in offshore deepwater, Arctic or shale oil exploration or production.

The sanctions imposed by the European Union (EU) include export bans on the supply of dual-use items to any person in Russia if they are intended for military purposes, and an arms embargo. In addition, there are measures to block the main state-owned financial institutions in Russia and some other enterprises active in the energy sector and in the military sector from access to EU capital markets and from the EU banking system, and there are export restrictions in relation to deepwater oil exploration and production, Arctic oil exploration and extraction and shale oil projects. In addition, asset freezing measures and travel restrictions were imposed on various individuals (mainly, state officials and military personnel connected with the Ukraine crises).

The Corporation's operations have not been impacted by the foregoing orders, directives or regulations and the Corporation continues to carry on business as usual. While the Corporation has banking relationships with Gazprombank and Sberbank, both of which are among the Russian banks whose access to certain Western debt and equity capital markets has been restricted as noted above, the restrictions have not affected the Corporation's relationships with those entities. The Corporation will continue to monitor sanctions-related developments closely to ensure it remains fully compliant with all applicable legislative and regulatory requirements.

FOREIGN CURRENCY TRANSLATION RESERVE

Prior to August 20, 2015 the currency of Kazakhstan, the Kazakh tenge, was not freely convertible and the exchange rate, at which the tenge could be exchanged for U.S. dollars, was set by the Government of Kazakhstan from time to time.

On August 20, 2015, the Central Bank of Kazakhstan let the tenge float freely. As a result, the Kazakh tenge devaluated from US$ 1.00 = KZT 189.89 on August 20, 2015 to USD$ 1.00 = KZT 340.60 on December 31, 2015. Foreign currency translation losses of $614.9 million, mainly due to the tenge devaluation in the third and fourth quarters of 2015, have been recorded in the year ended December 31, 2015.

The following are the Corporation's principal mineral properties and operations (discussed in more detail below):

OPERATING MINES

ENTITY	MINE	LOCATION	STATUS	OWNERSHIP
Betpak Dala LLP	Akdala Uranium Mine [1]	Kazakhstan	Producing	70% J.V. interest
Betpak Dala LLP	South Inkai Uranium Mine [1]	Kazakhstan	Producing	70% J.V. interest
Southern Mining and Chemical Company LLP	Akdala Uranium Mine [1] South Inkai Uranium Mine [1]	Kazakhstan Kazakhstan	Producing Producing	70% J.V. interest 70% J.V. interest
Karatau LLP	Karatau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
JSC Akbastau	Akbastau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
JSC Zarechnoye	Zarechnoye Uranium Mine	Kazakhstan	Producing	49.98% J.V. interest
Kyzylkum LLP	Kharasan Uranium Mine [1]	Kazakhstan	Producing	30% J.V. interest
Khorasan-U LLP	Kharasan Uranium Mine [1]	Kazakhstan	Producing	30% J.V. interest
Uranium One USA Inc.	Willow Creek Uranium Mine	USA	Producing	100% interest

(1) Betpak Dala LLP and Kyzylkum LLP lost the subsoil rights to these mines effective June 4, 2014, but continued to operate the mines under contracts with Kazatomprom. Subsoil rights to these mines were transferred to Joint Venture Southern Mining and Chemical Company LLP and Joint Venture Khorasan-U LLP effective October 17, 2014.

DEVELOPMENT PROJECTS

ENTITY	PROJECT	LOCATION	STATUS	OWNERSHIP
Mantra Tanzania Ltd.	Mkuju River Project	Tanzania	Feasibility study	13.9% interest

Revenue and operating expenses

Uranium revenues are recorded upon delivery of product to utilities and intermediaries and do not occur evenly throughout the year, as delivery times are at the contracted discretion of customers within a given quarter or other delivery period.

Changes in revenues, net earnings/loss and cash flow are therefore affected primarily by fluctuations in contracted deliveries of product from quarter to quarter, as well as by changes in the price of uranium.

Operating expenses are directly related to the quantity of U_3O_8 sold and total operating expenses are lower in periods when the quantity of U_3O_8 sold is lower. There is a corresponding build-up of inventory in periods when the quantity of U_3O_8 sold is lower than production.

Review of Operations

AKDALA URANIUM MINE - KAZAKHSTAN

Akdala is an operating in situ recovery ("ISR") uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 70% by the Corporation through the SMCC joint venture, a Kazakh registered limited liability partnership. Akdala was operated under contract by the Betpak Dala LLP joint venture, a Kazakh registered limited liability partnership ("Betpak Dala") in which the Corporation indirectly owns a 70% interest, from June 4, 2014 to September 30, 2015, when all the production assets at the mine were sold to SMCC, which thereupon assumed responsibility for operations. The other 30% interest for both SMCC and Betpak Dala is owned by JSC NAC Kazatomprom ("Kazatomprom"), a Kazakh state-owned company engaged in the mining and exporting of uranium in Kazakhstan.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Akdala Mine is 2,599,780 pounds (1,000 tonnes uranium ("U")) per year.

The satellite plant to facilitate treatment of solutions from production blocks is located approximately 15 kilometres to the east of the current central processing facilities in an area known as Letniy. Production from new wellfields in the Letniy area commenced in the first quarter of 2014. The construction of the man camp at the Akdala mine was completed in the third quarter of 2015.

See the Overview section for more details on the subsoil use rights and the contractual arrangements under which this mine is operated.

Production: Production from Akdala was 2,647,800 pounds U_3O_8 (1,019 tonnes U) during 2015, of which 1,853,500 pounds (713 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Akdala over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	5	258	1,974	62	627,000
Q2 2015	47	290	2,234	55	694,400
Q3 2015	68	281	2,004	54	648,100
Q4 2015	15	298	2,322	52	678,300

A total of 135 wells were installed during 2015, compared to a budget of 128. There were 282 production (extraction) wells in operation in average per a month, during 2015.

4 mining blocks started acidification and 2 blocks were put in operation in 2015.

Capital expenditure during the year ended December 31, 2015 was $4.6 million, compared to a budget of $5.7 million, mainly due to a difference in USD/KZT budget and actual exchange rates. $1.3 million was spent on the construction of the man camp, with the balance spent on wellfield development and exploration during 2015.

Supplementary information

The following discussion sets out what the production and operations for Akdala would have been if the subsoil use contracts for the mine had not been invalidated.

Operations: The following is a summary of the operational statistics (100%) for Akdala over the four quarters of 2014:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2014	29	286	2,272	59	677,100
Q2 2014	70	259	2,025	59	674,100
Q3 2014	22	226	1,732	65	633,300
Q4 2014	-	238	1,818	59	633,600

AKDALA URANIUM MINE - continued

Financial information

The following table shows the attributable production, sales and production cost trends for Akdala over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	474,800	453,700	486,100	438,900	336,600	-	366,100	474,000
Sales in lbs	615,100	621,300	477,300	226,100	261,600	386,700	275,200	360,000
Inventory in lbs	250,300	390,600	558,200	549,400	336,600	262,100	649,700	560,500
Revenues – Produced material ($ millions) [1]	22.7	22.6	17.5	8.5	9.0	12.2	7.3	13.1
Revenues – Services ($ millions) [1]	-	-	-	-	5.0	13.8	1.9	-
Operating expense – Produced material ($ millions) [1] [2]	5.9	6.4	6.6	3.5	3.3	5.5	3.0	4.4
Operating expenses – Services ($ millions) [1]	-	-	-	-	1.0	3.7	1.3	-
Operating expense – Produced material ($/lb sold) [2]	10	10	14	15	13	14	11	12
Depreciation ($ millions) [1]	3.0	4.0	3.6	1.5	1.5	3.0	2.1	2.6
Depreciation ($/lb sold)	5	6	8	7	6	8	8	7

Note:

[1] The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement. Revenues include the gross profits of material sold by the Corporate Office from material sourced from this mine.

[2] Operating expense – Produced material for the fourth quarter of 2014 includes the impact of production related tax assessments of $0.5 million or $2 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

SOUTH INKAI URANIUM MINE - KAZAKHSTAN

South Inkai is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 70% by the Corporation through the SMCC joint venture. South Inkai was operated under contract by the Betpak Dala LLP joint venture, in which the Corporation indirectly owns a 70% interest, from June 4, 2014 to September 30, 2015, when all the production assets at the mine were sold to SMCC, which thereupon assumed responsibility for operations. The other 30% interest for both SMCC and Betpak Dala is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the South Inkai mine is 5,199,560 pounds U_3O_8 (2,000 tonnes U) per year.

See the Overview section for more details on the subsoil use rights and the contractual arrangements under which this mine is operated.

Production: Production from South Inkai was 5,323,300 pounds U_3O_8 (2,055 tonnes U) during 2015, of which 3,726,300 pounds (1,438 tonnes U) was attributable to the Corporation. There was no production attributable to the Corporation between June 4 and October 17, 2014 as the subsoil contract for this mine (and therefore the ownership of the uranium produced) was held by Kazatomprom during that period.

Operations: The following is a summary of the operational statistics (100%) for South Inkai over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	103	515	4,449	54	1,244,700
Q2 2015	178	517	4,344	59	1,443,300
Q3 2015	257	479	4,065	56	1,339,300
Q4 2015	258	468	3,783	61	1,296,000

A total of 796 wells were installed during 2015, compared to the original budget of 460. There were 495 production (extraction) wells in operation in average per a month, during 2015.

10 mining blocks started acidification and 8 blocks were put in operation in 2015.

Capital expenditure during the year ended December 31, 2015 was $32 million, compared to a budget of $34 million, mainly due a difference in USD/KZT budget and actual exchange rates. $3.15 million was spent on fixed assets purchases, with the balance spent on wellfield development and exploration during 2015.

Supplementary information

The following discussion sets out what the production and operations for South Inkai would have been if the subsoil use contracts for the mine had not been invalidated for 2014.

Operations: The following is a summary of the operational statistics (100%) for South Inkai over the four quarters of 2014:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2014	122	524	4,003	62	1,266,100
Q2 2014	134	515	3,939	59	1,299,200
Q3 2014	96	526	4,054	56	1,276,200
Q4 2014	101	500	4,379	52	1,362,100

SOUTH INKAI URANIUM MINE - continued

Financial information

The following table shows the attributable production, sales and production cost trends for South Inkai over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	907,200	937,500	1,010,300	871,300	744,400	-	693,400	886,300
Sales in lbs	1,266,000	971,100	883,600	498,500	549,200	163,200	901,500	1,367,900
Inventory in lbs	879,700	1,238,500	1,272,100	1,145,500	772,700	577,500	740,700	948,900
Revenues – Produced material ($ millions) (1)	44.5	36.1	33.2	18.9	18.6	3.7	27.7	53.7
Revenues – Services ($ millions) (1)	-	-	-	-	7.2	18.4	3.0	-
Operating expense – Produced material ($ millions) (1) (2)	12.4	7.9	14.1	6.9	10.0	2.9	13.3	21.6
Operating expenses – Services ($ millions) (1)	-	-	-	-	2.5	8.8	2.1	-
Operating expense – Produced material ($/lb sold) (2)	10	8	16	14	18	18	15	16
Depreciation ($ millions) (1)	5.6	6.3	6.7	3.9	4.7	1.5	7.3	11.5
Depreciation ($/lb sold)	4	6	8	8	9	9	8	8

Note:

(1) The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement. Revenues include the gross profits of material sold by the Corporate Office from material sourced from this mine.

(2) Operating expense – Produced material for the fourth quarter of 2014 includes the impact of production related tax assessments of $2.0 million or $4 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

KARATAU URANIUM MINE - KAZAKHSTAN

Karatau is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 50% by the Corporation through the Karatau joint venture. The other 50% interest is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Karatau Mine is 5,278,800 pounds U_3O_8 (2,030 tonnes U) per year.

Production: Production from Karatau was 5,357,600 pounds U_3O_8 (2,061 tonnes U) in 2015, of which 2,678,800 pounds (1,030 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Karatau over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	81	265	1,570	153	1,251,500
Q2 2015	69	228	1,514	152	1,309,000
Q3 2015	124	230	1,623	145	1,344,000
Q4 2015	21	201	1,779	136	1,453,100

A total of 295 wells were installed during 2015, compared to a budget of 304. There were 231 production (extraction) wells in operation in average per a month, during 2015.

8 mining blocks started acidification and 7 blocks were put in operation in 2015.

Capital expenditure incurred during the year ended December 31, 2015 was $17.4 million, compared to a budget of $23.3 million, mainly due to a delay in the wellfield development and exploration program. $2.8 million was spent on construction of the pumping station and the remainder for wellfield development during 2015.

Financial information: The following table shows the attributable production, sales and production costs for Karatau over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	726,500	672,000	654,500	625,800	719,400	660,300	681,900	646,900
Sales in lbs	1,032,500	456,600	842,500	316,000	473,100	657,100	658,200	875,500
Inventory in lbs	564,300	870,300	654,900	842,900	533,100	286,800	283,600	259,900
Revenues ($ millions) (1)	34.7	15.9	30.0	11.4	15.7	18.6	18.7	29.2
Operating expense – Produced material ($ millions) (1) (2)	5.8	3.4	7.7	3.2	5.3	5.1	5.4	7.6
Operating expense – Produced material ($/lb sold) (2)	6	7	9	10	11	8	8	9
Depreciation ($ millions) (1)	4.5	3.1	6.8	2.5	4.2	5.0	6.0	8.9
Depreciation ($/lb sold)	4	7	8	8	9	8	9	10

Note:

(1) The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement.

(2) Operating expense – Produced material includes the impact of production related tax assessments of $1.0 million or $2 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

AKBASTAU URANIUM MINE - KAZAKHSTAN

Akbastau is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 50% by the Corporation through the Akbastau joint venture. The other 50% interest is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Akbastau Mine is 4,140,032 pounds of U_3O_8 (1,592 tonnes U) per year from sections 1, 3, and 4 of the Budenovskoye deposit; the maximum approved production capacity of 5,067,000 pounds of U_3O_8 or 1,949 tonnes of U is to be reached in year 2017. All mining sections are in commercial production. Akbastau is adjacent to the Karatau mine, which is licensed to mine section 2 within the southern subfield of the Budenovskoye deposit. Akbastau entered into a toll processing agreement with Karatau, under which all of the solutions mined at Akbastau are currently processed at Karatau.

Production: Production from Akbastau was 4,270,100 pounds U_3O_8 (1,642 tonnes U) in 2015, of which 2,135,100 pounds U_3O_8 (821 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Akbastau over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	73	205	1,049	180	982,400
Q2 2015	73	227	1,077	194	1,193,200
Q3 2015	70	229	1,152	157	1,032,200
Q4 2015	12	230	1,201	147	1,062,300

A total of 228 wells were installed during 2015, compared to a budget of 217. There were 223 production (extraction) wells in operation in average per a month, during 2015.

8 mining blocks started acidification and 8 blocks were put in operation in 2015.

Capital expenditure incurred during the year ended December 31, 2015 was $12.6 million, compared to a budget of $14.2 million, mainly due to a difference in USD/KZT budget and actual exchange rates. Substantially all of the capital expenditure was spent on wellfield development and exploration.

Financial information: The following table shows the attributable production, sales and production costs for Akbastau over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	531,100	516,100	596,600	491,200	603,600	558,800	458,900	450,200
Sales in lbs – Produced material	790,700	316,100	380,300	333,400	403,600	542,600	472,300	520,800
Sales in lbs – Purchased material	245,500	-	-	-	-	-	-	-
Inventory in lbs	659,400	919,000	719,000	502,600	344,800	144,700	128,500	142,000
Revenues – Produced material ($ millions) (1)	26.2	11.2	13.9	12.0	14.1	15.8	13.0	17.1
Revenues – Purchased material ($ millions)	8.2	-	-	-	-	-	-	-
Operating expense – Produced material ($ millions) (1) (2)	5.2	2.8	3.6	3.1	4.2	4.6	5.3	5.6
Operating expense – Purchased material ($ millions)	8.2	-	-	-	-	-	-	-
Operating expense – Produced material ($/lb sold) (2)	7	9	9	9	10	8	11	11
Depreciation ($ millions) (1)	4.9	3.4	4.0	3.2	4.7	6.4	5.3	6.1
Depreciation ($/lb sold)	6	11	11	10	12	12	11	12

Note:

(1) The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement.

(2) Operating expense – Produced material includes the impact of production related tax assessments of $0.6 million or $2 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

ZARECHNOYE URANIUM MINE - KAZAKHSTAN

Zarechnoye is an operating ISR uranium mine located in the Syr Darya basin in the Otrar district, South Kazakhstan province, Kazakhstan. The Corporation has a 49.98% indirect interest in the Zarechnoye uranium mine through its 49.98% interest in the Zarechnoye joint venture. Kazatomprom owns a 49.98% share of the Zarechnoye joint venture and the remaining share is held by Kyrgyzstan JSC Karabalty Mining Combine.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Zarechnoye Mine is 2,522,000 pounds U_3O_8 (970 tonnes U) per year.

Production: Production from Zarechnoye was 2,147,400 pounds U_3O_8 (826 tonnes U) in 2015, of which 1,073,300 pounds U_3O_8 (413 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Zarechnoye over the past four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	110	210	2,900	34	490,500
Q2 2015	130	217	2,983	33	524,500
Q3 2015	172	224	2,999	33	544,400
Q4 2015	120	234	2,982	35	588,000

A total of 532 wells were installed during 2015, compared to the adjusted budget of 539. There were 221 production (extraction) wells in operation in average per a month, during 2015.

22 mining blocks were put in acidification and 22 new blocks started production in 2015.

Capital expenditure incurred during the year ended December 31, 2015 was $19.6 million, compared to a budget of $22.2 million, mainly due to a difference in USD/KZT budget and actual exchange rates. $1.2 million was spent on fixed assets purchases and the remainder for wellfield development during 2015.

Financial information: The following table shows the attributable production, sales and production costs for Zarechnoye over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	295,500	270,400	262,300	245,100	277,600	275,800	294,100	287,700
Sales in lbs	358,900	177,700	355,500	212,300	175,600	532,000	176,900	141,500
Inventory in lbs	243,500	311,300	223,400	319,000	287,200	191,500	453,500	343,100
Revenues ($ millions) (1)	12.4	6.0	12.9	8.0	6.6	15.3	5.2	4.9
Operating expense – Produced material ($ millions) (1) (2)	5.7	3.4	7.6	4.6	4.6	9.1	4.6	2.8
Operating expense – Produced material ($/lb sold) (2)	16	19	21	22	26	17	26	20
Depreciation ($ millions) (1)	3.1	2.5	5.3	3.1	2.9	7.3	3.7	2.3
Depreciation ($/lb sold)	9	15	15	15	17	14	21	16

Note:

(1) The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement.

(2) Operating expense – Produced material includes the impact of production related tax assessments of $0.9 million or $5 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

KHARASAN URANIUM MINE - KAZAKHSTAN

Kharasan is an operating ISR uranium mine located in the Syr Darya basin in the Suzak region, South Kazakhstan province, Kazakhstan. The Corporation has a 30% indirect interest in the Kharasan uranium mine through its 30% interest in the Khorasan joint venture, a Kazakh registered limited liability partnership. The Corporation has an indirect 30% interest in the Kyzylkum joint venture ("Kyzylkum"), a Kazakh registered limited liability partnership which operates the Kharasan uranium mine under contract. Kazatomprom has a 33.98% interest in Khorasan and Energy Asia Holdings Ltd., which is owned by a consortium of Japanese utilities and a trading company, has the remaining 36.02% interest in Khorasan. Kazatomprom has a 30% interest in Kyzylkum and Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company, has the remaining 40% interest in Kyzylkum.

Pursuant to the terms of its subsoil use contract, the planned production capacity of the Kharasan Mine is 7,800,000 pounds U_3O_8 (3,000 tonnes U) per year to be achieved in 2021, with a current installed capacity of 2,860,000 pounds U_3O_8 (1,100 tonnes U) per year.

See the Overview section for more details on the subsoil use rights and the contractual arrangements under which this mine is operated.

Production: Production from Kharasan was 2,886,500 pounds U_3O_8 (1,110 tonnes U) during 2015, of which 865,900 pounds U_3O_8 (333 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics for Kharasan (on a 100% basis) over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	90	192	1,206	106	663,800
Q2 2015	108	208	1,310	89	657,700
Q3 2015	106	230	1,369	93	726,300
Q4 2015	69	255	1,533	91	838,700

A total of 373 wells were installed during 2015, compared to a budget of 373. There were 221 production (extraction) wells in operation in average per a month, during 2015.

Acidification of 15 new blocks commenced and 12 new blocks were placed into production during 2015.

Capital expenditure during the year ended December 31, 2015 was $20.4 million, compared to a budget of $24.1 million, mainly due to a delay in the wellfield development and exploration program and difference in USD/KZT budget and actual exchange rates. $2.07 million was spent on fixed assets purchases and the remainder on wellfield development during 2015.

Supplementary information

The following discussion sets out what the production and operations for Kharasan would have been if the subsoil use contracts for the mine had not been invalidated.

Operations: The following is a summary of the operational statistics (100%) for Kharasan over the four quarters of 2014:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2014	68	169	1,089	99	556,000
Q2 2014	150	157	868	98	482,200
Q3 2014	47	168	1,043	89	526,200
Q4 2014	-	182	1,136	98	666,000

KHARASAN URANIUM MINE - continued

Financial information

The following table shows the attributable production, sales and production costs for Kharasan over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	251,600	217,900	197,300	199,100	155,400	-	109,700	166,800
Sales in lbs – Produced material	408,100	188,000	269,000	-	212,400	-	175,500	-
Sales in lbs – Purchased material	49,300	-	-	-	-	-	-	-
Inventory in lbs	103,600	245,900	234,600	306,300	107,200	181,200	182,200	250,300
Revenues – Produced material ($ millions) (1)	13.4	6.9	10.2	-	8.0	-	6.3	-
Revenues – Purchased material ($ millions)	1.7	-	-	-	-	-	-	-
Revenues – Services ($ millions)	-	-	-	-	2.4	2.5	0.5	-
Operating expense – Produced material ($ millions) (1) (2)	3.6	2.5	4.9	-	5.0	-	2.3	0.1
Operating expense – Purchased material ($ millions)	1.7	-	-	-	-	-	-	-
Operating expenses – Services ($ millions) (1)	-	-	-	0.5	0.1	1.7	0.5	-
Operating expense – Produced material ($/lb sold) (2)	9	13	18	-	24	-	13	-
Depreciation ($ millions) (1)	1.3	1.0	1.7	-	2.0	-	2.0	0.2
Depreciation ($/lb sold)	3	4	6	-	9	-	11	-

Note:

(1) The Corporation applies equity accounting for its investments in joint ventures. Its share of earnings and expenses of the joint ventures is reflected in the "share of earnings from joint ventures" line in the consolidated income statement. Revenues include the gross profits of material sold by the Corporate Office from material sourced from this mine.

(2) Operating expense – Produced material includes the impact of production related tax assessments of $1.1 million or $5 per pound recognized in the fourth quarter of 2014 in respect of prior periods.

WILLOW CREEK URANIUM MINE – UNITED STATES

Willow Creek is an operating ISR uranium mine located in Johnson and Campbell Counties in the Powder River Basin of Wyoming, U.S.A. The mine includes the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated uranium ore bodies, collectively referred to as the Willow Creek Mine.

The current design capacity of the Willow Creek Mine is 1,300,000 pounds U_3O_8 (500 tonnes U) per year. The Willow Creek Mine was successfully commissioned and commercial operations commenced on May 1, 2012.

Production: Production from Willow Creek was 117,200 pounds U_3O_8 (45 tonnes U) in 2015, including a negative adjustment of 23,100 pounds U_3O_8 (0.9 tonnes U) in the third and fourth quarters of 2015. All production was attributable to the Corporation.

Operations: The following is a summary of the operational statistics for Willow Creek over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m^3/hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs U_3O_8)
Q1 2015	-	457	1,080	14	104,800
Q2 2015	-	102	244	13	35,500
Q3 2015	-	16	16	13	(500)
Q4 2015	-	15	14	14	(22,600)[1]

Note:

(1) A negative production number of 22,600 pounds U_3O_8 (0.9 tonnes U) in Q4 of 2015 resulted from negative adjustments that totaled (-23,200 lbs U_3O_8), while production from existing wellfields at Willow Creek in Q4 amounted to 600 lbs U_3O_8. Negative amendments were made to account for minor converter adjustments (-600 lbs) and to Honeymoon material that was already accounted for in previous calculations (-22,600 lbs).

All new wellfield installation and wellfield construction activities continue to be suspended due to low uranium prices. Production from existing wellfields at Willow Creek continues and, as of December 31, 2015, there were 14 production (extraction) wells in operation.

Capital expenditure during the year ended December 31, 2015 was $0.4 million, compared to a budget of $0.3 million.

Financial information: The following table shows the attributable production, sales and production costs for Willow Creek over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	DEC 31, 2015	SEP 30, 2015	JUN 30, 2015	MAR 31, 2015	DEC 31, 2014	SEP 30, 2014	JUN 30, 2014	MAR 31, 2014
Production in lbs	(22,600)[4]	(500)[4]	35,500	104,800	122,300	133,100	133,700	174,000
Sales in lbs	500	159,300	-	100,000	125,000	322,600	88,200	-
Inventory in lbs	66,900	90,000	249,800	214,300	209,500	212,100	401,700	356,200
Revenues ($ millions) [1]	-	5.8	-	3.8	5.1	10.7	2.5	-
Operating expense – Produced material ($ millions) [2]	1.6	3.7	1.1	2.6	4.1	5.8	3.7	1.9
Operating expense – Produced material ($/lb sold) [2]	-	23	-	26	32	18	42	-
Depreciation ($ millions) [3]	0.3	3.9	1.9	3.3	4.8	6.7	4.8	2.2
Depreciation ($/lb sold) [3]	-	24	-	32	38	21	54	-

Note:

[1] Revenues include gross profits earned by the Corporation in respect of Willow Creek production delivered into sales contracts held by the Corporation.

[2] Operating expense – Produced material of Willow Creek includes net realizable value adjustments on the carrying value of inventory of $1.7 million in Q2 2014 and $1.9 million in the first quarter of 2014.

[3] Depreciation of Willow Creek includes net realizable value adjustments on the carrying value of inventory of $ 0.4 million expense in Q4 2015, $ 3.1 million recovery in Q3 2015, $1.8 million expense in Q2 2015, $2.5 million expense in Q2 2014 and $2.2 million expense in Q1 2014.

[4] Converter adjustments resulted in a negative production figures for Q3 and Q4 2015 as the total net production 1,415 pounds for these quarters did not exceed the total adjustments (-24,455 pounds) during the same period.

Review of Development Projects

HONEYMOON URANIUM PROJECT - AUSTRALIA

On August 31, 2015 the Corporation entered into a Share Sale and Purchase Agreement (“SPA”) with Boss Resources Limited (“Boss”) whereby Boss would acquire 100% of the issued share capital of Uranium One Australia, the owner of the Honeymoon Uranium Project. The consideration for the sale included an initial cash payment of approximately $2.0 million (comprising an amount of $1.5 million plus a care and maintenance contribution of approximately $0.3 million and a site access fee of $0.2 million); $1.7 million under a promissory note payable within 24 months of completion of the sale and $1.8 million under a promissory note payable within 48 months of completion of the sale.

The SPA also provided for payments to U1 that are contingent upon successful re-commissioning of the Honeymoon Uranium Project, consisting of $1.5 million payable in cash and/or shares of Boss upon the later of restart of the operations with commercial production or 5 years of completion of the sale, and a payment equal to 10% of the net operating cash flow of the Honeymoon Project payable annually up to a maximum of $2.1 million.

The sale of Uranium One Australia was completed on November 30, 2015 and resulted in a total gain of $48.4 million, mainly due to $32.5 million release of accumulated foreign currency translation reserve from shareholders’ equity that was triggered by this sale. However the release of this foreign currency translation reserve from shareholders’ equity was offset in full by the corresponding loss recorded as part of other comprehensive income (OCI), so that the net impact on the total comprehensive income is zero.

CORPORATE

2010 DEBENTURES REPURCHASE

The Corporation announced on January 30, 2015 that it planned to discharge its outstanding unsecured convertible subordinated 2010 Debentures. The debentures, of which C$32.8 million principal amount was outstanding, were listed on the Toronto Stock Exchange (the "TSX") and were scheduled to mature on March 13, 2015. The Corporation terminated the 2010 Debentures and discharged the trust indenture governing the 2010 Debentures on February 5, 2015. The debentures were de-listed from the TSX on February 9, 2015.

SENIOR SECURED NOTES PURCHASE

On September 24, 2015, the Corporation purchased $29.6 million of the principal amount of the Senior Secured Notes at a price of $920 per $1,000 of face value pursuant to a tender offer. The total amount of the transaction was $27.9 million, including $0.5 million of accrued interest and legal fees of $0.2 million. The Corporation financed the purchase with a loan of $50 million provided by an affiliate, bearing interest at a rate of 6.15% per annum and due on June 30, 2020. The Senior Secured Notes so purchased have not been retired and remain outstanding.

MANTRA RESOURCES

As at December 31, 2015, Uranium One owns 13.9% of Mantra. Mantra Tanzania, a wholly-owned subsidiary of Mantra, is the owner of the Mkuju River Project.

As operator of the Mkuju River Project, Uranium One continues to provide funding for the project. In connection therewith, Uranium One entered into a loan agreement with Mantra Tanzania on June 6, 2011. Drawdowns of $2.9 million have been made against the facility during the fourth quarter of 2015, bringing the total funds extended by the Corporation to Mantra Tanzania, including interest of $20.8 million, to $122.6 million since June 2011. The loan bears interest of 7.74% per annum. The loan is guaranteed by JSC Atomredmetzoloto ("ARMZ"), a subsidiary of ROSATOM.

MKUJU RIVER PROJECT

The Mkuju River Project ("MRP") is a large scale uranium development project located in southern Tanzania. The Definitive Feasibility Study with value engineering was completed in December 2013. Pre-FEED and FEED (Front-End Engineering & Design) initiatives continued until June 2014. Current activities at the Project are focused on licensing and permitting matters, on-going value engineering opportunities to optimize the capital and operating costs and an ISL test program (which started in Q2 2015). ISL could prove to be an alternative extraction method for the MRP and similar ore bodies in the region.

In October 2012, the Tanzanian Ministry of the Environment issued an environmental impact assessment certificate to Mantra in respect of the Mkuju River Project, and in April 2013, the Tanzanian Government issued a Special Mining License (SML) to Mantra for the Project. In September 2014, Uranium One submitted an updated works program aligned to the current anticipated timeline for the development of the Project to the Ministry of Energy and Minerals, and the approval of the revised works program was received in February 2015.

In Q4 2015, the carrying value of the investment was written down by $0.9 million mainly due to decrease of pricing assumptions. In Q4 2014, the carrying value was written down by $22.2 million from a deferral of the start date of construction activities, changes to the development plan with corresponding net increase in the capital cost combined with an increase in the discount rate and a decrease in uranium pricing assumptions.

Negotiations with the Tanzanian Government on the terms of a Mine Development Agreement (MDA) which includes fiscal stabilization for the Project were successfully concluded in August 2015 and the Corporation is awaiting confirmation from the Ministry of Energy and Minerals of the date for signing of the MDA. Similarly, the National Investment Steering Committee ("NISC") approved a fiscal benefits package for the MRP subject to the conclusion of a Performance Contract with the Tanzania Investment Centre ("TIC").

SITUATION IN UKRAINE

Since March 2014, the U.S. and Canadian governments and the European Union have implemented a number of measures in response to the situation in Ukraine, as discussed under "Situation in Ukraine", above.

US CONVENTIONAL ASSETS

On August 14, 2014, the Corporation's US subsidiary executed an asset purchase agreement to sell the US Conventional Assets, consisting of the Shootaring Canyon Mill ("Shootaring Mill") in Utah and including its conventional uranium exploration properties in Utah, Arizona and South Dakota. The sale of these assets was closed on August 27, 2015. Post-closing conditions have been substantially completed, including the final transfer of the mill license which occurred on January 29, 2016. The aggregate consideration was $5.6 million, with a significant portion to be settled in future payments: $1.0 million is payable in Anfield common shares, $2.0 million is payable in cash on the earlier of July 1, 2017 or the restart of commercial production at the Shootaring Mill and $2.0 million is payable in cash on the earlier of July 1, 2019 or 24 months after the restart of commercial production at the Shootaring Mill, together with the additional cash consideration of $0.6 million receivable no later than August 27, 2017. The fair value of the total consideration was $3.8 million, the result on disposal was $nil million.

As of the Closing date, 4,022,996 common shares of Anfield with a fair value of $0.4 million were issued in favour of the Corporation and were classified as available-for-sale financial assets (fair value as of December 31, 2015: $0.3 million). The remaining shares with fair value as of December 31, 2015 of $0.5 million (Net Present Value discounted at 20% risk-adjusted rate) are to be issued on August 27, 2016. The aggregate amount of shares receivable by the Corporation will be limited so that the Corporation does not end up with more than 9.9% of the outstanding shares of Anfield.

URANIUM MARKET

The spot U_3O_8 price in the beginning of the fourth quarter of 2015 (Q4 2015) was at $36.50 per pound and rose to as high as $38.00 per pound in the second week of October as more utility demand came to the market. However, spot uranium sales fell off in November and December amid weaker demand, which resulted in the spot price finishing lower at $34.25 per pound for the year than where it began (at $36 per pound). Therefore, in Q4 2015, a total of only 8.0 million pounds U_3O_8 was transacted in the spot market; however, spot contracting for the entire 2015 year amounted to over 47 million pounds U_3O_8 equivalent. There was no change to the quoted Ux long-term U_3O_8 Price during Q4 2015, which remained at $44 per pound U_3O_8.

The restarts of Kyushu Electric's Sendai Units 1 and 2 in late 2015 were a positive development for the nuclear industry and are expected to lead to additional reactor restarts in Japan. However, this good news was offset by U.S. utility Entergy's decisions in Q4 2015 to shut down its Pilgrim and FitzPatrick nuclear plants for economic reasons in the near future.

China's nuclear power generation program continued to expand in 2015. Five reactors commenced operations and three more have started construction in 2015. China now has 27 units (24 GWe) operating commercially and 24 units (24 GWe) under construction. Additional reactor approvals by the Central Government, as well as a reaffirmation of the previous 98 GWe by 2025 nuclear capacity target this year, are seen as evidence of China's impressive nuclear energy ambitions in the future.

As for Japan, in 2015 the Nuclear Regulatory Authority (NRA) approved the restart of three more units (Shikoku's Ikata 3 and Kansai's Takahama 3 & 4). As the NRA's review and approval process has gradually improved, the political situation in Japan regarding nuclear power also appears to be brighter, as the LDP-led national government finalized a new long-term energy policy that targets nuclear power generation levels to be at 20-22% of total electricity supply in 2030. However, in 2015 we also saw announcements of premature reactor closures in addition to the Entergy units. Four Japanese utilities announced that they would immediately shut five units (Genkai 1, Mihama 1 & 2, Shimane 1, and Tsuruga 1). Sweden's two utilities announced closures of four units between now and 2019 (Oskarshamn 1 & 2 and Ringhals 1 & 2), and E.ON's Grafenrheinfeld reactor in Germany closed it operations.

In December 2015, Cameco reported that its new Cigar Lake mine produced over 10 million pounds U_3O_8, which was significantly higher than the 6-8 million pounds U_3O_8 initially targeted at the beginning of 2015. Additionally, the company has stated that target production for Cigar Lake is 16 million pounds U_3O_8 in 2016, which is 6 million pounds higher than in 2015. For 2015, UxC estimates global primary production will be near 157 million pounds U_3O_8, while the initial global production estimate for 2016 is 167 million pounds U_3O_8. Combined with secondary supplies, aggregate supply in 2016 is expected to total over 205 million pounds U_3O_8 equivalent, or 25 million pounds higher than UxC's projected base case demand of 180 million pounds U_3O_8. The current outlook for the spot price during the first quarter of 2016 is that it appears likely to remain relatively stable, but there could be some downward pressure as a result of production gains at the end of 2015.

The long-term growth outlook and trend for global uranium demand continues to be positive, increasing from 180 million pounds U_3O_8 in 2016 to projected 261 million pounds U_3O_8 in 2030. There are currently 63 reactors under construction in 15 countries for total generating capacity of 66 GWe. In total, there are 436 reactors in 31 countries with 379 GWe of operable nuclear generating capacity, accounting for about 12% of global electricity supply.

Review of Financial Results

SUMMARY OF QUARTERLY RESULTS

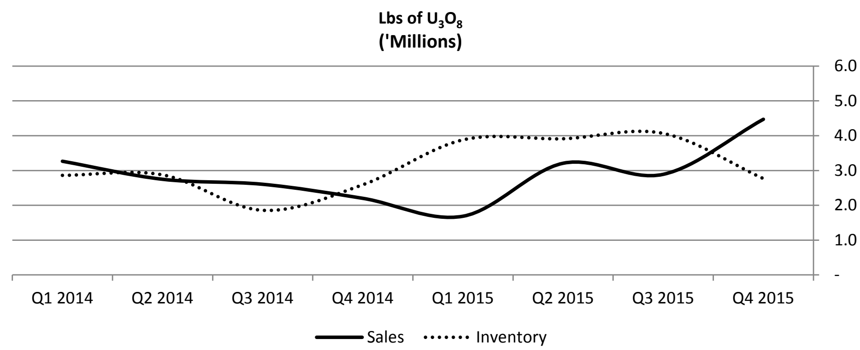
(US DOLLARS IN MILLIONS EXCEPT PER SHARE AND PER LB AMOUNTS)	3 MONTHS ENDED							
	DEC 31, 2015 $	SEP 30, 2015 $	JUN 30, 2015 $	MAR 31, 2015 $	DEC 31, 2014 $	SEP 30, 2014 $	JUN 30, 2014 $	MAR 31, 2014 $
Revenues	71.8	84.1	111.0	57.8	106.7	43.6	41.1	69.5
Attributable revenues (1)	178.4	120.3	165.0	77.5	153.8	118.3	86.1	118.0
Net earnings (loss)	60.8	0.6	21.6	(12.3)	(61.9)	(10.8)	(63.4)	(34.2)
Basic and diluted earnings (loss) per share(2)	0.06	0.00	0.02	(0.01)	(0.06)	(0.01)	(0.07)	(0.04)
Total assets	1,323.9	1,526.1	1,861.8	1,868.7	1,989.4	1,964.7	1,945.6	2,029.9

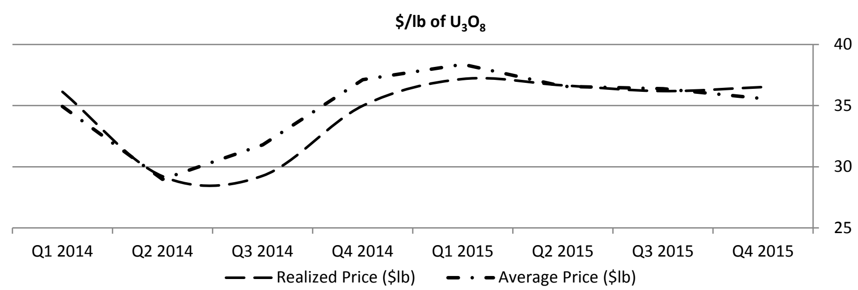
Notes:

(1) See the section on "Non-GAAP Measures".

(2) The basic and diluted earnings/loss per share are computed separately for each quarter presented and therefore may not add up to the basic and diluted earnings (loss) per share calculated for a full year.

The average realized uranium price per pound sold relative to the average spot price per pound, and the relationship between volumes sold and inventory, over the last eight quarters are as follows:





The Corporation, in line with its marketing strategy, enters into sales contracts with pricing mechanisms that ensure that average realized sales prices per pound are highly correlated to the spot price. Pricing in the Corporation's sales contracts normally reference market prices at the time of delivery, although some contracts reference average market prices for a defined period preceding the delivery date, which can be up to 3 months prior to delivery for certain contracts. This, and the fact that spot prices and deliveries are not uniform across the period, will produce average realized sales prices which can be above or below the average spot price for the period, but will largely track that benchmark.

The Corporation's sales volumes are largely determined by the terms of long term sales contracts with customers and the delivery schedules which customers are allowed to select each given year. These sales are supplemented by spot sales whose timing is at the discretion of the Corporation.

Earnings fluctuate in line with sales volume, but are also affected by a mixture of fixed and variable costs, including general and administration cost, foreign exchange, impairment charges and taxation.

NON-GAAP MEASURES

ADJUSTED NET EARNINGS (LOSS)

The Corporation has included the following non-GAAP performance measures throughout this document: adjusted net earnings (loss) and adjusted net earnings (loss) per share. Adjusted net earnings (loss) and adjusted net earnings (loss) per share do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures reported by other companies. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS.

Adjusted net earnings (loss) is calculated by adding back restructuring costs, impairments, cost of suspension of operations, gains(losses) from the sale of assets, foreign exchange gains (losses), non-hedge derivative gains and losses, one-off or unusual items, items in respect of prior periods and when applicable, the effect of tax rate adjustments on deferred tax liabilities to net earnings. Corporate development expenditure relates to one-off project costs. These items are added back due to their inherent volatility and/or infrequent occurrence.

The following table provides a reconciliation of adjusted net earnings (loss) to net loss as reported for the periods presented:

(US DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)	3 MONTHS ENDED		YEAR ENDED	
	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS
Net earnings (loss)	**60.8**	**(61.9)**	**70.7**	**(170.3)**
Ruble bond non-hedge derivative losses	15.0	137.6	15.9	202.4
Foreign exchange losses (gains)	17.2	(87.4)	3.5	(141.7)
Corporate development expenditure	-	0.3	1.6	2.4
Income on dispute settlement, net of costs	-	-	(7.4)	-
Gain on sales of Uranium One Australia[1]	(48.4)	-	(48.4)	-
Non-recurring income tax adjustment	(6.9)	-	4.3	-
Withholding tax in respect to prior periods	-	-	-	7.9
Production related tax assessments in respect of prior years included in the share of earnings from joint ventures	-	6.2	-	6.2
Impairment of non-current assets	0.9	22.2	0.9	33.3
Restructuring costs	-	2.4	-	2.4
Adjusted net earnings (loss)	**38.6**	**19.4**	**41.1**	**(57.4)**
Adjusted net earnings (loss) per share – basic ($) and diluted	0.04	0.02	0.04	(0.06)
Weighted average number of shares (millions) – basic and diluted	957.2	957.2	957.2	957.2

Notes:

(1) Gain on disposal of Uranium One Australia of $48.4 million includes $32.5 million release of accumulated foreign currency translation reserve from shareholders' equity that was triggered by this sale. However, the release of foreign currency translation reserve from shareholders' equity included in gain on disposal of Uranium One Australia was offset in full by the corresponding loss recorded as part of other comprehensive income (OCI), which results in total effect on total comprehensive income of zero.

ATTRIBUTABLE REVENUES AND ATTRIBUTABLE GROSS PROFIT

The Corporation monitors and evaluates performance of its business by using these additional non-GAAP measures, which are consistent with the results that would be reported under proportionate consolidation accounting.

The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation, or as a substitute for measures of performance prepared in accordance with IFRS.

ATTRIBUTABLE REVENUES:

Attributable revenues are determined as shown in Note 28 of the audited annual consolidated financial statements. This note discloses segmented information which incorporates the revenues of the Corporation under proportionate consolidation. The following table provides a reconciliation of attributable revenues to revenues as reported for the periods presented:

(US DOLLARS IN MILLIONS)	3 MONTHS ENDED		YEAR ENDED	
	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS
Revenues	**71.8**	**106.7**	**324.7**	**260.9**
Attributable revenues from joint ventures	158.8	87.3	426.3	381.0
Intercompany purchases from joint ventures	(52.2)	(40.2)	(209.8)	(165.7)
Attributable revenues	**178.4**	**153.8**	**541.2**	**476.2**

ATTRIBUTABLE GROSS PROFIT:

Attributable gross profit is disclosed in the tables of uranium sales, inventory and operating costs on pages 28 and 29. The following table provides a reconciliation of attributable gross profit to gross profit as reported for the periods presented:

(US DOLLARS IN MILLIONS)	3 MONTHS ENDED		YEAR ENDED	
	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS
Gross profit (loss)	**3.1**	**(5.8)**	**4.4**	**(11.4)**
Attributable revenues from joint ventures	158.8	87.3	426.3	381.0
Attributable operating expenses from joint ventures (1)	(48.5)	(35.7)	(141.2)	(157.3)
Attributable depreciation from joint ventures	(22.6)	(19.7)	(85.0)	(100.6)
Attributable gross profit	**90.8**	**26.1**	**204.5**	**111.7**

(1) Attributable operating expenses from joint ventures includes the impact of production related tax assessments recognized in the fourth quarter of 2014 in respect of prior periods of $6.2 million.

AVERAGE REALIZED SALES PRICE PER POUND OF PRODUCED MATERIAL AND AVERAGE TOTAL CASH COST PER POUND SOLD OF PRODUCED MATERIAL

The Corporation has included the following non-GAAP performance measures throughout this document: average realized sales price per pound of produced material and average total cash cost per pound sold of produced material. The Corporation reports total cash costs on a sales basis. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS.

As in previous periods, average realized sales price per pound of produced material and average total cash cost per pound sold of produced material are calculated as follows:

(i) Average realized sales price per pound of produced material: Attributable revenues minus revenue in the "Corporate and other" segment, divided by attributable sales pounds of produced material (See tables on pages 28 and 29).

(ii) Average total cash cost per pound sold of produced material: Operating expenses of produced material divided by attributable sales pounds of produced material (See tables on pages 28 and 29).

RESULTS OF OPERATIONS AND DISCUSSION OF FINANCIAL POSITION

SELECTED FINANCIAL INFORMATION

The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with IFRS. Uranium One and its operating subsidiaries use the United States dollar, the Kazakhstan tenge, the Australian dollar and the Canadian dollar as measurement currencies.

(US DOLLARS IN MILLIONS EXCEPT PER SHARE AND PER POUND AMOUNTS)	YEAR ENDED	
	DEC 31, 2015 $ MILLIONS	DEC 31, 2014 $ MILLIONS
Revenues	324.7	260.9
Attributable revenues from segment reporting [4]	541.2	476.2
Net earnings (loss)	70.7	(170.3)
Adjusted net earnings (loss) [2]	41.1	(57.4)
Cash flows used in operating activities	(150.5)	(76.1)
Cash dividends received	89.9	99.9
Net earnings (loss) per share	0.07	(0.18)
Adjusted net earnings (loss) per share [2]	0.04	(0.06)
Product inventory carrying value[1]	9.1	7.4
Product inventory carrying value for equity accounted joint ventures	22.0	62.7
Total assets	1,323.9	1,989.4
Long term financial liabilities [5]	544.6	830.7
Average realized uranium sales price per pound – produced material[3]	36	33
Average spot price per pound	37	33
Attributable sales volume – produced material	12,256,400	10,818,200
Attributable production volume	12,450,000	10,411,000
Attributable inventory	2,767,700	2,592,800

Notes:

(1) Inventory is attributable to mines that are in commercial production. Revenue from production during commissioning of the Corporation's development projects is credited against capital expenditures.

(2) Adjusted net earnings (loss) and adjusted net earnings (loss) per share are non-GAAP measures. The definition and reconciliation of these non-GAAP measures is included in the section called "Non-GAAP Measures".

(3) For calculation of this metric see footnote 3 in Uranium Sales, inventory and operating costs tables on pages 28 and 29.

(4) See tables on page 28 and 29.

(5) Includes interest bearing liabilities, convertible debentures, provisions and financial derivatives.

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2015

URANIUM SALES, INVENTORY AND OPERATING COSTS

The Corporation had attributable sales of produced material of 4,471,800 pounds during Q4 2015, compared to 2,200,500 pounds in Q4 2014. The Corporation's attributable share of revenue from sales of produced material in Q4 2015 was $178.4 million, compared to $153.8 million in Q4 2014. The increase in revenue is due to an increase in volume of material sold when compared to Q4 2014.

The attributable sales of purchased material were 294,800 pounds in Q4 2015. The Corporation's attributable share of revenue from sales of purchased material in Q4 2015 was $9.9 million.

Attributable gross profit was $90.8 million in Q4 2015 after the deduction of operating expenses of $40.2 million ($8.9 per pound sold), excluding $9.9 million of operating expenses related to purchased material, and depreciation and depletion charges of $22.7 million ($5.1 per pound sold). Attributable gross profit for Q4 2015 was higher than attributable gross profit for Q4 2014, due to an increase in volume and lower operating costs.

NET EARNINGS / LOSS

Net earnings in Q4 2015 were $60.8 million, or $0.06 per share, compared to net loss of $61.9 million, or $0.06 per share in Q4 2014.

YEAR ENDED DECEMBER 31, 2015

URANIUM SALES, INVENTORY AND OPERATING COSTS TABLE

The Corporation's uranium sales, costs of uranium sales and gross profit were as follows in 2015 and 2014:

	2015								
	AKDALA	SOUTH INKAI	KARATAU	AKBASTAU	ZARECHNOYE	KHARASAN	WILLOW CREEK	CORPORATE AND OTHER(2)	TOTAL / AVERAGE
Attributable Revenues Produced material ($ millions) (1)	71.3	132.7	92.0	63.3	39.3	30.5	9.6	92.6	531.3
Attributable Revenues Purchased material ($ millions)	-	-	-	8.2	-	1.7	-	-	9.9
Attributable sales volumes (lb '000) – Produced material	1,939.8	3,619.2	2,647.6	1,820.5	1,104.4	865.1	259.8	-	12,256.4
Attributable sales volumes (lb '000) – Purchased material	-	-	-	245.5	-	49.3	-	2,480.0	2,774.8
Operating expenses ($ millions) – Produced material	22.4	41.3	20.1	14.7	21.3	11.0	9.0	-	139.8
Operating expenses ($ millions) – Services	-	-	-	-	-	0.5	-	-	0.5
Operating expenses ($ millions) – Purchased material	-	-	-	8.2	-	1.7	-	92.1	102.0
Average realized sales price ($/lb sold) – Produced material(3)(6)	37	37	35	35	36	35	37	-	36
Operating expenses ($/lb sold) – Produced material(4)(6)	12	11	8	8	19	13	35	-	11
Depreciation ($ millions)	12.1	22.5	16.9	15.5	14.0	4.0	9.4	-	94.4
Depreciation ($/lb sold)(5)(6)	6	6	6	9	13	5	36	-	8
Attributable gross profit (loss) ($ millions)(6)	36.8	68.9	55.0	33.1	4.0	15.0	(8.8)	0.5	204.5
Less share of gross profit (loss) from joint ventures ($ millions)	(33.1)	(62.2)	(55.0)	(33.1)	(4.0)	(12.7)	-	-	(200.1)
Gross profit (loss) per consolidated income statement	3.7	6.7	-	-	-	2.3	(8.8)	0.5	4.4

Notes:

(1) Excluding the "Corporate and Other" segment, revenues represent the Corporation's proportionate share of sales from its operations. In addition, the gross profit of material sold by the Corporation is allocated back to the operations from which the material was sourced.

(2) The revenue and associated cost of sales of material that has not been sourced from one of the Corporation's operations is shown as part of the corporate and other segment.

(3) Represents the average realized sales price per lb of sales by the Corporation from material produced from its operations and is calculated as follows: "Revenues ($ millions)" minus revenue in "Corporate and other" divided by "Attributable sales volumes (lb '000) - Produced material".

(4) Represents the Corporation's average total cash cost per lb sold of material produced from its operations calculated as follows: "Operating expenses ($ millions) - Produced material" divided by "Attributable sales volume (lb '000) - Produced material".

(5) Represents the Corporation's proportionate share of depreciation from joint ventures operations, calculated as follows: "Depreciation ($ millions)" divided by "Attributable sales volume (lb '000) – Produced material".

(6) Represents a non-GAAP measure. The definitions of non-GAAP measures are included in the section called "Non-GAAP Measures".

	2014								
	AKDALA	SOUTH INKAI	KARATAU	AKBASTAU	ZARECHNOYE	KHARASAN	WILLOW CREEK	CORPORATE AND OTHER(2)	TOTAL / AVERAGE
Attributable Revenues ($millions) (1)	41.6	103.7	82.2	60.0	32.0	14.3	18.3	69.4	421.5
Attributable Revenues ($millions) – Services (6)	20.7	28.6	-	-	-	5.4	-	-	54.7
Attributable sales volumes (lb ‘000) – Produced material	1,283.5	2,981.8	2,663.9	1,939.3	1,026.0	387.9	535.8	-	10,818.2
Attributable sales volumes (lb ‘000) – Purchased material	-	-	-	-	-	-	-	1,952.0	1,952.0
Operating expenses ($ millions) – Produced material(7)	16.2	47.8	23.4	19.7	21.1	7.4	15.5	-	151.1
Operating expenses ($ millions) – Services	6.0	13.4	-	-	-	2.3	-	-	21.7
Operating expenses ($ millions) – Purchased material	-	-	-	-	-	-	-	72.0	72.0
Average realized sales price ($/lb sold) – Produced material(3)(5)(7)	32	35	31	31	31	37	34	-	33
Operating expenses ($/lb sold) – Produced material(4)(5)	13	16	9	10	21	19	29	-	14
Depreciation ($ millions)	9.2	25.0	24.1	22.5	16.2	4.2	18.5	-	119.7
Depreciation ($/lb sold)	7	8	9	12	16	11	35	-	11
Attributable gross profit (loss) ($ millions)	30.9	46.1	34.7	17.8	(5.3)	5.8	(15.7)	(2.6)	111.7
Less share of gross profit (loss) from joint ventures ($ millions)	(29.4)	(41.2)	(34.7)	(17.8)	5.3	(5.3)	-	-	(123.1)
Gross profit (loss) per consolidated income statement	1.5	4.9	-	-	-	0.5	(15.7)	(2.6)	(11.4)

Notes:

(1) Excluding the "Corporate and Other" segment, revenues represent the Corporation’s proportionate share of sales from its operations. In addition, the gross profit of material sold by the Corporation is allocated back to the operations from which the material was sourced.

(2) The revenue and associated cost of sales of material that has not been sourced from one of the Corporation’s operations is shown as part of the corporate and other segment.

(3) Represents the average realized sales price per lb of sales by the Corporation from material produced from its operations and is calculated as follows: "Revenues ($ millions) minus revenue in "Corporate and other" divided by "Attributable sales volumes (lb ‘000) - Produced material".

(4) Represents the Corporation's average total cash cost per lb sold of material produced from its operations calculated as follows: "Operating expenses ($ millions) - Produced material" divided by "Attributable sales volume (lb '000) - Produced material”

(5) Represents a non-GAAP measure. The definitions of non-GAAP measures are included in the section called “Non-GAAP Measures”.

(6) Represents revenue earned from providing mine development, extraction and processing services to Kazatomprom.

(7) Operating expenses ($ millions) – Produced material line and the Operating expenses ($/lb sold) – Produced material information for the joint ventures are impacted by production related tax assessment recorded in the 4th quarter of 2014 in respect of prior periods in the amount of $6.2 million or $1 per pound as detailed in the “Review of Operations” section of this document.

SALES AND OPERATING EXPENSES

The average realized sales price of produced material during 2015 was $36 per pound compared to $33 per pound in 2014. The closing and average spot price in 2015 was $34 and $37 per pound, respectively.

Revenue, including the revenue of joint ventures, of $541.2 million in 2015 increased by 14% compared to $476.2 million in 2014, primarily due to an increase in the sales volume and higher sales price.

The sales mix for 2015 was 15% for Akbastau, 16% for Akdala, 29% for South Inkai, 22% for Karatau, 9% for Zarechnoye, 7% for Kharasan and 2% for Willow Creek compared to 2014 in which Akbastau contributed 18% of the sales, Akdala 12%, South Inkai 27%, Karatau 25%, Zarechnoye 9%, Kharasan 4% and Willow Creek 5%. The sales mix is expected to align with the production ratio of each mine over the year.

In the fourth quarter of 2015, $0.4 million expense included in depreciation for Willow Creek relates to a net realizable value adjustment taken against the carrying value of the inventory.

Operating expenses per pound sold for produced material were $11 per pound in 2015 compared to $14 per pound in 2014. The decrease of operating expense was mainly due to the devaluation of the tenge.

There is possible volatility in operating expenses due to the timing of the acidification of new wellfields. Sulphuric acid use is higher during the initial acidification process, and the sulphuric acid cost per pound is higher during these periods. The Corporation carries inventory at the weighted average cost of production, calculated at various stages of the production process. As a result, the weighted average cost increases during periods with higher levels of acidification.

Attributable inventory increased from 2,592,800 pounds at December 31, 2014 to 2,767,700 pounds at December 31, 2015 mainly due to higher production volumes.

GENERAL AND ADMINISTRATIVE EXPENSE

The main drivers of the cash component of general and administrative expenses are compensation, consulting and advisor fees, travel expenses and restructuring costs.

General and administrative expense was $25.0 million in 2015, compared to $39.3 million in 2014. The favourable variance is mainly due to a decrease in compensation expense in the second half of 2015 when compared with 2014 due to restructuring of the operations of its Toronto head office.

The general and administrative expense for 2015 mainly includes compensation expense of $13.0 million, consulting and advisor fees of $7.7 million and travel expenses of $1.0 million, compared to compensation expense of $26.7 million, consulting and advisor fees of $3.7 million, restructuring costs of $2.4 million and travel expenses of $1.8 million for 2014.

EXPLORATION

The Corporation has a significant resource base and does not rely on exploration success for current and future production activities. Exploration expenditure is therefore purely discretionary. The Corporation determines its discretionary exploration expenditure each year during its planning cycle. Exploration expenditure relates to exploration programs undertaken on the Corporation's tenures in the United States and was $1.5 million during 2015 and 2014.

SHARE OF EARNINGS FROM JOINT VENTURES

Earnings from joint ventures mainly consist of revenue, operating expenses, depreciation, finance income and expenses and taxation of the joint ventures and represent the Corporation's share thereof.

Uranium revenue, inventory and operating costs

Revenue of $426.3 million in 2015 increased by 12% compared to the $381.0 million in 2014, mainly due to a higher average realized sales price.

Operating costs per pound sold of produced material were $11 per pound in 2015 and $14 per pound in 2014.

Attributable inventory increased from 2,383,400 pounds at December 31, 2014 to 2,700,800 pounds at December 31, 2015.

Finance income and expense

Interest accrued on the Corporation's proportionate share of joint venture debt facilities was $3.8 million in 2015, compared to $8.4 million in 2014.

Income taxes

The current income tax expense for 2015 of $52.6 million mainly consists of income tax paid and payable in Kazakhstan on profits from the Corporation's mines. For 2014, $49.0 million of current income tax expense was recorded.

The deferred income tax recovery of $6.9 million in 2015 consists of the recovery of deferred income tax liabilities of the Kazakh mines. This recovery is due to the reversal of the deferred income tax liabilities that were recognised on the acquisition of the mines in Kazakhstan, and was based on the excess purchase price paid on acquisition. For 2014, a $16.5 million deferred income tax recovery was recorded.

FINANCE INCOME AND EXPENSE

Finance income was $10.3 million in 2015 and 2014. In addition to the interest earned on loans to joint ventures and associates, interest is earned on funds held on deposit by the Corporation.

Total interest accrued on the Ruble Bonds was $28.9 million in 2015, resulted from interest expense of $27.3 million and loss of $1.6 million accrued on the cross currency interest rate swap. Total interest accrued on the Ruble Bonds was $51.2 million in 2014, resulted from interest expense of $51.4 million and income of $0.2 million accrued on the cross currency interest rate swap.

For the year ended December 31, 2015, the Corporation accrued interest on the Senior Secured Notes of $19.2 million, compared to $19.6 million in 2014.

Interest accrued on the Corporation's 2010 Debentures was $0.3 million in 2015, compared to $9.3 million in 2014. The reduction is since on February 5, 2015 the Corporation repaid C$32.8 million being the balance of the outstanding principal amount of the 2010 Debentures plus the interest owing through to the maturity date and terminated the 2010 Debentures.

FOREIGN EXCHANGE

Foreign exchange loss of $3.5 million during 2015 primarily relates to a $40.9 million gain on the Ruble Bonds, a $1.6 million gain on the 2010 Debentures, offset by foreign exchange loss of $31.3 million on dividends receivable, cash balances, deposits and other items, and foreign exchange loss on the swaps reclassified from the fair value hedge reserve of $14.7 million. In 2014, foreign exchange gain of $141.7 million primarily relates to a $215.5 million gain on the Ruble Bonds, a $3.5 million gain on the 2010 Debentures, offset by foreign exchange loss on the swaps reclassified from the fair value hedge reserve of $76.9 million and foreign exchange loss of $0.6 million on cash balances, deposits and other items.

OTHER INCOME (EXPENSE)

Other income of $39.2 million in 2015 primarily relates to gain on disposal of Uranium One Australia of $48.4 million, offset by the mark-to-market movement on non-hedge derivatives of $9.1 million, interest accrued on non-hedge derivatives of $6.8 million and hedge ineffectiveness of $1.5 million.

Gain on disposal of Uranium One Australia of $48.4 million includes $32.5 million release of accumulated foreign currency translation reserve from shareholders' equity that was triggered by this sale. However, the release of foreign currency translation reserve from shareholders' equity included in gain on disposal of Uranium One Australia was offset in full by the corresponding loss recorded as part of other comprehensive income (OCI), which results in total effect on total comprehensive income of zero.

Other expense of $202.3 million in 2014 primarily relates to the mark-to-market movement on non-hedge derivatives of $199.6 million and hedge ineffectiveness of $4.1 million, offset by interest income on the cross currency interest rate swap of $1.0 million.

INCOME TAXES

The current income tax expense for 2015 of $16.3 million consists of withholding tax paid on dividends from the Corporation's joint ventures in Kazakhstan, current tax paid on interest received by a Kazakhstan subsidiary and current tax of Canadian and Kazakhstan subsidiaries. The current income tax expense for 2014 of $4.4 million consists of withholding tax paid and payable on dividends from the Corporation's joint ventures in Kazakhstan, current tax paid on interest received by a Kazakhstan subsidiary and current tax of Canadian subsidiaries.

The deferred income tax expense of $14.9 million in 2015 consists of the recognition of deferred income tax liabilities in respect of investments in Kazakh subsidiaries. For 2014 a $3.6 million deferred income tax expense was recorded.

NET EARNINGS

The net earnings for 2015 were $70.7 million or $0.07 per share, compared to net loss of $170.3 million or $0.18 per share for 2014.

FINANCIAL CONDITION

CASH AND CASH EQUIVALENTS

On December 31, 2015, the Corporation had cash and cash equivalents, including restricted cash, of $156.5 million, compared to $212.0 million at December 31, 2014. The decrease in cash and cash equivalents is mainly due to decrease in working capital of $58.1 million, coupon interest payments of $55.7 million, senior secured notes repayment of $27.4 million and repurchase of 2010 Debentures of $26.2 million offset by loan received from an affiliate of $50.0 million, and dividends received of $89.9 million.

INVENTORIES

The value of inventories as at December 31, 2015 increased to $10.3 million from $8.7 million held at December 31, 2014. Finished uranium concentrates and solutions and concentrates in process increased by $1.7 million, due to increase in finished uranium concentrates offset by decrease in solutions and concentrates in process, when compared to 2014.

As at December 31, 2015, the Corporation had attributable inventory of 0.1 million pounds, including approximately 0.1 million pounds held at conversion facilities. Sales of product are normally completed at conversion facilities when material is transferred to customers by way of a book transfer. The product on hand at conversion facilities as at December 31, 2015 is committed for delivery under existing sales contracts or spot sales subsequent to quarter end. Shipping times for finished product can be up to four months, depending on the distance between the mine site and conversion facility, where sales are completed through transfer of legal title and ownership.

MINERAL INTERESTS, PROPERTY PLANT AND EQUIPMENT

The carrying values of mineral interests, property plant and equipment were $154.3 million and $168.5 million at December 31, 2015 and December 31, 2014, respectively.

The decrease by $14.2 million during 2015 mainly consists of:

- Additions of $3.0 million; offset by
- Depreciation of $6.8 million and
- Disposals of $10.4 million.

INVESTMENT IN JOINT VENTURES

The balances and movement in underlying assets and liabilities of the investment in joint ventures, on an attributable basis, include the following:

Cash

On December 31, 2015, the joint ventures had cash and cash equivalents attributable to the Corporation’s share of $55.7 million, compared to $41.9 million at December 31, 2014.

Inventory

The value of inventories as at December 31, 2015 decreased to $38.6 million from $65.8 million held at December 31, 2014. Finished uranium concentrates and solutions and concentrates in process decreased by $22.8 million.

As at December 31, 2015, the joint ventures had attributable inventory of 2.7 million pounds.

A summary of the Corporation’s attributable inventory held through joint venture interest and carried at December 31, 2015 is as follows:

CATEGORY	LOCATION	LBS’ millions
In process	Mine sites	0.4
In process	External processing facilities	0.4
Finished product ready to be shipped	Mine sites	1.0
Finished product ready to be shipped	External processing facilities	0.9
Total inventory		2.7

Mineral interests, property plant and equipment

The carrying values of mineral interests, property plant and equipment were $731.2 million and $1,429.3 million at December 31, 2015 and December 31, 2014, respectively.

The decrease by $698.1 million during 2015 mainly consists of:

- Additions of $77.7 million; offset by
- Transfer to assets held for sale of $47.9 million;
- Currency translation adjustments of $624.8 million;
- Disposals of $7.6 million, and
- Depreciation of $95.5 million.

Current and long term portion of joint venture debt

Kyzylkum had loans outstanding of $27.7 million, $35.6 million and $51.7 million from the Japan Bank for International Cooperation ("JBIC"), Citibank and Kazatomprom, respectively. At December 31, 2015, the Corporation's share of such loans is $34.5 million, of which $28.3 million is classified as long term debt. In the fourth quarter of 2014, Kyzylkum received conditional waivers for a technical breach of the JBIC and Citibank loans due to the loss of the subsoil rights on June 4, 2014. The conditions of the waivers were fulfilled by March 31, 2015. Amendments to the Citibank loan agreement and the JBIC loan agreement, which each include Khorasan-U as a co-borrower, were signed at the end of March 2015. These loans are guaranteed by Kazatomprom. As at December 31, 2014, there was a breach of a financial covenant (Total Debt to Equity ratio) by Kyzylkum under each of the JBIC and Citibank loans. In the 1st quarter 2015 Kyzylkum received a waiver from each of JBIC and Citibank. As at December 31, 2015, there was a breach of a financial covenant (Total Debt to Equity ratio) by Kyzylkum under each of the JBIC and Citibank loans. On December 30, 2015, Kyzylkum received a waiver from each of JBIC and Citibank.

In addition to the $11.2 million loan from the Corporation, SKZ-U has loans outstanding of $10.1 million, $10.1 million and $79.7 million from Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and JBIC, respectively. At December 31, 2015, the Corporation's share of such loans is $19.0 million, of which $16.4 million is classified as short term debt.

At December 31, 2015, Zarechnoye had loan outstanding of $11.6 million from Sberbank. The Corporation's share of the loan is $5.8 million, which is classified as short term debt.

At December 31, 2015, Karatau had loan outstanding of $12.6 million from Bank VTB Kazakhstan. The Corporation's share of the loan is $6.3 million, which is classified as short term debt. On January 23, 2015, Karatau concluded a revolving $25.0 million three year credit facility with Bank VTB Kazakhstan and the Corporation's share of this facility is $12.5 million. At December 31, 2015, $42.3 million of the credit facility was already drawn down and mostly settled by Karatau.

LOANS RECEIVABLE

The Corporation received $7.4 million of principal from SKZ-U during 2015, bringing the total loan to $11.2 million. The Corporation received interest of $1.1 million during 2015.

The Corporation made loans available to Mantra to provide funds for the Mkuju River Project. The Corporation advanced an additional $13.0 million and accrued interest of $7.5 million during 2015, bringing the total outstanding loan to $122.6 million.

RUBLE BONDS AND DERIVATIVES

The Corporation originally issued Series 1 Ruble Bonds having an aggregate principal amount of RUB 14.3 billion ($463.5 million) on December 7, 2011. At the same time, the Corporation entered into a cross currency interest rate swap, which economically converted the Series 1 Ruble Bonds into a synthetic US dollar borrowing by fixing the Corporation's principal and interest payments in US dollar terms and, while the hedging relationship was in force, the Corporation was not economically exposed to any ruble currency risks. The swap has a US$ fixed exchange rate of $1.00 = RUB 30.855 and resulted in a US$ fixed interest rate of 6.74% on the principal amount of $463.5 million. For accounting purposes, the original swap was designated as a cash flow hedge and the Corporation applied a hedge ratio of 80% to the debt, resulting in the Swap covering 80% of the foreign currency risk inherent in the interest and principal payments on the RUB 14.3 billion borrowing.

On August 23, 2013, the Corporation repurchased and cancelled RUB 11.8 billion of the Series 1 Ruble Bonds, resulting in the original swap being de-designated from the hedging relationship. On October 1, 2013, 17% or RUB 2.5 billion of the original swap was designated as a cash flow hedge against 80% of the remaining RUB 2.5 billion Series 1 Ruble Bonds.

The remaining 83% of the original swap is no longer designated in a hedging relationship.

On August 23, 2013, the Corporation completed a public offering in Russia of seven-year ruble-denominated Series 2 Ruble Bonds for gross proceeds of $380.7 million (RUB12.5 billion). On September 18 and 23, 2013, the Corporation entered into a number of cross currency interest rate swaps and forward strip contracts with the economic objective of managing the foreign exchange and interest rate risks of the Corporation. On October 1, 2013, these instruments and combinations of instruments were designated as hedging instruments against portions of the Series 2 Ruble Bonds. The cross currency interest rate swaps and the associated hedging relationships are as follows:

(a) A cross currency interest rate swap with a notional amount of RUB 245 million / $7.7 million (fixed at an exchange rate of $1.00 = RUB 31.8) to convert a portion Series 2 Ruble Bonds into a synthetic US dollar borrowing.

    This swap was designated as a cash flow hedge to hedge a portion (RUB 196 million or an 80% hedge relationship) of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments and ruble principal amount due at maturity starting from October 1, 2013 to August 11, 2020.

(b) A cross currency interest rate swap with a notional value of RUB 4.1 billion / $129.8 million (fixed at an exchange rate of $1.00 = RUB 31.8) and effective date of November 30, 2016, to convert a portion of the Series 2 Ruble Bonds into a synthetic US dollar borrowing, at a fixed rate of 7.5%.

    This swap was designated as a cash flow hedge to hedge a portion (RUB 3.3 billion or an 80% hedge relationship) of the foreign exchange risk arising from the Series 2 Semi-annual ruble interest payments and ruble principal amount due at maturity starting November 30, 2016 to August 11, 2020.

On September 18, 2013, the Corporation entered into a cross currency interest rate swap with a notional amount of RUB 7.7 billion / $238.2 million (fixed at an exchange rate of $1.00 = RUB 32.2) with the initial exchange date of November 30, 2016 and effective date of February 17, 2017, to convert a portion (RUB 7.7 billion) of the Series 2 Ruble Bonds into a synthetic US dollar floating borrowing (3 month US LIBOR interest rate plus a spread of 4.85%).

On August 23, 2013, the Corporation redeemed RUB 11.8 billion of the Series 1 Ruble Bonds, resulting in the original swap being de-designated from the hedging relationship. Management decided not to designate 29% or RUB 4.1 billion of the original swap in any hedging relationship. On October 1, 2013, 54% or RUB 7.7 billion of the original swap together with two forward strips were designated as a cash flow hedge against a portion of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments from October 1, 2013 to February 14, 2017 and the principal payment. On January 1, 2014, management de-designated this hedging relationship so that 54% of the original swap and the two forward strip contracts are no longer in a hedging relationship. As a result, a loss of $0.7 million was reclassified from other comprehensive income to finance expense.

On September 18, 2013, the Corporation entered into a cross currency interest rate swap with a notional amount of RUB 455 million / $14.1 million (fixed at an exchange rate of $1.00 = RUB 32.2) to convert a portion of the Series 2 Ruble Bonds into a synthetic US dollar floating borrowing (3 month US LIBOR plus a spread of 5%). On October 1, 2013, this cross currency interest rate swap was designated as a fair value hedge to hedge a portion (RUB 455 million or a 100% hedge relationship) of the foreign exchange risk arising from the Series 2 semi-annual ruble interest payments and ruble principal amount due at maturity starting from October 1, 2013 to August 14, 2020. On January 1, 2014, management de-designated this hedging relationship so that this swap is no longer in a hedging relationship. As a result, a loss of $0.2 million was reclassified from the Ruble Bonds to finance expense.

Interest expense of $28.9 million was recognized in 2015, which consists of an interest expense of $27.3 million related to the Ruble Bonds Series 1 and Series 2 and $1.6 million interest expense on the Swap.

Net foreign exchange gains on Ruble Bonds of $26.2 million were recognized in the consolidated income statement for 2015, consisting of foreign exchange gains of $40.9 million on translation of the Ruble Bonds to the closing US dollar rate on the reporting date, offset by $14.7 million of exchange losses reclassified to the consolidated income statement from the fair value hedge reserve. The mark-to-market movement on non-hedge derivatives of $15.9 million was recognized in other (expense) income in the consolidated income statement.

NON-CURRENT LIABILITIES

The amount outstanding on the Corporation's Ruble Bonds decreased because of the devaluation of the Ruble offset by the interest accrued and interest payments.

The amount outstanding on the Corporation's Senior Secured Notes decreased because of the purchase of $27.4 million of Notes by the Corporation and coupon interest payment of $19.6 million partially offset by interest accrued of $19.2 million.

On September 24, 2015, the Corporation received a loan of $50 million from an affiliate bearing an interest of 6.15% per annum and due on June 30, 2020. The loan was received for the purchase of Senior Secured Notes.

EQUITY

The decrease in shareholders' equity during 2015 of $565.7 million mainly consists of:

- Net profit of $70.7 million;
- Unrealised exchange loss on translation of foreign operations of $614.9 million;
- Translation of foreign operations reclassified to income statement of $32.5 million, and
- Revaluation net income of the cash flow hedging reserve of $11.0 million.

Net profit for 2015 includes $32.5 million release of accumulated foreign currency translation reserve from shareholders' equity that was triggered by the sale of Uranium One Australia. However, the release of foreign currency translation reserve from shareholders' equity included in gain on disposal of Uranium One Australia was offset in full by the corresponding loss recorded as part of other comprehensive income (OCI), which results in total effect on total comprehensive income of zero.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL AND CASH GENERATED FROM OPERATIONS

At December 31, 2015, the Corporation's current liabilities exceeded its current assets for $70.3 million. Included in this amount are cash, cash equivalents and restricted cash of $156.5 million. Cash held by the Corporation's joint venture operations are applied to the business of the joint ventures and cash flows between the Corporation and the joint ventures normally only occur through loans or capital contributions to the joint ventures and dividends paid by the joint ventures. Cash in excess of the working capital requirements from the Corporation's joint ventures is distributed to the Corporation through the payment of dividends.

The Corporation currently earns revenue from the sale of uranium and services from its mines in Kazakhstan and the United States.

Refer to *Results of Operations and Discussion of Financial Position - Uranium sales, inventory and operating costs* for a discussion on inventory levels and the relationship between contracted sales and inventory.

Uranium is sold into the spot market as well as under forward long-term delivery contracts. Contracted deliveries are planned to be filled from the Corporation's mining operations. The ability to deliver contracted product is therefore dependent upon the continued operation of the mining operations as planned. The Corporation has entered into market-related sales contracts with price mechanisms that reference the market price in effect at or near the time of delivery. In addition, the Corporation has negotiated floor price protection in many of its sales contracts.

CURRENT AND FUTURE SOURCES OF FUNDING

The Corporation has Ruble Bonds and Senior Secured Notes outstanding as at December 31, 2015. In addition, the Corporation's joint ventures in Kazakhstan have amounts outstanding on several debt facilities.

The Corporation considers and evaluates its capital requirements, capital structure and liquidity position, as well as its alternative sources of capital, on a continuous basis, taking into account current circumstances and expectations.

On December 13, 2013, the Corporation issued $300 million of 6.25% Senior Secured Notes due December 13, 2018 to qualified institutional buyers in the U.S.A. and Europe.

On September 24, 2015, the Corporation purchased $29.6 million of the principal amount of the Senior Secured Notes at a price of $920 per $1,000 of face value pursuant to a tender offer. The total amount of the transaction was $27.9 million, including $0.5 million of accrued interest and legal fees of $0.2 million. The Corporation financed the purchase with a loan of $50 million provided by an affiliate, bearing interest at a rate of 6.15% per annum and due on June 30, 2020. The Senior Secured Notes so purchased have not been retired and remain outstanding.

On January 2, 2014, the Corporation repurchased C$227.5 million of the C$260.0 million 2010 Debentures outstanding. The remaining 2010 Debentures had a face value of C$32.5 million and were terminated and repaid on February 5, 2015, with interest payable at a rate of 5.0% per annum.

On August 23, 2013, the Corporation partially repurchased the Series 1 Ruble Bonds which resulted in a reduced Series 1 Ruble Bond amount outstanding of RUB2.5 billion that will mature on November 30, 2016, with interest payable in Rubles at a rate of 9.75% per annum, payable semi-annually in arrears and being funded from internal resources. The Swap fixed the US dollar principal amount of the Series 1 Ruble Bonds at $81.0 million, and the interest at a US dollar rate of 6.74%. The Corporation also issued RUB12.5 billion aggregate principal amount of Series 2 Ruble Bonds on August 23, 2013 that will mature on August 20, 2020 with interest payable in Rubles at a rate of 10.25% per annum, payable semi-annually in arrears and being funded from internal sources. The Derivatives fixed the US dollar principal amount of the Series 2 Ruble Bonds at $389.9 million and the interest at a US dollar rate of 7.5% on a principal of $137.6 million, LIBOR plus 5% on a principal of $14.1 million and LIBOR plus 4.85% on a principal of $238.2 million after November 2016.

As at December 31, 2015, the amount of the outstanding credit facilities held by Karatau, Kyzylkum and Zarechnoye were $12.6 million, $115.0 million and $11.6 million, respectively. The Corporation's share of these facilities was $46.6 million. On January 23, 2015, Karatau concluded a revolving $25.0 million three year credit facility with Bank VTB Kazakhstan and the Corporation's share of this facility is $12.5 million.

As at December 31, 2015, SKZ-U had loans outstanding of $99.9 million, in addition to the loan outstanding from Uranium One in the amount of $11.2 million to finance the construction of a sulphuric acid plant in Kazakhstan.

In addition to the factors described under "Risks and Uncertainties" below, the Corporation's ability to raise capital is highly dependent on the commercial viability of its projects and the underlying price of uranium. Other risk factors, including the Corporation's ability to develop its projects into commercially viable mines, international uranium industry competition, public acceptance of nuclear power and governmental regulation can also adversely affect the Corporation's ability to raise additional funding. There is no assurance that additional sources of funding, if required, will be forthcoming. Please refer to "Risks and Uncertainties".

CONTRACTUAL OBLIGATIONS

There were no material changes in contractual obligations since December 31, 2015, with the exception of the repayment of the outstanding amount on the 2010 Debentures.

COMMITMENTS AND CONTINGENCIES

Due to the size, complexity and nature of the Corporation's operations, various legal and tax matters arise in the ordinary course of business. The Corporation accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Corporation.

The Corporation incurs expenditures to maintain and increase its production capacity, which mostly consist of its capital expenditure budget.

Uranium One is providing a credit facility to fund the Mkuju River Project and other Mantra Resource exploration activities. The credit facility is guaranteed by ARMZ.

Since March 2014, the U.S. and Canadian governments and the European Union have implemented a number of measures in response to the situation in Ukraine, as discussed under "Situation in Ukraine", above.

RELATED PARTIES

The following significant related party transactions and balances are included in the Corporation's results as at December 31, 2015:

- The Corporation and its joint ventures had sales of $451.4 million to Uranium One Holding, on market related terms;
- On December 31, 2015, the Corporation and its joint ventures had outstanding trade receivables of $25.4 million with Uranium One Holding;
- The joint venture Betpak Dala performed processing services for the joint venture SMCC during 2015 and recognized revenue of $39.7 million and operating expenses of $33.2 million. The Corporation's share of these revenue and operating expenses were $27.8 million and $23.2 million, respectively;
- The joint venture Kyzylkum performed processing services for the joint venture Khorasan during 2015 and recognized revenue of $36.7 million and operating expenses of $28.7 million. The Corporation's share of these revenue and operating expenses were $11.0 million and $8.6 million, respectively;
- The Corporation purchased U_3O_8 from Uranium One Holding valued at $76.4 million which was delivered into the Corporation contracts;
- Uranium One Holding holds $20.0 million of the Corporation's Senior Secured Notes and received interest of $1.3 million in 2015;
- ROSATOM holds $34.3 million of the Corporation's Ruble Bonds and received interest of $4.0 million in 2015;
- On September 24, 2015, the Corporation received a loan of $50 million from an affiliate bearing interest at the rate of 6.15% per annum and due on June 30, 2020, for the purpose of purchasing Senior Secured Notes of U1 Investments;
- The Corporation advanced $13.0 million to Mantra during 2015 to fund the capital expenditure of Mantra. Mantra owed $122.6 million, including accrued interest of $20.8 million, to the Corporation at December 31, 2015;
- The Corporation is the operator of Mantra's Mkuju River Project in Tanzania. The Corporation does not receive a fee for being the operator of the Mkuju River Project but is a party to an operating agreement whereby the Corporation will receive a termination fee of $42.8 million, in cash or in shares of Mantra Tanzania Ltd. (or any combination thereof), upon the expiration or termination of the operating agreement by either party upon 30 days' notice, without impact to the value of the termination fee. The operating agreement expires on December 31, 2016. If Mantra Tanzania Ltd. were to pay the termination fee wholly or partly in shares, the operating agreement does not include a mechanism to determine the number of shares which may be issued by Mantra Tanzania Ltd. to make such payment. Therefore, there is no basis to determine the fair value of any shares to be received as payment. The Corporation has not recorded any amounts recoverable for the termination fee related to the operating agreement.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of December 31, 2015 and March 30, 2016, there were issued and outstanding 957,189,036 Common Shares.

The Corporation had contingent obligations for the issuance to third parties of 57,500 common shares under certain property options and joint venture agreements. These obligations can be satisfied at the Corporation's discretion by either the issuance of shares or by the payment in cash of $400,000. Consequently, the Corporation intends to settle these contingent arrangements in cash and not issue shares.

DIVIDENDS

Holders of common shares are entitled to receive dividends if and when declared by the Board of Directors. There are no restrictions on the Corporation's ability to pay dividends except as set out under its governing statute, the Canada Business Corporations Act and, under the indenture governing the Senior Secured Notes (subject to certain exceptions).

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and / or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of trade receivables and investments
A provision is made against accounts that in the estimation of management may be impaired. The recoverability assessment of trade receivable is based on a range of factors including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted quarterly. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. To the extent that future events impact the financial condition of the customers, these provisions could vary significantly.

Investments in securities are reviewed for impairment at the end of each reporting period. When the fair value of the investment falls below the Corporation's carrying value, and it is considered to be significant or prolonged, an impairment charge is recorded to the consolidated income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is considered prolonged, the Corporation considers such factors as the duration and extent of the decline, the investee's financial performance, and the Corporation's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment.

Net realizable value of inventories
In determining the net realizable value of inventories, the Corporation estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

Estimated reserves, resources and exploration potential
Reserves are estimates of the amount of product that can be extracted from the Corporation's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

Estimating the quantity and / or grade of reserves requires the analysis of drilling samples and other geological data.

Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Corporation's financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charged in the consolidated income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Impairment of mineral interests, property, plant and equipment
For the purpose of determining the recoverable amount of assets or cash generating units, estimates are made of the discount rate. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures. The Corporation's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be recognized in the consolidated income statement.

Impairment testing is done at the cash generating unit level. Some of the Corporation's joint ventures have multiple mining areas and management must exercise judgment in determining what constitutes a cash generating unit and the degree of aggregation of various assets. This impacts the impairment analysis performed, as the results of the impairment analysis might differ based on the composition of the various cash generating units.

Expected economic lives of, estimated future operating results and net cash flows from mineral interests
In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

The Corporation's operating result and net cash flow forecasts are based on the best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down and restoration. These may include net cash flows expected to be realized from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven and probable ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralization that are contiguous with existing reserves.

The mine plan takes account of all relevant characteristics of the ore body, ore grades, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Corporation's cash flow forecasts are based on estimates of future commodity prices. These long term commodity prices, for most commodities, are derived from an analysis of the marginal costs of the producers of these commodities. These assessments often differ from current price levels and are updated periodically.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being re-estimated.

Fair value of financial instruments
For financial instruments that have fair values that cannot be reasonably approximated by their carrying values, the fair values of those financial instruments must be estimated. As much as possible, the fair values of those financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

The fair values of other financial instruments are measured using valuation models. These models require a variety of observable market inputs, market prices, forward price curves, yield curves and discount rates. Valuation methodologies and assumptions are reviewed on an ongoing basis. A significant change in this assessment may result in unrealized losses being recognized in net income.

The fair values of cross-currency interest rate swaps are based on credit risk adjusted discounted cash flows. These require the Corporation's management to make assumptions and estimates regarding US dollar exchange rates, interest rates and credit spreads. Some of the inputs to the valuation model are based on unobservable market data. The model is sensitive to assumptions and estimates made by the Corporation's management and changes in these inputs could result in different values being recognized (i) on the consolidated balance sheet as financial derivatives and reserves (ii) through the consolidated income statements for fair value changes associated with derivatives not in a hedging relationship and ineffectiveness for cash flow hedging relationships, and (iii) through other comprehensive income (loss) for the effective fair value changes of cash flow hedging relationships.

Fair value of stock-based compensation
The Corporation determines the fair value of its LTIP PSUs from two pricing scenarios: (i) the income approach that is based on the net asset value derived from the discounted cash flow model using the life of mine models and (ii) the market approach based on trading multiples of comparable public companies that compare the relative prices of public companies to their net asset values and operating cash flows. The income approach requires the use of estimates and assumptions inherent in life of mine models such as uranium prices, foreign exchange, discount rate and production volumes. The market approach also uses assumptions including trading multiples that reflect market sentiment towards uranium producers.

The Corporation determined the fair value of options granted using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options.

Fair value of assets and liabilities acquired in business combinations
Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment.

Allocation of the purchase price affects the results of the Corporation as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

Reclamation and closure cost obligations
Reclamation and closure cost obligation provisions represent management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of reclamation and closure cost obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; determination of the appropriate discount rate; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditures differing from the amounts currently provided.

The following are the critical judgments that have a significant effect on the consolidated financial statements:

Commencement of commercial operations
Determining when a project has commenced commercial operations involves judgment. Management performs this assessment on an ongoing basis for each development project. Amongst the criteria that are evaluated are: the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessarily indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the balance sheet and income statement, as upon commencement of commercial operations, development expenditures cease to be capitalized, revenue is recognized from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

Determination of joint control
The Corporation conducts the majority of its operations through joint ownership interests. Judgment is needed to assess whether these interests meet the definition of joint control, as opposed to an investment interest. Management makes this determination based on an analysis of the contracts with the other venturers, including assessing whether unanimous consent is required on financial and operating decisions.

Taxation
The provision for income taxes and composition of income tax assets and liabilities require management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Corporation's transactions.

Management judgment and estimates are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated balance sheet. Judgments are made as to whether future taxable profits will be available in order to recognize certain deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheet and the benefit of other tax losses and temporary differences not yet recognized.

Functional currency
Judgment is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

NEW STANDARDS NOT YET ADOPTED

At the date of authorization of the audited annual consolidated financial statements for the year ended December 31, 2015, a number of new Standards and *amendments to Standards* are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Corporation has not early applied the following new or amended Standards in preparing these consolidated financial statements.

IFRS 9, Financial instruments
IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

IFRS 15, Revenue from Contracts with Customers
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The core principle of the new standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard results in enhanced disclosures about revenue, provides guidance for transactions that were not previously addressed comprehensively and improves guidance for multiple-element arrangements. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Corporation is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

IFRS 16, Leases
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Corporation is in the process of determining the impact of this new standard.

LONG-TERM INCENTIVE PLAN

On March 26, 2014, the Corporation adopted a long-term incentive plan ("LTIP") for its employees. The LTIP provides for incentive awards in the form of long-term/deferred cash awards and performance share units ("PSUs"). PSUs awarded under the LTIP will vest on December 31 of the third year of a three year performance period. At the end of each year of the performance period, certain performance criteria will be assessed based on the satisfaction of the performance criteria for such year. At the end of each year one-third of the PSUs awarded and the deferred cash awarded may be adjusted by a factor of 0% to 200%, and the resulting adjusted number of PSUs or deferred cash will be "banked". Only banked amounts will vest at the end of the three year performance period, and are then converted into a cash payment per PSU equal to the fair value per common share of the Corporation determined as of the end of the third year. A total of 1,640,169 PSUs were awarded under the LTIP to employees from April 14, 2014 to December 31, 2015, of which 561,847 PSUs remain outstanding as of December 31, 2015.

RISK MANAGEMENT FACTORS

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Board has charged the senior executive management of the Corporation with developing and monitoring the Corporation's risk management process. Senior executive management reports regularly to the Board of Directors on its activities in this regard. The Audit Committee of the Board of Directors oversees management's development, implementation and monitoring of the risk management process, assisted by the Internal Audit department.

The Corporation has implemented a risk management process as well as a system of internal controls to safeguard the Corporation's assets and controls over financial reporting. The Internal Audit department performs risk-based audits as well as annual audits on the Corporation's internal controls over financial reporting ("ICFR"). The results of the Internal Audit department's audits are reported to the Audit Committee.

Based on guidance from the Audit Committee of the Board of Directors, the Internal Audit department, as well as the senior executive management (specifically the CEO), the corporate and regional teams are responsible for the implementation of detailed internal control systems. Internal Audit also assists in this regard and performs annual reviews as further discussed below.

Uranium One has had a dedicated Internal Audit department since 2006 whose work is based on an annual internal audit plan, as approved by the Audit Committee. As part of the restructuring of the operations of the Corporation's Toronto head office, the internal audit function was relocated to the Corporation's parent company's office in Moscow at the end of the second quarter of 2015. The Internal Audit department currently consists of three persons. The Head, Group Internal Audit, is situated in the Moscow corporate office, and makes rotational visits to all operations as part of his duties.

The Internal Audit department's focus is a risk-based mix of assurance and advisory services. The majority of the assurance reviews are based on internal controls over financial reporting. Internal Audit follows a standard methodology consisting of five phases, to review and report on the design and effectiveness of internal controls:

- Phase 1 - Risk assessment
- Phase 2 - Scoping and Planning
- Phase 3 - Internal control documentation (prepare, update, review)
- Phase 4 - Identify and test key controls
- Phase 5 - Report on design and effectiveness of ICFR

Advisory reviews focus on operationally significant or high risk areas of the Corporation's business. Internal Audit is also involved in the preparation and review of corporate policies, e.g. delegation of authority policy, authorization of expenditure policy.

The role of Internal Audit is to assist management and the Audit Committee in the effective discharge of their responsibilities with respect to governance, risk management and internal control. Functionally, the Head, Group Internal Audit reports directly to the Chairman of the Audit Committee and administratively to the CEO. This ensures that a high level of independence is maintained.

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-, note- or bond-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.

Macroeconomic conditions may have a substantial material adverse effect on the Corporation's business.

The global financial markets have been subject to increased volatility over the past five years, 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 collapse of the sub-prime mortgage market in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market starting in 2008, and by the sovereign debt crisis and related bank crises in Greece and other European countries. As such, the Corporation is subject to counterparty risk and liquidity risk. The Corporation is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through the Corporation's counterparties for its swap arrangements made in connection with the Series 01 Ruble Bonds and the Series 02 Ruble Bonds; (iii) through companies that have payables to the Corporation, including the Corporation's customers for uranium concentrates; (iv) through the Corporation's insurance providers; (v) through the Corporation's lenders; and (vi) 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 debt securities could be adversely affected.

As a wholly-owned subsidiary of a Russian state-owned company, the Corporation could be adversely affected by economic sanctions that may be imposed on its parent company or any Russian banks with which it deals.

Since March 2014, the US and Canadian governments and the European Union have implemented a number of measures, orders, directives and regulations in response to the situation in Ukraine. These measures generally impose visa restrictions and asset freezes on certain designated individuals and entities, restrict access by certain designated Russian institutions and entities to Western capital markets, and prohibit the supply of equipment for use in Russian offshore deepwater, Arctic or shale exploration or production projects. The Corporation's operations have not been impacted by the foregoing orders, directives or regulations and the Corporation continues to carry on business as usual. While the Corporation has banking relationships with Gazprombank and Sberbank, both of which are among the Russian banks whose access to certain Western debt and equity capital markets has been restricted as noted above, the restrictions have not affected the Corporation's relationships with those entities. However, there can be no assurance that additional sanctions may not be imposed if the situation in Ukraine escalates. Should that occur, the Corporation's assets in the United States, Canada or the European Union could be affected, and the Corporation's ability to sell uranium to, or receive payment from, customers in those jurisdictions, or to deal with its parent corporation or its Russian banks, could be restricted, any of which events would have a material adverse effect on the Corporation's business, financial condition and results of operations.

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, above- or under-ground floods, earthquakes, pit wall failures, ground movements, tailings pipeline and dam failures and cave-ins; and 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, 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, 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.

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

The Corporation's revenues are derived, directly or indirectly, 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. According to Ux, between 1970 and 2007 the spot price of U_3O_8 ranged between a low of approximately $7 per pound and a high of approximately $136 per pound. After the peak in 2007, fluctuations of the spot price of U_3O_8 were generally smaller, with the price ranging from approximately $78 per pound in 2007 to approximately $35.50 at the end of 2014. As at December 31, 2015 the spot price of U_3O_8 was trading at around $34.23 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, Australia, the United States, Germany, Japan, China, Russia, Kazakhstan 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, Kazakhstan and other CIS countries, Tanzania 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 condition 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 condition. In addition, if the Corporation were to decrease production levels at such sites, the Corporation could be in violation of its subsoil contracts relating to such site. Any termination of mining operations at the Corporation's sites could result in the Corporation having to make certain expenditures on the decommissioning and reclamation of such sites. In addition, 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 condition and shareholder returns. Should any significant write-down in Mineral Reserves and Mineral 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 Mineral Reserves and Mineral Resources estimates may be materially different from mineral quantities it may ultimately recover, its estimates of mine life may prove inaccurate and market price fluctuations and changes in operating and capital costs may render certain Mineral Reserves or Mineral Resources uneconomic to mine.

The figures presented for both Mineral Resources and Mineral Reserves in this document and the Corporation's other public disclosure documents are only estimates. There are numerous uncertainties inherent in estimating quantities of Mineral Reserves and Mineral Resources and in projecting potential future rates of mineral production, including many factors beyond the Corporation's control. 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 and is also dependent on economic conditions and market prices being generally in line with estimates. 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 Kharasan Mine, the current technical report highlights certain limitations in the process relating to the preparation of the Mineral Reserve and Mineral Resource information for this project 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 condition and results of operations.

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. Only additional exploration, sampling and assay work can result in Mineral Resources being reclassified as Mineral Reserves, but there is no assurance that such additional work will uncover concentrations of minerals of sufficient quantity, quality and economic viability to allow such a reclassification.

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 mining plans of the Corporation's subsidiaries and joint ventures. 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 and chemical characteristics of ores (such as permeability, 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 recovery;
- accidents;
- equipment failures;
- natural phenomena such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages in, or changes in the cost of, principal supplies needed for operation, including sulphuric acid, fuels, chemical reagents, water, equipment parts and lubricants;
- 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, and delays can often occur in the commencement of production, all of which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

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.

There can be no assurance 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 and infrastructure, fluctuations in the price of uranium, costs of mining and 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.

The Corporation's development projects have no operating history and the development of such 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, mining and processing conditions, expected reactants consumption and 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 obtain financing for the development of its projects on reasonable terms and conditions, or that it 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. Each of the foregoing factors could result in a material adverse effect on the Corporation's business, financial condition and results of operations.

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 natural and enriched uranium from Russia 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, this could have a material adverse effect on the Corporation's business, financial condition and results of operations.

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 or by selling uranium from existing stockpiles or inventories.

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 may face increased risk associated with labour relations.

As of December 31, 2015, the Corporation and its joint ventures (other than SKZ-U LLP) employed 2,630 people in its operations around the world. None of these employees are currently covered by collective bargaining agreements or represented by trade unions and/or local work councils, except for the employees of Mantra Tanzania, which owns the Mkuju River Project, who are represented by the Tanzania Mines, Energy, Construction and Allied Workers Union. Any strikes and other labor disruptions at any of the Corporation's operations or lengthy work interruptions at the Corporation's existing and future development projects could result in a material adverse effect on the timing, completion and cost of any such project, as well as the Corporation's business, results of operations, financial condition and liquidity.

In addition, upon completion of an acquisition, the Corporation may have difficulty establishing and/or maintaining positive relationships with the newly integrated elements of its workforce, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

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.

A major incident at a nuclear power station anywhere in the world, such as has occurred at the Fukushima Daiichi nuclear power station in Japan, which was severely damaged by an earthquake and tsunami on March 11, 2011, or an accident relating to the transportation of new or spent nuclear fuel could negatively impact the continuing public acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on the nuclear industry and the Corporation's financial condition and results of operations.

The Corporation's activities are extensively regulated in respect of health, safety and environmental standards which evolve over time and could be subject to unforeseen changes.

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 applicable to the Corporation's activities have typically become 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, business, financial condition, and 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 termination of subsoil use contracts, suspension or prohibition of operations, 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, financial condition, results of operations or prospects.

The Corporation expects that further environmental laws and regulations will likely be implemented to protect the environment and quality of life, given sustainable development and other similar goals which governmental and supra-governmental organizations and other bodies have been pursuing. If such regulations are implemented, this may, amongst other things, require the Corporation, or its customers, to change operations significantly or incur increased costs (including compliance expenditures) or could require the Corporation to increase financial reserves, which could have a material adverse effect on its business, financial condition and results of operations.

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's activities are subject to risks related to extreme weather events and 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, there can be no assurance that such plans will be sufficient to cope with all such events, and 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, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

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. In addition, the counterparties to several of the Corporation's key contracts, including the subsoil use contracts for the Corporation's mines in Kazakhstan, as well as the Corporation's joint venture partners, are government instrumentalities or government owned entities. As such, the Corporation may 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.

The Corporation may face the risk of litigation in connection with its business and other activities.

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 condition and results of 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 Mineral Reserve and Mineral 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 materials (including sulphuric acid), personnel costs, contractor 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 Mineral Reserve and Mineral Resource estimates. Many of these factors may be beyond the Corporation's control.

Acquisitions and integration.

From time to time, the Corporation evaluates opportunities to acquire additional mining assets and businesses. These acquisitions 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. If 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 and the Corporation's pursuit of any future acquisition may accordingly have a material adverse effect on the Corporation's business, financial condition and results of operations.

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

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, the SMCC, Khorasan-U, Karatau, Akbastau and Zarechnoye joint ventures are heavily reliant on services provided by Kazatomprom or its affiliates, the Corporation's joint venture partner in those joint ventures. Most of the services used in production at the Akdala, South Inkai, Karatau, Akbastau, Zarechnoye and Kharasan Mines are either purchased or leased from Kazatomprom or companies owned by or associated with Kazatomprom. The provision of services by Kazatomprom or its affiliates 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 or deterioration 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 Corporation's business, financial condition and results of operations.

Since the Corporation holds its interests in its joint ventures in Kazakhstan through joint venture agreements pursuant to which it does not have full control over the operation of the joint ventures (see "*The Corporation holds its interests in its material properties through joint ventures*", below), the success of such joint ventures is dependent on the skill, diligence and co-operation of the Corporation's joint venture partners. In addition, the Corporation must rely on certain information provided by its joint venture partners with respect to its Kazakh joint ventures (including, financial, sales and operating information) and there could be delays in obtaining such information.

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 a substantial majority of the sales contracts entered into by the Corporation in relation to production are market-related at the time of delivery. In some cases such contracts provide for a floor price and/or a ceiling price, which may be fixed or subject to escalation. In 2015, the Corporation had floor price protection in contracts for a total of 1.7 million lbs U_3O_8 at a weighted average floor price of $39.20 per pound, and ceiling price limits on contracts for a total of 1.0 million lbs U_3O_8 at a weighted average ceiling price of $74.26 per pound

The Corporation currently does not hedge a material amount of its future uranium production, and therefore is exposed to spot price movements, 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 where the market price of uranium exceeds the price under such hedging mechanisms.

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, particularly in Kazakhstan, where the SMCC, Khorasan-U, Betpak Dala, Karatau, Akbastau, Zarechnoye and Kyzylkum 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 maintains 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 provides that property interests located in Kazakhstan may only be insured with Kazakh insurers, and limits the amount of risk that may be re-insured abroad. As such, to the extent that the Corporation's interests in its properties in Kazakhstan held through its joint venture interests are insured, they are primarily insured by Kazakh insurers. 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 insurance coverage will be available to the Corporation 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.

No assurance can be given that title to the Corporation's properties will not be challenged, encumbered or revoked in the future. As previously noted, on March 26, 2014, the Special Inter-District Economic Court for the City of Astana (Republic of Kazakhstan) issued an order having the effect of invalidating the original transfers in 2004 and 2005 from Kazatomprom to the Corporation's Betpak Dala and Kyzylkum joint ventures of the subsoil use contracts for the Akdala, South Inkai and Kharasan fields. The joint ventures' appeal of the order was dismissed on June 4, 2014. The invalidation of the subsoil rights meant that Betpak Dala and Kyzylkum no longer had the right to mine uranium from the Akdala, South Inkai and Kharasan mines. Management understands that the previous right to mine uranium has not been affected by the invalidation of the subsoil rights that took place on June 4, 2014. The Ministry of Energy of the Republic of Kazakhstan consented to and approved the transfers by Kazatomprom on October 17, 2014 of (a) subsoil use rights to the Akdala and South Inkai fields to the SMCC joint venture, indirectly owned 70% by Uranium One and 30% by Kazatomprom, and (b) subsoil use rights to the Kharasan field to the Khorasan joint venture, indirectly owned 30% by Uranium One, 33.98% by Kazatomprom and 36.02% by Energy Asia Holdings Ltd. SMCC and Khorasan entered into agreements with Betpak Dala and Kyzylkum, respectively, to provide mine development, extraction and processing services to SMCC and Khorasan-U with respect to the Akdala and South Inkai mines (in the case of Betpak Dala) and the Kharasan mine (in the case of Kyzylkum) with effect from October 17, 2014 to December 31, 2015. On September 30, 2015 SMCC and Betpak Dala entered into sale and purchase agreements pursuant to which Betpak Dala agreed to sell all of its production assets to SMCC. As a result, Betpak Dala ceased to provide service to SMCC on the same date.

Uranium One's material properties are concentrated in one country.

All of the Corporation's material producing properties are currently located in one jurisdiction, Kazakhstan, and are subject to the risks of operating in a foreign country as well as the risks specific to operating in Kazakhstan, including exchange rate, regulatory and political risks. Any variation from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Corporation. 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's business, financial condition and results of operations.

The Corporation will require further licences to expand its activities.

The Corporation's exploration and mining activities, including the export of uranium, are dependent upon the grant of appropriate authorizations, licences, permits and consents, as well as continuation of the authorizations, licences, permits and consents 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. While the Corporation believes that it has all of the appropriate authorizations, licenses, permits and consents that it requires to run its current business, any expansion of the Corporation's activities could require the granting of additional authorizations, licenses, permits and consents. Furthermore, obtaining a licence could take a significant period of time. There can be no assurance that all necessary authorizations, licences, permits and consents will be granted to the Corporation on a timely basis or at all, or that authorizations, licences, permits and consents already granted will not be withdrawn or made subject to limitations, which could, in turn, have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation holds its interests in its material properties through joint ventures.

The Corporation has entered into joint ventures in respect of all of its material properties. In particular, the rights and obligations of the Corporation in relation to each of its joint ventures in Kazakhstan are set forth in the constitutive documents of the Corporation's Kazakh joint ventures. The Corporation indirectly owns a 70% interest in SMCC, the entity that holds the right to the Akdala Mine and South Inkai Mine. SMCC is overseen by a supervisory board on which the Corporation holds three of the five available seats. 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 two of the four available seats. The Corporation indirectly owns a 50% interest in Akbastau, the entity that holds the Akbastau Mine. Akbastau is managed by a board of directors, on which nominees of the Corporation (formerly nominees of ARMZ) hold four of the eight available seats (one of the four is an independent director). The Chairman of Akbastau must be chosen from the directors who are nominees of Kazatomprom. The Corporation indirectly owns a 49.98% interest in Zarechnoye, the entity that holds the Zarechnoye Mine. Zarechnoye is managed by a board of directors, on which nominees of the Corporation (formerly nominees of ARMZ) hold three of the six available seats (one of the three is an independent director). The Chairman of Zarechnoye has historically been chosen from the directors who are now nominees of the Corporation. The Corporation indirectly owns a 30% interest in Khorasan-U, the entity that holds the rights to the Kharasan Mine. Khorasan-U is overseen by a supervisory board on which the Corporation holds two of the seven available seats (the other joint venture participants in Khorasan-U hold two and three seats, respectively). The Corporation indirectly owns a 70% interest in Betpak Dala, the entity that previously held the right to the Akdala Mine and South Inkai Mine. Betpak Dala is overseen by a supervisory board on which the Corporation holds three of the five available seats. The Corporation indirectly owns a 30% interest in Kyzylkum, the entity that previously held the rights to the Kharasan -1 site of North Kharasan deposit. Kyzylkum is overseen by a supervisory board on which the Corporation holds two of the seven available seats (the other joint venture participants in Kyzylkum hold two and three seats, respectively). The Corporation indirectly owns a 19% interest in SKZ-U, the sulfuric acid plant situated at Kyzylordinskaya oblast. SKZ-U is overseen by a supervisory board on which the Corporation holds two of the seven available seats (the other joint venture participants in Kyzylkum hold two and three seats, respectively).In Kazakh joint ventures, decisions made by the supervisory boards or boards of directors generally require a simple majority vote (except for Akbastau which requires unanimous consent for all decisions); however, certain material decisions require unanimous consent, which means that consensus must be reached between participants. In Karatau and Zarechnoye, the Chairman of the Supervisory Board holds the casting vote, and in Karatau that position is required to be 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 its 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 business, financial condition and results of operations.

The Corporation and its joint venture partners must comply with the requirements of any applicable subsoil use contract or related permit or agreement pursuant to which the joint ventures operate, in addition to joint venture agreements or other arrangements governing the Corporation's relationship with its joint venture partners. The Corporation may suffer unexpected costs or other losses if a joint venture partner does not meet the obligations under the subsoil use contracts or related permits or agreements, or the obligations under the agreements governing the Corporation's relationship with them. The Corporation may also be subject to claims by its joint venture partners regarding potential non-compliance with its obligations. It is also possible that the Corporation's interests, on the one hand, and those of its joint venture partners, on the other, will not always be aligned, resulting in possible project delays, additional costs or disagreements.

In addition, failure by the Corporation's joint venture partners to comply with the obligations under the relevant subsoil use contracts or related permits or agreements or the agreements pursuant to which the joint ventures operate may lead to fines, penalties, restrictions, withdrawal of permits and termination of the subsoil use contracts and other agreements under which the joint ventures operate. In the event that any of the Corporation's joint venture partners becomes insolvent or otherwise unable to pay its debts as they come due, permits or agreements awarded to them may revert back to the relevant government authority who will then reallocate the license. As the Corporation typically either shares an undivided interest with its partners in the relevant mine or has a contractual right to production with no participation interest, the Corporation relies on its partners or other entities as license holders. The occurrence of any of the situations described above could materially and adversely affect the Corporation's business, prospects, financial condition and results of operations.

Dividend payments from the Corporation's 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 a significant source of its cash inflows for the foreseeable future (alongside financings, if any). 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's ability to make payments of interest or principal on its indebtedness is likely to be materially adversely affected.

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) to energy resources, including uranium, is granted by means of a contract entered into with the Ministry of Energy which grants rights for the exploration and/or production of minerals (uranium). Such contracts (and any amendments thereto) are required to be registered with the Ministry of Energy and are subject to numerous terms and conditions related to, among other things, drilling obligations, investments, use of Kazakh personnel, suppliers and services, tax obligations, compliance with laws, insurance coverage, solvency, environmental monitoring and mineral (uranium) production. If SMCC, Karatau, Akbastau, Zarechnoye, and Khorasan-U were to be in breach of such obligations under the applicable subsoil use contract, or if those contracts are not properly registered with the Ministry of Energy, 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 condition and results of operations. Under the subsoil use contracts, the Ministry of Energy is entitled to suspend operations under the contract if continuing such operations would be hazardous to human health or the environment. Subsoil users, including the joint ventures through which the Corporation owns and operates its mines in Kazakhstan are obliged to provide Ministry of Energy reports about compliance with subsoil use contract terms and conditions on a quarterly basis. In addition, from time to time, the Ministry of Energy conducts regular audits of subsoil rights users in Kazakhstan to ensure compliance with subsoil use contract terms and conditions. Although the Corporation believes that it is in material compliance with the terms of the relevant subsoil use contracts, no assurance can be given that the Ministry of Energy would not find otherwise, or that the Ministry of Energy 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 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.

With some exceptions as described below (see "*Risks related to the countries in which the Corporation operates*"), 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's business, financial condition, and results of operations.

The Government of Kazakhstan is entitled to purchase and requisition uranium from subsoil users at prices not exceeding world market prices.

Pursuant to the subsoil use contracts that define the Corporation's mineral properties in Kazakhstan, 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, Karatau, Akbastau, Zarechnoye and Kharasan Mines at prices not exceeding world market prices. In addition, the Government of Kazakhstan is entitled by statute 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 of Kazakhstan 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 have a material adverse effect on the Corporation's business, financial condition and results of operations.

Prior antimonopoly consent is required for certain transactions involving transfers of shares in the Corporation and/or its subsidiaries.

Prior consent from the Committee on Regulation of Natural Monopolies and Protection of Competition of the Ministry of National Economy of the Republic of Kazakhstan (the "**Antimonopoly Agency**") is needed for certain transactions that may reduce or restrict competition in commodities markets (so-called "economic concentration"). Specifically, the consent of the Antimonopoly Agency, among others, is required for an acquisition by a person (or group of persons) of voting shares (or participation interests or unit shares) in the charter capital of a market entity, whereby such person (or group of persons) gains the right to control more than 50% of such voting shares (or participation interests or unit shares), where such person (or group of persons) prior to the purchase did not hold voting shares (or participation interests or unit shares) of such market entity, or held 50% or less of the voting shares (or share participation or unit shares) in the charter capital of such market entity, provided that certain turnover or asset thresholds are met or where one of the parties to the transaction holds a dominant position in a certain market. The consent is required in respect of a transaction involving entities outside Kazakhstan, where such transaction: (i) either directly or indirectly affects fixed or intangible assets, shares (participation interests), property or non-property rights in relation to Kazakh legal entities; or (ii) restricts competition in Kazakhstan. A transaction which occurs without the Antimonopoly Agency's approval is not void under the law, but may be challenged in a Kazakhstan court. While the Corporation believes that it is unlikely that a transaction involving offshore companies will be challenged in the courts of Kazakhstan, there can be no assurances that such a challenge will not be made, which could, in turn, have a material adverse effect on the Corporation's business, financial condition and results of operations.

The transfer of the Corporation's interests in its Kazakh joint ventures is subject to certain limitations.

In addition to the statutory pre-emptive right of the Republic of Kazakhstan (See ''*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''*), unless it is made for no consideration, the transfer of the Corporation's indirect interests in its Kazakh joint ventures are subject to rights of first refusal of the Corporation's respective joint venture partners, Kazatomprom, Energy Asia Holdings Ltd. and Energy Asia (BVI) Limited, pursuant to the respective charters of such joint ventures and the laws of Kazakhstan. In addition, any transfer of the Corporation's indirect interest in its SKZ-U joint venture is subject to the consent of the Corporation's joint venture partners pursuant to the joint venture charter and a right of first refusal pursuant to the laws of Kazakhstan. In the event that any of the Corporation's joint venture partners exercise their respective pre-emptive rights in respect of any transfer of interests in such joint ventures, such exercise could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation relies on contracts with, and has credit exposure to, a small number of key customers.

A small number of customers account for a significant portion of the Corporation's revenue. In 2015, four of the Corporation's third party customers accounted for 71% of its revenues and 68% of sales volume. Uranium One Holding has off-take rights (but no obligation to buy) with respect to a substantial portion of the Corporation's attributable production pursuant to various off-take agreements between Uranium One Holding and the Corporation or its joint ventures. If the Corporation loses any of its largest customers or if any of them curtails their purchases and the Corporation is unable to sell the products in the market on comparable or superior terms, this could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Further, the Corporation's contracts and sales processes are such that the customer receives the product prior to paying. If any of the customers were unable to or failed to pay for such products, then this could have an adverse impact on the Corporation's revenue generation, results of operations or financial condition.

Corruption and Bribery Risk.

The Corporation is required to comply with anti-corruption and anti-bribery laws in the countries where it conducts its operations, including the Canadian *Corruption of Foreign Public Officials Act*, the United States *Foreign Corrupt Practices Act*, and similar legislation in Kazakhstan and Australia. In recent years, there has been a general increase in both the frequency and severity of enforcement under such laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its third party agents. Although the Corporation has adopted policies to mitigate such risks, including a formal Anti-Corruption Policy, such measures may not be effective in ensuring that the Corporation, its employees or third party agents will comply with such laws. If the Corporation is subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Corporation, which could have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation has undertaken a significant number of related-party and intra-group transactions and will continue to do so.

The Corporation has engaged and will continue to engage in a significant number of transactions with related parties, primarily with other entities beneficially owned by the Corporation's ultimate controlling shareholder, ROSATOM. The Corporation expects that its business relationships with entities over which its principal controlling shareholder has a significant influence will continue in the future. Further changes in related parties' strategy may result in a reduction, alteration or termination of their relationships with the Corporation, which could have a material adverse effect on the Corporation's business, financial condition and results of operations. In addition, the terms of any related-party and intra-group transactions can potentially be challenged by tax authorities, bankruptcy proceedings or under relevant securities laws on the basis of whether such transactions were on arm's length terms or in compliance with relevant regulations. The Corporation has also engaged in several intra-group transactions, primarily intra-group sales and financing. Relevant tax authorities might challenge such related-party or intra-group transactions or commercial dealings under applicable transfer pricing rules or principles.

The Corporation is exposed to risks associated with 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 significant part of its assets and 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, re-nationalization 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 anti-corruption legislation, 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.

Kazakhstan's subsoil use legislation may adversely affect the Corporation's assets and operations in Kazakhstan.

The principal legislation governing subsoil exploration and mining activity in Kazakhstan, is the *Subsoil Law*, adopted on July 24, 2010, as subsequently amended.

The *Subsoil Law* gives the Government of Kazakhstan significant control over the operations of a subsoil user and rights in certain circumstances to invalidate transfers of subsurface rights and to unilaterally terminate subsoil use contracts.

Under the *Subsoil Law*, transfers of subsurface rights or associated rights (being participatory interests such as shares, securities confirming title to shares and securities convertible into shares in a legal entity holding the subsoil use right to a deposit designated as a "strategic deposit" by the Government, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user, if the principal activity of such entity is related to subsoil use in Kazakhstan) is subject to the government's pre-emptive right and may not be completed without a waiver of such right and the consent of the Ministry of Energy. All of the uranium deposits subject to subsoil use contracts held by SMCC, Karatau, Akbastau, Zarechnoye, and Khorasan-U have been designated by Government resolution as "strategic deposits". In addition, the grant of security over subsurface rights or associated rights requires the prior consent of the Ministry of Energy. Such transfers may be invalidated in the event of failure to obtain a prior waiver of the government's pre-emptive right or the consent of Ministry of Energy or to provide notification of a covered transaction. The foregoing pre-emptive right and consent requirement also apply to offerings or issuances of associated rights, such a public offering of shares

Pursuant to the *Subsoil Law*, the Ministry of Energy has the right to propose amendments to, or to unilaterally terminate (on two months notice), any subsoil use contracts (including those concluded before the coming into effect of the current *Subsoil Law*) relating to deposits designated as "strategic deposits" if particular actions of a subsoil user have an impact on the economic interests of Kazakhstan which leads to a threat to national security. If such determinations are made, the Ministry of Energy may unilaterally terminate a subsoil use contract if: (i) within two months from the receipt of notice the subsoil user does not give its written consent to negotiate changes to the terms of the subsoil contract or refuses to negotiate; (ii) within four months from the receipt of the subsoil user's consent agreement is not reached on such changes; and (iii) within six months from the date agreement was reached the relevant amendments have not been signed.

The law "*On National Security of the Republic of Kazakhstan"* effective as of January 6, 2012, provides very broad criteria which define what is to be understood as a threat to Kazakhstan's national security. In particular, a ''threat to national security'' is defined as any set of internal or external factors that obstructs the realization of the national interests of Kazakhstan, with the term ''national interests'' being broadly defined as any lawful political, economic or social needs of Kazakhstan that enable the state to protect the rights of citizens, societal values and fundamentals of the Constitution of the Republic of Kazakhstan. Based on this, the actual determination of what actions of the subsoil user may have a material negative impact on Kazakhstan's national security appears to be within the Government's exclusive discretion.

All of the uranium deposits subject to subsoil use contracts held by the SMCC, Karatau, Akbastau, Zarechnoye and Khorasan-U joint ventures have been designated by Government resolution as "strategic deposits". There can be no assurance that the actions of the joint ventures in relation thereto will not be considered to have a material negative impact on Kazakhstan's economic or national security interests. In such event, there is a risk that one or more of such contracts could be amended in a manner prejudicial to the interests of the Corporation or terminated, either after negotiation or unilaterally.

The *Subsoil Law* also provides that if a dispute related to a subsoil use contract cannot be resolved by negotiation, the parties can resolve the dispute according to the laws of Kazakhstan and international treaties ratified by the Republic of Kazakhstan. This may impact the Corporation's ability to seek recourse by international arbitration in the event of a dispute.

In addition, under the *Civil Code of Kazakhstan*, encumbrance or alienation of strategic assets is allowed only with the prior approval of the Government of Kazakhstan. "Strategic assets" are defined in the Civil Code of the Republic of Kazakhstan as those assets that have social and economic value for the sustainable development of Kazakhstan society, the ownership and/or use and/or disposal of which will impact the state of Kazakhstan's national security. On August 23, 2012, uranium subs-soil use rights in Kazakhstan owned by non-state entities were added to the list of strategic assets. In accordance with the Decree of the Government of Kazakhstan #651 dated June 30, 2008 (as amended) all of the Corporation's participatory interests in the Kazakh joint ventures, including Betpak Dala, Kyzylkum, Karatau, Akbastau, Zarechnoye and later, SMCC and Khorasan-U, are deemed to be strategic assets in Kazakhstan. Under to the Civil Code, where a non-state entity which is the owner of the strategic assets intends to sell them, the Kazakhstan Government has a pre-emptive right to purchase such assets at market value. In addition, the granting of a pledge or other encumbrance over strategic assets (such as the Corporation's participatory interests in its Kazakh joint ventures) requires the prior consent of the Government of Kazakhstan. The market value of the assets is determined in accordance with the laws of Kazakhstan regarding evaluation activities. There can be no assurance that such consent will be granted, or that such pre-emptive rights will be waived, in the event that the Corporation seeks to sell or encumber any of its subs-soil use rights in Kazakhstan or its interests in any entity that holds such rights.

Developments in Kazakhstan's local content laws may impact the Corporation's operations in Kazakhstan.

Since 2002, the Government of Kazakhstan has had a policy (amended from time to time) aimed at replacing imports and encouraging and supporting greater involvement in the economy by local producers. The policy is enforced through several legislative and regulatory instruments, including, among others: (i) the Subsoil Use Law, which requires the holders of subsoil use rights to treat bids by local providers as being 20% lower than the price actually quoted by the provider, and to give preference to local companies when procuring goods and services for subsoil use operations, provided that such goods and services comply with applicable standards; (ii) local content rules that provide formulas for local content calculation in supply and service contracts as well as customer purchases; (iii) register rules that require the maintenance of a register of goods and services used in subsoil use operations and of the entities (producers) providing same and criteria for assessing whether a producer is required to be included in the register; and (iv) rules on issuing work permits to foreign workers, which set percentage quota limits for foreign personnel working in Kazakh companies, currently set at 30% of company executives and 10% of engineering and technical personnel.

Failure to comply with the foregoing legislation and rules, and any similar or successor rules or regulation, may result in legal sanctions or penalties which may adversely affect the Corporation's ability to carry on operations in Kazakhstan. It is possible that future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could result in changes in the local content and foreign work force requirements applicable to the Corporation or its projects, the implementation of which increase the Corporation's costs and have a material and adverse impact on the Corporation's current mining operations or planned development projects.

Developments in Kazakhstan's currency regulation and currency control laws.

Since the July 4, 2009 amendments to the law of the Republic of Kazakhstan "*On Currency Regulation and Currency Control*", the President of Kazakhstan has had the right to establish, by way of a special Presidential decree, a special currency regime which may include: (i) depositing a certain portion of foreign currency, free of interest, 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 prevent Kazakh companies such as SMCC, Karatau, Akbastau, Zarechnoye, Khorasan-U, Betpak Dala, Kyzylkum and SKZ-U from being able to pay dividends to their shareholders abroad or from 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.

Uranium One Investments Inc., the issuer of the Senior Secured Notes, could be deemed an ''organization resident in Kazakhstan'', which could subject it to certain restrictions.

The Law of the Republic of Kazakhstan dated July 2, 2003 ''On Securities Market'' (the ''**Kazakhstan Securities Law**'') contains certain restrictions relating to issuances and offerings of securities by foreign corporations which may fall under a definition of an ''organization resident in Kazakhstan,'' including the need to obtain certain consents and make a local offering in Kazakhstan (the ''**Regulatory Consents and Local Offer Requirement**''). The Regulatory Consents and Local Offer Requirement applies to those foreign legal entities who have at least two thirds of their assets located in Kazakhstan, where any such issuance or offering of securities was carried out in accordance with Kazakh law or when control over such entities is exercised from Kazakhstan. While there is a risk that Kazakhstan authorities may treat any foreign corporation having indirect control over assets in Kazakhstan through a chain of overseas holding companies as being subject to the Regulatory Consents and Local Offer Requirement, each of the Kazakh companies, such as SMCC, Betpak Dala, Karatau, Akbastau, Zarechnoye, Khorasan-U and Kyzylkum itself is not an ''issuer'' with respect to the Senior Secured Notes under the Kazakhstan Securities Law. In addition, the Corporation does not believe that it and its subsidiaries who are the guarantors for Uranium one Investments' obligations under the Senior Secured Notes are issuing ''securities'' under such laws nor that Uranium One Investments constitutes an ''organization resident in Kazakhstan'' as it does not have assets in Kazakhstan. However, there can be no assurances that the interpretation of Kazakhstan Securities law will not change in the future and any failure to comply with the Regulatory Consents and Local Offer Requirement may result in a fine on the legal entity in the amount of 50% of the proceeds from the offering of securities (i.e. of the proceeds from the offering and sale of the Senior Secured Notes). If the Corporation or Uranium One Investments failed to pay such fine, there is a risk that such fine could be executed against the property of the Corporation's subsidiaries and joint ventures 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, Australia and Tanzania 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 *Corruption of Foreign Public Officials Act* in Canada or the *Foreign Corrupt Practices Act* in the United States, or similar restrictions in other jurisdictions, or restrictions on the ability to pay dividends offshore. 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 in any of the countries in which the Corporation operates 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 or amendments to existing laws on one or another of these subjects are prepared by government ministries and submitted to parliament for approval. Legislation in respect of some or all of these areas could be passed or amended at any time, and amendments to existing legislation have been frequent. 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's business, financial condition 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, SMCC, Betpak Dala, Karatau, Akbastau, Zarechnoye, Khorasan-U or Kyzylkum, 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 (if income is earned in local currency);
- 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 unexpected or excessive tax liabilities 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, a mineral extraction tax, an excess profits 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.

Tax laws in Republic of Kazakhstan have been continually changing and have been inconsistently applied and interpreted. In particular, current subsoil use contracts do not have tax stability from January 9, 2009 and tax liabilities are calculated generally in a manner which could lead to adverse changes in subsoil users' tax positions. Differing interpretation of Kazakh laws and regulations by the Corporation and Kazakh authorities could lead to the imposition of additional taxes, penalties and fees.

In December 2015, retrospective amendments have been introduced to the Tax Code to improve the practical implementation of the wellfield development costs, which is expected to lead to the cancellation of certain earlier-accrued additional taxes, penalties and fees.

Kazakh laws and taxation practices are continually evolving and therefore subject to various interpretation and frequent changes which could have retroactive effect. Tax bodies have the right to retroactively inspect taxpayers within five years after the end of a taxation year.

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 the mineral extraction tax and bonus (subscription bonus and commercial discovery bonus) payments. These taxes and mandatory payments are determined in the Tax Code and the respective subsoil contracts.

Title to unpatented mining claims in the United States may be uncertain and subject to risks.

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 G*eneral 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.

Several lawsuits have been filed in recent years by environmental groups challenging regulations promulgated under the *General Mining Law of 1872*. The lawsuits seek to impose different rules on unpatented mining claims and seek injunctions of all permitting of mines on federal lands until new rules are promulgated. An unfavorable outcome in such litigation could also result in changes in the mining 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 effect on the Corporation's cash flow, results of operations and financial condition.

There is currently no market for the Corporation's common shares.

Upon the completion of the Arrangement on October 18, 2013, the Corporation's common shares were delisted from the TSX and the JSE Limited. As a result, there is currently no market for the Corporation's common shares, and there can be no assurance that the common shares will ever again be listed on any stock exchange or other securities market or that any market for such shares will develop.

The Corporation is wholly owned and controlled by one entity.

ROSATOM is the Corporation's ultimate controlling shareholder, indirectly controlling 100% of the Corporation. The interests of ROSATOM could conflict with the interests of the holders of the other securities of the Corporation, particularly if the Corporation encounters financial difficulties or is unable to pay its debts when due.

ROSATOM has, directly or indirectly, the power, among other things, to alter the Corporation's legal and capital structure and its day-to-day operations, as well as the ability to elect and change its management and to approve any other changes to its operations. ROSATOM controls the Corporation's decisions to enter into any corporate transaction and can prevent any transaction that requires shareholder approval, regardless of whether others believe that the transaction is in the Corporation's best interests. For example, ROSATOM could vote to cause the Corporation to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the indenture governing the Senior Secured Notes so permits.

ROSATOM could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to the holders of the other securities of the Corporation. In addition, the Corporation has undertaken and will continue to undertake a significant number of related-party transactions with ROSATOM, who controls the Corporation's decisions regarding whether to enter into such transactions. Furthermore, ROSATOM may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with the Corporation. If the interests of ROSATOM conflict with the Corporation's interests or the interests of the holders of the other securities of the Corporation, the Corporation and such other holders could be disadvantaged.

The Corporation's financial condition and liquidity may be adversely affected by disruptions in the global financial markets.

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.

There is a history of operating losses at the Corporation.

The Corporation and its predecessors have sustained operating losses during recent fiscal years, although the Corporation realized a profit in 2011. The Corporation may 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.

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, Australian dollars, Tanzanian shillings 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.

Prior to August 20, 2015, the currency of Kazakhstan, the Kazakh tenge, was not freely convertible and the exchange rate at which tenge could be exchanged for U.S. dollars was 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 resulting in an effective 25% devaluation of the tenge. In February 2014, the National Bank of Kazakhstan announced that the tenge will trade at an exchange rate of $1.00 = KZT185.00, within a range of 3 tenge on either side of the target rate, a devaluation of 19% from the previous target rate of $1.00 = KZT150.00. On August 20, 2015, the Central Bank of Kazakhstan let the tenge float freely. As a result, the Kazakh tenge devaluated from $1.00 = KZT189.89 on August 20, 2015 to $1.00 = KZT272.0 on September 30, 2015.

The Corporation currently does not hedge against currency exchange risks except for the cross-currency interest rate swap agreements entered into in connection with the Series 01 Ruble Bonds and the Series 02 Ruble Bonds (as described below), although it may do so from time to time in the future.

Since the functional currency of the Corporation's joint ventures in Kazakhstan is the tenge, and the Corporation incurs most of its operating costs in tenge while its revenues are denominated in U.S. dollars, changes in the exchange rate of the tenge into U.S. dollars materially affect the Corporation's financial results.

There are risks associated with the Russian currency control regime and opening bank accounts in rubles

Payments of principal and interest under the Series 01 Ruble Bonds are made in rubles. Since the Corporation earns revenues primarily in U.S. dollars, the Corporation is exposed to U.S. dollar – Russian ruble currency exchange risk. In connection with the Series 01 Ruble Bond offering, Uranium One entered into a ruble / U.S. Dollar cross-currency interest rate swap agreement. The swap has a U.S. dollar fixed rate of $1.00 = RUB30.855 and was entered into by the Corporation in order to hedge the Ruble-denominated coupon payments and principal amount of the Series 01 Ruble Bonds. In connection with the Series 02 Offering, the Corporation entered into six additional derivative contracts (two forward currency strips and four cross-currency interest rate swaps) to economically hedge the Series 02 Ruble Bonds. The derivatives were entered into by the Corporation to effectively create synthetic US dollar borrowings by converting the ruble denominated principal amount and the coupon payments of the Series 02 Ruble Bonds at a fixed ruble / USD exchange rate, and therefore eliminate any exposure to ruble / USD fluctuations. The forward currency strips have an average exchange rate of $1.00 = RUB 34.94. For the cross-currency interest rate swaps, 35% of the coupon payments have a fixed interest rate of 7.5% whilst 65% of the coupon payments are linked to LIBOR plus a premium. The cross-currency interest rate swaps have a USD fixed exchange rate of $1.00 = RUB 31.8 (for the fixed interest rate portion) or RUB 32.2 (for the floating interest rate portion).

There can be no assurance that legislation or currency control regulations will not be adopted, re-interpreted or amended so as to restrict the transfer and holding of rubles offshore or currency operations between residents and non-residents, which could hinder the bondholders' ability to receive payments of principal or interest under the Series 01 Ruble Bonds and Series 02 Ruble Bonds. There can be no assurance that payments of principal and interest under the Series 01 Ruble Bonds and Series 02 Ruble Bonds will not be subject to delays and disruptions because of the requirement to make such payments via onshore correspondent accounts within the Russian banking system (which has less experience in dealing with payments relating to debt instruments issued by foreign companies), which may cause the Corporation to be in default of its obligations under the Series 01 Ruble Bonds or the Series 02 Ruble Bonds.

A change in the equity ownership of Uranium One may result in a breach of the "Change in Ownership" covenant with respect to certain debt securities of the Corporation

Under the terms of the Series 01 Ruble Bonds and the Series 02 Ruble Bonds, if ARMZ, ROSATOM, and any federal state agency of the Russian Federation cease to collectively be the beneficial owners, either directly or indirectly, of at least 33.5% (determined in the aggregate and on a non-diluted basis) of the voting share capital of Uranium One, Uranium One will be deemed to be in breach of certain covenants under the Series 01 Ruble Bonds and Series 02 Ruble Bonds and will therefore be deemed to be in default under the Series 01 Ruble Bonds. In the event of such breach, Series 01 Ruble Bond and Series 02 Ruble Bond holders will be entitled to demand repayment of their outstanding bonds.

Under the terms of the Senior Secured Notes, upon the occurrence of a "Change of Control" (defined as any transaction that results in a person, other than certain permitted holders like ROSATOM and its affiliates, becoming the beneficial owner of more than 35% of the outstanding voting stock of Uranium One if no permitted holder holds a larger tranche of stock, or a disposition of all or substantially all of the assets of the Corporation) the holders of the Senior Secured Notes will be entitled to demand repayment of the Senior Secured Notes at 101% of the outstanding principal amount of the same together with accrued and unpaid interest.

Reputational Risk.

Damage to the Corporation's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Although the Corporation believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Corporation does not have direct control over how it is perceived by others. All risks that the Corporation is subject to may have an impact on its reputation, and as such, reputational risk cannot be managed in isolation from other types of risk. Reputation loss may have a material adverse impact on the investor confidence and community relations, resulting in a material adverse impact on the Corporation's financial performance, financial condition, cash flows and growth prospects.

The Corporation depends in part on cash flow from its operating subsidiaries.

In addition to revenues from the sale of uranium products, the Corporation also depends upon the cash flow from its operating subsidiaries and joint ventures in the form of dividends or other distributions or payments, to meet its obligations, including its obligations under the Series 01 Ruble Bonds, the Series 02 Ruble Bonds, and the Senior Secured Notes. The amounts of dividends and distributions available to the Corporation will depend on the profitability and cash flows of the Corporation's subsidiaries and joint ventures and the ability of those subsidiaries and joint ventures to issue dividends under applicable law. The subsidiaries of the Corporation or the joint ventures in which the Corporation owns an interest, however, may not be able to, or may not be permitted under applicable law to, make distributions or advance upstream loans to the Corporation or Uranium One Investments to make payments in respect of their indebtedness, including the Senior Secured Notes.

The Corporation is significantly leveraged.

The Corporation has or will have significant debt service requirements under the Series 01 Ruble Bonds, the Series 02 Ruble Bonds, and the Senior Secured Notes and a loan from an affiliate. The terms of the Senior Secured Notes permit the Corporation and its restricted subsidiaries to incur substantial additional indebtedness. The Corporation's significant leverage could have important consequences for its business and operations, including, but not limited to:

- making it more difficult for the Corporation to satisfy its obligations with respect to its debt and liabilities;
- requiring the Corporation to dedicate a substantial portion of its cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing the Corporation's vulnerability to a downturn in its business or general economic or industry conditions;
- placing the Corporation at a competitive disadvantage relative to competitors that have lower leverage or greater financial resources than the Corporation;
- limiting the Corporation's flexibility in planning for or reacting to competition or changes in its business and industry;
- negatively impacting credit terms with the Corporation's creditors;
- restricting the Corporation from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, the ability of the Corporation or its subsidiaries to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

Any of these or other consequences or events could have a material adverse effect on the Corporation's ability to satisfy its debt obligations. Its ability to make payments on and refinance its indebtedness and to fund working capital expenditures and other expenses will depend on the Corporation's future operating performance and ability to generate cash from operations. The Corporation's ability to generate cash from operations is subject, in large part, to general economic, competitive, legislative and regulatory factors and other factors that are beyond its control.

The Corporation is subject to covenants which limit its operating and financial flexibility and, if it defaults under its debt covenants, it may not be able to meet its payment obligations.

The indenture for the Senior Secured Notes contains covenants that impose significant restrictions on the way the Corporation can operate, including restrictions on its ability to:

- incur or guarantee additional debt and issue preferred stock;
- create or incur certain liens.
- make certain payments, including dividends or other distributions;
- prepay or redeem subordinated debt or equity;
- make certain investments or acquisitions, including participating in joint ventures;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to Uranium One Investments or any restricted subsidiary;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of its assets or those of its subsidiaries on a consolidated basis; and
- impair security interests for the benefit of the holders of the Senior Secured Notes.

All of these limitations are subject to significant exceptions and qualifications. These covenants limit the Corporation's ability to finance future operations and capital needs and its ability to pursue acquisitions and other business activities that may be in its interest. The Corporation's ability to comply with these covenants and restrictions may be affected by events beyond its control. These include prevailing economic, financial and industry conditions. If the Corporation breaches any of these covenants or restrictions, it could be in default under the terms of the Senior Secured Notes, and the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable and proceed against any collateral securing that debt. If the debt under the Senior Secured Notes or the related guarantees or any other material financing arrangement to which the Corporation is a party were to be accelerated, its assets may be insufficient to repay its debts in full.

The Corporation may not be able to generate sufficient cash to service its indebtedness, including due to factors outside its control, and may be forced to take other actions to satisfy its obligations under its indebtedness, which may not be successful.

The Corporation has significant debt service obligations. Its ability to make payments on or to refinance its debt obligations will depend on its future operating performance and ability to generate sufficient cash. This depends on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond its control. The Corporation's leverage may also make it more difficult for the Corporation to satisfy its obligations with respect to the Senior Secured Notes and exposes it to interest rate increases to the extent that any of its debt is subject to a variable rate of interest.

The Corporation's operations (i.e. the operations of its subsidiaries and joint ventures) may not generate sufficient cash flows from operations to make payments on its debt obligations, and additional debt and equity financing may not be available to it in an amount sufficient to enable it to pay its debts when due, or to refinance such debts. If future cash flows from operations and other capital resources are insufficient to pay obligations as they mature or to fund liquidity needs, the Corporation may be forced to:

- reduce or delay its business activities, planned acquisitions and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of its debts, on or before maturity.

There can be no assurance that the Corporation would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. The Corporation's ability to restructure or refinance its debt will depend in part on its financial condition at such time. Any refinancing of debt could be at higher interest rates than the current debt and may require the Corporation to comply with more onerous covenants, which could further restrict its business operations. The terms of existing or future debt instruments and the Indenture may restrict the Corporation from adopting some of these alternatives. Furthermore, the Corporation may be unable to find alternative financing, and even if it could obtain alternative financing, it might not be on terms that are favorable or acceptable to the Corporation.

If the Corporation is not able to refinance any of its debt, obtain additional financing or sell assets on commercially reasonable terms or at all, it may not be able to satisfy its debt obligations. In that event, borrowings under other debt agreement or instruments that contain cross-default or cross-acceleration provisions may become payable on demand, and the Corporation may not have sufficient funds to repay all of its debts. In addition, any failure to make payments of interest or principal on outstanding indebtedness on a timely basis would likely result in a reduction of the Corporation's credit rating, which could harm its ability to incur additional indebtedness.

The Corporation may need to raise funds to finance an offer to repurchase the Senior Secured Notes upon the occurrence of certain events constituting a change of control.

Upon the occurrence of certain events constituting a ''Change of Control'', Uranium One Investments will be required to offer to repurchase all outstanding Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase. In addition, such an event will also likely be a breach of certain covenants under the Series 01 Ruble Bonds and the Series 02 Ruble Bonds, which would trigger a repurchase right under such bonds. If a change of control were to occur, there can be no assurance that the Corporation would have sufficient funds available at such time, or be able to raise such funds in a timely manner or on acceptable terms or at all, to repurchase or repay the debt instruments involved or that the Corporation's other existing contractual obligations would allow such required repurchases.

The repurchase of the Senior Secured Notes pursuant to such an offer could cause a default under the Corporation's other indebtedness, even if the change of control itself does not.

The ability of Uranium One Investments to receive cash from Uranium One and its subsidiaries to allow it to pay cash to the holders of the Senior Secured Notes, following the occurrence of a change of control, may be limited by the Corporation's then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when Uranium One is prohibited from providing funds to Uranium One Investments for the purpose of repurchasing the Senior Secured Notes, the Corporation may seek the consent of the lenders under such indebtedness to the purchase of the Senior Secured Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent is not obtained, Uranium One will remain prohibited from repurchasing any Senior Secured Notes. In addition, the Corporation expects that it would require third-party financing to make an offer to repurchase the Senior Secured Notes upon the occurrence of a change of control. There can be no assurance that the Corporation would be able to obtain such financing.

Any failure by Uranium One Investments to offer to purchase the Senior Secured Notes would constitute a default under the indenture therefor.

FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

This Operating and Financial Review of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to, the price of uranium, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, market conditions, corporate plans, objectives and goals, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, the timing and potential effects of proposed transactions, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the possibility of sanctions that may be imposed on the Corporation, its shareholders, affiliates or third parties with which the Corporation deals, that may have a material adverse effect on the Corporation's ability to carry on its business or perform its contractual obligations, the future steady state production and cash costs of Uranium One, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the completion of transactions, integration of acquisitions and the realization of synergies relating thereto, to international operations, to prices of uranium as well as those factors referred to in the section entitled "Risk Factors". Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required under applicable securities laws.

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

This document and the Corporation's other publicly filed documents use the terms "measured", "indicated" and "inferred" resources as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. United States investors are advised that the SEC does not recognize these terms. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable. Mineral resources are not mineral reserves and do not have demonstrated economic viability.