

Company Number: 05329401 (England & Wales)

URANIUM RESOURCES PLC

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

URANIUM RESOURCES PLC

CONTENTS

	Pages
Directors, Secretary and Advisers	1
Managing Director's Statement	2 - 6
Directors' Report	7 - 13
Independent Auditors' Report	14 - 15
Consolidated Statement of Comprehensive Income	16
Consolidated Statement of Financial Position	17
Company Statement of Financial Position	18
Consolidated and Company Statement of Changes in Equity	19
Consolidated Statement of Cash Flows	20
Company Statement of Cash Flows	21
Notes to the Financial Statements	22 - 35

URANIUM RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

Directors	Alex Gostevskikh (Managing Director) Ross Warner (Executive Director) James Pratt (Executive Director) Andrew Lewis (Non-Executive Director) Viacheslav Medvedev (Non-Executive Director) Dimitri Pashov (Non-Executive Director)
Company Secretary	John Bottomley
Registered Office	One America Square Crosswall London EC3N 2SG
Company Number	05329401
Nominated Adviser and Broker	RFC Ambrian Limited Condor House 10 St Paul's Churchyard London EC4M 8AL
Solicitors	Watson, Farley & Williams 15 Appold Street London EC2A 2HB
Group Auditors	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
Share Registrar	Computershare Services plc P.O. Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Bankers	Barclays Bank plc Level 27 1 Churchill Place London E14 5HP

**MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

This has been a year of exceptional progress for Uranium Resources as the Company enters the transformative period of producing its maiden resource estimate at its 100%-owned Mtonya uranium project.

In 2012 we successfully completed a 26,485 metre 120 hole core drilling programme at Mtonya. This campaign confirmed the lateral extents of significant sandstone-hosted roll-front uranium mineralisation which appears to be amenable to in-situ recovery ('ISR'). The roll-front widths, thicknesses and tenor seen at Mtonya are remarkably similar to other world-class roll-front deposits including those found in Wyoming's Wind River Basin and Powder River Basin where Cameco and Uranium One operate successful ISR facilities. ISR is the most commonly used economically effective and environmentally benign method of uranium extraction.

In addition, we successfully strengthened our balance sheet through a \$6.24 million placing principally to the Company's highly supportive cornerstone investor, Estes Limited. The funds were raised to support the Company's work in establishing a world-class uranium resource at Mtonya and to continue exploring the wider Luwegu Basin. We expect to announce our maiden resource estimate at Mtonya in Q1 2013 which will further prove the project's economic potential.

In accordance with our strategy to build a leading uranium exploration and development company focussed on projects which are amenable to ISR, we continue to identify and assess new resource opportunities.

Mtonya

Our 100% owned flagship Mtonya project is located approximately 60 km south of the world-class Mkuju River project, which is owned by ARMZ and operated by Uranium One and has an indicated and measured resource of 93.3 Mlb U₃O₈.

The Company's previous drilling campaigns identified several continuous redox alteration tiers on the Mtonya property, each tier being 100 to 150m in thickness, which were subsequently denoted as Tier 1, Tier 2, and Tier 3. Each of these tiers corresponds to a separate geological epoch and can host up to six mineralised roll-fronts.

**MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

In February 2012 the Company commenced its third drilling campaign at Mtonya designed to generate sufficient data to significantly extend the known mineralisation and delineate a maiden resource. The originally planned 20,000m drilling programme, which was subsequently augmented to 26,485m, had two main objectives: to define the uranium roll-front geometries with sufficient drill density and to test the lateral extents of the known uranium roll-fronts. The programme was designed on the basis of a significantly enhanced redox interface model, and throughout the programme the new drill data were continuously assessed and integrated into the Company's exploration model to improve the accuracy of drill targeting.

The 2012 drilling generated high-grade and wide intercepts in both Tier 1 and Tier 2 roll-fronts. Within Tier 1, where the drilling focussed, three continuous roll-fronts at depths between 120m and 220m have been identified and the mineralised redox interface of this tier has been traced over a distance of 4.5km. The three known stacked roll-fronts coalesce and overlap to produce wide and continuous areas of uranium mineralisation that remain open along strike to the south and to the north.

The Tier 1 results are especially significant as they define the uppermost roll-fronts, which are the shallowest and hence easiest to access and define.

The deeper Tier 2 and Tier 3 roll-fronts are very exciting exploration targets for future drilling as deeper roll-fronts are frequently larger and contain higher-grade material.

From the 2012 drilling programme, we identified 58 holes that intercepted grade thicknesses ("GT") above 100GT. The following is a summary of the most significant intercepts:

Hole	Longitude	Latitude	From	To	Length	U3O8
DH 081	36.528	-10.526	136.3 m	137.3 m	1.0 m	377 ppm
and			140.3 m	142.3 m	2.0 m	129 ppm
and			143.3 m	148.3 m	5.0 m	317 ppm
including			145.3 m	146.3 m	1.0 m	992 ppm
DH 090	36.526	-10.53	123.0 m	124.2 m	1.2 m	210 ppm
and			151.4 m	152.2 m	0.8 m	133 ppm
and			155.2 m	158.6 m	3.4 m	497 ppm
including			157.8 m	158.6 m	0.8 m	1,869 ppm
DH 097	36.526	-10.532	130.5 m	134.5 m	4.0 m	283 ppm
including			130.5 m	131.5 m	1.0 m	855 ppm
and			169.7 m	176.5 m	6.8 m	335 ppm
including			173.9 m	175.2 m	1.3 m	1321 ppm

**MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

Hole	Longitude	Latitude	From	To	Length	U3O8
DH 100	36.525	-10.533	136.5 m	140.5 m	4.0 m	840 ppm
including			137.5 m	139.5 m	2.0 m	1260 ppm
and			171.5 m	178.5 m	7.0 m	267 ppm
including			173.5 m	174.5 m	1.0 m	670 ppm
DH 105	36.531	-10.523	144.3 m	154.3 m	10.0 m	526 ppm
including			145.3 m	146.3 m	1.0 m	2678 ppm
including			152.3 m	153.3 m	1.0 m	1904 ppm
DH 106	36.531	-10.523	155.9 m	164.4 m	8.5 m	515 ppm
including			158.4 m	159.4 m	1.0 m	1197 ppm
and including			162.4 m	163.4 m	1.0 m	1057 ppm
DH 110	36.53	-10.524	122.2 m	131.2 m	9.0 m	227 ppm
DH 124	36.53	-10.524	123.0 m	126.5 m	3.5 m	466 ppm
and			62.0 m	63.2 m	1.2 m	101 ppm
DH 203	36.52	-10.545	54.5 m	60.5 m	6.0 m	315 ppm
including			54.5 m	55.5 m	1.0 m	1321 ppm
DH 208	36.521	-10.544	67.0 m	79.4 m	12.4 m	176 ppm
including			67.0 m	71.5 m	4.5 m	418 ppm
and			90.6 m	93.5 m	2.9 m	125 ppm
DH 225	36.522	-10.543	170.0 m	174.6 m	4.6 m	580 ppm
including			172.5 m	173.5 m	1.0 m	1616 ppm
DH 241	36.532	-10.522	49.3 m	56.36 m	7.0 m	549 ppm
including			50.3 m	52.3 m	2.0 m	1266 ppm
DH 300	36.525	-10.535	137.5 m	138.5 m	1.0 m	109 ppm
and			157.5 m	166.5 m	9.0 m	364 ppm
including			162.5 m	165.5 m	3.0 m	511 ppm
DH 302	36.525	-10.534	148.5 m	151.5 m	3.0 m	1167 ppm
including			148.5 m	149.5 m	1.0 m	2258 ppm

Grade thickness (GT) is the product of the grade and true thickness of intercepted mineralisation.

The successful completion of the 2012 drill programme further confirmed our belief in the world-class potential of Mtonya and our tenements in the wider Luwegu Basin. The results validated our exploration model of significant sandstone-hosted mineralisation amenable to ISR. In addition to certain signature characteristics common for all roll-front deposits, such as redox interface behaviour, composition of the sedimentary rocks and geochemical patterns, we observed mineralised roll-front geometries and tenors that are similar to the producing sandstone-hosted uranium deposits in Wyoming's Powder River Basin and Wind River Basin.

As the Company embarks on developing its first resource estimate for Mtonya, the 2013 infill and step-out drilling programme is being designed.

**MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

Lukimwa

The Lukimwa prospect is located approximately 28km southwest of Mtonya. Importantly, the prospect is situated at the southwestern end of the same structural corridor as Mtonya, and is hosted in the favourable Karoo sandstone. Ground gamma-ray spectrometric survey and geochemical sampling was undertaken in 2011. Our interpretation of the results suggests the continuity of geological features between our Mtonya and Lukimwa project areas.

Gundua

Initially identified as a contrast airborne radiometric anomaly, the Gundua project was subsequently characterised by a comprehensive data collation and analysis and development of a geological model. The Company currently interprets Gundua as a niobium-tantalum-rare earth element ('REE') target hosted by a carbonatite system in Precambrian basement rocks.

In 2012, the Company carried out an extensive field-mapping and rock-sampling programme aiming at generating drill targets at Gundua. Most of the rock sample assays are still pending and the fieldwork results are being interpreted.

Other regional licenced areas

The Company is establishing itself as a uranium-focused exploration company and we view Mtonya as our priority project. We are also confident that new exploration opportunities will be generated on our other licensed areas.

Financial Results

Uranium Resources is at the exploration stage of its development. It is not producing revenue and as such I am reporting a pre-tax loss of \$2,110,000 for the year ended 30 June 2012 (2011: loss \$1,159,000) including a non-cash cost of \$1,721,000 (2011: \$229,000) in respect of share based payments.

**MANAGING DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012**

Fundraising

The Company completed the following share placing during the financial year ended 30 June 2012:

Date	New Shares	Price per Share (GBP)	Gross Proceeds (US\$)
4th April 2012	163,750,000	£0.024	\$6,242,805

The majority of the placing was subscribed to by Uranium Resources' major shareholder and strategic investor Estes and also other institutional investors. Estes' resulting shareholding at 30 June 2012 was 417,354,167 shares or 56.0% of the issued share capital of the Company.

The Group does not currently have sufficient capital to meet the expected cost of its 2013 drilling programme. The Group therefore requires further cash funds to meet its operational and capital commitments over the next twelve months. The Directors remain confident that the Group's potential from the development of the Mtonya project, together with the Group's historic track record of raising additional funds, will enable the Group to fully finance its future operational and capital requirements beyond the period of twelve months of the date of this report.

Outlook

The past year has seen Uranium Resources emerge as a leading uranium exploration company in Africa and I believe the outlook for the Company is very positive.

Mtonya is firmly on its way to a maiden resource and we are continuously looking for other ISR opportunities in the Tanzanian Karoo basins.

Alex Gostevskikh

Managing Director

16 November 2012

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

The Directors present their Directors' report together with the audited financial statements of Uranium Resources Plc and its subsidiary undertakings ("the Group") for the year ended 30 June 2012.

Principal activity

The principal activity of the Group is uranium exploration in Tanzania. The Group operates through its parent and subsidiary companies, details of which are set out in note 11 to these financial statements.

Review of the business and future prospects

The Group results for the year and the financial position at 30 June 2012 are considered satisfactory by the Directors. A review of the year's activities and future prospects is contained in the Managing Director's Statement.

Key performance indicators

The Group's main financial key performance indicator ('KPI') at this stage of its development is the monitoring of its cash balances. The Group's cash at 30 June 2012 was \$4,288,000 (2011: \$4,137,000). Critical non-financial KPIs, at this stage, are the adherence to licence commitments and the availability of funding to meet those commitments. As the Group develops and grows, further KPIs will be monitored and reported to shareholders.

Results and dividends

The Group made a loss of \$2,110,000 for the year ended 30 June 2012 (2011: loss \$ 1,159,000).

The Directors have not recommended any dividends for the year ended 30 June 2012 (2011: \$Nil).

Changes in share capital

Details of movements in share capital and share options during the year are set out in note 14 to these financial statements.

Pensions

The Group does not operate a pension scheme and has not paid any contributions to any scheme for Directors or employees.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

Going concern

The Group plans to continue its extensive drilling programme in the next twelve months and beyond, which is expected to provide the Directors with more evidence in respect of the Group's Uranium projects and project pipeline.

The Group does not currently have sufficient capital to meet the expected cost of its 2013 drilling programme. The Group therefore requires further cash funds to meet its operational and capital commitments over the next twelve months. The Directors remain confident that the Group's potential from the development of the Mtonya project, together with the Group's historic track record of raising additional funds, will enable the Group to fully finance its future operational and capital requirements beyond the period of twelve months of the date of this report. However, there can be no guarantee that the required funds will be raised within the necessary timeframe. Consequently a material uncertainty exists that may cast significant doubt on the Group's ability to fund this cash shortfall and therefore be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

Directors' remuneration

Details of the remuneration of the Directors can be found in note 8 and share options granted to them are detailed on page 10. No directors exercised any share options in the year ended 30 June 2012.

Directors' interests in transactions

No Director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business, except in respect of service agreements and share options.

Issue of share options

The movements in share options during the period are detailed in note 15.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

Directors

The following Directors held office during the year:

James Douglas Ryston Pratt
 Ross Michael Warner
 Alexei Vladimirovich Gostevskikh
 Andrew Mark Lewis
 Viacheslav Mikhailovich Medvedev
 Dimitri Boris Pashov

Directors' interests

The beneficial and non-beneficial interests in the Company's shares of the Directors and their families, as reported by the Directors, were as follows:

		30 June 2012		30 June 2011	
		<i>Ordinary shares of 0.1p each</i>	<i>Share options re: Ordinary shares of 0.1p each</i>	<i>Ordinary shares of 0.1p each</i>	<i>Share options re: Ordinary shares of 0.1p each</i>
James Pratt	(1)	5,940,000	10,000,000	5,940,000	10,000,000
Ross Warner	(2)	5,500,000	10,000,000	5,500,000	10,000,000
Alex Gostevskikh	(3)	-	28,000,000	-	28,000,000
Andrew Lewis	(4)	-	10,000,000	-	6,000,000
Dimitri Pashov	(5)	-	-	-	-
Viacheslav Medvedev	(5)	-	-	-	-

Note that the 2011 options lapsed or were cancelled in 2012 see note 15 for further details

- (1) James Pratt's shareholding of 5,940,000 ordinary shares represents 3,000,000 ordinary shares held in his own name and 2,940,000 held by Fitel Nominees. He holds 5,000,000 share options exercisable at 2.5p on or before 30 November 2016 and 5,000,000 share options exercisable at 5p on or before 30 November 2016.
- (2) Ross Warner held 5,500,000 ordinary shares and 5,000,000 share options exercisable at 2.5p on or before 30 November 2016 and 5,000,000 share options exercisable at 5p on or before 30 November 2016.
- (3) Alex Gostevskikh does not own any ordinary shares. He holds 8,000,000 share options exercisable at 2.5p on or before 30 November 2016, 10,000,000 share options exercisable at 5p on or before 30 November 2016 and 10,000,000 share options exercisable at 10p on or before 30 November 2016.
- (4) Andrew Lewis does not own any ordinary shares. He holds 5,000,000 share options exercisable at 2.5p on or before 30 November 2016, 5,000,000 share options exercisable at 5p on or before 30 November 2016.
- (5) Viacheslav Medvedev and Dimitri Pashov are both representatives for Estes Limited on the board of Uranium Resources Plc. As at 30 June 2012 Estes Limited was beneficially interested in 417,354,167 shares of the company.

Internal controls and corporate governance

The Board is responsible for identifying and evaluating the major business risks faced by the Group and for determining and monitoring the appropriate course of action to manage these risks.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2012

Principal risks and uncertainties facing the Group

The business of uranium exploration involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not be able to prevent. Principal risks and uncertainties facing the Group include but are not limited to:

- No assurance that uranium will be discovered and if it is, that it is not economically viable to be recovered.
- Delays in construction or commissioning of drilling projects may result in the Group's projected target dates for production being delayed or further capital expenditure being required.
- Reliance on facilities operated by others over which the Group has no control.
- Market price of uranium and foreign exchange rates which are affected by numerous factors beyond the Group's control but could have a material effect on the financial condition and value of its uranium reserves.
- Operations may be disrupted by a variety of risks and hazards which are beyond the control of the Group, including environmental hazards, accidents, technical failures, and inclement or hazardous weather conditions.
- The political situation in Tanzania exposes the Group to political economic and other uncertainties, including but not limited to terrorism, war, military repression, and changes in energy policies, regulations, taxation, or operations of foreign-based companies.
- The Tanzanian government may not renew licenses that have expired in the normal course of renewal.
- Future exploration and development and/or acquisition of new properties may be dependent upon the Group's ability to obtain suitable financing and at reasonable terms.
- The Group competes with other companies in the search for uranium and other interests as well as for the recruitment and retention of qualified employees.

Use of financial instruments

Uranium Resources' financial risk management objectives are to minimise its liabilities, to fund exploration activity through equity financing and to ensure sufficient working capital for the Group's overhead and capital expenditure commitments. This is achieved by prudent financial management of the Group's cash balances, which includes holding our cash balances in the currency in which they will be spent.

Environment policy statement

The Company closely monitors its exploration activities to ensure to the best of its knowledge there is no potential for environmental breaches. There have been no breaches of the local Tanzanian regulations recorded against the Group during the reporting period or in prior years.

Subsequent events

Details of subsequent events are disclosed in Note 18 of the financial statements.

Political and charitable donations

There were no political or charitable contributions made by the Group during the current or prior year.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

Annual general meeting

This report and the financial statements will be presented to shareholders for their approval at the Company's Annual General Meeting ("AGM"). The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Audit committee

The purpose of the Audit Committee, which is chaired by Andrew Lewis, is to provide formal and transparent arrangements for considering how to apply the financial report and internal control principles set out in the UK Corporate Governance Code, and to maintain an appropriate relationship with the Company's auditors. The key terms are as follows:

- to monitor the integrity of the financial statements of the Company, and any formal announcement relating to the Company's performance;
- to monitor the effectiveness of the external audit process and make recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditors;
- to keep under review the relationship with the external auditors including (but not limited to) their independence and objectivity;
- to keep under review the effectiveness of the Company's financial reporting and internal control policies and systems; and
- to review, at least annually, the need for an internal audit function.

Remuneration committee

The purpose of the Remuneration Committee, which is chaired by James Pratt, is to establish a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual full-time Executive Directors. The key terms are as follows:

- to determine and agree with the Board the framework or broad policy for the remuneration of the full-time Executive Directors;
- to determine the total individual remuneration package of each full-time Executive Director including, where appropriate, bonuses, incentive payments and share options;
- to determine targets for any performance related pay schemes; and
- to determine the policy for and scope of pension arrangements for full-time Executive Directors.

Creditor payment policy and practice

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

Statement of directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable laws and International Financial Reporting Standards ("IFRS") as adopted by the European Union. Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- d) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and hence for taking steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Information to shareholders - Website

The Company has its own website (www.uraniumresources.co.uk) for the purposes of improving information flow to shareholders as well as to potential investors.

Statement of disclosures to auditor

So far as all the Directors, at the time of approval of their report, are aware:

- a) there is no relevant audit information of which the Group's auditors are unaware; and
- b) each Director has taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the Company and that the Directors be authorised to fix their remuneration will be put to the next Annual General Meeting.

By order of the board

Ross Warner

Director

16 November 2012

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF URANIUM RESOURCES PLC
FOR THE YEAR ENDED 30 JUNE 2012**

We have audited the financial statements of Uranium Resources plc for the year ended 30 June 2012 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Statement of responsibilities of those charged with governance, set out in page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2012 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF URANIUM RESOURCES PLC (Continued)

FOR THE YEAR ENDED 30 JUNE 2012

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.2 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group incurred a loss of US\$2,110,000 during the year ended 30 June 2012 and is still incurring losses. Along with similar sized exploration and mining companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. As discussed in note 1.2 the Company will need to raise further funds in order to meet its budgeted operating and drilling costs for the next year. These conditions, along with other matters discussed in note 1.2 indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Colin Wright (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young

Chartered Accountants

Statutory Auditor

Quadrant House

4 Thomas More Square

London E1W 1YW

16 November 2012

URANIUM RESOURCES PLC

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

		2012	2011
		US\$'000	US\$'000
	Notes		
Other administrative expenses		(788)	(857)
Share Based Payments		(1,721)	(229)
Group operating loss	3	(2,509)	(1,086)
Interest payable and foreign exchange losses	4	-	(75)
Interest receivable and foreign exchange gains	4	399	2
Loss before taxation		(2,110)	(1,159)
Taxation	5	-	-
Loss for the year		(2,110)	(1,159)
Other comprehensive income			
Exchange differences on translating foreign operations		(231)	204
Total comprehensive loss attributable to the equity holders of the parent		(2,341)	(955)
Loss per share (cents)			
Basic and Diluted	6	(0.34)	(0.24)

The results shown above related entirely to continuing operations and are attributable to equity shareholders of the Company.

URANIUM RESOURCES PLC

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	2012 US\$'000	2011 US\$'000
ASSETS			
Non-current assets			
Property, plant & equipment	9	-	-
Exploration and evaluation assets	10	14,226	7,704
		<u>14,226</u>	<u>7,704</u>
Current assets			
Receivables	12	53	411
Cash and cash equivalents		4,288	4,137
		<u>4,341</u>	<u>4,548</u>
Total Assets		<u>18,567</u>	<u>12,252</u>
LIABILITIES			
Current liabilities			
Trade and other payables	13	(865)	(160)
Total Liabilities		<u>(865)</u>	<u>(160)</u>
Net Assets		<u>17,702</u>	<u>12,092</u>
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	14	1,206	946
Share premium		21,713	15,743
Foreign exchange reserve		(335)	(104)
Retained losses		(4,882)	(4,493)
Total Equity		<u>17,702</u>	<u>12,092</u>

The financial statements were approved by the Board of Directors on 16 November 2012 and signed on its behalf by:

Ross Warner
Director

Company Registration Number: 05329401

URANIUM RESOURCES PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Notes	2012 US\$'000	2011 US\$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	11	13,812	8,059
Current assets			
Receivables	12	4	17
Cash and cash equivalents		3,977	4,108
		3,981	4,125
Total Assets		17,793	12,184
LIABILITIES			
Current liabilities			
Trade and other payables	13	(64)	(67)
Total Liabilities		(64)	(67)
Net Assets		17,729	12,117
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	14	1,206	946
Share premium		21,713	15,743
Foreign exchange reserve		(505)	(102)
Retained losses		(4,685)	(4,470)
Total Equity		17,729	12,117

The financial statements were approved by the Board of Directors on 16 November 2012 and signed on its behalf by:

Ross Warner
Director

Company Registration Number: 05329401

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**
Consolidated statement of changes in equity

	Share capital US\$'000	Share premium US\$'000	Foreign currency translation reserve US\$'000	Retained losses US\$'000	Total equity US\$'000
At 1 July 2010	668	8,598	(308)	(3,563)	5,395
Total comprehensive income	-	-	204	(1,159)	(955)
<i>Transactions with owners:</i>					
Share based payments	-	-	-	229	229
Issue of share capital	278	7,200	-	-	7,478
Cost of share issue	-	(55)	-	-	(55)
Total transactions with owners	278	7,145	-	229	7,652
At 30 June 2011	946	15,743	(104)	(4,493)	12,092
Total comprehensive income	-	-	(231)	(2,110)	(2,341)
<i>Transactions with owners:</i>					
Share based payments	-	-	-	1,721	1,721
Issue of share capital	260	5,983	-	-	6,243
Cost of share issue	-	(13)	-	-	(13)
Total transactions with owners	260	5,970	-	1,721	7,951
At 30 June 2012	1,206	21,713	(335)	(4,882)	17,702

Company statement of changes in equity

	Share capital US\$'000	Share premium US\$'000	Foreign currency translation reserve US\$'000	Retained losses US\$'000	Total equity US\$'000
At 1 July 2010	668	8,598	(478)	(3,491)	5,297
Total comprehensive income	-	-	376	(1,208)	(832)
<i>Transactions with owners:</i>					
Share based payments	-	-	-	229	229
Issue of share capital	278	7,200	-	-	7,478
Cost of share issue	-	(55)	-	-	(55)
Total transactions with owners	278	7,145	-	229	7,652
At 30 June 2011	946	15,743	(102)	(4,470)	12,117
Total comprehensive income	-	-	(403)	(1,936)	(2,339)
<i>Transactions with owners:</i>					
Share based payments	-	-	-	1,721	1,721
Issue of share capital	260	5,983	-	-	6,243
Cost of share issue	-	(13)	-	-	(13)
Total transactions with owners	260	5,970	-	1,721	7,951
At 30 June 2012	1,206	21,713	(505)	(4,685)	17,729

URANIUM RESOURCES PLC

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	US\$'000	US\$'000
Cash flows from operating activities		
Loss for the year	(2,110)	(1,159)
Share based payments charge	1,721	229
Interest income	(3)	(2)
Depreciation	-	2
Foreign exchange (gain)/loss	(396)	75
Increase in receivables	(33)	-
Decrease in payables	(37)	(39)
	<u>(858)</u>	<u>(894)</u>
Investing activities		
Funds used for exploration and evaluation	(5,619)	(2,872)
Interest received	3	2
Net cash used in investing activities	<u>(5,616)</u>	<u>(2,870)</u>
Financing activities		
Cash proceeds from issue of shares	6,243	7,478
Share issue costs paid	(13)	(55)
Net cash inflow from financing	<u>6,230</u>	<u>7,423</u>
(Decrease)/increase in cash and cash equivalents	(244)	3,659
Foreign exchange movements on cash	395	(73)
Cash and cash equivalents at beginning of the year	4,137	551
Cash and cash equivalents at the end of the year	<u>4,288</u>	<u>4,137</u>

URANIUM RESOURCES PLC

**COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012**

	2012	2011
	US\$'000	US\$'000
Cash flows from operating activities		
Loss for the year	(1,936)	(1,208)
Share based payments charge	1,721	229
Interest income	(3)	(2)
Foreign exchange (gain)/loss	(396)	145
Decrease/(increase) in receivables	13	(1)
(Decrease)/increase in payables	(3)	17
Net cash used in operating activities	<u>(604)</u>	<u>(820)</u>
Investing activities		
Loans granted to subsidiaries	(6,156)	(2,951)
Interest received	3	2
Net cash used in investing activities	<u>(6,153)</u>	<u>(2,949)</u>
Financing activities		
Cash proceeds from issue of shares	6,243	7,478
Share issue costs paid	(13)	(55)
Net cash inflow from financing	<u>6,230</u>	<u>7,423</u>
(Decrease)/increase in cash and cash equivalents	(527)	3,654
Foreign exchange retranslation	396	(73)
Cash and cash equivalents at beginning of the year	4,108	527
Cash and cash equivalents at the end of the year	<u>3,977</u>	<u>4,108</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1. Background and accounting policies

The Company is registered in England and Wales, having been incorporated on 11 January 2005 under the Companies Act with registered number 05329401 as a public company limited by shares. The Company's shares are traded on the AIM Market ("AIM") of The London Stock Exchange plc.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all years presented, unless otherwise stated below.

The Company's and Group's financial statements for the year ended 30 June 2012 and for the comparative year ended 30 June 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and IFRIC (International Financial Reporting Interpretations Committee) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

1.1 Basis of preparation

The Group financial statements are prepared on the going concern basis, under the historical cost convention as modified for fair value accounting, if applicable, and in accordance with IFRS, including IFRS6 'Exploration for and Evaluation of Mineral Resources'. The Parent Company's financial statements have also been prepared in accordance with IFRS and the Companies Act 2006.

The Group and Parent Company financial statements are presented in US\$ and have been rounded to the nearest US\$'000.

The consolidated financial statements incorporate the accounts of the Company and its subsidiaries and have been prepared by using the principles of acquisition accounting ("the purchase method"), which includes the results of the subsidiaries from their dates of acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

1.2 Going concern

The Group plans to continue its extensive drilling programme in the next twelve months and beyond, which is expected to provide the Directors with more evidence in respect of the Group's Uranium projects and project pipeline.

The Group does not currently have sufficient capital to meet the expected cost of its 2013 drilling programme. The Group therefore requires further cash funds to meet its operational and capital commitments over the next twelve months. The Directors remain confident that the Group's potential from the development of the Mtonya project, together with the Group's historic track record of raising additional funds, will enable the Group to fully finance its future operational and capital requirements beyond the period of twelve months of the date of this report. However, there can be no guarantee that the required funds will be raised within the necessary timeframe. Consequently a material uncertainty exists that may cast significant doubt on the Group's ability to fund this cash shortfall and therefore be able to meet its commitments and discharge its liabilities in the normal course of business for a period not less than twelve months from the date of this report.

The financial statements do not include the adjustments that would result if the Group was unable to continue in operation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**
1.3 New IFRS standards and interpretations
NEW STANDARDS AND INTERPRETATIONS

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

(i) The following new standards, interpretations and amendments to published standards effective in the year have been adopted by the Group:

International Accounting Standards (IAS/IFRS)		Effective date
IAS 24	Revised - Related Party Disclosures	1 Jan 2011
IFRIC 14	Amendment - IAS 19 Limit on a defined benefit asset	1 Jan 2011
IFRS 7 *	Amendment - Transfer of financial assets	1 Jul 2011
Improvements to IFRSs (2010)	Miscellaneous amendments resulting from the IASB's annual improvements projects	1 Jan 2011

(ii) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

International Accounting Standards (IAS/IFRS)		Effective date
IAS 12 *	Deferred Tax: Recovery of Underlying Assets	1 Jan 2012
IAS 1 *	Amendment - Presentation of Items of Other Comprehensive Income	1 Jul 2012
IFRS 9 *	Financial instruments	1 Jan 2013
IFRS 10 *	Consolidated financial statements	1 Jan 2013
IFRS 12 *	Disclosure of Involvement with Other Entities	1 Jan 2013
IAS 28 *	Investments in Associates (revised 2011)	1 Jan 2013
IAS 27 *	Separate Financial Statements (revised 2011)	1 Jan 2013
IFRS 13 *	Fair Value Measurement	1 Jan 2013
IAS 19 *	Employee Benefits	1 Jan 2013

* Not yet endorsed by European Union. The adoption of IFRS 9 will eventually replace IAS 39 in its entirety and consequently may have a material effect on the presentation, classification, measurement and disclosures of the Group's financial instruments, however its impact on the financial statements has not yet been assessed. The Group has reviewed the likely impact of IFRS 11, and as a joint operator considers that the current policy for accounting for its joint arrangements will remain unchanged therefore except for the amended disclosure requirements of IAS 24 (Revised), the new standards, amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers in future periods.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1.4 Exploration and evaluation expenditure

Once a licence has been obtained, all costs associated with exploration and evaluation are capitalised on a project-by-project basis, where a project may be a collection of geographically and geologically similar licences. The costs are carried forward on a project-by-project basis until it has been established that commercial reserves do not exist or are insufficiently supported by the potential carrying value of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads.

Where possible general Tanzanian costs attributable to projects are allocated to each project however where this is impractical these general costs are held in a separate cost pool and are carried forward in one general pool of assets until it has been established that commercial reserves do not exist or are insufficiently supported by the potential carrying value of all Tanzanian projects.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible assets to tangible assets as “Developed Uranium Assets” and amortised over the estimated life of the commercial reserves on a unit of production basis, as discussed in note 1.7 below.

1.5 Impairment of exploration and evaluation expenditure

The carrying value of unevaluated areas is assessed on at least an annual basis or when there has been an indication that impairment in value may have occurred. The impairment of unevaluated prospects is assessed as based on the Directors’ intention with regard to future exploration and development of individual significant areas and the ability to obtain funds to finance such exploration and development.

1.6 Impairment of developed uranium assets

When events or changes in circumstances indicate that the carrying amount of developed uranium assets included within tangible assets may not be recoverable from future net revenues from uranium reserves attributable to that asset, a comparison between the net book value of the asset and the discounted future cash flows from the estimated recoverable uranium reserves is undertaken. To the extent that the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount, with the write off charged to the statement of comprehensive income.

1.7 Amortisation of developed uranium assets

Developed uranium assets are amortised on a unit of production basis using the ratio of uranium production in the period to the estimated quantity of commercial reserves at the end of the period plus production in the period. Changes in estimates of commercial reserves or future development costs are dealt with prospectively.

1.8 Decommissioning costs

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is recognised. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also created and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

1.9 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost and comprise cash in hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the statement of cashflows, cash and cash equivalents also includes any bank overdrafts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1.10 Property, plant and equipment

Property, plant and equipment are recorded at cost less depreciation and any impairment. The carrying amount of property, plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The following useful lives are used in the calculation of depreciation:

Plant and equipment 3 –5 years

1.11 Investments in subsidiaries

Investments in subsidiary companies are stated at cost less provision for impairment in the Company's statement of financial position.

1.12 Share based payments

The Company has made share-based payments to certain directors and employees by way of share options. The fair value of these payments is calculated by the Company using the Black Scholes option pricing model, as the Directors believe that the options are likely to be exercised nearer their expiry dates. The expense is recognised on a straight line basis over the period from the date of award to the date of vesting, based on the Company's best estimate of shares that will eventually vest.

1.13 Foreign currencies

(i) Functional and presentational currency

Items included in the Group's and Parent Company's financial statements are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The Directors consider the Pound Sterling to be the Parent Company's functional currency. The Group and Company financial statements are presented in US\$.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Transactions in the accounts of individual Group companies are recorded at the rate of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

1.14 Deferred taxation

Deferred income taxes are provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income taxes are determined using tax rates that have been enacted or substantially enacted and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled. The principal temporary differences arise from depreciation or amortisation charged on assets and tax losses carried forward. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

1.15 Receivables

Receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the assets' carrying amount and the recoverable amount. Provisions for impairment of receivables are included in the statement of comprehensive income.

1.16 Payables

Payables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method.

1.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

1.18 Critical accounting judgements and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. IFRS also require management to exercise its judgement in the process of applying the Group's accounting policies. The prime areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are as follows:

Impairment of intangible assets

The Group determines whether intangible assets are impaired when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include the point at which a determination is made as to whether or not commercial reserves exist. The carrying amount of intangible assets at 30 June 2012 is included in note 10 to the financial statements.

Share based payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model. Refer to Note 15 for variables entered into the model.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**
2. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment and that make strategic decisions, has been identified as the Board of Directors.

The Group had no operating revenue during the period.

The Group operates in one segment, the exploration and evaluation of uranium. The Parent Company operates a head office based in the United Kingdom which incurred certain administration and corporate costs. The Group's operations span two countries, Tanzania and the United Kingdom.

Segment results

	Segment results	
	2012	2011
	US\$'000	US\$'000
Uranium (Tanzania)	(153)	(21)
Administration and Corporate (UK)	(2,356)	(1,065)
Total operating loss of all segments	(2,509)	(1,086)
Finance expense	-	(75)
Finance income	399	2
Loss before and after tax	(2,110)	(1,159)

The Group's share based payment charge is included within the United Kingdom ('UK') segment result. The Group's depreciation, amortisation and capital expenditure is incurred entirely within the Tanzanian segment.

Segment assets and liabilities

	Non-Current Assets		Non-Current Liabilities	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Uranium (Tanzania)	14,226	7,704	-	-
Administration and Corporate (UK)	-	-	-	-
Total of all segments	14,226	7,704	-	-

Segment assets and liabilities

	Total Assets		Total Liabilities	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Uranium (Tanzania)	14,586	8,127	68	67
Administration and Corporate (UK)	3,981	4,125	797	93
Total of all segments	18,567	12,252	865	160

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

3. Group operating loss

	2012	2011
	US\$'000	US\$'000

The Group's operating loss is stated after charging / (crediting):

Auditors' remuneration - audit services	28	28
- review of interim results	-	3
- tax services	5	5
Share-based payments charge (note 15)	1,721	229
Directors' remuneration (excluding share-based payments)	468	489
	<hr/>	<hr/>

4. Interest

	2012	2011
	US\$'000	US\$'000

Foreign exchange gain/(loss)	396	(75)
Bank interest received	3	2
	<hr/>	<hr/>

5. Taxation

	2012	2011
	US\$'000	US\$'000

UK corporation tax	-	-
Overseas tax	-	-
Deferred tax	-	-
Total tax charge	<hr/>	<hr/>

The tax charge can be reconciled to the loss for the year as follows:

Loss for the year	(2,110)	(1,159)
Tax at the standard rate of UK corporation tax of 25.5% (2011: 28%)	(538)	(325)
<i>Effects of:</i>		
Disallowed expenses	439	64
Tax losses carried forward not yet recognised as a deferred tax asset	99	261
Total tax charge	<hr/>	<hr/>

At the year end date, the Group has unused tax losses of US\$ 4,338,000 (2011: US \$3,950,000) available for offset against suitable future profits. A deferred tax asset has not been recognised in respect of such losses due to the uncertainty of future profit streams. The deferred tax asset at 24% (2011: 26%) is estimated to be US\$ 1,040,000 (2011: US\$ 1,027,000).

A number of changes to the UK Corporation Tax system were announced in the March 2012 UK Budget statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012 and this rate has been taken into account in these financial statements. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was also included in the Finance Act 2012 but the rate was not enacted until 17 July 2012. A further reduction to the main rate was also proposed to reduce the rate to 22% from 1 April 2014. As none of these rate reductions had been substantively enacted at the balance sheet date they have not been taken into account in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**
6. Loss per share

The basic loss per ordinary share is 0.34 cents (2011: 0.24 cents) and has been calculated using the loss for the financial year of US\$ 2,110,000 (2011: loss US\$ 1,159,000) and the weighted average number of ordinary shares in issue of 623,265,651 (2011: 488,875,257).

The diluted loss per share has been kept the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive. Details of potentially diluted shares are discussed in note 15.

7. Holding company profit and loss account

In accordance with the provisions of the Section 408 of the Companies Act 2006, the Parent Company has not presented a statement of comprehensive income. A loss for the year ended 30 June 2012 of US\$1,936,000 (2011: US\$ 1,208,000) has been included in the consolidated statement of comprehensive income.

8. Staff costs (including Directors)

	2012	2011
	US\$'000	US\$'000
Wages, salaries and fees	744	686
Social security costs (including refunds)	(69)	54
Other benefits	4	3
Share-based payments charge (note 15)	1,721	229
	<u>2,400</u>	<u>972</u>
Transferred to intangible assets	(356)	(279)
	<u>2,044</u>	<u>693</u>

There were a total of 8 (2011: 8) employees during the year.

Key management of the Group are considered to be the Directors of the Company and their remuneration was as follows:

	Fees/ allowances/ salaries	Other benefits	Share based payments	Total 2012	Total 2011
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Hugh Warner ¹	-	-	-	-	68
Ross Warner	57	-	293	350	57
James Pratt	57	-	293	350	57
Alex Gostevskikh ³	312	4	785	1,101	500
Andrew Lewis	38	-	293	331	36
Viacheslav Medvedev	-	-	-	-	-
Dimitri Pashov ²	-	-	-	-	-
Total Key Management 2012	<u>464</u>	<u>4</u>	<u>1,664</u>	<u>2,132</u>	
Total Key Management 2011	<u>486</u>	<u>3</u>	<u>229</u>		<u>718</u>

¹Hugh Warner resigned as a director on 14 June 2011

²Dimitri Pashov was appointed as a Director on 15 June 2011

³During the period 50% of Alex Gostevskikh's Salary was capitalised to intangibles. In 2012 this amounted to \$141,937 (2011: \$ 134,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

9. Property, plant and equipment

**Group
US\$'000**

Cost and net book value

At 1 July 2010	15
Additions in 2011	2
Depreciation in 2011	(2)
Transfers to intangible asset in 2011	(15)
At 30 June 2011 and 2012	-

10. Exploration and evaluation assets

Group

**Exploration
and
evaluation
expenditure
US\$'000**

Cost and net book value

At 1 July 2010	5,008
Additions	2,483
Transfers from property, plant and equipment	15
Currency translation adjustment	198
At 30 June and 1 July 2011	7,704
Additions	6,522
At 30 June 2012	14,226

The Group's intangible asset consists entirely of capitalised exploration and evaluation expenditure. The exploration and evaluation ("E&E") asset represents costs incurred in relation to the Group's Tanzanian licences. These amounts have not been written off to the statement of comprehensive income as exploration expenses because commercial reserves have not yet been established nor has the determination process been completed.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. The Directors have assessed the value of the uranium exploration and evaluation expenditure carried as intangible assets, and in their opinion, no further impairment is necessary. This assessment includes a review of the expiry dates of licenses and the likelihood of their renewal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

11. Investments in subsidiary undertakings

Company	Loans to subsidiary undertakings US\$'000	Shares in subsidiary undertakings US\$'000	Total US\$'000
Cost			
At 1 July 2010	1,713	3,089	4,802
Loans granted	3,111	-	3,111
Foreign exchange on loans	(70)	216	146
At 30 June 2011	<u>4,754</u>	<u>3,305</u>	<u>8,059</u>
Loans granted	5,789	-	5,789
Foreign exchange	47	(83)	(36)
At 30 June 2012	<u>10,590</u>	<u>3,222</u>	<u>13,812</u>

The loans due from subsidiaries are denominated in US\$ and are repayable to the Company in more than one year with no fixed repayment terms.

The Company's subsidiary undertakings as at 30 June 2012 were as follows:

Subsidiary undertakings	Principal activities	Percentage of ordinary share capital held
Direct		
Deep Yellow Tanzania Limited	Uranium exploration	100%
URA (St Henri) Limited	Applied for exploration licences	100%
WML Uranium Holdings Limited	Holding company	100%
Indirect		
Western Metals Tanzania Limited	Uranium exploration	100%
Western Metals Exploration Limited	Applied for exploration licences	100%
Western Metals Uranium Limited	Applied for exploration licences	100%

The Directors have assessed the carrying value of the investments in subsidiaries, all of which are incorporated in Tanzania, and in their opinion no impairment provision is considered necessary.

12. Receivables

	2012		2011	
	Group US\$'000	Company US\$'000	Group US\$'000	Company US\$'000
Other receivables	53	4	411	17

Included within Group other receivables is an amount of US\$Nil (2011: US\$389,000) which relates to advances to the Group's drilling contractor. This receivable will be recovered through the provision of drilling services provided by the contractor.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

13. Trade and other payables

	2012		2011	
	Group US\$'000	Company US\$'000	Group US\$'000	Company US\$'000
Trade payables	802	27	4	4
Accruals and other payables	63	37	156	63
	<u>865</u>	<u>64</u>	<u>160</u>	<u>67</u>

14. Share capital and share options

	2012 US\$'000	2011 US\$'000
Allotted, called up and fully paid share capital		
745,493,750 (2011 - 581,743,750) ordinary shares of 0.1p each	<u>1,206</u>	<u>946</u>

During the year the Company issued the following Ordinary 0.1 pence fully paid shares:

Date	Issue Price	Number of 0.1p Shares	Nominal Value US\$'000
1 July 2010	Opening balance	406,493,750	668
23 July 2010	Placing at 2p per share for cash	40,000,000	61
26 November 2010	Placing at 2.55p per share for cash	35,250,000	56
5 April 2011	Placing at 3p per share for cash	100,000,000	161
30 June 2011	Closing balance	<u>581,743,750</u>	<u>946</u>
4 April 2012	Placing at 2.4p per share for cash	163,750,000	260
30 June 2012	Closing balance	<u>745,493,750</u>	<u>1,206</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**
15. Share-based payments

	2012	2011
	US\$'000	US\$'000

Company and Group

The Company and Group recognised the following charge in their statement of comprehensive income in respect of share based payment plans:

IFRS 2 charge	1,721	229
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Details of the Company's share options at 30 June 2012 are as follows

	Number of options
Outstanding at 1 July 2011	69,000,000
Granted during the year	60,000,000
Lapsed during the year	(35,000,000)
Cancelled during the year	(34,000,000)
Outstanding at 30 June 2012	60,000,000

Options outstanding at 30 June 2012 were:

Date of grant	Number of options	Exercise price	Exercisable between
30 November 2011	24,000,000	2.5p	Up to 30 November 2016
30 November 2011	26,000,000	5.0p	Up to 30 November 2016
30 November 2011	10,000,000	10.0p	Up to 30 November 2016
	60,000,000		

Options outstanding at 30 June 2011 were:

Date of grant	Number of options	Exercise price	Exercisable between
28 November 2006	15,000,000	2.5p	Up to 28 November 2011
28 November 2006	15,000,000	5.0p	Up to 28 November 2011
15 April 2007	2,500,000	2.5p	Up to 28 November 2011
15 April 2007	2,500,000	5.0p	Up to 28 November 2011
24 July 2008	2,000,000	5.0p	Up to 23 July 2013
24 July 2008	2,000,000	15.0p	Up to 23 July 2013
24 July 2008	2,000,000	35.0p	Up to 23 July 2013
12 July 2010	8,000,000	2.5p	Up to 23 July 2013
12 July 2010	10,000,000	5.0p	Up to 23 July 2013
12 July 2010	10,000,000	10.0p	Up to 23 July 2013
	69,000,000		

The Company's share price ranged between 1.47p to 3.20p (2011: 1.55p to 8.3p) during the year. The closing share price as at 30 June 2012 was 2.22p (2011: 2.09p).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**
15. Share-based payments (continued)

On 5 December 2011, the Company announced that it had cancelled 34,000,000 share options with exercise prices of 2.5p, 5p, 10p, 15p and 35p. New options were then issued with an effective date of 30 November 2011, as detailed below:

Grant date	Share price at date of grant	Exercise price	Volatility	Option life	Dividend yield	Risk-free investment rate	Fair value per option
30/11/2011	2.19p	2.50p	132%	30/11/2016	0%	1%	1.945p
30/11/2011	2.19p	5.00p	132%	30/11/2016	0%	1%	1.819p
30/11/2011	2.19p	10.00p	132%	30/11/2016	0%	1%	1.667p

Expected volatility was determined by calculating the historical volatility of the Group's share price for the past three years. The share option charge was calculated using the Black-Scholes model.

16. Decommissioning expenditure

The Directors have considered the need for any necessary provision for the cost of rectifying any environmental damage, as might be required under local legislation and the Group's licence obligations. In their view, no provision is necessary at 30 June 2012, for any future costs of decommissioning or any environmental damage.

17. Financial instruments
Interest rate risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on classes of financial assets and financial liabilities, was as follows:

	Floating interest rate 30 June 2012 US\$'000	Fixed interest rate 30 June 2012 US\$'000	Floating interest rate 30 June 2011 US\$'000	Fixed interest rate 30 June 2011 US\$'000
<i>Financial assets:</i>				
Cash at bank	4,288	-	4,137	-

The effective weighted average interest rate was 0.5% (2011: 0%).

Liabilities

At 30 June 2012, the Group had no liabilities other than its trade and other payables.

The net fair value of financial assets and financial liabilities approximates to their carrying amount as disclosed in the statement of financial position and in the related notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**
17. Financial instruments (continued)
Currency risk

The functional currency for the Group's operating activities is the British Pound and for drilling activities the US Dollar. The Group's objective in managing currency exposures arising from its net investment overseas is to maintain a low level of borrowings. The Group has not hedged against currency depreciation but continues to keep the matter under review. At 30 June 2012, the Group held the following US Dollar equivalent:

	30 June 2012	30 June 2011
	US\$'000	US\$'000
Great British Pounds	95	599
United States Dollars	4,193	3,518
Other	-	20
	<u>4,288</u>	<u>4,137</u>

Financial risk management

The Directors recognise that this is an area in which they may need to develop specific policies should the Group become exposed to further financial risks as the business develops.

Capital risk management

The Group considers capital to be its equity reserves. At the current stage of the Group's life cycle, the Group's objective in managing its capital is to ensure funds raised meet the exploration expenditure commitments.

The Group ensures it is meeting its objectives by reviewing its KPIs to ensure its exploration activities are progressing in line with expectations, controlling costs and placing unused funds on deposit to conserve resources and increase returns on surplus cash held.

18. Events after the year end date

There were no significant events after the year end.

19. Related party transactions

The Company paid \$Nil (2011: \$12,000) to Anglo Pacific Ventures Pty Ltd, a company related to Hugh and Ross Warner, for a serviced office under an informal arrangement. Key management of the Group are considered to be the Directors of the Company. There are no transactions with the Directors other than the above, and their remuneration and interests in shares and share options. The remuneration of individual Directors is shown in the Directors' Report.

20. Future exploration expenditure

Other than annual tenement rentals totalling \$38,000 per annum, the Group does not have any contractual commitments required to maintain the Group's licences. At 30 June 2012, the Group has outstanding commitments of \$38,000 relating to its Tanzanian exploration activities.

21. Ultimate controlling party

As at 30 June 2012 the Company's ultimate controlling party is Estes Limited who own 56.0% of the Company's issued share capital.

