

URANIUM RESOURCES PLC
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2007

URANIUM RESOURCES PLC

CONTENTS

| | Page |
|--------------------------------------|-------------|
| Directors, Secretary and Advisers | 1 |
| Executive Director's Statement | 2 |
| Directors' Report | 6 |
| Independent Auditors' Report | 11 |
| Consolidated Profit and Loss Account | 13 |
| Consolidated Balance Sheet | 14 |
| Company Balance Sheet | 15 |
| Consolidated Cash Flow Statement | 16 |
| Notes to the Financial Statements | 17 |

URANIUM RESOURCES PLC

DIRECTORS, SECRETARY AND ADVISERS

| | |
|-------------------------------------|---|
| Directors | Hugh Warner Ross Warner James Pratt |
| Company Secretary | John Bottomley |
| Registered Office | 30 Farringdon Street London EC4A 4HJ United Kingdom |
| Company number | 5329401 |
| Nominated Adviser and Broker | Nabarro Wells & Co Limited Saddlers House, Gutter Lane London EC2V 6HS United Kingdom |
| Solicitors | Watson, Farley & Williams 15 Appold Street London EC2A 2HB United Kingdom |
| Group Auditors | UHY Hacker Young LLP St Alphage House 2 Fore Street London EC2Y 5DH United Kingdom |
| Share Registry | Computershare Services plc P.O. Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH United Kingdom |
| Bankers | Barclays Bank plc London Business Banking United Kingdom House 180 Oxford Street London W1D 1EA United Kingdom |

URANIUM RESOURCES PLC

EXECUTIVE DIRECTOR'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

The financial year ended 30 June 2007 has been a year of corporate reorganization, uranium exploration success and strong growth in the value of Uranium Resources plc ("URA" or the "Company").

The first half of the year saw the completion of the change in board members of your company to the present composition of Hugh Warner, James Pratt and Ross Warner. Coupled with the reinvigoration of the board of directors, URA enjoyed exploration success in Southern Tanzania and with this success the Company was able to raise £2,000,000 in new equity to strengthen our balance sheet. The second half of the year saw the announcement of further exploration results, the acquisition of additional exploration tenements and further growth in the value of your company.

The Company's primary focus has been on the exploration of its land holdings in Southern Tanzania and the expansion of that land holding. In the first half of the period under review channel samples from trenches at the Company's Henri anomaly produced assays of up to 2.71% U₃O₈. The Company continued to expand its land holding from approximately 7,600 sq kms in granted tenements to approximately 10,850 sq kms in granted tenements and a further 2,700 sq kms in applications. The Company notes that its key Henri area has been converted from a Reconnaissance Licence to a Prospecting Licence granted 22 November 2007.

Included below is a more detailed summary of exploration activity carried out during the period of review. Shareholders are encouraged to review the Company's recently rebuilt web site at www.uraniumresources.co.uk where you will find pictorial illustrations of the Company's recent successful exploration programmes.

Finally I would like to remind shareholders that the Karoo Basin of Southern Tanzania remains one of the least explored uranium provinces in the world and its potential remains yet to be unlocked. The average historical expenditure on uranium exploration in Tanzania has been US \$4 /sq km compared to US \$16 in Western Africa and US \$224/sq km in the United States (USGS). Yet the geology is analogous to the sediments hosting Paladin's Kayelekera deposit 300 km away in Malawi and the drilling success of URA and of Mantra 25 km to the north at Mkuju River demonstrate the potential for a discovery in this under explored province. The Board believes that this fact differentiates URA from many of its competitors seeking exploration success in areas of intense historical exploration by uranium majors. This has been demonstrated by the Company's ability to rapidly delineate anomalies and generate exciting results at surface.

Exploration Activity in Detail

During the period under review, all uranium exploration was carried out by URA's joint venture farm-in partner, Western Metals Limited (ASX: WMT).

During the fourth quarter ended 30 June 2007, extensive exploration activities were conducted primarily focused on the Mtonya project where previous exploration had identified a large trend of radiometric anomalies and high grade surface uranium mineralisation.

In addition, significant logistical activities were undertaken following the end of the wet season in late April, in order to improve access links to the Mtonya project. Earth moving contractors were deployed to establish access to the Henri area of the Mtonya project. The contractors completed a 12 kilometre road into the main exploration area suitable for drilling equipment and the field camp was established by the end of May. Subsequent to completing the main road the contractors established spur roads to access the work areas to create further drilling targets. This access now provides an important base for intensive field work to be conducted with transport of equipment and supplies now being easily managed.

**EXECUTIVE DIRECTOR'S STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

Drilling

The aim of the fourth quarter drilling programme was to determine if subsurface mineralisation existed below the radiometric anomalies and surface mineralisation identified in previous field programmes.

Based on results to date, and in combination with the outstanding results from surface trenching of up to 2.7% U₃O₈ in channel samples, the drilling programme was a success having shown that strong subsurface mineralisation is present. Intersection widths range up to seven metres and the results indicated multiple mineralised horizons preferentially hosted in sandstone units frequently at or near contact with mudstone units. This is typical for sandstone hosted roll front style uranium deposits such as the Kayelekera deposit in neighbouring Malawi.

Significantly, the results show that subsurface mineralisation occurs over the entire Henri trend from Para to Tahbilk. The peak intersection of 1 metre at 470ppm U₃O₈ from the broad spaced drilling at Para supports the potential for high grade mineralisation to exist over the entire trend. The Tahbilk anomaly has returned a peak value of 1 metre at 140 ppm U₃O₈ from two broad spaced holes potentially located off the main anomaly area.

Field work in 2006 highlighted many areas of potential with the Henri, Para, Tahbilk, Galway Moysten, and Grandfather anomalies providing initial targets. The June drilling programme tested Henri, Para and Tahbilk and follow-up programmes are planned on these and other known targets.

Second Half Drilling Results

The Company reminds investors that this is the very first drill programme undertaken for uranium in Southern Tanzania and the promise shown from these very early results provide the Company with strong encouragement for the future exploration of the Mtonya area and for its wider exploration effort.

Peak intersections above 100 ppm U₃O₈ cut-off achieved include:

- 7 metres at 1,233 ppm U₃O₈- including 3 metres at 2,607 ppm U₃O₈
- 7 metres at 549 ppm U₃O₈ - including 4 metres at 843 ppm U₃O₈
- 6 metres at 507 ppm U₃O₈ - including 2 metres at 1,145 ppm U₃O₈
- 7 metres at 400 ppm U₃O₈ - including 3 metres at 770 ppm U₃O₈
- 4 metres at 515 ppm U₃O₈ - including 2 metres at 855 ppm U₃O₈

Further drilling was conducted in August 2007 to test other anomalies and continue evaluation of the area identified by the June programme.

Airborne Radiometric Survey

A high resolution helicopter radiometric survey was completed during the period under review over the most prospective areas of the Mtonya project. The survey comprised 5,150 line kilometres of data collection on 250 metre spaced flight lines.

The interpretation of data has identified more than 15 anomalies of interest that warrant further exploration and has provided more detailed definition of anomalies identified from historic data. Field parties commenced accessing known anomalies during June to conduct geological data collection and sampling.

URANIUM RESOURCES PLC

EXECUTIVE DIRECTOR'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

Field Reconnaissance

A field party was deployed via helicopter during April-May to conduct preliminary reconnaissance on anomalies identified from historic broad spaced airborne radiometric surveys in the Ruhuhu project area to the west of Mtonya. The work involved ground checking of selected anomalies, ground radiometric surveys, geological observation and sampling.

The results of the reconnaissance are considered encouraging with one anomaly giving a peak result of 2,500 counts per second at surface using a hand held scintillometer. Further detailed exploration during the second half of calendar 2007 including drilling and detailed airborne radiometric surveys will be conducted in the area.

Trenching and sampling of anomalies in the greater Henri Project area were also conducted during the period under review in addition to a ground follow-up of heli-radiometric anomalies.

Land Acquisition

URA acquired a Joint Venture interest in the reconnaissance prospecting licence PLR 3467/2005 in the south west of Tanzania. The licence covers rocks of the middle to upper Karoo sequence of the Ngaka Sub-basin in the Ruhuhu Basin. This sequence includes layered sequences of mudrocks and fluvial sandstones suitable for hosting sandstone style uranium deposits.

Previous work by Uranerzbergbau GmbH ("UEB") in the early 1980s located a 129 ppm U₃O₈ anomaly within a sandstone/siltstone outcrop within the tenement. No further work has been conducted on this anomaly. Several untested airborne radiometric anomalies identified from historic Geo-survey data also exist within the area.

The ownership structure of this arrangement is;

- Uranium Resources plc 45%
- Western Metals 45%
- Tanzanian Partners 10% (free carry through to feasibility study)

Western Metals is the project manager of exploration activities in Tanzania under the joint venture agreement.

In addition to the acquisition of PLR 3467/2005 two further Joint Venture licences PLR4432/2007 and PLR4476/2007 were granted during the period taking the total licence holding under management to approximately 10,850 sq kms in granted tenement and 2,700 sq kms in applications.

November 2006 Field Trip

The results of the August and November 2006 exploration field program on the Mtonya Uranium Prospect in Tanzania were the value driver for URA in the period under review.

The November field program was completed successfully on 2 December 2006 with a further 7 trenches excavated and sampled, bringing the total number of trenches at Mtonya to 13. Detailed radiometric surveys were also completed at the Henri, Para and Tahbilk anomalies.

Further afield, reconnaissance surveys were conducted over a 5 km trend to the north east of Henri, identifying several new anomalies at Galway, Moysten and Grandfather.

URANIUM RESOURCES PLC

EXECUTIVE DIRECTOR'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

It was after the November field programme that we announced: *'The data collected by Dr Drake-Brockman on the recent field trip further enhances the Company's belief that the Mtonya system has the potential to host a significant ore body and provides the Company with further immediate drill targets for our planned drilling program in June 2007 post the upcoming wet season.'*

The Henri detailed radiometric survey has provided greater definition over the known anomaly and identified a further six >200 cps anomalies within 250 metres of the Henri discovery anomaly.

The surveys of the Para and Tahbilk anomalies have increased the extent of the Mtonya anomalies. Trenching on these areas has also been completed to determine the distribution of uranium near surface..

August 2006 Field Work Final Results

Trenching work conducted at Mtonya in August included excavating, sampling and mapping 5 trenches at the Henri anomaly area and collecting surface samples from sites of elevated radiometric response.

Trenches were dug to a depth of 1 to 1.5 metres. Channel samples and selective grab samples were collected and the trenches were geologically mapped. Channel samples were collected at 1 to 2 metre intervals along the length of the trenches. Sample lengths were based on geological boundaries and collected perpendicular to the generally sub-horizontal dip of the host geology.

Trench 1 and Trench 2 at the Henri anomaly showed visible yellow secondary uranium mineralisation. Photographs of the project including the visible uranium mineralisation are available on the Company's web site.

The assays received from the trenches showed high grade uranium was present in Trench 1 and Trench 2 with lower results from Trenches 3, 4 and 5. The results from Trenches 4 and 5 are interpreted to be from beneath the redox boundary front. The assays remain elevated indicating they are within the mineralized system.

Trench 1 and Trench 2 show continuous zones of uranium mineralisation. Of significance is that both trenches remain strongly mineralized at the eastern and western extremities and in the bases of each trench indicating that the mineralisation is more extensive than these exposures.

Samples were also collected from the surface or shallow trenches (<0.3m) in areas where radiometric responses exceeded 200 counts per second (cps) on the other anomalies in the area. Five anomalies were identified over a 2 kilometre strike length of prospective stratigraphy.

The results of these samples indicated elevated uranium often in excess of 100ppm U in all areas indicating the scintillometer anomalies are related to the presence of elevated uranium and warrant further trenching and drilling.

Financial Results

The Group is reporting a loss of £1,562,523 for the year ended 30 June 2007 (of which £1,149,879 related to a non-cash share-based payments charge relating to the issue of options). We are an exploration company and as such we are not producing revenue. We are well capitalized with a net cash position of £2,071,367 at 30 June 2007.

Ross Warner
Executive Director

14 December 2007

URANIUM RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

The Directors present their Directors' report together with the audited financial statements of the Group ("Uranium Resources Plc and its subsidiary undertakings") and the Company for the year ended 30 June 2007.

Principal activity

The Company is registered in England and Wales, having been incorporated on 11 January 2005 under the Companies Act with registered number 5329401 as a public company limited by shares. The Company is listed on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The principal activity of the Group is uranium exploration in Tanzania. The Group operates in its parent undertaking and through subsidiary companies, details of which are set out in note 10 to these accounts.

Review of the business and future prospects

The Group results for the year and the financial position at 30 June 2007 are considered satisfactory by the Directors. A review of the year's activities and future prospects is contained in the Executive Director's Statement.

Due to the early stage of development of the Group, it is not meaningful to consider a review of key performance indicators in respect of the year under review.

Results and dividends

The Group results for the year are set out on page 13.

The Directors have not recommended any dividends for the year ended 30 June 2007.

Changes in share capital

Details of movements in share capital during the year are set out in note 13 to these accounts.

Directors

The following Directors held office during the year:

Hugh David Warner
James Pratt
Ross Michael Warner
Peter Harold
Leon Eugene Pretorius

Resigned 26 October 2006
Resigned 10 July 2006

Directors' interests

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

| | | 30 June 2007 | | 30 June 2006 | |
|---------------|-----|---|---|---|---|
| | | <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> |
| H D Warner | (1) | 24,706,666 | 10,000,000 | 19,706,666 | - |
| J Pratt | (2) | 5,940,000 | 10,000,000 | 2,940,000 | - |
| R M Warner | (3) | 3,000,000 | 10,000,000 | 1,000,000 | - |
| P Harold | (4) | 2,500,000 | - | 2,500,000 | - |
| L E Pretorius | (5) | - | - | - | 10,000,000 |

URANIUM RESOURCES PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2007

- (1) H D Warner's shareholding represents 17,280,000 ordinary shares held by a family trust called Elliot Holdings Pty Limited and 7,426,666 ordinary shares held in his own name (all shares are held via Fitel Nominees), in which he has a beneficial interest. He also holds 5,000,000 share options exercisable at 2.5p on or before 28 November 2011 and 5,000,000 share options exercisable at 5p on or before 28 November 2011.
- (2) J Pratt's shareholding of 5,940,000 ordinary shares represents 3,000,000 ordinary shares held by the The Gumnut Trust of which Mr Pratt is a beneficiary and 2,940,000 held by Fitel Nominees for the benefit of his wife Catriona Pratt. He also holds 5,000,000 share options exercisable at 2.5p on or before 28 November 2011 and 5,000,000 share options exercisable at 5p on or before 28 November 2011.
- (3) R M Warner also holds 5,000,000 share options exercisable at 2.5p on or before 28 November 2011 and 5,000,000 share options exercisable at 5p on or before 28 November 2011.
- (4) P Harold's shareholding of 2.5 million ordinary shares are held by Allnut Ventures Family Trust in which P Harold and Ariane Harold (wife of P Harold) are trustees.
- (5) L Pretorius was issued 10,000,000 share options to acquire ordinary fully paid shares. These share options were cancelled by the Company, in agreement with Mr Pretorius, upon his resignation.

Pensions

The Group does not operate a pension scheme for Directors or employees.

Directors' Remuneration

Remuneration of Directors during the year ended 30 June 2007 was as follows:

| | Fees/basic salaries £ | Employers' NI £ | Benefits in kind £ | 2007 Total £ |
|--------------|-----------------------------|-----------------------|--------------------------|--------------------|
| Hugh Warner | 31,000 | 2,655 | - | 33,655 |
| Ross Warner | 28,000 | 2,655 | - | 30,655 |
| James Pratt | 41,000 | 4,500 | - | 45,544 |
| Peter Harold | 10,000 | - | - | 10,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 110,000 | 9,854 | - | 119,854 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Directors' remuneration shown above comprises all of the fees, salaries and other benefits and emoluments paid to Directors for their services to the Group. The Company's share-based payment charge relating to share options granted to Directors in the year, amounted to £824,918. Further details on the share-based payment charge are shown in notes 8 and 14 to the accounts.

Environment Policy Statement

Whilst at 30 June 2007 the Company was not an operator of any exploration projects, it closely monitors activities to ensure to the best of its knowledge there is no potential for any such breach. There have been no convictions in relation to breaches of the local Tanzanian regulations recorded against the Group during the reporting period.

Issue of Share Options

The details of the share options issued and exercised during the year ended 30 June 2007 and the share options outstanding at 30 June 2007 are shown in note 13 to the accounts.

Directors' Interests in Transactions

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

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

Internal Controls

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

Substantial Shareholders

In addition to Mr H D Warner's shareholding shown in the directors' interests above, representing 8.49% of the total shares in issue, the Company has been notified, in accordance with Sections 198 to 202 of the Companies Act 1985, of the under noted interests in its ordinary shares as at 4 December 2007:

| | Number of Ordinary shares | % of Share Capital |
|---|--------------------------------------|---------------------------|
| BNY (OCS) Nominees Limited | 42,000,000 | 14.43% |
| Mr Ronald Bruce Rowan | 24,500,000 | 8.42% |
| Sunvest Corporation Limited | 20,000,000 | 6.87% |
| Barclayshare Nominees Limited | 16,874,654 | 5.80% |
| Fitel Nominees Limited (A/C 0066494) | 12,280,000 | 4.22% |
| TD Waterhouse Nominees (Europe) Limited <SMKTNQMS> | 10,588,219 | 3.63% |
| Teleaven Holdings Pty Limited | 10,000,000 | 3.44% |
| Pershing Keen Nominees Limited <KSCLT> | 9,660,000 | 3.32% |

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 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.
- 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.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

Use of Financial Instruments

Uranium Resources' financial risk management objectives are to minimise debt, 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 and careful management of the Group's cash balances, both short and long term.

Post Balance Sheet Events

No significant events have occurred since 30 June 2007.

Political and Charitable Donations

There were no political or charitable contributions made by the Group during the year ended 30 June 2007.

Annual General Meeting

The Company's Annual General Meeting will be held on 25 January 2008 at 11 am. The Notice of the Meeting, which sets out the resolutions to be proposed, accompanies this Annual Report and Accounts.

Audit Committee

The Audit Committee meets twice each year to discuss the half yearly and annual results. For the annual results the independent auditors, UHY Hacker Young LLP, are invited to discuss the results and their assessment of internal controls. The Chairman of the Audit committee is Ross Warner and the other participating member of the committee during the year is James Pratt.

The Company has adopted an Audit Committee Charter which addresses the mandate of the Committee, the composition, independence, expertise of the members, frequency of meetings, roles and responsibilities, external audit function, internal controls, financial reporting, annual and interim financial statements, release of financial information, non-audit services, delegation of authority, reporting responsibilities, resources and authority of the Committee, and compliance with laws and regulations.

Remuneration Committee

The Company does not, at present, have a Remuneration Committee.

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.

Going concern

After making appropriate enquiries and examining those areas which could give rise to financial exposure the Directors are satisfied that no material or significant exposures exist and that the Group has adequate resources to continue its operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Group's financial statements.

Information to shareholders - Web site

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

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

Statement of responsibilities of those charged with governance

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 1985. 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.

Statement of disclosures to auditor

So far as 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.

Auditors

On 30 April 2007 the Company's auditors, UHY Hacker Young, transferred their business to a limited liability partnership, UHY Hacker Young LLP ("the LLP") and the office of auditor has passed to the LLP. In accordance with Section 385 of the Companies Act 1985, 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

J M Bottomley
Company Secretary

14 December 2007

URANIUM RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF URANIUM RESOURCES PLC

We have audited the Group and Parent Company financial statements of Uranium Resources plc for the year ended 30 June 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related Notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of those charged with Corporate Governance.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and the Executive Director's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

URANIUM RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF URANIUM RESOURCES PLC

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the Parent Company's affairs as at 30 June 2007 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

UHY Hacker Young LLP

Chartered Accountants

Registered Auditors

St Alphage House
2 Fore Street
London EC2Y 5DH
United Kingdom

14 December 2007

URANIUM RESOURCES PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2007**

| | Notes | 2007 | | 2006 | |
|--|-------|-------------|---------|-----------|---------|
| | | £ | £ | £ | £ |
| Group turnover | 1.13 | | - | | - |
| Cost of sales | | | - | | - |
| Gross profit | | | - | | - |
| Administrative expenses before exceptional items | | (456,484) | | (449,145) | |
| Share-based payments | 14 | (1,149,879) | | (66,667) | |
| Total administrative expenses | | (1,606,363) | | (515,812) | |
| Group operating loss | 3 | (1,606,363) | | (515,812) | |
| Interest receivable | 4 | | 43,840 | | 35,302 |
| Loss on ordinary activities before taxation | | (1,562,523) | | (480,510) | |
| Taxation | 5 | | - | | - |
| Loss for the year | 15 | (1,562,523) | | (480,510) | |
| Loss per share (pence) | 6 | | | | |
| Basic | | | (0.63)p | | (0.24)p |
| Diluted | | | (0.63)p | | (0.24)p |

There are no recognised gains or losses other than those passing through the consolidated profit and loss account and accordingly no statement of total recognised gains and losses has been prepared. The results for 2007 and 2006 relate entirely to continuing operations.

URANIUM RESOURCES PLC

**CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007**

| | Notes | 2007 | 2006 |
|---|-------|------------------|----------------|
| | | £ | £ |
| Fixed assets | | | |
| Intangible assets | 9 | 509,671 | 363,470 |
| Current assets | | | |
| Debtors | 11 | 3,366 | 2,182 |
| Cash at bank and in hand | | 2,071,367 | 618,354 |
| | | <u>2,074,733</u> | <u>620,536</u> |
| Creditors: amounts falling due within one year | 12 | (25,531) | (12,489) |
| Net current assets | | <u>2,049,202</u> | <u>608,047</u> |
| Net assets | | <u>2,558,873</u> | <u>971,517</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 291,000 | 211,000 |
| Share premium account | 15 | 3,094,360 | 1,174,360 |
| Share based payments reserve | 14 | 1,149,879 | - |
| Profit and loss account | 15 | (1,976,366) | (413,843) |
| Shareholders' funds | 16 | <u>2,558,873</u> | <u>971,517</u> |
| - equity interests | | <u>2,558,873</u> | <u>971,517</u> |

The financial statements were approved by the Board of Directors on 14 December 2007 and signed on its behalf by:

R Warner
Director

URANIUM RESOURCES PLC

**COMPANY BALANCE SHEET
AS AT 30 JUNE 2007**

| | Notes | 2007 | 2006 |
|---|-------|------------------|-----------------|
| | | £ | £ |
| Fixed assets | | | |
| Investments in subsidiaries | 10 | 511,652 | 391,179 |
| Current assets | | | |
| Debtors | 11 | 3,366 | 2,182 |
| Cash at bank and in hand | | 2,071,367 | 618,353 |
| | | <u>2,074,733</u> | <u>620,535</u> |
| Creditors: amounts falling due within one year | 12 | <u>(25,531)</u> | <u>(12,489)</u> |
| Net current assets | | <u>2,049,202</u> | <u>608,046</u> |
| Net assets | | <u>2,560,854</u> | <u>999,225</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 291,000 | 211,000 |
| Share premium account | 15 | 3,094,360 | 1,174,360 |
| Share based payment reserve | 14 | 1,149,879 | - |
| Profit and loss account | 15 | (1,974,385) | (386,135) |
| Shareholders' funds - equity interests | 16 | <u>2,560,854</u> | <u>999,225</u> |

The financial statements were approved by the Board of Directors on 14 December 2007 and signed on its behalf by:

R Warner
Director

URANIUM RESOURCES PLC

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

| | Notes | 2007 £ | 2006 £ |
|--|-------|------------------|-----------|
| Net cash outflow from operating activities | 17 | (472,334) | (411,130) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 43,840 | 35,302 |
| | | (428,494) | (375,828) |
| Capital expenditure | | | |
| Funds used for exploration | 9 | (118,493) | (41,179) |
| Acquisitions and disposal | | | |
| Acquisition of a subsidiary undertaking | | - | (50,000) |
| Cash acquired with a subsidiary undertaking | | - | 1 |
| Net cash outflow from acquisitions | | - | (49,999) |
| Net cash outflow before financing | | (546,987) | (467,006) |
| Financing | | | |
| Cash proceeds from issue of shares | 13 | 2,000,000 | 1,150,000 |
| Share issue costs | | - | (64,640) |
| Cash inflow from financing | | 2,000,000 | 1,085,360 |
| Increase in cash | 18 | 1,453,013 | 618,354 |
| Cash at bank and in hand at beginning of year | | 618,354 | - |
| Cash at bank and in hand at end of year | | 2,071,367 | 618,354 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. **Accounting policies**

1.1 **Basis of preparation**

The Group accounts are prepared in accordance with applicable accounting standards in the United Kingdom and under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities", issued by the UK Oil Industry Accounting Committee.

1.2 **Basis of consolidation**

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

1.3 **Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a subsidiary and the aggregate fair value of its separable net assets, of which exploration licenses were the primary asset. Goodwill is capitalised as an intangible fixed asset and is amortised and impaired over the shorter of its useful economic life and the unit of production basis after production of uranium commences. If a subsidiary undertaking is subsequently sold, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale.

1.4 **Exploration and Evaluation Expenditure**

All licence acquisitions and exploration and evaluation costs incurred or acquired on the acquisition of subsidiary undertaking are accumulated in respect of each identifiable project area. These costs, which are classified as intangible fixed assets are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves (successful efforts). Pre-licence costs are written off immediately. Other costs are also written off unless commercial reserves have been established or the determination process has not been completed. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible fixed assets to tangible fixed 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 and Related Goodwill**

The carrying value of unevaluated areas and the related goodwill 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

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 profit and loss account.

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 Investments

Investments in subsidiary companies are stated at cost less provision for impairment in the Company's balance sheet.

1.10 Share based payments

The Company 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. 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.

1.11 Foreign currencies

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 balance sheet date. All differences are taken to the profit and loss account. The assets, liabilities and the results of the foreign subsidiary undertakings are translated into Sterling at the rates of exchange ruling at the year end. Exchange differences resulting from the retranslation of net investments in subsidiary undertakings are treated as movements of reserves.

1.12 Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Turnover

The Group has not yet commenced commercial production from its exploration sites and therefore had no turnover in the year.

URANIUM RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

2. **Segmental reporting**

For the purposes of segmental information, the operations of the Group currently comprise one class of business, being the exploration for uranium. The Group's exploration activities are entirely in Africa.

The Company acts as a holding company. The Group's operating loss arose from its activities in Africa. In addition, the Group's exploration and evaluation assets are based in Africa whereas all the other assets are based in United Kingdom.

3. **Group operating loss**

| | 2007 £ | 2006 £ |
|--|-----------------------------|-----------------------------|
| The Group's operating loss is stated after charging / (crediting): | | |
| Goodwill amortisation – (write back)/charge | (27,708) | 27,708 |
| Auditors' remuneration - audit services | 15,000 | 10,000 |
| - review of interim results | 3,350 | 4,050 |
| Share-based payments charge (note 14) | 1,149,879 | 66,667 |
| Directors' remuneration (excluding share-based payments) | 119,854 | 97,858 |
| | <u> </u> | <u> </u> |

4. **Interest receivable**

| | 2007 £ | 2006 £ |
|---------------|-----------------------------|-----------------------------|
| Bank interest | 43,840 | 35,302 |
| | <u> </u> | <u> </u> |

5. **Taxation**

| | 2007 £ | 2006 £ |
|--|-----------------------------|-----------------------------|
| Current Tax | | |
| UK corporation tax | - | - |
| | <u> </u> | <u> </u> |
| Total current tax charge | <u> </u> | <u> </u> |
| Factors affecting tax charge for period | | |
| Loss on ordinary activities before tax | (1,562,523) | (480,510) |
| Tax on loss on ordinary activities at the standard rate of UK corporation tax of 30% | (468,757) | (144,153) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 344,964 | 21,198 |
| Depreciation and amortisation | (8,312) | 8,312 |
| Tax losses carried forward not yet recognised as a deferred tax asset | 132,105 | 114,643 |
| | <u> </u> | <u> </u> |
| Total current tax charge | <u> </u> | <u> </u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5. **Taxation (continued)**

At the balance sheet date, the Group has unused tax losses 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 contingent deferred tax asset is estimated to be £235,000.

6. **Loss per share**

The basic loss per ordinary share has been calculated using the loss for the financial year of £1,562,523 (2006: £480,510) and the weighted average number of ordinary shares in issue of 247,848,219 (2006: 198,358,879).

The diluted loss per share has been calculated using a weighted average number of shares in issue and to be issued of 260,552,740 (2006: 198,358,879). 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.

7. **Holding company profit and loss account**

In accordance with the provisions of the Section 230 of the Companies Act 1985, the Parent Company has not presented a profit and loss account. A loss for the year ended 30 June 2007 of £1,588,250 has been included in the profit and loss account.

8. **Directors' emoluments**

The Directors' emoluments in respect of the Group are as follows:

| | 2007 | 2006 |
|---|----------------|-------------|
| | £ | £ |
| Wages, salaries and fees | 110,000 | 27,361 |
| Social security costs | 9,854 | 1,770 |
| Consideration paid to third parties for making available the services of the directors | - | 68,727 |
| Share-based payments charge (note 14) | 824,918 | - |
| | <hr/> | <hr/> |
| | 944,772 | 97,858 |
| | <hr/> <hr/> | <hr/> <hr/> |

There were no employees during the year, apart from the directors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**
9. Intangible assets

The movements of intangible assets during the year were as follows:

| Group | Exploration and evaluation expenditure £ | Goodwill £ | Total £ |
|-------------------------|---|-----------------------|--------------------|
| Cost | | | |
| At 1 July 2006 | 41,179 | 349,999 | 391,178 |
| Additions | 118,493 | - | 118,493 |
| Reclassification | 349,999 | (349,999) | - |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2007 | 509,671 | - | 509,671 |
| | <hr/> | <hr/> | <hr/> |
| Amortisation | | | |
| At 1 July 2006 | - | (27,708) | (27,708) |
| Amortisation write back | - | 27,708 | 27,708 |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2007 | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 30 June 2007 | 509,671 | - | 509,671 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 30 June 2006 | 41,179 | 322,291 | 363,470 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The goodwill of £349,999 arose on the acquisition of the Company's subsidiary undertaking, Deep Yellow Tanzania Limited ("DYT") in 2006. At the date of acquisition, DYT owned five uranium prospecting licences in Tanzania. As the fair value of these licenses could not be measured reliably, the intangible assets purchased were subsumed within the purchase price attributed to goodwill. The Directors have reconsidered this treatment and have reclassified the goodwill as license costs within exploration and evaluation expenditure. They believe that as DYT did not have any other assets or liabilities at the date of acquisition and it did not commence operations at that date, the costs at which the licenses were exchanged in an arm's length transaction between two informed willing parties represents the fair value of those licenses.

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 profit and loss account as exploration expenses, as commercial reserves have not yet been established or the determination process have not been completed, and there are no indicators of impairment. 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 provision for impairment is currently necessary.

URANIUM RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

10. Investments in subsidiary undertakings

| Company | Loans to subsidiary undertakings £ | Shares in subsidiary undertakings £ | Total £ |
|-------------------------------|---|--|--------------------|
| Cost | | | |
| At 1 July 2006 | 41,179 | 350,000 | 391,179 |
| Additions | - | 1 | 1 |
| Loans to subsidiaries in year | 120,472 | - | 120,472 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 30 June 2007 | 161,651 | 350,001 | 511,652 |
| | <u> </u> | <u> </u> | <u> </u> |

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

The Company's subsidiary undertakings as at 30 June 2007 were as follows:

| Subsidiary undertaking | Principal activity | Percentage of ordinary share capital held |
|-------------------------------|----------------------------------|--|
| Deep Yellow Tanzania Limited | Uranium exploration | 100% |
| URA (St Henri) Limited | Applied for exploration licences | 100% |

During the year ended 30 June 2007 the Company acquired 100% of URA (St Henri) Limited, a newly incorporated company in Tanzania which did not commence trading and had no assets when acquired.

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

11. Debtors

| | 2007 | | 2006 | |
|---------------|--------------------|----------------------|--------------------|----------------------|
| | Group £ | Company £ | Group £ | Company £ |
| Other debtors | 3,366 | 3,366 | 2,182 | 2,182 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

URANIUM RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

12. Creditors: amounts falling due within one year

| | 2007 | | 2006 | |
|-----------------|---------------|---------------|---------------|---------------|
| | Group £ | Company £ | Group £ | Company £ |
| Trade creditors | 2,610 | 2,610 | 989 | 989 |
| Accruals | 22,921 | 22,921 | 11,500 | 11,500 |
| | <u>25,531</u> | <u>25,531</u> | <u>12,489</u> | <u>12,489</u> |

13. Share capital and share options

| | 2007 £ | 2006 £ |
|---|-------------------|-------------------|
| Authorised share capital | | |
| 10,000,000,000 ordinary shares of 0.1p each | <u>10,000,000</u> | <u>10,000,000</u> |
| Allotted, called up and fully paid share capital | | |
| 291,000,000 (2006 - 211,000,000) ordinary shares of 0.1p each | <u>291,000</u> | <u>211,000</u> |

The Company was incorporated on 11 January 2005 with an authorised share capital of £10,000,000 divided into 10,000,000,000 ordinary shares of 0.1p each, of which 2 shares were issued fully paid, on incorporation. On 27 January 2005 the founders subscribed for an aggregate of 99,999,998 ordinary shares, all at par value to raise £100,000. On 15 February 2005, 105,000,000 ordinary shares were issued at 1.0p each for cash. On 15 September 2005, the Company issued 6,000,000 ordinary shares at 5.0p each in connection with the acquisition of Deep Yellow Tanzania Limited. On 12 January 2007, the Company issued 42,400,000 ordinary shares at 2.5p each and on 16 January 2007, 37,600,000 ordinary shares were issued at 2.5p each.

The movements in the Company's share capital during the year was as follows:

| | Number of 0.1p shares | Share capital at nominal value £ | Share premium £ |
|------------------------|--------------------------|--|-----------------------|
| At 1 July 2006 | 211,000,000 | 211,000 | 1,174,360 |
| Shares issued for cash | 80,000,000 | 80,000 | 1,920,000 |
| At 30 June 2007 | <u>291,000,000</u> | <u>291,000</u> | <u>3,094,360</u> |

URANIUM RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

13. Share capital and share options (continued)

The details of share options outstanding at 30 June 2007 are as follows:

| | Number of Share options |
|---------------------------|------------------------------------|
| At 1 July 2006 | 10,000,000 |
| Granted during the year | 35,000,000 |
| Cancelled during the year | (10,000,000) |
| | <hr/> |
| At 30 June 2007 | 35,000,000 |
| | <hr/> <hr/> |

| Date of Grant | Number of options | Option price | Exercisable between |
|----------------------|--------------------------|---------------------|----------------------------|
| 28 November 2006 | 15,000,000 | 2.5p | Up to 28 November 2011 |
| 28 November 2006 | 15,000,000 | 5p | Up to 28 November 2011 |
| 15 April 2007 | 2,500,000 | 2.5p | Up to 28 November 2011 |
| 15 April 2007 | 2,500,000 | 5p | Up to 28 November 2011 |
| | <hr/> | | |
| | 35,000,000 | | |
| | <hr/> <hr/> | | |

The company's share price ranged between 1.25p and 7.88p during the year. The closing share price as at 30 June 2007 was 7p per share.

URANIUM RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. **Share-based payments**

| | 2007 | 2006 |
|--|------------------|---------------|
| | £ | £ |
| Company and Group | | |
| The Group recognised the following charges in its profit and loss account in respect of its share based payment plans: | | |
| FRS 20 charge | 1,149,879 | - |
| UITF 17 charge | - | 66,667 |
| | <u>1,149,879</u> | <u>66,667</u> |

The above charge for 2007 is based on the requirements of Financial Reporting Standard 20 “Share-based payments”. For this purpose, the weighted average estimated fair value for the share options granted was calculated using a Black-Scholes option pricing model. The volatility measured at the standard deviation of expected share price return is based on statistical analysis of the share price over the period to 30 June 2007 and this has been calculated at 209%. The risk free rate has been taken as 5.75%. The estimated fair values and other details which have been processed into the model are as follows:

| Number of options | Grant date | Option price | Fair value | Expected exercise between |
|-------------------|------------------|--------------|------------|---------------------------|
| 15,000,000 | 28 November 2006 | 2.5p | 2.75p | Up to 28 November 2011 |
| 15,000,000 | 28 November 2006 | 5p | 2.75p | Up to 28 November 2011 |
| 2,500,000 | 15 April 2007 | 2.5p | 6.5p | Up to 28 November 2011 |
| 2,500,000 | 15 April 2007 | 5p | 6.5p | Up to 28 November 2011 |

The charge for 2006 was based on the UK accounting standard in force prior to FRS 20.

URANIUM RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

15. Statement of movements on reserves

The movements in the Group's and Company's reserves during the year were as follows:

| | Share Premium account £ | Share-based payments reserve £ | Profit and loss account £ |
|-------------------------------|----------------------------------|---|------------------------------------|
| Group | | | |
| At 1 July 2006 | 1,174,360 | - | (413,843) |
| Issue of shares (note 13) | 1,920,000 | - | - |
| Loss for the year | - | - | (1,562,523) |
| Share option charge (note 14) | - | 1,149,879 | - |
| | ----- | ----- | ----- |
| At 30 June 2007 | 3,094,360 | 1,149,879 | (1,976,366) |
| | ===== | ===== | ===== |
| | | | |
| | Share Premium account £ | Share-based payments reserve £ | Profit and loss account £ |
| Company | | | |
| At 1 July 2006 | 1,174,360 | - | (386,135) |
| Issue of shares (note 13) | 1,920,000 | - | - |
| Loss for the year | - | - | (1,588,250) |
| Share option charge (note 14) | - | 1,149,879 | - |
| | ----- | ----- | ----- |
| At 30 June 2007 | 3,094,360 | 1,149,879 | (1,974,385) |
| | ===== | ===== | ===== |

URANIUM RESOURCES PLC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

16. Reconciliation of movements in shareholders' funds - equity interests

| | 30 June 2007 | | 30 June 2006 | |
|---|---------------------|----------------------|---------------------|----------------------|
| | Group £ | Company £ | Group £ | Company £ |
| Loss for the year | (1,562,523) | (1,588,250) | (480,510) | (452,802) |
| Shares issued for acquisition of subsidiary | - | - | 300,000 | 300,000 |
| Share placings less costs | 2,000,000 | 2,000,000 | 1,085,360 | 1,085,360 |
| Share-based payments (note 14) | 1,149,879 | 1,149,879 | 66,667 | 66,667 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net increase in shareholders' funds | 1,587,356 | 1,561,629 | 971,317 | 999,225 |
| Opening shareholders' funds | 971,517 | 999,225 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Closing shareholders' funds | 2,558,873 | 2,560,854 | 971,517 | 999,225 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

17. Reconciliation of operating loss to net cash outflow from operating activities

| | 2007 £ | 2006 £ |
|--|--------------------|-------------------|
| Group operating loss | (1,606,363) | (515,812) |
| Share-based payments charge | 1,149,879 | 66,667 |
| Goodwill (write back) / amortised | (27,708) | 27,708 |
| Increase in debtors | (1,184) | (2,182) |
| Increase in creditors | 13,042 | 12,489 |
| | <hr/> | <hr/> |
| Net cash outflow from operating activities | (472,334) | (411,130) |
| | <hr/> <hr/> | <hr/> <hr/> |

18. Analysis of changes in net funds

| | 1 July 2006 | Cash flows £ | 30 June 2007 £ |
|--------------------------|------------------------|-------------------------|-------------------------------|
| Cash at bank and in hand | 618,354 | 1,453,013 | 2,071,367 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

URANIUM RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

19. Reconciliation of net cash flow to movement in net funds

| | 2007 £ | 2006 £ |
|-----------------------------------|-------------|-------------|
| Increase in cash | 1,453,013 | 618,354 |
| | <hr/> | <hr/> |
| Movement in net funds | 1,453,013 | 618,354 |
| | <hr/> | <hr/> |
| Opening net funds at 1 July 2006 | 618,354 | - |
| | <hr/> | <hr/> |
| Closing net funds at 30 June 2007 | 2,071,367 | 618,354 |
| | <hr/> <hr/> | <hr/> <hr/> |

20. 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 2007, for any future costs of decommissioning or any environmental damage.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

21. **Financial instruments**

Interest Rate risk

At 30 June 2007 the Group had Australian Dollar cash deposits of a Sterling equivalent of £1,574,526. 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 2007 £ | Fixed interest rate 30 June 2007 £ | Floating interest rate 30 June 2006 £ | Fixed interest rate 30 June 2006 £ |
|--------------------------|--|---|--|---|
| <i>Financial assets:</i> | | | | |
| Cash at bank | 1,685,582 | 385,785 | 618,354 | - |

The effective weighted average interest rate was 3%.

Financial liabilities:

At 30 June 2007, the Group had no debt.

Net Fair Value

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

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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

22. Exploration expenditure commitments

In order to maintain an interest in the uranium permits in which the Group is involved, the Group is committed to meet the conditions under which the permits were granted. The timing and amount of exploration expenditure commitments and obligations of the Group are subject to the work programme required as per the permit commitments and may vary significantly from the forecast based upon the results of the work performed. Exploration results in any of the projects may also result in variation of the forecast programmes and resultant expenditure. Such activity may lead to accelerated or decreased expenditure. It is the Group's policy to seek joint operating partners at an early stage so as to reduce its commitments.

| | 30 June 2007 | | 30 June 2006 | |
|---|---------------------|----------------------|--------------------|----------------------|
| | Group £ | Company £ | Group £ | Company £ |
| As at the balance sheet date the aggregate amount payable is: | - | - | - | - |
| Within not more than one year | 267,215 | 267,215 | - | - |
| Between one and two years | 649,538 | 649,538 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 916,753 | 916,753 | - | - |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

23. Events after the balance sheet date

There were no significant events subsequent to 30 June 2007.

24. Control

The Company is under the control of its shareholders and not any one party.

25. Related party transaction

John Bottomley, the secretary of the Company is an employee of Sprecher Grier Halberstam LLP, a firm of solicitors. This partnership was paid a sum of £24,758 in respect of legal and secretarial services to the Company.