

**URANIUM LIMITED**

**ANNUAL INFORMATION FORM**

**September 30, 2009**

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## URANIUM LIMITED

Note that certain terms used in this Annual Information Form are defined in the Glossary of Terms found at the end of this Annual Information Form.

### NAME, FORMATION AND HISTORY OF THE COMPANY

#### Change of Name

The Company was previously named Nufcor Uranium Limited.

Following the termination on 24 June 2009 of the advisory services agreement among Nufcor Uranium Limited, Nufcor International Limited (“**NIL**”) and Nufcor Capital Limited, originally entered into on 18 July 2006 and amended and restated on 2 May 2007 and further amended and restated on 15 August 2007, the Company was contractually obliged to change its corporate name to a name that does not include the name “Nufcor” or any name that is intended or which is reasonably likely to be confused or associated with it.

Consequently, the Company changed its name to Uranium Limited by special resolution dated 17 September 2009.

#### Business of the Company

Uranium Limited (the “**Company**”) is a closed-ended investment company created to invest substantially all of its assets in Uranium. The Company provides investors with the opportunity to invest in Uranium and obtain investment exposure to the price of Uranium in a manner that does not directly or indirectly include all of the risks associated with investment in companies that explore for, mine and process uranium. The investment objective of the Company is to achieve long-term capital appreciation by buying and holding Uranium Assets in duly licensed facilities, which are located in Canada, France, the United States, South Africa, Germany, the Netherlands and the United Kingdom. The Company’s investment strategy is to acquire long-term holdings of Uranium and not to actively trade or speculate with regard to short-term changes in the price of Uranium.

The Company does not have an external investment manager. The Company, through its Board of Directors, manages the investment activities of the Company. As noted above, the Company had previously engaged an adviser to provide the Board of Directors (as defined herein) with advice with respect to certain matters. Going forward, the Company may engage, on a case-by-case basis, companies which may identify commercially attractive opportunities for the Company to acquire, sell and lend Uranium and advise the Company on the terms of any such acquisition, sale or loan, as the case may be.

On 22 September 2009, the Company entered into the Transactional Services Agreement with NuCap Limited (“**NuCap**”). Pursuant to instructions of the Board of Directors, NuCap identifies commercially attractive opportunities for the Company to acquire, sell and lend Uranium. According to the terms of the Transactional Services Agreement, NuCap has no obligations to identify investment opportunities other than in response to requests from the Board of Directors. As such, NuCap is not paid a monthly retainer under the terms of the Transactional Services Agreement. The Board of Directors has the discretion to engage NuCap on a transaction-by-transaction basis. Either party may terminate the Transactional Services Agreement upon 30 days notice.

The Company has engaged NuCap (as the “**Storage Administrator**”) which, pursuant to instructions of the Board of Directors and to the terms of Storage Account Administration Services Agreement, provides the Company with specific services related to the storage and custody of the Company’s physical inventory of Uranium, including administering the Company’s storage accounts. See “*Organization and Management Details of the Company – Details of the Storage Account Administration Services Agreement*”.

The business, operations and affairs of the Company are directed by the Board of Directors. See “*Organization and Management Details of the Company*”. The Company does not have any subsidiaries.

The Company’s head and registered office is located at Anson Court, La Route des Camps, St Martin, Guernsey, Channel Islands. The Company is incorporated, continued or otherwise governed under the laws of a foreign jurisdiction or resides outside of Canada. Although the Company has appointed 152928 Canada Inc. as its agent for service of process in Canada, it may not be possible for investors to collect on judgments obtained in Canada against the Company.

The outstanding Ordinary Shares of the Company are currently admitted to trading under the trading symbol UML on AIM, a market operated by London Stock Exchange plc (“AIM”) and on the Toronto Stock Exchange (the “TSX”). The Company was admitted to AIM on July 21, 2006 and on such date, completed an equity capital raising gross proceeds of \$120,038,153 of which \$108,366,000 was used to purchase 2,300,000 lbs of U<sub>3</sub>O<sub>8</sub>. In connection with the May 2007 Private Placement, the Company successfully completed a private placing of Ordinary Shares, raising gross proceeds of \$68,984,000, of which \$64,260,000 was used to purchase 200,000 kgU in UF<sub>6</sub>. The Ordinary Shares of the Company were listed on the TSX on December 30, 2008.

Since admission to AIM, the Company has raised gross proceeds of approximately \$189,000,000 through equity issuances and has successfully met its investment objective of investing at least 90% of the net proceeds of the subscription for the Company’s shares in Uranium.

At an Extraordinary General Meeting held on March 26, 2007, the Company’s shareholders approved an amendment to the Company’s investment guidelines to permit the Company to invest in UF<sub>6</sub>, as well as in U<sub>3</sub>O<sub>8</sub>. UF<sub>6</sub> is a separate commodity from U<sub>3</sub>O<sub>8</sub>. Before U<sub>3</sub>O<sub>8</sub> can be used in most nuclear power reactors, it must be converted into UF<sub>6</sub>. The value of UF<sub>6</sub> reflects the price of conversion services and the price of the contained uranium. Depending on a variety of factors, UF<sub>6</sub> may trade at a discount or a premium to the sum of the price of the contained uranium and conversion services. At the March 26, 2007 meeting, the Company’s shareholders also voted to remove a restriction on the proportion of the Company’s Uranium which may be lent to third parties. See “*Investment Objectives*” and “*Investment Strategies*”.

The States of Guernsey agreed to abolish exempt status for the majority of companies, including the Company, with effect from January 2008 and to introduce a zero rate of tax for those companies carrying on all but a few specified types of regulated business. The Company is subject to the new zero rate of tax for companies and will pay no Guernsey income tax on its income and gains. See “*Income Tax Considerations — Certain States of Guernsey Income Tax Considerations*”.

## **Industry Experience**

The directors of the Company collectively have extensive experience and long-standing relationships in the uranium industry. From time to time, the Board of Directors may engage the assistance of third parties to provide certain services in relation to the acquisition, sale, lending and storage of Uranium on a transaction-by-transaction basis.

## **Formation of the Company**

The Company is an investment company originally incorporated under The Companies (Guernsey) Laws 1994 to 1996 as amended (the “**1994 Guernsey Companies Law**”) and registered on June 28, 2006. With effect from July 1, 2008, the Companies (Guernsey) Law 2008, as amended (the “**Guernsey Companies Law**”) commenced, replacing the 1994 Guernsey Companies Law and a variety of other legislation relating to Guernsey companies. The Guernsey Companies Law is to benefit Guernsey’s competitiveness as an offshore financial centre. At the same time the Companies (Transitional Provisions) Regulations, 2008 (the “**Transitional Provisions**”) commenced. These are designed to ensure as little interruption to the operation of Guernsey companies as possible. The Transitional Provisions are to lapse in July 2011 and until that period it is anticipated that the new Guernsey Companies Law will be amended. At the annual general meeting of shareholders of the Company held on November 11, 2008, a special resolution was approved by shareholders to effect a number of changes to the Company’s Articles of Association of the Company in order to comply with and benefit from certain provisions of the new legislation. These changes are summarised below. Transitional Provisions should ensure that shareholders are not materially affected by the change in the law. The Guernsey Companies Law does not make a distinction between private and public companies and some of the protections and safeguards that investors may expect to find in relation to a public company under English law are not provided for under the Guernsey Companies Law. The Company does not expect such changes in the Guernsey Companies Law to have a material adverse effect on shareholders; however, the Company will use its reasonable endeavours to mitigate the impact of any such effect.

The Company previously amended its Articles of Association by special resolutions dated July 12, 2006 and September 28, 2007, in connection with the Company’s admission to AIM and to authorize the Company to purchase its own shares and to hold them as treasury shares in accordance with the 1994 Guernsey Companies Law.

The Company is not a mutual fund under securities legislation and has not received consent from the Guernsey Financial Services Commission as a closed-ended fund.

## ***Amendments to the Articles of Association to comply with Guernsey Companies Law***

1. Under the Guernsey Companies Law there are no longer restrictions on paying dividends only from profits available for the purpose. Under the Guernsey Companies Law the "profits available for the purpose" test is substituted for a solvency test whereby distributions may be made from any source if the directors of a company are satisfied on reasonable grounds, and certify to that effect, that that company will immediately after the distribution, satisfy the solvency test as set out in the Guernsey Companies Law.

The Articles of Association previously contained provisions on distributions in accordance with the 1994 Guernsey Companies Law which were more restrictive than required by the provisions of the Guernsey Companies Law. The Articles of Association were amended pursuant to a special resolution dated November 11, 2008 to allow the Company to allow dividends to be paid in accordance with the Guernsey Companies Law.

2. The Guernsey Companies Law has introduced statutory provisions for electronic communication with Shareholders, which requires the Shareholders to consent to such communication by provision made by the Articles of Association or by a resolution of the Company. In order to allow the Company to benefit from the increased flexibility offered by the statutory provision relating to electronic communications, the Articles of Association were amended pursuant to a special resolution dated November 11, 2008 in order that the Shareholders shall be deemed to have agreed to accept communication from the Company by electronic means unless the shareholder notifies the Company otherwise.
3. The Guernsey Companies Law has also introduced statutory restrictions dealing with director's indemnity whereby a director may not be exempted from or indemnified by the Company in respect of any liability incurred for negligence, default, breach of duty or breach of trust. Pursuant to a special resolution dated November 11, 2008, the Articles of Association were amended to provide that directors shall no longer be indemnified in respect of any liability incurred for negligence, default, breach of duty or breach of trust.
4. The Guernsey Companies Law introduced a stricter provision which deals with a director's disclosure requirements where he is interested in a transaction or proposed transaction with the Company. Subject to certain exceptions, should the Company enter into a transaction in which a director is interested then that transaction may be voidable by the Company within 3 months after the transaction is disclosed. The Articles of Association were amended pursuant to a special resolution in order to comply with such disclosure requirements as are required under Guernsey Companies Law.

## **INVESTMENT OBJECTIVES, STRATEGIES AND RESTRICTIONS**

### **Investment Objectives**

The investment objective of the Company is to provide long-term capital appreciation by buying and holding Uranium Assets. The Company's investment mandate provides investors with the opportunity to invest in Uranium Assets and obtain investment exposure to the prices of UF<sub>6</sub> and U<sub>3</sub>O<sub>8</sub> in a manner that does not directly or indirectly include all of the risks associated with investment in companies that explore for, mine and process uranium.

The Company's holdings of Uranium are not cash generating and it is intended that the Company's operating expenses will, at least in part, be met by cash generated from the lending to third parties of some of the Company's Uranium and from interest earned on its existing cash resources.

### **Investment Strategies**

The strategy of the Company is to acquire long-term holdings of Uranium and not to actively trade or speculate with regard to short-term changes in the price of Uranium. While it is not the current intention of the Company to do so, it may sell some or all of its Uranium Assets if the Board of Directors considers it would be appropriate to do so at the relevant time.

## **Investment Guidelines and Restrictions**

In furtherance of the Company's investment objectives and strategies, the Board of Directors has established the following investment guidelines, which were approved by the Company's shareholders at an Extraordinary General Meeting of the Company, held on March 26, 2007:

- (i) at least 90% of the net proceeds of any issuance of Ordinary Shares must be invested in, or held for future acquisitions of, Uranium with the balance retained to meet some of its operating expenses;
- (ii) the Company will hold, but will not actively trade or speculate in, Uranium, but it may acquire further Uranium from time to time, or may sell some of the Uranium which it holds if the Board of Directors considers that it would be appropriate to do so at the relevant time; and
- (iii) the Company may seek to lend some or all of the Uranium which it owns and to use the proceeds to meet some of its operating expenses. Such loans will be made to third parties after consideration of credit worthiness, credit concentration issues, and the provision of appropriate security and other risk mitigation measures as deemed necessary by the Board of Directors.

The Company shall not without the consent in writing of at least a simple majority of the holders of the Ordinary Shares make any material change in the investment guidelines.

## **Leverage**

The Company does not have any borrowings as at the date of this Annual Information Form but it may, from time to time, use borrowings for short-term liquidity purposes, including for bridging purposes, prior to receipt of the proceeds of any fully underwritten issue of Ordinary Shares. Save for such bridging borrowings, the Board of Directors intends to restrict borrowing to an amount not exceeding 15% of the Adjusted Net Asset Value of the Company at the time of drawdown.

## **ELIGIBILITY FOR INVESTMENT**

Based on the provisions of the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder ("**Regulations**") as of the date hereof, the ordinary shares of the Company (the "**Ordinary Shares**"), if, as and when listed on a designated stock exchange (which currently includes the TSX but not AIM) would, as of the date hereof, be qualified investments under the Tax Act and the Regulations for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("**Deferred Income Plans**"). Notwithstanding the foregoing, if the Ordinary Shares are "prohibited investments" (as defined in the Tax Act) for the purposes of a tax-free savings account, a holder may be subject to a penalty tax as provided in the Tax Act. Generally, an Ordinary Share will not be a prohibited investment for a tax-free savings account provided that the holder of the tax-free savings account deals at arm's length with the Company for purposes of the Tax Act and does not have a "significant interest" (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust, with which the Company does not deal at arm's length for purposes of the Tax Act. Prospective investors who wish to hold Ordinary Shares in a tax-free savings account should consult their own tax advisors.

## **DESCRIPTION OF THE SECURITIES**

### **Description of the Securities Distributed**

The authorized share capital of the Company is 85,000,000 Ordinary Shares with a nominal value of US\$0.01 per Ordinary Share. As of the date hereof, 41,250,000 Ordinary Shares of the Company were issued and outstanding.

### *Dividend Rights and Dividend Policy*

The Company's Articles of Association provide that the Board may at any time declare and pay such dividends as appear to be justified by the position of the Company. The Board may also declare and pay any fixed dividend which is payable on any shares of the Company half-yearly or otherwise on fixed dates whenever the position in the opinion of the Board so justifies. No dividend shall be paid in excess of the amounts permitted by the Guernsey Companies Law or approved by the Board.

In accordance with the Company's dividend policy, the Board of Directors intend to reinvest any future profits in the Company and, accordingly, are unlikely to declare dividends in the foreseeable future. The Board of Directors will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of financing further growth of the Company and the Company's financial position at the relevant time.

#### *Voting Rights*

The holders of Ordinary Shares are entitled to receive notice of and to attend all annual general and extraordinary meetings of shareholders and to one vote, on a show of hands or on a poll, in respect of each Ordinary Share held at such meeting in person or by proxy.

As stated in the Company's Articles of Association, an "ordinary resolution" of shareholders requires approval by a simple majority of the votes cast at a meeting of shareholders of the Company. A "special resolution" of the shareholders requires approval by a majority of not less than 75% of the votes cast at a meeting of shareholders of the Company.

#### *Pre-Emptive Rights*

Subject to the Company's Articles of Association, the Company's unissued Ordinary Shares shall be at the disposal of the Board of Directors which may offer, allot, grant options over or otherwise dispose of them to such persons, for such consideration, on such terms and conditions and at such times as the Board of Directors determines but so that, unless authorized by shareholders, no Ordinary Share shall be issued at a discount to its prevailing net asset value and so that the amount payable on application on each share shall be fixed by the Board of Directors.

#### *Buy-Back Rights*

The Board of Directors has the ability to buy back up to 15% of the Ordinary Shares issued and outstanding. The Board of Directors intends that purchases will only be made pursuant to this authority through the market, for cash, at prices below the then current Adjusted Net Asset Value (as defined herein) per Ordinary Share where the Board of Directors believe such purchases will result in an increase in the Adjusted Net Asset Value per Ordinary Share of the remaining Ordinary Shares and may assist in narrowing any discount to Adjusted Net Asset Value per Ordinary Share at which the Ordinary Shares may trade. The maximum price to be paid for Ordinary Shares will be not more than 105% above the average of the mid-market values of the Ordinary Shares for the five Business Days before the purchase is made. Any such purchases will be made in accordance with the Guernsey Companies Law. Any Ordinary Shares bought back by the Company may either be cancelled or held as treasury shares.

#### *Rights Upon Dissolution or Winding-Up*

On a winding-up or dissolution of the Company, whether voluntary or involuntary, after paying all the debts attributable to and satisfying all the liabilities of the Company, holders of Ordinary Shares shall be entitled to receive by way of capital any surplus assets of the Company attributable to the Ordinary Shares as a class in proportion to their holdings.

#### *Calls on Ordinary Shares, Forfeiture and Surrender*

At the request of the Toronto Stock Exchange, pursuant to a special resolution dated November 11, 2008, the Articles of Association were amended to provide that only fully paid and non-assessable Ordinary Shares shall be issued by the Company. Ordinary Shares shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the Company would have received if the share had been issued for money. For purposes of making this determination, "property" does not include a promissory note or a promise to pay that is made by a person to whom the Ordinary Share is issued or a person who does not deal at arm's length with a person to whom the Ordinary Share is issued.

The following changes to the Articles of Association were also approved pursuant to the special resolution dated November 11, 2008:

- Any provisions in the Company's Articles of Association which permit the issuance of partially paid Ordinary Shares shall be removed.

- The Company shall no longer have the right to make a call on shareholders in respect of any monies unpaid on their Ordinary Shares (a “**Call Right**”).
- Any requirement that a shareholder forfeit or surrender its Ordinary Shares for failing to make a payment in connection with a Call Right shall be removed from the Articles of Association.

### **Matters Requiring Shareholder Approval**

The rights of shareholders of the Company are governed by the Company’s Memorandum of Association and Articles of Association. A copy of the Company’s Memorandum of Association and Articles of Association may be obtained from the Company’s Administrator and will also be available at [www.sedar.com](http://www.sedar.com)

The Company shall not without the previous consent in writing of the holders of a simple majority, in the case of paragraph (i) below, or at least a 75% majority, in the case of paragraph (ii) below, of the Ordinary Shares in issue or the sanction of a resolution passed by the same majority of votes cast at a separate general meeting of the shareholders at such meeting:

- (i) make any material change in the investment policy of the Company; or
- (ii) pass any resolution amending, altering, modifying, commuting, dealing with or abrogating any of the rights attaching to the Ordinary Shares as a class.

The distribution of any non-cash asset or right of the Company to shareholders by way of a dividend, bonus, on a return of capital or otherwise is prohibited.

## **VALUATION OF URANIUM AND CALCULATION OF ADJUSTED NET ASSET VALUE**

### **Valuation Policies and Procedures of the Company**

The Adjusted NAV of the Company is calculated by using the total assets of the Company and subtracting the total liabilities, valued in accordance with IFRS except that: investments in U<sub>3</sub>O<sub>8</sub> are valued at the Average U<sub>3</sub>O<sub>8</sub> Published Price and investments in UF<sub>6</sub> are valued at the Average UF<sub>6</sub> Published Price; and adjustment is made to include the fair value of forward Uranium purchase and sale contracts entered into by the Company with reference to the Average U<sub>3</sub>O<sub>8</sub> Published Price and the Average UF<sub>6</sub> Published Price. The Company believes that Adjusted NAV is a useful supplemental measure for evaluation of the Company’s performance.

Holdings of U<sub>3</sub>O<sub>8</sub> and UF<sub>6</sub> are valued at fair value in the financial statements. Any increase or decrease in fair value is recognised in the income statement. U<sub>3</sub>O<sub>8</sub> and UF<sub>6</sub> on loan to counterparties remain on the balance sheet as the Company retains substantially all of the risks and rewards of ownership. Any increase or decrease in fair value is recognised in the income statement. Other non-investment type assets and liabilities such as trade debtors, trade creditors and other sundry items are accounted on an accruals basis.

If the Board of Directors is of the opinion that any of the Company’s valuation guidelines are inappropriate in any particular case, or generally, it may in its discretion adopt such other valuation procedure as it considers reasonable in the circumstances. The Board of Directors, at its meeting in November 2008, exercised its discretion to change the Company’s valuation guidelines and replaced the Historical Cost Method with the Fair Value Method (as such terms are defined below) with respect to the valuation of the Company’s Uranium Assets. See *Change in Accounting Treatment*.

### **Calculation of Adjusted Net Asset Value**

The Adjusted NAV is calculated by determining the total assets of the Company and subtracting the total liabilities of the Company (including accrued but unpaid fees), determined in accordance with the valuation guidelines adopted by the Board of Directors, which are summarized below. To calculate the Adjusted NAV per Ordinary Share, the Adjusted NAV of the Company is divided by the total number of outstanding Ordinary Shares of the Company. The Company also calculates Adjusted NAV per Ordinary Share, on a fully diluted basis, taking into account the unexercised Option (as defined herein) issued to NIL.

The Company calculates its Adjusted NAV as at 23:59 GMT on the last business day of each month. At the time that the Company became a reporting issuer in Canada on or about December 30, 2008, the Company changed the terminology used in its public disclosure documents. As a reporting issuer in Canada, wherever used in the Company's public disclosure documents on or after December 30, 2008, the term 'Net Assets' refers to the value of the Company's net assets based on a historical cost convention rather than based on the net assets' current value, and the term 'NAV' or 'Net Asset Value' refers to the value of the Company's net assets based on their current fair market value.

### Reporting of Net Asset Value

The "Net Asset Value" of the Company is available at no cost to investors on the Company's website, [www.uraniumlimited.com](http://www.uraniumlimited.com), and under the Company's profile at [www.sedar.com](http://www.sedar.com). The Company calculates its "Net Asset Value" on the last business day of each month. The "Adjusted Net Asset Value" of the Company will be expressed in U.S. dollars and Pounds Sterling.

### Change in Accounting Treatment

The Company currently uses the fair value basis for valuation of its Uranium Assets (the "Fair Value Method"). Prior to December 31, 2008, the Company used the historical cost basis for valuation of its Uranium Assets in its financial statements (the "Historical Cost Method"). The Board of Directors, at its meeting in November 2008, resolved that as of December 31, 2008, the Company would use the Fair Value Method. Both the Historical Cost Method and the Fair Value Method are permitted methods for the valuation of the Company's assets under IFRS. The Board of Directors believes that adopting the Fair Value Method provides investors with more relevant information as to the value of the Company's assets and aligns the financial statements with the Company's NAV as reported in its monthly net asset value statements.

## REDEMPTION OF ORDINARY SHARES

The Company is a non-redeemable closed-ended investment company and an investment in the Ordinary Shares is not redeemable.

## ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY

### Officers and Directors of the Company

The following table sets out, for each of the directors and officers of the Company, the person's name, municipality of residence, position with the Company and principal occupation. Each director will hold office for a period of three years from the initial date of appointment or re-appointment by the Shareholders, subject to his or her earlier resignation or removal.

Name & Municipality of Residence	Position with the Company	Appointment Date	Principal Occupation	Ordinary Shares Owned	Remuneration (per annum)
Kelvin Williams <sup>(1)</sup> Cape Town, South Africa	Chairman	June 28, 2006 as a Director and January 1, 2008 as Chairman September 17, 2009 re-appointed	Non-Executive Director	Nil	GBP50,000
Anthony Pickford <sup>(2)(3)</sup> St. Martin, Guernsey	Chief Executive Officer and Director	June 28, 2006, as a Director and May 14, 2008, as Chief Executive Officer September 17, 2009 re-appointed	Chartered Accountant	22,095 Ordinary Shares	GBP22,500
William Scott <sup>(1)(2)(3)(4)</sup> St. Peter Port, Guernsey	Director; Chairman of Audit Committee	June 28, 2006 September 17, 2009 re-appointed	Non-Executive Director	Nil	GBP40,000
Michael Travis <sup>(1)(2)(3)(4)</sup> London, United Kingdom	Director; Chairman of <b>Service Provider</b> Appointment Committee	June 28, 2006 September 17, 2009 re-appointed	Non-Executive Director	Nil	GBP30,000
Peter Bonney <sup>(1)(3)(4)(5)</sup> New York, U.S.	Director	May 14, 2008	Partner, QVT Financial LP <sup>(6)</sup>	11,837,535 Ordinary Shares held by QVT Financial LP	Nil
David Preston <sup>(7)</sup> Castel, Guernsey	Chief Financial Officer	June 23, 2008	Managing Director of the Administrator <sup>(7)</sup>	Nil	GBP12,500

Notes:

- (1) Independent director.
- (2) Member of the Audit Committee.
- (3) Member of the Service Provider Appointment Committee.
- (4) Member of the Independent Review Committee.
- (5) Mr. Bonney is a partner and portfolio manager of QVT Financial LP, which, as of the date hereof, is the Company's largest shareholder. See "*Principal Holders of Securities of the Company*".
- (6) QVT Financial LP is a New York based multi-strategy hedge fund manager.
- (7) The Administrator is a Guernsey-based independent fiduciary and financial services group.

Except as noted below, each of the foregoing directors and officers has held the same principal occupation for the previous five years.

The following is a brief biographical description of the directors and officers of the Company:

***Kelvin Williams, Chairman***

Mr. Kelvin Williams joined Anglo American Corporation in 1976 as a member of its industrial relations department. From 1978 to 1985, Mr. Williams worked in Anglo American Corporation's coal division and was responsible for the group's anthracite collieries. In 1985 Mr. Williams joined the group's gold and uranium division. Mr. Williams was an executive director of AngloGold Ashanti Limited from its establishment in 1998 until May 2006 and was the chairman of its wholly-owned subsidiary, Nucor SA. He was also a director of NIL until his resignation on December 31, 2007. He assumed the chairmanship of the Company with effect from January 1, 2008. Mr. Williams was also a director of the World Gold Council.

***Anthony Pickford, Chief Executive Officer and Director***

Born in 1953 in London, Mr. Anthony Pickford is now a Guernsey resident. He joined the Mercator Group of companies in 1986 as a partner in Chandlers Limited, a Guernsey based accountancy business. The Mercator Group is a diverse financial services group comprising independent financial advisors, investment managers, fund administrators and trust and company administration. He became the Managing Director of the group in 2000 and in 2004 he became the Chairman until his retirement in March 2008. During his time with the group his role was very hands on and he specialized in insolvency matters, advising both funds and insurance companies. He is also a non-executive director of a number of investment companies and funds, several of which are listed on the London, Irish or Channel Islands stock exchanges. Until recently, Mr. Pickford was also a partner of Grant Thornton (formerly RSM Robson Rhodes) in Guernsey since 2001. Mr. Pickford completed the Institute of Directors Diploma in Company Direction and is a qualified mediator as well as a Chartered Accountant and UK licensed insolvency practitioner.

***William Scott, Director, Chairman of Audit Committee***

Mr. William Scott is a non-executive director of a number of investment companies and funds, several of which are listed on the London Stock Exchange as well as the Irish or Channel Islands stock exchanges. Mr. Scott has over 20 years experience in the investment funds industry. Between 2003 and 2004, Mr. Scott was the senior vice-president of FRM Investment Management Limited. From 1989 to 2002, Mr. Scott worked for Rea Brothers, which later became part of the Close Brothers group, and held a number of senior positions at the group, including as a director of Close Bank Guernsey Limited. Mr. Scott is a chartered accountant and is a member of the Securities & Investment Institute.

***Michael Travis, Director, Chairman of Service Provider Appointment Committee***

Mr. Michael Travis worked for Rio Tinto PLC from 1969 to 2005 and has over 20 years experience in the uranium industry. While at Rio Tinto, Mr. Travis held several senior positions including, from 1994 to 2005, as the managing director of Rio Tinto Mineral Services Limited, the uranium marketing arm of the Rio Tinto group. During the same period he was a director of Rossing Uranium Limited, Namibia. Mr. Travis was a member of the board of the WNA from 2001 to 2003 and

was a member of the Bureau of the Euratom Supply Agency Advisory Committee from 2003 to 2005. Mr. Travis has an M.A. from Oxford University and an M.B.A. from INSEAD.

***Peter Bonney, Director***

Mr. Peter Bonney is a partner and portfolio manager of QVT Financial LP, where he manages investments in commodities, closed-end funds, and other areas. While at QVT, Mr. Bonney has been actively involved in managing QVT's uranium-related investments, including trading of physical uranium and uranium derivatives as well as investments in uranium-related equities. Prior to the formation of QVT Financial LP, Mr. Bonney was employed by the QVT Group within DB Advisers. Prior to joining the QVT Group in 2002, he worked as a consultant specializing in risk management at ERisk LLC and Oliver, Wyman & Company, LLC. Mr. Bonney has an A.B. in Applied Mathematics from Harvard College.

***David Preston, Chief Financial Officer***

Mr. David Preston is the managing director of the Mercator Group, a Guernsey based regulated fiduciary and financial services group. Mr. Preston is a chartered accountant, qualifying with Coopers & Lybrand in London in 1993. Before joining the Mercator Group, he was a director of Deloitte in both London and Guernsey. In addition to his role within the Mercator Group, Mr. Preston is also a director of a number of Guernsey based regulated investment funds.

**Nominated Adviser**

The Company pays a fee of GBP60,000 per annum plus expenses to Canaccord Adams Limited, its nominated adviser and broker for the purposes of the AIM Rules, for ongoing advice as to regulatory and other matters relating to the Company's AIM quotation, as described in the Nominated Adviser Agreement (as defined herein). A nominated adviser and broker are required for AIM quoted companies. Either party may terminate the Nominated Adviser Agreement upon three month's notice after the expiry of the initial term of twelve months on 20 August 2010.

**Uranium Custodians — Storage of Uranium Assets**

***Details of Storage of Uranium Assets***

The Company's Uranium Assets were previously stored using the accounts of NIL with various uranium storage facilities pursuant to the terms of a storage consultant agreement and various sub-custody arrangements with NIL. Following the termination on 24 June 2009 of the storage consultant agreement among Nufcor Uranium Limited and NIL, the Company has entered, or will enter, into new custody arrangements directly with the Uranium Custodians. The Uranium Assets of the Company are currently stored at Cameco Corporation's facilities in Canada, United States Enrichment Corporation's facilities located in the United States, Eurodif SA's facilities (part of the AREVA group) located in France, at ConverDyn (a general partnership between Honeywell International and General Atomics) located in the United States and Comurhex (also part of the AREVA group) located in France. The Uranium Custodians are responsible for physically safeguarding the Uranium Assets held in the accounts at their sites.

**Storage Administrator**

Pursuant to the Storage Account Administration Services Agreement, NuCap acts as Storage Administrator to the Company.

***Details of the Storage Account Administration Services Agreement***

Pursuant to the Storage Account Administration Services Agreement, the Storage Administrator is responsible for administering origin and transfer notices for the transfer of Uranium, reconciling balance statements received from Uranium Custodians, maintaining the Company's Uranium inventory records and liaising with Uranium Custodians regarding matters concerned with the Company's agreements with these custodians. The Company pays the Storage Administrator a fee of GBP10,000 per month for its services. Either party may terminate the Storage Account Administration Agreement upon one month's notice as of 31 December 2009.

**Brokerage Arrangements**

Pursuant to the Joint Broker Agreement, Canaccord Adams Limited is the joint broker of the Company and provides the services to the Company set out Section 4 of the Joint Broker Agreement, a copy of which is available at [www.sedar.com](http://www.sedar.com). Deutsche Bank AG also acts as a broker of the Company. The Company pays a fee of GBP30,000 per annum plus expenses to Canaccord Adams Limited as its joint broker. Either party may terminate the Joint Broker Agreement upon three months' notice..

#### **Auditor**

The auditors of the Company are PricewaterhouseCoopers CI LLP at their principal office at National Westminster House, Le Truchot, St. Peter Port, Guernsey. The auditors were first appointed on 29 June 2006.

#### **Transfer Agent and Registrar**

Under a registrar agreement the Company has appointed Capita Registrars (Guernsey) Limited (the “**UK Registrar**”) at its principal offices in St. Peter Port, Guernsey as registrar and CREST agent in the United Kingdom. The Company pays the UK Registrar a fee of GBP2 per shareholder per annum subject to a minimum annual fee of GBP5,500 together with other agreed transaction charges. The registrar agreement is terminable by either party on three months' notice, save for in certain limited circumstances in which it may be terminated without notice.

Pursuant to a transfer agent and registrar agreement dated as at December 30, 2008, the Company has appointed Equity Transfer & Trust Company, at its principal offices in Toronto, Ontario, as its Canadian transfer agent and Canadian registrar for the Ordinary Shares. Either party may terminate the registrar agreement upon ninety days' notice.

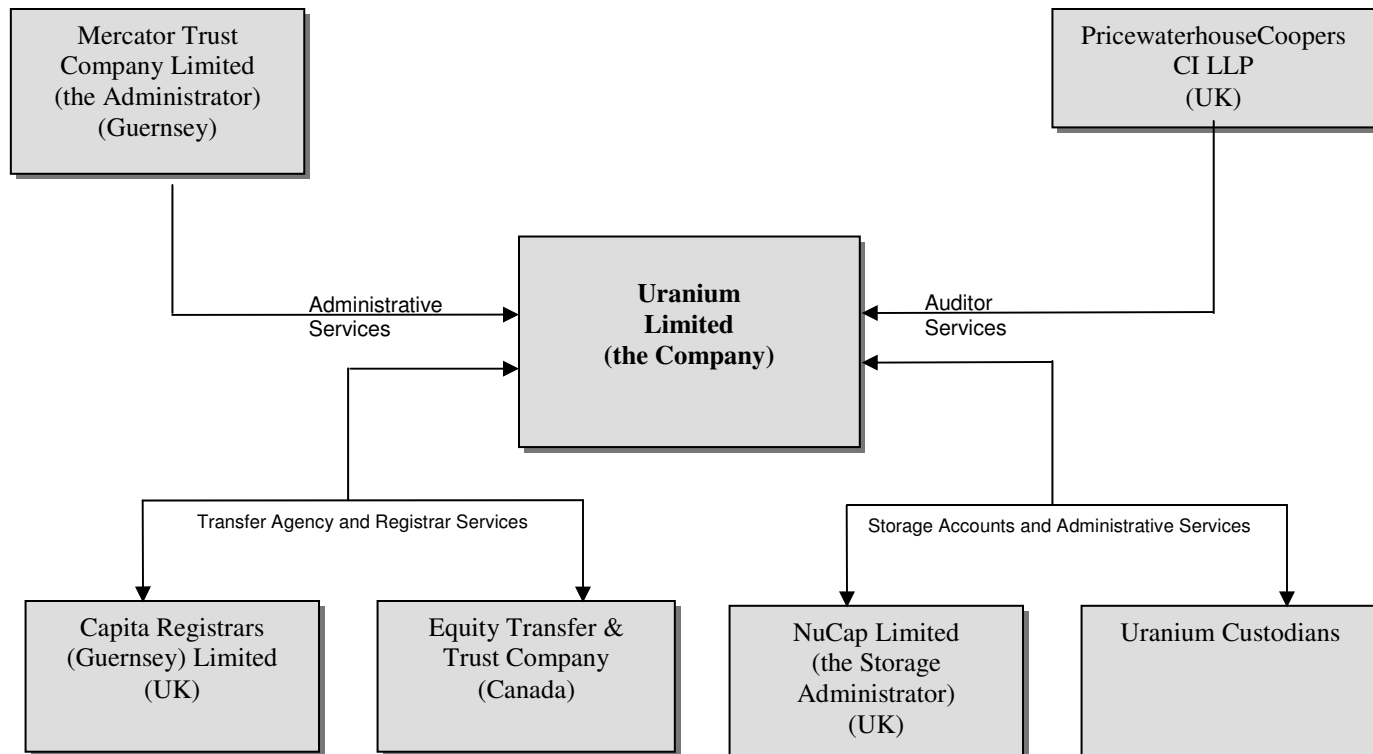
#### **Other Service Providers**

##### *Administrator*

Pursuant to the Administrator Agreement (as defined herein), Mercator Trust Company Limited, at their principal office at St. Martin, Guernsey, acts as the Administrator to the Company. The services to be provided by the Administrator under the Administrator Agreement include acting as secretary of the Company, keeping of the accounts of the Company and other books and records, preparation of financial statements and monthly net asset value statements. Either party may terminate the Administrator Agreement upon six months' notice.

*Relationship with Service Providers*

The chart below demonstrates the Company's relationship with all of its service providers.



## CONFLICTS OF INTEREST

### Principal Shareholders

The following table shows the name of each person or company who, at the date of this Annual Information Form, owned of record, or, to the knowledge of the Company, owned beneficially or exercised control or direction over, or are expected to own of record or beneficially, directly or indirectly, or exercise control or direction over more than 10% of the Ordinary Shares.

Name of Principal Shareholder	Type of Ownership	As at the date hereof	
		Number	Percentage
QVT Financial LP <sup>(1)</sup>	Ordinary Shares	11,837,535	28.70%
Wellington Management (Institutional Group)	Ordinary Shares	4,131,687	10.02%

(1) QVT Financial LP is a New York based multi-strategy hedge fund manager. Mr. Peter Bonney, a director of the Company, is a partner and portfolio manager of QVT Financial LP. As of the date hereof, QVT Financial L.P. is the Company's largest shareholder. See "*Organization and Management Details of the Company*".

All shares are owned both of record and beneficially.

As of the date of this Annual Information Form, except as disclosed elsewhere in this Annual Information Form, no current or past director, executive officer, employee or consultant of the Company holds any option to purchase any securities of the Company.

## CORPORATE GOVERNANCE

### Independent Review Committee

NI 81-107 requires all publicly offered investment funds, such as the Company, to establish an IRC to whom the Company's service providers engaged from time to time in the Company's investment strategies must refer all conflicts of interest matters for review or approval. The Company has established an IRC from the qualified independent members of its Board of Directors. Messrs. Travis, Scott and Bonney comprise the IRC. The IRC has adopted a mandate establishing protocols dictating that the IRC must provide a recommendation or approval of transactions in which there is a conflict of interest between the Company and its service providers engaged from time to time in the Company's investment strategies, and as between the Company and any individual members of the Board of Directors as contemplated in NI 81-107. The IRC must prepare a report at least annually of its activities for shareholders that will be available on the Company's Internet site at [www.uraniumlimited.com](http://www.uraniumlimited.com) or at the shareholders' request at no cost, by contacting the Company at [enquiries@uraniumlimited.com](mailto:enquiries@uraniumlimited.com). All fees and expenses of the IRC will be paid by the Company. The IRC members do not receive any remuneration in connection with their service on the IRC.

### Audit Committee of the Company

The Board of Directors has established an audit committee comprised of Messrs. Travis, Pickford and Scott and is chaired by Mr. Scott. The principal functions of the audit committee are to appoint, compensate and oversee the external auditors; to review the integrity of the financial statements and approve annual and interim financial statements and all legally required continuous and public disclosure documents containing financial information about the Company before they are submitted to the Board of Directors for approval; to review and approve the adequacy of internal accounting controls, risk management systems and the quality of financial reporting procedures and systems; to examine the presentation and impact of key financial and other significant risks that may be material to the Company's financial reporting; and to review and approve the nature and scope of the annual audit and review the results of the external auditor's examination. The audit committee reports its findings with respect to such matters to the Board of Directors. Other than Mr. Anthony Pickford, all members of the audit committee are independent directors of the Company. See the biographical description above for the directors and officers of the Company for a biographical description of each member of the audit committee.

## **Corporate Governance and Nomination and Remuneration Committees of the Company**

The Company has not, given the nature of its operations, established remuneration and nomination committees. The Board of Directors reviews annually the remuneration of the directors and agrees to the level of fees to be paid to the directors. Consideration will be given by the Board of Directors to future succession plans for members of the Board of Directors and to whether the Board of Directors has the skills required to effectively govern and direct the Company. The Company will take all reasonable steps to ensure compliance by the members of the Board of Directors with the provisions of applicable securities laws relating to dealings in securities of the Company and has adopted a share dealing code for this purpose.

### **Service Provider Appointment Committee**

The Company has established a service provider appointment committee. The members of this committee currently comprise all of the directors except Mr. Williams. The chair of the committee is Michael Travis. The service provider appointment committee is responsible for undertaking an annual review of the performance by the Company's service providers that provide advice on a transaction-by-transaction basis with respect to purchases, physical swaps and loans of Uranium, for agreeing to any changes to the fees payable to such service providers and for assessing the effectiveness of the internal procedures established by the Company with such service providers to manage conflicts of interest arising out of the provision of services under arrangements with service providers, including the Transactional Services Agreement and the Storage Account Administration Services Agreement. The service provider appointment committee is also responsible for appointing a replacement adviser, if necessary. The committee will also consider, on an annual basis, the adequacy of the arrangements for the storage of the Company's Uranium with a view to ensuring they protect the Company's interests.

## **FEES AND EXPENSES**

Investors in the Ordinary Shares do not pay any fees upon purchase of securities of the Company.

In 2008, the Company paid the expenses associated with the TSX listing and became a reporting issuer in Canada, of approximately \$3,375,000.

Pursuant to the Storage Account Administration Services Agreement with the Storage Administrator, the Company pays a fee of GBP10,000 per month to the Storage Administrator. The services provided by the Storage Administrator under the Storage Account Administration Services Agreement include administering origin and transfer notices for the transfer of Uranium, reconciling balance statements received from Uranium Custodians, maintaining the Company's Uranium inventory records and liaising with Uranium Custodians regarding matters concerned with the Company's agreements with these custodians.

The Company pays costs of the Uranium Custodians related to the storage of Uranium Assets, which costs are dependant on the facility storing the Company's Uranium Assets and the quantity being stored.

Pursuant to the Administrator Agreement, the Company pays an annual fee of GBP102,000 to the Administrator. The services to be provided by the Administrator under the Administrator Agreement include acting as secretary of the Company, keeping of the accounts of the Company and other books and records, preparation of financial statements and monthly net asset value statements.

The Company pays a fee of GBP60,000 per annum plus expenses to Canaccord Adams Limited, its nominated adviser and broker for the purposes of the AIM Rules, for ongoing advice as to regulatory and other matters relating to the Company's AIM quotation, as described in the Nominated Adviser Agreement. A nominated adviser and broker are required for AIM quoted companies.

In addition to the fees as set out above, the Company's annual operating expenses include including directors' fees, registrar and transfer agent fees, legal fees, auditor fees and other administrative fees, are anticipated to be approximately \$785,000 per annum in the aggregate. Pursuant to NI 81-107, the Company has established an IRC from the qualified independent members of its Board of Directors to whom the Company's service providers that are engaged from time to time in the Company's investment strategies must refer all conflicts of interest matters for review or approval. The members of the IRC will not receive a fee for their services on such committee. The Company will pay all fees and expenses incurred by the IRC. No such expenses have been incurred to date. The Company has no additional fees or expenses, other than as disclosed above.

## INCOME TAX CONSIDERATIONS

### Certain Canadian Federal Income Tax Considerations

The following is a general summary of the principal Canadian federal income tax considerations applicable to a prospective investor who acquires beneficial ownership of Ordinary Shares. This summary assumes that the Company is not resident in Canada. This summary applies only to a prospective investor who, for purposes of the Tax Act and at all relevant times: (i) is or is deemed to be resident in Canada; (ii) deals at arm's length with and is not affiliated with the Company, and (iii) holds Ordinary Shares as capital property ("**Holder**"). Generally, Ordinary Shares will be considered to be capital property to a Holder provided that the Holder does not hold Ordinary Shares in the course of carrying on a business of buying and selling securities and has not acquired Ordinary Shares in a transaction or transactions considered to be an adventure in the nature of trade.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, each prospective investor should obtain independent advice regarding the income tax consequences of investing in Ordinary Shares with reference to the investor's own particular circumstances.**

This summary is based on the current provisions of the Tax Act and the Regulations, all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) ("**Minister**") prior to the date hereof ("**Tax Proposals**") and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**") published in writing by it prior to the date hereof. This summary assumes that the Tax Proposals will be enacted in their current form but there can be no assurance that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or in administrative policies or assessing practices, nor does it take into account provincial or territorial tax laws of Canada or the tax laws of any foreign jurisdiction.

This summary is not applicable to a Holder: (i) that is a "financial institution" within the meaning of section 142.2 of the Tax Act; (ii) that is a "specified financial institution" as defined in subsection 248(1) of the Tax Act; (iii) an interest in which is, or for whom an Ordinary Share would be, a "tax shelter investment" for the purposes of the Tax Act; (iv) with respect to whom the Company is a "foreign affiliate" within the meaning of the Tax Act, or (v) that has made a "functional currency" reporting election under section 261 of the Tax Act. Such Holders should consult their own tax advisors.

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Ordinary Shares (including dividends, adjusted cost base and proceeds of disposition) must, subject to certain exceptions, be determined in Canadian dollars. In general terms, amounts determined in other currencies must be converted into Canadian dollars based on the daily noon rate as quoted by the Bank of Canada for the applicable day or such other rate of exchange that is acceptable to the CRA. Holders who determine or wish to determine amounts for the purposes of the Tax Act in a currency other than the Canadian dollar should consult their own tax advisors in this regard.

#### *Status of the Company*

The Company is a limited liability company incorporated under the laws of Guernsey. It is counsel's understanding that the Company is resident in Guernsey. As mentioned above, this summary assumes that the Company is not resident in Canada for the purposes of the Tax Act.

#### *Taxation of the Company*

In general terms, the Company will not be subject to Canadian federal income tax under Part I of the Tax Act for a particular taxation year unless it carried on a business in Canada or disposed of a taxable Canadian property (in each case, within the meaning of the Tax Act) at any time during the taxation year or a previous taxation year. The Company may however be subject to Canadian withholding tax under Part XIII of the Tax Act on certain types of payments (such as dividends and royalties) received from Canadian residents.

***Proposals Regarding Foreign Investment Entities***

The Tax Proposals include proposed amendments to the Tax Act relating to the taxation of certain investments in “foreign investment entities” (“**FIE Rules**”). The FIE Rules are generally applicable for taxation years commencing after 2006 notwithstanding that they have not yet been enacted. In the 2009 Federal Budget, the government announced that it would review the FIE Rules and the submissions that it has received thereon before proceeding with the FIE Rules. The Department of Finance has not subsequently made any public announcements with respect to the status of the FIE Rules.

**The following is not an exhaustive description of the FIE Rules. Holders are urged to consult their own tax advisors regarding the application and consequences of the FIE Rules in their particular circumstances.**

In general terms, the FIE Rules will apply where, in a taxation year that includes the taxation year-end of a “non-resident entity”, a person resident in Canada (other than an “exempt taxpayer”) holds a “participating interest” in the non-resident entity that is not an “exempt interest” and the non-resident entity is a “foreign investment entity” at that year-end (as such terms are defined for the purposes of the FIE Rules).

An “exempt taxpayer” for a particular taxation year is generally defined for the purposes of the FIE Rules to include most persons exempt from tax under Part I of the Tax Act for that taxation year (including Deferred Income Plans). Holders who may be “exempt taxpayers” for these purposes should consult their own tax advisors regarding the scope of these exemptions.

For the purposes of the FIE Rules, the Company will be a non-resident entity and the Ordinary Shares will be participating interests in the Company that are not exempt interests. The issue of whether the Company is a foreign investment entity (within the meaning of the FIE Rules) must be determined on an annual basis at the end of each taxation year of the Company. However, based on counsel’s understanding of the business and investment activities of the Company, as of the date of this Annual Information Form, and although not free from doubt, the Company will be a foreign investment entity for the purposes of the FIE Rules.

Under the FIE Rules, a Holder will generally be required to include in computing income for the Holder’s taxation year that includes the year-end of the Company, an amount in respect of such Holder’s Ordinary Shares computed in one of three ways:

- (a) an imputed return calculated as a prescribed percentage of the Holder’s “designated cost” of such interest (“**Imputed Income Method**”);
- (b) in certain circumstances, the annual accrued increase or decrease in the fair market value of the Holder’s interest (“**Mark-to-Market Method**”); or
- (c) in other limited circumstances, the Holder’s proportionate share of the foreign investment entity’s income or loss for the year calculated using the FIE Rules (“**Accrual Method**”).

The Imputed Income Method is the default method for computing a taxpayer’s annual income inclusion, if any, under the FIE Rules. However, provided that certain conditions exist and the appropriate information is available, taxpayers may be able to elect to use the Mark-to-Market Method or, in limited circumstances, the Accrual Method. In order to elect to use the Accrual Method, Holders will be required to file with CRA, certain prescribed information in prescribed form. As of the date hereof, these information requirements have not been finalized by the Minister but it is expected that they will include certain specific information concerning the Company. Based on its understanding of these requirements, the Company expects that it will be impracticable for it to provide the information required for Holders to elect to apply the Accrual Method. In the paragraphs that follow, this summary will provide a very general overview of how each of these three methods apply to Holders who are not exempt taxpayers (within the meaning of the FIE Rules).

***Imputed Income Method***

Under the Imputed Income Method, if a Holder holds Ordinary Shares on the Company’s taxation year-end that falls in a particular taxation year of the Holder, the Holder generally will be required to include in income, in respect of each month in that taxation year at the end of which month the Holder held Ordinary Shares, an amount equal to one-twelfth of the

applicable “prescribed rate” multiplied by the Holder’s “designated cost” of such Ordinary Shares (as such terms are defined in the FIE Rules). The prescribed rate for any calendar quarter is based on Canadian treasury bill rates for the first month of the preceding quarter, plus 2% (the prescribed rate for the fourth calendar quarter of 2009 is 3%). The designated cost of Ordinary Shares to a Holder is based on the Holder’s adjusted cost base, subject to certain adjustments, of those Ordinary Shares. Amounts required to be included in computing a Holder’s income for a taxation year as a result of the application of the Imputed Income Method in respect of such Holder’s Ordinary Shares will generally be added in computing the Holder’s designated cost and adjusted cost base of such Ordinary Shares.

Holders who dispose, or who are deemed to dispose, of Ordinary Shares in a taxation year and who apply the Imputed Income Method will generally report any resulting gain in the manner described below under the heading “*Income Tax Considerations — Disposition of Ordinary Shares*”. However, under the Imputed Income Method, if a Holder realizes a loss on such a disposition or deemed disposition, the Holder will, subject to certain limitations, be permitted to deduct the amount of any such loss in computing income for that taxation year. Under the Imputed Income Method, the deductible portion of such loss will be limited to the amount included in the Holder’s income in that taxation year and prior taxation years, net of the aggregate of amounts otherwise deducted by the Holder in accordance with the FIE Rules, while the non-deductible portion of such loss will be treated as a capital loss to the Holder and reported by the Holder in the manner described below under the heading “*Disposition of Ordinary Shares*”.

### ***Mark-to-Market Method***

Under the Mark-to-Market Method, if a Holder holds Ordinary Shares on the Company’s taxation year-end that falls in a particular taxation year of the Holder, the Holder generally will be required to apply a “mark-to-market formula” in respect of the Ordinary Shares, and either include the result (if positive), or deduct the result (if negative), in computing income for that taxation year. Where certain specific conditions are satisfied, the amount computed by applying the mark-to-market formula may be characterized as a capital gain or capital loss realised by the Holder on a disposition of Ordinary Shares. Any such capital gain or capital loss would generally be reported by the Holder in the manner described below under the heading “*Disposition of Ordinary Shares*”. Holders should consult their own tax advisors regarding the potential application of these rules.

The “mark-to-market formula” in respect of the Ordinary Shares for a taxation year of a Holder takes into account any increase or decrease in the value of the Ordinary Shares over the period in the taxation year during which the Ordinary Shares were held, any proceeds of disposition realized on a disposition of the Ordinary Shares during the taxation year and any distributions received on the Ordinary Shares during the taxation year.

A Holder may only elect to use the Mark-to-Market Method in respect of a taxation year if there was a “readily obtainable fair market value” for the Ordinary Shares at all times during the taxation year during which the Holder held Ordinary Shares. In general terms, the readily obtainable fair market value for the Ordinary Shares is equal to the fair market value of such shares provided that the Ordinary Shares are actively and continuously traded on a designated stock exchange (including the TSX but not AIM) as determined in accordance with the FIE Rules. Holders should consult their own tax advisors as to whether the Ordinary Shares have a readily obtainable fair market value at any particular time.

### ***Accrual Method***

Under the FIE rules, a Holder may be able to elect to use the Accrual Method when reporting such Holder’s income provided that certain conditions are satisfied and certain information (including information concerning the Company) is provided to CRA. As mentioned above, the Company expects that it will be impracticable for it to provide the information required for Holders to elect to apply the Accrual Method.

In very general terms, under the Accrual Method, a Holder will include in income for a taxation year, such Holder’s *pro rata* share (based on the fair market value of the Holder’s Ordinary Shares relative to the fair market value of all Ordinary Shares) of the income or loss (as computed under modified Canadian tax rules) realized by the Company during the taxation year of the Company that ended during the Holder’s taxation year. The ability of a Holder to claim a loss under the Accrual Method is generally limited to the amount of such Holder’s cumulative net income (as determined by the Accrual Method) for previous taxation years. The Holder’s adjusted cost base for the Ordinary Shares is also increased or decreased (as applicable) so as to reflect the recognition of these accrued income or loss amounts in the current taxation year. Holders who wish to consider the possibility of electing to use the Accrual Method should consult their own tax advisors.

**This summary provides a general description of the FIE Rules only, and should not be construed as advice to any particular Holder regarding the implications of the FIE Rules in the Holder’s particular circumstances. Holders**

**are urged to consult their own tax advisors regarding the impact of the FIE Rules in their circumstances, including in particular, the possibility and/or advisability of, as well as the limitations associated with, electing to adopt the Mark-to-Market Method or the Accrual Method for reporting income under the FIE Rules.**

#### *Dividends*

A Holder will be required to include in income, the amount of any dividends received on such Holder's Ordinary Shares, including any amounts deducted for foreign withholding taxes. A Holder that is an individual (including certain trusts) will not be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. A Holder that is a corporation will not be entitled to deduct the amount of such dividend in computing its taxable income.

Subject to the detailed rules in the Tax Act, a Holder may be entitled to claim a foreign tax credit or deduction for any foreign withholding tax paid by (or on behalf of) such Holder in connection with dividends received on the Ordinary Shares.

The FIE Rules include complex provisions to relieve against double taxation of dividends and other amounts included in income by a Holder as a result of the application of the FIE Rules. Holders should consult their own tax advisors in this regard.

#### *Disposition of Ordinary Shares*

A Holder of Ordinary Shares will generally realize a capital gain (or capital loss) on a disposition (including a deemed disposition) of such Ordinary Shares equal to the amount by which the proceeds of disposition of such Ordinary Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Ordinary Shares to the Holder, as may be adjusted through the application of the FIE Rules (in particular, the Imputed Income Method and the Accrual Method) discussed above. A Holder to whom the Mark-to-Market Method applies will not realize a capital gain or capital loss on a disposition of Ordinary Shares except as determined under the Mark-to-Market Method.

Generally, one-half of any capital gain (a taxable capital gain) realized on a disposition (including a deemed disposition) of Ordinary Shares must be included in computing the income of the Holder for the year of disposition and one half of any capital loss (an allowable capital loss) must be deducted against taxable capital gains realized by such Holder for the year of disposition. Allowable capital losses in excess of taxable capital gains for the year of disposition may generally be deducted by the Holder against net taxable capital gains realized by such Holder in any of the three preceding years or in any subsequent year to the extent and in the circumstances permitted by the Tax Act.

#### *Other Taxes*

A Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of  $6\frac{2}{3}\%$  on its "aggregate investment income" for the year, including: (i) dividends received on Ordinary Shares; (ii) taxable capital gains realized on a disposition (or deemed disposition) of Ordinary Shares, and (iii) income from property deemed to have been realized due to the application of the FIE Rules.

Capital gains realized by an individual (including certain trusts) may give rise to a liability for alternative minimum tax as calculated under the detailed rules set out in the Tax Act.

#### *Foreign Property Information Reporting*

A Holder that is a "specified Canadian entity" (as defined in the Tax Act) for a taxation year or a fiscal period and whose total cost amount of "specified foreign property" (as defined in the Tax Act), including Ordinary Shares, at any time in the year or fiscal period exceeds C\$100,000 will be required to file an information return for the year or period disclosing prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada in the year will be a specified Canadian entity. Holders are encouraged to consult their own tax advisors as to whether they must file an information return under these rules.

### *Taxation of Registered Plans*

The Ordinary Shares, if, as and when listed on a designated stock exchange (which currently includes the TSX but not AIM) would, if issued on the date of this Annual Information Form, be qualified investments under the Tax Act and the Regulations for Deferred Income Plans. See “*Eligibility for Investment*”.

### *Tax Implications of the Company’s Distribution Policy*

It is counsel’s understanding that the Company does not anticipate paying dividends on its Ordinary Shares in the near to medium-term. However, the principal Canadian federal income tax considerations applicable to a Holder who receives a dividend on an Ordinary Share are summarised above under the heading “*Dividends*”.

### **Certain States of Guernsey Income Tax Considerations**

In response to the review carried out by the European Union Code of Conduct Group, the States of Guernsey agreed to abolish exempt status for the majority of companies, including the Company, with effect from January 2008 and to introduce a zero rate of tax for those companies carrying on all but a few specified types of regulated business. The Company is subject to the new zero rate of tax for companies and will pay no Guernsey income tax on its income and gains on the basis that no investments will be made in Guernsey property and the Company will not engage in any of the regulated activities which fall outside the scope of the zero rate. Payments of dividends to shareholders who are not resident in Guernsey will not be subject to withholding tax. However, as the Company will be subject to the zero rate, it will be resident in Guernsey for tax purposes and therefore, should any Guernsey resident shareholders hold more than a 1% interest in the Company, dividends paid to such persons will be paid net of income tax at a rate of 20% which the Company will be responsible for remitting to the Guernsey Income Tax Office. Undistributed investment income will also be treated as a deemed distribution to Guernsey resident shareholders who hold more than a 1% interest in the Company and therefore will also be subject to income tax at a rate of 20%. It should be noted that the legislation covering this area has yet to be finalised. Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, sales or turnover, nor are there any estate duties, save for an *ad valorem* fee for the grant of probate or letters of administration. No stamp duty is chargeable in Guernsey on the issue, transfer, switching or redemption of Ordinary Shares in the Company.

## **REMUNERATION OF DIRECTORS AND OFFICERS**

### **Remuneration of Directors**

When considering the appropriate level of compensation for the Company’s directors, the Board of Directors considered a variety of factors. The Board of Directors recognized the importance of compensation in attracting and retaining desirable board candidates. In this regard, the Board of Directors considered directors’ compensation offered by similar companies, such as, the directors’ time commitments and the risks and responsibilities that the directors of the Company assume in keeping with the roles of the Board of Directors and the standing committees. As of the date of this Annual Information Form, four members of the Board of Directors are independent.

Each independent member of the Board of Directors will be paid such remuneration for the services as the Board of Directors may, from time to time, determine. Until otherwise determined, the compensation of the directors of the Company will be GBP142,500 per year in total, of which the highest paid director will receive a fee of GBP50,000. Each director is entitled to receive an annual retainer fee with no separable element for responsibility or attendance. The Company will also reimburse all members of the Board of Directors for out-of-pocket expenses for attending meetings. Mr Bonney has waived his right to receive any compensation from the Company in consideration of his role at QVT Financial LP. The Company does not have a stock option plan or pension plan and does not pay non-equity incentive payments.

During the fiscal year ended June 30, 2009, the following aggregate amounts were paid to each non-executive director.

Name	Fees Earned	All Other Compensation	Total
Kelvin Williams	GBP50,000	Nil	GBP50,000
William Scott	GBP40,000	Nil	GBP40,000
Michael Travis	GBP30,000	Nil	GBP30,000
Peter Bonney	Nil	Nil	Nil

### Remuneration of Officers

Effective as of May 14, 2008, Mr. Anthony Pickford was appointed to the role of Chief Executive Officer. Effective June 23, 2008, Mr. David Preston was appointed to the role of Chief Financial Officer. Mr. Pickford does not receive any compensation in connection with this role; however, he receives GBP22,500 for his role as a director of the Company. Mr. David Preston receives a fee of GBP12,500 per annum for his services as Chief Financial Officer of the Company. The Company does not have a stock option plan or pension plan and does not pay non-equity incentive payments.

### Directors' and Officers' Liability Insurance

The Company has purchased directors' and officers' liability insurance for the directors and officers of the Company. The annual premium for such insurance is GBP68,000, no part of which is payable by the directors or officers of the Company. The annual insurance coverage under the policies is limited to an annual aggregate of GBP10 million. There is a GBP25,000 deductible provision for any claim made (US\$150,000 for losses in the United States and Canada), but no such provision for claims made against any director or officer.

### Indebtedness of Directors and Executive Officers

As of the date of this Annual Information Form, no individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, and no associate of any such director, executive officer is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, other than as disclosed elsewhere in this Annual Information Form, no director or executive officer of the Company, or any insider, or any shareholder owning more than 10% of the Ordinary Shares of the Company (or any associate or affiliate of any of the foregoing), has had any interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company.

## MATERIAL CONTRACTS

The material contracts entered into by the Company to which it is a party as at the date hereof are as follows:

1. the memorandum of association of the Company dated June 15, 2006;
2. the articles of association of the Company dated June 28, 2006, as amended by special resolutions dated July 12, 2006 and September 28, 2007;
3. the Storage Account Administration Services Agreement referred to under "*Organization and Management Details of the Company – Details of the Storage Account Administration Services Agreement*";

4. the Nominated Adviser Agreement referred to under “*Organization and Management Details of the Company – Nominated Adviser*”;
5. the Joint Broker Agreement referred to under “*Organization and Management Details of the Company – Brokerage Arrangements*”; and
6. the Option Agreement referred to below.

### **The Option Agreement**

As outlined in the table below, pursuant to an option agreement dated July 18, 2006 (the “**Option Agreement**”), the Company granted NIL an option to subscribe for 2,475,000 Ordinary Shares, such amount being equal to 7.5% of the issued share capital of the Company on admission to AIM, which occurred on July 21, 2006 (the “**Option**”). The grant of the Option was conditional upon the Company’s admission to AIM and vested on the date of such admission.

At the time of granting the Option, NIL was the Company’s Storage Consultant and it is also the shareholder of Nufcor Capital Limited which was the Company’s adviser at the time of its admission to AIM. NIL is a company incorporated in England and Wales and having its Registered Office at Peterborough Court, 133 Fleet Street, London EC4A 2BB.

The Option may be exercised by NIL at any time (or times) during the period commencing on July 21, 2008 and ending on July 21, 2011. The exercise price for each Ordinary Share under the Option is fixed at GBP2.05 per Ordinary Share, such exercise price representing the offer price under the Company’s July 21, 2006 offering in the United Kingdom of Ordinary Shares. As at the close of trading on September 29, 2009, the market price of Ordinary Shares on AIM was GBP1.675 (C\$2.90) per Ordinary Share<sup>1</sup>. As of August 31, 2009, the Company’s Adjusted NAV was GBP1.99 per Ordinary Share.

The Option Agreement provides for an adjustment to the number of option shares in certain circumstances, including in the event of an issue of Ordinary Shares or securities convertible into Ordinary Shares by way of a capitalization on profits or reserves.

<b>Name of Optionee</b>	<b>Number of Ordinary Shares Under Option</b>	<b>Exercise Price per Ordinary Share</b>	<b>Expiry Date</b>
Nufcor International Limited	2,475,000	GBP2.05	July 21, 2011

Copies of the foregoing documents may be examined by prospective investors during normal business hours at the offices of Stikeman Elliott LLP, counsel to the Company, located at Suite 5300, Commerce Court West, 199 Bay Street, Toronto, Ontario, M5L 1B9 and are also available at [www.sedar.com](http://www.sedar.com).

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

As of the date of this Annual Information Form, there are no legal proceedings or regulatory actions to which the Company is a party or to which any of its property is subject which are material to the Company, and the Company is not aware of any such proceedings which are contemplated or pending.

### **Cease Trade Orders and Bankruptcies**

Other than as disclosed below, no director, officer, promoter or other member of management of the Company is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any other investment fund or any other issuer that, while that person was acting in the capacity of director, chief executive officer or chief financial officer or within a year of that person ceasing to act in the capacity of director, chief executive officer or chief financial officer, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

<sup>1</sup> Calculated using the currency exchange rate of C\$ 1.7310 per GBP for 29 September, 2009, as reported by the Bank of Canada.

Mr. Pickford was a director of a United Kingdom company named Tayler & Tayler Investment Limited, which traded as Color Company. Mr. Pickford resigned on July 12, 2005. The company was placed into administration on December 15, 2005 with a liability of GBP283,388.

## EXEMPTIONS AND APPROVALS

The Company applied for and was granted the following exemptive relief pursuant to Part 17 of National Instrument 81-106: (i) relief to use IFRS rather than Canadian GAAP, including valuing net assets based on a historical cost convention rather than based on the net assets' current value, in preparing the Company's financial statements; (ii) relief to use ISA rather than Canadian GAAS in auditing the Company's financial statements; (iii) relief to allow future reviews of interim financial statements to be conducted in accordance with ISRE rather than the relevant standards set out in the Handbook; (iv) relief to allow PricewaterhouseCoopers CI LP to prepare and sign the Company's audit reports once the Company is a reporting issuer; and (v) relief to calculate the net asset value of the Company on a monthly basis rather than on a weekly basis.

## RISK FACTORS

Should any of the following events or circumstances occur, the Company's business, financial condition or results of operations could be materially and adversely affected. In such circumstances, the market price of the Ordinary Shares could decline and investors could lose all or part of the value of their investment. If you are in any doubt about the action you should take, you should consult a professional adviser who specialises in advising on the acquisition of shares and other securities.

Set out below are the factors the Company believes to be some of the principal risks involved in an investment in the Company but are not the only risks relating to the Company or an investment in the Company. There may be additional risks that the Company does not currently consider to be material or of which it is not aware which may also have a material adverse effect on the Company and on the value of the Ordinary Shares.

### **Risks Related to the Structure of the Company and a potential investment in the Ordinary Shares**

#### *Not a Public Mutual Fund*

The Company is not a mutual fund under applicable securities legislation and has not received consent from the Guernsey Financial Services Commission as a closed-ended fund and therefore is not subject to the restrictions placed on public mutual funds, including those to ensure diversification and liquidity of the Company's assets.

#### *Lack of Investment Liquidity*

The Company is not a mutual fund under applicable securities legislation and an investment in the Ordinary Shares will not be redeemable. In addition, the Company's liquidity or ability to declare dividends will rely principally on sales by the Company of its Uranium Assets. There is no guarantee that the Company will be able to sell its Uranium Assets in a timely or profitable manner. Investments with low liquidity or no liquidity can experience dramatic changes in value. Accordingly, the Company may have insufficient resources to declare any dividends or make other cash distributions to its shareholders.

*The Company may be subject to changes in, or in the interpretation of, legislation that could affect its tax liabilities.*

Changes from time to time in the interpretation of, amendments to, or guidance relating to, existing tax laws, or the introduction of new tax legislation in Guernsey, Canada, the United Kingdom or in any other jurisdiction the Company may have a material adverse effect on the Company and on the value of the Ordinary Shares.

*Tax residency of the Company and the Company's activities could materially adversely affect the Company's financial condition or operating results and the value of the Ordinary Shares.*

The Board of Directors believes that the affairs of the Company are managed and conducted so that the Company does not become resident in the United Kingdom for United Kingdom taxation purposes and that its profits and gains are not subject to United Kingdom taxation.

In order to meet this objective, the Company must be centrally managed and controlled from outside the United Kingdom. The composition of the Company's Board of Directors, the place of residence of the Board of Directors' individual members and the location(s) in which the Board of Directors makes decisions are important factors in determining and maintaining the Company's non-United Kingdom tax residence status. While the Company is established in Guernsey, its board meetings are held and will continue to take place only in Guernsey and a majority of the directors are resident for tax purposes outside the United Kingdom, continued attention must be given to ensure that major decisions are not made in the United Kingdom or the Company may lose its non-United Kingdom tax resident status.

If, for any of the reasons described above (or otherwise), the Company is considered to be resident or trading in the United Kingdom, this could have a material adverse effect on the Company and on the value of the Ordinary Shares.

Income received by the Company could be subject to United Kingdom withholding taxes. Certain interest and other income received by the Company which has a United Kingdom source may be subject to withholding taxes in the United Kingdom.

#### *Enforcement of Judgments Against the Company*

The Company is incorporated outside of Canada and all of its operations and substantially all of its related assets are located outside of Canada. Although the Company has appointed 152928 Canada Inc. as agent for its service of process, it may not be possible for investors to collect from the Company on judgments obtained in Canadian courts predicated on the civil liability provisions of securities legislation.

*The Company's Net Asset Value and Adjusted Net Asset Value may not reflect the actual realizable value of Uranium.*

The net asset value and Adjusted Net Asset Value reported by the Company are based on the average spot prices of uranium published by UxC and Tradetech LLC. Accordingly, the net asset value and Adjusted Net Asset Value may not necessarily reflect the actual realizable value of Uranium held by the Company.

#### **Risks Relating to Arrangements with the Storage Facilities**

*The storage facilities may materially increase the cost of storage of the Company's Uranium or may refuse to store it.*

There is no assurance that any of the storage facilities will continue to store Uranium on terms which are commercially acceptable to the Company. A material increase in the cost of storage of Uranium, or the refusal of any storage facility to continue to store Uranium for the Company, would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The number and the capacity of facilities able to store and process Uranium is limited.*

There are a limited number of storage facilities able to store and process Uranium and the amount of Uranium which such storage facilities can store and process is limited. There can be no assurance that sufficient storage capacity will always be available to the Company, and to other industry participants, to meet its, or their, needs. Insufficient storage or processing capacity for Uranium would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The performance of the Company may be materially and adversely affected by a major incident or other event involving one of the storage facilities.*

Uranium held at a storage facility may be lost due to an accident or natural event, or may be stolen. This may have a material adverse effect on the Company and on the value of the Ordinary Shares even if the storage facility provides an indemnity in respect of such loss or theft, as among other things, the value of the indemnity will depend on the solvency of the storage facility and payment thereunder will not make good the resultant shortfall in the Uranium owned by the Company.

*The insolvency of a storage facility may materially affect the Company's rights in respect of any of its Uranium which is stored by that storage facility.*

If a storage facility becomes insolvent, the Company may not be able to recover some or all of its Uranium stored by that storage facility. No trust or similar arrangements exist in relation to the Uranium held by the storage facilities and the

Company has no security over the Uranium stored at the storage facilities. The Company's holding of Uranium will be held in its account with the relevant storage facility, and will be mixed with Uranium owned by third parties. If a storage facility were to become insolvent, there is no assurance that the amount of Uranium stored by such storage facility would be sufficient to meet all claims in respect of that Uranium. In those circumstances, the Company may not be able to recover some or all of its Uranium which is stored by that storage facility. Failure to do so would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The Company's ability to arrange for the storage of its Uranium is subject to certain quantity limits.*

The storage arrangements between the Company and the storage facilities are subject to limits on the quantity of Uranium which can be stored. A shortfall of storage capacity may therefore arise if the Company wishes to store an amount of Uranium which exceeds such limits. If it does so, there is no assurance that the Company will be able to store its Uranium in the most cost efficient manner available and the Company may need to put in place alternative storage arrangements. There can be no assurance that such storage arrangements will be available on commercially acceptable terms, or at all. Failure to obtain, or delay in obtaining, such storage would have a material adverse effect on the Company and on the value of the Ordinary Shares.

### **Risks Relating to the Company's Business**

*There is no public market for uranium.*

Unlike many other commodities, there is no public clearing market for uranium. The Company may not be able to purchase uranium or, once acquired, may not be able to sell such uranium. The uses of Uranium relate primarily to power generation and there are a limited number of electric utilities that acquire uranium for such use. A reduction in demand by electric utilities would adversely affect the Company's performance. In addition, there are a limited number of transactions in uranium and most transactions are not public and there is therefore limited price transparency in relation to such transactions. Transactions to acquire, sell or lend Uranium typically require the preparation of specific contracts. These often require significant negotiation and take a considerable period of time to complete. Any delay by the Company in acquiring, selling or lending uranium would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*There is a limited supply of uranium.*

The supply of uranium is limited and the Company may experience difficulties in obtaining sufficient uranium. The supply of uranium is dependent on, among other things, the rate of mining of uranium and the availability of secondary supplies such as strategic government stockpiles, down-blending of highly enriched uranium from nuclear weapons and the recycling of uranium. There is no assurance that the Company will be able to fully invest the proceeds of the subscription in uranium in the manner or within the period of time currently expected, or at all. Failure to do so, or delay in doing so, would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The price of uranium may be volatile.*

The price of uranium may experience volatile and significant price movements and may be significantly affected by a number of factors outside of the control of the Company. In particular, the sale of a material, or of an immaterial, amount of uranium, either by a national government or by another industry participant, could have a material adverse effect on the price of such uranium.

In addition, the price of uranium is significantly affected by a range of other factors, including the demand for nuclear power; the availability and price of alternative sources of fuel; political, economic and social conditions in uranium-producing and consuming nations; the reprocessing of spent fuel and the re-enrichment of depleted uranium; policies in relation to nuclear power generation; and improvements in the efficiency of nuclear power stations.

The Company will not carry out any hedging activities involving uranium nor is it protected against any price changes in uranium by any fixed price supply contracts. Therefore, changes in the demand for, or in the supply of, Uranium may affect the value of the Uranium owned by the Company disproportionately to the effect on the long-term price of such Uranium.

*The price of UF<sub>6</sub>, and the associated conversion costs may be volatile.*

Depending on a variety of factors, UF<sub>6</sub> may trade at a discount or a premium to the sum of the price of the contained Uranium and conversion services.

The price of UF<sub>6</sub> may move differently compared with the price of U<sub>3</sub>O<sub>8</sub> or the price of conversion services alone. The price of UF<sub>6</sub> may also be affected by industry events, including the unavailability of conversion services. A material change in the U<sub>3</sub>O<sub>8</sub> price, in the price of conversion services, or the availability of conversion services may materially affect the net asset value of the Company and consequently the value of the Ordinary Shares.

*The Company has and will have limited cash resources, and may be unable to generate sufficient income or to obtain debt or equity funding to meet its obligations.*

The expenses of the Company are funded from cash on hand, from the proceeds of equity offerings which are not otherwise invested in Uranium and from any income generated through lending activities. Once the cash available from an equity offering has been spent, the Company will need to generate sufficient income from its lending activities in order to meet its costs. Otherwise, it will need to meet its costs through the sale of Uranium, through debt financing, or through the issue of further shares in the Company.

There can be no assurance that the Company will be able to continue to generate any or sufficient income from its lending activities to meet its operating costs. Further, there can be no assurance that any equity or debt funding will be available on terms acceptable to the Company or that the Company will be able to sell Uranium in a timely or profitable manner. Any failure to do so, or any delay in doing so, would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The ability to sell or lend uranium may be affected by restrictions imposed by its country of origin.*

The sale or lending of uranium may be subject to restrictions imposed by the relevant country of origin. These restrictions may relate, among other things, to prohibitions on re-processing and recycling of such uranium. It may, as a result, be difficult to sell or lend such uranium. The Company intends to purchase all of its Uranium from countries which do not impose such restrictions but there is no assurance that it will be able to do so. If the Company holds any Uranium which is subject to such restrictions, any difficulties in selling or lending that Uranium could have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The price of uranium could be significantly affected by sales of uranium by a government.*

The amount of uranium owned by national governments is unknown and the sale of a material amount of such uranium could have a material adverse effect on the price of uranium. Governments may decide to release stockpiles to generate income, to safeguard supply, to regulate the price, or for other reasons. If a government were to do so, this would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*Adverse public sentiment towards nuclear energy may significantly affect the price of uranium and, therefore, the value of the Ordinary Shares.*

Sustained use of nuclear power to generate electricity is dependent on public acceptance of the safety of the processes involved, including waste management and environmental risks. An adverse change in public opinion, whether due to an accident involving a nuclear facility or otherwise, could have a material adverse impact on the price of uranium. In addition, an accident involving a nuclear facility could result in increased regulation or in a change of government policy towards nuclear power. This would have a material adverse effect on the Company and on the value of the Ordinary Shares. Major accidents at nuclear power stations have occurred in the past and there is no assurance that they will not occur again.

*The Company may be adversely affected by competition between nuclear and other energy sources.*

Nuclear power competes with numerous other energy sources, including oil, natural gas, coal and renewable energy (such as hydro-power and solar power). Sustained lower prices of these alternative sources may have an impact on the demand for nuclear energy. Additionally, changes in governmental policies or changes in public sentiment may make other energy sources more attractive. In particular, a reduction in the price of oil or coal could have an adverse impact on the price of uranium as alternative capacity already exists for power generation from these sources in some markets. Competition from

other energy sources could have a material adverse effect on the price of uranium and, consequently, on the Company and on the value of the Ordinary Shares.

*The Company may be subject to increases in operating and other expenses.*

An increase in the costs of the Company's activities may have an adverse effect on the Company, particularly given the Company's limited cash resources. Factors which could increase operating and other expenses include:

- increased costs of storage of Uranium;
- increased costs of the advisory or custody services required by the Company;
- an increase in insurance premiums; or
- changes in laws, regulations or government policies which require the Company to comply with additional laws or regulations or which increase the cost of compliance with such laws and regulations.

Any such increase could have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The Company may suffer material losses in excess of insurance proceeds.*

The Uranium owned by the Company could suffer damage or destruction by fire, chemical accident, leakage or other incidents beyond the Company's control. This may result in losses which are not compensated for either by the storage facilities or by insurance proceeds. In addition, it may not be possible to insure such Uranium against all risks, or at all, or such insurance may not be available on commercially acceptable terms. Not all of the Company's Uranium Assets are currently insured against loss and damage. Inflation or increases in the value of any Uranium owned by the Company may result in insurance proceeds being inadequate to replace any lost Uranium. Also, the limited supply of Uranium may make it difficult or impossible for the Company to replace any Uranium which is lost.

If the Company suffers any material losses of Uranium which are not fully compensated, this would be likely to have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The Company's lending activities could result in a loss of Uranium.*

The Company can lend all of the Uranium which it owns. There is no assurance that persons to whom the Company lends Uranium will return such Uranium or that the Company will be able to obtain compensation or enforce any security obtained in respect of loaned Uranium. The insolvency of a borrower could result in Uranium not being returned and the Company not being adequately compensated. Even if the Company is compensated for lost Uranium, there is no assurance that the Company will be able to replace the lost Uranium. As a result, any loss of Uranium would be likely to have a material adverse effect on the Company and on the value of the Ordinary Shares.

*Changes in the Company's regulatory or legal compliance environment could materially adversely affect the Company's business.*

Changes in the regulation of investment companies in Guernsey or on investment funds under applicable securities laws could have a material adverse effect on the Company and on the value of the Ordinary Shares. Also, the transport and storage of Uranium is subject to various laws and regulations. Changes in such laws or regulations, or on the interpretation of such laws or regulations, could have a material adverse effect on the Company and on the value of the Ordinary Shares. In particular, changes in, or new laws and regulations relating to, the ownership of Uranium may adversely affect the ability of the Company to meet its investment objectives or may materially hinder the sale of any Uranium held by the Company. This would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The Company's business depends on its ability to retain suitable directors and officers.*

The ability of the Company to achieve its investment objectives is significantly dependent upon the skills of the Board of Directors and Company officers. A loss of any of its directors, officers or of any key personnel could affect the Company's ability to achieve its investment objectives and would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The Company's activities may expose it to the risk of material health and safety and environmental liabilities.*

Although the Company does not currently intend to remove any of its Uranium from the storage facilities or to transport it physically between storage facilities, it may be required to do so if, for example, a storage facility were to become insolvent. If so, it could be liable for any accidents or health and safety incidents which occur during such transportation as well as for the costs of such transportation, which may be substantial. Also, if the Company is required to put in place alternative storage arrangements for its Uranium, such arrangements could impose on the Company liability for any health and safety or environmental liabilities arising in connection with such storage. Any such liabilities would have a material adverse effect on the Company and on the value of the Ordinary Shares.

*The performance of the Company may depend, to a significant extent, upon the performance of a consultant or other third party engaged from time to time to identify suitable investment opportunities and to implement the Company's investment strategy on the instructions of the Board of Directors.*

The Company currently has no employees and relies on consultants and other third party service providers, acting on the instructions of the Company, to identify suitable opportunities to acquire, sell or lend Uranium. The Company believes that the performance of such consultants and other third party service providers depends, to a significant extent, on the ability of such consultants and other third party service providers to retain access to key personnel with suitable experience. There is no assurance that such consultants and other third party service providers will be able to do so and the loss of access to any such key personnel could have a material adverse effect on the Company and on the value of the Ordinary Shares.

### **Risks Relating to the Ordinary Shares**

*The value of the Ordinary Shares is likely to be affected by, but will not necessarily reflect the value of, the Uranium owned by the Company, and the price of the Ordinary Shares may be volatile.*

The market price of the Ordinary Shares may not wholly or mainly reflect the value of the Uranium owned by the Company, but may also be subject to wide fluctuations in response to many factors (some of which are beyond the Company's control), including variations in the operating results of the Company, divergence in financial results from stock market or security analysts' expectations, a perception that other market sectors may have higher growth prospects, general economic conditions, legislative changes in the Company's sector or other events or factors. The market value of an Ordinary Share may vary considerably from its underlying net asset value.

In addition, stock markets have from time to time experienced extreme price and volume volatility which, in addition to general economic and political conditions, could adversely affect the market price for the Ordinary Shares. To optimize returns, investors may need to hold the Ordinary Shares on a long-term basis and they may not be suitable for short-term investment. If an active trading market is not developed or maintained, the liquidity and trading price of the Ordinary Shares could be adversely affected. The value of Ordinary Shares may go down as well as up and the market price of the Ordinary Shares may not reflect the underlying value of the Company's investments.

*The Company does not expect to pay dividends for the foreseeable future.*

As the Company's principal activity is acquiring and holding Uranium, the Company will not generate any material net cash inflows. The Company does not, therefore, expect to pay any dividends for the foreseeable future.

*Foreign exchange rate fluctuations may have a material adverse effect on the value of the Ordinary Shares.*

The Company purchases Uranium in U.S. dollars and maintains its accounting records, reports its financial position and results, and pays certain operating expenses, in U.S. dollars. However, the Ordinary Shares are traded in Pounds Sterling on AIM. The currency of the denomination of investments held by the Company may also be different from the currency of denomination of the Ordinary Shares. Accordingly, the value of the Company's assets, as well as the value of an investment in Ordinary Shares may be affected favourably or unfavourably by fluctuations in exchange rates. In addition, prospective investors whose assets and liabilities are primarily denominated in currencies other than the currency in which the Company they have invested is denominated should take into account the potential risk of loss arising from fluctuations in the rate of exchange between the currency of their Ordinary Shares and such other currency. Exchange rate fluctuations are beyond the Company's control. Such fluctuations may have a material adverse effect on the Company's operations and on the value of the Ordinary Shares. The Board of Directors are under no obligation (although they may do so at their discretion) to hedge currency risks.

## GLOSSARY AND TERMS

The following definitions and terms apply throughout this Annual Information Form unless otherwise stated or the context otherwise requires:

“**1994 Guernsey Companies Law**” means The Companies (Guernsey) Laws 1994 to 1996 as amended;

“**Adjusted Net Asset Value**” or “**Adjusted NAV**” refers to the total assets of the Company, less its total liabilities valued in accordance with IFRS except that: investments in  $U_3O_8$  are valued at the average of (i) the month end UxC  $U_3O_8$  spot price indicator (as published by UxC in its Ux Weekly publication) and (ii) the month end TradeTech  $U_3O_8$  exchange value (as published by TradeTech, LLC in the Nuclear Market Review); investments in  $UF_6$  are valued at the average of (i) the month end UxC  $UF_6$  spot NA price and (ii) the month end TradeTech  $UF_6$  value; and adjustment is made to include the fair value of forward Uranium purchase and sale contracts entered into by the Company with reference to the Average  $U_3O_8$  Published Price and the Average  $UF_6$  Published Price;

“**Administrator**” means Mercator Trust Company Limited;

“**Administrator Agreement**” means the agreement entered into by the Company with the Administrator;

“**AIM Rules**” means the AIM Rules for Companies published by London Stock Exchange plc;

“**Average  $UF_6$  Published Price**” refers to the average of (i) the month end UxC  $UF_6$  spot NA price and (ii) the month end TradeTech  $UF_6$  value;

“**Average  $U_3O_8$  Published Price**” refers to the average of (i) the month end UxC  $U_3O_8$  spot price indicator (as published by Ux Consulting Company, LLC in its Ux Weekly publication) and (ii) the month end TradeTech  $U_3O_8$  exchange value (as published by TradeTech, LLC in the Nuclear Market Review);

“**Board of Directors**” means the directors of the Company whose names are set out in the section entitled “*Organization and Management Details of the Company — Officers and Directors of the Company*”;

“**Cameco**” means Cameco Corporation;

“**CDS**” means CDS Clearing and Depository Services Inc.;

“**Company**” means Uranium Limited, a closed-ended investment company incorporated under the Guernsey Companies Law;

“**CRA**” means the Canada Revenue Agency;

“**Deferred Income Plans**” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and registered disability savings plans (in each case, within the meaning of the Tax Act);

“**Euratom**” means the European Atomic Energy Community;

“**FIE Rules**” means proposed amendments to the Tax Act relating to the taxation of certain investments in “**foreign investment entities**”;

“**GAAP**” means Canadian Generally Accepted Accounting Principles;

“**GAAS**” means Canadian Generally Accepted Auditing Standards;

“**Guernsey Companies Law**” means the Companies (Guernsey) Law 2008, as amended;

“**IFRS**” means International Financial Reporting Standards;

“**IRC**” means the independent review committee of the Company to whom the Company’s service providers that are engaged in the Company’s investment strategies must refer all conflicts of interest matters for review or approval;

“**ISA**” means International Standards on Auditing;

“**isotope**” means different forms of atoms of the same element;

“**Low Enriched Uranium**” or “**LEU**” means the enriched UF<sub>6</sub> that results from the enrichment process, whereby the concentration of the U<sup>235</sup> isotope in the UF<sub>6</sub> is increased from 0.7% to between 3% and 5%;

“**May 2007 Private Placement**” refers to the private placement by the Company of 8,250,000 Ordinary Shares at GBP4.20 per Ordinary Share completed in May 2007;

“**Net Asset Value**” or “**NAV**” refers to the total assets of the Company, less its total liabilities valued in accordance with IFRS;

“**NI 81-107**” means National Instrument 81-107 — *Independent Review Committee for Investment Funds*;

“**Nominated Adviser Agreement**” means the agreement dated August 20, 2009 entered into between Canaccord Adams Limited and the Company;

“**NuCap**” means NuCap Limited, a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and having its registered office at 8 Duncannon Street, London WC2N 4JF;

“**Option**” means the option granted to Nufcor International Limited pursuant to the Option Agreement to subscribe for 2,475,000 Ordinary Shares at a price of GBP2.05 per Ordinary Share, which option vested on the date of the Company’s admission to AIM;

“**Option Agreement**” means the option agreement dated July 18, 2006 between the Company and Nufcor International Limited;

“**Ordinary Shares**” means the ordinary shares in the capital of the Company;

“**pound or lb**” means one pound avoirdupois;

“**Regulations**” means the regulations promulgated under the Tax Act;

“**Shareholders**” means holders of Ordinary Shares;

“**storage facility**” means the operator of a facility licensed to receive, store, and transform Uranium into another chemical form suitable for subsequent processing;

“**Storage Account Administration Services Agreement**” means the agreement between the Company and the Storage Administrator dated September 22, 2009;

“**Storage Administrator**” means NuCap Limited, a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and having its registered office at 8 Duncannon Street, London WC2N 4JF;

“**Tails UF<sub>6</sub>**” means the depleted product stream from the Uranium enrichment process;

“**Tax Act**” means the Income Tax Act (Canada);

“**Tax Proposals**” means all proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

“**TSX**” means the Toronto Stock Exchange;

“**U<sup>235</sup>**” means the only naturally occurring isotope of uranium which is capable of nuclear fission and is present in approximately 0.7% by weight in Uranium U<sub>3</sub>O<sub>8</sub> triuranium octoxide;

“**U<sub>3</sub>O<sub>8</sub>**” means triuranium octoxide having a content of the isotope U<sup>235</sup> of 0.711 weight per cent that is in accordance with the standard specifications of the relevant storage facility in force at the date hereof and that has been accepted by the said storage facility for processing without application of surcharges;

“**UF<sub>6</sub>**” means uranium hexafluoride having a content of the isotope U<sup>235</sup> of 0.711 weight per cent that is in accordance with the standard specifications of the relevant storage facility in force at the date hereof and that has been accepted by the said storage facility for processing without application of surcharges;

“**UK**” or “**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland;

“**UK Registrar**” means Capita Registrars (Guernsey) Limited;

“**Uranium**” or “**Uranium Assets**” means the Company’s U<sub>3</sub>O<sub>8</sub> and UF<sub>6</sub>;

“**Uranium Custodians**” means, collectively, duly licensed facilities currently storing Uranium Assets owned by the Company;

“**U.S.**” or “**United States**” means United States of America;

“**U.S. Investment Company Act**” means the United States Investment Company Act of 1940, as amended;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended; and

“**UxC**” means Ux Consulting Company LLC.

# URANIUM LIMITED

## Uranium Limited

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GY1 3UQ

- Additional information about the Company is available in the Company's management reports of fund performance and financial statements.
- You can get a copy of these documents at no cost by calling collect +44(0)1481 234200 or by email at [enquiries@uraniumlimited.com](mailto:enquiries@uraniumlimited.com).
- These documents and other information about the Company, such as information circulars and material contracts, are also available at [www.uraniumlimited.com](http://www.uraniumlimited.com) or at [www.sedar.com](http://www.sedar.com).