

Nufcor URANIUM LIMITED

**Report and audited financial statements
for the year ended 30th June 2008**

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Directory

Directors

Kelvin Williams (Chairman)
Michael Travis
Anthony Pickford
William Scott
Peter Bonney

Registered Office

Anson Court
La Route Des Camps
St Martin
Guernsey

Adviser

Nufcor Capital Limited
7th Floor
61 Aldwych
London

Administrator

Mercator Trust Company Limited
Anson Court
La Route Des Camps
St Martin
Guernsey

Custodian

Nufcor International Limited
7th Floor
61 Aldwych
London

Secretary

Mercator Secretaries Limited
Anson Court
La Route Des Camps
St Martin
Guernsey

Nominated Adviser & Joint Broker

Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London

Legal Advisers in relation to English Law

Simmons & Simmons
CityPoint
One Ropemaker Street
London

Joint Broker

Canaccord Adams
Cardinal Place
7th Floor
80 Victoria Street
London

Legal Advisers in relation to Guernsey Law

Ozannes
1 Le Marchant Street
St Peter Port
Guernsey

Independent Auditors

PricewaterhouseCoopers CI LLP
National Westminster House
Le Truchot
St Peter Port
Guernsey

Legal Adviser in relation to Canadian Law

Stikeman Elliott LLP
Dauntsey House
4B Frederick's Place
London

Chairman's statement

The Company has completed its second year in particularly difficult market circumstances. After rising continuously since June 2003, the spot price of uranium has, during the year under review, however, fallen from an opening level of \$136.00/lb U₃O₈ to a low of \$57.00/lb U₃O₈ in mid June 2008. The adjusted net value of the Company reported monthly has reflected that fall, and the Company has reported impairments to the value of its UF₆ holdings both at the publication of the results from the first half of the financial year, and at the end of the year.

Notwithstanding this substantial correction in the spot prices of uranium during this past year, we continue to believe that the fundamental circumstances in the markets for nuclear energy and for uranium remain strongly favourable. With regard to demand, global nuclear reactor growth continues to gain momentum, and certain countries have indicated an interest in acquiring strategic reserves of uranium to support nuclear power programmes in the future. On the supply side, uranium from secondary sources remains a finite supply, and there continues to be widespread problems in the uranium mining industry in respect of both existing and new mine sources of uranium.

These favourable market circumstances seem to be reflected in the long-term market for uranium, where price indicators have not suffered the severe price correction experienced in the spot market, remaining relatively stable around a base price of \$80/lb U₃O₈ for much of the calendar year to date.

During the year under review, the Company has consistently loaned a portion of its uranium inventory to acceptable counterparties, and revenue from lending amounted to some \$3.9 million for the year. This income was sufficient to fund the investment advisory charges incurred by the Company, as well as all other normal operating expenses of the Company.

Following the financial year end, short-term uranium prices have traded upwards. The Average U₃O₈ Published Price, for example, has risen from \$59.00/lb U₃O₈ at 30th June to \$64.50/lb U₃O₈ at 31st July 2008. The Company's diluted adjusted NAV has consequently increased from GBP2.12 (\$4.23) per share at 30th June to GBP2.35 (\$4.66) per share at 31st July. The 31st July diluted adjusted NAV includes the market value of forward purchase contracts of \$42.2 million (cost \$38.9 million).

Nufcor International Limited (NIL) and its wholly-owned subsidiary, Nufcor Capital Limited (NCL), were sold by the founding shareholders of NIL to Constellation Energy Commodities Group (CECG), a London-based subsidiary of the New York Stock Exchange – listed Constellation Energy Group Inc. CECG have assured the Company of their commitment to the service agreements that the Company has with NIL and NCL, and we believe that access to the greater resources of CECG could be of benefit to the Company.

Mr Peter Bonney, a partner and portfolio manager of QVT Financial LP, a significant shareholder, joined the board of the Company on 14th May 2008. Mr Bonney is actively involved in the management of QVT's uranium and uranium-related investments, and he is a welcome addition to the resources of the Board.

On 20 March 2008 the Company commenced trading on the SETS platform. The Board also appointed Canaccord Adams Limited as the Company's joint broker, and during the final quarter of the financial year, the Company commenced a process to secure admission for the shares of the Company on the Toronto Stock Exchange. A preliminary long form prospectus was filed with the Securities Regulatory authorities in Canada on 27th June 2008, and we believe that the Company is close to securing the approval to issue a final prospectus. Once this has been secured, the Company will take a decision on the timing of a fundraising and the issue of new shares in Canada to be listed on the Toronto Stock Exchange.

In order to accommodate the notice period required by Canadian securities legislation, the second Annual General Meeting of the Company will be held later in the year on 11th November 2008. The board will be seeking a continuing authority by special resolution to repurchase up to 15% of the shares in issue. In addition, the Company will be requesting shareholders to approve amendments to the Articles of Association of the Company which are intended to:

1. Make changes to the articles required by the Toronto Stock Exchange in connection with the proposed offering of shares which was announced on 27th June 2008;
2. Comply with the AIM Rules in relation to the disclosure of significant interests in the Company's securities; and
3. Reflect certain changes to Guernsey company law.

These amendments are explained in more detail in the accompanying circular.

Kelvin Williams
Chairman

18th August 2008

Report of the Directors

The directors of Nufcor Uranium Limited (“the Company”) are pleased to submit their report and financial statements for the year ended 30th June 2008.

The Company

The Company is an investment company registered in Guernsey on 28th June 2006 under The Companies (Guernsey) Law, 1994. With effect from 1st January 2008 Guernsey has implemented a zero tax system whereby the Company will be taxed at a rate of zero percent. The Company will be liable to deduct tax at source from any distribution or deemed distribution to Guernsey resident shareholders. A de minimus has been enacted so that deemed distributions will only apply to Guernsey residents holding 1% or more of the issued share capital.

Results and Dividend

The results for the year are shown on page 12. The directors do not recommend the payment of a dividend for the year.

Significant Shareholdings

As at 30th June 2008, the Board had been notified, or was otherwise aware of, the following shareholdings exceeding 3% of the issued share capital:

	Number of shares	Percentage of issued share capital
QVT Financial LP	11,134,028	26.99%
Royal Bank of Canada Europe Limited	5,074,855	12.30%
Wellington Management (Institutional Group)	4,182,131	10.14%
Nufcor International Limited	3,300,000	8.00%
Credit Suisse (Broker Group)	2,792,330	6.77%
New City Investment Managers Limited	1,970,000	4.78%
SIS Segaintersettle	1,750,255	4.24%

Corporate Governance

Introduction

As a closed-ended investment company registered in Guernsey and as a company admitted for trading on the Alternative Investment Market, the Company is eligible for exemption from the requirements of the Combined Code (the “Code”) which sets out the principles of good governance and a code of best practice and is issued by the UK Listing Authority. The Board has, however, put in place a framework for corporate governance which it believes is suitable for an investment company and which enables the Company to voluntarily comply with the main requirements of the Code.

The Board considers that the Company has complied with the provisions contained in Section 1 of the Code throughout this accounting period. The following statement describes how the relevant principles of governance are applied to the Company.

Operation of the Board

The Board is responsible for the proper management of the Company, and, in discharging that responsibility, has delegated specific authority to the Audit Committee and the Adviser Appointment Committee as described more fully below.

The directors are responsible for the determination of the Company’s investment strategy and have overall responsibility for the Company’s day-to-day activities. The directors have appointed key advisers under service agreements, to assist them in discharging these responsibilities, namely Nufcor Capital Limited (the “Adviser”), Nufcor International Limited (the “Custodian”) and Mercator Trust Company Limited (the “Administrator”).

The Adviser, the Custodian and the Company have entered into an Advisory Services Agreement under which the Adviser has agreed to provide certain advisory services to the Company in relation to the acquisition, sale, lending and storage of uranium, subject to the overriding supervision of the directors.

Report of the Directors (continued)

Corporate Governance (continued)

The Board

The directors of the Company who served during the year were as follows:

Kelvin Williams (non-executive Chairman) (South Africa)
Michael Travis (non-executive) (UK)
Anthony Pickford (Chief Executive Officer) (Guernsey)
William Scott (non-executive) (Guernsey)
Peter Bonney (non-executive) (United States) – appointed 14th May 2008

Mr Travis resigned as Chairman on 31st December 2007 and was succeeded by Mr Williams on this date.

Mr Williams was a director of the Custodian, Nufcor International Limited until his resignation on 31st December 2007, and was an executive director of AngloGold Ashanti Limited from its establishment in 1998 until May 2006. Mr Williams is a past director of the World Gold Council.

Mr Travis has 18 years experience in the uranium industry and is the former managing director of Rio Tinto Mineral Services Limited, the uranium marketing arm of the Rio Tinto group. Mr Travis was a member of the board of the World Nuclear Association 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 MA from Oxford University and an MBA from INSEAD.

Mr Pickford was the Chairman of Mercator Trust Company Limited; a Guernsey based fiduciary company until his resignation on 28th March 2008. He was also a partner of Grant Thornton Chartered Accountants in Guernsey until March 2008. Mr Pickford is a qualified Chartered Accountant and a UK licensed insolvency practitioner.

Mr Scott has over 20 years experience of the investment funds industry, is a former senior vice president of FRM Investment Management Limited and a former director of Close Bank Guernsey Limited. Mr Scott is a Chartered Accountant and is a member of the Securities & Investment Institute.

Mr 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 at Deutsche Bank as part of the QVT Group within DB Advisors. 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.

In light of the continued development of the Company's activities and operations and its proposed listing on the Toronto Stock Exchange, the board of directors appointed Mr Pickford to the role of Chief Executive Officer on 14th May 2008. In addition, the board of directors appointed David Preston as Chief Financial Officer on 23rd June 2008. Mr Preston is the Managing Director of the Administrator and has overseen the preparation of the Company's financial and net asset statements since the Company's admission to AIM. His appointment as Chief Financial Officer formalised his role for the Company in this regard.

The Board meets quarterly in Guernsey and holds other meetings as often as necessary.

During the year ended 30th June 2008, eight Board meetings have been held, four of which were scheduled quarterly meetings. All of the directors have attended all of the scheduled quarterly meetings except for Mr Pickford who missed one and Mr Bonney who missed three as he was not appointed until 14th May 2008. Of the four unscheduled meetings, Mr Williams, Mr Travis and Mr Pickford have attended four, Mr Scott three and Mr Bonney one.

Audit Committee

The Audit Committee comprises Messrs Pickford, Scott, and Travis and is chaired by Mr Scott. The committee meets at least twice a year at appropriate times in the reporting cycle and otherwise as required.

The Audit Committee examines the effectiveness of the Company's internal control systems, reviews the annual report and financial statements and interim report, and agrees the auditors' remuneration and terms of engagement.

Report of the Directors (continued)

Corporate Governance (continued)

Adviser Appointment Committee

The Adviser Appointment Committee comprises Messrs Pickford, Scott, Travis and Bonney and is chaired by Mr Travis. The committee meets at least twice a year.

The Adviser Appointment Committee undertakes an annual review of the performance of the Adviser and reviews and agrees any changes to be made to the fees payable to the Adviser. The Committee also monitors and reviews the effectiveness of the procedures established by the Company with the Adviser and the Custodian to manage conflicts of interest arising out of the provision of services under the Advisory Services Agreement and the Custody Agreement and makes recommendations to the Board and Adviser where appropriate.

Independent Review Committee

The Independent Review Committee comprises Messrs Scott, Travis and Bonney and will meet at least twice a year.

The Independent Review Committee was established to conform with the Toronto Stock Exchange listing rules in anticipation of the Company's intended forthcoming listing. NI 81-107 requires all publicly offered investment funds, such as the Company, to establish an Independent Review Committee to whom the Adviser must refer all conflicts of interest matters for review or approval.

The Independent Review Committee has adopted a mandate establishing protocols dictating that it must provide a recommendation or approval of transactions in which there is a conflict of interest between the Company and its Adviser and as between the Company and any individual members of the Board of Directors as contemplated in NI 81-107. The Independent Review Committee must also prepare a report at least annually of its activities for shareholders that will be available on the Company's website or at the shareholders' request at no cost, by contacting the Company at enquiries@nufcoruranium.com. All fees and expenses of the Independent Review Committee are paid by the Company.

Internal Controls

The Board is responsible for the Company's system of internal control and for reviewing their effectiveness.

Those services provided to the Company by the Administrator, such as administration services, accounting services and company secretarial duties reflect the system of internal controls of the Administrator. The relevant control regime for other services, such as the Adviser, Custodian and Registrar, reflect those of the respective service providers.

In order for the directors to review their effectiveness insofar as they are relevant to the Company's business, an annual review will take place of all out-sourced functions and their performance will be monitored against obligations specified in the relevant contracts.

The compliance department of the Administrator reports annually on the design and effectiveness of internal controls operating over the functions provided by the Administrator. This report is reviewed by the Audit Committee and any material findings are considered by the Board of Directors as a whole.

Going Concern

The directors are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the financial statements and, after due consideration, the directors consider that the Company is able to continue as a going concern in the foreseeable future.

Relations with Shareholders

The Adviser and the Company's broker maintain a regular dialogue with institutional shareholders, the feedback from which is reported to the Board. In addition, Board members attend shareholder presentations and will be available to respond to shareholders' questions at the Annual General Meeting.

Auditor Objectivity and Independence

PricewaterhouseCoopers CI LLP, the Company's auditors, have confirmed they are satisfied that they have complied with their independence requirements. The Directors agree with this assessment.

Report of the Directors (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and are in accordance with applicable laws. In preparing those financial statements the directors are required to:-

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 1994. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Annual General Meeting

The second Annual General Meeting of the Company will be held on 11th November 2008. The board will be seeking a continuing authority by special resolution to repurchase up to 15% of the shares in issue. In addition, the Company will be requesting shareholders to approve amendments to the Articles of Association of the Company which are intended to:

1. Make changes to the articles required by the Toronto Stock Exchange in connection with the proposed offering of shares which was announced on 27th June 2008;
2. Comply with the AIM Rules in relation to the disclosure of significant interests in the Company's securities; and
3. Reflect certain changes to Guernsey company law.

These amendments are explained in more detail in the accompanying circular. The special resolutions are set out in full in the AGM notice and the proposed new Articles of Association are available for inspection on the Company's website at www.nufcoruranium.com

Change of Control of the Custodian and the Adviser

Pursuant to the terms of a share purchase agreement dated June 6, 2008, Constellation Energy Commodities Group Limited ("CECG") has acquired from AngloGold Ashanti Limited and FirstRand International Limited the entire issued share capital of the Custodian. CECG is a wholly-owned subsidiary of U.S. based Constellation Energy Group Inc. ("CEG"). CECG provides wholesale energy supply services. CECG operates as an intermediary between producers and consumers of energy and seeks to optimize supply and delivery of physical energy commodities. The transaction closed on June 26, 2008. The Adviser is a wholly-owned subsidiary of the Custodian. The Company expects the nature and scope of the relationship with the Adviser to continue pursuant to the terms of the Advisory Services Agreement, until July 21, 2011 and thereafter unless terminated by either party in certain specified circumstances, as set out in section 21 of the Advisory Services Agreement.

Admission to the Toronto Stock Exchange

On 20th June 2008, the Board approved the filing of a preliminary long form prospectus with the securities regulatory authorities in each of the provinces of Canada in order to permit the distribution of Ordinary Shares to the public in each such province (the "Offering") and certain other matters relating to the Offering. At least 90% of the net proceeds of the Offering will be invested in, or held for future acquisitions of, uranium, with the balance retained to meet certain of the Company's operating expenses. The directors believe the Offering will encourage wider levels of trading in, and ownership of, Nufcor Uranium shares.

Report of the Directors (continued)

Reappointment of Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers CI LLP, will be proposed at the AGM.

Anson Court
La Route Des Camps
St Martin
Guernsey

18th August 2008

.....
K Williams
Director

.....
W Scott
Director

Report of the Adviser For the year ended 30th June 2008

The uranium oxide (“U₃O₈”) short-term price began the financial year at what eventually became this decade’s highest price so far at \$136.00/lb (source: UxC). The price then declined steadily to a twelve month low of \$57.00/lb U₃O₈ in mid June 2008 largely as a result of some committed selling into a relatively volatile short-term market. However, by 30th June 2008, the short-term market began showing some signs of leveling off with the price ticking up to \$59.00/lb U₃O₈, the first price rise in several months.

In terms of volumes, the short-term market was relatively healthy in comparison with 2007 with 15.7m lbs of U₃O₈ having traded in the first six months of 2008 in 77 transactions. This compares against a volume of 12.1m lbs of U₃O₈ traded in the first six months of 2007 in 51 transactions and a total annual short-term market volume of 19.8m lbs of U₃O₈ transacted in 2007 (source: UxC).

In the more dominant long-term market, the long-term price indicator remains relatively robust within the \$80-\$85/lb U₃O₈ mark, albeit down from the \$95/lb U₃O₈ price earlier in 2008. For the first six months of 2008, traded volumes in the long-term market reached 71.6m lbs of U₃O₈ from 18 transactions against total annual long-term market volumes of 220m lbs of U₃O₈ in 2007 (source: UxC).

Concerning primary uranium supply, several uranium mining operations have underperformed against forecast with the exception of operations in Kazakhstan. The South African mining sector is still struggling to make up lost production resulting from the electrical power outages in early 2008. Some of those companies cited as having production or potential production issues include Cameco (Cigar Lake), Areva (Niger operations), Uranium One (production downgrades in early 2008), ERA’s Ranger mine (grade) and Palladin’s Langer Heinrich (start-up issues). Problems on the primary supply side are likely to persist for a while as evidenced by BHP Billiton’s recent cautions about likely increases in the labour and equipment costs of the substantial Olympic Dam expansion project. Notwithstanding these issues, there remains a continued and growing recognition of the increasing dependence on the role of primary supply to meet the growth in nuclear energy requirements.

A significant development in late 2007 on the secondary supply side was the initialing of an amendment to the Russian Suspension Agreement that would give Russia direct access to the US market (source: UxC). If agreed, this will allow Russia to supply up to 20% of US utility reactor requirements per annum from 2014 through 2020, satisfying in part the supply tightening in that market once the current Russian HEU Programme terminates in 2013.

With regards uranium demand, global nuclear reactor growth continues as expected with UxC noting that in 2007 five reactors commenced operation, ten were under construction and firm orders had been placed for twenty-two reactors. Also noteworthy on the demand side is the potential for countries with aggressive nuclear energy growth programmes such as India, China and South Africa to build strategic reserves of uranium in order to support those programmes. While the quantum and timing of such purchases is unknown, progress is being made by all three countries: China successfully concluded a nuclear reactor purchase and interlinked uranium fuel procurement transaction with Areva; India’s Congress-led government is closer to concluding its civilian nuclear deal with the US (which deal should allow it access to the products and services of the 45-nation Nuclear Suppliers Group); and the South African cabinet approved in June the country’s nuclear policy thereby both strengthening the country’s commitment to developing its own nuclear fuel cycle and also acknowledging the country’s requirement for an increasing nuclear energy contribution to the total energy mix. Overall, the nuclear fuel demand side continues to look positive.

Notwithstanding the substantial fall in uranium prices over the last twelve months, we continue to believe that long-term uranium and nuclear energy market fundamentals remain strong. Mine production issues continue to plague the industry while the demand side appears to be more robust now than it was in mid 2007. More active buying interest is expected to return to the short-term market particularly from financial players and market intermediaries, but also as nuclear utilities re-enter the market by end 2008 to continue rebuilding their inventories. However, the commodity price remains volatile and susceptible to substantial movements in the short-term market on low traded volumes. Fundamentally, the pricing performance of uranium will depend to a considerable extent on the sustainable participation in the short-term market of the largest buying group, the utilities.

Nufcor Capital Limited

18th August 2008

**Independent Auditors' report
To the Members of Nufcor Uranium Limited****Report on the financial statements**

We have audited the accompanying financial statements of Nufcor Uranium Limited which comprise the balance sheet as of 30 June 2008 and the income statement, the statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 1994.

Independent Auditors' report (Continued)
To the Members of Nufcor Uranium Limited

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises Chairman's Statement, Report of the Directors and Report of the Adviser.

In our opinion the information given in the Report of the Directors is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 64 of The Companies (Guernsey) Law, 1994 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands

18th August 2008

Income statement
For the year ended 30th June 2008

	Note	Year ended 30 th June 2008 US\$	28 th June 2006 to 30 th June 2007 US\$
Income			
Bank interest		315,329	1,119,923
Uranium loan fees	2	3,891,997	1,586,428
		<u>4,207,326</u>	<u>2,706,351</u>
Expenses			
Impairment charge	2	31,760,000	-
Investment advisory fees		2,280,375	1,917,077
Audit fees		70,776	54,543
Directors' fees		255,558	222,227
Listing expenses	10	2,641,325	-
Other administrative expenses		660,394	1,031,400
		<u>37,668,428</u>	<u>3,225,247</u>
Loss for the financial year / period attributable to equity shareholders		<u>(33,461,102)</u>	<u>(518,896)</u>
Basic loss per share	7	<u>US\$0.811</u>	<u>US\$0.015</u>
Diluted loss per share		<u>US\$0.798</u>	<u>US\$0.015</u>

The notes on pages 16 to 25 form part of these financial statements.

Balance sheet
At 30th June 2008

	Note	2008 US\$	2007 US\$
ASSETS			
Non-current assets			
Other assets – Uranium holdings	3	140,866,000	172,626,000
		<u>140,866,000</u>	<u>172,626,000</u>
Current assets			
Trade and other receivables	4	854,921	1,308,021
Cash and cash equivalents		8,182,291	7,447,215
		<u>9,037,212</u>	<u>8,755,236</u>
TOTAL ASSETS		<u>149,903,212</u>	<u>181,381,236</u>
EQUITY			
Share capital	5	412,500	412,500
Share premium account	2	-	180,990,188
Distributable reserve	2	180,990,188	-
Accumulated losses		(33,979,998)	(518,896)
Total Equity		<u>147,422,690</u>	<u>180,883,792</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	2,480,522	497,444
Total Liabilities		<u>2,480,522</u>	<u>497,444</u>
TOTAL EQUITY AND LIABILITIES		<u>149,903,212</u>	<u>181,381,236</u>

The notes on pages 16 to 25 form part of these financial statements.

The financial statements were authorised for issue by the board of directors on 18th August 2008 and signed on its behalf by:

.....
K Williams
Director

.....
W Scott
Director

**Statement of changes in equity
For the year ended 30th June 2008**

	Note	Ordinary shares US\$	Share premium US\$	Distributable reserve US\$	Accumulated losses US\$	Total US\$
Balance at 30 th June 2007		412,500	180,990,188	-	(518,896)	180,883,792
Loss for the year		-	-	-	(33,461,102)	(33,461,102)
Transfer to distributable reserve	2	-	(180,990,188)	180,990,188	-	-
Balance at 30 th June 2008		412,500	-	180,990,188	(33,979,998)	147,422,690
Balance at 28 th June 2006		-	-	-	-	-
Issue of shares		412,500	188,610,338	-	-	189,022,838
Loss for the period		-	-	-	(518,896)	(518,896)
Fair value of equity-settled share-option granted	6	-	2,215,868	-	-	2,215,868
Formation and listing expense recognised directly in equity in relation to the services of the Custodian at admission	2	-	(2,215,868)	-	-	(2,215,868)
Other formation and listing expenses recognised directly in equity	2	-	(7,620,150)	-	-	(7,620,150)
Balance at 30 th June 2007		412,500	180,990,188	-	(518,896)	180,883,792

The notes on pages 16 to 25 form part of these financial statements.

Cash flow statement
For the year ended 30th June 2008

	Year ended 30 th June 2008 US\$	28 th June 2006 to 30 th June 2007 US\$
NET CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from operations	(33,461,102)	(518,896)
Decrease / (increase) in receivables	453,100	(1,308,021)
Increase in payables	1,983,078	497,444
Impairment charge	31,760,000	-
Purchase of uranium holdings	-	(172,626,000)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	735,076	(173,955,473)
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	-	189,022,838
Formation and listing expenses recognised directly in equity	-	(7,620,150)
CASH INFLOW FROM FINANCING ACTIVITIES	-	181,402,688
NET INCREASE IN CASH AND CASH EQUIVALENTS	735,076	7,447,215
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR / PERIOD	7,447,215	-
CASH AND CASH EQUIVALENTS AT END OF YEAR / PERIOD	8,182,291	7,447,215

The notes on pages 16 to 25 form part of these financial statements.

Notes to the financial statements For the year ended 30th June 2008

1. GENERAL INFORMATION

Nufcor Uranium Limited (the "Company") was incorporated in Guernsey on 28th June 2006 and is a closed ended investment company.

The Company was admitted to the Alternative Investment Market of the London Stock Exchange ("AIM") on 21st July 2006.

Activities

The Company's activities include holding and lending uranium oxide concentrates ("U₃O₈ ") and uranium hexafluoride ("UF₆"), with the primary investment objective of achieving capital appreciation in the value of its uranium holdings.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations as adopted by the European Union (EU) and with Section 64 of The Companies (Guernsey) Law, 1994 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

(a) *Published standards effective in 2007*

IFRS 7, Financial Instruments: Disclosures, and a complementary amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for year ends beginning on or after 1st January 2007). IFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces disclosure requirements in IAS 32, Financial Instruments: Disclosure and Presentation. It is applicable to all entities that report under IFRS. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

(b) *Standards and interpretations to existing standards in issue, relevant to the Company's operations but not yet effective*

A number of new Standards, amendments to Standards and Interpretations in issue are not yet effective for years ended 30th June 2008 and have not been applied in preparing these financial statements. Of these pronouncements, the following will potentially have an impact on the operations of the Company and it is planned to adopt these pronouncements when they become effective:

- IFRS 2, Share Based Payments (Vesting Conditions) - effective from 1st July 2009
- IAS 23, Borrowing Costs (Amendment) - effective from 1st January 2009

Notes to the financial statements
For the year ended 30th June 2008**SIGNIFICANT ACCOUNTING POLICIES (continued)****Foreign currency translation***(a) Functional and presentation currency*

The functional currency of the Company is US Dollars. The Company's investors are mainly from the United Kingdom and North America. The primary activity of the Company is to invest in U₃O₈ and UF₆ which are valued in US Dollars. The performance of the Company is measured and reported to the investors in both Sterling and US Dollars.

The Board of Directors considers the US Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US Dollars which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are accounted for at the rates of exchange ruling at the dates of those transactions. Income statement items in foreign currencies are translated into US Dollars at transaction date. Foreign currency balances at year end are translated at the approximate rates of exchange ruling at that date. Gains and losses arising on the settlement of transactions and the translation at period end exchange rates of monetary assets and liabilities balances denominated in foreign currencies are recognised in the income statement.

Segmental reporting

The Company has one main business segment and one main geographic segment.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating on other economic environments.

Revenue recognition

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of revenue can be measured reliably.

Revenue on the sale of U₃O₈ and UF₆ is recognised at the time of delivery.

Uranium loan fees

Fees from loans of U₃O₈ and UF₆ to third parties are recognised in the income statement on an effective yield basis.

Formation and listing expenses recognised directly in equity

Formation and listing expenses which are directly attributable to the issue of shares are charged against share premium as they are incurred.

Expenses

All operating expenses, including investment advisory fees, are recognised in the income statement on an accruals basis.

Holdings of U₃O₈ and UF₆

Holdings of U₃O₈ and UF₆ are initially recognised at cost, being the fair value of the consideration given.

Subsequently, holdings of U₃O₈ and UF₆ are carried at cost less impairment. Any impairment is recognised in the income statement.

U₃O₈ and UF₆ on loan to counterparties remain on the balance sheet as the Company retains substantially all of the risks and rewards of ownership.

Notes to the financial statements
For the year ended 30th June 2008**SIGNIFICANT ACCOUNTING POLICIES (continued)****Forward contracts**

From time to time, the Company may enter into contracts for the future delivery of U₃O₈ and UF₆ at a fixed price. Such contracts are “executory contracts” in that both parties are still to perform, to an equal degree, the actions required of them by the contract until the day of final delivery under the contract. Executory contracts are not recognised in the balance sheet of the Company, but are noted as a future financial commitment.

Financial instruments

Financial assets and liabilities carried on the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, gains and losses relating to a financial instrument classified as an asset or liability are reported as an expense or income. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Trade receivables

Trade receivables are measured on initial recognition at fair value and subsequently measured at amortised cost less provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Any allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed on initial recognition of the asset.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and deposits with original maturities of three months or less.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are disclosed if the future obligation is probable or the amount cannot be reasonably estimated.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade payables are carried at the fair value of the consideration to be paid in future for services that have been received or supplied and invoiced or formally agreed with the supplier.

Impairment of other assets

Other assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount (that is, the higher of the asset's net selling price and value in use). For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Notes to the financial statements
For the year ended 30th June 2008**SIGNIFICANT ACCOUNTING POLICIES (continued)****Taxation**

The Company is incorporated and resident in Guernsey. With effect from 1st January 2008 Guernsey has implemented a zero tax system whereby the Company will be taxed at a rate of zero percent. The Company will be liable to deduct tax at source from any distribution or deemed distribution to Guernsey resident shareholders. A de minimus has been enacted so that deemed distributions will only apply to Guernsey residents holding 1% or more of the issued share capital.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds, net of tax, and are disclosed in the statement of changes in equity.

Distributable reserve

On 12th October 2007, the Company was granted approval for a capital reduction by way of cancellation of the amount standing to the credit of its share premium account on that date. The amount cancelled was transferred to distributable reserves.

Share-based payments

The Company has applied the requirements of IFRS 2, Share-Based Payments.

The Company issued equity share options which represent equity-settled share-based payments in connection with the admission of the Company to AIM. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share based payment is deemed to be an incremental cost directly attributable to the issue of the shares at admission and as such is deducted from equity.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model is based on management's best estimate and is adjusted for the effects of non-transferability, exercise restrictions and behavioural considerations.

See Note 6 for further description of the equity-settled share option granted.

Risk management

The Company attempts to mitigate risks that may affect its performance through a process of identifying, assessing, reporting and managing material risks. The principal risks to which the Company is exposed are uranium price risk, counterparty credit risk, custodian credit risk, physical uranium loss risk and liquidity risk.

Uranium price risk

As an investor in uranium, the Company holds significant positions in uranium that are exposed to changes in market price. In addition, the Company may enter into fixed price forward purchase and sales contracts. The price of uranium is volatile and is influenced by numerous factors beyond the Company's control, such as demand and supply fundamentals and geopolitical events.

The objective of the Company is capital appreciation, which it intends to achieve through a policy of acquiring uranium and a strategy of holding such uranium for the long-term and not actively speculating or trading with regard to short-term changes in the price of uranium. Accordingly, the Company does not hedge or otherwise protect against movements in uranium price.

Notes to the financial statements
For the year ended 30th June 2008

SIGNIFICANT ACCOUNTING POLICIES (continued)

The following table details the sensitivity of the Company's published adjusted net asset value attributable to holders of ordinary shares (NAV) to a 10% increase and decrease in the market price of uranium, with all other variables held constant.

	30 th June 2008 US\$	30 th June 2008 US\$	30 th June 2007 US\$	30 th June 2007 US\$
	Change in NAV (US\$)	Change in NAV (%)	Change in NAV (US\$)	Change in NAV (%)
10% increase in uranium market price	16,820,000	+9.6%	38,345,000	+9.8%
10% decrease in uranium market price	(16,820,000)	-9.6%	(38,345,000)	-9.8%

Counterparty credit risk

The Company's purchase, sale and lending of uranium expose the Company to the risk of non-payment or non-performance. The directors review credit issues associated with each and every transaction and consideration is given to credit worthiness and credit concentration issues, the provision of appropriate security, and other risk mitigation measures.

Custodian credit risk

The Company is exposed to the credit risk of the Custodian, Nufcor International Limited, and that of the conversion and enrichment facilities ("facilities"), the ultimate custodians of the Company's uranium. The Custodian is required to give the Company immediate notice of any material adverse change in its financial condition and has an obligation to notify the Company of any material adverse change in the financial position of the facilities at which its uranium is held. The directors periodically review and manage the Company's exposure to the credit risk of facilities that hold its material by diversifying its uranium holdings across several facilities.

Physical uranium loss risk

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 Custodian (through its contractual arrangements with the conversion and enrichment facilities) or by insurance proceeds. The directors periodically review and manage the Company's risk of uranium loss by diversifying its uranium holding across several conversion and enrichment facilities, considering the availability of indemnities from the facilities and/or the availability of external insurance cover.

Liquidity risk

The Company funds ongoing expenses from interest income, uranium loan fees, and from cash held on demand and on deposit. The Company could be exposed to significant liquidity risk if it were to fully invest its cash balances and if income from uranium loan fees were to reduce, and other sources of funding were to become unavailable. The directors review rolling forecasts of the Company's cash requirements on an ongoing basis and the Company currently maintains a cash balance adequate to meet expected cash requirements for the forward 12 month period.

Notes to the financial statements
For the year ended 30th June 2008

3. URANIUM HOLDINGS

	30 th June 2008 <i>US\$</i>	30 th June 2008 <i>US\$</i>
	Cost	Market value
2,300,000 lbs of U ₃ O ₈	108,366,000	135,700,000
200,000 kgU of UF ₆	64,260,000	
Impairment charge	<u>(31,760,000)</u>	
Recoverable amount	32,500,000	32,500,000
	<u>140,866,000</u>	<u>168,200,000</u>
	30 th June 2007 <i>US\$</i>	30 th June 2007 <i>US\$</i>
	Cost	Market value
2,300,000 lbs of U ₃ O ₈	108,366,000	311,650,000
200,000 kgU of UF ₆	64,260,000	71,800,000
	<u>172,626,000</u>	<u>383,450,000</u>

The market value of U₃O₈ is taken as the average of (i) the month end UxC U₃O₈ spot price indicator (as published by Ux Consulting Company, LLC in its Ux weekly publication) and (ii) the month end TradeTech U₃O₈ exchange value (as published by TradeTech, LLC in the Nuclear Market Review), ("the Average U₃O₈ Published Price"), and that of UF₆ is taken as the average of (i) the month end UxC UF₆ spot NA price and (ii) the month end TradeTech UF₆ value, ("the Average UF₆ Published Price").

Subsequent to the private placement of 8.25 million shares in May 2007, the Company purchased 200,000 kgU of UF₆ at a price of US\$321.30 for a total consideration of US\$64,260,000. As at 30th June 2008, the Average UF₆ Published Price, as defined above, had fallen to US\$162.50 per kgU of UF₆, and the market value of the Company's UF₆ holdings was accordingly US\$32,500,000. In accordance with the Company's stated accounting policies and IFRS, the Company's holdings of U₃O₈ and UF₆ are separately valued at the lower of cost or net realisable value which in IFRS is described as "cost less impairment". Any impairment is recognised in the Income Statement and therefore the Company has recognised an "impairment charge" of US\$31,760,000. Shareholders should note that this has already been reflected in the published net asset value released by the Company on a monthly basis (see reconciliation on page 24) where the Company's Holdings of U₃O₈ and UF₆ are valued at market value nor does it imply that the physical condition of the Company's material has deteriorated.

At 30th June 2008, 928,284 lbs of U₃O₈ (US\$43,736,731 at cost; US\$54,768,756 at market value) (2007: 642,000 lbs of U₃O₈ (US\$32,853,000 at cost; US\$86,991,000 at market value)) was on loan to third parties. The uranium on loan was collateralised to its replacement value either by way of a guarantee issued to the Company by the parent company of the borrower or by a standby letter of credit issued by a major international bank.

Notes to the financial statements
For the year ended 30th June 2008

4. TRADE AND OTHER RECEIVABLES

	30 th June 2008 <i>US\$</i>	30 th June 2007 <i>US\$</i>
Accrued loan fee	848,247	1,308,021
Accrued bank interest	3,702	-
Prepayments	2,972	-
	<u>854,921</u>	<u>1,308,021</u>

5. SHARE CAPITAL

	30 th June 2008 <i>US\$</i>	30 th June 2007 <i>US\$</i>
Authorised		
85,000,000 Ordinary Shares of US\$0.01 each	<u>850,000</u>	<u>850,000</u>
Issued and fully paid		
41,250,000 Ordinary Shares of US\$0.01 each	<u>412,500</u>	<u>412,500</u>

Rights of shareholders

The Ordinary Shares carry the right to vote, the right to receive all dividends declared by the Company and on a winding up will have the right to share pro rata in the surplus assets of the Company. The shares carry no right to fixed income.

6. SHARE-BASED PAYMENTS

Equity-settled share option

The Company issued the Custodian an option over shares representing 2,475,000 of the Company's issued ordinary share capital at the time of admission to AIM. The option was granted to reward the Custodian for its services in relation to the Company issuing shares and obtaining admission to AIM.

The grant of the option was conditional upon the Company's admission to AIM and vested on the date of admission. The option may be exercised at any time (or times) during the period commencing on 21st July 2008 and ending on 21st July 2011. The exercise price of the option is fixed at GBP2.05 per share.

	Options	Weighted average exercise price <i>US\$</i>
Outstanding at 1 st July 2007	2,475,000	3.79
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at 30 th June 2008	2,475,000	3.79
Exercisable at 30 th June 2008	-	-

Notes to the financial statements
For the year ended 30th June 2008

SHARE-BASED PAYMENTS (continued)

The inputs into the Black-Scholes model are as follows:

Weighted average share price	US\$3.79
Weighted average exercise price	US\$3.79
Expected volatility	11.56%
Expected life	5 years
Risk free rate	4.84%
Expected dividends	nil

Expected volatility was determined by calculating the historical volatility of U₃O₈, the underlying asset in which the Company is invested, over the past 3 years. The expected life used in the model was based on management's expectation that the option will be exercised at the end of the life of the option.

7. EARNINGS PER SHARE

	Year ended 30 th June 2008 US\$	28 th June 2006 to 30 th June 2007 US\$
Earnings		
Loss for the purposes of basic and diluted earnings per share	<u>(33,461,102)</u>	<u>(518,896)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	41,250,000	34,423,973
Effect of dilutive potential ordinary shares: share options	687,713	921,161
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>41,937,713</u>	<u>35,345,134</u>
Basic loss per share	<u>US\$0.811</u>	<u>US\$0.015</u>
Diluted loss per share	<u>US\$0.798</u>	<u>US\$0.015</u>

8. TRADE AND OTHER PAYABLES

	30 th June 2008 US\$	30 th June 2007 US\$
Advisory fee payable	140,167	319,542
Accrued listing expenses	2,074,384	-
Other accrued expenses	265,971	177,902
	<u>2,480,522</u>	<u>497,444</u>

Notes to the financial statements For the year ended 30th June 2008

9. RELATED PARTY TRANSACTIONS

The following are related parties to the Company:

A C Pickford – Director / Chief Executive Officer
W Scott – Non-executive Director
M S Travis – Non-executive Director
K H Williams – Non-executive Director
P Bonney – Non-executive Director
D E Preston – Chief Financial Officer
Nufcor International Limited – Custodian
Nufcor Capital Limited - Adviser
QVT Financial LP

At 30th June 2008, the Custodian held 3,300,000 shares (8% of issued shares) (2007: 3,300,000 shares (8% of issued shares)) in the Company and the option to acquire a further 2,475,000 shares as per an option agreement dated 21st July 2006.

The Company entered into a location swap agreement with Nuclear Fuel Corporation of South Africa (Pty) Limited (“Nufcor SA”), a party related to the Custodian, to swap 995,000 lbs of U₃O₈ held by the Company at one facility in exchange for an equal quantity of U₃O₈ held by Nufcor SA at a different facility. The location swap was performed for mutual benefit and for no monetary consideration. As at 30th June 2008, the Company had swapped all 995,000 (2007: 639,000) lbs of U₃O₈ following the completion of the agreement on 23rd January 2008.

Mr K H Williams, the Chairman of the Company, was also a director of the Custodian until his resignation on 31st December 2007. The Adviser is, in turn, a wholly owned subsidiary of the Custodian. The Company has an Advisory Services Agreement with the Adviser and the Custodian pursuant to which the Adviser advises on regulated investment activities, provides market information to the Board and, on the instruction of the Board, identifies opportunities to acquire, sell and lend uranium.

The Adviser provides advisory services to the Company. The Company pays the Adviser a monthly fee in arrears equal to one twelfth of 1% of the total market value of the uranium owned by the Company. Advisory fees charged in the year totalled US\$2,280,375 (2007: US\$1,917,077), and the sum of US\$140,167 (2007: US\$319,542) was outstanding as at 30th June 2008.

The Adviser and the Company are parties to the Letter Agreement engagement in respect of a contemplated share offering and listing of the Company's shares on the Toronto Stock Exchange pursuant to which the Adviser is entitled to a fee payable by the Company for services in connection with future acquisitions of uranium, which services are contemplated to be significantly greater than the services which are contemplated under the Advisory Services Agreement. Under the terms of the Letter Agreement, the Adviser is entitled to an aggregate fee of \$825,000 (assuming the net capital raised under this Offering is \$94,000,000) payable by the Company in two equal instalments of \$412,500, the first of which payments was paid on May 13, 2008 and the second of which is accrued but unpaid at 30th June 2008. The Adviser is further entitled to an aggregate fee of up to \$675,000 provided that it successfully assists the Company in the investment of 90% of the net proceeds of this Offering in uranium (subject to the successful completion of the Offering). In the event that the net amount raised by the Company pursuant to the Offering exceeds \$94,000,000, the fee payable under the Letter Agreement is subject to revision, as set out in the Letter Agreement. Pursuant to the terms of the Letter Agreement, the Company agrees to pay the reasonable costs and expenses incidental to, or reasonably incurred by the Adviser in connection with the provision of services under the Letter Agreement.

Non-executive directors are entitled to fees totalling GBP132,500 (2007: GBP117,000) per annum with effect from 31st December 2007. The highest paid non-executive Director receives a fee of GBP50,000 per annum. During the year fees totalling US\$255,558 (2007: US\$222,227) were charged.

**Notes to the financial statements
For the year ended 30th June 2008****RELATED PARTY TRANSACTIONS CONTINUED**

Mr A C Pickford, a director of the Company, was Chairman of Mercator Trust Company Limited ("Mercator"), the Company's Administrator until his resignation on 28th March 2008. Mercator is entitled to an annual administration fee. During the year fees totalling US\$176,873 (2007: US\$125,022) were charged and the sum of US\$39,646 (2007: US\$50,000) was outstanding as at 30th June 2008. Mr A C Pickford holds 12,195 shares (0.03%) (2007: 12,195 shares (0.03%)) in the Company.

Mr D E Preston, the Chief Financial Officer, is also Managing Director of Mercator and is entitled to an annual fee of £12,500 with effect from his appointment on 23rd June 2008.

At 30th June 2008, QVT Financial LP held 11,134,028 shares (27% of issued shares) in the Company.

10. POST BALANCE SHEET EVENTS

The Company announced on 30th June 2008 that it had filed a preliminary long form prospectus in each of the provinces and territories of Canada to qualify the distribution for the sale to the public (the "Offering") of new ordinary shares in the capital of the Company. The Company's preliminary prospectus is currently being reviewed by the Canadian regulator and it is expected that regulatory clearance to file a final prospectus will be obtained shortly. The Offering may also occur by way of private placement in the United Kingdom and in certain other jurisdictions in Europe, and in the United States pursuant to applicable exemptions from registration under the United States Securities Act of 1933, as amended. Subject to the Company's Articles of Association, no share (including the new shares) shall be issued at a discount to its prevailing net asset value. As at 30th June 2008, the Company had recognised listing expenses of \$2,641,325 in connection with this project.

In July 2008, the Company agreed to purchase 237,000 kgs of UF₆ for US\$38.9 million from a major international counterparty for payment and delivery in the fourth quarter of 2008. The purchase is equivalent to approximately 620,532 lbs of U₃O₈ at an inferred price of \$59.03/lb of U₃O₈ (assuming a conversion service price of \$9.50/kg). Within the agreements to purchase the uranium, there is an additional liability clause whereby if either party does not fulfil their contractual obligations, they may be liable to an additional amount not exceeding 10% of the total consideration.

**Reconciliation of net assets to published net asset value (“NAV”)
For the year ended 30th June 2008**

	30 th June 2008 <i>US\$</i>	Per Share <i>US\$</i>
Total net assets per financial statements	147,422,690	3.57
Market value adjustment for U ₃ O ₈ and UF ₆ holdings	27,334,000	0.66
	<hr/>	<hr/>
Published and adjusted NAV	<u>174,756,690</u>	<u>4.24</u>
Converted to Sterling at US\$1.9901 / GBP1.00		<u>GBP2.13</u>
Diluted adjusted NAV		
Number of shares in issue	41,250,000	
Exercise of options at GBP2.05	2,475,000	10,097,270
	<hr/>	<hr/>
Diluted adjusted NAV	<u>184,853,960</u>	<u>4.23</u>
Converted to Sterling at US\$1.9901 / GBP1.00		<u>GBP2.12</u>

The market value of U₃O₈ is taken as the Average U₃O₈ Published Price, and that of UF₆ as the Average UF₆ Published Price.