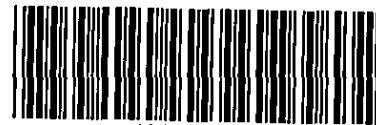


**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009  
FOR  
U308 ENERGY LIMITED**

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FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**U308 ENERGY LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**DIRECTORS:** Mr C Windham  
Mr M G Parr

**SECRETARY:** Mr E Taylor

**REGISTERED OFFICE:** 80 George Street  
Edinburgh  
EH2 3BU

**REGISTERED NUMBER:** SC290795 (Scotland)

**SENIOR STATUTORY  
AUDITOR:** Martin Clapson FCA

**AUDITORS:** Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Richmond House  
Ely  
Cambridgeshire  
CB7 4AH

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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The directors present their report with the financial statements of the company for the year ended 30 September 2009.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the exploration for uranium.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 October 2008 to the date of this report.

Mr C Windham  
Mr M G Parr

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, Price Bailey LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



Mr C Windham - Director

Date: 23 March 2010

## **REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF U308 ENERGY LIMITED**

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We have audited the financial statements of U308 Energy Limited for the year ended 30 September 2009 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The ability of the company to continue to trade is dependent on the company being able to raise sufficient funds. Based upon the current economic climate there exists a material uncertainty which may cast significant doubt as to whether the company will be able to generate sufficient funds and therefore the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be necessary if the company was unable to continue as a going concern.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF  
U308 ENERGY LIMITED**

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**Matters on which we are required to report by exception**

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

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



Martin Clapson FCA (Senior Statutory Auditor)  
for and on behalf of Price Bailey LLP  
Chartered Accountants & Statutory Auditors  
Richmond House  
Ely  
Cambridgeshire  
CB7 4AH

Date:

*25<sup>th</sup> March 2010*

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
<b>TURNOVER</b>		-	-
Administrative expenses		<u>288,918</u>	<u>220,430</u>
		(288,918)	(220,430)
Other operating income		<u>933</u>	<u>100</u>
<b>OPERATING LOSS</b>	3	(287,985)	(220,330)
Interest receivable and similar income		<u>5</u>	<u>71</u>
		(287,980)	(220,259)
Interest payable and similar charges	4	<u>-</u>	<u>2,851</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(287,980)	(223,110)
Tax on loss on ordinary activities	5	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>(287,980)</u>	<u>(223,110)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current year or previous year.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the losses for the current year or previous year.

The notes form part of these financial statements

**BALANCE SHEET**  
**30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Intangible assets	6	105,180	207,230
Tangible assets	7	<u>48</u>	<u>95</u>
		105,228	207,325
<b>CURRENT ASSETS</b>			
Debtors	8	896	645
Cash at bank		<u>1,072</u>	<u>504</u>
		1,968	1,149
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>120,121</u>	<u>85,423</u>
<b>NET CURRENT LIABILITIES</b>		(118,153)	(84,274)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(12,925)	123,051
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	<u>396,688</u>	<u>244,684</u>
<b>NET LIABILITIES</b>		<u>(409,613)</u>	<u>(121,633)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	60,699	60,699
Share premium	12	171,668	171,668
Profit and loss account	12	<u>(641,980)</u>	<u>(354,000)</u>
<b>SHAREHOLDERS' FUNDS</b>	16	<u>(409,613)</u>	<u>(121,633)</u>

The financial statements were approved by the Board of Directors on 23 March 2010 and were signed on its behalf by:



Mr C Windham - Director

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
<b>Net cash outflow from operating activities</b>	1	(29,356)	(20,408)
<b>Returns on investments and servicing of finance</b>	2	5	(2,780)
<b>Capital expenditure</b>	2	<u>(122,085)</u>	<u>(174,580)</u>
		(151,436)	(197,768)
<b>Financing</b>	2	<u>152,004</u>	<u>194,684</u>
<b>Increase/(Decrease) in cash in the period</b>		<u>568</u>	<u>(3,084)</u>
<hr/>			
<b>Reconciliation of net cash flow to movement in net funds</b>	3		
Increase/(Decrease) in cash in the period		<u>568</u>	<u>(3,084)</u>
Change in net funds resulting from cash flows		<u>568</u>	<u>(3,084)</u>
<b>Movement in net funds in the period</b>		568	(3,084)
<b>Net funds at 1 October</b>		<u>504</u>	<u>3,588</u>
<b>Net funds at 30 September</b>		<u>1,072</u>	<u>504</u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2009 £	2008 £
Operating loss	(287,985)	(220,330)
Depreciation charges	39,599	75,740
Impairment of exploration costs	219,244	101,730
(Increase)/Decrease in debtors	(251)	41,676
Increase/(Decrease) in creditors	37	(19,224)
<b>Net cash outflow from operating activities</b>	<b><u>(29,356)</u></b>	<b><u>(20,408)</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2009 £	2008 £
<b>Returns on investments and servicing of finance</b>		
Interest received	5	71
Interest paid	-	(2,851)
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>	<b><u>5</u></b>	<b><u>(2,780)</u></b>

<b>Capital expenditure</b>		
Purchase of intangible fixed assets	(122,085)	(174,580)
<b>Net cash outflow for capital expenditure</b>	<b><u>(122,085)</u></b>	<b><u>(174,580)</u></b>

<b>Financing</b>		
New loans in year	239,000	244,684
Loan repayments in year	(86,996)	(50,000)
<b>Net cash inflow from financing</b>	<b><u>152,004</u></b>	<b><u>194,684</u></b>

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1/10/08 £	Cash flow £	At 30/9/09 £
Net cash:			
Cash at bank	<u>504</u>	<u>568</u>	<u>1,072</u>
	<u>504</u>	<u>568</u>	<u>1,072</u>
<b>Total</b>	<b><u>504</u></b>	<b><u>568</u></b>	<b><u>1,072</u></b>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis. The company has received assurances from its holding company that it will continue to support the company for a period of at least 12 months from the date of approval of the financial statements.

**Intangible fixed assets - exploration costs**

Expenditure on the acquisition costs, exploration and evaluation of interests in licences including related overheads are capitalised. Such costs are carried forward in the balance sheet under intangible assets and amortised over the minimum period of licences in respect of each area of interest where:

- a) such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale;
- b) exploration activities have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations in relation to the areas are continuing.

An annual impairment review is carried out by the directors to consider whether any exploration or development costs have suffered impairment in value and whether necessary provisions are made accordingly.

Accumulated costs in respect of areas of interest that have been abandoned are written off to the profit and loss account in the year in which the area is abandoned.

Exploration costs are carried at the lower of cost and net realisable value.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 25% on cost

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

**2. STAFF COSTS**

	2009	2008
	£	£
Wages and salaries	-	4,000
Social security costs	-	564
	<u>-</u>	<u>4,564</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**2. STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	2009	2008
Directors	<u>2</u>	<u>3</u>

**3. OPERATING LOSS**

The operating loss is stated after charging:

	2009 £	2008 £
Depreciation - owned assets	47	47
Exploration costs amortisation	39,552	75,693
Auditors' remuneration	4,050	3,500
Auditors' remuneration for other services	-	3,915
Foreign exchange differences	5,574	4,172
Impairment of explorations costs	<u>219,244</u>	<u>101,730</u>
Directors' remuneration	<u>-</u>	<u>4,000</u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £	2008 £
Other loan interest	<u>-</u>	<u>2,851</u>

**5. TAXATION****Analysis of the tax charge**

No liability to UK corporation tax arose on ordinary activities for the year ended 30 September 2009 nor for the year ended 30 September 2008.

The company has estimated tax losses of £642,010 (2008 - £354,048) to carry forward against future trading profits.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 30 SEPTEMBER 2009

6. INTANGIBLE FIXED ASSETS

	Exploration costs £
<b>COST</b>	
At 1 October 2008	283,589
Additions	156,746
Disposals	<u>(278,719)</u>
At 30 September 2009	<u>161,616</u>
<b>AMORTISATION</b>	
At 1 October 2008	76,359
Amortisation for year	39,552
Eliminated on disposal	<u>(278,719)</u>
Impairments	<u>219,244</u>
At 30 September 2009	<u>56,436</u>
<b>NET BOOK VALUE</b>	
At 30 September 2009	<u>105,180</u>
At 30 September 2008	<u>207,230</u>

7. TANGIBLE FIXED ASSETS

	Computer equipment £
<b>COST</b>	
At 1 October 2008 and 30 September 2009	<u>190</u>
<b>DEPRECIATION</b>	
At 1 October 2008	95
Charge for year	<u>47</u>
At 30 September 2009	<u>142</u>
<b>NET BOOK VALUE</b>	
At 30 September 2009	<u>48</u>
At 30 September 2008	<u>95</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
VAT	<u>896</u>	<u>645</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £	2008 £
Trade creditors	4,000	-
Social security and other taxes	-	4,043
Other creditors	111,041	76,380
Accruals and deferred income	<u>5,080</u>	<u>5,000</u>
	<u>120,121</u>	<u>85,423</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2009 £	2008 £
Amounts owed to group undertakings	<u>396,688</u>	<u>244,684</u>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2009	2008
Number:	Class:	Nominal value:	£	£
24,279,445	Ordinary shares	0.25p	<u>60,699</u>	<u>60,699</u>

**12. RESERVES**

	Profit and loss account £	Share premium £	Totals £
At 1 October 2008	(354,000)	171,668	(182,332)
Deficit for the year	<u>(287,980)</u>		<u>(287,980)</u>
At 30 September 2009	<u>(641,980)</u>	<u>171,668</u>	<u>(470,312)</u>

**13. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of U308 Holdings plc, a company incorporated in England and Wales.

**14. DIRECTORS BENEFITS: ADVANCES, CREDITS AND GUARANTEES**

During the year, consultancy fees of £15,000 (2008 - £11,250) were payable to Mr M Parr, of which £1,250 (2008 - £1,250) was outstanding and included in creditors at the year end.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2009**

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**15. RELATED PARTY DISCLOSURES**

During the year the company traded on a commercial basis with Lithotech Ltda, a company in which Mr M Parr (a director of U308 Energy Limited) has an interest. Exploration and management expenses in the year amounted to £261,794 (2008 - £221,546), of which £86,996 (2008 - nil) was recharged to the parent company U308 Holdings plc. £109,791 (2008 - £75,130) was outstanding and included in creditors at the year end.

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
Loss for the financial year	(287,980)	(223,110)
<b>Net reduction of shareholders' funds</b>	(287,980)	(223,110)
Opening shareholders' funds	(121,633)	101,477
<b>Closing shareholders' funds</b>	(409,613)	(121,633)