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**PRESS RELEASE**

**URANIUM PARTICIPATION CORPORATION AND URANIUM LIMITED REACH AGREEMENT IN RELATION TO THE PROPOSED ACQUISITION OF URANIUM LIMITED BY URANIUM PARTICIPATION CORPORATION**

**Toronto, ON, January 11, 2010:** Uranium Participation Corporation (the "Company" or "UPC") (TSX:U) and Uranium Limited ("UL") (AIM, TSX:UML) are pleased to announce the signing of an implementation agreement pursuant to which UPC will make an offer to acquire all of the issued ordinary share capital of UL (the "Transaction").

Under the terms of the Transaction, holders of UL ordinary shares (each a "UL Share") will receive 0.50 of one common share of UPC (each a "UPC Share") for each UL Share held on the closing of the Transaction, which is expected to be at the end of March 2010. The Transaction values UL at approximately £84.3 million (Cdn\$139.4 million) and each UL Share at 204.3 pence (Cdn\$3.38) based on the closing price of one UPC Share of Cdn\$6.76 on January 8, 2010, being the last trading day prior to the date of this announcement. The per share consideration to be received by UL shareholders represents a premium of 27.7% based on the closing price of UL Shares on AIM and the UPC Shares on the TSX on January 8, 2010, a premium of 18.6% based on the volume weighted average trading prices of UL Shares and UPC Shares for the 30 day trading period of each security ending on January 8, 2010, and a premium of 7.0% to UL's net asset value ("NAV"), based on the closing price of UPC Shares on January 8, 2010 on the TSX, and on UL's NAV of £1.91 per UL Share, as reported as at December 31, 2009.

UL holds 1,725,000 pounds of uranium oxide ("U<sub>3</sub>O<sub>8</sub>") and 412,000 kgU as uranium hexafluoride ("UF<sub>6</sub>"). Upon completion of the Transaction, the combined holdings of uranium material by UPC will consist of 7,250,000 pounds U<sub>3</sub>O<sub>8</sub> and 2,374,230 kgU as UF<sub>6</sub>.

Mr. Richard H. McCoy, Chairman of UPC, comments, "This Transaction allows UPC to grow accretively and at a lower cost than a comparable equity financing and market purchase of uranium. We believe that both UL and UPC shareholders will benefit from enhanced trading liquidity for their shares and the expectation that trading values will closely track underlying NAV."

Kelvin Williams, Non-Executive Chairman of UL, said: "This Transaction provides UL shareholders with a significant premium to the current price of the company's shares and with ownership in a highly-liquid uranium investment vehicle. We are pleased that this deal preserves for UL shareholders a comparable exposure to anticipated uranium price upside."

UPC is also pleased to announce that it plans to implement a normal course issuer bid program ("NCIB"). The NCIB will allow UPC to buy back UPC Shares in situations when the Board deems appropriate. The goal of the NCIB is to support UPC Shares trading at an attractive level relative to net asset value.

## **KEY BENEFITS OF THE TRANSACTION**

The Directors of UPC have determined that the Transaction is attractive to UPC and its shareholders for the following reasons:

- allows UPC to acquire additional uranium at an attractive price relative to both its historic average cost and its outlook for the long-term price;
- provides current UPC shareholders with increased uranium holdings per share and increased NAV per share;
- the Transaction is a lower cost alternative relative to a public equity offering and uranium purchase of equivalent scale; and
- the growth in the issued and outstanding share capital of UPC will lead to improved trading liquidity for UPC shareholders.

The Directors of UL believe that the Transaction should lead to the following benefits for UL shareholders:

- a substantially improved trading relationship with NAV for UPC Shares relative to existing UL Shares. Over the last twelve months, UL Shares have consistently traded at a discount to NAV averaging 21.0% over the period, by contrast UPC Shares have traded with a much closer relation to NAV, and at an average discount of 1.9% to NAV over the same period;
- significantly enhanced liquidity for UPC Shares in comparison with existing UL Shares. Over the last twelve months, UL Shares have traded at an average daily reported volume of approximately 66,348 shares on AIM and 2,812 shares on the TSX, which contrasts with an average daily reported volume for UPC Shares of approximately 323,424 shares on the TSX over the same period;
- improved access to the equity capital markets, which may further increase the shareholder base and consequently liquidity, and enable the combined entity to better take advantage of future opportunities in the uranium market; and
- participation in a combined entity, with comparable investment objectives and strategy to UL, thereby ensuring that UL shareholders will retain a similar market exposure and risk profile to that delivered by their current holding in UL.

## **BOARD OF DIRECTORS**

On completion of the Transaction, Mr. Kelvin Williams will join the board of UPC. Mr. Williams is the current Chairman of the board of UL. The existing members of UPC's board of directors will remain unchanged.

## **TERMS OF THE ACQUISITION**

It is intended that the Transaction will be effected by way of a court approved scheme of arrangement pursuant to Part VIII of The Companies (Guernsey) Law, 2008 (as amended) (a "Scheme"). However, UPC reserves the right to elect to implement the Transaction by means of a takeover pursuant to Part XVIII of The Companies (Guernsey) Law, 2008, as amended, and the City Code on Takeovers and Mergers.

Under the terms of the Transaction, the holders of UL Shares will receive 0.50 of one UPC Share for each UL Share held. Upon completion of the Transaction, UPC will issue approximately 20.6 million UPC Shares. The UPC Shares to be issued pursuant to the Transaction will represent 19.4% of the enlarged issued share capital of UPC following completion of the Transaction, calculated on the basis of the existing issued ordinary share capital of UL. The issuance of the UPC Shares is subject to

approval by the current holders of the UPC Shares by ordinary resolution at the UPC shareholder meeting.

Irrevocable agreements to vote in favour of the Scheme (or, if the Transaction is implemented by way of a City Code Offer, to accept or procure acceptance of such offer) in respect of 11,859,630 UL shares in aggregate, representing approximately 28.8% of UL's existing issued ordinary share capital have been obtained.

Full details of the Transaction will be included in the management information circular of UPC and the scheme document of UL, which will be mailed to the UPC shareholders and UL shareholders, respectively. The documents are expected to be filed with the appropriate regulatory authorities and mailed to the applicable company's shareholders by mid-February, 2010.

The Transaction is subject to the usual regulatory and court approvals and to obtaining the approval of a minimum of 75% by value and more than 50% by number approval of those shares voted at the meeting of the shareholders of UL, and the majority approval of the shareholders of UPC at a special meeting of the shareholders of UPC to be held in mid-March, 2010. The parties expect that the Transaction will close by the end of March, 2010, but in any event by May 10, 2010.

## **ADVISORS**

UPC's financial advisor is Cormark Securities Inc. Heenan Blaikie, LLP (Canada), Dewey & LeBoeuf LLP (England), and Carey Olsen (Guernsey) are acting as legal counsel to UPC.

UL's financial advisor and nominated advisor is Canaccord Adams Limited. Simmons & Simmons (England), Stikeman Elliot LLP (Canada) and Ozannes (Guernsey) are acting as legal counsel to UL.

## **BOARD RECOMMENDATIONS**

The directors of UPC eligible to vote on the Transaction have unanimously approved the Transaction and will be recommending that the shareholders of UPC approve the issuance of the UPC Shares as consideration on the Transaction.

The board of directors of UL have also unanimously approved the Transaction and will be recommending that the UL shareholders approve the Transaction.

### ***Information on UPC***

*UPC is an investment holding company which invests substantially all of its assets in U<sub>3</sub>O<sub>8</sub> and UF<sub>6</sub> (collectively "uranium"), with the primary investment objective of achieving appreciation in the value of its uranium holdings. Additional information about UPC is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on UPC's website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com).*

### ***Information on UL***

*UL is an investment company created to invest substantially all of its assets in natural uranium with the primary investment objective of achieving capital appreciation in the value of its uranium holdings. Additional information about UL is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on UL's website at [www.uraniumlimited.com](http://www.uraniumlimited.com).*

### ***Forward-Looking Information***

*This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning UPC and UL. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive or market environments, regulatory changes and changes in law, future exchange and interest rates, changes in tax rates, fluctuations in the price of uranium*

*and future business combinations or dispositions. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants. Therefore undue reliance should not be placed on such forward-looking statements. UPC and UL assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable law.*

**For further information, please contact:**

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James Anderson, Chief Financial Officer (416) 979-1991 Ext. 372

**UL**

Kelvin Williams, Non-Executive Chairman +44 (0) 1481 234 200

William Scott, Non-Executive Director

**An announcement has also been made today in accordance with Rule 2.5 of the UK Takeover Code. The Rule 2.5 announcement follows.**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN, INTO OR FROM ANY JURISDICTION WHERE TO DO THE SAME WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.**

FOR IMMEDIATE RELEASE

11 January 2010

**Recommended Proposal for a Transaction**

**involving the acquisition of**

**Uranium Limited**

**by**

**Uranium Participation Corporation**

**By way of scheme of arrangement pursuant to The Companies (Guernsey) Law, 2008,  
as amended**

**Summary**

- The Boards of UPC and UL are pleased to announce that they have reached agreement on the terms of a recommended all share offer to be made by UPC to acquire the entire issued and to be issued share capital of UL, subject to the Conditions.
- It is intended that the Transaction will be implemented by means of a court sanctioned scheme of arrangement pursuant to Part VIII of the Companies Law 2008 and in accordance with the City Code. However, UPC reserves the right to elect to implement the Transaction by means of a City Code Offer.
- Under the terms of the Scheme, the holders of Scheme Shares will receive 0.50 of one UPC Share for each Scheme Share held.
- The Transaction values the existing issued ordinary share capital of UL at approximately £84.3 million and each UL share at 204.3 pence based on the closing price of one UPC Share of Cdn\$6.76 on 8 January 2010, being the last trading day for UPC Shares on the TSX prior to the date of this announcement (at an exchange rate of £1 to Cdn\$1.6542).
- No dividends or other distributions will be declared, made or paid hereafter until the Effective Date. If, despite the prohibition above, any dividends or other distributions are so declared, made or paid, an appropriate adjustment will be made to the number of New UPC Shares to be issued for each Scheme Share under the Transaction.
- The UL Shares will be acquired by UPC as fully paid and free from all Encumbrances together with all rights now or hereafter attaching thereto,

including the right to receive and retain all dividends and other distributions declared, made or paid hereafter.

- The per share consideration represented by 0.50 of a New UPC Share for each UL Share pursuant to the Scheme (or, if applicable, the City Code Offer) represents:
  - a premium of 27.7% based on the Closing Price of UL Shares and UPC Shares on 8 January 2010, being the last trading day for UPC Shares on the TSX, and for UL Shares on AIM, prior to the date of this announcement;
  - a premium of 18.6% based on the volume weighted average trading prices of UL Shares and UPC Shares for the 30 day trading period of each security ending on 8 January 2010, being the last trading day for UPC Shares on the TSX, and for UL Shares on AIM, prior to the date of this announcement; and
  - a premium of 7.0% to UL's NAV, based on the Closing Price of UPC Shares on 8 January 2010, being the last trading day for UPC Shares on the TSX, and on UL's NAV of £1.91 per UL Share, as reported as at 31 December 2009.
- The New UPC Shares to be issued pursuant to the Transaction will represent 19.4% of the enlarged issued share capital of UPC following completion of the Transaction, calculated on the basis of the existing issued ordinary share capital of UL. The issuance of the New UPC Shares is subject to approval by the current holders of the UPC Shares by ordinary resolution at the UPC Meeting.
- The New UPC Shares will be issued credited as fully paid and non-assessable and will rank pari passu in all respects with the existing issued UPC Shares.
- Application will be made to the TSX for the New UPC Shares issued pursuant to the Transaction to be listed for trading on the TSX. The New UPC Shares will not be listed for trading or trade on any other stock exchange.
- The Transaction has been unanimously recommended by the Directors of UL.
- The Transaction has been unanimously recommended by the Directors of UPC entitled to vote.
- UL is a non-cellular investment company limited by shares registered in the Island of Guernsey which provides investors with investment exposure to the price of uranium.
- UPC is based in Canada and is a corporation under the Business Corporations Act (Ontario) which invests substantially all of its assets in uranium with the primary objective of achieving appreciation in the value of its uranium holdings and the mission to provide an alternative for investors interested in holding uranium.

- The UL Board believes that the Transaction should lead to the following benefits:
  - a substantially improved trading relationship with NAV for the New UPC Shares relative to existing UL Shares. Over the last twelve months, UL Shares have consistently traded at a discount to NAV averaging 21.0% over the period, by contrast UPC Shares have traded with a much closer relation to NAV, and at an average discount of 1.9% to NAV over the same period;
  - significantly enhanced liquidity for the New UPC Shares in comparison with existing UL Shares. Over the last twelve months, UL Shares have traded at an average daily reported volume of approximately 66,348 shares on AIM and 2,812 shares on the TSX, which contrasts with an average daily reported volume for UPC Shares of approximately 323,424 shares on the TSX over the same period;
  - improved access to the equity capital markets, which may further increase the shareholder base and consequently liquidity, and enable the combined entity to better take advantage of future opportunities in the uranium market; and
  - participation in a combined entity, with comparable investment objectives and strategy to UL, thereby ensuring that UL shareholders will retain a similar market exposure and risk profile to that delivered by their current holding in UL.
- The sole Director of UL who holds UL Shares has irrevocably undertaken to vote in favour of the Scheme at the Meetings (or, if the Transaction is implemented by way of City Code Offer, to accept or procure acceptance of such offer) in respect of his own legal and beneficial holdings of 22,095 UL Shares in aggregate, representing approximately 0.05% of UL's existing issued ordinary share capital and 0.05% of the issued UL Shares entitled to vote at the Court Meeting.
- In addition, UPC has received an irrevocable undertaking from QVT Financial LP, on behalf of QVT Fund LP (the largest UL Shareholder) and Quintessence Fund L.P., to vote in favour of the Scheme at the Meetings (or, if the Transaction is implemented by way of a City Code Offer, to accept or procure acceptance of such offer). The irrevocable undertaking is in respect of 11,837,535 UL Shares in aggregate, representing approximately 28.7% of UL's existing issued ordinary share capital and 28.7% of the issued UL Shares entitled to vote at the Court Meeting.
- In the aggregate, therefore, UPC has received irrevocable undertakings to vote in favour of the Scheme in respect of 11,859,630 UL Shares, representing approximately 28.8% of UL's existing issued ordinary share capital and 28.8% of the issued UL Shares entitled to vote at the Court Meeting.
- The irrevocable undertaking of QVT ceases to be binding, *inter alia*, if (i) the Transaction lapses or is withdrawn, or (ii) if a third party, not acting in concert with QVT announces a firm intention to make an offer for UL on terms which

represent in the reasonable opinion of UPC's financial advisor an improvement of 10% or more on the value of UPC's offer and UPC does not improve its offer to be at least as favourable, in the reasonable opinion of UPC's financial advisor, as the value of such third party offer or (iii) if the Directors of UL withdraw, qualify or adversely modify their unanimous unqualified recommendation to UL Shareholders to vote in favour of the Scheme.

- Appendix I sets out the Conditions and certain further terms which, together with such further terms and conditions as may be set out in the Scheme Documents or the Offer Documents (as the case may be) will apply to the Transaction. Appendix II contains information on the source of certain information contained in this announcement. Certain terms used in this announcement are defined in Appendix III.

Commenting on the Transaction, Richard H. McCoy, Chairman of the Board of UPC, said:

"This Transaction allows UPC to grow accretively and at a lower cost than a comparable equity financing and market purchase of uranium. We believe that both UL and UPC shareholders will benefit from enhanced trading liquidity for their shares and the expectation that trading values will closely track underlying NAV."

Commenting on the Transaction, Kelvin Williams, Non-Executive Chairman of UL, said:

"This Transaction provides UL shareholders with a significant premium to the current price of the company's shares and with ownership in a highly-liquid uranium investment vehicle. We are pleased that this deal preserves for UL shareholders a comparable exposure to anticipated uranium price upside."

**This summary should be read in conjunction with and is subject to, the full text of the following announcement. The Transaction is subject to the Conditions and further terms set out in the Appendices and to be set out in the Scheme Documents.**

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*In accordance with Rule 19.11 of the City Code, a copy of this announcement can be found at [www.uraniumlimited.com](http://www.uraniumlimited.com).*

*This announcement is not intended to and does not constitute, or form part of, any offer to sell, purchase or exchange or invitation to sell, purchase or exchange for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Transaction or otherwise. This announcement does not constitute a prospectus or prospectus equivalent. This announcement and all other materials related to the Transaction are solely directed to UL Shareholders.*

*In particular, this announcement is not an offer of securities for sale in the United States and the New UPC Shares, which will be issued in connection with the Transaction, have not been, and will not be, registered under the Securities Act or under the securities law of any jurisdiction other than Canada, and no regulatory clearance in respect of the New UPC Shares has been, or will be, applied for in the United States, Australia or Japan. The New UPC Shares may not be offered, sold, or delivered, directly or indirectly, in, into or from the United States absent registration under the Securities Act or an exemption from registration. The New UPC Shares may not be offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from Australia or Japan or to, or for the account or benefit of, any resident of Australia or Japan absent an exemption from registration or an exemption under relevant securities law. It is expected that the New UPC Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates", within the meaning of the Securities Act, of UPC or UL prior to, or of UPC after, the Effective Date will be subject to certain transfer restrictions relating to the New UPC Shares received in connection with the Transaction.*

*The Transaction will be made solely through the Scheme Documents or, if UPC elects a City Code Offer, through an Offer Document, which will contain the full terms and conditions of the Transaction, including details of how to vote in respect of the Transaction. Any vote, acceptance or other response to the Transaction should be made only on the basis of the information in the Scheme Documents, or the Offer Document, if applicable. UL Shareholders are advised to read the formal documentation in relation to the Transaction carefully, once it has been dispatched, as it will contain important information relating to the Transaction. The Transaction will be subject to the Conditions and further terms set out in Appendix I to this announcement and such further terms and conditions which will be set out in the Scheme*

*Documents (or an Offer Document or any document through which the proposals of the Transaction are actually made by UPC).*

*Canaccord Adams Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for UL and for no-one else in connection with the Transaction and will not be responsible to anyone other than UL for providing the protections afforded to clients of Canaccord Adams Limited or for providing advice in relation to the Transaction or for any other matters referred to in this announcement.*

*Cormark Securities Inc., which is authorised and regulated in Canada by IIROC, is acting exclusively for UPC and for no-one else in connection with the Transaction and will not be responsible to anyone other than UPC for providing the protections afforded to clients of Cormark Securities Inc, or for providing advice in relation to the Transaction or for any other matters referred to in this announcement.*

*The availability of the Transaction to persons who are not resident in and citizens of Guernsey or the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Further details in relation to overseas shareholders will be contained in the Scheme Documents (or an Offer Document or any document through which the proposals of the Transaction are actually made).*

*The release, publication or distribution of this announcement in jurisdictions other than Guernsey or the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than Guernsey or the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the proposed Transaction disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement has been prepared for the purpose of complying with the law of the Island of Guernsey and the City Code, and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside Guernsey or the United Kingdom.*

#### **NOTICE TO US AND CANADIAN INVESTORS IN UL**

*The Transaction relates to the shares of a company registered under the laws of the Island of Guernsey and is subject to United Kingdom and Guernsey disclosure requirements (which are different from those of Canada and the US) and is proposed to be made by means of a scheme of arrangement provided for under Companies Law 2008 of the Island of Guernsey. Accordingly, the Transaction is subject to the disclosure requirements and practices applicable in the United Kingdom and Guernsey to schemes of arrangement which differ from the disclosure requirements and practices for Canadian or US proxy solicitations, shareholder votes or tender offers. The settlement procedure with respect to the Transaction will be consistent with United Kingdom practice, which may differ from procedures in comparable acquisitions in countries other than the United Kingdom in certain material respects. If UPC exercises its right to implement the Transaction by way of a City Code Offer, the Transaction, unless otherwise required by law, will be made in compliance with applicable United Kingdom and Guernsey laws and regulations only. Financial information included in the*

*relevant documentation will be prepared in accordance with applicable accounting standards and may not be comparable to the financial statements of US or Canadian companies.*

*No securities regulatory authority in any Canadian jurisdiction and neither the Securities and Exchange Commission of the United States nor any securities commission of any state of the United States has (a) approved or disapproved of the Transaction; (b) passed upon the merits or fairness of the Transaction; or (c) passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offence in the United States and is an offence in Canada.*

*Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or the Scheme Documents and/or any other related document to any jurisdiction outside Guernsey or the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction before taking any action.*

*If the Transaction is implemented by way of a City Code Offer, it will be made in accordance with the procedural and filing requirements of the US securities laws, to the extent applicable. If the Transaction is implemented by way of a City Code Offer, the New UPC Shares to be issued in connection with such City Code Offer will not be registered under the Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and may not be offered, sold, or delivered, directly or indirectly, in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such other securities laws. UPC does not intend to register any such New UPC Shares or part thereof in the United States or to conduct a public offering of the New UPC Shares in the United States.*

#### **FORWARD LOOKING STATEMENTS**

*This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning UPC and UL. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive or market environments, regulatory changes and changes in law, future exchange and interest rates, changes in tax rates, fluctuations in the price of uranium and future business combinations or dispositions. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants.*

*Therefore undue reliance should not be placed on such forward-looking statements. UPC and UL assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable law.*

*Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per UPC Share or UL Share for the current or future*

*financial years, or those of the combined entity, will necessarily match or exceed the historical published earnings per UPC Share or UL Share, respectively.*

### **DEALING DISCLOSURE REQUIREMENTS**

*Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of UL or of UPC, all "dealings" in any "relevant securities" of UL or of UPC (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer under the Transaction becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of UL or of UPC, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of UL or of UPC by UPC or UL, or by any of their respective "associates", must be disclosed by no later than 12.00 noon on the London business day following the date of the relevant transaction.*

*A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).*

*"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.*

*Terms in quotation marks above are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.*

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FOR IMMEDIATE RELEASE

11 January 2010

**Recommended Proposal for a Transaction**

**involving the acquisition of**

**UL Limited**

**by**

**Uranium Participation Corporation**

**By way of scheme of arrangement pursuant to The Companies (Guernsey) Law 2008, as amended**

**1 Introduction**

The Boards of UPC and UL are pleased to announce that they have reached agreement on the terms of a recommended all share offer to be made by UPC to acquire the entire issued and to be issued share capital of UL, subject to the Conditions.

**2 The Transaction**

It is intended that the Transaction will be implemented by means of a court sanctioned scheme of arrangement pursuant to Part VIII of the Companies Law 2008 and in accordance with the City Code. However, UPC reserves the right to elect to implement the Transaction by means of a City Code Offer.

Under the terms of the Transaction, the holders of Scheme Shares will receive:

**For each UL Share 0.50 New UPC Share**

Fractions of a New UPC Share will not be issued.

The Transaction values the existing issued ordinary share capital of UL at approximately £84.3 million and each UL Share at 204.3 pence based on the Closing Price of one UPC Share of Cdn\$6.76 on 8 January 2010, being the last trading day for UPC Shares on the TSX prior to the date of this announcement (at an exchange rate of £1 to Cdn\$1.6542).

No dividends or other distributions will be declared, made or paid on the UL Shares hereafter until the Effective Date. If, despite the prohibition above, any dividends or

other distributions are so declared, made or paid on the UL Shares, an appropriate adjustment will be made to the number of New UPC Shares to be issued for each Scheme Share under the Transaction.

- The per share consideration represented by 0.50 of a New UPC Share for each UL Share pursuant to the Scheme of Arrangement (or, if applicable, the City Code Offer) represents:
  - a premium of 27.7% based on the Closing Price of UL Shares and UPC Shares on 8 January 2010, being the last trading day for UPC Shares on the TSX, and for UL Shares on AIM, prior to the date of this announcement;
  - a premium of 18.6% based on the volume weighted average trading prices of UL Shares and UPC Shares for the 30 day trading period of each security ending on 8 January 2010, being the last trading day for UPC Shares on the TSX, and for UL Shares on AIM, prior to the date of this announcement; and
  - a premium of 7.0% to UL's NAV, based on the Closing Price of UPC Shares on 8 January 2010, being the last trading day for UPC Shares on TSX, and on UL's NAV of £1.91 per UL Share, as reported as at 31 December 2009.

The New UPC Shares to be issued pursuant to the Transaction will represent 19.4% of the enlarged issued share capital of UPC following completion of the Transaction, calculated on the basis of the existing issued ordinary share capital of UL.

The New UPC Shares will be issued credited as fully paid and non-assessable and will rank pari passu in all respects with the existing issued UPC Shares.

Application will be made to the TSX for the New UPC Shares issued pursuant to the Transaction to be listed for trading on the TSX. The issuance of the New UPC Shares is subject to approval by the current holders of the UPC Shares by ordinary resolution at the UPC Meeting.

The New UPC Shares will not be listed for trading or trade on any other stock exchange.

The UL Shares will be acquired by UPC as fully paid up and free from all Encumbrances together with all rights now or hereafter attaching thereto, including the right to receive and retain all dividends and other distributions declared, made or paid hereafter.

The conditions and certain further terms of the Transaction are set out or referred to in Appendix I which, together with such further terms and conditions as may be set out in the Scheme Documents or the Offer Documents (as the case may be), will apply to the Transaction.

### **3 Background to, and reasons for, the Transaction and UPC's intentions in relation to UL**

Since its inception, the mission of UPC has been to provide an investment alternative for investors interested in holding uranium. The strategy of UPC is to invest in holdings of uranium and not to actively speculate with regard to short-term changes in uranium prices. This strategy provides investors with an ability to invest in uranium in a manner that does not directly include risks associated with investments in companies that engage in the exploration, mining and processing of uranium.

UPC has satisfied investor demand by conducting equity financings and market purchases of uranium. UPC's criteria when considering a public offering and purchase of uranium are principally the following:

- the trading price of its shares in relation to its NAV;
- the availability of uranium in the spot market at attractive prices; and
- the level of investor demand for UPC Shares.

With these criteria, the Board of UPC, can determine if growing UPC's uranium holdings is attractive. Since May 2005, UPC has completed eight public offerings, raising gross proceeds of Cdn\$647.0 million, and a further Cdn\$31.2 million from the exercise of previously issued warrants.

As UPC grows and issues new equity, current and future shareholders benefit from increased trading liquidity, allowing them to buy and sell UPC Shares based on their own views on current and future uranium prices.

In considering whether to proceed with the Transaction, Directors of UPC evaluated the aforementioned criteria and a number of factors, including its stated strategy to invest in uranium with the goal of long-term value appreciation.

The Directors of UPC have determined that the Transaction is attractive to UPC and its shareholders for the following reasons:

- allows UPC to acquire additional uranium at an attractive price relative to both its historic average cost and its outlook for the long-term price;
- provides current UPC shareholders with increased uranium holdings per share and increased NAV per share;
- the Transaction is a lower cost alternative relative to a public equity offering and uranium purchase of equivalent scale; and
- the growth in the issued and outstanding share capital of UPC will lead to improved trading liquidity for UPC Shareholders.

As a result of the Transaction, UPC will hold 7,250,000 pounds of U<sub>3</sub>O<sub>8</sub> and 2,374,230 kgU of UF<sub>6</sub>.

#### **4 Background to the recommendation**

UL's shares have, since July 2008, been trading at a discount to its NAV per share. The Board of UL have considered alternatives to achieve a reduction in the discount to its NAV per share, primarily by improving liquidity and trading volumes. In an effort to improve liquidity and achieve share price appreciation, UL on 30 December 2008 listed its shares on the TSX. This listing has however failed to improve the liquidity of UL's Shares and trading volumes have remained low throughout 2009.

The share price discount to NAV prevents UL from raising funds by the issue of further equity capital, not only as it is commercially unattractive to its existing shareholders, but UL's articles of incorporation do not permit UL to issue share capital at a discount to its prevailing NAV.

The Board of UL recognise that UPC Shares have consistently exhibited better liquidity and greater trading volume than UL Shares. As a result, UPC's shares have historically not suffered from trading at a persistent discount to NAV, which is in contrast to UL Shares.

The Board of UL believes that the Transaction will enable UL Shareholders to benefit from the better liquidity offered by UPC's shares, as well as their greater parity with NAV.

Based on UPC's history of successful financings that have broadened their shareholder base and improved liquidity, the Board of UL believes that UPC will also be in a better position to raise finance through the issue of equity capital, and therefore are better able to take advantage of future opportunities in the uranium market.

The Board of UL believes that the Transaction will enable UL Shareholders to benefit from improved trading liquidity, a better relation of the share price to NAV, and long term capital appreciation as envisaged by current forecasts for uranium prices. Under the Transaction, UL Shareholders will receive shares in a company with comparable investment objectives and strategy to UL, thereby ensuring that they will retain a similar market exposure and risk profile to that delivered by their current holding in UL.

#### **5 Irrevocable undertakings**

Anthony Pickford, the sole Director of UL owning UL Shares, has irrevocably undertaken in respect of his own legal and beneficial holdings of 22,095 UL Shares, in aggregate representing approximately 0.05% of the existing issued ordinary share capital of UL, and 0.05% of the issued UL Shares entitled to vote at the Court Meeting, to vote in favour of the Scheme at the Meetings (or, in the event that the Transaction is implemented by way of City Code Offer, to accept or procure acceptance of such offer). This irrevocable undertaking will remain binding even if a competing offer is made for UL.

In addition, QVT Financial LP ("QVT"), on behalf of QVT Fund LP (the largest UL Shareholder) and Quintessence Fund L.P., has irrevocably undertaken to vote in favour of the Scheme at the Meetings (or, in the event that the Transaction is

implemented by way of a City Code Offer, to accept or procure acceptance of such offer) in respect of 11,837,535 UL Shares in aggregate, representing approximately 28.7% of UL's issued ordinary share capital and 28.7% of the issued UL Shares entitled to vote at the Court Meeting.

In the aggregate, therefore, UPC has received irrevocable undertakings to vote in favour of the Scheme, in respect of 11,859,630 UL Shares, representing approximately 28.8% of UL's existing issued ordinary share capital and 28.8% of the issued UL Shares entitled to vote at the Court Meeting.

The irrevocable undertaking of QVT ceases to be binding, *inter alia*, if (i) the Transaction lapses or is withdrawn, or (ii) if a third party, not acting in concert with QVT announces a firm intention to make an offer for UL on terms which represent in the reasonable opinion of UPC's financial advisor an improvement of 10% or more on the value of UPC's offer and UPC does not improve its offer to be at least as favourable, in the reasonable opinion of UPC's financial advisor, as the value of such third party offer or (iii) if the Directors of UL withdraw, qualify or adversely modify their unanimous unqualified recommendation to UL Shareholders to vote in favour of the Scheme.

## **6 Information on UPC and the UPC Group**

UPC is an investment holding company which invests substantially all of its assets in uranium, either in the form of uranium oxide in concentrates ("U<sub>3</sub>O<sub>8</sub>") or uranium hexafluoride ("UF<sub>6</sub>"), with the primary investment objective of achieving appreciation in the value of its uranium holdings. UPC's mission is to provide an investment alternative for investors interested in holding uranium. UPC's constituting documents prescribes that at least 85% of the gross proceeds of any issue of shares must be invested in, or held for future acquisitions, of uranium. Denison Mines Inc., a wholly owned subsidiary of Denison Mines Corp., is the Manager of UPC. The Manager does not have any ownership interest in UPC, and the two companies do not have any directors in common.

The Manager conducts its services under a management services agreement with UPC (the "Management Services Agreement"). The Management Services Agreement has an initial term of five years, commencing 30 March 2005, and continues thereafter unless terminated by either party upon 180 days previous written notice. UPC has the right to terminate the Management Services Agreement for an unremedied breach by the Manager of any of its material obligations under the Management Services Agreement or otherwise in accordance with its terms.

Under the Management Services Agreement, the Manager is required to manage UPC's activities in accordance with commercially reasonable and prudent business practices and may delegate, with the approval of the Board of UPC and at its own cost, any of its duties or obligations under the Management Services Agreement to any third party. All purchases and sales of uranium are made by the Manager on behalf of UPC in accordance with the Management Services Agreement and title of uranium purchases remains with UPC. The Manager is obligated to use commercially reasonable efforts to purchase and sell the uranium at the best prices available to it over a prudent period of time. All lending arrangements for uranium are conducted in accordance with the instructions of UPC's Board. In addition to its responsibilities for

purchasing or selling uranium for and on behalf of UPC, the Manager is required to arrange for storage of the uranium, arrange insurance coverage, prepare regulatory filing materials and reports for shareholders, furnish office facilities, provide officers for UPC and generally manage UPC's business and affairs.

UPC's NAV at 30 November 2009 was Cdn\$543,773,000.

UPC was incorporated under the laws of the Province of Ontario, Canada in 2005. UPC is authorized to issue an unlimited number of common shares without par value. The number of issued and outstanding UPC Shares as at the date hereof is 85,697,341. The UPC Shares are listed for trading on the TSX under the ticker symbol "U".

UPC carries on its operations through its wholly-owned subsidiaries UPC Participation Alberta Corp. (Alberta, Canada) and Uranium Participation Cyprus Limited (Cyprus). UPC also has a branch office in Luxembourg.

An investment in UPC Shares provides an investment alternative for investors interested in investing in uranium. The UPC Shares represent an indirect interest in physical uranium owned by UPC.

The strategy of UPC is to invest in holdings of uranium and not to actively speculate with regard to short-term changes in uranium prices. This strategy will provide investors with an ability to effectively invest in uranium in a manner that does not directly include risks associated with investments in companies that engage in the exploration, mining and processing of uranium.

All uranium owned by UPC is stored at licensed uranium conversion or enrichment facilities in Canada, France and the United States. UPC's Manager negotiates storage arrangements with the facilities on behalf of UPC. In order for the Manager to remove the uranium held in storage on behalf of UPC, a certified resolution of its Board of Directors must be delivered to the Manager authorizing such transfer.

As the primary investment objective of UPC is appreciation in the value of its uranium holdings, rather than selling any part thereof, the expenses of UPC are required to be satisfied by cash on hand that is not otherwise invested. Revenue is also generated through the lending of uranium.

## **7 Information on UL**

UL is a non-cellular investment company limited by shares registered in the Island of Guernsey. UL 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 UL 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 strategy of UL is to hold uranium for the long term and not to actively speculate with regard to short-term changes in the price of uranium. UL has adopted the following investment guidelines:

- at least 90% of any net proceeds receivable by UL must be invested in, or held for future acquisitions of, uranium with the balance retained to meet some of its operating expenses;
- UL holds, but does 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 considers that it would be appropriate to do so at the relevant time; and
- UL will seek to lend a proportion 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.

UL invests substantially all of its assets in uranium, either in the form of U<sub>3</sub>O<sub>8</sub> or UF<sub>6</sub>.

UL reported a NAV and adjusted NAV as at 31 December 2009 of £78,635,235 (US\$127,555,787) or £1.91 per share (US\$3.09 per share). The diluted NAV and adjusted diluted NAV as at 31 December 2009 was also £1.91 per share (US\$3.09 per share). For the period ended 30 June 2009 UL reported an operating profit of US\$485,246 (period to 30 June 2008: a loss of US\$1.7 million) and a net loss of US\$26.3 million (period to 30 June 2008: a loss of US\$217.0 million).

The UL Shares are listed for trading on AIM and the TSX under the ticker symbol "UML".

## **8 Directors and Management**

Upon completion of the Transaction, Kelvin Williams will be invited to join the Board of UPC. All other UL Directors have notified UPC of their intention to resign as Directors of UL upon completion of the Transaction. It is intended that the Manager of UPC, Denison Mines Inc., will be appointed the manager of UL.

## **9 Share Options**

Pursuant to a share option agreement dated 18 July 2006 between UL and Nufcor International Limited (the "Option Holder"), an option exists to purchase 2,475,000 shares in UL at £2.05 per share (the "Options"). The Options expire on 21 July 2011.

The terms of the Options do not provide for their compulsory exercise on UL being subject to the Scheme or a City Code Offer.

As a result the Options may, or may not, be exercised by the Option Holder before the Effective Date in the commercial discretion of the Option Holder.

UPC will make a proposal to the holders of Options in due course.

## **10 Structure of the Transaction**

It is intended that this Transaction will be implemented by means of a court sanctioned scheme of arrangement pursuant to Part VIII of the Companies Law 2008

and in accordance with the City Code. However, UPC reserves the right to elect to implement the Transaction by means of a City Code Offer.

The purpose of the Scheme is for UPC to become the owner of the entire issued and to be issued ordinary share capital of UL. This is to be achieved by the transfer of the Scheme Shares to UPC in consideration of the issue by UPC to UL Shareholders of New UPC Shares in the ratio of 0.50 New UPC Share for each Scheme Share.

Fractions of a New UPC Share will not be issued.

Implementation of the Scheme will require, among other things, the approval of the holders of the Scheme Shares (together with persons held to be in the same class) at the Court Meeting and the sanction of the Scheme by the Court.

The procedure involves an application by UL to the Court to sanction the Scheme and to confirm the transfer of all the Scheme Shares to UPC, in consideration for which the holders of the Scheme Shares at the Scheme Record Time will receive New UPC Shares (on the basis described above).

To become effective, the Scheme requires, amongst other things, the approval of a majority in number representing 75% or more in value of the holders of the Scheme Shares (together with persons held to be in the same class), or the relevant classes thereof, if applicable, (excluding any Scheme Shares held as treasury shares) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting, if applicable, which may be required by the Court, or any adjournment of such meeting, together with the sanction of the Court and the passing of resolutions necessary to implement the Scheme. The Scheme will only become effective upon the Court sanctioning the Scheme. Upon the Scheme becoming effective, it will be binding on all holders of Scheme Shares, irrespective of whether or not they attended or voted at the Court Meeting.

The Scheme will contain a provision for UL to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme or to any condition that the Court may approve or impose.

The issuance of the New UPC Shares is subject to approval of the TSX and the approval of the holders of a majority of the UPC Shares present and voting, either in person or by proxy, at the UPC Meeting, or at any adjournment of such meeting. A circular to UPC Shareholders convening the UPC Meeting will be posted shortly.

Further details of the Scheme, including the timetable for its implementation, will be set out in the Scheme Documents, which are expected to be posted to holders of Scheme Shares shortly. An indicative but non-binding timetable of the principal events related to the Scheme is as follows:

<b><u>Event</u></b>	<b><u>Indicative timing</u></b>
▪ Court hearing to order Court Meeting	5 February 2010
▪ Posting of Scheme Documents	8 February 2010
▪ Court Meeting and UL shareholder meeting to approve the Scheme	9 March 2010

- UPC shareholder meeting to approve the issue of New UPC Shares 16 March 2010
- Court hearing to sanction the Scheme (if the Scheme is approved by UL Shareholders) and Effective Date of the Scheme (if sanction of the Court is received) 30 March 2010
- Delisting of UL Shares from AIM and TSX 31 March 2010
- Listing of New UPC Shares 31 March 2010
- Latest date for New UPC Shares to be delivered in exchange for Scheme Shares to UL Shareholders 14 days after Effective Date

All dates in this announcement which relate to the implementation of the Scheme are indicative only and subject to the approval of the Court and to the Conditions being satisfied and the issue and listing of the New UPC Shares.

A more detailed timetable will be included in the Scheme Documents.

## **11 Implementation Agreement and inducement fee**

UL and UPC have entered into an Implementation Agreement which sets out, among other things, various matters in relation to the implementation of the Scheme (or, if applicable the City Code Offer), the conduct of UL's business prior to the Effective Date or the lapse or withdrawal of the Transaction, including the right of UPC to match any competing offer, and a non-solicit undertaking from UL.

UL has agreed that it will not, directly or indirectly, solicit, initiate or knowingly encourage or otherwise facilitate the initiation of or seek to procure the submission of any competing proposal. In addition UL has agreed to notify UPC promptly of any approach made or any circumstances indicating that an approach will be made to UL in relation to a competing proposal for UL or any request for information under Rule 20.2 of the City Code. UL has also agreed, subject to the fiduciary duties of the Board of UL, not to participate in discussions regarding a competing proposal.

UPC also has the right, upon UL receiving details of a competing proposal or proposed competing proposal, to match or better the value implied by that competing proposal by 5:00 p.m. on the fifth Business Day after UPC has received a notice of the competing proposal from UL. If UPC announces a revised offer (whether by way of scheme of arrangement or otherwise) within such period, the UL Directors have agreed that the Scheme or, if applicable, the City Code Offer will continue to be the subject of a unanimous and unqualified recommendation by the UL Directors.

UL has agreed to pay UPC an inducement fee (inclusive of VAT) equal to £842,855 if: (i) the Board of UL determines to accept a Superior Proposal; or (ii) UL shall have breached certain of its obligations under the Implementation Agreement.

Pursuant to Rule 21.2 of the City Code, the Directors of UL and Canaccord have confirmed to the Panel in writing that they believe the fee to be in the best interests of

UL Shareholders. The fee is not payable to the extent to which the Panel determines that it would not be permitted under Rule 21.2 of the City Code.

The Implementation Agreement may be terminated in certain circumstances including if the Effective Date has not occurred by 10 May 2010, if the Transaction is illegal or upon breach by either UPC or UL of their respective covenants.

Further information in relation to the Implementation Agreement will be set out in the Scheme Documents.

## **12 Delisting and de-registration**

Prior to the Effective Date UL will make a conditional application for cancellation of the admission to, and trading of UL Shares on AIM to take effect at 7.00 a.m. on the Business Day immediately following the Effective Date and will make an application to delist its shares from the TSX.

On the Effective Date, share certificates in respect of the UL Shares will cease to be valid and entitlements to UL Shares held within the CREST system will be cancelled.

## **13 Disclosure of interests in UL**

As at the close of business on 8 January 2010, the last practicable Business Day prior to the date of this announcement, neither UPC, nor any of the Directors of UPC, nor, so far as UPC is aware, any person acting in concert with UPC (i) has any interest in or right to subscribe for any relevant UL securities, nor (ii) has any short positions in respect of relevant UL securities (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to take delivery, nor (iii) has borrowed or lent any relevant UL securities (save for any borrowed shares which have been on-lent or sold).

No arrangement of the sort referred to in Note 6(b) of Rule 8 of the City Code exists with UPC, UL or an associate of UPC or UL in relation to UL or UPC securities. There exists no indemnity or option arrangements, or agreement or understanding, formal or informal or whatever nature, relating to UL Shares or shares of UPC which may be an inducement to deal or refrain from dealing.

## **14 Overseas shareholders**

The availability of the Transaction to UL Shareholders who are not resident in Guernsey or the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. UL Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

## **15 Recommendations**

The Directors of UL, who have been so advised by Canaccord, consider the terms of the Transaction to be fair and reasonable. In providing advice to UL, Canaccord has taken into account the commercial assessment of the Directors of UL.

Accordingly, the Directors of UL unanimously recommend UL Shareholders to vote in favour of the Scheme at the Meetings (or, if the Transaction is implemented by means of a City Code Offer, to accept or procure acceptance of such offer). Anthony Pickford, the sole Director of UL who owns UL Shares, has irrevocably undertaken to vote his own beneficial and legal shareholdings of 22,095 UL Shares (representing 0.05% of the existing issued ordinary share capital of UL and representing approximately 0.05% of the issued UL Shares entitled to vote at the Court Meeting) in favour of the Scheme at the Meetings (or, if the Transaction is implemented by means of a City Code Offer, to accept such offer). This undertaking will remain binding even if a competing offer is made for UL.

The Directors of UPC, who have received financial advice from Cormark, consider the Transaction to be in the interests of UPC. In providing financial advice to the Directors of UPC, Cormark has relied upon the commercial assessment of the Directors of UPC.

In the opinion of the Directors of UPC eligible to vote, the Transaction is in the interests of the shareholders of UPC as a whole. Accordingly, they unanimously recommend shareholders of UPC to vote in favour of the resolutions to be proposed at the UPC Meeting in connection with the Transaction which will be convened in due course.

## **16 General**

UPC reserves the right, with the consent of the Panel (where necessary), to elect to implement the Transaction by making a City Code Offer for the entire issued and to be issued share capital of UL.

If UPC elects to implement the Transaction by City Code Offer, the City Code Offer will be implemented on the same terms (subject to appropriate amendments and with the consent of the Panel, where necessary), so far as applicable, as those which would apply to the Scheme. Furthermore, if sufficient acceptances of such City Code Offer are received and/or sufficient UL Shares are otherwise acquired, it is the intention of UPC to apply the provisions of Part XVIII of the Companies Law 2008 to acquire compulsorily any outstanding UL Shares to which such City Code Offer relates.

UPC and its Directors accept responsibility for the information contained in this document other than the information concerning UL for which UL and the Directors of UL accept responsibility. To the best of the knowledge and belief of UPC, UL and their respective Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document for which they respectively take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Transaction will be subject to the Conditions and further terms set out in Appendix I and such further terms and conditions to be set out in the Scheme Documents or the Offer Documents, as the case may be.

The bases and sources of certain information contained in this announcement are set out in Appendix II.

Certain terms used in this announcement are defined in Appendix III.

## **ENQUIRIES**

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*In accordance with Rule 19.11 of the City Code, a copy of this announcement can be found at [www.uraniumlimited.com](http://www.uraniumlimited.com).*

*This announcement is not intended to and does not constitute, or form part of, any offer to sell, purchase or exchange or invitation to sell, purchase or exchange any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Transaction or otherwise. This announcement does not constitute a prospectus or prospectus equivalent. This announcement and all other materials related to the Transaction are solely directed to UL Shareholders.*

*In particular, this announcement is not an offer of securities for sale in the United States and the New UPC Shares, which will be issued in connection with the Transaction, have not been, and will not be, registered under the Securities Act or under the securities law of any jurisdiction other than Canada, and no regulatory clearance in respect of the New UPC Shares has been, or will be, applied for in the United States, Australia or Japan. The New UPC Shares may not be offered, sold, or delivered, directly or indirectly, in, into or from the United States absent registration under the Securities Act or an exemption from registration. The New UPC Shares may not be offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from Australia or Japan or to, or for the account or benefit of, any resident of Australia or Japan absent an exemption from registration or an exemption under*

*relevant securities law. It is expected that the New UPC Shares will be issued in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 3(a)(10) thereof. Under applicable US securities laws, persons (whether or not US persons) who are or will be "affiliates" within the meaning of the Securities Act of UPC or UL prior to, or of UPC after, the Effective Date will be subject to certain transfer restrictions relating to the New UPC Shares received in connection with the Transaction.*

*The Transaction will be made solely through the Scheme Documents or, if UPC elects a City Code Offer, through an Offer Document, which will contain the full terms and conditions of the Transaction, including details of how to vote in respect of the Transaction. Any vote, acceptance or other response to the Transaction should be made only on the basis of the information in the Scheme Documents, or the Offer Document, if applicable. UL Shareholders are advised to read the formal documentation in relation to the Transaction carefully, once it has been dispatched, as it will contain important information relating to the Transaction. The Transaction will be subject to the Conditions and further terms set out in Appendix I to this announcement and such further terms and conditions which will be set out in the Scheme Documents (or an Offer Document or any document through which the proposals of the Transaction are actually made by UPC).*

*Canaccord Adams Limited, which is authorised and regulated in the United Kingdom by the FSA, is acting exclusively for UL and for no-one else in connection with the Transaction and will not be responsible to anyone other than UL for providing the protections afforded to clients of Canaccord Adams Limited or for providing advice in relation to the Transaction or for any other matters referred to in this announcement.*

*Cormark Securities Inc., which is authorised and regulated in Canada by IIROC, is acting exclusively for UPC and for no-one else in connection with the Transaction and will not be responsible to anyone other than UPC for providing the protections afforded to clients of Cormark Securities Inc, or for providing advice in relation to the Transaction or for any other matters referred to in this announcement.*

*The availability of the Transaction to persons who are not resident in and citizens of Guernsey or the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Further details in relation to overseas shareholders will be contained in the Scheme Documents (or an Offer Document or any document through which the proposals of the Transaction are actually made).*

*The release, publication or distribution of this announcement in jurisdictions other than Guernsey or the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than Guernsey or the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies involved in the proposed Transaction disclaim any responsibility or liability for the violation of such restrictions by any person.*

*This announcement has been prepared for the purpose of complying with the laws of the Island of Guernsey and the City Code, and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside Guernsey and the United Kingdom.*

#### **NOTICE TO US AND CANADIAN INVESTORS IN UL**

*The Transaction relates to the shares of a company registered under the laws of the Island of Guernsey and is subject to United Kingdom and Guernsey disclosure requirements (which are different from those of Canada and the US) and is proposed to be made by means of a scheme of arrangement provided for under the Companies Law 2008. Accordingly, the Transaction is subject to the disclosure requirements and practices applicable in the United Kingdom and Guernsey to schemes of arrangement which differ from the disclosure requirements and practices for Canada and US proxy solicitations, shareholder votes or tender offers. The settlement procedure with respect to the Transaction will be consistent with United Kingdom practice, which may differ from procedures in comparable transactions in countries other than the United Kingdom in certain material respects. If UPC exercises its right to implement the Transaction by way of a City Code Offer, the Transaction, unless otherwise required by law, will be made in compliance with applicable United Kingdom and Guernsey laws and regulations only. Financial information included in the relevant documentation will be prepared in accordance with applicable accounting standards and may not be comparable to the financial statements of US or Canadian companies.*

*No securities regulatory authority in any jurisdiction in Canada and neither the Securities and Exchange Commission of the United States nor any securities commission of any state of the United States has (a) approved or disapproved of the Transaction; (b) passed upon the merits or fairness of the Transaction; or (c) passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offence in the United States and is an offence in Canada.*

*Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or the Scheme Documents and/or any other related document to any jurisdiction outside Guernsey and the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction before taking any action.*

*If the Transaction is implemented by way of a City Code Offer, it will be made in accordance with the procedural and filing requirements of US securities laws, to the extent applicable. If the Transaction is implemented by way of a City Code Offer, the New UPC Shares to be issued in connection with such City Code Offer will not be registered under the Securities Act or under the securities laws of any state, district or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such other securities laws. UPC does not intend to register any such New UPC Shares or part thereof in the United States or to conduct a public offering of the New UPC Shares in the United States.*

## **FORWARD-LOOKING STATEMENTS**

*This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning UPC and UL. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive or market environments, regulatory changes and changes in law, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants.*

*Therefore undue reliance should not be placed on such forward-looking statements. UPC and UL assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable law.*

*Nothing in this announcement is intended, or is to be construed, as a profit forecast or to be interpreted to mean that earnings per UPC Share or UL Share for the current or future financial years, or those of the combined entity, will necessarily match or exceed the historical published earnings per UPC Share or UL Share, respectively.*

## **DEALING DISCLOSURE REQUIREMENTS**

*Under the provisions of Rule 8.3 of the City Code, if any person is, or becomes, "interested" (directly or indirectly) in 1% or more of any class of "relevant securities" of UL or of UPC, all "dealings" in any "relevant securities" of UL or of UPC (including by means of an option in respect of, or a derivative referenced to, any such "relevant securities") must be publicly disclosed by no later than 3.30 p.m. on the London business day following the date of the relevant transaction. This requirement will continue until the date on which the offer under the Transaction becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the "offer period" otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an "interest" in "relevant securities" of UL or of UPC, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Under the provisions of Rule 8.1 of the City Code, all "dealings" in "relevant securities" of UL or of UPC by UPC or UL, or by any of their respective "associates", must be disclosed by no later than 12.00 noon on the London business day following the date of the relevant transaction.*

*A disclosure table, giving details of the companies in whose "relevant securities" "dealings" should be disclosed, and the number of such securities in issue, can be found on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk).*

*"Interests in securities" arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an "interest" by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.*

*Terms in quotation marks above are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.*

## APPENDIX I

### CONDITIONS AND CERTAIN FURTHER TERMS OF THE TRANSACTION

#### Part One: Conditions

1. The Transaction is conditional upon the Scheme becoming unconditional and becoming effective by Court Order, subject to the City Code, by not later than 10 May 2010 or such later date (if any) as UL and UPC may agree and the Court may allow. The Scheme is conditional upon:
  - (a) the approval by a majority in number representing 75% or more in value of the holders of Scheme Shares (together with persons held to be in the same class), or the relevant classes thereof, if applicable, (excluding any shares held in treasury) present and voting, either in person or by proxy, at the Court Meeting and at any separate class meeting, if applicable, which may be required by the Court, and at any separate class meeting which may be required by the Court (or at any adjournment of any such meeting);
  - (b) the resolutions substantially in the form set out in the notice of the UL General Meeting being duly passed by the requisite majority at the UL General Meeting (or at any adjournment thereof);
  - (c) the Court Order being obtained (with or without modifications, but subject to any such modifications being on terms acceptable to UL and UPC);
  - (d) conditional listing approval being granted for listing and posting for trading of the New UPC Shares on the TSX; and
  - (e) the resolutions substantially in the form set out in the materials sent to the UPC Shareholders in connection with the UPC Meeting required to approve the issuance of the New UPC Shares under the Transaction being duly passed by the requisite majority at the UPC Meeting (or any adjournment thereof).
2. UPC and UL have agreed that the Transaction is conditional upon the following matters, and, accordingly, the necessary action to make the Transaction effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied or waived:
  - (a) **Authorisations**
    - (i) All Authorisations in any jurisdiction which is necessary for or in respect of the Transaction, its implementation or any acquisition of any shares in, or control of, UL by any member of the UPC Group having been obtained from any relevant Person or authority or from any Person or body with whom UL or any member of the UPC Group has entered into contractual arrangements in each case where the absence of such Authorisation is material in the context of the Transaction and

all such Authorisations remaining in full force and effect and there being no intimation of any intention to revoke or not renew the same; and

- (ii) all Authorisations necessary to carry on the business of UL remaining in full force and effect and there being no notification of any intention to revoke or not to renew the same; and
- (iii) all necessary notifications, filings, or applications having been made and all applicable waiting and other periods (including extensions of such periods) having expired, lapsed or been terminated, and all applicable statutory or regulatory obligations in any jurisdiction in respect of the Transaction having been complied with, in each case, in respect of the acquisition of any shares in or control of, UL by UPC, including without limitation pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 of the United States.

**(b) Intervention**

No relevant Person having taken, instituted, implemented or threatened any legal proceedings, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, order or decision or taken any other step and there not continuing to be outstanding any statute, regulation, order or decision that would or might reasonably be expected to:

- (i) make the Transaction, its implementation or the acquisition or proposed acquisition of any shares in, or control or management of, UL by UPC or any subsidiary of UPC illegal, void or unenforceable; or
- (ii) otherwise directly or indirectly prevent, prohibit or otherwise restrict, restrain, delay or interfere with the implementation of, or impose additional conditions or obligations with respect to or otherwise challenge or require amendment of, the Transaction or the proposed acquisition of UL directly or indirectly by UPC or any acquisition of UL Shares by UPC; or
- (iii) require, prevent or delay the divestiture (or alter the terms of any proposed divestiture), by or result in any delay to, UPC of any divestiture of any shares or other securities in UL; or
- (iv) impose any limitation on the ability of any member of the UPC Group to acquire or hold or exercise effectively, directly or indirectly, any rights of ownership of shares or other securities or the equivalent in UL or to exercise management control over UL; or
- (v) require, prevent or delay the disposal by UPC or any member

of the UPC Group, of all or any part of their respective businesses, assets or properties or impose any material limitation on the ability of any of them to conduct all of their respective businesses or own all of their respective assets or properties; or

- (vi) require any member of the UPC Group or UL to offer to acquire any shares or other securities (or the equivalent) in any member or any other assets of UL or the UPC Group owned by any third party (in each case, other than in implementation of the Transaction); or
- (vii) result in any member of the UPC Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods during which any such relevant person could institute, or implement or threaten any legal proceedings, having expired, lapsed or been terminated.

**(c) Consequences of the Transaction**

Save as Disclosed, there being no material provision of any agreement to which UL is a party, or by or to which any such member, or any part of their assets, is or may be bound, entitled or subject, which would as a consequence of the Transaction or of the acquisition or proposed acquisition of all or any part of the issued share capital of, or change of control or management of, UL to an extent that is material in the context of UL, result in:

- (i) any assets or interests of UL being or failing to be disposed of or charged in any way or ceasing to be available to UL or any rights arising under which any such asset or interest could be required to be disposed of or charged in any way or could cease to be available to UL; or
- (ii) any moneys borrowed by, or other indebtedness (actual or contingent) of, or any grant available to, UL being or becoming repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or the ability of UL to incur any such borrowing or indebtedness becoming or being capable of becoming withdrawn, inhibited or prohibited; or
- (iii) any such agreement or the rights, liabilities, obligations or interests of UL under it being terminated or adversely modified or affected or any onerous obligation arising or any adverse action being taken under it; or
- (iv) the interests or business of UL in or with any third party (or any arrangements relating to any such interests or business) being

terminated or adversely modified or affected; or

- (v) the financial or trading position or prospects or value of UL being prejudiced or adversely affected; or
- (vi) the creation of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of UL or any such security (whenever arising or having arisen) becoming enforceable or being enforced; or
- (vii) UL ceasing to be able to carry on business under any name under which it currently does so; or
- (viii) the creation of actual or contingent liabilities by UL other than in the ordinary course of trading; or
- (ix) the ability of UL or any member of the UPC Group to carry on its business being adversely affected,

and, other than as Disclosed, no event having occurred which, under any provision of any such agreement to which UL or the UPC Group is a party, or by or to which any such member, or any of its assets, may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (ix) inclusive.

**(d) No Corporate Action Taken Since the Accounting Date**

Since the Accounting Date, save as otherwise Disclosed or pursuant to transactions in favour of UL, UL has not:

- (i) issued or agreed to issue or authorized or proposed the issue or grant of additional shares of any class or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save pursuant to the issue of UL Shares on the exercise of Disclosed UL Options); or
- (ii) redeemed, purchased, repaid or reduced or announced the redemption, purchase, repayment or reduction of any part of its share capital or other securities or made, authorized or proposed or announced the making of any other change to its share or loan capital; or
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus issue or other distribution whether payable in cash or otherwise; or
- (iv) undertaken a conversion under Part V of the Companies Law 2008; or
- (v) undertaken an amalgamation under Part VI of the Companies Law 2008; or

- (vi) undertaken a migration under Part VII of the Companies Law 2008; or
- (vii) undertaken an arrangement or reconstruction (other than the Scheme of Arrangement) under Part VIII of the Companies Law 2008; or
- (viii) merged or demerged with or from, or acquired, any body corporate or authorized or proposed or announced any intention to propose any such merger or demerger; or
- (ix) other than in the ordinary course of business acquired or disposed of, transferred, mortgaged or charged, or created or granted any security interest over, all or any portion of its assets (including shares and trade investments) or authorized or proposed or announced any intention to propose any acquisition, disposal, transfer, mortgage, charge or creation or grant of any such security interest; or
- (x) issued or authorized or proposed the issue of any debentures or incurred or increased any borrowings, indebtedness or liability (actual or contingent); or
- (xi) entered into or varied, or authorized or proposed the entry into or variation of, or announced its intention to enter into or vary, any transaction, arrangement, contract or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude (other than to a nature and extent which is normal in the context of the business concerned or which is or could involve obligations which would or might reasonably be expected to be so long, onerous or unusual in nature or magnitude) or which is restrictive to the existing business of UL (other than to a nature and extent which is normal in the context of the business concerned or which is or could involve obligations which would or might reasonably be expected to be so restrictive) or which is not in the ordinary course of business; or
- (xii) entered into, implemented, effected, authorized or proposed or announced its intention to enter into, implement, effect, authorize or propose any contract, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement other than in the ordinary course of business; or
- (xiii) waived or compromised any claim (other than in the ordinary course of business); or
- (xiv) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any contract with any of the directors or senior executives of UL; or

- (xv) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary any contract for the management of the business or operations of UL;
- (xvi) had any petition presented for its winding-up (voluntary or otherwise), dissolution or reorganization or for the appointment of a provisional liquidator, receiver, administrator, administrative receiver, trustee or similar officer of all or any part of its assets and revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction or been declared “en etat de desastre”; or
- (xvii) been unable, or admitted in writing that it is unable, to pay its debts or has stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business; or
- (xviii) made any alteration to its articles of incorporation, or other incorporation documents; or
- (xix) entered into any agreement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this condition 2(d) other than in the ordinary course of business.

(e) **Other Events Since the Accounting Date**

In the period since the Accounting Date, save as Disclosed:

- (i) no litigation or arbitration proceedings, prosecution, investigation or other legal proceedings having been announced, instituted, threatened or remaining outstanding by, against or in respect of, UL is or may become a party (whether as claimant, defendant or otherwise) which in any case, would be likely to have an adverse effect on the financial position of UL; and
- (ii) no event, change or condition has occurred or become known to UL which has resulted in or could be reasonably expected to have an adverse change or a deterioration in the business or assets or financial or trading position, assets, liabilities or profits or prospects of UL; and
- (iii) no enquiry or investigation by, or complaint or reference to, any relevant person or authority against or in respect of UL having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of UL which in any case, would be likely to have an adverse effect on the financial position of UL; and

- (iv) no contingent or other liability having arisen or become apparent or increased which in any case, would be likely to have an adverse effect on the financial position of UL.

(f) **Other Issues**

Save as disclosed, UPC not having discovered that (in each case to an extent which is adverse in the context of UL):

- (i) the financial, business or other information disclosed at any time by UL, whether publicly or in the context of the Transaction either contained a misrepresentation of fact or omitted to state a fact necessary to make the information disclosed not misleading in any respect;
- (ii) UL has failed to comply with any applicable legislation or regulations of any jurisdiction with regard to the storage or transportation of uranium (whether or not the same constituted noncompliance with any such legislation or regulation, and wherever the same may have taken place), any of which would be reasonably likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of UL; or

**Part Two: Further Terms**

1. Subject to the requirements of the Panel, UPC reserves the right to unilaterally waive all or any of the Conditions contained in paragraphs 1(d); 1(e); 2(a); 2(b); 2(c); 2(d); 2(e); and 2(f), in whole or in part.
2. The Transaction is governed by the laws of the Island of Guernsey and is subject to the jurisdiction of the courts of the Island of Guernsey. The rules of the City Code, so far as they are appropriate, apply to the Transaction.
3. UPC reserves the right to elect to implement the Transaction by way of a City Code Offer. In such event, such offer will be implemented on the same terms subject to appropriate amendments, including (without limitation) an acceptance condition set at 90% in value of the UL Shares affected (excluding any UL Shares held as treasury shares), so far as applicable, as those which would apply to the Scheme.
4. UPC shall be under no obligation to waive or treat as satisfied, and UL shall be under no obligation to waive or treat as satisfied any of the Conditions in paragraph 2 by a date earlier than the latest date for satisfaction thereof, notwithstanding that the other Conditions of the Transaction may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of the Conditions may not be capable of fulfilment.
5. If UPC is required by the Panel to make an offer for UL Shares under the provisions of Rule 9 of the City Code, UPC may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that

Rule.

6. The Scheme will not proceed if, before the date of the Court Meeting, (or if the Transaction is implemented by means of a City Code Offer the Offer will lapse if, before the first closing date of the Offer or when the Offer becomes or is declared unconditional as to acceptances, whichever is the later) the Transaction is referred to the United Kingdom Competition Commission for investigation under the United Kingdom Enterprise Act 2002 ("Enterprise Act"), or the European Commission either (i) initiates proceedings under Article 6(1)(c) of the Council Regulation (EC) No. 139/2004 ("Regulation") or (ii) makes a referral to a competent authority of the United Kingdom under Article 9.1 of the Regulation and there is a subsequent reference to the Competition Commission for investigation under the Enterprise Act or (iii) makes a referral to any other competent authority under Article 9.1 of the Regulation.

## **APPENDIX II BASES AND SOURCES**

Unless otherwise stated, the following constitute the bases and sources of information referred to in this announcement:

1. Financial information relating to UPC has been extracted or derived (without material adjustment) from the following documents:
  - the annual information form of UPC for the fiscal year ended 28 February 2009 (dated 6 May 2009);
  - the unaudited financial statements of UPC for the interim fiscal period ending 31 August 2009;
  - the monthly statements of NAV as filed by UPC on the System for Electronic Data and Retrieval established by the Canadian securities regulatory authorities; and
  - relevant press releases filed by UPC on the System for Electronic Data and Retrieval established by the Canadian securities regulatory authorities.
2. Financial information relating to UL has been extracted or derived (without material adjustment) from the following documents:
  - the annual report and accounts of UL for the fiscal years ended 30 June 2009 and 30 June 2008;
  - the monthly statements of NAV as announced by UL on a Regulatory Information Service; and
  - relevant press releases announced by UL on a Regulatory Information Service.
3. The fully-diluted share capital of UPC consists of 85,697,341 UPC Shares currently in issue on 8 January 2010 and no other shares to be issued under option.
4. The fully-diluted share capital of UL (being 43,725,000 UL Shares) is calculated on the basis of 41,250,000 UL Shares in issue on 8 January 2010, with a further maximum of 2,475,000 UL Shares under option at an exercise price of £2.05 per UL Share.
5. All prices for UPC Shares have been sourced from the TSX, through Bloomberg, and represent the Closing Price on the relevant date or dates.
6. All trading volume data and volume-weighted trading prices for UPC Shares have been sourced from the TSX, through Bloomberg.
7. All prices for UL Shares have been sourced from AIM, through Bloomberg, and represent the Closing Price on the relevant date or dates.
8. All trading volume data and volume-weighted trading prices for UL Shares have been sourced from AIM and the TSX, both through Bloomberg.

9. The UL Share price performance in relation to its NAV has been calculated by comparing UL's daily Closing Price, sourced from AIM through Bloomberg to the monthly NAV statements published on a Regulatory Information Service.
10. The UPC Share price performance in relation to its NAV has been calculated by comparing UPC's daily Closing Price, sourced from the TSX through Bloomberg to the monthly NAV statements filed on the System for Electronic Document Analysis and Retrieval.
11. Exchange rate data presented in this announcement has been sourced from the Bank of Canada and represents the noon rate of exchange as posted by the Bank of Canada on the relevant date or dates.

### APPENDIX III DEFINITIONS

The following definitions apply throughout this announcement unless the context otherwise requires:

<b>"Accounting Date"</b>	30 June 2009
<b>"AIM"</b>	AIM, a market operated by the London Stock Exchange;
<b>"AIM Rules"</b>	the rules of the London Stock Exchange for companies in relation to AIM;
<b>"Authorisations"</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals;
<b>"Business Day"</b>	a day (excluding Saturdays, Sundays and public holidays in England and Wales, Guernsey and Canada) on which banks generally are open for business in the City of London, United Kingdom, the Island of Guernsey, and Toronto, Canada;
<b>"Canaccord"</b>	Canaccord Adams Limited;
<b>"Cdn\$"</b>	Canadian dollars, or the lawful currency of Canada from time to time;
<b>"City Code"</b>	the City Code issued by the Panel from time to time;
<b>"City Code Offer"</b>	a contractual takeover offer made by UPC to the UL Shareholders pursuant to the City Code and Part XVIII of the Companies Law 2008 to acquire all of the issued and to be issued shares of UL not already held by UPC;
<b>"Closing Price"</b>	for a UL Share, the closing middle market quotation of a UL Share as derived from the Daily Official List or the London Stock Exchange's website and, for a UPC Share, the closing price of a UPC Share on the TSX;

<b>"Companies Law 2008"</b>	means The Companies (Guernsey) Law, 2008 (as amended) of the Island of Guernsey;
<b>"Conditions"</b>	certain of the terms and conditions to the implementation of the Transaction, as set out in Appendix I;
<b>"Cormark"</b>	Cormark Securities Inc.;
<b>"Court"</b>	Royal Court of Guernsey (sitting as an Ordinary Court);
<b>"Court Meeting"</b>	the meeting (including any adjournment thereof) of the holders of the Scheme Shares (or the relevant class or classes thereof) and persons held to be in the same class, as convened by order of the Court under section 107 of the Companies Law 2008 to consider and vote on the Scheme;
<b>"Court Order(s)"</b>	the order(s) of the Court;
<b>"CREST"</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)) in respect of which CRESTCo Limited is the Operator (as defined in such Regulations);
<b>"Daily Official List"</b>	the daily official list of the London Stock Exchange;
<b>"Directors" or "Board"</b>	the directors or the board of directors of the relevant entity;
<b>"Disclosed"</b>	<ul style="list-style-type: none"> <li>• as disclosed in the UL Disclosure Documents (including the UL Financial Statements);</li> <li>• as disclosed in this announcement; or</li> <li>• as otherwise fairly disclosed in writing to UPC or its advisors by or on behalf of UL in a letter delivered by UL to UPC prior to the date of this announcement;</li> </ul>

<b>"Effective Date"</b>	the date on which the Scheme becomes effective in accordance with its terms;
<b>"Encumbrances"</b>	liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature;
<b>"FSA"</b>	Financial Services Authority Limited;
<b>"£"</b>	pounds sterling, or the lawful currency of the United Kingdom from time to time;
<b>"IIROC"</b>	the Investment Industry Regulatory Organization of Canada;
<b>"Implementation Agreement"</b>	the agreement dated 10 January 2010 between UPC and UL;
<b>"London Stock Exchange"</b>	London Stock Exchange plc;
<b>"Manager"</b>	Denison Mines Inc., the manager of UPC;
<b>"Meetings"</b>	the Court Meeting and any meeting of the UL Shareholders required in connection with the Transaction;
<b>"NAV" or "Net Asset Value"</b>	a measure used to evaluate performance calculated by aggregating the current market values of uranium holdings, plus cash and any other assets and deducting any outstanding payables, indebtedness and other liabilities;
<b>"New UPC Shares"</b>	new common UPC Shares to be issued in connection with the Transaction;
<b>"Offer"</b>	the proposed recommended offer to be made by UPC pursuant to the City Code and Part XVIII of the Companies Law 2008 on the terms and subject to the conditions to be set out in the Offer Document to acquire the UL Shares and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

<b>"Offer Document"</b>	the document which would be despatched to UL Shareholders, amongst others, if UPC elects to implement the Transaction by means of City Code Offer together with any form of acceptance;
<b>"Panel"</b>	the Panel on Takeovers and Mergers;
<b>"Person"</b>	includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;
<b>"Regulatory Information Service"</b>	an information dissemination provider approved by the FSA and whose name is set out in a list maintained by the FSA;
<b>"Scheme" or "Scheme of Arrangement"</b>	the scheme of arrangement under Part VIII of the Companies Law 2008 to be proposed by UL to the holders of the Scheme Shares in connection with the Transaction, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by UL and UPC;
<b>"Scheme Documents"</b>	the circular to be addressed to, amongst others, UL Shareholders together with, among other things, the Scheme, the notices of the Meetings and proxy forms in respect of the Meeting and any other document required in connection with the Scheme;
<b>"Scheme Record Time"</b>	the time and date specified in the Scheme Documents by reference to which the entitlements of the UL Shareholders under the Scheme will be determined, expected to be 18:00 on the Business Day before the Scheme becomes effective;

<p><b>"Scheme Shares"</b></p>	<p>the UL Shares:</p> <ul style="list-style-type: none"> <li>(a) in issue at the date of the Scheme;</li> <li>(b) (if any) issued after the date of the Scheme and prior to the voting record time in respect of the Court Meeting; and</li> <li>(c) (if any) issued on or after the voting record time in respect of the Court Meeting but before the Effective Date in respect of which the original or any subsequent holders thereof are bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> <p>in each case other than any UL Shares held by UPC;</p>
<p><b>"Securities Act"</b></p>	<p>the United States Securities Act of 1933, as amended;</p>
<p><b>"Superior Proposal"</b></p>	<p>a bona fide Acquisition Proposal, by any third Person directly or indirectly that the board of directors of UL determines in good faith (which determination, with respect to item (iii) below, has been confirmed by UL's Rule 3 advisor), in consultation with its financial and legal advisors:</p> <ul style="list-style-type: none"> <li>(i) is reasonably capable of being completed, taking into account all legal, regulatory and other aspects of such offer or proposal and the Person making such proposal;</li> <li>(ii) is not subject to any financing condition of a type or nature that the Proposal is not subject to; and</li> <li>(iii) would, if consummated in accordance with its terms, be more favourable to the UL Shareholders than the Proposal, as it may be amended;</li> </ul>

<b>"TSX"</b>	Toronto Stock Exchange;
<b>"Transaction"</b>	the proposed acquisition of the entire issued and to be issued ordinary share capital of UL by UPC on the terms described in this announcement (or any subsequent revision or variation of such terms) to be effected by way of the Scheme or, should UPC so elect, by way of a City Code Offer;
<b>"United Kingdom"</b>	United Kingdom of Great Britain and Northern Ireland;
<b>"UL"</b>	Uranium Limited;
<b>"UL Shareholders"</b>	holders of UL Shares;
<b>"UL Shares"</b>	ordinary shares of US\$0.01 each in the capital of UL;
<b>"UPC"</b>	Uranium Participation Corporation;
<b>"UPC Group"</b>	UPC, its subsidiaries and subsidiary undertakings;
<b>"UPC Meeting"</b>	the extraordinary meeting of the UPC Shareholders called to consider the issuance of the New UPC Shares;
<b>"UPC Shareholders"</b>	holders of UPC Shares;
<b>"UPC Shares"</b>	common shares without par value in the capital of UPC;
<b>"US" or "United States"</b>	United States of America, its territories and possessions, any state in the United States of America and the District of Columbia; and
<b>"US\$"</b>	US dollars, or the lawful currency of the United States of America from time to time.

All references to time in this announcement are to London time unless otherwise stated.