

ASA LIMITED
11 Summer Street
Buffalo, New York 14209

February 20, 2009

To United States Shareholders:

ASA Limited, an exempted limited liability company organized under the laws of Bermuda (the “**Company**”), became a “passive foreign investment company” for U.S. federal tax purposes (a “**PFIC**”) on December 1, 1987.¹ The manner in which the PFIC rules apply depends, in part, on whether a U.S. person who or that is a Company shareholder (“**U.S. Shareholder**”) elects to treat the Company as a qualified electing fund (a “**QEF**”) with respect to the shareholder (a “**QEF election**”).² This letter and the accompanying “PFIC Annual Information Statement” are intended to provide U.S. Shareholders with information they may use for purposes of making a QEF election and complying with the annual QEF reporting requirements.

The general tax consequences of the Company’s PFIC status, and of making or not making a QEF election with respect to an investment in Company shares, are discussed under the heading “Certain tax information for U.S. shareholders” on pages 15 and 16 of the Company’s 2008 Annual Report (the “**Annual Report**”). U.S. Shareholders are encouraged to consult their own tax advisors regarding all of the potential tax consequences of the ownership of Company shares based on their particular circumstances.

In general, a U.S. Shareholder who makes a QEF election with respect to the Company will be required annually to report on his or her federal income tax return an allocable amount of the Company’s ordinary earnings and net capital gain, if any (“**QEF inclusions**”).³ Each U.S. Shareholder who desires to treat the Company as a QEF with respect to the shareholder must individually make the QEF election in accordance with the applicable tax rules (summarized below). A QEF election must be made for the taxable year of the electing

¹ On November 19, 2004, ASA Limited, a public limited liability company organized under the laws of the Republic of South Africa (“**Old ASA**”), relocated to Bermuda by reorganizing itself into the Company, which then was newly formed (the “**Reorganization**”). As a result of the Reorganization, which was tax-free for U.S. federal tax purposes, Old ASA’s shareholders became shareholders of the Company. References herein to the “Company” include Old ASA for the period before the Reorganization.

² A QEF election that a U.S. Shareholder made with respect to Old ASA for taxable years before the Reorganization will have the same effect with respect to the Company as if the Reorganization did not occur.

³ Special rules apply to a U.S. Shareholder who makes a QEF election and wishes to defer the payment of federal income tax on his or her annual QEF inclusions.

shareholder that includes November 30, 2008, the date on which the Company's latest taxable year ended.⁴

A QEF election must be filed with the Internal Revenue Service (the "IRS") by the due date, including extensions, of the electing U.S. Shareholder's federal income tax return for the shareholder's taxable year for which the election is to apply. A U.S. Shareholder can elect QEF treatment on Department of the Treasury ("Treasury")/IRS Form 8621 (Rev. Dec. 2004) ("Form 8621"), which must be properly completed and attached to the shareholder's federal income tax return for the taxable year for which the election is made. Form 8621, and the related Instructions (Rev. Feb. 2008), can be obtained from a local IRS office, by calling the IRS at 1-800-TAX-FORM (1-800-829-3676), or by going to the IRS Website (www.irs.gov).

Enclosed with this letter is the PFIC Annual Information Statement for the Company's taxable year ended November 30, 2008 (the "Company's Taxable Year"). This statement sets forth the Company's ordinary earnings and net capital gain for that year and provides certain other information required by Treasury regulations. For U.S. Shareholders that plan to make, or that previously have made, a QEF election with respect to the Company, the PFIC Annual Information Statement may be used in connection with preparing Form 8621 and reporting the QEF inclusions. Electing U.S. Shareholders should retain a copy of Form 8621 and the PFIC Annual Information Statement for their records, because the failure of an electing U.S. Shareholder to produce such documentation in connection with an IRS examination may result in invalidation or termination of the shareholder's QEF election.

A QEF election is effective for the taxable year of an electing U.S. Shareholder for which the election is made and for all subsequent taxable years of the shareholder, and the election may not be revoked without IRS consent. Therefore, a U.S. Shareholder who already has made a valid QEF election with respect to the Company need not make another such election with respect thereto. Such a shareholder must, however, file a properly completed Form 8621 with his or her federal income tax return (reporting his or her QEF inclusion on the return).⁵

A U.S. Shareholder who first acquired Company shares after November 30, 2007, and before December 1, 2008, and who files his or her federal income tax return on the basis of a calendar year, may make a QEF election on his or her 2008 federal income tax return. A U.S. Shareholder who first acquired Company shares on or before November 30, 2007, and who has not previously made a QEF election with respect to those shares, also may make the election on his or her 2008 federal income tax return but should consult his or her tax advisor concerning the tax consequences and special rules that apply when a QEF election could have been made with respect to a PFIC for an earlier taxable year.

⁴ If, however, you first became a Company shareholder after that date, the PFIC rules are first relevant to you for the Company's taxable year ending November 30, 2009. In that case, if you are a calendar year taxpayer, you will not have to decide whether to make a QEF election with respect to the Company until you file your 2009 federal income tax return.

⁵ A non-electing U.S. Shareholder also must file a properly completed Form 8621 with his or her federal income tax return.

You should note that the Company's ordinary earnings and net capital gain have been reported on the PFIC Annual Information Statement on a per share, per day basis. Therefore, to determine the amount of the Company's ordinary earnings and net capital gain that are properly allocable to you, the respective amounts thereof reported on the PFIC Annual Information Statement must be multiplied, first, by the number of shares you held during the Company's Taxable Year, and second, by the number of days during that year that you held those shares. An individual U.S. Shareholder with a QEF election in effect should report on his or her federal income tax return his or her allocable amount of (1) the Company's ordinary earnings as dividend income (on Treasury/IRS Form 1040, line 9a, and, if total ordinary dividends exceed \$1,500 for the year, Schedule B (Form 1040))⁶ and (2) the Company's net capital gain as long-term capital gain (on Treasury/IRS Form 1040, line 13, and Schedule D (Form 1040)), which is taxable at a 15% maximum federal income rate for individual shareholders.⁷

For the Company's Taxable Year, it had ordinary earnings of \$2.8111 per share and net capital gain of \$14.7723 per share. The total amount of cash dividends the Company paid during that year was \$2.00 per share. A person who was a U.S. Shareholder for that entire year and had a QEF election in effect for that year should increase the basis in his or her Company shares by the amount of the QEF inclusion for that year (\$2.8111 plus \$14.7723, or \$17.5834, per share) and decrease that basis by those dividends (\$2.00 per share), for a net increase of \$15.5834 per share.

The application of the foregoing rules to a typical U.S. Shareholder may be illustrated as follows.

QEF Election. A U.S. Shareholder who has made or will make an effective QEF election with respect to the Company for 2008 and held 100 Company shares for each day of the Company's Taxable Year should report on his or her federal income tax return (1) \$281.11 (100 shares x \$2.8111 per share) as dividend income and (2) \$1,477.23 (100 shares x \$14.7723 per share) as long-term capital gain.

No QEF Election. A U.S. Shareholder who has not made and will not make an effective QEF election with respect to the Company for 2008 and held 100 Company shares on each of the dividend record dates in the Company's Taxable Year, should report \$200.00 in cash dividends (100 shares x \$2.00 per share) as dividend income.

U.S. Shareholders are cautioned that the illustrations set forth above make certain assumptions as to the ownership of Company shares. In particular, the illustrations assume that a U.S. Shareholder held Company shares for each day of the Company's Taxable Year and on each dividend record date in that year, respectively. While the principles discussed in the

⁶ Because the Company is a PFIC, no part of that dividend income qualifies for the 15% maximum federal income rate on individuals' "qualified dividends" (Treasury/IRS Form 1040, line 9b).

⁷ The amount shown in the Annual Report as "Net realized (loss) from foreign currency transactions" for the Company's Taxable Year has been allocated between ordinary earnings and net capital gain in accordance with U.S. federal income tax principles.

illustrations generally would apply to all U.S. Shareholders, the actual calculation of reportable income may be affected by the individual circumstances of a particular U.S. Shareholder (such as increases and decreases in share ownership by the shareholder during the year). Accordingly, shareholders should consult their tax advisors regarding the proper reporting of income attributable to their Company shares.

As an alternative to the QEF election, a “mark-to-market” (“**MTM**”) election is available for regularly traded PFIC stock, such as Company shares. In general, an MTM-electing U.S. Shareholder annually would report any increase in the fair market value of his or her Company shares as ordinary income on his or her federal income tax return (which amount would be added to the shareholder’s tax basis in the shares), and any decrease in that value would be permitted as an ordinary deduction (and deducted from that basis) but only to the extent of previous inclusions of ordinary income under the MTM election. A U.S. Shareholder must make the MTM election with the original federal income tax return for the taxable year in which his or her Company shares are first marked-to-market. The MTM election (which generally applies for that and all subsequent taxable years) is made by checking Box F in Part I of Form 8621 and completing Part III of the form.

For example, a U.S. Shareholder who is a calendar year taxpayer and desires to make the MTM election with respect to his or her Company shares would report ordinary income on his or her 2008 federal income tax return, in addition to the dividend income received in respect of those shares, to the extent, if any, that the fair market value of those shares on December 31, 2008 (\$51.00 per share, a share’s closing price on the New York Stock Exchange on December 31), exceeded his or her tax basis in those shares on that date. If, however, the shareholder’s tax basis in those shares exceeded their fair market value on that date, the unrealized loss could be claimed as a deduction on the shareholder’s federal income tax return, but only to the extent of the amount the shareholder included in income (net of deductions) in prior taxable years pursuant to an effective MTM election. U.S. Shareholders should consult their own tax advisors regarding the advisability of a MTM election for Company shares, including the special rules that apply to shareholders that owned Company shares prior to the effective date for making the election, January 1, 1998.

The discussion above, which is based on current tax law (including Treasury regulations), which is subject to change, is not intended to constitute tax advice. Due to the complexity of the tax rules relating to PFICs, you are strongly urged to consult your own tax advisor concerning (a) the impact of these rules on your investment in Company shares and on your individual situation, (b) whether you should make a QEF election, (c) the proper manner for making a QEF election and reporting the income attributable to your investment in the Company on your tax return, (d) the tax consequences of making a QEF election for a year other than the first year you are eligible to do so under the PFIC rules, and (e) the advantages and disadvantages of making a MTM election.

Sincerely yours,

ASA Limited

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PFIC ANNUAL INFORMATION STATEMENT

1. This statement applies to the taxable year of ASA Limited (the “Company”) that began December 1, 2007, and ended November 30, 2008 (the “Taxable Year”).

2. (a) The Company’s per day, per share ordinary earnings (as defined in section 1293(e) of the Internal Revenue Code of 1986, as amended, and determined in accordance with Treas. Reg. § 1.1293-1(a)(2)(i)(C)) for the Taxable Year were:

\$0.0076806

(b) The Company’s per day, per share net capital gain (as defined in Treas. Reg. § 1.1293-1(a)(2)) for the Taxable Year was:

\$0.0403616

3. The Company did not distribute any property to you during the Taxable Year. The amount of cash dividends distributed to you during the Taxable Year may be computed with reference to the following table, which shows the cash dividends per Company share paid to its shareholders of record on each record date during the Taxable Year. The amount of cash dividends the Company distributed to you also will be reported on the IRS Form 1099 that you receive with respect to your Company shares.

<u>Record Date</u>	<u>Per Share Dividend</u>
May 23	\$.30
Nov. 28	1.70

4. The Company will permit you to inspect and copy its permanent books of account, records, and other documents it maintains that are necessary to establish that its ordinary earnings and net capital gain enumerated above are computed in accordance with U.S. federal income tax principles and to verify those amounts and your *pro rata* share thereof.

ASA Limited

By: *A. S. Hardshell*
Title: Chief Financial Officer & Treasurer
Date: February 20, 2009