

The **Uranium** Discovery Company



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

U308 CORP.
(A DEVELOPMENT STAGE COMPANY)

YEAR ENDED DECEMBER 31, 2009

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U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Introduction

U3O8 Corp. and its subsidiaries are referred to collectively as "U3O8 Corp.", "the Company", "we", "us", and "our" throughout this management's discussion and analysis ("MD&A"), unless otherwise specified. The following MD&A of the financial condition and results of the operations of U3O8 Corp. constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2009. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2009, together with the notes thereto, and the audited annual consolidated financial statements for the year ended December 31, 2008, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The audited annual consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). Information contained herein is presented as at April 26, 2010, unless otherwise indicated.

For the purposes of preparing this MD&A, management in conjunction with the Board of Directors consider the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; or (ii) there is a likelihood that a reasonable investor's investment decision would be influenced or changed if the information in question was omitted or misstated. Management, in conjunction with the Board of Directors, evaluate materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about U3O8 Corp. and its operations is available on its website at www.u3o8corp.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of U3O8 Corp's properties and recently acquired assets from Mega Uranium Ltd. ("Mega") to contain economic uranium deposits; our ability to meet our operating costs for fiscal 2010 and exploration programs at current operating levels; the plans, costs, timing and capital for future exploration and development of U3O8 Corp's property interests including the costs and potential impact of complying with existing and proposed laws and regulations; Management's outlook regarding future trends; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for uranium; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond U3O8 Corp's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, uranium price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with the U3O8 Corp's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the uranium exploration and development industry, as well as those risk factors listed in the "Risk Factors" section below. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for U3O8 Corp's exploration and development activities; our operating and exploration and development costs; our ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause U3O8 Corp's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

About U3O8 Corp.

U3O8 Corp. is a Canadian mineral exploration company based in Toronto, Canada. Currently focused on uranium exploration in, and adjacent to, the Roraima Basin area of Guyana, South America, the Company's primary objective is to explore, develop and acquire uranium projects. To date, the Company has not earned any revenues from uranium exploration and is considered to be in the development stage as defined by the Canadian Institute of Chartered Accountants (the "CICA") Accounting Guideline 11.

U3O8 Corp. has exclusive uranium exploration rights in an area covering approximately one million hectares that straddles the northeastern and southeastern edges of the Roraima Basin in Guyana. We aim to deliver returns to shareholders by advancing a two-pronged exploration strategy that focuses on:

- **Basement-Hosted, Albitite-Related Uranium** - Exploration in the basement adjacent to the Roraima Basin either for a structural system that contains multiple uranium-bearing breccias that could potentially aggregate to a significant total resource or for a style of mineralization in which uranium is concentrated in a large, coherent body; and
- **Unconformity-Related Uranium** - Exploration for unconformity-related uranium deposits associated with the Roraima Basin, which is geologically similar to the Athabasca Basin in Saskatchewan that hosts approximately one third of the world's known uranium resources.

Through its subsidiary, Prometheus Resources (Guyana) Inc. ("Prometheus Guyana"), U3O8 Corp's uranium exploration is focused on the area comprising two reconnaissance permits (the "Reconnaissance Permits") known as Permit A and Permit B. Permit A provides Prometheus Guyana with permission to carry out geological, geophysical and other surveys related to uranium exploration within an area of approximately 258,083 hectares located in the Cuyuni/Mazaruni and Potaro Mining Districts of Guyana until November 22, 2010. Similarly, Permit B provides permission for Prometheus Guyana to explore an area of approximately 746,309 hectares located in the Potaro, Cuyuni/Mazaruni and Rupununi Mining Districts of Guyana until May 30, 2010. Thereafter, Prometheus Guyana will have the right to explore approximately 402,923 hectares of the Permit B area (approximately 50% of the original permit area) until May 31, 2012. U3O8 Corp. has advanced to the second step in the regulatory process in applying for Prospecting Licenses over priority targets within the areas within the Reconnaissance Permits. Currently, five Prospecting Licenses have been granted within the Permit A area.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

On November 23, 2009, the Guyana Geology & Mines Commission ("GGMC") approved the Company's application to amend the terms of Permit A and Permit B. Prometheus Resources was granted permission to continue to explore approximately 50% of the land area originally covered by Permit A until November 22, 2010, and a 2-year extension to continue to explore approximately 50% of the land area originally covered by Permit B from May 31, 2010 to May 31, 2012. These extensions will allow the Company to continue its reconnaissance work on focused exploration areas, which will cover approximately 50% or about 661,006 hectares of the original 1.3 million hectares included under the permits first issued in 2005.

On April 7, 2010, U3O8 Corp. completed its acquisition of a subsidiary of Mega Uranium Ltd. ("Mega") that holds all of Mega's South American uranium properties and \$4,000,000 in cash for 30,564,858 common shares of U3O8 Corp. The acquisition adds uranium projects with near-term potential to U3O8 Corp's current National Instrument 43-101 ("NI 43-101") resource and exploration prospects in Guyana. The acquisition also strengthens our balance sheet to advance resource expansion and ongoing exploration. The transaction positions U3O8 Corp. as a South American-focused uranium exploration company with an expanded portfolio of projects at various stages from compliant resources in Guyana, to historic resources in Colombia and near-resource and discovery potential in Argentina. See "Mega Acquisition" below.

Overall Performance

During 2009, U3O8 Corp. continued to make meaningful progress on its exploration projects in Guyana, while evaluating a number of opportunities for growth through acquisition, including both exploration and development properties with potential to host economic uranium deposits. As a result, the Mega deal, as discussed above, was concluded providing U3O8 Corp. with greater critical mass and a strengthened balance sheet from which to advance a strong portfolio of uranium projects in South America with the potential to expand its resource base in the near-term.

While general economic conditions continue to improve and stability appears to be returning to financial and commodity markets, significant uncertainty concerning the short and medium term global economic outlook persists. Management, in conjunction with the Board of Directors, will continue to monitor these developments and their effect on our business.

Notwithstanding current uncertain economic times, U3O8 Corp. continued to advance its two-pronged exploration strategy in Guyana for basement-hosted, albitite-related uranium in the Kurupung Batholith, near the Roraima Basin, as well as for unconformity-related uranium in the Roraima Basin. In addition, the Company plans to begin its exploration activities in Colombia and Argentina in 2010 on properties acquired in the Mega deal. Anticipated exploration in Colombia (Berlin Project) is expected to consist of trenching and a drilling program and metallurgical testing. Anticipated exploration in Argentina is expected to include work designed to establish a potential resource estimate on the Laguna Salada Project with the balance earmarked for early-stage and reconnaissance exploration activities.

U3O8 Corp. is focused on enhancing the value of its NI 43-101 uranium resource in the Kurupung area of Guyana and commencing its exploration activities in Colombia and Argentina, while making efficient use of cash to ensure that the Company remains capitalized in 2010.

During 2009, U3O8 Corp. identified compelling new exploration targets, based principally on geophysical characteristics, with the potential to considerably increase its albitite-hosted uranium resource in the Kurupung while homing in on the first drill targets for unconformity-related uranium. In line with this strategy, a scout drilling program focused on albitite-hosted targets began in August 2009, aimed at identifying additional uranium-bearing structures to determine the potential size of the Kurupung uranium system. Positive results from the first scout drill targets have increased our pipeline of targets to eight uranium-bearing structures so far with the potential to expand our resource base. Given our success at identifying new mineralized zones, we plan to continue scout drilling geophysical targets until mid-2010. At that time, we will decide whether to further expand on the Kurupung's size prospects or focus on infill drilling to potentially add to our existing NI 43-101 resource. Drilling of unconformity-related uranium targets is expected to commence in 2010.



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

For the year ended December 31, 2009, U3O8 Corp's exploration expenditures in Guyana decreased to \$4,565,868 compared to \$9,675,939 in fiscal 2008 (cumulative to December 31, 2009 - \$20,489,961), reflecting cash conservation initiatives in the first half of 2009 as part of rationalization and focus on key projects in light of the global financial situation. The \$4,565,868 was comprised of Guyana local head office costs of \$1,277,704 (including retrenchment costs associated with project rationalization), exploration costs on all Guyana projects of \$3,225,753, which included drilling-related costs of \$660,673 (approximately \$73 per metre drilled), and stock-based compensation of \$62,411. We expect expenditures will be higher in 2010, reflecting increased exploration activities compared to 2009. Exploration will be focused primarily on our scout drilling program in the Kurupung project in Guyana as well as advancing key projects in Colombia and Argentina that were acquired through the Mega deal, and have the potential to add compliant resources in the short-term.

At December 31, 2009, we had working capital of \$4,980,171 compared to \$11,163,247 at December 31, 2008. Our total cash position was \$5,121,877 at December 31, 2009, compared to \$11,401,241 at December 31, 2008, which comprised cash and cash equivalents and guaranteed investment certificates. This decrease in total cash was primarily due to exploration expenditures and retrenchment costs in Guyana, as discussed above, and operating costs, which were offset by interest income of \$118,165 during the year ended December 31, 2009.

After completion of the Mega acquisition on April 7, 2010, U3O8 Corp. had a total of more than \$7,000,000 in cash and should be sufficiently capitalized to fund its committed and discretionary exploration and operating activities planned for fiscal 2010. A discretionary budget of approximately \$7,500,000 for fiscal 2010 has been allocated primarily for the Kurupung Project, advanced projects in Colombia and Argentina acquired from Mega, and head office costs. Management may increase or decrease the budget depending on exploration results and ongoing volatility in the capital markets. See "Liquidity and Capital Resources" below.

Highlights to Date

- On April 7, 2010, U3O8 Corp. acquired all of Mega Uranium's South American uranium properties, which resulted in a portfolio of projects at various stages that brought together U3O8 Corp's NI 43-101 compliant resources in Guyana with Mega's historic resources in Colombia and near-resource potential in Argentina. The transaction created a South American-focused uranium exploration company with greater critical mass, added \$4,000,000 to U3O8 Corp's balance sheet and expanded technical and executive experience from which to advance its exploration projects. In 2010, U3O8 Corp's exploration focus is primarily on the most advanced projects with the potential to add to NI 43-101 compliant resources in the short-term being the Kurupung Project in Guyana, the Berlin Project in Colombia and the Laguna Salada Project in Argentina while investigating and evaluating other longer term exploration opportunities in these three countries.
- **Kurupung Batholith, Guyana:** To date, U3O8 Corp. has drilled 284 holes for 49,214 metres (Table 1) in the Kurupung Batholith, which has resulted in an initial NI 43-101 uranium resource on two structures and a growing pipeline of currently six other uranium-bearing structures with the potential to significantly increase its resource base.
 - NI 43-101 resource – The initial NI 43-101 resource estimate on the Aricheng South and Aricheng North structures, at a cut-off grade of 0.05% U₃O₈, yielded an Indicated Resource of 5.8 million pounds at an average grade of 0.10% (2.0 lbs/st) U₃O₈ and an additional Inferred Resource of 1.3 million pounds at an average grade of 0.09% (1.9 lbs/st) U₃O₈. Mineralization remains open in both structures with potential for significant resource growth upon further drilling.
 - Pipeline towards potential resource build-up – Aricheng West, Aricheng Epsilon, Aricheng A, Aricheng Alpha, Accori North C and Accori South are six additional uranium-bearing structures poised for infill drilling and subsequent potential resource estimation.



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

- Scout drilling program – In August 2009, a scout drilling program commenced to test geophysical targets with the objective of adding new mineralized zones to the pipeline and demonstrating the overall size potential of the Kurupung uranium system. Four mineralized areas have been discovered out of seven targets tested to date. Given the success of discovering new mineralized zones, including blind mineralization, scout drilling was extended into 2010 and is expected to continue until mid-2010. At that time, we will decide whether to continue scout drilling to further expand on the size potential of the Kurupung project or move to infill drilling to potentially add to our existing compliant resource.

Uranium in the Kurupung has many of the geological characteristics of albitite-hosted deposits worldwide that typically contain resources in the 50 to 130 million pound range, hosted within multiple mineralized structures. A cluster of mineralized structures is emerging in the approximately 35 square kilometre (km²) Aricheng Area of the Kurupung Batholith. Accori is another area that contains multiple uranium-bearing structures. The occurrence of these two concentrations of uranium within relatively small areas of the batholith underscores the potential of the 360 km² Kurupung Batholith to host a significant resource. Through further scout drilling, U3O8 Corp. aims to show that the Kurupung has an estimated potential to host 20-30 million tonnes grading 0.08% to 0.10% U₃O₈ (for an estimated 30-50 million pounds U₃O₈) aggregated from multiple structures.

Table 1: Drilling Summary in the Kurupung Batholith

A summary of drilling to date by U3O8 Corp. on albitite-hosted uranium targets in the Kurupung Batholith is set forth below.

Target	Phase I		Phase II		Phase III		Total Bore Holes	Total Metreage
	No. of Holes	Metreage	No. of Holes	Metreage	No. of Holes	Metreage		
Total since July, 2007								
Aricheng South	5	761	16	2,067	81	15,346	102	18,173
Aricheng North	7	1,286	20	2,736	65	11,346	92	15,368
Aricheng West	3	456	20	3,257	0	0	23	3,713
Aricheng Alpha	7	1,613	0	0	0	0	7	1,613
Aricheng Epsilon	5	818	0	0	0	0	5	818
Aricheng Tau	2	307	0	0	0	0	2	307
Aricheng Sigma	6	966	0	0	0	0	6	966
Aricheng Alpha	7	1,243	0	0	0	0	7	1,243
Wild Cow	5	790	0	0	0	0	5	790
Accori North A	7	910	0	0	0	0	7	910
Accori North B	3	464	0	0	0	0	3	464
Accori North C	5	935	15	3,309	0	0	20	4,244
Accori South	5	608	0	0	0	0	5	608
TOTAL							284	49,214

- **Berlin Project, Colombia:** The Berlin Project is the most advanced of Mega's projects in Colombia and was acquired by U3O8 Corp. through the Mega transaction. The Berlin Project is reported to contain a historic uranium resource¹ of 12.9 million tonnes at a grade of 0.13% U₃O₈ (38 million pounds U₃O₈) as well as indications of significant grades of vanadium, molybdenum and phosphate. In 2010, U3O8 Corp. will focus on a trenching and drilling program to attempt to verify the reported historic grades. Fresh samples from core will provide material on which metallurgical testing can be undertaken. Regular-spaced drilling for potential resource estimation purposes will be contingent on adequate metallurgical recoveries as determined in the metallurgical tests.



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

(1) *The Berlin resource estimate is historical and is reported in Castano, R. (1981), Calcul provisoire des reserves geologiques de Berlin, sur la base des resultants des sondages, unpublished Minatome report, 15p. Recent independent verification of the historical data has not been performed and sufficient exploration work has not been completed to verify the historic estimate. U3O8 Corp. is not treating the historical estimate as current mineral resources and it should not be relied upon. As the 38 million pound U₃O₈ estimated is based only on 11 widely-spaced drill holes, it is regarded by U3O8 Corp. as merely an indication of the magnitude of the uranium resource potential of the southernmost five kilometre long portion of the syncline containing the Berlin uranium mineralization.*

- **Laguna Salada Project, Argentina:** The Laguna Salada Project is the most advanced of Mega's projects in Argentina and was acquired by U3O8 Corp. through the Mega transaction. A major trenching program has been completed on this surficial uranium target. Uranium mineralization occurs from surface to three metres depth and is contained within soft gravel. Preliminary metallurgical tests show good leaching characteristics. U3O8 Corp. aims to complete work potentially leading to a NI 43-101 resource estimate on Laguna Salada by year-end.
- **Roraima Basin, Guyana:** Field-based exploration for unconformity-related uranium continued on initial targets in the Roraima Basin in 2009. Extensive alteration zones are being defined within specific target areas in the field as well as in archived core from gold exploration in the Roraima Basin undertaken in the mid-1990's. Through the analysis of this historic core, integrated with airborne geophysical data, U3O8 Corp. has identified key characteristics in its Roraima targets showing that they are similar in structure, alteration style and pathfinder chemical element content to areas of unconformity-related uranium mineralization in the Athabasca Basin. Further detailed exploration of broader target areas is ongoing and aims to define specific targets in more detail so that their potential can be ranked. The aim is that the most prospective targets are scout drilled in the latter part of 2010.
- On November 23, 2009, the GGMC approved Prometheus Resources' application to amend the terms of Permit A and Permit B. Prometheus Resources has been granted permission to continue to explore approximately 50% of the land area originally covered by Permit A until November 22, 2010, and a two-year extension has been granted for the Company to continue to explore approximately 50% of the land area originally covered by Permit B from May 31, 2010 to May 31, 2012. These extensions will allow U3O8 Corp. to continue its reconnaissance work on focused exploration areas, which will cover approximately 50% or about 661,006 hectares of the original 1.3 million hectares included under the permits first issued in 2005.
- In 2009, U3O8 Corp. incurred cumulative exploration expenditures of \$4,503,457 (excluding stock-based compensation of \$62,411), of which approximately \$660,673 was spent on direct drilling costs for the 9,074 metres completed during the year (approximately \$73 per metre).
- The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, including U3O8 Corp., effective for fiscal years beginning on or after January 1, 2011. Early adoption of IFRS is permitted upon receipt of approval from the Canadian Securities Administrators ("CSA"). The CSA has approved U3O8 Corp's application for early adoption of IFRS beginning in 2010.

Accordingly, U3O8 Corp. will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2010. U3O8 Corp's 2010 interim and annual financial statements will include comparative 2009 financial statements, adjusted to comply with IFRS. See "Change in Accounting Policies" below.

- As at December 31, 2009, U3O8 Corp. had \$5,121,877 in cash and cash equivalents and bank-backed guaranteed investment certificates held with major Canadian chartered banks.

See "Current Exploration Activities" below.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Trends

U3O8 Corp. is a mineral exploration company, focused on uranium exploration in South America. The Company has operations in Guyana, and with the Mega transaction completed on April 7, 2010, operations in Colombia and Argentina have been acquired. U3O8 Corp's financial success will be dependent on the extent to which the Company can make uranium discoveries and on the economic viability of any such discoveries. The development of such assets may take years to complete and the resulting income, if any, is difficult to estimate with any certainty at this time. U3O8 Corp. has defined a significant uranium resource in its Kurupung Project in Guyana, but no mineral reserves have yet been established. The Company, to date, has not produced any revenues. The sales value of any mineralization discovered by U3O8 Corp. is largely dependent upon factors beyond our control, such as the market value of the commodities produced.

Although economic conditions are improving, U3O8 Corp. remains cautious in case the economic factors that impact the mining industry deteriorate. These factors include uncertainty regarding the price of uranium and the availability of equity financing for the purposes of mineral exploration and development. The price of uranium has been volatile in recent years and financial markets have deteriorated to the point where it has become difficult for companies, particularly junior exploration companies, to raise new capital, even though there are signs of improvement. U3O8 Corp's future performance is largely tied to the development of its current property interests and the state of the overall financial markets. Financial markets are likely to be volatile for the remainder of 2010, reflecting ongoing concerns about the global economy. Companies worldwide have been affected negatively by these trends. As a result, U3O8 Corp. may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessive dilution to current shareholders.

With continued market volatility expected, U3O8 Corp's current strategy is to remain focused on its exploration activities in Guyana and commence exploration on its new assets in Colombia and Argentina with the aim of advancing key projects that have potential to create value in the near-term. U3O8 Corp. will also continue to seek other selective prospects for growth that could enhance both its market and financial position. We believe that this focused strategy will make efficient use of the Company's cash in the face of the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. Current trends in the financial and commodity markets may limit the Company's ability to develop and/or further explore its assets in Guyana, Colombia and Argentina, and/or other property interests that could be acquired in the future. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions.

See "Risk Factors" below.

Current Exploration Activities

U3O8 Corp. is making meaningful progress on its two-pronged exploration strategy in Guyana, which is aimed at achieving both near-term exploration success through the search for albitite-hosted uranium in the basement rocks adjacent to the Roraima Basin, as well as longer-term potential for unconformity-related uranium deposits within the Roraima Basin.

Exploration for albitite-hosted uranium in the Kurupung Batholith, Guyana

U3O8 Corp's exploration drilling is showing that the Kurupung uranium district, located in the basement near the Roraima Basin, may contain a resource of significant size and grade. To date, an initial NI 43-101 Indicated resource of 5.8 million pounds at an average grade of 0.10% U₃O₈ and Inferred resource of 1.3 million pounds at an average grade of 0.09% U₃O₈ has been defined on two uranium-bearing structures. Six additional mineralized structures, including new mineralized zones recently identified through scout drilling, represent a growing pipeline of areas with the potential to significantly increase the Company's resource base.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Albitite-Hosted Deposits – Uranium mineralization in the Kurupung Batholith has a strong similarity in alteration style, geology, uranium grade and distribution to a class of sizeable deposits around the world known as albitite-hosted uranium. The majority of these deposits range in size from about 50 to 130 million pounds uranium with typical grades of 0.06% to 0.10% U_3O_8 including the Michelin (Canada), Coles Hill (USA) and Valhalla (Australia) deposits. These deposits typically are comprised of multiple uranium-bearing structures. Therefore, U3O8 Corp's focus is to determine whether the mineralized structural system in the Kurupung district has the potential to host a resource of comparable size.

Scout Drilling Program – Between August and December 2009, U3O8 Corp. completed a 5,510-metre scout drilling program in which newly identified targets were drilled with the aim of building its inventory of mineralized structures that could add to the district's resource potential in the short-term. Assay results from scout drilling have been reported on the Aricheng West extension, Aricheng Epsilon, Aricheng A, Aricheng Alpha, Aricheng Sigma, Aricheng Tau, and Wild Cow targets. Four of these seven targets were shown to contain potentially economic uranium grades.

Given this exploration success in identifying new mineralized zones, U3O8 Corp. plans to continue scout drilling geophysical targets until mid-2010. At that time, we will decide whether to further expand on the size potential of the Kurupung or focus on infill drilling to potentially add to our existing compliant resource. Through this program of further scout drilling, U3O8 Corp. aims to show that the Kurupung has an estimated potential to host 20 to 30 million tonnes grading 0.08% to 0.10% U_3O_8 (for an estimated 30 to 50 million pounds U_3O_8) aggregated from multiple zones.

Aricheng West Extension:

Aricheng West is emerging as one of the most extensive and consistently mineralized areas drilled in the Kurupung Batholith to date. Scout drilling of seven holes for 1,292 metres confirmed that uranium at Aricheng West now extends over a strike length of 650 metres and to a depth of 150 metres. We suspect that mineralization at Aricheng Epsilon, discussed below, is part of the same structural system as Aricheng West, which if correct, would increase the strike length of mineralization to some 850 metres. The 100 metre wide gap between Aricheng West and Aricheng Epsilon will be drill tested in due course to confirm whether uranium mineralization continues between the two areas. Mineralization in the eastern part of Aricheng West is located at the edge of a weakly magnetic zone, and further scout drilling will aim to determine whether mineralization continues eastward along the edge of this weakly magnetic corridor. Mineralization also remains open at depth at Aricheng West. Summary assays from the scout drilling are shown in Table 2.

Uranium at Aricheng West is concentrated in a set of sheet-like breccias that are arranged in right-stepping sub-parallel structures. The mineralized sheets have a roughly "Y"-shaped cross section with the northern breccia inclined southward at an angle of about 45°, while the southern structure is sub-vertical. The intersection between these two structures, the neck of the "Y", is thought to be responsible for the sub-horizontal mineralized shoot.

Table 2 – Aricheng West Extension Assay Results

Summary assays of the principal mineralized zones intersected in the seven holes (1,292 metres) completed in the scout drilling of the Aricheng West extension.

Bore Hole Number	Intercept				Grade	
	From (m)	To (m)	Interval (m)	Estimated True Width (m)	U ₃ O ₈ (%)	U ₃ O ₈ lb/st
ARW-022	116.0	118.0	2.0	1.5	0.066	1.3
	126.0	129.0	3.0	2.3	0.551	11.0
ARW-023	47.0	49.0	2.0	1.5	0.098	2.0
	99.0	101.0	2.0	1.5	0.077	1.5
	107.0	114.0	7.0	5.4	0.090	1.8
	109.0	112.0	3.0	2.3	0.132	2.6
	146.0	148.0	2.0	1.5	0.082	1.6
ARW-024	55.0	57.0	2.0	1.5	0.229	4.6
	90.0	96.0	6.0	4.6	0.158	3.2
ARW-027	50.0	55.0	5.0	5.0	0.095	1.9
	69.0	72.0	3.0	3.0	0.058	1.2
ARW-028	58.0	66.0	8.0	6.1	0.090	1.8
	139.0	143.0	4.0	4.0	0.118	2.4
ARW-029	21.0	23.0	2.0	1.5	0.212	4.2
ARW-030	158.0	161.0	3.0	3.0	0.097	1.9
	175.0	200.0	25.0	24.9	0.055	1.1
	191.0	200.0	9.0	9.0	0.097	1.9

Note: *lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on this target area and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

Aricheng Epsilon:

Aricheng Epsilon is a geophysical target located approximately 100 metres west of the Aricheng West mineralized area. Four of the five bore holes drilled at Aricheng Epsilon intersected significant uranium mineralization in an east-northeast trending principle structure marked by albite-dominated alteration that is steeply inclined to the south. One bore hole also intersected a second significantly mineralized structure, which ground magnetics suggest may have a northeast trend. Further drilling is needed to confirm the orientation and extent of uranium mineralization in the second structure. The limited scout drilling program identified uranium mineralization over a strike distance of about 100 metres and to approximately 80 metres below surface. Mineralization remains open along strike to the east and is open at depth. Summary assay results are shown in Table 3.

Table 3 – Aricheng Epsilon Assay Results

Summary assays of the principal mineralized zones intersected in the five holes (818 metres) from the Phase I scout drilling of the Aricheng Epsilon target.

Bore Hole Number	Intercept			Grade		
	From (m)	To (m)	Interval (m)	Estimated True Thickness (m)	U ₃ O ₈ (%)	U ₃ O ₈ (lbs/st)
ARW-017	44.0	54.0	10.0	8.7	0.106	2.1
ARW-018	66.0	87.0	21.0	18.2	0.058	1.2
ARW-019	45.0	47.0	2.0	1.7	0.086	1.7
	52.0	56.0	4.0	3.5	0.031	0.6
	155.0	161.0	6.0	5.2	0.145	2.9
ARW-020	No Significant Results					
ARW-021	81.0	83.0	2.0	1.7	0.056	1.1
	90.0	94.0	4.0	3.5	0.040	0.8

Note: *lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on this target area and it is uncertain if further exploration will result in the target being delineated as a mineral resource.*

Aricheng A:

Uranium mineralization at Aricheng A is associated with a set of northeast-trending structures, marked by a conspicuous radiometric anomaly. Aricheng A is located about 500 metres southeast of the Aricheng North uranium zone that coincides with another strong radiometric feature and co-incident weakly magnetic zone. The Aricheng A mineralization zone occurs in veinlets and micro-breccias within an envelope of albite-chlorite-hematite-calcite-magnetite alteration that is weakly to moderately magnetic. The structures have a northeast strike and dip approximately 80° to the northwest. Mineralization has been encountered over a strike length of 300 metres, to a depth of 120 metres, and remains open at depth. A summary of the principal mineralized intercepts at Aricheng A is shown in Table 4.

U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

Table 4: Aricheng A Assay Results

Summary assays of the principal mineralized zones intersected in the seven holes (1,243 metres) of the Phase I scout drilling at Aricheng A.

Bore Hole Number	Intercept				Grade	
	From (m)	To (m)	Interval (m)	Estimated True Thickness (m)	U ₃ O ₈ (%)	U ₃ O ₈ (lb/st)
ANOMA-001	56.0	58.0	2.0	1.6	0.031	0.6
ANOMA-002	62.0	63.0	1.0	0.8	0.109	2.2
ANOMA-003	78.5	81.5	3.0	2.5	0.046	0.9
	145.0	153.0	8.0	6.6	0.056	1.1
ANOMA-004	38.0	40.0	2.0	1.6	0.190	3.8
	100.0	102.0	2.0	1.6	0.047	0.9
ANOMA-005	100.0	107.0	7.0	5.7	0.038	0.8
	144.0	161.0	17.0	13.9	0.048	1.0
Including	144.0	147.0	3.0	2.5	0.078	1.6
ANOMA-006	55.0	58.0	3.0	2.5	0.040	0.8
	93.0	94.0	1.0	0.8	0.149	3.0
	132.0	133.0	1.0	0.8	0.123	2.5
	137.0	140.0	3.0	2.5	0.072	1.4
ANOMA-007	No Significant Results					

Note: lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on this target area and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Aricheng Alpha:

Aricheng Alpha is a geophysical target that lies approximately mid-way between Aricheng West and Aricheng South – about 500 metres from both of these mineralized structures. Significant uranium mineralization was intersected at Aricheng Alpha in six of the seven bore holes drilled. Mineralization lies within a northeast trending sheet-like zone of albitite alteration that dips to the northwest at approximately 75°. Uranium mineralization has been confirmed over a strike length of approximately 200 metres and to 200 metres below surface. Uranium grades at Aricheng Alpha increase to the northeast and mineralization remains open along strike and at depth. A summary of the principal mineralized intercepts at Aricheng Alpha is shown in Table 5.

U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

Table 5: Aricheng Alpha Assay Results

Summary assays of the principal mineralized zones intersected in the seven holes (1,613 metres) of the Phase I scout drilling at Aricheng Alpha.

Bore hole number	Intercept				Grade	
	From (m)	To (m)	Interval (m)	Estimated True Thickness (m)	U ₃ O ₈ (%)	U ₃ O ₈ (lb/st)
ALPHA-001	BH abandoned due to technical difficulties at 39.1 metres depth					
ALPHA-001A	157.0	160.0	3.0	2.7	0.041	0.82
ALPHA-002	83.0	88.0	5.0	4.5	0.058	1.16
ALPHA-003	144.0	146.0	2.0	1.8	0.059	1.18
	150.0	153.0	3.0	2.7	0.066	1.32
	207.0	209.0	2.0	1.8	0.114	2.28
ALPHA-004	No significant results					
ALPHA-005	114.0	117.0	3.0	2.7	0.091	1.82
	126.0	143.0	7.0	6.3	0.069	1.38
ALPHA-006	115.0	122.0	7.0	6.3	0.075	1.50
	126.0	130.0	4.0	3.6	0.057	1.14
	172.0	174.0	2.0	1.8	0.124	2.48
ALPHA-007	241.0	245.0	4.0	3.8	0.061	1.22
	256.0	261.0	5.0	4.7	0.050	1.00

Note: lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on this target area and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Aricheng Sigma:

Aricheng Sigma was a new target marked by a strong radiometric anomaly that lies approximately 150 metres southeast of Aricheng West. Six holes for 966 metres were drilled beneath the radiometric anomaly. All holes intersected albite alteration although uranium mineralization was weak as reported in Table 6. No further drilling is planned for Aricheng Sigma at this time.

Table 6 – Assay Results for Aricheng Sigma

Summary of significantly mineralized intercepts cut in six bore holes (966 metres) completed in scout drilling at Aricheng Sigma.

Bore Hole Number	Intercept				Grade	
	From (m)	To (m)	Interval (m)	Estimated True Thickness (m)	U ₃ O ₈ (%)	U ₃ O ₈ (lb/st)
SIGMA-001	29.0	41.0	12.0	8.0	0.060	1.2
SIGMA-002	No Significant Results					
SIGMA-003	No Significant Results					
SIGMA-004	90.0	93.0	3.0	2.0	0.061	1.2
	105.0	107.0	2.0	1.3	0.068	1.4
SIGMA-005	No Significant Results					
SIGMA-006	97.0	99.0	2.0	1.3	0.065	1.3

Note: lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes. Potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource on this target area and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Aricheng Tau:

Aricheng Tau lies in the central part of a weakly magnetic zone identified in airborne and ground magnetic data. Two holes were drilled beneath a radiometric anomaly that is located within the magnetic low. Both holes intersected albite-dominated alteration similar to that which encloses uranium-bearing parts of the Kurupung system, but neither of these intersections contained significant uranium grades and no further drilling is planned for the Aricheng Tau target at this time.

Wild Cow:

Wild Cow is characterized by hydrothermal breccias that outcrop sporadically over 300 metres along the edge of a conspicuous northeast trending zone of low magnetism. The breccias are cemented by silica-hematite and associated with extensive albite alteration of the breccia fragments and enclosing monzonitic rock. The breccias are variably radioactive up to 3,000 counts per second. The magnetic low on which the breccias lie extends through the Wild Cow area to the mineralized Aricheng Alpha structure some 2.8 kilometres to the northeast. Five bore holes, for 790 metres, were drilled at Wild Cow and did not intersect significant mineralization. Further drilling may be undertaken at Wild Cow upon better understanding of the detailed structure of the area.

Targeting Techniques – The success of intersecting uranium of potentially economic grade in the initial holes in Aricheng Alpha, Aricheng Epsilon, Aricheng A and Aricheng West extension, four out of seven scout drill targets reported on to date, underscores the predictive power of geophysics as a targeting tool in identifying additional mineralized areas in the Kurupung Batholith. U308 Corp. is integrating magnetic and VLF-EM (Very Low Frequency-Electromagnetic) data as the principal geophysical exploration methods, while radiometrics serve as a secondary tool to rank new targets defined on the basis of magnetic and VLF-EM data.

Most consistent uranium mineralization drilled to date lies within weakly magnetic structures within the Kurupung Batholith. Therefore, U308 Corp. is using data from magnetic surveys to identify demagnetized faults as potential targets within the batholith. VLF-EM provides an additional targeting tool since known uranium-bearing areas are generally located where slightly conductive zones identified in VLF-EM data coincide with, or cross, weakly magnetic fault zones. Hence, priority targets are identified where conductors evident in VLF-EM data cross weakly magnetic



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

corridors that are interpreted as fault zones that have been demagnetized by the formation of alteration minerals. Target selection takes into account that only parts of the demagnetized faults may contain uranium.

Exploration for unconformity-related uranium in the Roraima Basin, Guyana

U3O8 Corp's exploration model in the Roraima Basin is based on its geological similarity to the prolific Athabasca Basin in Saskatchewan, Canada, and the possibility that the Roraima Basin may host unconformity-related deposits similar to the world-class Cigar Lake and McArthur River mines. Given the small physical size of unconformity-style deposits and consistent with the methodical exploration required to identify these deposits, U3O8 Corp. continues to implement a thorough and scientific approach to its exploration of the Roraima Basin before proceeding to drill test its first targets. During 2009, we continued to evaluate, refine and rank unconformity-related uranium targets based on exploration criteria characteristic of Athabasca-type deposits in order to define the first drill targets to be tested in 2010.

Through the analysis of archived core drilled by a gold company in the mid-1990's, integrated with our airborne geophysical data, U3O8 Corp. has defined targets in the Roraima Basin that share many of the features with unconformity-related uranium systems in the Athabasca including:

Structure: The targets lie near the intersection of faults;

Alteration minerals: Sudoite and illite have been detected in archived core drilled through the Roraima. These clay minerals are typically arranged in zones around Athabasca-type deposits; and

Metal enrichment: The archived core contains some elevated uranium values which, importantly, occur with a suite of chemical elements that are commonly associated with uranium deposits in the Athabasca.

In addition, field-based ground radiometric surveys and rock chip sampling are being used to detect alteration zoning and areas enriched in chemical pathfinder elements. Ground work is focused on mapping the extensive areas of intense alteration visible in the field and on rock-chip geochemistry along fault zones as a means of identifying chemical anomalies and potential metal zoning to define drill targets.

Once U3O8 Corp. has completed its evaluation of potential targets, it expects to commence scout drilling the most promising areas in 2010.

Mega Acquisition

On April 7, 2010, U3O8 Corp. completed its acquisition of a subsidiary of Mega that holds all of Mega's South American uranium properties and \$4,000,000 in cash for 30,564,858 common shares of U3O8 Corp. The acquisition adds uranium projects with near-term potential to U3O8 Corp's current NI 43-101 resource and exploration prospects in Guyana as well as strengthening the Company's balance sheet to advance resource expansion and ongoing exploration. The transaction positions U3O8 Corp. as a South American-focused uranium exploration company with an expanded portfolio of projects at various stages from compliant resources in Guyana, to historic resources in Colombia and near-resource and discovery potential in Argentina.

U3O8 Corp. expects to commence exploration on its new assets in Colombia and Argentina acquired through the Mega deal with a focus on the Berlin Project in Colombia and Laguna Salada Project in Argentina being the most advanced projects with the potential to add to the Company's NI 43-101 resource inventory in the short-term.

Significant Historic Resource in the Berlin Project – The Berlin Project has a historic uranium resource¹ of 12.9 million tonnes at a grade of 0.13% U₃O₈ (38 million pounds U₃O₈) as well as indications of significant grades of vanadium, molybdenum and phosphate. In 2010, U3O8 Corp. expects to focus on a trench sampling and drilling program to verify the historic grades and for metallurgical testing to confirm the historic potential of this shale-hosted uranium target before advancing to resource drilling. (¹ See note on page 7).



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Near-Resource Potential in the Laguna Salada Project – Laguna Salada is a surficial uranium target. Uranium mineralization occurs from surface to three metres depth and is contained within unconsolidated gravel. A major trenching program has been completed, and preliminary metallurgical tests show good leaching characteristics. U3O8 Corp. aims to complete a NI 43-101 resource estimate on Laguna Salada by year-end.

Early-Stage and Reconnaissance Exploration – Exploration is expected to be undertaken on a number of early-stage sandstone-hosted uranium targets in Argentina including the Cerro Solo East Project, which is located near one of the country's largest known uranium resources (Cerro Solo – 10 million pounds of uranium at a grade of 0.15% U₃O₈). Reconnaissance exploration on grassroots concessions are planned be undertaken to determine the prospectivity of these targets.

Summary

In the current financial market environment, U3O8 Corp. expects to continue to advance key aspects of its exploration in a cost-efficient manner, focused on its most advanced projects in Guyana, Colombia and Argentina that have the potential to add to the Company's resource base in the short-term. In addition, some work is expected to be done on grassroots stage projects in order to evaluate their potential to host significant quantities of uranium. U3O8 Corp's exploration expenditures declined in Guyana in 2009 versus 2008, due to a focus on identifying new targets through field-based surveys and the reworking of existing geophysical data. A scout drilling program commenced in the latter half of 2009 to test these new exploration targets, which is producing positive results and providing a means of estimating the size potential of the Kurupung uranium system. Exploration expenditures are expected to increase in fiscal 2010 as a result of the ongoing scout drilling campaign in the Kurupung and the advancement of new projects in Colombia and Argentina.

After the completion of the Mega acquisition on April 7, 2010, U3O8 Corp. had a total of more than \$7,000,000 in cash to fund its exploration and operating activities planned for fiscal 2010. See "Liquidity and Capital Resources" below. There is no guarantee that U3O8 Corp. will discover an economic uranium resource from the above-mentioned activities. Our performance will largely be tied to the outcome of the exploration programs in Guyana, Colombia and Argentina.

Technical Disclosure

Rick Cleath, Vice President of U3O8 Corp. and Richard Spencer, President, Chief Executive Officer of U3O8 Corp. are both "qualified persons" within the definition of that term in National Instrument 43-101. Mr. Cleath has supervised the preparation of, and verified, all technical information related with U3O8 Corp's exploration activities in Guyana, South America. All technical disclosure presented in this MD&A was prepared under the supervision of Dr. Spencer. Technical data related to the properties of U3O8 Corp. located in Colombia and Argentina was not verified by Dr. Spencer as such properties were only recently acquired by U3O8 Corp. on April 7, 2010.

Overall Objective

U3O8 Corp's business objective is to explore, develop and acquire uranium projects in South America. U3O8 Corp. is exploring the land area in Guyana assigned by the GGMC and defined in the Reconnaissance Permits and Prospecting Licenses, and has not yet determined whether the land area contains an economic uranium deposit. The recoverability of exploration expenditures to date is dependent upon numerous factors including: the selling price of uranium at the time that it is mined from ore deposits that may be found through exploration or by acquisition; the Company's ability to obtain the necessary permitting and financing to complete exploration and development; government policies and regulations; and future profitable production or proceeds from the sale of such properties. See also "Risk Factors" below.

To date, U3O8 Corp. has released an initial uranium resource on the first of its albitite-hosted targets, but has not discovered an economic deposit. While discovery of uranium-bearing structures may result in substantial rewards and exploration results from our existing projects are encouraging, it should be noted that exploration is a high risk



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

business. Few exploration properties are typically found to contain an economic deposit or are ultimately developed into producing mines. U3O8 Corp. may consider acquisitions of additional properties to expand and diversify its resource portfolio as well as reduce overall exploration risk. To that end, U3O8 Corp. recently concluded the Mega deal, which adds to the Company's resource pipeline and broadens its geographic presence in highly prospective regions. There are no assurances that further acquisitions will be made by the Company.

When evaluating potential acquisitions, U3O8 Corp. may screen properties that it considers prospective based on criteria such as the exploration history of the properties, the location of the properties, uranium resource potential or a combination of these and other factors. Risk factors to be considered in connection with the Company's search for, and acquisition of, additional properties include the significant expenses required to locate and establish mineral reserves; the fact that expenditures made by the Company may not result in discoveries of commercial quantities of minerals; environmental risks; regulatory risks; risks associated with land title; the competition faced by the Company; and the potential failure of the Company to generate adequate funding for any such acquisitions. See also "Risk Factors" below.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of U3O8 Corp. at December 31, 2009, 2008 and 2007 and for the years ended December 31, 2009, 2008 and 2007.

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Net loss	\$6,703,206	\$11,343,683	\$6,671,783
Net loss per share (basic and diluted)	\$0.29	\$0.49	\$0.29
	As at December 31, 2009	As at December 31, 2008	As at December 31, 2007
Total assets	\$6,418,884	\$13,150,379	\$24,258,224

(*) U3O8 Corp. did not have any income (loss) before discontinued operations or extraordinary items for each period presented.

- The net loss for the year ended December 31, 2009, consisted primarily of (i) Guyana exploration expenditures of \$4,565,868; (ii) foreign exchange of \$222,648; (iii) amortization of \$387,643; (iv) management compensation of \$377,679; and (v) other working capital expenditures incurred to maintain operations. These amounts were offset by interest income of \$118,165.
- The net loss for the year ended December 31, 2008, consisted primarily of (i) Guyana exploration expenditures of \$9,675,939; (ii) professional fees of \$601,748; (iii) amortization of \$466,119; (iv) management compensation of \$444,517; and (v) other working capital expenditures incurred to maintain the operations. These amounts were offset by (i) interest income of \$496,456; and (ii) a foreign exchange gain of \$553,947.
- The net loss for the year ended December 31, 2007, consisted primarily of (i) Guyana exploration expenditures of \$4,749,779; (ii) directors' stock-based compensation of \$842,277; (iii) management compensation of \$533,988; and (iv) other working capital expenditures incurred to maintain the operations. These amounts were offset by interest income of \$994,912.
- As U3O8 Corp. has no revenue, the Company is dependent upon its ability to secure financing through equity or the sale of assets in order to fund our operations. The value of any resource property asset is dependent upon the existence of economically recoverable mineral reserves, the ability to obtain the necessary financing to



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

complete exploration and development, and the future profitable production or proceeds from the sale of such properties. See "Trends" above and "Risk Factors" below.

Summary of Quarterly Results

Three Months Ended (*)	Net loss \$	Basic and diluted loss per share \$
2009-December 31	(1,595,608) ⁽¹⁾	(0.06)
2009-September 30	(1,573,131) ⁽²⁾	(0.07)
2009-June 30	(1,108,505) ⁽³⁾	(0.05)
2009-March 31	(2,425,962) ⁽⁴⁾	(0.11)
2008-December 31	(2,463,717) ⁽⁵⁾	(0.11)
2008-September 30	(3,476,546) ⁽⁶⁾	(0.15)
2008-June 30	(3,329,067) ⁽⁷⁾	(0.14)
2008-March 31	(2,074,353) ⁽⁸⁾	(0.09)

(*) U3O8 Corp. did not have any income (loss) before discontinued operations or extraordinary items for each period presented.

Notes:

- (1) Net loss of \$1,595,608 principally related to exploration expenditures in Guyana in the amount of \$887,421 (excluding stock-based compensation of \$17,459). All other expenses relate to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$7,250.
- (2) Net loss of \$1,573,131 principally related to exploration expenditures in Guyana in the amount of \$993,657 (excluding stock-based compensation of \$20,648). All other expenses related to general working capital purposes, management compensation and a foreign exchange loss. All expenses were offset by interest income of \$21,853.
- (3) Net loss of \$1,108,505 principally related to exploration expenditures in Guyana in the amount of \$873,475 (excluding stock-based compensation of \$11,857). All other expenses related to general working capital purposes and management compensation. All expenses were offset by interest income of \$37,672.
- (4) Net loss of \$2,425,962 principally related to exploration expenditures in Guyana in the amount of \$1,748,904 (excluding stock-based compensation of \$12,447). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$51,390.
- (5) Net loss of \$2,463,717 principally related to exploration expenditures in Guyana in the amount of \$2,369,633 (excluding stock-based compensation of \$29,549). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$76,195 and a foreign exchange gain of \$475,024.
- (6) Net loss of \$3,476,546 principally related to exploration expenditures in Guyana in the amount \$3,022,489 (excluding stock-based compensation of \$34,850). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$89,616.



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

- (7) Net loss of \$3,329,067 principally related to exploration expenditures in Guyana in the amount \$2,470,121 (excluding stock-based compensation of \$60,845) and professional fees of \$376,372, which included additional fees for U308 Corp's successful defence against Aberdeen International Inc.'s attempt to take control of the Company at the 2008 Annual and Special Meeting. In addition, net loss also included business development of \$180,187, which included hiring an outside consulting firm to review potential acquisitions and joint ventures. All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$146,325.
- (8) Net loss of \$2,074,353 principally related to a vesting amount of \$101,276 regarding 1,960,000 stock options that were issued on December 15, 2006, 90,000 stock options that were issued on March 6, 2007, and 300,000 stock options issued on January 15, 2008; and exploration expenditures in Guyana in the amount \$1,676,755 (excluding stock-based compensation of \$11,697). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of \$184,320.

Results of Operations

Year ended December 31, 2009, compared with year ended December 31, 2008

U308 Corp's net loss totalled \$6,703,206 for the year ended December 31, 2009, with basic and diluted loss per share of \$0.29. This compared with a net loss of \$11,343,683 with basic and diluted loss per share of \$0.49 for the year ended December 31, 2008. The decrease of \$4,640,477 in net loss for fiscal 2009 compared to fiscal 2008 was principally due to:

- Guyana exploration expenses (excluding stock-based compensation) decreased by \$5,035,541 for the year ended December 31, 2009, compared to 2008. This decrease in exploration activity can be attributed to cash conservation initiatives undertaken by the Company in the first half of fiscal 2009 due to volatility in financial markets while continuing to advance key aspects of its exploration strategy, which included focusing on identifying new targets through field-based surveys and the reworking of existing geophysical data. See "Current Exploration Activities" above;
- A decrease of \$107,128 in stock-based compensation during the year ended December 31, 2009, compared with the same period in 2008, was mainly due to the timing of stock-based compensation depending on the date of issue and the vesting term of the options granted. Users of the Company's financial information should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact operating results significantly;
- Investor relations expense (excluding stock-based compensation) for the year ended December 31, 2009, was \$5,350 (year ended December 31, 2008 - \$267,792). The decrease of \$262,442 was mainly attributable to the reduction of investor relations services provided by outside firms in 2009 compared with 2008;



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

- Professional fees decreased by \$323,098 (excluding stock-based compensation) during the year ended December 31, 2009, compared with the same period in 2008. This decrease was mainly attributable to professional fees paid in the 2008 period for U3O8 Corp's successful defense against Aberdeen International Inc.'s attempt to take control of the Company. These expenditures were incurred prior to and during the 2008 Annual and Special Meeting of U3O8 Corp.;
- Business development expense increased by \$30,133 during the year ended December 31, 2009, compared with the same period in 2008. The increase resulted mainly from business initiatives by management to increase shareholder value;
- Management compensation expense (excluding stock-based compensation) for the year ended December 31, 2009, was \$293,800 (year ended December 31, 2008 - \$379,521). The decrease of \$85,721 was mainly attributable to the payments made to the former Chief Executive Officer for consulting services as part of his compensation package for his departure from the Company during the year ended December 31, 2008, which were not paid in the 2009 period;
- Administrative and general costs increased by \$117,159 during the year ended December 31, 2009, compared with the same period in 2008. This increase was primarily due to regulatory requirements and corporate activity. We continue to assess these costs to ensure that cost-effective choices are being made;
- Foreign exchange gain increased by \$776,595 during the year ended December 31, 2009, compared with the same period in 2008. The increase in foreign exchange gain can be attributed to US dollar exchange rate fluctuations; and
- The decreases in expenses during the year ended December 31, 2009, were further augmented by a decrease in interest income to \$118,165. The Company earned interest on liquid fixed income securities from funds raised from the initial public offering, which occurred in December 2006. Interest income continues to decrease as these funds are depleted for exploration expenditures and operating costs; and
- All other expenses relate to general working capital purposes.

Three months ended December 31, 2009, compared with three months ended December 31, 2008

U3O8 Corp's net loss totalled \$1,595,608 for the three months ended December 31, 2009, with basic and diluted loss per share of \$0.06. This compared with a net loss of \$2,463,717 with basic and diluted loss per share of \$0.11 for the three months ended December 31, 2008. The decrease of \$868,109 in net loss for fiscal 2009 compared to fiscal 2008 was principally due to:

- Guyana exploration expenses (excluding stock-based compensation) decreased by \$1,482,212 for the three months ended December 31, 2009, compared to 2008. This decrease in exploration activity can be attributed to cash conservation initiatives undertaken by the Company in the first half of fiscal 2009 due to volatility in financial markets while continuing to advance key aspects of its exploration strategy, which included focusing on identifying new targets through field-based surveys and the reworking of existing geophysical data. See "Current Exploration Activities" above;
- A decrease of \$83,624 in stock-based compensation during the three months ended December 31, 2009, compared with the same period in 2008, was mainly due to the timing of stock-based compensation depending on the date of issue and the vesting term of the options granted. Users of U3O8 Corp's financial information should be cautious of the valuation of stock-based compensation since its calculation is subjective and can impact operating results significantly;



U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

- Investor relations expense (excluding stock-based compensation) for the three months ended December 31, 2009, was \$535 (three months ended December 31, 2008 - \$51,916). The decrease of \$51,381 was mainly attributable to the reduction of investor relations services provided by outside firms in 2009 compared with 2008;
- Professional fees decreased by \$37,333 (excluding stock-based compensation) during the three months ended December 31, 2009, compared with the same period in 2008. This decrease was mainly attributable to professional fees paid in the 2008 period for U308 Corp's successful defense against Aberdeen International Inc.'s attempt to take control of the Company. These expenditures were incurred prior to and during the 2008 Annual and Special Meeting of the Company;
- Business development expense increased by \$7,719 during the three months ended December 31, 2009, compared with the same period in 2008. The increase resulted mainly from business initiatives by management to increase shareholder value;
- Management compensation expense (excluding stock-based compensation) for the three months ended December 31, 2009, was \$73,000 (three months ended December 31, 2008 - \$73,000). No change occurred during the periods presented as there was no change in the management team of the Company;
- Administrative and general costs increased by \$40,064 during the three months ended December 31, 2009, compared with the same period in 2008. This increase was primarily due to regulatory requirements and corporate activity. The Company continues to assess these costs to ensure that cost-effective choices are being made;
- Foreign exchange gain increased by \$694,390 during the three months ended December 31, 2009, compared with the same period in 2008. The increase in foreign exchange gain can be attributed to the US dollar exchange rate fluctuations; and
- The changes in expenses during the three months ended December 31, 2009, were further augmented by a decrease in interest income of \$68,945. The Company earned interest on liquid fixed income securities from funds raised from the initial public offering, which occurred in December 2006. Interest income continues to decrease as these funds are depleted for exploration expenditures and operating costs; and
- All other expenses relate to general working capital purposes.

Exploration Activities

Use of proceeds from final prospectus dated December 15, 2006

U308 Corp. through its subsidiary, Prometheus Guyana, has undertaken exploration in accordance with the plan laid out in the final prospectus dated December 15, 2006. In defining an initial resource on the properties, the Company has gone beyond the work originally contemplated. The Company has spent in excess of the Phase I and Phase II expenditure requirements of the recommended exploration programs for Permits A and B set out in the prospectus and will continue its efforts to define an economic uranium deposit.

In fiscal 2009, \$4,503,457 was spent on exploration activities in Guyana (budgeted - \$5,000,000). Expenditure was under-budget as a result of exploration being restricted only to specific targets with a reduction in budgeted reconnaissance exploration. In addition, head office costs amounted to \$1,507,158 in line with the Company's fiscal 2009 budget.



U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

Budget for calendar 2010

A budget of \$7,500,000 is proposed for U308 Corp's exploration and operating activities in Guyana, Colombia, Argentina and Canada in 2010. As exploration progresses on various fronts, expenditure requirements may be adjusted to ensure funds are focused on projects considered to be the most prospective in light of results from advanced projects, new targets from reconnaissance exploration or changes in general market conditions.

Cost Category	Plans for Project	Planned Expenditures for Fiscal 2010 (approx.)	Proposed Timing for Completion of Planned Activities
Guyana Operations	Kurupung drilling program, Roraima Basin exploration, overhead costs	\$3,700,000 ⁽²⁾⁽³⁾⁽⁶⁾	December 2010
Colombia Operations	Berlin Project	\$1,000,000 ⁽⁴⁾⁽⁶⁾	December 2010
Argentina Operations	Laguna Salada Project, early-stage and reconnaissance exploration	\$1,000,000 ⁽⁵⁾⁽⁶⁾	December 2010
Canadian Operations	Head office costs ⁽¹⁾	\$1,800,000 ⁽⁶⁾	December 2010

- (1) Head office costs include professional fees, business development, management compensation, investor relations, administrative and general, consulting fees, reporting issuer costs and director fees in Canada.
- (2) The budget for Guyana operations is \$3,700,000 as a result of the ongoing scout drilling campaign in the Kurupung Batholith.
- (3) Includes budgets for five Prospecting Licenses for uranium and other radioactive and rare earth minerals.
- (4) The budget for Colombia operations is \$1,000,000, reflecting the trenching and drilling program and metallurgical testing planned on the Berlin Project.
- (5) The budget for Argentina operations is \$1,000,000, which is half allocated to undertake a resource estimate on the Laguna Salada Project with the balance earmarked for early-stage and reconnaissance exploration activities.
- (6) Discretionary expense, subject to change if management decides to scale back operations or accelerate exploration.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Liquidity and Capital Resources

The activities of U3O8 Corp., principally the exploration and acquisition of properties for uranium, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. During fiscal 2009, we did not have any equity transactions. There is no assurance that equity capital will be available to U3O8 Corp. in the amounts or at the times desired by the Company or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

Accounts payable and accrued liabilities decreased to \$288,167 at December 31, 2009, compared to \$516,921 at December 31, 2008, primarily due to less payables as at December 31, 2009 compared to December 31, 2008. U3O8 Corp's cash and cash equivalents as at December 31, 2009, were sufficient to pay these liabilities.

As of December 31, 2009, U3O8 Corp. had met its capital commitment obligations to keep its Reconnaissance Permits and Prospecting Licenses in good standing.

At December 31, 2009, U3O8 Corp. had \$5,121,877 in cash and cash equivalents and guaranteed investment certificates, compared with \$11,401,241 at December 31, 2008. Working capital as of December 31, 2009 was \$4,980,171 compared with \$11,163,247 at December 31, 2008. The decrease was mainly due to exploration expenditures in Guyana in the amount of \$4,503,457 (excluded stock-based compensation), the additions to property and equipment in the amount of \$67,978 and funds spent on operating costs. The decrease was offset by interest income received during fiscal 2009 in the amount of \$118,165. The Company earned interest on guaranteed investment certificates from funds raised from the initial public offering, which occurred in December 2006.

U3O8 Corp. is a uranium exploration company without operating revenues; and therefore, it must utilize its current cash reserves, income from investments, funds obtained from the exercise of stock options and other financing transactions to maintain its capacity to meet the planned exploration programs, or to fund any further development activities. See "Risks Factors" below.

As of December 31, 2009, U3O8 Corp. had 23,057,700 common shares issued and outstanding and 1,255,000 options outstanding which would raise \$1,064,550 if exercised in full. Exercise of these options is not anticipated until the market value of U3O8 Corp's common shares recovers. See "Trends" above.

U3O8 Corp. remains debt free and its credit and interest rate risk is limited to interest bearing assets of cash and guaranteed investment certificates. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company's liquidity risk with financial instruments is minimal as excess cash is invested with major Canadian chartered banks in bank-backed guaranteed investment certificates. In addition, accounts receivable are composed mainly of federal Goods and Services Tax (Canada) recoveries.

The Company aims to enhance the value of its Kurupung uranium property while making efficient use of cash and ensuring that U3O8 Corp. remains capitalized in 2010. The Company's cash has principally been used for funding administrative and general expenditures and for funding of our investment activities. Investment activities include the cash components of the cost of acquisition and exploration related with the Company's Guyana operations in fiscal 2009 and prior years. Currently, our operating expenses are averaging less than \$126,000 per month for management compensation, month-to-month professional fees and other working capital related expenses. The Company has allocated a \$1,800,000 budget for fiscal 2010 for its operating expenses.

Given U3O8 Corp's exploration success in identifying new mineralized zones in the Kurupung Batholith, we plan to continue with the scout drilling of geophysical targets until mid-2010. An estimated budget of \$3,700,000 for 2010 has been allocated for exploration and operation activities in Guyana, primarily for the scout drilling program to continue to test new targets. This scout drilling campaign is designed to provide guidance on the potential size of the Kurupung uranium district in the short-term and expand U3O8 Corp's pipeline of mineralized structures required to grow its resource base. This budget also includes funding for ongoing exploration for unconformity-related uranium in the Roraima Basin and overhead costs.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

U3O8 Corp. also plans to commence exploration activities on the most advanced projects recently added from the Mega acquisition. U3O8 Corp. has budgeted \$1,000,000 for exploration in Colombia in 2010, primarily for a trenching and drilling program to verify historic grades and metallurgical testing to confirm the historic resource potential of the Berlin Project. A \$1,000,000 budget has been allocated for the exploration of projects in Argentina acquired from Mega. The principal component of the budget for the properties in Argentina is the completion of a NI 43-101 resource estimate by year-end on the Laguna Salada Project with some funding going to the Cerro Solo East Project and early-stage and grassroots concessions.

These expenditures are not committed and are discretionary in nature. See "Results of Operations" above. These expenditures are subject to change if management decides to scale back operations or accelerate exploration in Guyana, Colombia and Argentina.

U3O8 Corp's working capital was \$4,980,171 as at December 31, 2009. With the \$4,000,000 received on April 7, 2010 from the Mega transaction, U3O8 Corp. will be adequately capitalized to fund ongoing operations at the current level in the short-term for fiscal 2010. However, U3O8 Corp. will require additional funds from equity sources to complete the development of our projects in Guyana, Colombia and Argentina, if warranted. See "Risks Factors" below.

Related Party Transactions

For the year ended December 31, 2009, U3O8 Corp. paid \$42,000 to Marrelli CFO Outsource Syndicate Inc. ("Marrelli") for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company (year ended December 31, 2008 - \$42,000). As at December 31, 2009, Marrelli was owed \$3,675 (December 31, 2008 - \$nil) and this amount was included in accounts payable and accrued liabilities. Carmelo Marrelli is the president of Marrelli. The Chief Financial Officer is also the president of a firm providing accounting services to the Company. During the year ended December 31, 2009, we expensed \$42,403 (year ended December 31, 2008 - \$44,190) for services rendered by this firm. In addition, as at December 31, 2009, this firm was owed \$10,757 (December 31, 2008 - \$11,436) and this amount was included in accounts payable and accrued liabilities.

These transactions are in the normal course of operations and are measured at the exchange value (the amount established and agreed to by the related parties).

Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

There are no proposed transactions of a material nature being considered by U3O8 Corp. However, the Company continues to evaluate properties and corporate entities that may be acquired in the future. See "Overall Objective" above.

Critical Accounting Estimates

The preparation of U3O8 Corp's audited consolidated financial statements requires management to make certain estimates that affect the amounts reported in the financial statements. The accounting estimates considered to be significant are the valuation of its Reconnaissance Permits and Prospecting Licenses and stock-based compensation.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

The accounting policy of expensing exploration costs to date does not necessarily relate to the future economic value of the exploration properties. The valuation of its Reconnaissance Permits and Prospecting Licenses is dependent entirely upon the discovery of economic uranium deposits.

The Company uses the Black-Scholes model to determine the fair value of options and warrants. The main factor affecting the estimates of stock-based compensation is the stock price volatility used. We use historical price data and comparables in the estimate of the stock price volatility.

Other items requiring estimates for the audited consolidated financial statements are accounts receivable, amortization of property and equipment, accounts payable and accrued liabilities and future income taxes.

Change in Accounting Policies

During the year ended December 31, 2009, U3O8 Corp. adopted the following new accounting policies:

Goodwill and intangible assets

Effective January 1, 2009, U3O8 Corp. adopted Section 3064, "Goodwill and Intangible Assets" which replaced CICA Handbook sections 3062 and 3450, EIC-27 and part of Accounting Guideline 11. Under previous Canadian standards, more items were recognized as assets than under International Financial Reporting Standards ("IFRS"). The objectives of CICA 3064 are to reinforce the principle based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the definition and recognition criteria is eliminated. The portions in the new standard with respect to Goodwill remain unchanged. The provisions relating to the definition and initial recognition of intangible assets intends to reduce the differences with IFRS in the accounting for intangible assets. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Credit risk and the fair value of financial assets and financial liabilities

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at December 31, 2009.

Fair Value Hierarchy and Liquidity Risk Disclosure

In June 2009, the Canadian Accounting Standards Board issued an amendment to Handbook Section 3862, "Financial Instruments – Disclosures" in an effort to make Section 3862 consistent with IFRS Section 7 – Disclosures ("IFRS 7"). The purpose was to establish a framework for measuring fair value in Canadian GAAP and expand disclosures about fair value measurements. To make the disclosures an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. This amendment is effective for the Company for the year ended December 31, 2009. The Company has included disclosures recommended by the new Handbook section the consolidated financial statements.

Future Accounting Changes

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including U3O8 Corp., effective for fiscal years beginning on or after January 1, 2011. Early adoption of IFRS is permitted upon receipt of approval from the CSA.



U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

The CSA has approved the Company's application for early adoption of IFRS beginning in 2010.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2010. U308 Corp's 2010 interim and annual financial statements will include comparative 2009 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

U308 Corp. has established a comprehensive IFRS transition plan and engaged third-party advisers to assist with the planning and implementation of its transition to IFRS. The following summarizes our progress and expectations with respect to our IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete.
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> .	Complete.
Final determination of accounting policies and the quantitative impact of adopting IFRS on key line items in the Company's financial statements.	In progress, to be completed in conjunction with the Q1 2010 IFRS financial statements.
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, to be completed in conjunction with the Q1 2010 IFRS financial statements.

We have engaged our auditors to review our determination of accounting policies under IFRS, the quantitative impact of adopting IFRS on our financial statements and our first interim IFRS financial statements (Q1 2010).

Impact of Adopting IFRS on the Company's Business

During its analysis of requirements for conversion to IFRS, U308 Corp. identified some changes that need to be made to its accounting systems and business processes. We believe that these changes are minimal and the systems and processes can accommodate the necessary changes.

We have not identified any contractual arrangements that are significantly impacted by the adoption of IFRS.

Our staff and advisers involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS and the changes to accounting policies. Employees of the Company who will be affected by a change to business processes as a result of the conversion to IFRS have also been appropriately trained.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and are aware of the key aspects of IFRS affecting U308 Corp.

First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

U308 Corp. has identified the following optional exemptions that it is planning to apply in its preparation of an opening IFRS statement of financial position as at January 1, 2009, the Company's "Transition Date":



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

- To apply IFRS 2 *Share-based Payments* only to equity instruments which were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply the transition provisions of IFRIC 14 *Determining whether an Arrangement Contains a Lease*, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 *Borrowing Costs* prospectively from the Transition Date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ended March 31, 2010, we may decide to apply other optional exemptions contained in IFRS 1.

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of U3O8 Corp's opening IFRS statement of financial position as at the Transition Date will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company's Financial Statements

The adoption of IFRS will result in some changes to U3O8 Corp's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements. However, based on its evaluation to date, we do not expect any changes to our accounting policies that would result in significant changes to line items within its financial statements.

The following provides a summary of U3O8 Corp's evaluation of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas that we have identified as having the most potential for a change in its significant accounting policies.

The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. At the present time however, we are not aware of any significant expected changes that would affect the summary provided below.

1) *Exploration Expenditures*

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

We expect to retain our current policy of expensing exploration expenses as incurred, and therefore do not expect that the adoption of IFRS will result in any significant change to the related line items within our financial statements.

2) *Impairment of (Non-financial) Assets*

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

U3O8 Corp's accounting policies related to impairment of non-financial assets will be changed to reflect these differences, however we do not expect this change will have an immediate impact to the carrying value of its assets. We will perform impairment assessments as at the Transition Date in accordance with IFRS.



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

3) *Foreign Currency*

IFRS requires that the functional currency of U308 Corp. and its subsidiaries be determined separately, and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

We do not expect any changes to our accounting policies related to foreign currency that would result in a significant change to line items within its financial statements at the Transition Date.

4) *Share-based Payments*

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

We do not expect any changes to our accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

5) *Asset Retirement Obligations (Decommissioning Liabilities)*

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

Our accounting policies related to decommissioning liabilities will be changed to reflect these differences, however we do not expect this change will have an immediate impact to the carrying value of our assets.

6) *Property and Equipment*

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP. In addition, IFRS allows a company to select either the cost or revaluation model in accounting for property and equipment.

On adoption of IFRS, we will apply the cost model in accounting for property and equipment, which is similar to our current accounting policies under IFRS. With respect to other differences within IFRS related to property and equipment, we do not expect any changes to our accounting policies that would result in a significant change to line items within our financial statements.

7) *Income Taxes*

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

We do not expect any changes to our accounting policies related to income taxes that would result in a significant change to line items within our financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected in U308 Corp's first financial statements prepared in accordance with IFRS, which will be the interim financial statements for the three months ending March 31, 2010, and will include notes disclosing transitional information and disclosure of new significant accounting policies under IFRS. The interim financial statements for the three months ending March 31, 2010 will also include 2009 financial statements for the comparative period, adjusted to comply with IFRS, and our transition date IFRS statement of financial position (as at January 1, 2009).



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Business combinations, consolidated financial statements and non-controlling interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non- Controlling Interests". These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3 - Business Combinations. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27 - Consolidated and Separate Financial Statements. U308 Corp. is in the process of evaluating the requirements of the new standards.

Management of Capital

When managing capital, U308 Corp's objective is to ensure that the entity continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration, development and acquisition of uranium resource assets. The Board of Directors does not establish quantitative return on capital criteria for Management, but rather relies on the expertise of Management to sustain the future development of the business. We consider our capital to be equity, which comprises share capital, contributed surplus and accumulated deficit, which at December 31, 2009, totalled \$6,130,717 (2008 – \$12,633,458).

U308 Corp. invests all capital not required for its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

U308 Corp. is currently attempting to identify an economic uranium resource. As such, it is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, it will spend its existing working capital and raise additional amounts, as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital in current economic conditions by:

- (i) maintaining a liquidity cushion in order to address any potential disruptions or industry downturns;
- (ii) minimizing discretionary disbursements;
- (iii) focusing exploration expenditures on those properties considered to have the best potential for the discovery of an economic deposit; and
- (iv) exploring alternative sources of liquidity.

In light of the above, U308 Corp. will continue to assess new properties and seek to acquire an interest in additional properties if it believes that there is sufficient potential for a property to contain a uranium resource, and if the Company has adequate financial resources to make the acquisition.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in U308 Corp's approach to capital management during the year ended December 31, 2009. The Company is not subject to externally imposed capital requirements.



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Financial Instruments

U308 Corp's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and uranium price risk).

Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. U308 Corp's credit risk is primarily attributable to cash and cash equivalents, guaranteed investment certificates, accounts receivable and restricted cash. Cash and cash equivalents, guaranteed investment certificates and restricted cash are held with major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Accounts receivable are in good standing as of December 31, 2009. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that U308 Corp. will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. Cash flow is primarily from the Company's financing activities. As at December 31, 2009, U308 Corp. had a cash and cash equivalents and guaranteed investment certificates balance of \$5,121,877 (2008 - \$11,401,241) to settle current liabilities of \$288,167 (2008 - \$516,921). All of its financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Market risk

(a) Interest rate risk

U308 Corp. has cash balances and no interest-bearing debt. Its current policy is to invest excess cash in guaranteed investment certificates or interest bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

U308 Corp's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Guyana on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The Company maintains US dollar bank accounts in Canada, Barbados, and Guyana and Guyanese bank accounts in Guyana. U308 Corp. is subject to gains and losses from fluctuations in the US dollar and Guyanese dollar against the Canadian dollar.

(c) Commodity uranium price risk

U308 Corp. is exposed to price risk with respect to commodity uranium prices. Commodity uranium price risk is defined as the potential adverse impact on earnings due to uranium price movements and volatility. The Company closely monitors uranium prices to determine the appropriate course of action to be taken in terms of exploration



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

expenditures and to ensure that its focus is on projects that have potential cost production profiles consistent with the longer-term price projections related to forecast demand and supply.

Sensitivity analysis

U3O8 Corp. has designated, for accounting purposes, its cash and cash equivalents, guaranteed investment certificates and restricted cash as held-for-trading, which are measured at fair value. Accounts receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost and are equal to fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost and are also equal to fair value.

As of December 31, 2009, both the carrying and fair value amounts of our financial instruments are approximately equivalent.

The sensitivity analysis shown in the notes below may differ materially from actual results.

Based on Management's knowledge and experience of the financial markets, we believe the following movements are "reasonably possible" over a twelve month period:

- (i) Cash and cash equivalents and guaranteed investment certificates are subject to floating interest rates. As at December 31, 2009, if interest rates had decreased/increased by 1% with all other variables held constant, the loss for the year ended December 31, 2009 would have been approximately \$51,000 higher/lower, as a result of lower/higher interest income from cash and cash equivalents and guaranteed investment certificates and reported shareholders' equity would have been approximately \$51,000 lower/higher.
- (ii) Cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities denominated in US and Guyanese dollars are subject to foreign currency risk. As at December 31, 2009, had the US and Guyanese dollar weakened/strengthened by 10% against the Canadian dollar with all other variables held constant, the Company's loss for the year ended December 31, 2009 would have been approximately \$41,000 higher/lower as a result of foreign exchange losses/gains on translation of non-Canadian dollar denominated financial instruments and reported shareholders' equity would have been approximately \$41,000 lower/higher.

Fair value hierarchy

The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Cash and cash equivalents and guaranteed investment certificates are considered level 1.

Share Capital

At the date of this MD&A, U3O8 Corp. had 53,622,558 issued and outstanding common shares and 1,165,000 stock options outstanding, each exercisable to acquire one common share or 54,787,558 common shares on a fully diluted basis.



Disclosure of Internal Controls

Management has established processes to provide sufficient knowledge to support representations that it has exercised reasonable diligence that (i) the audited consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited consolidated financial statements, and (ii) the audited financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risk Factors

An investment in the securities of U308 Corp. is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Exploration, Development and Operating Risks

Mining and exploration operations generally involve a high degree of risk. U308 Corp's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of uranium, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

The exploration for and development of mineral deposits involves significant risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of uranium and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by U308 Corp. will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of uranium and other minerals will result in discoveries of commercial quantities of ore or other minerals.

Exclusivity of the Reconnaissance Permits

While Permit B grants Prometheus Guyana the exclusive right to occupy the Permit B Area and to conduct geological and geophysical surveys for radioactive minerals and rare earth elements save and except such portions of the Permit B Area as were lawfully occupied or applied for by persons other than Prometheus Guyana prior to May 2, 2006, and all navigable rivers and Amerindian lands, it does not contain a closure clause similar to that of Permit A. Accordingly, Permit B is not closed during the term of Permit B to third parties conducting other activities including prospecting, mining or the location of claims; prospecting permits (medium scale), prospecting licenses or for any other mineral rights available under the law of Guyana, which rights may be issued to third parties during the term of Permit B. However, Prometheus Resources has obtained a comfort letter from the GGMC confirming that in the event that it pays all applicable fees and maintains the Reconnaissance Permits in good standing during the respective terms thereof, the GGMC shall not, during such respective terms, issue any of the following rights to any third parties or provide third parties with the right to conduct any of the following activities concerning uranium, radioactive minerals or rare earth elements within either the Permit A Area or Permit B Area, as applicable: (i) any rights relating to prospecting, mining or the location of claims for uranium radioactive minerals or rare earth elements; (ii) prospecting permits (medium scale) or prospecting licenses or mining licenses for uranium radioactive minerals or rare earth elements; or (iii) any other mineral rights relating to uranium radioactive minerals or rare earth elements available under the laws of Guyana. However, such a comfort letter is not legally enforceable against the GGMC and, accordingly, there can be no assurance that other mineral rights available under the laws of Guyana for the Permit B Area will not be granted to third parties by the GGMC during the term of Permit B.

In addition, the Permit A area and Permit B area remain open during their respective terms to prospecting, mining or location of claims, prospecting permits (medium scale), prospecting licenses and for any other rights available under the laws of Guyana relating to minerals other than uranium, radioactive minerals and rare earth elements.

Accordingly, Prometheus Guyana may be unable to conduct activities contemplated by Permit A and Permit B or in the future operate the land subject to Permit A or Permit B as permitted or desired, or to enforce its right with respect to such land where rights have been granted to third parties, which may, in turn, have an adverse material effect on the Company.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Ownership of Reconnaissance Permits and Other Property Interests

Although ownership of the Reconnaissance Permits and other Colombian and Argentinean properties recently acquired by the Company were reviewed by or on behalf of the Company, there may still be undetected defects affecting such properties. Insurance generally is not available for ownership defects, and the Company's ability to ensure that it has obtained secure claim to individual properties may be severely constrained. In addition, previous non-compliance with the terms of a given permit or concession in Colombia (whether on behalf of the Company or a previous owner) may result in the loss of all property interests in Colombia held by or on behalf of the Company, and may also result in sanctions against the Company which impact upon its ability to operate in Colombia for a specified period of time. Furthermore, we have not conducted surveys of the properties in which we hold direct or indirect interests and, therefore, the precise area and location of the properties may be in doubt. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, we may be unable to explore, and in the future, operate the land subject to such properties as permitted or to enforce its rights with respect to such land.

Insurance and Uninsured Risks

U3O8 Corp's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or the properties of others, delays in mining, monetary losses and possible legal liability.

The Company currently maintains liability insurance and directors' and officers' insurance; however, such insurance will not cover all the potential risks associated with a mining and/or exploration operation. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining and exploration industry on acceptable terms. U3O8 Corp. might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of U3O8 Corp's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company. Environmental hazards may exist on the properties on which U3O8 Corp. holds interests that are unknown to it at present, and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval by aboriginal people and permits are currently, and may in the future be, required in connection with the operations of the Company. To the extent such approvals are required and are not obtained, the Company's operations may be curtailed or it may be prohibited from continuing its exploration operations or from proceeding with planned exploration or development of mineral properties.



U308 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining or exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining or exploration properties.

An accident at a nuclear reactor anywhere in the world could affect the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators, which could have a material adverse effect on the Company.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Competition

The mining and mineral exploration industry is competitive in all of its phases. The Company is facing strong competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, uranium and uranium oxide. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, U308 Corp. may be unable to maintain or acquire attractive mining or exploration properties on terms we considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

Additional Capital

The development and exploration of U308 Corp's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of our properties or a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be acceptable to the Company.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Commodity Prices

The price of U3O8 Corp's common shares, its financial results and exploration, development and mining activities may in the future be significantly and adversely affected by declines in the price of uranium oxide. The price of uranium oxide or other minerals fluctuates widely and is affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing and uranium-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges.

The market prices of uranium are affected by rates of reclaiming and recycling of uranium and rates of production of uranium from mining, and may be affected by a variety of unpredictable international economic, monetary and political considerations, including increased efficiency of nuclear power plants and increased availability of alternative nuclear fuel, such as mixed oxide fuel generated in part from weapons-grade plutonium.

Future serious price declines in the market value of uranium oxide or other minerals could cause continued development of and commercial production from our properties to be impracticable. Depending on the price of uranium oxide and other minerals, any cash flow from future mining operations may not be sufficient and we could be forced to discontinue production, if any, and may lose our interest in, or may be forced to sell, some of our properties. Future production, if any, from the mining properties of the Company is dependent upon the prices of uranium oxide and other minerals being adequate to make these properties economic.

In addition to adversely affecting the Company's future reserve estimates (if any) and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect U3O8 Corp. Uranium oxide and other minerals are generally sold in US dollars and our costs are incurred principally in US dollars or the Guyanese dollar, the local currency in Guyana that is fixed to the US dollar. The relative rate of exchange of the Canadian dollar to the US dollar or policy changes regarding the trading of the Guyanese dollar can have an impact on the Company's profitability and cash needs.

Foreign Operations

A majority of U3O8 Corp's operations are currently conducted in Guyana, South America, and with the Mega deal, operations in Colombia and Argentina have been added. U3O8 Corp's operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification of existing concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, exploration or investment policies or shifts in political attitude in Guyana, Colombia and Argentina may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.



U3O8 CORP.
(A Development Stage Company)
Management's Discussion & Analysis

Year Ended December 31, 2009

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the mining and processing operations and exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Key Executives

U3O8 Corp. is dependent upon key executives, including the directors of the Company and a small number of highly qualified and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these individuals or the inability to attract and retain highly qualified employees and advisers could have a material adverse effect on our business and future operations.

Conflicts of Interest

Directors and officers of U3O8 Corp. also serve, or may serve in future, as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility of such directors and officers being in a position of conflict. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of U3O8 Corp. and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act (Ontario)* and other applicable laws.

Market Price of Common Shares

U3O8 Corp's common shares currently trade on the TSX Venture Exchange. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the common shares is also likely to be significantly affected by short-term changes in precious metals and uranium oxide or other mineral prices, or in U3O8 Corp's financial condition or results of operations as reflected in its quarterly financial reports. Other factors unrelated to U3O8 Corp's performance that may affect the price of its common shares include the following: the extent of analyst coverage available to investors concerning U3O8 Corp's business may be limited if investment banks with research capabilities do not follow its securities; lessening in trading volume and general market interest in its securities may affect an investor's ability to trade significant numbers of common shares; the size of U3O8 Corp's public float may limit the ability of some institutions to invest in its securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause its securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of U3O8 Corp's common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the



U3O8 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Global Financial Conditions

Global financial conditions have been characterized by increased volatility, and several financial institutions have either gone into bankruptcy or have been rescued by governmental authorities. Access to public financing has been constrained by both the rapid decline in value of sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may limit U3O8 Corp's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. In addition, general economic indicators, including employment levels, corporate earnings, economic growth and consumer confidence have deteriorated. Any or all of these economic factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such market volatility continues, the Company's operations could be hurt and the trading price of its common shares may be adversely affected.

Securities of mining and mineral exploration companies, including U3O8 Corp's common shares, have experienced substantial volatility in the past, and especially during the fourth quarter of 2008 and early 2009, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of our securities is also significantly affected by short-term changes in commodity prices, base and precious metal prices or other mineral prices, currency exchange fluctuation and the political environment in the countries in which the Company does business and globally.

Subsequent Events

On April 7, 2010, U3O8 Corp. and Mega completed U3O8 Corp's acquisition of Mega's South American uranium properties. Under the terms of the acquisition, U3O8 Corp. issued 30,564,858 common shares of U3O8 Corp. (the "U3O8 Shares") in exchange for Mega's South American properties and \$4,000,000 in cash. Mega will distribute the U3O8 Shares to its Canadian shareholders, on a pro-rata basis, as a dividend-in-kind paid on Mega's common shares (the "Dividend"), providing Mega shareholders with direct ownership in U3O8 Corp. Non-resident shareholders will receive cash proceeds in lieu of U3O8 Shares. The Dividend is payable on April 26, 2010 to Mega shareholders of record at the close of business on April 16, 2010.

Additional Information

Additional information relating to U3O8 Corp. is available on SEDAR at www.sedar.com.

Additional Disclosure for Venture Corporations without Significant Revenue

The following table sets forth a breakdown of material components of the administrative and general costs of the Company for the years ended December 31, 2009 and 2008.

Detail	December 31, 2009 (\$)	December 31, 2008 (\$)
Office rent and insurance	\$ 135,731	\$ 121,571
Salaries and benefits (Canada)	168,739	128,329
Telephone and internet	51,050	32,176
Office supplies	29,198	29,623
Bank charges and interest	27,132	20,626
Travel	22,445	-
Conference	15,189	-



U308 CORP.
(A Development Stage Company)
 Management's Discussion & Analysis

Year Ended December 31, 2009

Total	\$ 449,484	\$ 332,325
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The following table sets forth a breakdown of material components of Guyana exploration expenditures for the years ended December 31, 2009 and 2008.

Detail	December 31, 2009 (\$)	December 31, 2008 (\$)
Guyana location costs (head office and base camp)		
Camp expenses	34,063	1,366,662
Head office costs	848,861	1,070,630
Travel and accommodation	67,998	303,757
Total Guyana head office costs	950,922	2,741,049
Permit A costs		
Camp expenses	753,636	1,097,273
Geology and consulting	963,540	2,067,223
Permits	75,116	175,620
Travel and accommodation	181,463	132,263
Drilling expenses	660,673	2,246,022
Assays	115,850	455,502
Geophysics and geochemistry	193,759	nil
Total Permit A costs	2,944,037	6,173,903
Permit B costs		
Camp expenses	170,508	nil
Geology and consulting	188,747	nil
Permits	91,512	nil
Travel and accommodation	147,117	nil
Geophysics	Nil	624,046
Assays	10,614	nil
Total Permit B costs	608,498	624,046
Stock-based compensation	62,411	136,941
Total Guyana exploration expenditure	4,565,868	\$9,675,939

Certain December 31, 2008 comparative figures have been reclassified to conform to December 31, 2009 presentation.