

---

**U308 CORP.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**THREE MONTHS ENDED**  
**MARCH 31, 2011**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

---

The Uranium Discovery Company

**U308 CORP**

# Management's Responsibility for Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of U3O8 Corp. (the "Company") are the responsibility of management and the Board of Directors.

The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim 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 unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

(signed)  
Dr. Richard Spencer  
President and Chief Executive Officer

(signed)  
John Ross  
Chief Financial Officer

Toronto, Canada  
May 25, 2011

The Uranium Discovery Company

**U3O8 CORP**

## U308 Corp.

### Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at March 31, 2011	As at December 31, 2010
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 7)	\$ 20,225,744	\$ 5,033,076
Accounts receivable and other assets (note 8)	365,759	191,807
<b>Total current assets</b>	<b>20,591,503</b>	<b>5,224,883</b>
<b>Non-current assets</b>		
Value-added taxes receivable	487,810	487,810
Restricted cash (note 7(a))	70,633	72,554
Property and equipment (note 6)	1,096,955	1,115,047
South American property interests	9,583,652	9,583,652
<b>Total non-current assets</b>	<b>11,239,050</b>	<b>11,259,063</b>
<b>Total assets</b>	<b>\$ 31,830,553</b>	<b>\$ 16,483,946</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities	\$ 1,234,526	\$ 939,234
<b>Non-current liability</b>		
Due to Mega Uranium Ltd.	487,810	487,810
	<b>1,722,336</b>	<b>1,427,044</b>
<b>Capital and reserves</b>		
Share capital (note 9)	62,068,233	48,564,060
Reserves	11,949,323	5,828,529
Deficit	(43,909,339)	(39,335,687)
<b>Total equity</b>	<b>30,108,217</b>	<b>15,056,902</b>
<b>Total equity and liabilities</b>	<b>\$ 31,830,553</b>	<b>\$ 16,483,946</b>

The notes to the condensed interim consolidated unaudited financial statements are an integral part of these statements.

Approved by the Board of Directors:

"Bryan A. Coates" \_\_\_\_\_ Director

"David Constable" \_\_\_\_\_ Director

The Uranium Discovery Company

**U308 CORP**

---

**U308 Corp.****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)  
(Unaudited)****Three Months Ended  
March 31,  
2011                      2010**

---

**Expenses**

Exploration expenditures (note 13)	\$ 3,905,211	\$ 1,142,475
General and administrative (note 12)	548,504	388,000
<b>Operating loss before the following items</b>	<b>(4,453,715)</b>	<b>(1,530,475)</b>
Interest income	11,462	5,096
Foreign exchange loss	(131,399)	(37,388)
<b>Net loss and comprehensive loss</b>	<b>\$ (4,573,652)</b>	<b>\$ (1,562,767)</b>
<b>Basic and Diluted net loss per share (note 11)</b>	<b>\$ (0.05)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>89,912,691</b>	<b>23,057,700</b>

---

The notes to the condensed interim consolidated unaudited financial statements are an integral part of these statements.

The Uranium Discovery Company

**U308 CORP**

## U308 Corp.

### Condensed Interim Consolidated Statements of Cash Flows (Expressed in Canadian Dollars) (Unaudited)

Three Months Ended  
March 31,  
2011                      2010

#### Operating activities

Net loss	\$ (4,573,652)	\$ (1,562,767)
Adjustment for:		
Amortization	71,267	73,525
Share-based payments (note 10)	153,226	35,388
Foreign exchange (gain) loss	131,399	(37,388)
Interest income	(11,462)	(5,096)
Non-cash working capital items:		
Accounts receivable and other assets	(173,952)	(219,157)
Accounts payable and accrued liabilities	295,292	23,225
<b>Net cash used in operating activities</b>	<b>(4,107,882)</b>	<b>(1,692,270)</b>

#### Financing activities

Issue of securities, net of transaction costs (note 9(ii))	19,180,153	-
Exercise of stock options	41,838	-
Exercise of warrants	249,750	-
<b>Net cash provided by financing activities</b>	<b>19,471,741</b>	<b>-</b>

#### Investing activities

Redemption of guaranteed investment certificates	-	1,794,572
Additions to property and equipment	(53,175)	(3,101)
Interest income	11,462	5,096
<b>Net cash (used in) provided by investing activities</b>	<b>(41,713)</b>	<b>1,796,567</b>
Effect of exchange rate changes on cash held in foreign currencies	(131,399)	37,388

<b>Net change in cash and cash equivalents</b>	<b>15,190,747</b>	<b>141,685</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>5,105,630</b>	<b>658,656</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 20,296,377</b>	<b>\$ 800,341</b>

The notes to the condensed interim consolidated unaudited financial statements are an integral part of these statements.

The Uranium Discovery Company

**U308 CORP**

**U308 Corp.****Condensed Interim Consolidated Statements of Equity  
(Expressed in Canadian Dollars)  
(Unaudited)**

	Share capital	Share-based payments reserve	Warrants	Deficit	Total
<b>Balance, December 31, 2009</b>	<b>\$ 30,197,967</b>	<b>\$ 3,386,410</b>	<b>\$ -</b>	<b>\$(27,453,660)</b>	<b>\$ 6,130,717</b>
Share-based payments	-	35,388	-	-	35,388
Loss and comprehensive loss for the period	-	-	-	(1,562,767)	(1,562,767)
<b>Balance, March 31, 2010</b>	<b>\$ 30,197,967</b>	<b>\$ 3,421,798</b>	<b>\$ -</b>	<b>\$(29,016,427)</b>	<b>\$ 4,603,338</b>
Acquisition of South American interests	13,138,889	-	-	-	13,138,889
Issue of securities, net of transaction costs	5,040,969	-	1,658,050	-	6,699,019
Stock options exercised	186,235	(77,735)	-	-	108,500
Share-based payments	-	826,416	-	-	826,416
Loss and comprehensive loss for the period	-	-	-	(10,319,260)	(10,319,260)
<b>Balance, December 31, 2010</b>	<b>\$ 48,564,060</b>	<b>\$ 4,170,479</b>	<b>\$ 1,658,050</b>	<b>\$(39,335,687)</b>	<b>\$ 15,056,902</b>
Issue of securities, net of transaction costs (note 9(ii))	13,111,640	-	6,068,513	-	19,180,153
Warrants exercised	319,285	-	(69,535)	-	249,750
Stock options exercised	73,248	(31,410)	-	-	41,838
Share-based payments (note 10)	-	153,226	-	-	153,226
Loss and comprehensive loss for the period	-	-	-	(4,573,652)	(4,573,652)
<b>Balance, March 31, 2011</b>	<b>\$ 62,068,233</b>	<b>\$ 4,292,295</b>	<b>\$ 7,657,028</b>	<b>\$(43,909,339)</b>	<b>\$ 30,108,217</b>

The notes to the condensed interim consolidated unaudited financial statements are an integral part of these statements.

The Uranium Discovery Company

**U308 CORP**

---

# U3O8 Corp.

## Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

---

### 1. Nature of operations

U3O8 Corp. (the "Company") is a Canadian exploration company focused on exploration for and resource expansion of, uranium and related minerals in South America. It was incorporated by articles of incorporation dated December 6, 2005 under the Business Corporations Act (Ontario). The Company's common shares are listed on the TSX Venture Exchange under the symbol UWE. The unaudited condensed interim consolidated financial statements of the Company as at and for the three months ended March 31, 2011 comprise the Company and its subsidiaries.

### 2. Basis of presentation

U3O8 Corp. is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and property acquisition activities. The Company has incurred a loss in the current and prior periods, with a net loss for the three months ended March 31, 2011 of \$4,573,652 and has an accumulated deficit of \$43,909,339. Results for the period ended March 31, 2011 are not necessarily indicative of future results. In addition, the Company had a working capital balance of \$19,356,977 at March 31, 2011. During the three months ended March 31, 2011, the Company raised gross proceeds of approximately \$20.5 million (note 9(ii)), which will finance planned spending over the next twelve months. Further financing will be required for operations beyond the next 12 months. While there is no assurance these funds can be raised, the Company believes such financing will be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

### 3. Significant accounting policies

#### (a) *Statement of Compliance*

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, these unaudited condensed interim consolidated financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year end reporting purposes.

The accounting policies applied by the Company in these unaudited condensed interim consolidated financial statements are the same as those applied by U3O8 Corp. in its most recent annual financial statements as at and for the year ended December 31, 2010.

The Uranium Discovery Company

**U3O8 CORP**

---

## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

---

#### 3. Significant accounting policies (continued)

##### (b) Future accounting changes

A number of new standards, amendments to standards and interpretations, are not yet effective and have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect, except for IFRS 9 Financial Instruments, which becomes mandatory for the Company's 2013 consolidated financial statements and is expected to impact the classification and measurement of financial assets. The extent of the impact of adopting this standard has not been determined.

#### 4. Capital risk management

U3O8 Corp. manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at March 31, 2011, totalled \$30,108,217 (December 31, 2010 - \$15,056,902).

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fundraising.

The Company is not subject to any material externally imposed capital requirements or covenants.

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 the Company's approach to capital management during the three months ended March 31, 2011.

#### 5. Financial risk management

The Company'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 the Company's management team 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. The Company's credit risk is primarily attributable to cash and cash equivalents, accounts receivable, value-added taxes receivable and restricted cash. Cash and cash equivalents and restricted cash are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

The Uranium Discovery Company

**U3O8 CORP**



---

## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

---

#### 5. Financial risk management (continued)

##### Credit risk (continued)

Financial instruments included in accounts receivable and value-added taxes receivable consist of sales tax receivable from government authorities in Canada and Argentina and deposits held with service providers. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

##### Liquidity risk

Liquidity risk is the risk that the Company 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 the Company's 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. The Company generates cash flow primarily from its financing activities. As at March 31, 2011, the Company had a cash and cash equivalents balance of \$20,225,744 (December 31, 2010 - \$5,033,076) to settle current liabilities of \$1,234,526 (December 31, 2010 - \$939,234). All of the Company's 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. During the quarter ended March 31, 2011, the Company completed a placement for aggregate gross proceeds of \$20.5 million (see note 9(ii)).

##### Market risk

###### (a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's 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

The Company's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of March 31, 2011, the Company funds certain operations, exploration and administrative expenses in Guyana, Colombia and Argentina 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, Guyanese Dollar bank accounts in Guyana, Colombian Peso accounts in Colombia and Argentina Peso accounts in Argentina. The Company is subject to gains and losses from fluctuations in the US Dollar and Guyanese Dollar and Colombian and Argentina Peso against the Canadian Dollar.

##### Sensitivity analysis

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, the Company believes the following movements are "reasonably possible" over a three month period:

(i) Cash and cash equivalents are subject to (i) floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect the reported loss and comprehensive loss by approximately \$43,000.

The Uranium Discovery Company

**U3O8 CORP**

---

**U308 Corp.****Notes to Condensed Interim Consolidated Financial Statements**

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

---

**5. Financial risk management (continued)****Sensitivity analysis (continued)**

(ii) The Company holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate against the Canadian Dollar would affect the reported loss and comprehensive loss by approximately \$46,000.

**6. Property and equipment*****COST***

---

	<b>Mobile and drilling equipment</b>	<b>Field equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Total</b>
Balance, December 31, 2010	\$ 1,408,872	\$ 1,093,766	\$ 62,695	\$ 110,691	\$ 2,676,024
Additions	2,059	49,314	-	1,802	53,175
Balance, March 31, 2011	\$ 1,410,931	\$ 1,143,080	\$ 62,695	\$ 112,493	\$ 2,729,199

***ACCUMULATED DEPRECIATION***

---

	<b>Mobile and drilling equipment</b>	<b>Field equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Total</b>
Balance, December 31, 2010	\$ 944,045	\$ 517,379	\$ 47,376	\$ 52,177	\$ 1,560,977
Depreciation for the period	34,939	30,370	1,149	4,809	71,267
Balance, March 31, 2011	\$ 978,984	\$ 547,749	\$ 48,525	\$ 56,986	\$ 1,632,244

***CARRYING AMOUNTS***

---

	<b>Mobile and drilling equipment</b>	<b>Field equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Total</b>
At December 31, 2010	\$ 464,827	\$ 576,387	\$ 15,319	\$ 58,514	\$ 1,115,047
At March 31, 2011	\$ 431,947	\$ 595,331	\$ 14,170	\$ 55,507	\$ 1,096,955

The Uranium Discovery Company

**U308 CORP**

---

**U308 Corp.****Notes to Condensed Interim Consolidated Financial Statements****March 31, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

---

**7. Cash position**

	<b>As at March 31, 2011</b>	<b>As at December 31, 2010</b>
Cash	\$ 3,195,687	\$ 5,013,076
Cash equivalents	17,030,057	20,000
Cash and cash equivalents	20,225,744	5,033,076
Restricted cash (a)	70,633	72,554
Total Cash position	\$ 20,296,377	\$ 5,105,630

---

(a) As at March 31, 2011, the Company had entered into several letters of guarantee in the amount of \$65,933 (December 31, 2010 - \$67,633) with respect to regulations for all Prospecting Licences issued to the Company in Guyana.

In addition, the Company had a letter of guarantee totaling \$4,700 (December 31, 2010 - \$4,921) that is required by the Company for exploration activities in Guyana.

**8. Accounts receivable and other assets**

	<b>As at March 31, 2011</b>	<b>As at December 31, 2010</b>
Sales tax receivable - (Canada)	\$ 54,549	\$ 35,231
Deposits with service providers	311,210	156,576
	\$ 365,759	\$ 191,807

---

The Uranium Discovery Company

**U308 CORP**

---

## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

---

#### 9. Share capital

##### a) Authorized share capital

At March 31, 2011, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

##### b) Common shares issued

At March 31, 2011, the issued share capital amounted to \$62,068,233. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2010 (i)	77,891,658	\$ 48,564,060
Issue of securities, net of transaction costs (ii)	24,150,000	13,111,640
Stock options exercised	80,000	73,248
Warrants exercised	555,000	319,285
Balance, March 31, 2011	102,676,658	\$ 62,068,233

(i) On February 17, 2011, U3O8 Corp. announced that it had renewed its current shareholder rights plan, which was due to expire on March 4, 2011. The Rights Plan will be submitted to holders of U3O8 Corp's common shares for approval at the Company's 2011 annual meeting.

(ii) On February 15, 2011, U3O8 Corp. announced that it had completed its private placement (the "Offering") of 24,150,000 Units (the "Units") at a price of \$0.85 per Unit for aggregate gross proceeds to the Company of \$20,527,500, including the exercise of the full underwriters' option of \$2,677,500.

Each Unit consists of one common share in the capital of the Company (each a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder thereof to purchase one Common Share (a "Warrant Share") at a price of \$1.00 per Warrant Share (the "Exercise Price") for a period of two years following the closing of the Offering. The Offering was conducted by a syndicate of underwriters led by GMP Securities L.P. and included Dundee Securities Corporation, PowerOne Capital Markets Ltd. and Haywood Securities Inc. (collectively, the "Underwriters").

In consideration for their services, the Company paid a cash commission to the Underwriters equal to 6.0% of the gross proceeds from the sale of the Units, except on the Units sold to certain persons on the president's list prepared by the Company for which the commission paid was equal to 3.0%. As additional compensation, the Company issued to the Underwriters broker warrants which entitle the Underwriters to subscribe for that number of Units equal to 6.0% of the total number of Units sold pursuant to the Offering, except for the Units subscribed for by certain persons on the president's list for which the Company issued broker warrants entitling the Underwriters to subscribe for that number of Units equal to 3.0% of the total number of Units sold pursuant to the Offering. Each broker warrant is exercisable to acquire one Unit of the Company at a price equal to \$0.85 for a period of 24 months after the closing date.

The Uranium Discovery Company

**U3O8 CORP**

## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

#### 9. Share capital (continued)

(ii) A value of \$5,747,004 was estimated for the 12,075,000 warrants on the date of grant using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 101%; risk-free interest rate of 1.81%; and an expected average life of 2 years.

A value of \$970,401 was estimated for the 1,378,048 broker warrants on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 101%; risk-free interest rate of 1.81%; and an expected average life of 2 years. This value charged \$698,721 to share capital and \$271,680 to warrants as transaction costs.

Total share issue costs of \$1,347,347 were charged and allocated \$970,135 to share capital and \$377,212 to warrants.

The broker warrants issued in the February 2011 financing contain a further half warrant which is exercisable over the term of the broker warrant. Each additional full warrant allows the broker to purchase one common share at a price of \$1.00 per warrant share. A total of 689,205 warrants will be issued at \$1.00 if these broker warrants are exercised.

#### 10. Stock options

The following table reflects the continuity of stock options for the period ended March 31, 2011:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2010	4,326,250	0.48
Exercised	(80,000)	0.52
Balance, March 31, 2011	4,246,250	0.48

The portion of the estimated fair value of options granted in prior periods and vesting during the three months ended March 31, 2011 and 2010, which have been reflected in the consolidated statements of comprehensive loss are as follows:

	Three Months Ended March 31,	
	2011	2010
<b>Canada</b>		
Salaries and benefits	\$ 47,929	\$ 24,676
<b>Guyana, South America</b>		
Salaries and benefits	8,456	10,712
<b>Colombia, South America</b>		
Salaries and benefits	77,472	-
<b>Argentina, South America</b>		
Salaries and benefits	19,369	-
<b>Total</b>	<b>\$ 153,226</b>	<b>\$ 35,388</b>

The Uranium Discovery Company

**U308 CORP**

## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

#### 10. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of March 31, 2011:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
December 20, 2012	1.05	1.72	300,000	300,000	-
April 30, 2013	0.65	2.08	40,000	40,000	-
June 26, 2013	0.80	2.24	226,250	226,250	-
September 8, 2014	0.35	3.44	417,500	417,500	-
May 4, 2015	0.41	4.09	2,882,500	1,337,500	1,545,000
June 4, 2015	0.24	4.18	150,000	75,000	75,000
November 25, 2015	0.73	4.65	230,000	46,250	183,750
		3.78	4,246,250	2,442,500	1,803,750

#### 11. Net loss per share

The calculation of basic and diluted loss per share for the three months ended March 31, 2011 was based on the loss attributable to common shareholders of \$4,573,652 (three months ended March 31, 2010 – \$1,562,767) and the weighted average number of common shares outstanding of 89,912,691 (three months ended March 31, 2010 – 23,057,700). Diluted loss per share did not include the effect of 4,246,250 share purchase options and 26,132,303 warrants as they are anti-dilutive.

#### 12. General and administrative

	Three Months Ended March 31,	
	2011	2010
Salaries and benefits	\$ 235,350	\$ 176,763
Administrative and general	60,928	65,245
Professional fees	117,294	60,784
Business development	93,773	59,473
Reporting issuer costs	38,431	14,046
Consulting	-	10,500
Amortization	2,728	1,189
	\$ 548,504	\$ 388,000

The Uranium Discovery Company

**U308 CORP**

## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

#### 13. Exploration expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Three Months Ended March 31,	
	2011	2010
<b>Guyana, South America (a)</b>		
Exploration activities	\$ 762,436	\$ 745,485
Salaries and benefits	262,392	324,654
Amortization	55,243	72,336
	<b>\$ 1,080,071</b>	<b>\$ 1,142,475</b>
<b>Colombia, South America (b)</b>		
Exploration activities	\$ 1,461,447	\$ -
Salaries and benefits	436,244	-
Amortization	10,490	-
	<b>\$ 1,908,181</b>	<b>\$ -</b>
<b>Argentina, South America (c)(d)</b>		
Exploration activities	\$ 819,738	\$ -
Salaries and benefits	94,415	-
Amortization	2,806	-
	<b>\$ 916,959</b>	<b>\$ -</b>
	<b>\$ 3,905,211</b>	<b>\$ 1,142,475</b>

(a) Total cumulative exploration activities incurred in Guyana, South America to March 31, 2011 amounted to \$26,798,547 (December 31, 2010 - \$25,718,476)

(b) Total cumulative exploration activities incurred in Colombia, South America to March 31, 2011 amounted to \$4,694,293 (December 31, 2010 - \$2,786,112). Included in exploration activities is an amount of \$559,079 for taxes, the majority of which relates to an equity tax assessed as of January 1, 2011.

(c) Total cumulative exploration activities incurred in Argentina, South America to March 31, 2011 amounted to \$3,685,814 (December 31, 2010 - \$2,768,855).

(d) On March 7, 2011, U3O8 Corp. announced the transfer of its Jasimampa rare earth property in Santiago del Estero Province, Argentina, into a new rare earth focused subsidiary, South American Rare Earth Corp. ("SAREC"). In Q2 2011, U3O8 Corp. received an approximate 19.9% interest in the initial capitalization of SAREC and a 2% NSR on any production from the Jasimampa property. In Q2 2011, U3O8 will receive payment for all work undertaken before the Jasimampa property is transferred to SAREC. U3O8 Corp. will initially direct exploration activities and will be reimbursed for funds used to explore the Jasimampa property.

The Uranium Discovery Company

**U3O8 CORP**

## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

March 31, 2011

(Expressed in Canadian Dollars)

(Unaudited)

#### 14. Warrants

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2010	13,233,892	1,658,050
Granted	13,453,411	6,068,513
Exercised	(555,000)	(69,535)
Balance, March 31, 2011	26,132,303	7,657,028

The following table reflects the actual warrants issued and outstanding as of March 31, 2011:

Expiry date	Exercise price (\$)	Warrants outstanding
October 14, 2012	0.45	12,678,892
February 15, 2013	1.00	13,453,411
		26,132,303

#### 15. Related party balances and transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

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

(a) U3O8 Corp. entered into the following transactions with related parties:

	Three Months Ended March 31,	
	2011	2010
Marrelli CFO Outsource Syndicate Inc. ("Marrelli") (i)	\$ -	\$ 10,500
Marrelli Support Services Inc. ("MSSI") (ii)	-	10,614
John Ross (iii)	15,000	-
	\$ 15,000	\$ 21,114

(i) The former Chief Financial Officer ("CFO") of U3O8 Corp. is the president of Marrelli. Fees related to the CFO function performed to June 30, 2010. Effective July 1, 2010, Marrelli was no longer a related party.

(ii) The former CFO of U3O8 Corp. is the president of MSSI. Fees related to accounting services provided by MSSI. Effective July 1, 2010, MSSI was no longer a related party.

(iii) CFO fees expensed to the current CFO of the Company. \$5,650 is included in accounts payable and accrued liabilities.

The Uranium Discovery Company

**U3O8 CORP**



---

**U308 Corp.****Notes to Condensed Interim Consolidated Financial Statements****March 31, 2011****(Expressed in Canadian Dollars)****(Unaudited)**

---

**15. Related party balances and transactions (continued)**

(b) Remuneration of Directors and key management personnel of the Company was as follows.

---

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
Salaries and benefits (*)	\$ 82,434	\$ 77,217
Share based payments	43,658	20,884
	<b>\$ 126,092</b>	<b>\$ 98,101</b>

---

(\*) Included in salaries and benefits are Director fees. The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and stock options for their services.

**16. Segmented information**

The Company primarily operates in one reportable operating segment, being the development of properties for production of uranium in South America. The Company has administrative offices in Toronto, Canada. Segmented information on a geographic basis is as follows:

**March 31, 2011**

---

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	\$ 19,958,009	\$ 279,714	\$ 81,949	\$ 199,141	\$ 72,690	\$ 20,591,503
Non-current assets	15,912	903,735	-	7,862,567	2,456,836	11,239,050
	<b>\$ 19,973,921</b>	<b>\$ 1,183,449</b>	<b>\$ 81,949</b>	<b>\$ 8,061,708</b>	<b>\$ 2,529,526</b>	<b>\$ 31,830,553</b>

---

**December 31, 2010**

---

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	\$ 4,576,222	\$ 248,879	\$ 35,645	\$ 248,334	\$ 115,803	\$ 5,224,883
Non-current assets	16,838	943,521	-	7,851,835	2,446,869	11,259,063
	<b>\$ 4,593,060</b>	<b>\$ 1,192,400</b>	<b>\$ 35,645</b>	<b>\$ 8,100,169</b>	<b>\$ 2,562,672</b>	<b>\$ 16,483,946</b>

---

The Uranium Discovery Company

**U308 CORP**