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**U308 CORP.**  
**CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**THREE AND SIX MONTHS ENDED**  
**JUNE 30, 2014**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(UNAUDITED)**

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**NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of U308 Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

The Uranium Discovery Company

**U308 CORP**

## U308 Corp.

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

	As at June 30, 2014	As at December 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 5)	\$ 358,679	\$ 328,703
Amounts receivable and other assets (note 6)	248,576	297,893
<b>Total current assets</b>	<b>607,255</b>	<b>626,596</b>
<b>Non-current assets</b>		
Restricted cash (note 5(a))	145,290	144,844
Property and equipment (note 4)	948,615	1,102,058
Equity accounted investment (note 12)	688,158	-
Investment in Minexco Minerals Corp. (note 10(a))	1,928,571	1,928,571
South American property interests (note 16)	10,474,652	10,474,652
<b>Total non-current assets</b>	<b>14,185,286</b>	<b>13,650,125</b>
<b>Total assets</b>	<b>\$ 14,792,541</b>	<b>\$ 14,276,721</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities	\$ 902,376	\$ 1,345,896
	<b>902,376</b>	<b>1,345,896</b>
<b>Non-current liabilities</b>		
Other payable	176,000	176,000
	<b>1,078,376</b>	<b>1,521,896</b>
<b>Capital and reserves</b>		
Share capital (note 7)	89,333,720	85,230,813
Reserves	6,852,329	8,496,000
Deficit	(82,471,884)	(80,971,988)
<b>Total equity</b>	<b>13,714,165</b>	<b>12,754,825</b>
<b>Total equity and liabilities</b>	<b>\$ 14,792,541</b>	<b>\$ 14,276,721</b>

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

Going concern (note 2)

Approved by the Board of Directors:

"Richard Patricio" 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Expenses</b>				
Exploration expenditures (note 10)	\$ 761,302	\$ 1,475,642	\$ 1,240,480	\$ 2,854,289
General and administrative (note 11)	619,455	531,330	1,283,567	1,068,088
<b>Operating loss before the following items</b>	<b>(1,380,757)</b>	<b>(2,006,972)</b>	<b>(2,524,047)</b>	<b>(3,922,377)</b>
Interest income and other income	49,891	15,046	53,140	24,706
Foreign exchange income (loss)	36,380	(92,053)	(33,509)	(94,549)
Share of losses from equity accounted investment (note 12)	(71,842)	(22,000)	(71,842)	(51,000)
Gain on sale of property (note 12)	760,000	-	760,000	-
Unrealized loss on investment in Pinetree Capital Ltd. investment	-	(581,610)	-	(1,264,368)
<b>Loss and comprehensive loss before taxes</b>	<b>(606,328)</b>	<b>(2,687,589)</b>	<b>(1,816,258)</b>	<b>(5,307,588)</b>
Deferred income tax recovery	-	-	316,362	804,077
<b>Loss and comprehensive loss</b>	<b>\$ (606,328)</b>	<b>\$ (2,687,589)</b>	<b>\$ (1,499,896)</b>	<b>\$ (4,503,511)</b>
<b>Basic and Diluted loss per common share</b> (note 9)	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>185,159,425</b>	<b>150,506,697</b>	<b>179,212,533</b>	<b>143,825,022</b>

The notes to the unaudited condensed interim consolidated 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)

	Six Months Ended June 30,	
	2014	2013
<b>Operating activities</b>		
Net loss	\$ (1,499,896)	\$ (4,503,511)
Adjustment for:		
Amortization	124,660	175,418
Share-based payments (note 8)	118,937	208,848
Foreign exchange loss	33,509	94,549
Interest income	(25,140)	(24,706)
Disposal of property and equipment	31,855	-
Settlement of services for common shares (note 7(c)(v))	87,009	-
Gain on sale of property (note 12)	(760,000)	-
Share of losses from equity accounted investment (note 12)	71,842	51,000
Unrealized loss on investment in Pinetree Capital Ltd.	-	1,264,368
Deferred income tax recovery	(316,362)	(804,077)
Non-cash working capital items:		
Amounts receivable and other assets	49,317	167,162
Amounts payable and other liabilities	(443,520)	(230,547)
Loan receivable from South American Silica Corp.	-	(4,532)
<b>Net cash used in operating activities</b>	<b>(2,527,789)</b>	<b>(3,606,028)</b>
<b>Financing activity</b>		
Issue of securities, net of transaction costs (note 7(c)(i)(ii)(iii)(iv)(v)(vi)(vii)(viii))	2,569,652	514,115
<b>Net cash provided by financing activity</b>	<b>2,569,652</b>	<b>514,115</b>
<b>Investing activities</b>		
Acquisition of Calypso (note 17)	-	3,221,898
Additions to property and equipment	(3,072)	-
Interest income	25,140	24,706
<b>Net cash provided by investing activities</b>	<b>22,068</b>	<b>3,246,604</b>
Effect of exchange rate changes on cash held in foreign currencies	(33,509)	(94,549)
<b>Net change in cash and cash equivalents</b>	<b>30,422</b>	<b>60,142</b>
<b>Cash and cash equivalents and restricted cash, beginning of period</b>	<b>473,547</b>	<b>1,429,328</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 503,969</b>	<b>\$ 1,489,470</b>

The notes to the unaudited condensed interim consolidated 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, 2012</b>	<b>\$ 73,668,634</b>	<b>\$ 5,809,723</b>	<b>\$ 8,603,902</b>	<b>\$(73,539,014)</b>	<b>\$ 14,543,245</b>
Warrants expired	6,068,513	-	(6,068,513)	-	-
Tax effect on expiry of warrants	-	(804,077)	-	-	(804,077)
Issue of securities, net of transaction costs (note 7(c)(i)(ii))	2,233,364	-	480,751	-	2,714,115
Acquisition of Calypso Uranium Corp. (note 17)	2,835,326	14,760	-	-	2,850,086
Share-based payments (note 8)	-	208,848	-	-	208,848
Loss and comprehensive loss for the period	-	-	-	(4,503,511)	(4,503,511)
<b>Balance, June 30, 2013</b>	<b>\$ 84,805,837</b>	<b>\$ 5,229,254</b>	<b>\$ 3,016,140</b>	<b>\$(78,042,525)</b>	<b>\$ 15,008,706</b>
<b>Balance, December 31, 2013</b>	<b>\$ 85,230,813</b>	<b>\$ 5,342,464</b>	<b>\$ 3,153,536</b>	<b>\$(80,971,988)</b>	<b>\$ 12,754,825</b>
Warrants expired	2,387,645	-	(2,387,645)	-	-
Tax effect on expiry of warrants	-	(316,362)	-	-	(316,362)
Issue of securities, net of transaction costs (note 7(c)(iii)(iv)(v)(vi)(vii)(viii))	1,715,262	-	941,399	-	2,656,661
Share-based payments (note 8)	-	118,937	-	-	118,937
Loss and comprehensive loss for the period	-	-	-	(1,499,896)	(1,499,896)
<b>Balance, June 30, 2014</b>	<b>\$ 89,333,720</b>	<b>\$ 5,145,039</b>	<b>\$ 1,707,290</b>	<b>\$(82,471,884)</b>	<b>\$ 13,714,165</b>

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

The Uranium Discovery Company

**U308 CORP**

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# U308 Corp.

## Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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### 1. Nature of operations

U308 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 ("date of incorporation") under the Business Corporations Act (Ontario). The Company's common shares are listed on the TSX under the symbol UWE and on the OTCQX International under the symbol UWEFF. The Company maintains a corporate office at 8 King Street East, Suite 710, Toronto, Ontario, M5C 1B5, Canada.

### 2. Basis of presentation and going concern

The Company is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and acquisition activities. The Company has incurred a loss in the current and prior periods, with a net loss for the six months ended June 30, 2014 of \$1,499,896 and has an accumulated deficit of \$82,471,884. In addition, the Company had a working capital deficit balance of \$295,121 at June 30, 2014. Included in the working capital deficit is cash of \$358,679 and accounts payable and other liabilities of \$902,376. Additional cash will be required to develop the properties and continue operations. While there is no assurance these funds can be raised, the Company believes such financing will be available as required. Certain of the Company's discretionary exploration activities have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

These unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of sources of additional financing in the future cannot be assured at this time and accordingly, these uncertainties may cast a significant doubt about the Company's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern.

### 3. Significant accounting policies

#### *Statement of Compliance*

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of August 6, 2014, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2013, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2014 could result in restatement of these unaudited condensed interim consolidated financial statements.

The Uranium Discovery Company

**U308 CORP**

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**U308 Corp.****Notes to Condensed Interim Consolidated Financial Statements****Three and Six Months Ended June 30, 2014****(Unaudited)****(Expressed in Canadian Dollars)**

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**3. Significant accounting policies (continued)***New standards adopted*

IAS 32 - Financial instruments, presentation ("IAS 32") is effective for annual periods beginning on or after January 1, 2014. IAS 32 was amended to clarify that the right of offset must be available on the current date and cannot be contingent on a future date. At January 1, 2014, the Company adopted this pronouncement and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

*New standards not yet adopted and interpretations issued but not yet effective*

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

**4. Property and equipment*****COST***

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	<b>Mobile and drilling equipment</b>	<b>Field equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Total</b>
Balance, December 31, 2013	\$ 1,626,526	\$ 1,899,676	\$ 62,695	\$ 151,928	\$ 3,740,825
Additions (disposals), net	-	(28,783)	-	-	(28,783)
Balance, June 30, 2014	\$ 1,626,526	\$ 1,870,893	\$ 62,695	\$ 151,928	\$ 3,712,042

***ACCUMULATED DEPRECIATION***

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	<b>Mobile and drilling equipment</b>	<b>Field equipment</b>	<b>Vehicles</b>	<b>Furniture and fixtures</b>	<b>Total</b>
Balance, December 31, 2013	\$ 1,340,412	\$ 1,134,388	\$ 57,442	\$ 106,525	\$ 2,638,767
Depreciation for the period	41,759	77,484	788	4,629	124,660
Balance, June 30, 2014	\$ 1,382,171	\$ 1,211,872	\$ 58,230	\$ 111,154	\$ 2,763,427

The Uranium Discovery Company

**U308 CORP**

## U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements  
Three and Six Months Ended June 30, 2014  
(Unaudited)  
(Expressed in Canadian Dollars)

### 4. Property and equipment (continued)

#### CARRYING AMOUNTS

	Mobile and drilling equipment	Field equipment	Vehicles	Furniture and fixtures	Total
At December 31, 2013	\$ 286,114	\$ 765,288	\$ 5,253	\$ 45,403	\$ 1,102,058
At June 30, 2014	\$ 244,355	\$ 659,021	\$ 4,465	\$ 40,774	\$ 948,615

### 5. Cash position

	As at June 30, 2014	As at December 31, 2013
Cash	\$ 358,679	\$ 328,703
Restricted cash (a)	145,290	144,844
Total Cash position	\$ 503,969	\$ 473,547

(a) As at June 30, 2014, the Company had entered into several letters of guarantee in the amount of \$139,990 (December 31, 2013 - \$139,544) with respect to regulations for all Prospecting Licences issued to the Company in Guyana.

In addition, the Company had a letter of guarantee totaling \$5,300 (December 31, 2013 - \$5,300) that is required by the Company for exploration activities in Guyana.

### 6. Amounts receivable and other assets

	As at June 30, 2014	As at December 31, 2013
Sales tax receivable - (Canada)	\$ 15,849	\$ 33,037
Due from Minexco Minerals Corp. (note 10(a))	92,603	95,794
Due from South American Silica Corp. (note 14(d))	281	-
Deposits with service providers	139,843	169,062
	\$ 248,576	\$ 297,893

### 7. Share capital

#### a) Authorized share capital

At June 30, 2014, 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.

The Uranium Discovery Company

**U308 CORP**



## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

#### 7. Share capital (continued)

b) The Company had a shareholders rights plan in place since 2008 (the "2008 Plan"). The 2014 shareholders rights plan (the "2014 Plan") is substantially similar to, and maintains the protection afforded to shareholders under the 2008 Plan and was not adopted in response to any anticipated take-over bid. The 2014 Plan was approved by shareholders on June 24, 2014.

c) Common shares issued

At June 30, 2014, the issued share capital amounted to \$89,333,720. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2012	127,830,495	\$ 73,668,634
Issue of securities, net of transaction costs (i)(ii)	12,550,000	2,233,364
Warrants expiry	-	6,068,513
Acquisition of Calypso Uranium Corp. (note 17)	20,252,327	2,835,326
Balance, June 30, 2013	160,632,822	\$ 84,805,837
Balance, December 31, 2013	165,927,990	\$ 85,230,813
Issue of securities, net of transaction costs (iii)(iv)(v)(vi)(vii)(viii)	25,029,787	1,715,262
Warrant expiry	-	2,387,645
Balance, June 30, 2014	190,957,777	\$ 89,333,720

(i) On January 11, 2013, the Company completed a non-brokered private placement for gross proceeds of \$2,315,500 through the issuance of 10,525,000 units ("Unit Placement") at \$0.22 per Unit Placement (the "Security Offering"). Of this total, 525,000 units were purchased for cash consideration, and 10,000,000 units were purchased in consideration of an aggregate of 2,528,736 common shares of Pinetree Capital Ltd. which were issued to the Company at closing (note 14(c)). On January 11, 2013, the value of the Pinetree Capital Ltd. common shares held by the Company was determined to be \$2,200,000.

Sheldon Inwentash, a director of the Company is the chairman, chief executive officer and director of Pinetree Capital Ltd.

Each Unit Placement consisted of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at \$0.30 per common share for a period of 24 months.

A value of \$421,000 was estimated for the 5,262,500 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 94% using the historical price history of the Company; risk-free interest rate of 1.19%; and an expected average life of two years.

Total share issue costs of \$1,285 were charged and allocated \$1,051 to share capital and \$234 to warrants.

The Uranium Discovery Company

**U308 CORP**

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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#### 7. Share capital (continued)

##### c) Common shares issued (continued)

(i) (continued) On June 30, 2013, the value of the Pinetree Capital Ltd. common shares held by the Company was determined to be \$935,632 using the bid price of \$0.37. At June 30, 2014, the Company did not own any common shares of Pinetree Capital Ltd.

(ii) On March 13, 2013, the Company announced a non-brokered private placement of up to 5,000,000 million units at a price of \$0.20 per unit for total gross proceeds of up to approximately \$1.0 million. Each unit shall consist of one common share of the Company and one-half of a share purchase warrant. Each whole warrant shall entitle the holder to purchase one common share at a price of \$0.30 for a period of 24 months from the closing date.

On April 15, 2013, the Company closed the first tranche of its non-brokered private placement. Gross proceeds of \$405,000 were raised through the issue of 2,025,000 units ("Units") at \$0.20 per Unit (the "Offering"). Each Unit consisted of one common share of the Company ("Common Share") and one-half of a share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to purchase one Share at \$0.30 per Common Share for a period of 24 months. Transaction costs of \$5,100 were paid in connection with the closing of the first tranche.

A value of \$60,750 was estimated for the 1,012,500 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 90% using the historical price history of the Company; risk-free interest rate of 0.96%; and an expected average life of two years.

Total share issue costs of \$5,100 were charged and allocated \$4,335 to share capital and \$765 to warrants.

(iii) On January 23, 2014, the Company closed a non-brokered private placement. Gross proceeds of \$400,000 were raised through the issuance of 3,333,333 units at \$0.12 per unit. Each unit consisted of one common share of the Company and one warrant. Each warrant entitles the holder to purchase one share at \$0.21 per common share for a period of five years. 180,000 broker warrants with an exercise price of \$0.12 and expiry date within two years were also granted. Of the total, Pinetree Capital Ltd. subscribed for 333,333 units. Sheldon Inwentash, a director of the Company is the chairman, chief executive officer and director of Pinetree Capital Ltd.

A value of \$166,667 was estimated for the 3,333,333 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 96% using the historical price history of the Company; risk-free interest rate of 1.35%; and an expected average life of five years.

A value of \$13,507 was estimated for the 180,000 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 81% using the historical price history of the Company; risk-free interest rate of 0.98%; and an expected average life of two years. This value charged \$7,879 to share capital and \$5,628 to warrants as transaction costs.

Total share issue costs of \$36,010 were charged and allocated \$21,006 to share capital and \$15,004 to warrants.

The Uranium Discovery Company

**U308 CORP**

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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#### 7. Share capital (continued)

##### c) Common shares issued (continued)

(iv) On February 14, 2014, \$396,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,600,000 units at \$0.11 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.18 per share for a 5-year period. 216,000 broker warrants with an exercise price of \$0.145 and expiry date within two years were also granted.

A value of \$180,000 was estimated for the 3,600,000 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 96% using the historical price history of the Company; risk-free interest rate of 1.41%; and an expected average life of five years.

A value of \$15,631 was estimated for the 216,000 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 83% using the historical price history of the Company; risk-free interest rate of 1.04%; and an expected average life of two years. This value charged \$8,526 to share capital and \$7,105 to warrants as transaction costs.

Total share issue costs of \$51,170 were charged and allocated \$27,911 to share capital and \$23,259 to warrants.

(v) On February 24, 2014, gross proceeds of approximately \$840,200 were raised by the Company through the issue of 6,463,070 units at \$0.13 per unit in a first tranche. A further 2,383,384 units at \$0.13 per unit were issued on March 13, 2014 to raise \$309,840 for an aggregate total of \$1,150,039 in gross proceeds raised through the issuance of a total of 8,846,454 units. Each unit consists of one common share and one share purchase warrant, of which each warrant entitles the holder to purchase one additional share at \$0.18 for a 2-year period. 358,754 broker warrants with an exercise price of \$0.14 and expiry date within two years were also granted. Of the total, Pinetree Capital Ltd. subscribed for 576,924 units. Sheldon Inwentash, a director of the Company is the chairman, chief executive officer and director of Pinetree Capital Ltd.

A value of \$193,892 was estimated for the 6,463,070 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 83% using the historical price history of the Company; risk-free interest rate of 1.04%; and an expected average life of two years.

A value of \$17,134 was estimated for the 327,831 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 83% using the historical price history of the Company; risk-free interest rate of 1.04%; and an expected average life of two years. This value charged \$13,180 to share capital and \$3,954 to warrants as transaction costs.

A value of \$95,335 was estimated for the 2,383,384 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 86% using the historical price history of the Company; risk-free interest rate of 1.03%; and an expected average life of two years.

The Uranium Discovery Company

**U308 CORP**

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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#### 7. Share capital (continued)

c) Common shares issued (continued)

(v) (continued) A value of \$3,435 was estimated for the 30,923 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 86% using the historical price history of the Company; risk-free interest rate of 1.03%; and an expected average life of two years. This value charged \$2,378 to share capital and \$1,057 to warrants as transaction costs.

Of the total units issued in the February 24 and March 13, 2014 non-brokered private placements, 769,300 units were settled for services provided in the aggregate amount of \$100,009.

Total share issue costs of \$75,459 were charged and allocated \$56,628 to share capital and \$18,831 to warrants.

(vi) On April 25, 2014, \$371,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 2,650,000 units at \$0.14 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.22 per share for a 2-year period expiring April 25, 2016. 159,000 broker warrants with an exercise price of \$0.17 and expiry date within two years were also granted.

A value of \$106,000 was estimated for the 2,650,000 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 87% using the historical price history of the Company; risk-free interest rate of 1.05%; and an expected average life of two years.

A value of \$9,156 was estimated for the 159,000 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 87% using the historical price history of the Company; risk-free interest rate of 1.05%; and an expected average life of two years. This value charged \$6,540 to share capital and \$2,616 to warrants as transaction costs.

Total share issue costs of \$22,260 were charged and allocated \$15,900 to share capital and \$6,360 to warrants.

(vii) On May 29, 2014, \$270,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,000,000 units at \$0.09 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.14 per share for a 5-year period expiring May 29, 2019. 180,000 broker warrants with an exercise price of \$0.11 and expiry date within two years were also granted.

A value of \$120,000 was estimated for the 3,000,000 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 93% using the historical price history of the Company; risk-free interest rate of 1.33%; and an expected average life of five years.

A value of \$8,622 was estimated for the 180,000 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 87% using the historical price history of the Company; risk-free interest rate of 1.03%; and an expected average life of two years. This value charged \$4,790 to share capital and \$3,832 to warrants as transaction costs.

The Uranium Discovery Company

**U308 CORP**

## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

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#### 7. Share capital (continued)

c) Common shares issued (continued)

(vii) (continued) Total share issue costs of \$16,200 were charged and allocated \$9,000 to share capital and \$7,200 to warrants.

(viii) On June 18, 2014, \$288,000 in gross proceeds were raised in a non-brokered private placement by the Company whereby 3,600,000 units at \$0.08 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.13 per share for a 3-year period expiring June 18, 2017. 216,000 broker warrants with an exercise price of \$0.10 and expiry date within two years were also granted.

A value of \$108,000 was estimated for the 3,600,000 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 91% using the historical price history of the Company; risk-free interest rate of 1.18%; and an expected average life of three years.

A value of \$8,554 was estimated for the 216,000 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 87% using the historical price history of the Company; risk-free interest rate of 1.10%; and an expected average life of two years. This value charged \$5,346 to share capital and \$3,208 to warrants as transaction costs.

Total share issue costs of \$17,280 were charged and allocated \$10,800 to share capital and \$6,480 to warrants.

#### 8. Stock options

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2012	9,986,250	0.44
Granted <sup>(a)(b)(c)</sup>	2,624,000	0.29
Expired	(206,250)	0.77
Cancelled	(567,500)	0.43
<b>Balance, June 30, 2013</b>	<b>11,836,500</b>	<b>0.40</b>

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2013	12,081,000	0.33
Granted <sup>(d)</sup>	500,000	0.16
Expired	(1,396,000)	0.38
Cancelled	(40,000)	0.44
<b>Balance, June 30, 2014</b>	<b>11,145,000</b>	<b>0.32</b>

The Uranium Discovery Company

**U308 CORP**

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

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#### 8. Stock options (continued)

(a) On January 11, 2013, the Company granted 298,000 stock options to employees pursuant to the Company's stock option plan. The stock options were issued at an exercise price of \$0.28, vest over 18 months and will expire on January 11, 2018. Of the options granted, 105,000 remained outstanding at June 30, 2014. For the purposes of the 298,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 93% using the historical price history of the Company; risk-free interest rate of 1.41%; and an expected average life of three years. The estimated value of \$33,046 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payment reserve as the options vest. For the three and six months ended June 30, 2014, the impact on expenses was \$717 and \$1,435, respectively (three and six months ended June 30, 2013 - \$11,200 and \$34,618, respectively) (cumulative to June 30, 2014 - \$33,046).

(b) In connection with the Acquisition of Calypso Uranium (see note 17). 1,476,000 options were issued by the Company.

(c) On June 6, 2013, the Company granted 850,000 stock options to two officers pursuant to the Company's stock option plan. The stock options were issued at an exercise price of \$0.14, vest over 18 months and will expire on June 7, 2018. For the purposes of the 850,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 105% using the historical price history of the Company; risk-free interest rate of 1.44%; and an expected average life of five years. The estimated value of \$91,800 will be recorded as a debit to salaries and benefits and a credit to share-based payment reserve as the options vest. The options vest as to 25% immediately, 25% on December 6, 2013, 25% on June 6, 2014 and 25% on December 6, 2014. For the three and six months ended June 30, 2014, the impact on expenses was \$7,650 and \$17,211, respectively (three and six months ended June 30, 2013 - \$29,963) (cumulative to June 30, 2014 - \$85,425).

(d) On April 24, 2014, the Company granted 500,000 stock options to a director pursuant to the Company's stock option plan. The stock options were issued at an exercise price of \$0.16, vest over 18 months and will expire on April, 21, 2019. For the purposes of the 500,000 options, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 96% using the historical price history of the Company; risk-free interest rate of 1.45%; and an expected average life of five years. The estimated value of \$58,100 will be recorded as a debit to salaries and benefits and a credit to share-based payment reserve as the options vest. The options vest as to 25% immediately, 25% on October 21, 2014, 25% on April 21, 2015 and 25% on October 21, 2015. For the three and six months ended June 30, 2014, the impact on expenses was \$27,840 (three and six months ended June 30, 2013 - \$nil) (cumulative to June 30, 2014 - \$27,840).

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### 8. Stock options (continued)

The following table reflects the actual stock options issued and outstanding as of June 30, 2014:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
September 8, 2014	0.35	0.19	280,000	280,000	-
May 4, 2015	0.41	0.84	1,920,000	1,920,000	-
June 4, 2015	0.24	0.93	150,000	150,000	-
November 25, 2015	0.73	1.41	30,000	30,000	-
May 9, 2016	0.50	1.86	1,575,000	1,575,000	-
May 25, 2016	0.45	1.90	200,000	200,000	-
August 24, 2016	0.26	2.15	370,000	370,000	-
April 13, 2017	0.38	2.79	80,000	80,000	-
May 23, 2017	0.42	2.90	2,385,000	2,385,000	-
January 11, 2018	0.28	3.54	105,000	78,750	26,250
May 29, 2018	0.16	3.92	850,000	637,500	212,500
September 10, 2018	0.12	4.20	2,700,000	1,350,000	1,350,000
April 21, 2019	0.16	4.81	500,000	125,000	375,000
		2.74	11,145,000	9,181,250	1,963,750

The portion of the estimated fair value of options granted in the current and prior periods and vesting during the three and six months ended June 30, 2014 and 2013, which have been reflected in the unaudited condensed interim consolidated statements of comprehensive loss are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Canada</b>				
Salaries and benefits	\$ 60,023	\$ 57,373	\$ 113,744	\$ 91,137
<b>Guyana, South America</b>				
Salaries and benefits	288	9,138	805	20,654
<b>Colombia, South America</b>				
Salaries and benefits	1,656	24,496	4,156	64,068
<b>Argentina, South America</b>				
Salaries and benefits	116	14,391	232	32,989
<b>Total</b>	<b>\$ 62,083</b>	<b>\$ 105,398</b>	<b>\$ 118,937</b>	<b>\$ 208,848</b>

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## U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements  
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### 9. Loss per common share

The calculation of basic and diluted loss per common share for the three and six months ended June 30, 2014 was based on the loss after tax attributable to common shareholders of \$606,328 and \$1,499,896, respectively (three and six months ended June 30, 2013 – \$2,687,589 and \$4,503,511, respectively) and the weighted average number of common shares outstanding of 185,159,425 and 179,212,533, respectively (three and six months ended June 30, 2013 – 150,506,697 and 143,825,022, respectively). Diluted loss per share did not include the effect of 11,145,000 (June 30, 2013 - 11,836,500) share purchase options and 38,247,709 (June 30, 2013 - 18,904,764) warrants as they are anti-dilutive.

### 10. 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 June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Guyana, South America (a)</b>				
Exploration activities	\$ 40,578	\$ 179,069	\$ 63,952	\$ 309,122
Salaries and benefits	24,625	89,870	46,837	239,261
Amortization	20,979	32,339	43,742	64,678
	\$ 86,182	\$ 301,278	\$ 154,531	\$ 613,061
<b>Colombia, South America (b)</b>				
Exploration activities	\$ 131,954	\$ 207,258	\$ 223,521	\$ 552,159
Salaries and benefits	47,319	399,834	85,694	752,070
Amortization	22,559	31,415	45,207	64,768
	\$ 201,832	\$ 638,507	\$ 354,422	\$ 1,368,997
<b>Argentina, South America (c)</b>				
Exploration activities	\$ 380,303	\$ 467,176	\$ 529,083	\$ 706,520
Salaries and benefits	75,675	46,952	167,824	122,255
Amortization	17,310	21,729	34,620	43,456
	\$ 473,288	\$ 535,857	\$ 731,527	\$ 872,231
	\$ 761,302	\$ 1,475,642	\$ 1,240,480	\$ 2,854,289

(a) Total cumulative exploration activities incurred in Guyana, South America to June 30, 2014 amounted to \$34,973,250 (December 31, 2013 - \$34,818,719).

The Uranium Discovery Company

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

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#### 10. Exploration expenditures (continued)

(a) (continued) On March 23, 2012, the Company entered into an agreement to sell seven grassroots concessions in Guyana to Minexco Minerals Corp. ("Minexco"), a private company, in return for nine million shares of Minexco (approximately 13% of the then outstanding shares) ("Minexco Share"). The transaction also gives the Company the right to participate in future financings under certain circumstances and the receipt of warrants in Minexco upon completion of 5,000 metres of drilling within the consolidated area.

On October 10, 2012, Minexco received approval of its applications for five grassroots concessions in Guyana. Final approval was obtained on November 21, 2012 and subsequently Minexco transferred 6,428,570 Minexco Shares to the Company valued at \$0.30/each share for a total value of \$1,928,571. The Company recorded an Investment in Minexco, accounted as a financial asset valued through profit and loss and a gain on sale of \$1,928,571. As at June 30, 2014 the remaining 2,571,430 common shares of Minexco were not transferred as the approval for the two remaining grassroots concessions had not been obtained.

As of June 30, 2014, Minexco owed the Company \$92,603 (December 31, 2013 - \$95,794) for reimbursement of exploration work carried out by the Company.

(b) Total cumulative exploration activities incurred in Colombia, South America to June 30, 2014 amounted to \$21,422,224 (December 31, 2013 - \$21,067,802).

(c) Total cumulative exploration activities incurred in Argentina, South America to June 30, 2014 amounted to \$12,050,302 (December 31, 2013 - \$11,318,775). See note 12.

#### 11. General and administrative

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Salaries and benefits	\$ 218,055	\$ 231,030	\$ 422,692	\$ 431,020
Administrative and general	126,799	27,110	204,940	98,385
Professional fees	136,547	88,175	247,478	197,043
Business development	55,242	91,739	280,052	196,011
Reporting issuer costs	82,267	92,018	127,314	143,113
Amortization	545	1,258	1,091	2,516
	\$ 619,455	\$ 531,330	\$ 1,283,567	\$ 1,068,088

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## U308 Corp.

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### 12. Investment in South American Silica Corp. ("SAS")

As at June 30, 2014, the Company had a 38.9% equity interest in SAS (formerly South American Rare Earth Corp.), which is a private company (December 31, 2013 – 18.2%). Since inception, SAS has incurred losses and the Company is not required to fund any losses incurred by SAS beyond its initial equity investment. In Q1 2014, SAS completed a private placement where it raised \$674,900 by issuing 13.5 million common shares, diluting the Company's equity position to 12.7%. In Q2 2014, the Company vended its 100% interest in the Carina property in Chubut Province, Argentina to SAS. The Carina concession was assigned a value of \$760,000.

SAS acquired the Carina property interest from the Company on the following terms:

1. On the joint venture area of Carina, SAS receives a 7.5% gross royalty from the operator;
2. The Company receives a 7.5% net smelter royalty on any frac sand production from the whole of the Carina property including the joint venture block;
3. Issuance of 19 million shares of SAS, increasing the Company's ownership to 38.9% of SAS; and
4. The Company maintains a right to explore for uranium and vanadium on the Carina property and a right of first refusal on any uranium-vanadium mineralization otherwise encountered on the property.

A continuity of the Company's investment in SAS is as follows:

	<b>SAS Investment</b>
Balance December 31, 2012	\$ 375,256
June 30, 2013 share of losses of SAS	(51,000)
<b>Balance June 30, 2013</b>	<b>\$ 324,256</b>
Balance December 31, 2013	\$ -
Property assignment - Carina concession	760,000
June 30, 2014 share of losses of SAS	(71,842)
<b>Balance June 30, 2014</b>	<b>\$ 688,158</b>

### 13. Warrants

	<b>Number of warrants</b>	<b>Grant date fair value (\$)</b>
Balance, December 31, 2012	26,082,812	8,603,902
Granted (note 7(b)(i)(ii))	6,275,000	480,751
Expired	(13,453,048)	(6,068,513)
<b>Balance, June 30, 2013</b>	<b>18,904,764</b>	<b>3,016,140</b>
Balance, December 31, 2013	22,614,764	3,153,536
Granted (note 7(b)(iii)(iv)(v)(vi)(vii)(viii))	26,339,541	941,399
Expired	(10,706,596)	(2,387,645)
<b>Balance, June 30, 2014</b>	<b>38,247,709</b>	<b>1,707,290</b>

The Uranium Discovery Company

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## U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements  
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### 13. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of June 30, 2014:

Expiry date	Exercise price (\$)	Warrants outstanding
December 28, 2014	0.30	1,923,168
January 11, 2015	0.30	5,262,500
April 16, 2015	0.30	1,012,500
December 20, 2015	0.12	210,000
January 23, 2016	0.12	180,000
February 14, 2016	0.145	216,000
February 24, 2016	0.18	6,463,070
February 24, 2016	0.14	318,600
March 13, 2016	0.18	2,383,384
March 13, 2016	0.14	40,154
April 25, 2016	0.22	2,650,000
April 25, 2016	0.17	159,000
May 29, 2016	0.11	180,000
June 18, 2016	0.10	216,000
June 18, 2017	0.13	3,600,000
December 20, 2018	0.15	3,500,000
January 23, 2019	0.21	3,333,333
February 14, 2019	0.11	3,600,000
May 29, 2019	0.14	3,000,000
		<b>38,247,709</b>

### 14. 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) The Company entered into the following transactions with related parties:

Six Months Ended June 30,	2014	2013
John C. Ross Consulting Inc. (i)	\$ 30,000	\$ 30,000

  

Three Months Ended June 30,	2014	2013
John C. Ross Consulting Inc. (i)	\$ 15,000	\$ 15,000

(i) Chief financial officer ("CFO") fees expensed to a company controlled by the CFO of the Company. \$5,000 is included in accounts payable and accrued liabilities (December 31, 2013 - \$11,300).

The Uranium Discovery Company

**U308 CORP**

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## U3O8 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

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#### 14. Related party balances and transactions (continued)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Salaries and benefits (*)	\$ 84,934	\$ 84,934	\$ 169,868	\$ 169,868
Share based payments	51,264	52,717	99,377	77,729
	\$ 136,198	\$ 137,651	\$ 269,245	\$ 247,597

(\*) 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. As of June 30, 2014, directors of the Company were owed \$44,000 (December 31, 2013 - \$44,000). In addition, the Chief Executive Officer of the Company was owed \$89,157 (December 31, 2013 - \$57,690).

(c) Sheldon Inwentash, a director of the Company is the chairman, chief executive officer and director of Pinetree Capital Ltd. On January 11, 2013, the Company completed a non-brokered private placement for gross proceeds of \$2,315,500 where 10,000,000 units were purchased in consideration of an aggregate of 2,528,736 common shares of Pinetree Capital Ltd. (note 7(c)(i)).

In addition, on January 23 and February 24, 2014, the Company completed two non-brokered private placements for gross proceeds of \$1,240,200 where 910,257 units were purchased for an aggregate cash total of \$115,000 by Pinetree Capital Ltd. (note 7(c)(iii)(v)).

(d) On March 1, 2014, the Company entered into a management services agreement with SAS where SAS will pay the Company a monthly fee of \$7,000 for shared office facilities and employee costs. As of June 30, 2014, the Company was owed \$281 (December 31, 2013 - \$nil) from SAS and this amount was included in amounts receivable and other assets.

(e) As of June 30, 2014, Sheldon Inwentash owned 5,036,786 common shares of U3O8 Corp. (approximately 3% of shares outstanding). Mr. Inwentash has control or direction over Pinetree Capital Ltd., which owned 27,085,028 shares of U3O8 Corp. (approximately 14% of shares outstanding). In addition, 16,925,037 common shares of U3O8 Corp. (approximately 9% of shares outstanding) were held by Keith Barron, a director of the Company. The remaining 74% of the outstanding shares of U3O8 Corp. are widely held, except for 2,105,089 shares held by the other directors and officers of the Company. These holdings can change at any time at the discretion of the owner.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

The Uranium Discovery Company

**U3O8 CORP**

## U3O8 Corp.

Notes to Condensed Interim Consolidated Financial Statements  
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### 15. 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:

#### June 30, 2014

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	\$ 291,827	\$ 105,283	\$ 1,281	\$ 119,759	\$ 89,105	\$ 607,255
Non-current assets	8,386	459,763	1,928,571	7,613,387	4,175,179	14,185,286
	\$ 300,213	\$ 565,046	\$ 1,929,852	\$ 7,733,146	\$ 4,264,284	\$ 14,792,541

#### December 31, 2013

	Canada	Guyana	Barbados	Colombia	Argentina	Total
Current assets	\$ 358,091	\$ 46,009	\$ 12,404	\$ 73,388	\$ 136,704	\$ 626,596
Non-current assets	9,480	536,605	1,928,571	7,655,523	3,519,946	13,650,125
	\$ 367,571	\$ 582,614	\$ 1,940,975	\$ 7,728,911	\$ 3,656,650	\$ 14,276,721

### 16. South American property interests

	Acquisition Costs
Balance, December 31, 2012	\$ 10,403,652
Additions by way of the following consideration:	
- Acquisition of Calypso Uranium Corp. (note 17)	71,000
Balance, June 30, 2013	\$ 10,474,652
Balance, December 31, 2013 and June 30, 2014	\$ 10,474,652

### 17. Acquisition of Calypso Uranium Corp.

On May 14, 2013, the Company completed the acquisition (the "Acquisition") of Calypso Uranium Corp. ("Calypso"). Under the terms of the Acquisition, U3O8 Corp. issued 20,252,327 common shares valued at \$2,835,326 or \$0.14 per share which was the market value of U3O8 Corp. shares on the date the shares were issued in exchange for all of the 50,630,819 issued and outstanding common shares of Calypso, on the basis of 0.40 of one U3O8 Corp. share for each whole Calypso share (the "Exchange Ratio"). Calypso stock options have also vested and continue in accordance with the terms of the plan of arrangement, and are exercisable into U3O8 Corp. common shares, subject to adjustment in number and exercise price based on the Exchange Ratio. If all such stock options are exercised, an additional 1,476,000 common shares of U3O8 Corp. would be issuable. The total transaction costs of \$353,001 have been accrued as part of the net assets acquired from Calypso. For the purposes of the 1,476,000 options, the fair value of each option was estimated to be \$0.01.

This transaction has been accounted for as an acquisition of net assets, rather than a business combination, as the net assets of Calypso do not meet the definition of a business in accordance with IFRS. No gain or loss was generated through this transaction.

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**U3O8 CORP**

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## U308 Corp.

### Notes to Condensed Interim Consolidated Financial Statements

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#### 17. Acquisition of Calypso Uranium Corp. (continued)

The following summarizes the consideration transferred and the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

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	<b>Amount</b>
<b>Consideration</b>	
- Common shares	\$ 2,835,326
- Stock options	14,760
	<hr/> \$ 2,850,086
<b>Identified net assets acquired</b>	
- Cash	\$ 3,221,898
- Amounts receivable and prepaid expenses	107,165
- South American property interests	71,000
- Transaction costs accrued	(353,001)
- Amounts payable and accrued liabilities	(196,976)
	<hr/> \$ 2,850,086

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The Uranium Discovery Company

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