MANAGEMENT DISCUSSION AND ANALYSIS

U308 CORP.

THREE MONTHS ENDED MARCH 31, 2007

Prepared by:

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Introduction

The Management Discussion and Analysis ("MD&A") of U308 Corp. ("U3O8") or the ("Corporation") provides an analysis of the Corporation's performance and financial condition for the three months ended March 31, 2007 as well as an analysis of future prospects. This MD&A should be read in conjunction with the Corporation's unaudited consolidated financial statements for the three months ended March 31, 2007 and audited consolidated financial statements for the year ended December 31, 2006, including the related note disclosures, which are prepared in accordance with generally accepted accounting principles in Canada ("GAAP"). Readers of the following MD&A should also refer to the Corporation's audited financial statements from the date of inception (December 6, 2005 being the date of incorporation) to December 31, 2005. All amounts are in Canadian dollars unless otherwise specified. This MD&A was prepared using information that is current as of May 24, 2007 unless otherwise stated. The Corporation's financial statements along with management certifications, press releases and final long form prospectus dated December 15, 2006, are available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Forward-looking Statements

This MD&A may contain forward-looking statements that are based on the Corporation's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Corporation are set out below under "Risks and uncertainties". Actual outcomes and results may differ materially from those expressed in these forward looking statements and readers should not place undue reliance on such statements.

About U308

The goal of U3O8 is to deliver superior returns to shareholders by concentrating on uranium exploration in Guyana through its subsidiary Prometheus Resources (Guyana) Inc. ("Prometheus Guyana"). The Corporation plans to do this by focusing on certain "Reconnaissance Permits" (consisting collectively of Permit "A" and Permit "B"), as described below.

Permit "A" was granted to Prometheus Guyana on November 28, 2005, and allows permission to carry out geological, geophysical and other surveys within an area of approximately 579,417 hectares located in the Cuyuni/Mazaruni and Potaro Mining Districts of Guyana, and excludes areas lawfully occupied or applied for prior to September 22, 2005, navigable rivers and Amerindian lands. Permit "A" provides Prometheus Guyana with the right to occupy the Permit "A" area for three years commencing November 23, 2005 in order to conduct geological and geophysical surveys for uranium. In connection with Permit "A", Prometheus Guyana is obligated to pay to the Government of Guyana in advance, a non-refundable fee of US$15,000 for the first year (paid), US$20,000 for the second year (paid) and US$30,000 for the third year. Permit "A" grants Prometheus Guyana the right to apply for, and be granted by the Guyana Geological and Mines Commission ("GGMC"), up to 15 prospecting licenses (each consisting of areas of approximately 202 hectares to approximately 4,856 hectares) for uranium, provided that it has satisfied the requirements of Permit "A" and of the GGMC.

Permit "B" was granted to Prometheus Guyana on June 1, 2006, and allows permission to carry out geological, geophysical and other surveys within an area of approximately 746,309 hectares located in the Potaro, Cuyuni/Mazaruni and Rupununi Mining Districts of Guyana, and excludes areas lawfully occupied or applied for prior to May 2, 2006, navigable rivers and Amerindian lands. Permit "B" provides Prometheus Guyana with the right to occupy the Permit "B" area for three years commencing May 31, 2006 in order to conduct geological and geophysical surveys for radioactive minerals and rare earth elements, which include uranium. In connection with the Permit "B", Prometheus Guyana is obligated to pay to the Government of Guyana in advance, a non-refundable fee of US$25,000 for the first year (paid), US$35,000 for the second year and US$50,000 for the third year. Permit "B" grants Prometheus Guyana the right to apply for, and be granted by the GGMC, up to 20 prospecting licenses (each consisting of areas of approximately 202 hectares to approximately 4,856 hectares) for radioactive minerals and rare earth elements, provided that it has satisfied the requirements of Permit "B" and the GGMC.

Overall performance

(a) Trends analysis

The current spot price for uranium is encouraging for explorers. The uranium spot price has increased steadily since December 25, 2000, when the spot price was US$7.10 per lb. On December 25th, 2006, the spot price was $72 per lb, representing an increase of approximately 880% since December, 2000, and an increase of approximately 613% from the 2002 year end spot price of US$10.20 per lb., an increase of approximately 431% from the 2003 year end spot price of US$14.50 per lb., and an increase of approximately 302% from the 2004 year end spot price of US$20.70 per lb.

The current spot price increase trend for uranium is a factor in U3O8's strategy to explore for uranium. Management believes that the current spot price increase trend for uranium is creating a favourable climate to discover and exploit an economic uranium resource. However, management has no control over the uranium prices, and therefore management cannot guarantee whether uranium prices will increase or decrease in the long-term future.

(b) Current activities

For the three months ended March 31, 2007 and to the date of this MD&A, the Corporation is in the process of:

- continuing its 16 hole Phase I diamond drilling program at the Aricheng Area, located in Permit Area A in Guyana, South America.
- focusing its efforts on regional reconnaissance field work in areas that were identified by the airborne radiometric survey conducted in fiscal 2006.

There is no guarantee that the Corporation will discover a viable uranium resource from the above mentioned activities.

(c) Exploration results

For the three months ended March 31, 2007 and to the date of this MD&A, the Corporation announced positive results from the first two holes of its 16 hole Phase I, drill program. The initial results are encouraging and confirm uranium mineralization. Significant results include 10.5 meters of 0.09% (2.0 lbs. per tonne) U3O8 in hole ARN-07-001 and 7.5 meters of 0.13% (2.8 lbs. per tonne) U3O8 in hole ARN-07-002. Details of all drill results are presented in the Table 1.

The two holes were diamond drilled on the Aricheng North anomaly, one of three areas to be tested during the ongoing Phase 1 drill program.

Table 1

Hole #	Bearing	Dip	From (m)	To (m)	Intercept	U3O8(%)	U3O8(lb./T)
ARN-07-001	270	-50	109.0	111.5	2.5	0.124	2.8
			116.0	126.5	10.5	0.091	2.0
			134.5	137.5	3.0	0.120	2.8
ARN-07-002	135	-60	102.0	109.5	7.5	0.125	2.8

The initial Phase I drilling program is focusing on the Aricheng North, Aricheng West, and Aricheng South areas, which are only three of 43 radioactive anomalies outlined by the airborne radiometric survey completed in fiscal 2006.

(d) Industry and economic factors affecting U3O8

The following factors may affect U308's performance:

- U3O8's future performance will be largely tied to the outcome of future drilling results, public markets relating to junior exploration companies, as well as the price of uranium (See "Trend analysis" above).

- Any decrease in the price of uranium could have an adverse effect on the Corporation's business and financial results. The Corporation mitigates this risk by having no debt and its credit and interest rate risks are limited to interest bearing assets in cash and cash equivalents and short term investments. Accounts payable and accrued liabilities are short-term and non-interest bearing.

(e) Conclusion regarding overall performance

To date, the Corporation is engaged in a major exploration program which includes drilling and regional reconnaissance field work, as noted above. U3O8's performance will be largely tied to the outcome of the exploration program in Guyana.

Results of operations

The Corporation through its subsidiary, Prometheus Guyana, is concentrating its efforts on the development of its Reconnaissance Permit uranium properties in Guyana. In order for the uranium properties to be profitable, the price for uranium must increase in the foreseeable future (See – "Trend analysis" above) and the asset must be developed into an economic uranium resource.

The Corporation does not have control of uranium market forces but the current outlook for uranium prices is positive in management's view. In order to capitalize on the current uranium market, the Corporation filed a final prospectus dated December 15, 2006 and raised net proceeds of $28,323,700. The Corporation's proposed use of proceeds in accordance with the final prospectus dated December 15, 2006, less adjustments, are as follows:

Use of Proceeds	**Proposed Use of Proceeds Per Final Receipted Prospectus dated December 15, 2006**	**Revised Use of Proceeds as of March 31, 2007**	**Net Funds Change from Amounts Disclosed in Receipted Prospectus to March 31, 2007**
(i) Complete Phase I and, if warranted, Phase II of the recommended program for the areas underlying the Reconnaissance Permits	$11,695,248	$9,831,590	$1,863,658
(ii) Optional expenses to fund future growth plans	760,000	400,000	360,000
(iii) Payments to the Government of Guyana – Canadian dollar equivalent	nil	134,010	(134,010)
Use of Proceeds	$12,455,248	$10,365,600	$2,089,648

(i) For the three months ended March 31, 2007, the Corporation has spent $594,879 in exploration expenditures in furtherance of the recommended work programs in Guyana. The Corporation anticipates spending all the funds raised within two years.

As of March 31, 2007, a summary of funds spend to date is as follows:

	$
Funds spent from April 19, 2006 to September 30, 2006	693,923
Funds spent from October 1, 2006 to December 31, 2006	574,856
Funds spent from January 1, 2007 to March 31, 2007	594,879
Note: amounts exclude stock based compensation	1,863,658

(ii) This amount represents expenses over the course of the ensuing 12 months which are not committed but required to fund the future growth plans of the Corporation, and include: (i) helicopter support to perform exploratory work on the Permit "B" area ($150,000); (ii) investor relations and business development ($200,000); and contingencies ($50,000).

For the three months ended March 31, 2007, the Corporation acquired drilling equipment and accessories for a total amount of $607,785. Management made an initial estimate of $360,000 for the acquisition of drilling equipment and accessories. During the current period, a unique opportunity arose to purchase additional drilling equipment and accessories at preferential pricing. Management took advantage of this opportunity at a significant long term cost saving to the Corporation.

(iii) The following payments must be made to the Government of Guyana by the dates below to maintain the Reconnaissance Permits in good standing:

Permit A Costs		Permit B Costs	
Date	Amount	Date	Amount
November 2007	US$30,000	June 2007	US$35,000
		June 2008	US$50,000

Financial summary

For the three months ended March 31, 2007, U3O8's net losses were $1,248,322 with basic and diluted loss per share of $0.05 compared to $92,824 with basic and diluted loss per share of $0.01 for the three months ended March 31, 2006. The increase of $1,155,498 in net loss was principally due to:

- An increase of $594,879 in exploration expenses in Guyana. There was no activity in Guyana in the corresponding period. This amount excludes stock based compensation that has been charged to exploration expenditures in Guyana;
- An increase of $633,612 in stock based compensation as a result of (i) the granting of 90,000 stock options to two geologists during the period and (ii) the vesting of stock options that were issued in a prior period;
- An increase in directors' compensation of $12,500 (excludes source deductions) as the Corporation is required to pay each director of the Corporation $10,000 per annum;
- An increase in management compensation of $39,500 as the Corporation is required to pay the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") $200,000 and $42,000, respectively per annum (see "Related Party Transactions" below);
- All other expense increases relate to general working capital purposes. The Corporation has experienced significant transitional growth in the past sixteen months and general operating expenses have increased accordingly. Business development, investor relations, professional fees, reporting issuer costs and administrative and general costs have all increased as the Corporation moves to meet the needs of an increased shareholder base, regulatory environment and corporate activity. The Corporation continues to assess these costs to ensure that cost effective choices are being made for the Corporation's operations; and
- The above increases were offset by an increase in interest income of $256,190. The Corporation earned interest on short term investments resulting from funds raised from the initial public offering that occurred in December 2006.

Selected Quarterly Information

Three Months Ended	Net Revenues $	Net loss $	Basic and diluted loss per share $
2007-March 31	-	(1,248,322) (1)	(0.05)
2006-December 31	-	(1,510,674) (2)	(0.17)
2006-September-30	-	(691,138) (3)	(0.07)
2006-June -30	-	(421,859) (4)	(0.04)
2006-March-31	-	(92,824) (5)	(0.01)
2005-December-31	-	(18,493) (6)	(0.00)

Notes:

(1) Net loss of $1,248,322 principally relates to a vesting amount of $633,612 regarding 1,960,000 stock options that were issued on December 15, 2006 and 90,000 stock options that were issued on March 6, 2007 and exploration expenditures in Guyana in the amount $594,879 (excludes stock-based compensation of $235,306). All other expenses relate to general working capital purposes and management and director compensation. All expenses were offset by interest income of $257,077.

(2) Net loss of $1,510,674 principally relates to a vesting amount of $595,595 regarding 1,960,000 stock options that were issued on December 15, 2006 and exploration expenditures in Guyana in the amount $599,642 (excludes stock-based compensation of $158,016). All other expenses relate to general working capital purposes.

(3) Net loss of $691,138 principally relates to exploration work in Guyana in the amount $542,584. All other expenses relate to general working capital purposes.

(4) Net loss of $421,859 principally relates to exploration work in Guyana in the amount $198,133, business development costs of $102,161 and accrued consulting fees of $42,000 to related parties. All other expenses relate to general working capital purposes.

(5) Net loss of $92,824 principally relates to business development costs of $31,577, public relation costs of $18,693 and consulting fees of $42,000 to related parties. All other expenses relate to general working capital purposes.

(6) Net loss of $18,493 principally relates to professional fees in the amount of $10,000 that were expensed during the period consisting of $8,000 for audit services paid or accrued to an independent accounting firm, and $2,000 paid or accrued to an outsource organization to maintain the Corporation's accounting records.

Liquidity and capital resources

The activities of the Corporation, principally the acquisition and exploration of properties for uranium, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. For the three months ended March 31, 2007, the following equity transactions were completed:

- On February 9. 2007 and March 6, 2007, 81,500 broker warrants were exercised for aggregate proceeds of $203,750.

As at March 31, 2007, U3O8 had $1,840,482 in cash and cash equivalents (December 31, 2006: $3,552,691) and $25,275,026 (December 31, 2006: $25,010,898 in short term investments. Working capital as of March 31, 2007 was 26,925,392 (December 31, 2006: $28,080,351). The decrease is mainly as a result of acquisition of property and equipment in the amount of $788,277, exploration expenditures spent in Guyana in the amount of $$594,879 and interest income received in the period in the amount of $257,077.

Because U3O8 is a junior uranium exploration entity, the Corporation does not have the usual ability to generate sufficient amounts of cash and cash equivalents in the short term. To maintain the Corporation's capacity, to meet the Corporation's planned growth through exploration in Guyana, or to fund further development activities, the Corporation must utilize its current cash reserves, income from investments, and funds obtained from the exercise of broker warrants and stock options and other financing transactions. See “Risks and uncertainties” below.

The Corporation has no operating revenues and relies on external financings to generate capital. As a result of its activities, U3O8 continues to incur net losses..

As of March 31, 2007, the Corporation had 22,981,500 Common Shares issued and outstanding, 644,500 broker warrants outstanding which would raise $1,611,250 if exercised in full, and 2,050,000 options outstanding which would raise $5,226,700 if exercised in full.

The Corporation continues to have no debt and its credit and interest rate risk are limited to interest bearing assets of cash and cash equivalents, and short term investments. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Corporation has no financial commitments or obligations beyond those optional budgeted payments required to fund the proposed work programs on the Permit “A” area and Permit “B” area in the amount of $10,365,600 (See “Results of Operations”) and management compensation of $16,667 per month for the CEO (pending finalization of a definitive management agreement) and $3,500 per month (pursuant to a verbal agreement) for the CFO of the Corporation.

The Corporation must also make payments totalling $134,010 to the Government of Guyana to maintain the Reconnaissance Permits in good standing (See “Results of Operations”).

In addition to the financial commitments set forth above, the Corporation has allocated approximately $400,000 for future expenses over the course of the ensuing 12 months which are not committed but required to fund its future growth plans of the Corporation. (See “Results of Operations”).

The Corporation’s liquidity risk with financial instruments is minimal as excess cash is invested in highly liquid securities. In addition, receivables are comprised mainly of GST recoveries.

The Corporation has a short operating history which limits planning knowledge, but management expects no major change in liquidity requirements.

Related Party Transactions

The CFO (Carmelo Marrelli) is a partner in a firm (Duguay & Ringler Corporate Services) providing corporate secretarial and accounting services to U308. During the three months ended March 31, 2007, U308 expensed $8,900 (March 31, 2006 - $1,000) for services rendered by this firm. In addition, as at March 31, 2007, the firm was owed $3,460 (March 31, 2006 - $1,179) and this amount was included in accounts payable and accrued liabilities. This firm was also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.

For the three months ended March 31, 2007, the Corporation was charged $60,500 (March 31, 2006 - $42,000) for management and consulting services rendered by two officers and a director of the Corporation (Allan Ibbitson - $50,000 and Carmelo Marrelli - $10,500) (March 31, 2006 – Allan Ibbitson -

$21,000 and Keith Barron - $21,000). The entire amount has been expensed in the statement of loss, other comprehensive loss and deficit. Included in accounts payable and accrued liabilities at March 31, 2007 is $12,785 (March 31, 2006 - $55,990) owing to these related parties (Allan Ibbitson - $12,785) (March 31, 2006 – Allan Ibbitson - $34,990 and Keith Barron - $21,000) . The director and two officers of the Corporation were also reimbursed for out-of-pocket expenses that occurred in the normal course of operations.

Director fees of $12,500 (March 31, 2006 - $nil) were paid or accrued during the period to the following parties: Bryan Coates - $2,500; Keith Barron - $2,500; Patrick Anderson - $2,500; David Constable - $2,500; and Allan Ibbitson - $2,500.

As of the date of this MD&A, an employment contract between the Corporation and Allan Ibbitson has not been finalized.

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), which approximates the arm's length equivalent value.

Off-Balance Sheet Arrangements

The Corporation has not entered into any off-balance sheet arrangements.

Proposed Transactions

There are no proposed transactions of a material nature being considered by U3O8. However, U308 continues to evaluate properties that it may acquire in the future.

Critical accounting estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Critical estimates inherent in these accounting policies are the valuation of Permit “A” and “Permit B”. The policy of expensing exploration costs to date does not necessarily relate to the present or future value of exploration properties. The valuation of Permit “A” and Permit “B” is dependent entirely upon the discovery of economic uranium deposits and the ability of the Corporation to obtain a prospecting licence for uranium from the GGMC. Other items requiring estimates for the three months ended March 31, 2007 are short term investments, accounts receivable, amortization of property and equipment, accounts payable and accrued liabilities, future income taxes and stock based compensation. Changes in the accounting estimates in these items will not have a material impact on the financial presentation of U308.

Change in accounting policies

In January 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Sections 3855, “Financial Instruments – Recognition and Measurement”, 1530, “Comprehensive Income”, and 3865, “Hedges”. These new standards are effective for interim and annual financial statements relating to fiscal years commencing on or after October 1, 2006 on a prospective basis; accordingly, comparative amounts for prior periods are not restated. The Corporation has adopted these new standards effective January 1, 2007.

Section 3855 prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented. This Section requires that:

- All financial assets be measured at fair value on initial recognition and certain financial assets to be measured at fair value subsequent to initial recognition;
- All financial liabilities be measured at fair value if they are classified as held for trading purposes. Other financial liabilities are measured at amortized cost using the effective interest method; and
- All derivative financial instruments be measured at fair value on the balance sheet, even when they are part of an effective hedging relationship.

Section 1530 introduces a new requirement to temporarily present certain gains and losses from changes in fair value outside net income. It includes unrealized gains and losses, such as: changes in the currency translation adjustment relating to self-sustaining foreign operations; unrealized gains or losses on available-for-sale investments; and the effective portion of gains or losses on derivatives designated as cash flow hedges or hedges of the net investment in self-sustaining foreign operations.

Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13 "Hedging Relationships", and the hedging guidance in Section 1650 "Foreign Currency Translation" by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

The Corporation has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

Future accounting changes

Capital Disclosures and Financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. These new standards are effective for interim and annual consolidated financial statements for the Corporation's reporting period beginning on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments — Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

The Corporation is currently assessing the impact of these new accounting standards on its consolidated financial statements.

Financial instruments

The Company has not entered into any specialized financial agreements to minimize its investment risk, commodity risk and currency risk.

Disclosure controls

Management accepts responsibility for the reliability and timeliness of the information disclosed and has ensured that there are disclosure controls and procedures in place which provide reasonable assurance that material information relating to U3O8 is disclosed on a timely basis, particularly information relevant to the period in which annual and interim filings are being prepared. The Board of Directors assesses the integrity of U3O8's public financial disclosure controls in place through the supervision of the Audit Committee. Management believes these disclosure controls and procedures have been effective for the three months ended March 31, 2007.

Internal controls

There were no changes in the Corporation's internal control over financial reporting that occurred during the three months ended March 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Share capital

As at May 24, 2007, the Corporation had 23,051,700 issued and outstanding Common Shares. As at May 24, 2007, U3O8 had 574,300 broker warrants and 2,050,000 stock options outstanding.

Risk and uncertainties

For a summary of risk factors which have effected, and which in the future are reasonably expected to effect, the Corporation and its financial position, please refer to the section entitled "Risk and uncertainties" in the Corporation's management's discussion and analysis for the fiscal year ended December 31, 2006, available on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof.