The **Uranium** Discovery Company

MANAGEMENT'S DISCUSSION AND ANALYSIS

U3O8 CORP.

THREE AND SIX MONTHS ENDED JUNE 30, 2011

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Introduction

This Management's Discussion and Analysis ("MD&A") is dated August 24, 2011, unless otherwise indicated and should be read in conjunction with the unaudited condensed consolidated interim financial statements of U3O8 Corp. ("U3O8 Corp.", "the Company", "we", "our" or "us") for the three and six months ended June 30, 2011, and the related notes thereto. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian Dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results presented for the three and six months ended June 30, 2011, are not necessarily indicative of the results that may be expected for any future period.

As of January 1, 2010, U3O8 Corp. adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2011 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Readers of this MD&A should refer to "Change in Accounting Policies" below for a discussion of IFRS and its affect on the Company's financial presentation.

Further information about U3O8 Corp., each material project and technical reports are available on our website at www.u3o8corp.com or on SEDAR at www.sedar.com.

Highlights

- Kurupung Project[1], Guyana - Scout drilling has confirmed a 10th mineralized zone, the Illiwa structure, which extends the area in which uranium-bearing structures have been found to eight by 12 kilometres ("km") and further increases the size potential of Kurupung uranium system. In addition, initial metallurgical testwork has reported uranium recoveries of 82%, which marks an important step in demonstrating the significant potential value of the Kurupung Project.

- In Q2 2011, U3O8 Corp. incurred cumulative cash exploration expenditures of $4.4 million, up from $2.1 million in Q2 2010. Increased spending was due primarily to new projects acquired in April 2010 from Mega Uranium Ltd. ("Mega").

- At June 30, 2011, U3O8 Corp. had working capital of $14.5 million (December 31, 2010 – $4.3 million; June 30, 2010 - $4.7 million). The Company had $15.6 million in cash and cash equivalents and guaranteed investment certificates held with major Canadian chartered banks ("total cash") (December 31, 2010 - $5.0 million; June 30, 2010 - $4.9 million).

Overview

U3O8 Corp. is a Toronto-based exploration company focused on exploration and resource expansion of uranium and related minerals in South America. We are advancing a portfolio of projects that comprise National Instrument 43-101 ("NI 43-101") compliant resources in Guyana and Argentina and significant historic resources in Colombia as well as grassroots opportunities in these jurisdictions. To date, the Company has not earned any revenues from its exploration for uranium and related minerals.

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[1] *Kurupung Project – Scout drilling to date suggests that the Kurupung may contain a conceptual target of 13-18 million tonnes at a grade of 0.08-0.10% U_3O_8 (estimated 30-35 million pounds ("mlb")) including the initial NI 43-101 resource of 5.8mlb Indicated at an average grade of 0.10% U_3O_8 and 1.3mlb Inferred at an average grade of 0.09% U_3O_8. Refer to the technical report dated January 14, 2009 titled "A Technical Review of the Aricheng North and Aricheng South Uranium Deposits in Western Guyana for U3O8 Corp. and Prometheus Resources (Guyana) Inc." available on U3O8 Corp's web site at www.u3o8corp.com and on SEDAR at www.sedar.com.*

Mineral Resources

U3O8 Corp. has initial NI 43-101 resource estimates on projects in Guyana and Argentina:

Resource	Resource Class	Tonnes (million)	Grade U_3O_8	Grade V_2O_5	U_3O_8 lbs (million)	V_2O_5 lbs (million)
Kurupung Project[2] (Guyana)	NI 43-101 Indicated	2.7	0.10%	--	5.8	--
	NI 43-101 Inferred	0.6	0.09%	--	1.3	--
Laguna Salada Project* [3] (Argentina)	NI 43-101 Indicated	47.3	60ppm	550ppm	6.3	57.1
	NI 43-101 Inferred	20.8	85ppm	590ppm	3.8	26.9

**Laguna Salada – uranium and vanadium grades can be increased between four and 12 times by scrubbing and screening. For uranium, this would lead to a head grade of 550-580ppm U_3O_8 from free-digging mineralization that lies at surface and typical of the mill feed grade of operating mines of similar deposits elsewhere in the world. See "Priority Exploration Projects" below.*

Exploration Projects

U3O8 Corp. has significant land holdings in Colombia, Guyana and Argentina in South America. The three most advanced projects with the potential to add NI 43-101 resources in the short-term are:

1. Berlin Project[4], a historic uranium resource in phosphate-bearing sandstone and limestone that also contains vanadium, yttrium and other metals of potential economic interest in Colombia;
2. Kurupung Project, an albitite-hosted uranium project in Guyana; and
3. Laguna Salada Project, a surficial uranium-vanadium project in Argentina.

In addition, the Company has a portfolio of early-stage opportunities, which we are investigating and offer exploration upside for the future. Currently, grassroots projects include:

- the Roraima Basin Project in Guyana, a target for unconformity-related uranium of the type found in the Athabasca Basin in Canada; and
- intrusive-related uranium and associated elements and surficial uranium-vanadium mineralization in Argentina.

Other than discussed elsewhere herein, there has been no material change in the general trends affecting the Company to those discussed under "Trends" in U3O8 Corp's MD&A for the fiscal year ended December 31, 2010, available on the Company's web site at www.u3o8corp.com and on SEDAR at www.sedar.com.

Outlook

U3O8 Corp. has three key uranium projects in South America. Given the progress made to date, our objective is to considerably increase our NI 43-101 resource portfolio across our projects in Colombia, Guyana and Argentina in 2011, and position for further resource growth in 2012:

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[2] *Kurupung Project – see note 1 on page 2.*

[3] *Laguna Salada Project – Refer to the technical report dated May 20, 2011 titled, "Laguna Salada Project, Chubut Province, Argentina: NI 43-101 Technical Report: Initial Resource Estimate" available on U3O8 Corp's web site at www.u3o8corp.com and on SEDAR at www.sedar.com.*

[4] *Berlin Project – Historic resource of 12.9 million tonnes at a grade of 0.13% U_3O_8 (38mlb U_3O_8) reported in Castano, R. (1981), Calcul provisoire des reserves geologiques de Berlin, sur la base des resultants des sondages, unpublished Minatome report, 15p. There has been insufficient exploration work completed to verify the historic estimate and it should not be relied upon as a NI 43-101 compliant resource. As the 38mlb U_3O_8 historic estimate is based on only 11 widely-spaced drill holes, it is regarded by U3O8 Corp. as merely an indication of the magnitude of the uranium resource potential of the southernmost 4.4km long portion of the syncline containing the Berlin uranium mineralization.*

1. On the Berlin Project in Colombia, drilling is demonstrating the potential for a large uranium resource with phosphate, vanadium, yttrium and other metals as potential co-products. Infill drilling remains the focus towards defining a potential NI 43-101 resource of an initial 20-25mlb[5] of uranium by the end of 2011 in part of the southern area in which a historic resource was estimated. Exploration drilling is planned to continue into the northern part of the property to define the overall size of the Berlin Project. A 2011 budget of approximately $5.5 million has been allocated for Berlin.

2. On the Kurupung Project in Guyana, an infill drill program of approximately 11,000 metres ("m") began in March 2011 towards the goal of expanding the current NI 43-101 resource to a potential 20-25mlb[6] of uranium this year, to be followed by further scout drilling to show greater size potential of the Kurupung system. A budget of approximately $4.6 million has been allocated for the Kurupung Project for 2011.

3. On the Laguna Salada Project in Argentina, a NI 43-101 resource was estimated in April 2011. A 2011 budget of approximately $2.0 million has been allocated for ongoing metallurgical testing on Laguna Salada as well as for exploration of other similar targets with the goal of defining a cumulative resource estimate of 20-24mlb[7] on several projects in southern Argentina by the end of 2011.

A 2011 budget of approximately $0.8 million has been allocated for early-stage and reconnaissance activities in Colombia, Guyana and Argentina.

U3O8 Corp's performance will largely be tied to the outcome of the exploration programs in Colombia, Guyana and Argentina. There is no guarantee that the Company will discover an economic mineral deposit from its exploration activities. See below "Caution Regarding Forward-Looking Statements."

U3O8 Corp. has no revenue-producing operations. For 2011, a total discretionary budget of approximately $15.4 million (approximately $7.1 million remains for fiscal 2011) has been primarily allocated to the most advanced projects discussed above as well as head office costs. Management may increase or decrease the budget depending on exploration results and in response to ongoing volatility in the capital markets. We believe our focused exploration strategy will make efficient use of cash while maintaining momentum on key projects that have the potential to create value in the near-term. U3O8 Corp. has sufficient financing availability to meet obligations (in the next 12 months) with a total cash position of $15.6 million as at June 30, 2011. However, we will require additional funds in the future to maintain the current momentum on the three lead projects, to fully delineate contained resources, undertake scoping studies, preliminary economic assessments and feasibility studies, and ultimately, develop the projects, if warranted.

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[5] *Berlin Project – see note 4 on page 3.*

[6] *Kurupung Project – see note 1 on page 2.*

[7] *Laguna Salada Project – Based on the NI 43-101 resource defined at Laguna Salada, two projects of similar size and grade have the potential to contain a cumulative target of 9-11 million tonnes at a grade of 100ppm to 150ppm U_3O_8 (estimated 20-24mlb). Refer to the technical report dated May 20, 2011 titled, "Laguna Salada Project, Chubut Province, Argentina: NI 43-101 Technical Report: Initial Resource Estimate" available on U3O8 Corp's web site at www.u3o8corp.com and on SEDAR at www.sedar.com.*

Priority Exploration Projects

Berlin Project, Colombia

The Berlin Project is located in Caldas Province of central Colombia. Uranium mineralization in the Berlin Project was investigated by a French company, Minatome, between 1978 and 1981 when the company was nationalized by the French government. Minatome made a historic (non–NI 43-101 compliant) resource estimate[8] of 38mlb U_3O_8 on the southern 4.4km of a 10.5km long keel-shaped fold. Historic work did not include estimates for commodities other than uranium. The maximum altitude of the Berlin Project is 1,400m, well below the Paramo ecosystem that lies above 3,000m, for which additional environmental restrictions were recently introduced in Colombia. The project is favourably located in Colombia's agricultural heartland between the country's largest cities of Bogota and Medellin with infrastructure nearby including a 395 megawatt hydroelectric plant, paved highway, a major river that is navigable by barge and a railway line that the Government has prioritized for refurbishment.

Since acquiring the Berlin Project in April 2010, U3O8 Corp. has aggressively advanced its exploration plans towards the goal of defining a high-value, multi-commodity NI 43-101 resource in 2011. U3O8 Corp's trenching and drilling show the potential for the Berlin Project to host a multi-commodity resource that potentially includes uranium, phosphate, vanadium, yttrium and other metals as co-products.

To date, exploration drilling has confirmed consistent mineralization in the southernmost 2.5km of the mineralized trend at Berlin. Trenching has also shown that mineralization continues northward beyond the historic resource area. Trenching will continue over the entire 10.5km long syncline, to be followed by drilling to show potential upside to the historic resource. Two rigs are currently focused on infill drilling in order to potentially delineate an initial 20-25mlb[9] NI 43-101 uranium resource in 2011, while setting up for further resource expansion in 2012.

Metallurgical testing on drill core samples is underway to provide preliminary indications of the extent to which uranium and the various co-products can be extracted from the mineralized rock. SGS Lakefield in Canada is conducting the testwork and a second sample is being analyzed by Australian Nuclear Science & Technology Organization, which has extensive experience with similar material from other deposits.

Kurupung Project, Guyana

U3O8 Corp's exploration drilling is showing that the Kurupung uranium district, located in the basement near the Roraima Basin in Guyana, may contain a resource of significant size and grade comparable with peer deposits elsewhere in the world. Uranium in the Kurupung is geologically similar to albitite-hosted uranium systems worldwide that typically host 60-130mlb of uranium with average grades of 0.06%-0.10% U_3O_8, contained in multiple structures.

Through scout drilling, we are identifying new areas of uranium in the Kurupung in a cost-effective manner, and growing our inventory of mineralized structures with the potential to add to our existing NI 43-101 resource base. Based on assays from the 10 uranium-bearing structures defined so far, U3O8 Corp. estimates that the Kurupung may host a conceptual target of about 30-35mlb U_3O_8[10]. Mineralization on all structures remains open along trend and at depth.

[8] *Berlin Project – See note 4 on page 3.*

[9] *Berlin Project – See note 4 on page 3.*

[10] *Kurupung Project – See note 1 on page 2.*

In Q2 2011, 20 bore holes were drilled for 5,090m at a cost of approximately \$55/m. Scout drilling has defined a 10th mineralized zone, the Illiwa structure, which significantly extends the size potential of the Kurupung Project. Uranium-bearing structures have now been delineated in an eight by 12km area. Two rigs are currently focused on infill drilling, which has been undertaken at Aricheng C and has started at Aricheng West, being two of the three mineralized zones (Accori North C being the third) to undergo resource drilling towards the objective of increasing the current NI 43-101 resource to potentially 20-25mlb[11] of uranium by the end of 2011. Assays from infill drilling at Aricheng C and Aricheng West will be reported in due course.

In addition, the first phase of metallurgical testwork on the Kurupung Project reported uranium recoveries of 82%. These positive initial results serve as a baseline from which ongoing metallurgical testing aims to refine and improve the efficiency of the process through which uranium can be extracted from the host rock. Floatation was used to separate the majority of the uranium-bearing minerals from carbonate minerals, the principal consumer of acid, from the rock, generating separate high- and low-carbonate fractions. For the low-carbonate fraction, net acid consumption was approximately 144 kilograms per tonne of whole ore, assuming a conservative 80% of the acid is recycled. Acid was not used in the leaching of the high-carbonate fraction; instead, it underwent carbonate leach in which reagent consumption was modest. Greater efficiency in the floatation process should lead to a further reduction in acid consumption. Further work also aims to optimize acid and carbonate leach steps applied to the floatation products.

Illiwa

Scout drilling at Illiwa confirms consistent mineralization over a strike distance of 120m and 150m below surface. Mineralization remains open at depth and along strike. Illiwa lies near the northeastern margin of the Kurupung Batholith and extends the area in which uranium-bearing structures have been found to eight by 12km. Summary assays of the principal mineralized intercepts cut in the six bore holes (1,325m) drilled at Illiwa are shown in Table 1.

Table 1 – Assay Results for Illiwa

Bore Hole	Intercept				Grade	
	From (m)	To (m)	Interval (m)	Estimated true width (m)	U_3O_8 (%)	U_3O_8 (lb/st)
ILLIWA-001	136.0	140.0	4.0	3.5	0.082	1.6
ILLIWA-002	No Significant Values					
ILLIWA-003	79.0	87.0	8.0	6.9	0.082	1.6
ILLIWA-004	107.0	114.0	7.0	6.1	0.045	0.9
ILLIWA-005	203.0	206.0	3.0	2.6	0.104	2.1
ILLIWA-006	No Significant Values					

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

Laguna Salada Project, Argentina

The Laguna Salada Project is a grassroots free-digging uranium-vanadium discovery in Chubut Province, Argentina that has a number of positive attributes for a potentially low-cost project. Mineralization occurs at the surface of flat-topped mesas to a maximum depth of approximately 3m within a flat to gently undulating layer that averages 0.95m thick. Mining could simply lower the profile of the mesas. The uranium-vanadium occurs in soft, unconsolidated sandy gravel that should be amendable to low-cost mining techniques that require no blasting and crushing.

[11] *Kurupung Project – See note 1 on page 2.*

An initial NI 43-101 Indicated Resource has been estimated on the Laguna Salada Project of 6.3mlb at 60ppm U_3O_8 and 57mlb at 550ppm V_2O_5, and a NI 43-101 Inferred Resource has been estimated of 3.8mlb at 85ppm U_3O_8 and 27mlb at 590ppm V_2O_5. Initial metallurgical tests showed that simple and inexpensive screening increased the uranium and vanadium grades by four to 12 times, and yielded good recoveries of both metals using an acid leach. For uranium, screening of the gravel would lead to a head grade of 550-580ppm U_3O_8 from free-digging mineralization that lies at surface and is typical of the mill feed grade of operating mines of similar deposits elsewhere in the world. Further metallurgical testwork will continue in 2011 to optimize the beneficiation and recovery of uranium and vanadium. Tests will also be done with alkaline leaching techniques.

Exploration continues on extensions of Laguna Salada as well as other similar targets with the aim to define an overall NI 43-101 uranium resource of 20-24mlb[12] on several projects in southern Argentina by the end of 2011.

While there is presently an open-pit mining ban in Chubut Province, draft legislation is reported to propose that the open-pit mining ban be lifted in the central semi-desert plain of the province. A similar approach, that allows mining in the central plain, is in effect in the adjacent Santa Cruz Province. Laguna Salada and several other mining projects are situated in this central plain of Chubut Province including CNEA's (Argentinean National Nuclear Authority) Cerro Solo uranium deposit and Pan American Silver's Navidad silver project, both of which are reported to be due for development by open-pit mining methods. Both of these projects are moving towards production and indications are that a change in Chubut Province's mining policy may be made in late 2011 or early 2012.

Grassroots Exploration

Limited exploration continues on a number of early-stage and reconnaissance projects in Guyana, Argentina and Colombia, to evaluate potential new targets for further investigation. The reconnaissance activities in Guyana are focused on the Roraima Basin Project, where field work is ongoing to define unconformity-related uranium targets while more detailed work is being undertaken in specific target areas identified from alteration and metal zoning in archived core from historic drilling. In Argentina, a number of surficial and intrusive-related uranium targets are being evaluated and will be considered for further exploration. In Colombia, grassroots exploration is scoping out potential areas of interest.

Rare Earth Property Transfer

While exploring for uranium, U3O8 Corp. identified grassroots potential for rare earths on its Jasimampa property in Argentina. Since rare earth is non-core to the Company's focus, the Jasimampa property was transferred into South American Rare Earth Corp. (SAREC) in Q2 2011 and approximately $4.5 million was raised in a private placement for further exploration and to pursue other opportunities. SAREC recently acquired two early-stage prospective rare earth prospects in northwestern Ontario, namely Carb Lake and Schryburt, and issued 2.5 million SAREC common shares. U3O8 Corp. currently holds an 18.2% interest in SAREC and a 2% net smelter royalty on any future production from the Jasimampa property. U3O8 Corp. will initially direct exploration activities for SAREC.

An airborne geophysics survey was recently completed on the Jasimampa Project with the objective of defining prospective zones beneath shallow soil cover. Trench samples have also been sent for metallurgical testing in the US to determine the extent to which the rare earth elements can be recovered from the host rock. Assay values from trenching will be tied back into the geophysics to generate targets for drilling that is expected to start in Q4 2011.

In Ontario, SAREC is pro-actively engaging the local Aboriginal bands to ensure support for the projects prior to commencing exploration activities. A soil sampling program with trenching in areas of limited outcrop is planned. In addition, an airborne magnetic and radiometric survey will be conducted to help define targets for potential drilling this winter.

[12] *Laguna Salada Project – See note 7 on page 4.*

Technical Disclosure

Dr. Richard Spencer, President and Chief Executive Officer of the Company, is the "qualified person" within the definition of that term in NI 43-101. Dr. Spencer has supervised the preparation of, and verified, all technical information contained in this MD&A related to the Company's exploration activities in South America. A summary of the Company's quality assurance and quality control procedures for the assay results reported above are incorporated by reference to the press release: "U3O8 Corp. intersects 28m at 0.075% U_3O_8 at Accori North C in the Kurupung Project, Guyana" dated April 20, 2011, available on U3O8 Corp's web site at www.u3o8corp.com and SEDAR at www.sedar.com.

Summary of Quarterly Results

For prior quarters ending after January 1, 2009, the quarterly results have been prepared using accounting policies consistent with IFRS.

Three Months Ended (*)	Net Loss ($)	Basic and Diluted Loss Per Share ($)
2011-June 30	(4,419,431) (1)	(0.04)
2011-March 31	(4,573,652) (2)	(0.05)
2010-December 31	(4,342,297) (3)	(0.06)
2010-September-30	(2,873,332) (4)	(0.05)
2010-June 30	(3,103,631) (5)	(0.06)
2010-March 31	(1,562,767) (6)	(0.07)
2009-December 31	(1,595,608) (7)	(0.06)
2009-September 30	(1,573,131) (8)	(0.07)

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

Notes:

(1) Net loss of $4,419,431 principally related to cash exploration expenditures in Guyana of $951,945, Colombia of $2,261,613 and Argentina of $1,221,611 before recovery of $434,160 from SAREC which was reported in gain on sale of investment in Gaia in the income statement (excluding stock-based compensation of $235,657, amortization of $77,816, and Colombia tax accruals of $70,100). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $60,615.

(2) Net loss of $4,573,652 principally related to cash exploration expenditures in Guyana of $1,016,372, Colombia of $1,261,140 and Argentina of $894,784 (excluding stock-based compensation of $105,297, amortization of $68,539, and Colombia tax accruals of $559,079). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $11,462.

(3) Net loss of $4,342,297 principally related to exploration expenditures in Guyana of $785,706, Colombia of $1,421,964 and Argentina of $1,300,295 (excluding stock-based compensation of $113,218 and amortization of $85,209). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $12,464.

(4) Net loss of $2,873,332 principally related to exploration expenditures in Guyana of $1,038,174, Colombia of $392,708 and Argentina of $720,260 (excluding stock-based compensation of $218,037 and amortization of $80,056). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $4,164.

(5) Net loss of $3,103,631 principally related to exploration expenditures in Guyana of $951,461, Colombia of $487,356 and Argentina of $628,214 (excluding stock-based compensation of $116,130 and amortization of $82,466). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $5,997.

(6) Net loss of $1,562,767 principally related to exploration expenditures in Guyana of $1,059,427 (excluding stock-based compensation of $10,712 and amortization of $72,336). All other expenses related to general working capital purposes and management and director compensation. Interest income of $5,096 offset all expenses.

(7) Net loss of $1,595,608 principally related to exploration expenditures in Guyana of $887,421 (excluding stock-based compensation of $17,459). All other expenses related to general working capital purposes and management and director compensation. All expenses were offset by interest income of $7,250.

(8) Net loss of $1,573,131 principally related to exploration expenditures in Guyana of $993,657 (excluding stock-based compensation of $20,648). All other expenses related to general working capital purposes, management compensation and a foreign exchange loss. All expenses were offset by interest income of $21,853.

Results of Operations

Three months ended June 30, 2011, compared with three months ended June 30, 2010

U3O8 Corp's net loss totalled $4,419,431 for Q2 2011, with basic and diluted loss per share of $0.04 (Q2 2010 – net loss of $3,103,631 with basic and diluted loss per share of $0.06). The increase of $1,315,800 in net loss was principally due to:

- Cash exploration expenses (excluding stock-based compensation, amortization, and tax accruals) in Colombia of $2,261,613 (Q2 2010 - $487,356) and in Argentina of $1,221,611 before recovery of $434,160 from SAREC which was reported in gain on sale of investment in Gaia in the income statement (Q2 2010 - $628,214). These properties were acquired in Q2 2010 from Mega;

- Guyana exploration expenses of $951,945 (excluding stock-based compensation and amortization) remained at a consistent pace as work continued in the quarter;

- Stock-based compensation for Q2 2011 increased to $443,127 (Q2 2010 – $413,193) due to option grants for general incentives to technical and administrative personnel and management and the addition of a seventh director to the board.

- Salaries and benefits expense (excluding stock-based compensation) for Q2 2011 decreased to $180,035 (Q2 2010 – $187,476), reflecting no change in the Company's management team in that period;

- Administrative and general costs increased by $46,260 in Q2 2011 compared with Q2 2010, reflecting higher head office expenses associated with larger operations in multiple countries and enhancements to IT systems;

- Professional fees increased by $36,361 during Q2 2011 compared with Q1 2010, mainly attributed to recruitment fees for a new hire and legal costs related to new opportunities;

- Business development expense rose by $22,205 in Q2 2011 versus Q2 2010, mostly due to marketing activities;

- Reporting issuer expense declined by $17,122 during Q2 2011 compared with Q2 2010, primarily due to benefits from cost-saving measures related to mailings to the Company's shareholder base;

- The foreign exchange loss increased by $62,144 during Q2 2011 compared with Q2 2010, mostly attributed to US Dollar exchange rate fluctuations;

- Interest income was increased by $54,618 during Q2 2011 compared with Q2 2010, reflecting increased invested funds from the February 2011 financing;

- A gain on transfer of the Jasimampa Property to SAREC is comprised of a $434,160 cash refund for exploration work done before the transfer to SAREC and $1,117,982 from a valuation of the SAREC shares held by the Company. As the Company has significant influence regarding the operations of SAREC, the Company reported a $401,334 loss from SAREC operations; and

- All other expenses related to general working capital purposes.

Six months ended June 30, 2011, compared with six months ended June 30, 2010

U3O8 Corp's net loss totalled $8,993,083 for the first six months of 2011, with basic and diluted loss per share of $0.09 (first six months of 2010 – net loss of $4,666,398 with basic and diluted loss per share of $0.13). The increase of $4,326,685 in net loss was principally due to:

- Exploration expenses (excluding stock-based compensation and amortization) in Colombia of $4,081,832 and in Argentina of $2,116,395. These properties were acquired in the Q2 2010 from Mega;

- Guyana exploration expenses (excluding stock-based compensation and amortization) decreased by $42,571, as a result of optimizing travel by senior technical personnel and a change in field schedules;

- Stock-based compensation for the first six months of 2011 was $596,353 (first six months 2010 – $448,581), reflecting option grants for general incentives to technical and administrative personnel and management and the addition of a seventh director to the board;

- Salaries and benefits expense (excluding stock-based compensation) for the first six months of 2011 was $367,456 (first six months 2010 – $339,563), reflecting no change in the management team in that period;

- Administrative and general costs increased by $41,943 for the first six months of 2011, compared with the same 2010 period due to head office expenses associated with larger operations in multiple countries and enhancements to IT systems;

- Professional fees increased by $92,871 during the first six months of 2011, compared with the same 2010 period, mainly attributable to recruitment fees for a new hire and legal costs related to new opportunities;

- Business development expense increased by $56,505 during the first six months of 2011, compared with the same 2010 period, reflecting increased marketing activities;

- Reporting issuer expense increased marginally by $7,263 during the first six months of 2011, compared with the same 2010 period, reflecting no significant change to the Company's shareholder base and related communication and mailing costs;

- The foreign exchange loss increased by $156,155 during the first six months of 2011, compared with the same 2010 period, which was attributed to US Dollar exchange rate fluctuations;

- Interest income rose by $60,984 during the first six months of 2011, compared with the same 2010 period, reflecting increased invested funds from the February 2011 financing;

- A gain on transfer of the Jasimampa Property to SAREC is comprised of a $434,160 cash refund for exploration work done before the transfer to SAREC and $1,117,982 from a valuation of the SAREC shares held by the Company. As the Company has significant influence regarding the operations of SAREC, the Company reported a $401,334 loss from SAREC operations; and

- All other expenses related to general working capital purposes.

Budget for Calendar 2011

A 2011 budget of $15.4 million is proposed for U3O8 Corp's exploration and operating activities in Colombia, Guyana, Argentina and Canada. As exploration progresses on various fronts, expenditure requirements may be adjusted to ensure that funds are focused on projects that are considered to be the most prospective in light of exploration results. The exploration budget may also be changed in response to evolving general market conditions and such other factors as the Company may deem relevant from time to time. See also "Outlook" and "Caution Regarding Forward-Looking Statements".

Cost Category	Plans for Project	Planned Expenditures for Fiscal 2011 (approx.)	Q2 Expenditures (Six Months Ended June 30, 2011) (approx.)	Remaining Expenditures (approx.)	Proposed Timing for Completion of Planned Activities
Colombia Operations	Berlin Project and reconnaissance exploration	$6.3 million (2)(5)	$3.5 million	$2.8 million	December 2011
Guyana Operations	Kurupung Project and Roraima Basin Project	$5.0 million (3)(5)	$2.0 million	$3.0 million	December 2011
Argentina Operations	Laguna Salada Project, other surficial targets and reconnaissance exploration	$2.2 million (4)(5)	$1.7 million	$0.5 million	December 2011
Canadian Operations	Head office costs (1)	$1.9 million (5)	$1.1 million	$0.8 million	December 2011

(1) Head office costs include professional fees, business development, management compensation, investor relations, administrative and general, consulting fees, reporting issuer costs and director fees in Canada.

(2) $5.5 million has been budgeted for the Berlin Project with the aim to position for an initial potential NI 43-101 resource in 2011. A 19,000m drill program is underway with two drill rigs currently focused on resource drilling in the southern part of the Berlin property on which the historic resource was estimated. Further exploration drilling and trenching is planned to continue into the northern part of the mineralized trend. Metallurgical test work will be ongoing during the year. $0.6 million has been allocated for option payment and concession fees, and $0.2 million for reconnaissance initiatives to assess other areas of potential interest in Colombia.

(3) $4.6 million has been budgeted for the Kurupung Project and associated local administration. Two drill rigs are presently focused on infill drilling to potentially add to the existing NI 43-101 resource. In addition, scout drilling is planned to show further size potential of the Kurupung system. $0.4 million has been allocated for ongoing grassroots exploration of the Roraima Basin Project.

(4) $2.0 million has been budgeted for exploration of other surficial uranium targets, which is underway to potentially increase the overall NI 43-101 resource in Argentina. The remaining $0.2 million has been budgeted for reconnaissance exploration activities to evaluate the prospectivity of grassroots targets similar to Laguna Salada.

(5) Discretionary expense, subject to change if management decides to scale back operations or accelerate exploration.

Liquidity and Capital Resources

U3O8 Corp. is an exploration company focused on uranium and associated commodities that are used in the generation of low-emission energy and green technology. The Company does not have operating revenues; and therefore, it must utilize its current cash reserves, income from investments, funds obtained from the exercise of stock options and warrants and other financing transactions to maintain its capacity to meet the planned exploration programs, or to fund any further development activities.

At June 30, 2011, accounts payable and accrued liabilities increased to $1,340,174 (December 31, 2010 - $939,234), as activities increased compared to the end of December. U3O8 Corp's cash and cash equivalents as at June 30, 2011, were sufficient to pay these liabilities.

At June 30, 2011, U3O8 Corp. had total cash of $15,602,459 (December 31, 2010 - $5,033,076), and working capital of $14,531,633 (December 31, 2010 - $4,285,649). The increase reflected $20,527,500 of gross proceeds raised in Q1 2011 upon the issue of 24,150,000 units at $0.85 per unit. Each unit comprised one common share of U3O8 Corp. and one-half common share purchase warrant. Each full warrant is exercisable into one common share of U3O8 Corp. at a price of $1.00 per share until February 15, 2013. Agents of this transaction were granted 1,378,410 broker warrants. Each broker warrant is exercisable into a unit at $0.85 per unit until February 15, 2013.

At June 30, 2011, U3O8 Corp. had issued and outstanding 102,676,658 common shares, 26,132,303 warrants and 6,891,250 stock options, and the full exercise of all outstanding warrants and options could raise cash proceeds of approximately $22.5 million. Exercise of these warrants and options is not anticipated until the market value of U3O8 Corp's common shares increases in value.

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

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

U3O8 Corp. aims to spend the remaining $7.1 million of its fiscal 2011 budget as disclosed above under the heading "Budget for Calendar 2011" in the section titled "Results of Operations". As of the date of this MD&A, U3O8 Corp's total cash of $15.6 million is sufficient to meet obligations for the next 12 months. These expenditures are subject to change if management decides to scale back operations or accelerate exploration in Guyana, Colombia and Argentina. However, U3O8 Corp. will require additional funds from equity sources in the future to maintain the current momentum on its three lead projects, and to complete the development of our projects in Guyana, Colombia and Argentina, if warranted. There is no certainty that future financing will be available to the Company in the amounts or at the times desired on terms acceptable to the Company, if at all. See "Risks Factors" below.

Related Party Transactions

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

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**:**

Related Parties	Three Months Ended June 30		Six Months Ended June 30	
	2011	**2010**	**2011**	**2010**
Marrelli CFO Outsource Syndicate Inc. ("Marrelli") (i)	$ -	$ 10,500	$ -	$ 21,000
Marrelli Support Services Inc. ("MSSI") (ii)	$ -	$ 6,022	$ -	$ 16,636
John Ross (iii)	$ 15,000	$ 3,675	$ 30,000	$ 3,675

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

(iii) Fees expensed to the current CFO of U3O8 Corp., which was included in accounts payable and accrued liabilities.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2011	**2010**	**2011**	**2010**
Salaries and benefits (i) (ii)	$ 85,391	$ 82,434	$ 167,825	$ 159,651
Stock-based compensation (iii)	$ 179,213	$ 258,822	$ 247,763	$ 279,706
Total	**$ 264,604**	**$ 341,256**	**$ 415,588**	**$ 439,357**

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

(ii) For the six month period, this consisted of: Richard Spencer (Chief Executive Officer) - $127,825 (six months 2010 - $125,651); Bryan Coates (Director) - $8,000 (six months 2010 - $8,000); David Constable (Director) - $11,000 (six months 2010 - $11,000); Patrick Anderson (former Director) - $nil (six months 2010 - $5,000); Keith Barron (Director) - $5,000 (six months 2010 - $2,500); Sheldon Inwentash (Director) - $5,000 (six months 2010 - $2,500); Pablo Marcet (Director) - $1,000 (six months 2010 - $nil); Richard Patricio (Director) - $5,000 (six months 2010 - $2,500); and Stewart Taylor - $5,000 (six months 2010 - $2,500).

(iii) For the six month period, this consisted of: Richard Spencer (Chief Executive Officer) - $29,258 (six months 2010 - $62,010); Carmello Marrelli (former CFO) - $nil (six months 2010 - $5,779); John Ross (CFO) - $24,725 (six months 2010 - $4,775); Bryan Coates (Director) - $27,070 (six months 2010 - $32,068); David Constable (Director) - $27,070 (six months 2010 - $32,068); Patrick Anderson (former Director) - $nil (six months 2010 - $5,779); Keith Barron (Director) - $27,070 (six months 2010 - $32,068); Sheldon Inwentash (Director) - $29,226 (six months 2010 - $35,052); Pablo Marcet (Director) - $24,892 (six months 2010 - $nil); Richard Patricio (Director) - $29,226 (six months 2010 - $35,052); and Stewart Taylor - $29,226 (six months 2010 - $35,052).

Off-Balance Sheet Arrangements

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

Proposed Transactions

There are no proposed transactions of a material nature being considered by U3O8 Corp. However, the Company continues to evaluate properties and corporate opportunities.

Change in Accounting Policies

During the six months ended June 30, 2011, the Company adopted no new accounting policies.

Significant accounting judgments and estimates

The preparation of these unaudited condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the recoverability of accounts receivable and value-added taxes receivable which are included in the consolidated statements of financial position;
- the recoverability of South American property interests in Colombia and Argentina presented in the statement of financial position;
- the estimated useful lives of PPE which are included in the unaudited condensed consolidated interim statement of financial position and the related depreciation included in profit or loss;
- the inputs used in accounting for share-based compensation expense in profit or loss;
- management applied judgment in determining the functional currency of U3O8 Corp. as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;
- management determination of no material restoration, rehabilitation and environmental, based on the facts and circumstances that existed during the period.

Critical accounting judgements

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Future accounting changes

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

Equity investment in associate

Since April, 2011, the Company has significant influence on South American Rare Earth Corp. ("SAREC"), but does not have control; this investment is accounted for using the equity method. Under the equity method the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income or loss of the Company, and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed to ensure there is no impairment. When there is a loss in value other than a temporary decline, the investment is written down to recognize the loss. The accounting policies of an associate are changed where necessary to align with the accounting policy of the Company.

International Financial Reporting Standard 9, Financial Instruments (IFRS 9)

Financial instruments ("IFRS 9") was issued by the IASB in October 2010 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 is effective for annual periods beginning on or after January 1, 2013. The Company has not yet assessed the impact of the standard.

International Financial Reporting Standards 10, Consolidation (IFRS 10)

Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual period beginning on or after January 1, 2013. Earlier adoption is permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

International Financial Reporting Standard 11, Joint Arrangements (IFRS 11)

Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has not yet assessed the impact of the standards or determined whether it will adopt the standard early.

International Financial Reporting Standard 12, Disclosure of Interests in Other Entities (IFRS 12)

Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

International Financial Reporting Standard 13, Fair Value Measurement (IFRS 13)

Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs.

The key points of IFRS 13 are as follows:
- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a
- principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be
- measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance
- has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorized under Level 3
- of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity's valuation processes for fair value measurements categorized
- under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

International Accounting Standard 28, Investments in Associates and Joint Ventures (IAS 28)

In addition, there have been amendments to existing standards, including IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 11 – 13 which are discussed above. The Company will assess the impact of the amendment in conjunction with assessments made for IFRS 11 -13.

International Accounting Standard 1, Presentation of financial statements ("IAS 1")

Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company will assess the impact of the amendment.

Management of Capital

U3O8 Corp. manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out its defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, other components of equity and accumulated deficit, which at June 30, 2011, totalled $26,131,913 (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 fundraisings.

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

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 U3O8 Corp's approach to capital management during Q2 2011.

Disclosure of Internal Controls

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

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

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

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the audited annual consolidated financial statements for external purposes in accordance with IFRS as issued by the IASB.

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

Financial Instruments

U3O8 Corp's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and uranium price risk).

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. U3O8 Corp's credit risk is primarily attributable to cash and cash equivalents, guaranteed investment certificates, accounts receivable and restricted cash. Cash and cash equivalents, guaranteed investment certificates and restricted cash are held with major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Accounts receivable are in good standing as of June 30, 2011. Management believes that the credit risk concentration with respect to financial instruments included in accounts receivable is minimal.

Liquidity risk

Liquidity risk is the risk that U3O8 Corp. will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. Cash flow is primarily from the Company's financing activities. As at June 30, 2011, U3O8 Corp. had total cash of $15,602,459 (December 31, 2010 - $5,033,076) to settle current liabilities of $1,517,017 (December 31, 2010 - $939,234). All of its financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

Market risk

(a) Interest rate risk

U3O8 Corp. has cash balances and no interest-bearing debt. Its current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk

U3O8 Corp's functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of June 30, 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. U3O8 Corp. is subject to gains and losses from fluctuations in the US Dollar, Guyanese Dollar, the Colombian Peso and the Argentina Peso against the Canadian Dollar.

(c) Commodity uranium price risk

U3O8 Corp. is exposed to price risk with respect to commodity uranium prices. Commodity uranium price risk is defined as the potential adverse impact on earnings due to uranium price movements and volatility. The Company closely monitors uranium prices to determine the appropriate course of action to be taken in terms of exploration expenditures and to ensure that its focus is on projects that have potential cost production profiles consistent with the longer-term price projections related to forecast demand and supply.

Uranium prices have been volatile with the spot price peaking at US$136/lb U_3O_8 in mid 2007, then retreating to a US$40 low during the financial crisis in 2009 and continuing in the low US$40s until mid 2010, when prices started to rise in response to a recognition of the growing demand for uranium to fuel escalating nuclear energy programs around the world. The tragic accident in Japan in mid-March 2011 has resulted in a pull-back in uranium prices.

Since the events in Japan in March 2011, many countries have announced reviews to their plans for nuclear energy. Despite these reviews, many of the countries that have plans for a rapid buildup of nuclear energy, such as China, Russia and India, have stated their continued commitment to nuclear energy. Under these conditions, the demand for uranium for the growth of nuclear reactors that are under construction is forecast to exceed supply starting in 2014, according to the World Nuclear Association. However, volatility in the uranium price is expected to continue while the Japanese situation remains uncertain.

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, we believe the following movements are "reasonably possible" over a three month period:

(i) Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect the reported loss and comprehensive loss by approximately $72,000.

(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 foreign exchange rate against the Canadian Dollar would affect the reported loss and comprehensive loss by approximately $98,000.

(iii) Commodity uranium and related mineral price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of uranium and related minerals. Uranium prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of uranium may be produced in the future, a profitable market will exist for them. As of June 30, 2011, the Company was not a uranium or related mineral producer. As a result, uranium and related mineral price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Share Capital

At August 24, 2011, U3O8 Corp. had 102,676,658 issued and outstanding common shares, 26,132,303 warrants and 7,261,250 stock options outstanding, each exercisable to acquire one common share, for 136,070,211 common shares outstanding on a fully diluted basis at such date.

Risk Factors

An investment in the securities of U3O8 Corp. is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors, which have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Refer to the section entitled "Risk Factors" in the Company's MD&A for the fiscal year ended December 31, 2010, available on U3O8 Corp's web site at www.u3o8corp.com and on SEDAR at www.sedar.com. There have been no significant changes to such risk factors since the date thereof other than as discussed herein.

Subsequent Event

On August 24, 2011, U3O8 Corp. granted an aggregate of 370,000 stock options in association with the appointments of the Vice President of Exploration, Executive Vice President and Chief Operating Officer pursuant to the Company's stock option plan. The stock options were issued at an exercise price $0.26 and will expire on August 24, 2016.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Specifically, this MD&A includes, but is not limited to, forward-looking statements regarding: the potential of U3O8 Corp's properties to contain economic uranium deposits; our ability to achieve our resource objectives; our ability to meet our operating costs for fiscal 2011 and exploration programs at current operating levels; prospects for the future demand and price of uranium and other commodities; the plans, costs, timing and capital for future exploration and development of U3O8 Corp's property interests including the costs and potential impact of complying with existing and proposed laws and regulations; Management's outlook regarding future trends and government regulation in Chubut Province, Argentina and elsewhere; sensitivity analysis on financial instruments, which may vary from amounts disclosed; prices and price volatility for uranium; and general business and economic conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond U3O8 Corp's ability to predict or control. These risks, uncertainties and other factors include, but are not limited to, uranium price volatility, changes in debt and equity markets, timing and availability of external financing on acceptable terms, the uncertainties involved in interpreting geological data and confirming title to recently acquired properties, the possibility that future exploration results will not be consistent with the U3O8 Corp's expectations, increases in costs, environmental compliance and changes in environmental and other local legislation and regulation, interest rate and exchange rate fluctuations, changes in economic and political conditions and other risks involved in the uranium exploration and development industry, as well as those risk factors listed in the "Risk Factors" section above. Readers are cautioned that the foregoing list of factors is not exhaustive of the factors that may affect the forward-looking statements. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: the availability of financing for U3O8 Corp's exploration and development activities; our operating and exploration and development costs; our ability to retain and attract skilled staff; timing of the receipt of regulatory and governmental approvals for exploration projects and other operations; market competition; and general business, regulatory and economic conditions. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause U3O8 Corp's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Additional Information

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

Additional Disclosure for Venture Corporations

The following table sets forth a breakdown of material components of the general and administrative costs of the Company for the three and six month periods ended June 30, 2011 and June 30, 2010.

Detail	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Salaries and benefits (Canada)	$ 387,505	$ 484,539	$ 622,855	$ 661,302
Administrative and general	67,685	21,425	128,613	86,670
Professional fees	172,774	136,413	290,068	197,197
Business development	102,467	80,262	196,240	139,735
Reporting issuer costs	84,452	101,574	122,883	115,620
Consulting	-	14,175	-	24,675
Amortization	758	1,186	3,486	2,375
Total	**$ 815,641**	**$ 839,574**	**$ 1,364,145**	**$ 1,227,574**

Guyana Exploration Expenditures

A breakdown of material components of Guyana exploration expenditures for the three and six months ended June 30, 2011 and June 30, 2010 is set forth below.

Detail	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Guyana location costs (head office, base camp)				
Salaries and benefits	$ 34,094	$ 31,299	$ 68,191	$ 109,527
Head office costs	217,255	218,449	449,976	464,966
Travel and accommodation	3,322	33,023	9,951	54,314
Total Guyana location costs	**$ 254,671**	**$ 282,771**	**$ 528,118**	**$ 628,807**
Kurupung Project costs				
Camp expenses	$ 278,486	$ 121,995	$ 543,776	$ 279,612
Salaries and benefits	191,347	215,888	375,588	430,641
Permits	Nil	Nil	45,303	47,795
Travel and accommodation	49,599	60,718	83,048	100,523
Geology	61,814	110,107	139,342	233,429
Assays	8,267	20,809	22,341	48,943
Total Kurupung Project costs	**$ 589,513**	**$ 529,517**	**$ 1,209,398**	**$ 1,140,943**
Roraima Basin costs				
Camp expenses	$ 32,855	$ 22,662	$ 79,195	$ 56,672
Salaries and benefits	40,150	48,929	75,009	69,890
Travel and accommodation	12,728	27,799	35,187	43,962
Geology	15,454	27,526	34,836	58,357
Assays	6,574	12,257	6,574	12,257
Total Roraima Basin costs	**$ 107,761**	**$ 139,173**	**$ 230,801**	**$ 241,138**
Stock-based compensation	**$ 50,573**	**$ 30,021**	**$ 59,029**	**$ 40,733**
Amortization	**$ 56,904**	**$ 73,447**	**$ 112,147**	**$ 145,783**
Total Guyana exploration expenditures	**$ 1,059,422**	**$ 1,054,929**	**$ 2,139,493**	**$ 2,197,404**

Colombia Exploration Expenditures

A breakdown of material components of Colombia exploration expenditures for the three and six months ended June 30, 2011 and June 30, 2010 is set forth below.

Detail	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Colombia location costs				
Administrative expenses	$ 269,482	$ 138,859	$ 499,840	$ 138,859
Salaries and benefits	511,151	138,930	869,923	138,930
Travel and accommodation	139,383	18,713	243,896	18,713
Total Colombia location costs	**$ 920,016**	**$ 296,502**	**$ 1,613,659**	**$ 296,502**
Total field costs	**$ 1,271,497**	**$ 190,854**	**$ 1,852,589**	**$ 190,854**
Tax accruals	**$ 70,100**	**$ Nil**	**$ 615,584**	**$ Nil**
Stock-based compensation	**$ 103,037**	**$ 68,887**	**$ 180,509**	**$ 68,887**
Amortization	**$ 18,107**	**$ 7,420**	**$ 28,597**	**$ 7,420**
Total Colombia exploration expenditures	**$ 2,382,757**	**$ 563,663**	**$ 4,290,938**	**$ 563,663**

Argentina Exploration Expenditures

A breakdown of material components of Argentina exploration expenditures for the three and six months ended June 30, 2011 and June 30, 2010 is set forth below.

Detail	Three Months Ended June 30		Six Months Ended June 30	
	2011	2010	2011	2010
Argentina location costs				
Administrative expenses	$ 87,904	$ 73,779	$ 230,397	$ 73,779
Salaries and benefits	97,258	45,315	172,304	45,315
Travel and accommodation	139,910	71,709	229,285	71,709
Total Argentina location costs	**$ 325,072**	**$ 190,803**	**$ 631,986**	**$ 190,803**
Total field costs	**$ 896,539**	**$ 437,411**	**$ 1,484,409**	**$ 437,411**
Stock-based compensation	**$ 82,047**	**$ 17,222**	**$ 101,416**	**$ 17,222**
Amortization	**$ 2,805**	**$ 1,599**	**$ 5,611**	**$ 1,599**
Total Argentina exploration expenditures	**$ 1,306,463**	**$ 647,035**	**$ 2,223,422**	**$ 647,035**

Argentina exploration activities included $434,160 in cash field costs which were recovered from SAREC in the second quarter of 2011 and reported as a gain on sale of investment in Gaia in the income statement.