

**U308 Corp.**

**Management Information Circular**

**May 16, 2008**

**Solicitation of Proxies**

**This management information circular (the “Circular”) is furnished in connection with the solicitation by the management of U308 Corp. (the “Corporation”) of proxies to be used at the annual and special meeting (the “Meeting”) of shareholders (“Shareholders”) of the Corporation to be held at 330 Bay Street, Conference Centre, 3<sup>rd</sup> Floor, Toronto, Ontario, M5H 2S8, on Thursday, the 26<sup>th</sup> day of June, 2008, at 4:30 p.m. (Toronto time). References in this Circular to the Meeting include any adjournment or adjournments thereof. It is expected that the solicitation will be primarily by mail, however, proxies may also be solicited personally by management, employees or agents of the Corporation. The cost of solicitation will be borne directly by the Corporation. The information provided is as of May 16, 2008, unless indicated otherwise.**

**Purpose of the Meeting**

The purpose of the Meeting is to (i) receive and consider the audited consolidated financial statements of the Corporation for the year ended December 31, 2007 and the report of the auditors thereon; (ii) elect directors of the Corporation for the ensuing year; (iii) appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration; (iv) ratify, confirm and approve the Corporation’s stock option plan as more particularly described below; (v) ratify, confirm and approve the Corporation’s shareholders rights plan as more particularly described below; and (vi) to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

**Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person to represent him at the Meeting may do so either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the office of the transfer agent of the Corporation, Equity Transfer & Trust Company at 200 University Avenue, Suite 400, Toronto, Ontario M5H 4H1, not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used.**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. **not later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of holding the Meeting or adjournment thereof at which the proxy is to be used, by delivering another properly executed form of proxy bearing a later date and depositing it as aforesaid;**
2. **by depositing an instrument in writing revoking the proxy executed by him or her:**
  - (a) with the Corporation at its office denoted herein at any time up to and including 4:30 p.m. (Toronto time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (b) with the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting or any adjournment thereof; or
3. **in any other manner permitted by law.**

### **Voting of Proxies**

Shares represented by properly executed proxies **will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for**. Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **will be voted for each of the matters to be voted on by Shareholders as described in this Circular**. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this Circular the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Voting Securities and Principal Holders Thereof**

The authorized capital of the Corporation consists of an unlimited number of common shares (“**Common Shares**”). As of May 16, 2008, the Corporation has 23,057,700 Common Shares issued and outstanding.

The Corporation shall make a list of all persons who are registered holders of Common Shares on May 12, 2008 (the “**Record Date**”) and the number of Common Shares registered in the name of each person on that date. Each Shareholder is entitled to one vote, either in person or by proxy, for each Common Share registered in his name as it appears on the list.

To the knowledge of the directors and officers of the Corporation, as of May 16, 2008, no person beneficially owns, directly or indirectly or exercises control or direction over more than 10% of the outstanding Common Shares.

### **Escrowed Shares**

As of the date hereof, an aggregate of 3,645,000 Common Shares are held in escrow (the “**Escrowed Securities**”) with Equity Transfer & Trust Company pursuant to the escrow imposed when the Corporation completed its initial public offering. At the time of completion of the Corporation’s initial public offering, 450,000 Escrowed Securities were released, and a further 15% shall be released on each six month anniversary thereof.

## Non-Registered Holders

Only registered Shareholders, or the persons they appoint as their proxies, are permitted to vote at the Meeting. Non-Objecting Beneficial Owners (“**NOBOs**”) may also vote at a meeting when the Corporation chooses to mail to NOBOs directly.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary (“**Intermediary**”) holding on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.

If you have received the Corporation’s form of proxy, you may return it to Equity Transfer & Trust Company: (i) by regular mail in the return envelope provided, or (ii) by fax at (416) 361-0470.

Objecting Beneficial Owners (“**OBOs**”) and other beneficial holders receive a Voting Instruction Form (“**VIF**”) from an Intermediary by way of instruction of their financial institution. Detailed instructions of how to submit your vote will be on the VIF.

**In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the Common Shares they beneficially own. Should a non-registered holder who receives either form of proxy wish to vote at the Meeting in person, the non-registered holder should strike out the persons named in the form of proxy and insert the non-registered holder’s name in the blank space provided.** Non-registered holders should carefully follow the instructions of their Intermediary including those regarding when and where the form of proxy or VIF is to be delivered.

## Executive Compensation

The following table sets out all annual and long-term compensation for services rendered in all capacities to the Corporation for the fiscal years ended December 31, 2007, 2006 and 2005 in respect of the individuals who were the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (collectively, the “**Named Executives**”) of the Corporation. Other than Mr. Ibbitson, the Corporation had no executive officers whose total salaries and bonuses during the fiscal year ended December 31, 2007 exceeded \$150,000.

## Statement of Executive Compensation

### Summary Compensation Table

Name and Principal Position	Period Ended	Annual Compensation			Long Term Compensation			All Other Compensation (\$)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Option/SARs Granted (#)	Shares or Units Subject to Resale Restrictions (\$)	LTIP Payouts (\$)	
Allan Ibbitson, Chief Executive Officer <sup>(1)</sup>	Dec. 31/07	200,000	Nil	172,000	Nil	Nil	Nil	Nil
	Dec. 31/06	84,000	66,000	Nil	450,000	Nil	Nil	Nil
	Dec. 31/05 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Carmelo Marrelli, Chief Financial Officer	Dec. 31/07	42,000	Nil	Nil	Nil	Nil	Nil	Nil
	Dec. 31/06	Nil	Nil	Nil	160,000	Nil	Nil	Nil
	Dec. 31/05 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Allan Ibbitson resigned as President, CEO and director effective January 31, 2008 and was replaced on that date by the Corporation's current President and CEO, Dr. Richard Spencer. Dr. Spencer was also appointed to the Board of Directors of the Corporation (the "Board").

(2) This period represents the fiscal period from December 5, 2005 (the date of incorporation of the Corporation) to December 31, 2005.

### Option Grants

The following table provides details on stock options granted to the Named Executives during the year ended December 31, 2007:

Name	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Financial Year <sup>(1)</sup>	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
Allan Ibbitson <sup>(2)</sup>	Nil	N/A	N/A	N/A	N/A
Carmelo Marrelli	Nil	N/A	N/A	N/A	N/A

(1) An aggregate of 90,000 stock options were granted to directors, officers and other service providers during the fiscal year ended December 31, 2007.

(2) Allan Ibbitson resigned as President, CEO and director effective January 31, 2008 and was replaced concurrently by the Corporation's current President and CEO, Dr. Richard Spencer. Dr. Spencer was also appointed to the Board.

### Aggregated Option Exercises and Financial Year End Values

The following table sets forth information concerning each exercise of options by the Named Executives during the most recently completed financial year of the Corporation, and the financial year-end value of unexercised options held by the Named Executives, on an aggregated basis.

Name	Securities Acquired on Exercise #	Aggregate Value Realized \$	Unexercised Options/SARs at December 31, 2007 (#)		Value of Unexercised in-the-Money Options/SARs at December 31, 2007 (\$) <sup>(1)</sup>	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Allan Ibbitson <sup>(2)</sup>	Nil	N/A	337,500	112,500	Nil	Nil
Carmelo Marrelli	Nil	N/A	120,000	40,000	Nil	Nil

(1) The value of “in-the-money” options was calculated using the last traded price of the Common Shares on the TSX Venture Exchange (the “TSXV”) on December 31, 2007 of \$1.33 less the exercise price of “in-the-money” options. “In-the-money” options are options that can be exercised at a profit (i.e., the market value of the Common Shares is higher than the price at which they can be purchased from the Corporation).

(2) Allan Ibbitson resigned as President, CEO and director effective January 31, 2008 and was replaced concurrently by the Corporation’s current President and CEO, Dr. Richard Spencer. Dr. Spencer was also appointed to the Board.

The Corporation did not effect any downward repricing of stock options during the fiscal year ended December 31, 2007.

### ***Termination of Employment, Change in Responsibilities and Employment Contracts***

The Corporation currently has no outstanding employment contracts in place. The Corporation has no compensation plan or arrangement that results or will result from the resignation, retirement or any other termination of employment or any officer’s employment with the Corporation (and its subsidiaries), from a change of control of the Corporation (and its subsidiaries) or a change in a Named Executive’s responsibilities following a change of control. Mr. Ibbitson resigned as President, CEO and director effective January 31, 2008 and was replaced concurrently by the Corporation’s current President and CEO, Dr. Richard Spencer. Dr. Spencer was also appointed to the Board.

### **Compensation of Directors**

Directors of the Corporation are currently paid fees equal to \$10,000 per annum for their services as directors with the Chairman receiving an additional \$12,000 per annum and the Chair of the Audit Committee receiving \$6,000 per annum. Directors are reimbursed for travel and other out of pocket expenses incurred in attending directors’ and Shareholders’ meetings. Directors are also entitled to receive additional compensation to the extent that they provide services to the Corporation at rates that would be charged by such directors for such services to arm’s length parties. During the year ending December 31, 2007, no such additional compensation was paid to any director of the Corporation or a corporation associated with any director in their capacity as a director of the Corporation.

### **Directors’ and Officers’ Insurance**

The Corporation maintains a directors’ and officers’ insurance policy with maximum liability coverage of \$5,000,000, subject to a \$25,000 deductible payment. The Corporation’s insurance policy expired on November 7, 2007, and was subsequently renewed for one year on the same date. The Corporation has paid a premium of \$24,750 for such insurance. No portion of the premium is directly paid by any of the directors or officers of the Corporation. The aggregate insurance coverage under the policy for both directors and officers is limited to \$8 million per policy period with a deductible (which is paid by the Corporation) of \$50,000 per securities claim and \$25,000 per claim for employment practices, oppressive conduct, Canadian pollution and all other claims. No claims have been made or paid to date under such policy.

## Stock Option Plan

Directors are also entitled to participate in the stock option plan (the “**Option Plan**”) of the Corporation. As of May 16, 2008, the Corporation had outstanding options to purchase 1,655,000 Common Shares, 800,000 of which have been granted to directors.

## Securities Authorized for Issuance under Equity Compensation Plans

Set forth below is a summary of the 1,655,000 outstanding options to purchase Common Shares under the Option Plan as at the date hereof:

<b>Holder</b>	<b>Number/Type of Shares Under Option</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
All (two) executive officers, past executive officers, directors (four) and past directors (who are not also executive officers) of the Corporation, as a group	660,000 <sup>(1)</sup>	December 15, 2009	\$2.50
	300,000 <sup>(2)</sup>	December 20, 2012	\$1.05
All executive officers, past executive officers, directors and past directors (who are not also executive officers) of all subsidiaries of the Corporation, as a group	Nil	N/A	N/A
All (six) other employees and past employees of the Corporation and all subsidiaries, as a group	410,000 <sup>(1)</sup>	December 15, 2009	\$2.50
	90,000 <sup>(3)</sup>	March 6, 2010	\$3.63
	40,000 <sup>(4)</sup>	April 30, 2013	\$0.65
All (three) consultants of the Corporation as a group	155,000 <sup>(1)</sup>	December 15, 2009	\$2.50

(1) Such options vested as to 25% of the number of options granted immediately; 25% of the number of options granted on June 15, 2007; 25% of the number of options granted on December 15, 2007; and 25% of the number of options granted are scheduled to vest on June 15, 2008.

(2) Such options vest as follows: 1/3 of the number of options granted are scheduled to vest on January 15, 2009; 1/3 of the number of options granted are scheduled to vest on January 15, 2010; and 1/3 of the number of options granted are scheduled to vest on January 15, 2011.

(3) Such options vested as to 25% of the number of options granted immediately; 25% of the number of options granted on September 6, 2007; 25% of the number of options granted on March 6, 2008; and 25% of the number of options granted are scheduled to vest on September 6, 2008.

(4) Such options vest as follows: to 25% of the number of options granted are scheduled to vest on November 1, 2008; 25% of the number of options granted are scheduled to vest on May 1, 2009; 25% of the number of options granted are scheduled to vest on November 1, 2009; and 25% of the number of options granted are scheduled to vest on May 1, 2010.

## ***Equity Compensation Plan Information***

Set forth below is a summary of securities issued and issuable under all equity compensation plans of the Corporation as at December 31, 2007. As of December 31, 2007, the Option Plan is the only equity compensation plan of the Corporation.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup></b>
Equity compensation plans approved by securityholders	2,015,000	\$2.55	290,770
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	2,015,000	\$2.55	290,770

<sup>(1)</sup> Based upon 10% of the issued and outstanding Common Shares as of December 31, 2007.

### ***Summary of Option Plan***

The Shareholders approved the Option Plan on October 2, 2006. The number of Common Shares reserved for issuance under the Option Plan may not exceed 10% of the number of Common Shares issued and outstanding from time to time. As at May 16, 2008, an aggregate of 1,655,000 options have been granted by the Corporation and no options have been exercised or expired. The number of Common Shares currently reserved for issuance pursuant to options granted is 1,655,000.

The purpose of the Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Corporation and benefit from its growth. The options are non-assignable and may be granted for a term not exceeding five years.

Options may be granted under the Option Plan only to directors, officers, employees and other service providers subject to the rules and regulations of applicable regulatory authorities and any Canadian stock exchange upon which the Common Shares may be listed or may trade from time to time. The exercise price of options issued may not be less than the fair market value of the Common Shares at the time the option is granted, subject to any discounts permitted by applicable legislative and regulatory requirements.

The Option Plan provides that options may be vested and also provides that the exercise price of any option shall be determined at the time of grant and shall not be less than the market price of the Common Shares, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV. Options granted under the Option Plan will be for a term not to exceed five years from the date of grant. The Board may amend or discontinue the Option Plan at any time, provided that no such amendment may, without the consent of an optionee, alter or impair any option previously granted to an optionee under the Option Plan, and provided further that any amendment to the Option Plan will require the prior consent of the TSXV.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

None of the directors or executive officers of the Corporation, no Nominee (as defined below), none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing

persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

### **Indebtedness of Directors and Executive Officers to the Corporation**

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director, executive officer, employee or former director, executive officer or employee of the Corporation, or any of their associates, is indebted to the Corporation or any subsidiary of the Corporation as of April 30, 2008.

### **Interest of Informed Persons in Material Transactions**

No director, executive officer, Shareholder beneficially owning (directly or indirectly) or exercising control or direction over more than 10% of the Common Shares, or Nominee (as defined below) for election as a director of the Corporation, and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the beginning of the Corporation's last completed fiscal year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Corporation.

### **Audit Committee Disclosure**

Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110") requires the Corporation to disclose annually in its Circular certain information concerning the constitution of its audit committee (the "**Audit Committee**") and its relationship with its independent auditor, as set forth below.

#### ***Audit Committee Charter***

The Corporation's Audit Committee is governed by an Audit Committee Charter, the text of which is attached as Schedule A to this Circular.

#### ***Composition of the Audit Committee***

The Audit Committee is comprised of Patrick Anderson, Bryan Coates and David Constable. As defined in MI 52-110, each of the members of the Audit Committee is considered to be "independent". Each member of the Audit Committee is considered to be "financially literate" which includes the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues of the Corporation.

#### ***Relevant Education and Experience***

Mr. Anderson acts as the President and CEO of Aurelian Resources Inc., a publicly listed company and in such capacity is charged with reviewing and approving the quarterly financial statements and the audited annual financial statements. Mr. Anderson has extensive experience in preparing mineral exploration budgets and cost budgets of every aspect of mineral development and processing.

Mr. Coates currently serves as Vice President, Finance and Chief Financial Officer for Osisko Exploration Ltée. Prior to joining Osisko Exploration Ltée., he was Chief Financial Officer at IAMGOLD Corporation (November 2006 – February 2007) and Vice President Finance and Chief Financial Officer for Cambior Inc. (July 2001 – November 2006), both companies being intermediate international gold producers. Mr. Coates received a Bachelor of Commerce (Honours) degree from Laurentian University and is a member of the Institute of Chartered Accountants of Ontario.



Mr. Constable, Chairman of the Audit Committee, currently serves as Vice President, Investor Relations of FNX Mining Company Inc., prior to which he served as Vice President Investor Relations and Corporate Affairs for Elko Energy Inc., a private international oil and gas company based in Toronto, Ontario. Mr. Constable also has extensive experience as a director of a number of junior mining companies, including Aquiline Resources Inc. (TSX:AQI), Rage Energy Inc. (TSXV:RAG) and Moly Mines Ltd. (TSX:MOL). Mr. Constable received his Bachelor of Science (Honours) degree in Geology from Mount Allison University and Masters of Business Administration (Honours) degree from Laurentian University.

### ***Pre-Approval Policies and Procedures***

The Audit Committee must pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence as prescribed by securities laws.

### ***Audit Fees***

The following chart summarizes the aggregate fees billed by the external auditors of the Corporation for professional services rendered to the Corporation during the fiscal years ended December 31, 2007 and 2006 for audit and non-audit related services:

<b>Type of Work</b>	<b>Year Ended Dec. 31, 2007</b>	<b>Year Ended Dec. 31, 2006</b>
Audit fees <sup>(1)</sup>	\$60,000	\$30,000
Audit-related fees <sup>(2)</sup>	Nil	26,750
Tax advisory fees <sup>(3)</sup>	Nil	5,000
All other fees	Nil	480
<b>Total</b>	<b>60,000</b>	<b>62,230</b>

(1) Aggregate fees billed for the Corporation's annual consolidated financial statements and services normally provided by the auditor in connection with the Corporation's statutory and regulatory filings.

(2) Aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.

(3) Aggregate fees billed for tax compliance, advice, planning and assistance with tax for specific transactions.

### ***Exemption***

The Corporation is relying on the exemption provided by section 6.1 of MI 52-110 which provides that the Corporation, as a "venture issuer", is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of MI 52-110.

### **Corporate Governance**

National Policy 58-201 of the Canadian Securities Administrators sets out a series of guidelines for effective corporate governance (the "**Guidelines**"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their

committees and the effectiveness and education of board members. National Instrument 58-101 (“NI 58-101”) of the Canadian Securities Administrators requires the disclosure by each reporting issuer of its approach to corporate governance with reference to the Guidelines. The following is a description of the Corporation’s approach to corporate governance in relation to the Guidelines.

### ***The Board of Directors***

NI 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member’s independent judgement. The Board is currently comprised of five members, the majority of which the Board has determined are “independent directors” within the meaning of NI 58-101.

Dr. Spencer is not considered to be “independent” as the result of his role as President and CEO of the Corporation. Dr. Barron is also not considered to be “independent” as the result of his previous roles as an officer of both the Corporation and Prometheus Resources (Guyana) Inc. (a wholly-owned subsidiary of the Corporation).

As at May 16, 2008, Messrs. Anderson, Coates and Constable are considered independent directors since they are all independent of management and free from any material relationship with the Corporation. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2007, none of the independent directors have worked for the Corporation, received remuneration from the Corporation other than in their capacity as directors of the Corporation or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

The Board believes that it functions independently of management. To enhance its ability to act independent of management, the Board may in the future meet in the absence of members of management and the non-independent directors or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

### ***Directorships***

Certain of the directors of the Corporation are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<b><u>Name of director</u></b>	<b><u>Other reporting issuer (or equivalent in a foreign jurisdiction)</u></b>
Bryan Coates	Canadian Royalties Inc., Semafo Inc.
David Constable	Aquiline Resources Inc., Rage Energy Inc., Moly Mines Limited
Patrick Anderson	Aurelian Resources Inc.

### ***Orientation and Continuing Education***

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information (such as recent financial statements, prospectuses, proxy solicitation materials, technical reports and various other operating, property and budget reports) is provided to any new Board member to ensure that new directors are familiarized with the Corporation’s business and the

procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis. The Corporation also encourages continuing education of its directors and officers where appropriate in order to ensure that they have the necessary skills and knowledge to meet their respective obligations to the Corporation.

### ***Ethical Business Conduct***

The Board has adopted a formal code of conduct for directors and employees. In order to ensure compliance with the code of conduct and that directors exercise independent judgement, the Board has assumed responsibility for approving transactions involving the Corporation and any “related party” (as that term is defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*), monitoring the Corporation’s compliance with strategic planning matters, implementing a process for assessing the effectiveness of committees of directors and individual directors, and reviewing changes in or additions to compliance policies, standards, codes and programs, as well as applicable legislation.

### ***Nomination of Directors***

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation’s development and given the small size of the Board.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas (such as finance) which provide knowledge which would assist in guiding the officers of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the Board as a whole.

### ***Compensation***

The Board has established a Compensation and Corporate Governance Committee which reviews on an annual basis the adequacy and form of compensation of directors to ensure that the compensation of the Board reflects the responsibilities, time commitment and risks involved in being an effective director. Currently, as the Corporation has no ongoing revenues from operations, the directors of the Corporation receive directors fees of \$10,000 per annum for their services as directors, as described under “Compensation of Directors”. All directors are eligible to participate in the Option Plan. See “Compensation of Directors”.

### ***Other Board Committees***

In addition to the Audit Committee and Compensation and Corporate Governance Committee, the Board has a Safety, Health, Environment, Community and Technical Committee. The Safety, Health, Environment, Community and Technical Committee provides support and expertise in the areas of workplace safety and health, environmental issues, corporate social responsibility initiatives and technical issues in connection with the Corporation’s day to day operations and exploration activities.

## *Assessments*

The Board assesses, on an annual basis, the contributions of the Board as a whole and each of the individual directors, in order to determine whether each is functioning effectively.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

#### **1. Financial Statements**

The Shareholders will receive and consider the audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2007 together with the auditor's report thereon.

#### **2. Election of Directors**

The articles of the Corporation provide that the Board may consist of a minimum of one and a maximum of ten directors, to be elected annually. At the Meeting, Shareholders will be asked to elect five directors (the "Nominees"). The following table provides the names of the Nominees and information concerning them. The persons in the enclosed form of proxy intend to vote for the election of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. Each director of the Corporation holds office until his successor is elected at the next annual meeting of the Corporation, or any adjournment thereof, or until his successor is elected or appointed unless his office is earlier vacated in accordance with the by-laws.

Name and Municipality of Residence	Position	Director Since	Principal Occupation for Past Five Years	Number of Common Shares Held or Controlled <sup>(1)</sup>
Richard Spencer Ontario, Canada	President, Chief Executive Officer and Director	January, 2008	President and Chief Executive Officer of the Corporation (January 2008 to present)  Director, Prometheus Resources (Barbados) Ltd., and Prometheus Resources (Guyana) Inc., both subsidiaries of the Corporation (February 2008 to present)  Vice President of Exploration, Crystallex International Corp., and Exploration Manager for South Africa, IAMGOLD Corporation.	Nil
Keith Barron <sup>(6)</sup> Sornard, Haute-Nendaz,	Director	December, 2005	Business Executive  Director and Secretary,	2,225,000 <sup>(3)</sup>

<b>Name and Municipality of Residence</b>	<b>Position</b>	<b>Director Since</b>	<b>Principal Occupation for Past Five Years</b>	<b>Number of Common Shares Held or Controlled<sup>(1)</sup></b>
Switzerland			<p>Prometheus Resources (Guyana) Inc., a subsidiary of the Corporation (2005 to 2007)</p> <p>Vice-President, Exploration, Aurelian Resources Inc. (2002 – 2005)</p> <p>Consultant Geologist (2001 to 2002)</p>	
Patrick Anderson <sup>(2)(5)(6)</sup> Ontario, Canada	Director	December, 2005	<p>President and Chief Executive Officer, Aurelian Resources Inc. (2003 to present), mineral resource company</p> <p>Independent Geological Consultant (1997 to 2003)</p>	1,000,000 <sup>(3)</sup>
Bryan Coates <sup>(2)(5)</sup> Quebec, Canada	Director	June, 2006	<p>Vice President, Finance and Chief Financial Officer, Osisko Exploration Ltée. (May 1, 2007-present), mineral resources company</p> <p>Chief Financial Officer, IAMGOLD Corporation (2006 to 2007)</p> <p>Vice President, Finance and Chief Financial Officer Cambior Inc. (2001 - 2006), mineral resources company</p>	10,000 <sup>(4)</sup>
David Constable <sup>(2)(5)(6)(7)</sup> Ontario, Canada	Director	June, 2006	<p>Vice President, Investor Relations, FNX Mining Company Inc. (2006 to present), mineral resources company</p> <p>Vice President,</p>	85,000 <sup>(3)</sup>

Name and Municipality of Residence	Position	Director Since	Principal Occupation for Past Five Years	Number of Common Shares Held or Controlled <sup>(1)</sup>
			<p>Investor Relations and Corporate Affairs, Elko Energy Inc. (2005 to 2006), oil and gas company</p> <p>Vice President, Investor Relations and Corporate Affairs FNX Mining Company Inc. (2002 to 2005), mineral resources company</p> <p>Vice President Investor Relations, Normandy Mining Limited (1997 to 2002), mineral resources company</p>	

- (1) The information as to Common Shares beneficially owned or over which the Nominees exercise control or direction not being within the knowledge of the Corporation has been furnished by the respective directors individually.
- (2) Member of the Audit Committee. See "Audit Committee Disclosure."
- (3) 45,000 Common Shares owned by Mr. Constable, 1,350,000 Common Shares owned by Dr. Barron, and 600,000 Common Shares owned by Mr. Anderson are held in escrow. See "Escrowed Shares".
- (4) Includes 7,500 Common Shares owned by Mr. Coates and 2,500 registered in the name of Danièle Gauthier Coates over which Mr. Coates has control.
- (5) Member of the Compensation, Corporate Governance and Nominating Committee.
- (6) Member of the Safety, Health, Environment, Community and Technical Committee.
- (7) From May 2007 to October 2007, Rage Energy Inc. was subject to a cease trading order for failing to file financial statements.

Other than as set out in note (7) above, none of the Nominees are, as at the date of this Circular, or has been, within 10 years prior to the date of this Circular, a director, chief executive officer or chief financial officer any company (including the Corporation) that while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; (ii) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the Nominees are, as at the date hereof, or have been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**If any of the Nominees is for any reason unavailable to serve as a director, proxies in favour of management will be voted for another nominee in their discretion unless the Shareholder has specified in the proxy that his or her Common Shares are to be withheld from voting in the election of directors.**

### 3. **Appointment of Auditors.**

Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of KPMG LLP, as auditors of the Corporation for the 2007 fiscal year, and to authorize the directors to fix their remuneration.

### 4. **Approval of the Option Plan**

A summary of the Option Plan is set forth above. See “Securities Authorized for Issuance under Equity Compensation Plans - *Summary of Stock Option Plan*”.

Under TSXV Policy 4.4, the Option Plan is considered a rolling plan and therefore must receive approval yearly at the Corporation’s Annual General Meeting. In addition, the Option Plan must be submitted for TSXV review and acceptance each year.

A copy of the Option Plan is attached hereto as Schedule B. Reference should be made thereto for a complete statement of the terms and conditions of the Option Plan.

### **Resolution Approving the Option Plan**

The text of the resolution approving the Option Plan to be put before Shareholders at the Meeting is set forth in Schedule C hereto. **Unless otherwise indicated, the persons named in the accompanying proxy intend to vote FOR the resolution to ratify, confirm and approve the Option Plan on any ballot requested or required by law. In order for the resolution to pass, the Corporation must receive a majority of the votes cast by all Shareholders at the Meeting.**

### *Director’s Recommendation*

**The directors believe that the Option Plan is in the best interests of the Corporation and its Shareholders and, accordingly, recommend that Shareholders vote FOR the Option Plan.**

### 5. **Adoption of Shareholders Rights Plan**

At the Meeting, Shareholders will be asked to consider, and, if deemed appropriate, to pass a resolution ratifying, confirming, and approving the Corporation’s shareholders rights plan as more particularly described below.

#### *Background*

On March 4, 2008, the Board approved the adoption of a shareholders rights agreement (the “**Rights Plan**”) dated March 4, 2008 between the Corporation and Equity Transfer & Trust Company as Rights

Agent. The Rights Plan is currently effective, but is subject to approval by the Shareholders at the Meeting. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to ratify and approve the Rights Plan and the issuance of all Rights (defined below) issued pursuant to the Rights Plan. The Rights Plan has a term of three years and will expire on March 4, 2011 unless the Rights are earlier redeemed. Approval of the Rights Plan by Shareholders within six months of its adoption is required by the TSXV. Other than its more liberal definition of Exempt Acquisition, the Rights Plan is similar to plans adopted recently by several other Canadian companies and approved by their shareholders.

A copy of the Rights Plan is available on SEDAR at [www.sedar.com](http://www.sedar.com) or upon request to Richard Spencer, President and CEO of the Corporation. This summary is qualified entirely by the text of the Rights Plan.

### *Objectives of the Rights Plan*

The fundamental objectives of the Rights Plan are to provide adequate time for the Board of the Corporation and Shareholders to assess an unsolicited take-over bid for the Corporation, to provide the Board with sufficient time to explore and develop alternatives for maximizing Shareholder value if a take-over bid is made, and to provide Shareholders with an equal opportunity to participate in a take-over bid.

The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (defined below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Corporation’s Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that Shareholders, other than the acquirer, will be able to purchase additional Common Shares of the Corporation at a significant discount to market, thus exposing the person acquiring Common Shares to substantial dilution of its holdings.

Currently, the Board of the Corporation is not aware of any pending or threatened take-over bid for the Corporation.

In adopting the Rights Plan, the Board considered the existing legislative framework governing take-over bids in Canada. The Board believes such legislation currently does not provide sufficient time to permit Shareholders to consider the take-over bid and make a reasoned and unhurried decision with respect to the take-over bid or give the Board sufficient time to develop alternatives for maximizing Shareholder value. Shareholders may also feel compelled to tender to a take-over bid even if the Shareholder considers such bid to be inadequate out of a concern that failing to tender may result in a Shareholder being left with illiquid or minority discounted securities of the Corporation. This is particularly so in the case of a partial bid for less than all the Common Shares of the Corporation where the bidder wishes to obtain a control position but does not wish to acquire all of the Common Shares. Finally, while existing securities legislation has addressed many concerns related to unequal treatment of Shareholders, there remains the possibility that control of a company may be acquired pursuant to private agreements in which a small group of Shareholders disposes of Common Shares at a premium to market prices, which premium is not shared with other Shareholders.

It is not the intention of the Board in recommending the confirmation and ratification of the Rights Plan to either secure the continuance of the Directors of the Corporation or to preclude a take-over bid for control of the Corporation. The Rights Plan provides various mechanisms where Shareholders could tender to take-over bids as long as they satisfy the requirements of a Permitted Bid. Furthermore, the Board is always bound to consider any take-over bid for the Corporation and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the Board will be obligated to act honestly and in good faith with a view to the best interests of the Corporation.



A number of recent decisions rendered by the Canadian securities regulators relating to rights plans have concluded that a board of directors faced with an unsolicited take-over bid will not be permitted to maintain a rights plan indefinitely to prevent the successful completion of the bid, but only for so long as the Board is actively seeking alternatives to the bid and there is a reasonable possibility that, given additional time, a value maximizing alternative will be developed.

In recent years, unsolicited bids have been made for a number of Canadian public companies, many of which had rights plans. The Board believes this demonstrates that the existence of a rights plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original bid price. There can be no assurance, however, that the Rights Plan would serve to bring about a similar result.

The Rights Plan is not expected to interfere with the day-to-day operations of the Corporation. The continuation of the existing outstanding rights and issuance of additional rights in the future will not in any way alter the financial condition of the Corporation, impede its business plans, or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a “Flip-in Event” (defined below) occurs and the rights separate from the Common Shares as described below, reported earnings per share, reported distributable cash per Common Share on a fully-diluted or non-diluted basis may be affected. In addition, holders of rights not exercising their rights after a Flip-in Event may suffer substantial dilution.

#### *Summary of Rights Plan*

The following is a summary of the principal terms of the Rights Plan, which summary is qualified in its entirety by reference to the text of the Rights Agreement.

##### *(i) Effective Date*

The effective date of the Rights Plan is March 4, 2008 (the “**Effective Date**”).

##### *(ii) Term*

Subject to the ratification and approval of the Rights Plan by Shareholders at the Meeting, as set forth herein, the Rights Amendment and the rights issued there under will expire on March 4, 2011, unless otherwise terminated earlier in accordance with their terms.

##### *(iii) Issue of Rights*

On the Effective Date, one right (a “**Right**”) was issued and attached to each Common Share outstanding and has and will attach to each Common Share subsequently issued.

##### *(iv) Rights Exercise Privilege*

The Rights will separate from the Common Shares and will be exercisable ten trading days (the “**Separation Time**”) after a person has acquired, or commences a take-over bid to acquire, 20% or more of the Common Shares, other than by an acquisition pursuant to a Permitted Bid. The acquisition by an Acquiring Person (defined below) of 20% or more of the Common Shares, other than by way of a Permitted Bid, is referred to as a “Flip-in Event”. Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person), will permit the purchase of Common Shares having an aggregate Market Price of \$200 for \$100.

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the Common Shares, reported earnings per Common Share and distributable cash per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights not exercising their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

An “Acquiring Person” is a person who, at any time after the date of the Rights Agreement, is the “Beneficial Owner” (defined below) of 20% or more of the outstanding Common Shares of the Corporation. A Person who becomes the Beneficial Owner of more than 20% of the Common Shares through certain enumerated types of transactions, however, is exempted from the definition of an Acquiring Person. The principle exemptions are for a Permitted Bid Acquisition (an acquisition of Common Shares made pursuant to a Permitted Bid or “Competing Permitted Bid” (defined below)), a Pro-Rata Acquisition (generally, the acquisition of Common Shares as a result of a stock dividend, stock split or other event pursuant to which a person receives or acquires Common Shares of other securities convertible into or exchangeable for Common Shares on the same pro-rata basis as all other Shareholders or pursuant to the receipt and/or exercise of rights issued by the Corporation on a pro-rata basis to all Shareholders or securities convertible into or exchangeable for Common Shares provided that such rights are acquired directly from the Corporation and not from any other person), a Voting Share Reduction (generally, an acquisition, redemption or cancellation by the Corporation of the Common Shares, which by reducing the number of Common Shares outstanding increases the percentage of Common Shares Beneficially Owned by any person to 20% or more of the Common Shares then outstanding), an Exempt Acquisition (generally, in those circumstances described under “*Adoption of Rights Plan – Summary of Rights Plan – (vii) Waiver*”), pursuant to certain regular dividend reinvestment plans, pursuant to a distribution of shares, or securities convertible into or exchangeable for Common Shares made by the Corporation pursuant to a prospectus, by way of a private placement or pursuant to an issuance of securities in connection with an acquisition, or pursuant to an amalgamation, merger or other statutory procedure requiring shareholder approval, and pursuant to a Convertible Security Acquisition (generally, an acquisition of Common Shares upon the exercise of convertible securities of the Corporation received by a person pursuant to a Permitted Bid Acquisition, an Exemption Acquisition or a Pro-Rata Acquisition). An Acquiring Person also excludes any person who, at the time that the Rights Agreement is put in place, already owns more than 20% of the Common Shares of the Corporation.

Relating to the definition of Acquiring Person is the concept of Beneficial Ownership. Generally, a person is deemed to “Beneficially Own” any Common Shares that are owned by its affiliates or associates or by persons acting jointly or in concert with such person for the purpose of acquiring Common Shares and any Common Shares that it has the right to vote or the right to acquire within 60 days. Specific exclusions clarify, among other persons, those intermediaries that are Corporation managers are not caught simply because they may have the right to vote Common Shares managed by them for others and that dissident proxy solicitations and related agreements regarding voting at Shareholders’ meetings do not result in Beneficial Ownership.

(v) *Certificates and Transferability*

Prior to the Separation Time, the Rights are evidenced by a legend imprinted on certificates for the Common Shares issued from and after the Effective Date and are not to be transferable separately from the Common Shares. From and after the Separation Time, the Rights will be evidenced by separate certificates that will be transferable and traded separately from the Common Shares.

(vi) *Permitted Bid Requirements*

A take-over bid is a “Permitted Bid” where it satisfies the following requirements:

- (A) the take-over bid must be made by way of a take-over bid circular;
- (B) the take-over bid must be made to all Shareholders, other than the bidder;
- (C) the take-over bid must be outstanding for a minimum period of 60 days and Common Shares tendered pursuant to the take-over bid may not be taken up prior to the expiry of the 60 day period and only if at such time more than 50% of the Common Shares held by Shareholders, other than the bidder, its affiliates and persons acting jointly or in concern and certain other persons (the “**Independent Shareholders**”), have been tendered to the take-over bid and not withdrawn;
- (D) if the requirement of (C) above is met, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of Common Shares for an additional ten days from the date of such public announcement;
- (E) Common Shares may be deposited pursuant to a take-over bid, unless such take-over bid is withdrawn, at any time prior to the date Common Shares are first taken up and paid for; and
- (F) any Common Shares deposited pursuant to the take-over bid may be withdrawn until taken up and paid for.

The Rights Plan also allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days.

*(vii) Waiver*

The Board, acting in good faith, may, prior to the occurrence of a Flip-in Event and with the prior consent of the Shareholders, waive the application of the Rights Plan to a particular Flip-in Event where the take-over bid is made to all Shareholders pursuant to a take-over bid circular. Where the Board exercises the waiver power for one take-over bid, the waiver will also apply to any other take-over bid for the Corporation made by a take-over bid circular to all Shareholders prior to the expiry of any other bid for which the Rights Plan has been waived. The Board may waive the application of the Rights Plan where an Acquiring Person inadvertently becomes an Acquiring Person and such Acquiring Person has reduced its beneficial ownership of Common Shares such that the at the time of the waiver, it is no longer an Acquiring Person.

*(viii) Redemption*

The Board with the approval of a majority vote of the votes cast by Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person and by proxy, at a meeting duly called for that purpose, may redeem the Rights at \$0.00001 per Common Share. Rights may also be redeemed by the Board without such approval following completion of a Permitted Bid, Competing Permitted Bid or Exempt Acquisition.

*(ix) Amendment*

The Board may amend the Rights Plan with the approval of a majority vote of the votes cast by Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person and by proxy

at a meeting duly called for that purpose. The Board without such approval may correct clerical or typographical errors and, subject to the approval as noted above at the next meeting of the Shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

*(x) Board of Directors*

The Rights Plan will not detract from or lessen the duty of the Board to act honestly and in good faith with a view to the best interests of the Corporation. The Board, when a Permitted Bid is made, will continue to have the duty and power to take such actions and make such recommendations to Shareholders as are considered appropriate.

*(xi) Exemptions for Investment Advisors*

Investment advisors (for fully managed accounts), trust companies (acting in their capacities as trustees and administrators) and administrators of registered pension plans acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

**Resolution Approving the Rights Plan**

The text of the resolution approving the Rights Plan to be put before Shareholders at the Meeting is set out in Schedule “D” hereto. The resolution is an ordinary resolution and must be approved by a majority of the votes cast by the Independent Shareholders (as defined in the Rights Plan) present or represented by proxy at the Meeting. Unless such authority is withheld, the persons named in the enclosed form of proxy intend to vote FOR the resolution approving the Rights Plan.

***Director’s Recommendation***

**For the reasons indicated above, the directors believe that the Rights Plan is in the best interests of the Corporation and its Shareholders and, accordingly, recommend that Shareholders vote for the Rights Plan. If the Rights Plan is not approved by a majority of the votes cast at the Meeting by Independent Shareholders voting in person or by proxy, it will cease to be in effect.**

**Additional Information**

Additional information concerning the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in the Corporation’s comparative consolidated financial statements and management’s discussion and analysis for the financial year ended December 31, 2007.

Shareholders wishing to obtain a copy of the Corporation’s consolidated financial statements and management’s discussion and analysis may contact the Corporation as follows:

U3O8 Corp.  
8 King Street East, Suite 710  
Toronto, Ontario  
M5C 1B5  
(416) 868-1491

**Directors' Approval**

The contents and sending of this Circular have been approved by the directors of the Corporation.

DATED at Toronto, Ontario as of the 16<sup>th</sup> day of May, 2008.

**By Order of the Board of Directors**

*“Richard Spencer”*

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Richard Spencer  
President and Chief Executive Officer

## SCHEDULE "A"

### Charter of the Audit Committee of the Board of Directors of U3O8 Corp.

#### I PURPOSE

The Audit Committee (the "**Committee**") is appointed by the Board of Directors (the "**Board**") of U3O8 Corp. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

## II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

## III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Toronto Stock Exchange ("TSX"), the *Business Corporations Act* (Ontario), all applicable securities regulatory authorities. Each member of the Committee shall be financially literate.
2. The Committee shall be composed of three or more independent directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. Each member of the Committee shall be "independent" as defined by securities legislation and the requirements of the TSX.
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.

9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend meetings of the Committee.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

#### **IV RESPONSIBILITIES**

##### **A Financial Accounting and Reporting Process and Internal Controls**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles ("GAAP") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.
3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.
5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.



6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

## **B Independent Auditors**

1. The Committee shall be responsible for recommending the appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred

treatment and material written communications between the Corporation and the Independent Auditors.

8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

**C Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

## **SCHEDULE "B"**

### **U3O8 CORP.**

#### **STOCK OPTION PLAN**

##### **1. PURPOSE**

The purpose of this stock option plan (the "**Plan**") is to authorize the grant to Eligible Persons (as such term is defined below) of U3O8 Corp. (the "**Corporation**") of options to purchase common shares ("**shares**") of the Corporation's capital and thus benefit the Corporation by enabling it to attract, retain and motivate Eligible Persons by providing them with the opportunity, through share options, to acquire an increased proprietary interest in the Corporation.

##### **2. ADMINISTRATION**

The Plan shall be administered by the board of directors of the Corporation or a committee established by the board of directors for that purpose (the "**Committee**"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, the Corporation shall grant options under the Plan.

##### **3. SHARES SUBJECT TO PLAN**

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of the Corporation which may be issued and sold under the Plan will not exceed 10% of the total number of shares of the Corporation issued and outstanding from time to time. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Corporation shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which the Corporation's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as the Corporation shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of the Corporation to issue such shares shall terminate and any option exercise price paid to the Corporation shall be returned to the optionee.

##### **4. LIMITS WITH RESPECT TO INSIDERS**

- (a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

## 5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term “**Eligible Person**” means:

- (a) a senior officer or director of the Corporation or any of its subsidiaries;
- (b) either:
  - (i) an individual who is considered an employee under the *Income Tax Act*,
  - (ii) an individual who works full-time for the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
  - (iii) an individual who works for the Corporation on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source,  
any such individual, an “**Employee**”;
- (c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a “**Company**”) or an individual (together with a Company, a “**Person**”) providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a “**Management Company Employee**”);
- (d) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, who:
  - (i) provides ongoing consulting services to the Corporation or an Affiliate of the Corporation under a written contract;
  - (ii) possesses technical, business or management expertise of value to the Corporation or an Affiliate of the Corporation;
  - (iii) spends a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation;
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation; and

- (v) does not engage in Investor Relations Activities (as hereafter defined) any such individual, a “**Consultant**”;
- (e) an individual (or a company or partnership of which the individual is an employee, shareholder or partner), other than an Employee, Management Company Employee, director or senior officer, that falls within the definition of Consultant contained in subsections 5(d)(i) through (iv) which provides Investor Relations Activities (an “**Investor Relations Consultant**”); or
- (f) a Person that falls within the definition of Eligible Person contained in any of subsections 5(a), (b) or (d) which provides Investor Relations Activities (an “**Investor Relations Person**”).

For purposes of the foregoing, a Company is an “**Affiliate**” of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term “**Investor Relations Activities**” means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (g) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation
  - (i) to promote the sale of products or services of the Corporation, or
  - (ii) to raise public awareness of the Corporation,
  - (iii) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (h) activities or communications necessary to comply with the requirements of
  - (i) applicable securities laws, policies or regulations,
  - (ii) the rules, and regulations of the TSX Venture Exchange (“**TSX-V**”) or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if
    - (1) the communication is only through the newspaper, magazine or publication, and
    - (2) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (i) activities or communications that may be otherwise specified by the TSX-V.

For stock options to Employees, Consultants, Management Company Employees or Investor Relations Persons, the Corporation must represent that the optionee is a *bona fide* Employee, Consultant, Management Company Employee or Investor Relations Person as the case may be. The terms “insider”, “controlled” and “subsidiary” shall have the meanings ascribed thereto in the *Securities Act* (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

## 6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSONS

- (a) The maximum number of stock options which may be granted to any one Consultant under the Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).
- (b) The maximum number of stock options which may be granted to Investor Relations Persons under the Plan, any other employer stock options plans or options for services, within any 12 month period must not exceed, in the aggregate, 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

## 7. PRICE

The purchase price (the “**Price**”) for the shares of the Corporation under each option shall be determined by the board of directors or Committee, as applicable, on the basis of the market price, where “market price” shall mean the prior trading day closing price of the shares of the Corporation on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, “market price” shall mean the average of the daily high and low board lot trading prices of the shares of the Corporation on any stock exchange on which the shares are listed or dealing network on which the shares of the Corporation trade for the five (5) immediately preceding trading days. In the event the shares are listed on the TSX-V, the price may be the market price less any discounts from the market price allowed by the TSX-V, subject to a minimum price of \$0.10. The approval of disinterested shareholders will be required for any reduction in the Price of a previously granted option to an insider of the Corporation.

## 8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the “**optioned shares**”) shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for the Corporation.

**9. CESSATION OF PROVISION OF SERVICES**

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be an Eligible Person of the Corporation for any reason (whether or not for cause) the optionee may, but only within the period of ninety days (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), or thirty days if the Eligible Person is an Investor Relations Person (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade), next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

**10. DEATH OF OPTIONEE**

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death (unless such period is extended by the board of directors or the Committee, as applicable, and approval is obtained from the stock exchange on which the shares of the Corporation trade). Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

**11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION**

An option granted under the Plan shall be non-assignable and non-transferrable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

**12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN**

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of the Corporation. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of the Corporation, the Corporation will be required to obtain approval from disinterested shareholders.

**13. AMENDMENT AND TERMINATION OF THE PLAN**

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

**14. EFFECTIVE DATE OF THE PLAN**

The Plan becomes effective on the date of its approval by the shareholders of the Corporation.

## 15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between the Corporation and the optionee which shall give effect to the provisions of the Plan.

## 16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to the Corporation at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionee's legal personal representative or as may be directed in writing by the optionee's legal personal representative.

## 17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that if required by any stock exchange on which the shares of the Corporation trade, options issued to Investor Relations Consultants must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.

## 18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

- (a) the Corporation seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or
- (b) a third party makes a bona fide formal offer or proposal to the Corporation or its shareholders which, if accepted, would constitute an Acceleration Event;

the Corporation shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in Part XX of the *Securities Act* (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;



- (b) any consolidation or merger of the Corporation in which the Corporation is not the continuing or surviving corporation or pursuant to which shares of the Corporation would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
- (c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation; or
- (d) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

**19. RIGHTS PRIOR TO EXERCISE**

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

**20. GOVERNING LAW**

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

**21. EXPIRY OF OPTION**

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

**SCHEDULE "C"**

**RESOLUTION APPROVING STOCK OPTION PLAN**

**BE IT RESOLVED THAT:**

1. the Corporation's stock option plan (the "**Option Plan**") be and it is hereby ratified, confirmed and approved, subject to regulatory approval, providing for the reservation for issuance under the Option Plan (and pursuant to options previously granted) of a total number of common shares of the Corporation not to exceed a maximum of 10% of the number of common shares of the Corporation issued and outstanding from time to time;
2. the Corporation be authorized to grant stock options pursuant to and subject to the terms and conditions of the Option Plan; and
3. any director or officer of the Corporation be and is hereby authorized to execute (whether under the corporate seal of the Corporation or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the true intent of these resolutions.

**SCHEDULE “D”**

**RESOLUTION APPROVING SHAREHOLDERS RIGHTS PLAN**

**BE IT RESOLVED THAT:**

1. the shareholders rights plan (the “**Rights Plan**”) as set forth in the shareholder rights plan agreement dated as of March 4, 2008 between the Corporation and Equity Transfer & Trust Company (as Rights Agent), and the issuance of the rights issued pursuant to such Rights Plan, are hereby ratified, confirmed and approved; and
2. any director or officer of the Corporation is hereby authorized and directed to execute and deliver all such other agreements and documents and to do all such acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing.