

Dear Shareholder,

2011 is an exciting growth year for U308 Corp. While uranium equities continue to be volatile, U308 Corp. has not wavered in its goal of aggressive resource growth. We are working towards rapid expansion of our National Instrument 43-101 (“NI 43-101”) uranium resources to a potential 60 to 75 million pounds (“mlb”) by the end of this year – a targeted 10-fold increase from 2010¹.

Market Fundamentals for Uranium and Fukushima²

Turning firstly to recent events, our thoughts are with the people of Japan as they continue the recovery process in the wake of the massive earthquake and subsequent tsunami of mid-March 2011.

The damage that these twin natural disasters caused to the Fukushima Daiichi plants has created uncertainty for the future of nuclear power. In time, the resilience of the 40-year old reactors at Fukushima may be appreciated – that they withstood an earthquake that was seven times larger than they were designed to resist – an earthquake that shifted the entire island about two metres further into the Pacific Ocean. As is prudent, there has been a pull-back and review of nuclear power plans, and lessons learned from Fukushima are currently being used to stress test reactors throughout the world.

As world demand for energy surges, driven particularly by China, Russia and India, nuclear energy continues to provide a proven, reliable and constant source of clean power at reasonable prices and, despite the Fukushima incident, with a remarkable safety record. Over 50% of the 484 nuclear reactors currently planned and proposed, are to be constructed in these three countries, which have stated their continued commitment to nuclear energy. China alone, has maintained its objective to increase its nuclear generation capacity from the present 11 Gigawatts (“GWe”) to 70-80Gwe by 2020 – that’s at least 60 new reactors in the next nine years, of which 27 are presently under construction.

With current mine supply insufficient to meet the additional uranium demand required by new reactors currently being built, industry analysts continue to forecast a supply deficit emerging in 2014, and new uranium discoveries will be needed to fill this projected shortfall. We believe, therefore, that nuclear energy will continue to be an integral and growing component of clean energy sources, and that uranium is a commodity that is destined for sustained demand growth. U308 Corp. is well positioned to benefit from this increasing market demand as we drive our projects in South America from discovery to resource definition.

Rapidly Growing Uranium Portfolio

U308 Corp. has made considerable progress in showing the resource potential for uranium and related “green metals” in prospects acquired in Colombia and Argentina a year ago, along with our original project in Guyana. We are currently advancing three principal projects as follows:

Berlin Project, Colombia³: Two rigs have started infill drilling towards the goal of defining a 20-25mlb resource by the end of 2011, while positioning the project for further aggressive resource growth in 2012. In addition, our drilling has confirmed potential co-products including phosphate, vanadium, yttrium, molybdenum and rhenium. Metallurgical test work is underway to establish the extent to which the various commodities can be extracted. These tests are being conducted by SGS Lakefield in Canada and by the Australian Nuclear Science & Technology Organization (ANSTO), which has extensive experience with similar material from the Nolans Bore rare earth – phosphate – uranium deposit in Australia. ANSTO developed the extraction process that is to be used in the plant that is now under construction to treat ore from the Nolans Bore deposit.

Kurupung Project, Guyana⁴: Two of U308 Corp’s own rigs have begun infill drilling with the aim of increasing the current NI 43-101 resource on the Kurupung Project to a potential 20-25mlb of uranium by the end of 2011. Scout drilling aims to show further size potential of the Kurupung uranium system that could be of comparable size to peer deposits such as Virginia Resources’ Coles Hill deposit in Virginia, USA, and Paladin Energy’s Valhalla and Michelin deposits in Australia and Canada respectively, all of which await permitting prior to development.

Laguna Salada Project, Argentina⁵: U3O8 Corp. has defined an initial NI 43-101 uranium resource of 6.3mlb (Indicated) and 3.8mlb (Inferred) and vanadium resources of 57mlb (Indicated) and 27mlb (Inferred) at Laguna Salada. The resource is very low grade, but lies at, or close to surface in free-digging, unconsolidated gravel that should be amenable to low-cost mining. In addition, metallurgical tests show that the uranium can be upgraded to grades typical of operating mines on similar deposits elsewhere in the world by a simple and inexpensive process of tumbling and sieving.

Exploration is underway on similar targets towards our plan of increasing uranium resources in Chubut and Santa Cruz provinces to 20-24mlb in 2011. There are expectations that the current open-pit mining ban in Chubut Province could be lifted in our exploration area in late 2011 or early 2012.

Well-Funded for Resource Expansion

U3O8 Corp. raised total gross proceeds of approximately \$27 million in two private placements in October 2010 and February 2011. As a result, we are well-funded to pursue the resource build-up plans outlined above, which are budgeted at approximately \$15 million for this year.

In addition, we spun out a subsidiary to focus on grassroots exploration for rare earth elements on a property that has significant values at surface, and raised approximately \$4.5 million to fund that exploration. U3O8 Corp. retains a 19.9% interest in the rare earth company and a 2% net smelter royalty on that specific property.

In closing, our geologists in the field, supported by a small group of dedicated administrative staff, have done an outstanding job of positioning U3O8 Corp. for an aggressive growth profile that would propel us from an exploration junior to an intermediate-sized uranium company in the short-term. Our Board has been visionary and supportive, being the first to step up to provide funding in the private placements (insiders currently hold 14% of U3O8 Corp.) And we continue to cultivate interest from the investment community with our institutional shareholders increasing to a 40% stake in U3O8 Corp. from about 11% a year ago. Analysts have now visited all three of our lead projects. We thank you for your ongoing support as we deliver on our growth plans and enhance our position as a leading uranium and green metal resource company focused on South America.



Richard Spencer
President & CEO

May 25, 2011

- ¹ 60-75mlb cumulative potential resource goal across projects in Colombia, Guyana and Argentina. Refer to notes 3, 4 and 5 for each projects. Potential quantity and grade are conceptual in nature. There is no certainty that further exploration of U3O8 Corp's projects will add to the company's resource portfolio.
- ² Sources: World Nuclear Association, China Daily, Bloomberg, Cormark Securities
- ³ Berlin Project, Colombia – Historic resource of 12.9 million tonnes at 0.13% U₃O₈ (38mlb U₃O₈) reported in Castano, R. (1981), *Calcul proviso ire des reserves geologiques de Berlin, sur la base des resultants des sondages, unpublished Minatome report, 15p.* There has been insufficient exploration to verify the historic estimate and it should not be relied upon as a NI 43-101 compliance resource.
- ⁴ Kurupung Project, Guyana – Scout drilling to date suggests that the Kurupung may contain a conceptual target of 13-18 million tonnes at a grade of 0.08-0.10% U₃O₈ (30-35mlb U₃O₈) including an initial NI 43-101 resource of 5.8mlb Indicated at an average grade of 0.10% U₃O₈ and 1.3mlb Inferred at an average grade of 0.09% U₃O₈. Refer to NI 43-101 report dated January 14, 2009 titled "A Technical Review of the Aricheng North and Aricheng South Uranium Deposits in Western Guyana for U3O8 Corp. and Prometheus Resources (Guyana) Inc."
- ⁵ Laguna Salada Project, Argentina – NI 43-101 uranium resources of 6.3mlb at a grade of 60ppm U₃O₈ (Indicated) and 3.8mlb at a grade of 85ppm U₃O₈ (Inferred) and vanadium resources of 57mlb at a grade of 550ppm V₂O₅ (Indicated) and 27mlb at a grade of 590ppm at V₂O₅ (Inferred). Refer to NI 43-101 report dated May 20, 2011 titled "Laguna Salada Project, Chubut Province, Argentina NI 43-101 Technical Report on Laguna Salada, Initial Resource Estimate." Based on the NI 43-101 resource defined at Laguna Salada, two projects of similar size and grade have the potential to contain a cumulative target of 9-11 million tonnes at a grade of 100-150ppm U₃O₈ (20-24mlb U₃O₈).

This letter contains "forward-looking statements" that involve substantial known and unknown risks and uncertainties. Readers are cautioned that assumptions, although considered reasonable at the time, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Refer to U3O8 Corp's 2010 Management's Discussion & Analysis for risk factors relating to U3O8 Corp., and for additional information on the company and its exploration projects, which are available on U3O8 Corp's web site at www.u3o8corp.com. All scientific and technical disclosure contained herein has been prepared by or under the supervision of Dr. Richard Spencer, President and CEO of U3O8 Corp. and a "qualified person" within the meaning of NI 43-101.