

Dear Shareholder,

2011 was a pivotal year for U308 Corp. in which we delivered on key milestones across three lead projects in Colombia, Argentina and Guyana. In one year, we grew our National Instrument 43-101 (“NI 43-101”)¹ uranium resources nearly 7-fold while adding resources of phosphate, vanadium, rare earths and other metals from multi-commodity projects. Positive metallurgical results were reported from these projects, and we are now heading into scoping studies on the interim resources defined in Colombia and Argentina. While uranium stocks and the broader world markets continue to be volatile, we have remained focused. As a result, U308 Corp. has achieved the milestone of joining a small league of companies with uranium resources in the 50 million pound (“mlb”) range, and we plan further strong growth in the coming year.

Outlook for Nuclear Power and the Uranium Market²

Nuclear is a clear choice for a supply of constant, clean energy at a cost that is conducive to economic growth. Renewables such as wind and solar cannot produce the 24/7 base-load power that nuclear can generate with near zero emissions, a much smaller footprint and at a cost of ~6¢ per kilowatt hour (“kWh”). Heavily subsidized, wind and solar are proving to be high-cost alternatives. Ontario’s guaranteed purchase prices of between 45-80¢/kWh for solar and 13.5¢ for wind will cost residents an extra \$285 million annually for the next 20 years.

Uranium – the fuel for nuclear electricity – is on a trajectory of sustained growth. While the March 2011 nuclear accident in Japan continues to overshadow the sector, plans to build nuclear plants have risen from 156 to 163. Headlines have tended to focus on Germany’s planned nuclear phase out by 2022 (which represents only 4% of the world’s operating reactors) and Japan’s nuclear fleet closing down for safety reviews, which is costing that country a reported \$100 million a day for imported energy. In contrast, the U.S. earlier this year approved plans to build two nuclear plants, the first such permits issued in nearly 40 years. The UK, China, Russia and South Korea, among others, have reaffirmed their commitment to nuclear. Notably, China and India currently have 26 and six reactors, respectively, under construction, and if these countries achieve their goal of 75 new reactors in the next nine years, an additional 40mlb of uranium (~1/3rd of current annual mined supply) will be required to fuel these new reactors alone. As well, Saudi Arabia, the world’s biggest oil producer, aims to build 16 reactors by 2030.

Growing Resource Base in South America¹

To feed the growing demand for nuclear and uranium supply, U308 Corp. has dramatically increased its NI 43-101 uranium resources and achieved important first steps in demonstrating the economic viability of its projects.

Berlin Project in Colombia – is our flagship asset given its high value commodity mix and large size potential. An initial NI 43-101 uranium resource of 1.5mlb Indicated and 19.9mlb Inferred has been defined on three kilometres (“km”) of a 10.5km mineralized trend at a discovery cost³ of 47¢ per pound (“lb”) of uranium. The deposit also contains Inferred resources of 97mlb of vanadium and 0.8 million tonnes of phosphate. Phosphate provides an exciting entry point into Colombia’s fertilizer market, a leading agriculturally advanced economy.

In addition, we have developed a simple metallurgical process that efficiently and effectively recovers the suite of elements from Berlin including uranium, vanadium, phosphate, rare earths (yttrium and neodymium), nickel and rhenium. Furthermore, we are applying to patent this metallurgical method in which we have adapted old technology to open up potential opportunities in other phosphate-bearing metal deposits.

The Laguna Salada Project in Argentina – is our second priority given that it is a near-surface, free-digging deposit that could be amenable to low-cost mining. A NI 43-101 uranium resource of 6.3mlb Indicated and 3.8mlb Inferred has been delineated at a discovery cost³ of 36¢/lb of uranium. Laguna Salada also contains 57mlb Indicated and 27mlb Inferred resources of vanadium. And we have a simple and cost-effective method of concentrating the uranium and vanadium to increase the grades, followed by extraction of the metals using alkaline leach.

Thirdly, we have doubled our NI 43-101 uranium resource on the **Kurupung Project in Guyana** to 8.4mlb Indicated and 7.7lb Inferred as well as establishing a straightforward method of extracting the uranium.

2012 – Another Strong Growth Year

2012 plans are equally aggressive with our goal of increasing uranium resources to 70-80mlb⁴ comprising:

Berlin Project – The majority of our budget will focus on this project targeting resource expansion while showing large size potential:

- Cover the northern 7km of the mineralized trend with exploration drilling on 500-2,000 metre step-outs to outline the size potential of the entire property;
- Resource drilling with the aim of doubling the uranium resource to 40-45mlb in the southern half of the trend while adding to the initial resources in phosphate, vanadium and other metals;
- Refine the metallurgical process and develop a flow-sheet to model extraction cost and efficiency; and
- Complete a scoping study through Bateman Engineering, a design and construction company with extensive experience in uranium, phosphate, vanadium and rare earth processing.

Laguna Salada Project – Drive resource growth and define initial estimation of project economics:

- Recent discoveries will aim to double the uranium resource to 20-25mlb plus vanadium;
- Refine the metallurgical testwork and develop a flow sheet; and
- Complete a scoping study through Bateman Engineering.

Kurupung Project – Grow the inventory of mineralized areas to contribute to future resource growth:

- Current NI 43-101 resource on four of 10 structures with the remaining six ready for resource drilling; and
- Continue with field work to identify extensions to existing mineralized zones and new areas for scout drilling with the aim of adding mineralized structures to our inventory for resource drilling in the future.

During these challenging markets, the huge strides that we have made is not being reflected in our share price. However, our shares have performed relatively well compared with our peers, an indication that we are starting to attract some attention in the market and that we are building a strong base. U3O8 Corp. has another exciting year ahead, and I trust that the market will recognize the increasing value that our projects are demonstrating. With your ongoing support and the dedicated efforts of our team, we will continue U3O8 Corp's transformation from a junior explorer to a mid-tier uranium company.



Richard Spencer
President & CEO

May 23, 2012

1 Resources estimated in accordance with NI 43-101. **Berlin Project** – Historic resource of 12.9 million tonnes ("Mt") 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, which is regarded by U3O8 Corp. as an indication of the uranium potential on the 4.4km of the 10.5km Berlin trend. U3O8 Corp. has defined a NI 43-101 resource of 1.5mlb Indicated at 0.11% U₃O₈ and Inferred resources of 19.9mlb at 0.11% U₃O₈, 97mlb vanadium at 0.5% V₂O₅ and 0.8Mt at 9.3% P₂O₅ on 3km of the trend (March 2, 2012 NI 43-101 report: "Berlin Project, Colombia – National Instrument NI 43-101 Report"). **Kurupung Project** – NI 43-101 resource of 8.4mlb Indicated at 0.09% U₃O₈ and 7.7mlb Inferred at 0.08% U₃O₈ (January 14, 2009 NI 43-101 report: "A Technical Review of the Aricheng North and Aricheng South Uranium Deposits in Western Guyana for U3O8 Corp. and Prometheus Resources (Guyana) Inc.") and May 23, 2012 press release. **Laguna Salada Project** – NI 43-101 uranium resources of 6.3mlb at 60ppm U₃O₈ (Indicated) and 3.8mlb at 85ppm U₃O₈ (Inferred) and vanadium resources of 57mlb at 550ppm V₂O₅ (Indicated) and 27mlb at 590ppm V₂O₅ (Inferred) (May 20, 2011 NI 43-101 report: "Laguna Salada Project, Chubut Province, Argentina NI 43-101 Technical Report on Laguna Salada, Initial Resource Estimate"). Based on the Laguna Salada NI 43-101 resource, several projects of similar size and grade have the potential to contain a cumulative target of 9-11Mt at 100-150ppm U₃O₈ (20-25mlb U₃O₈).

2 Sources: World Nuclear Association, Globe and Mail

3 Discovery cost – **Berlin Project**: cash exploration costs from 2010 to 2011 divided by the NI 43-101 uranium resource reported in March 2012. **Laguna Salada Project**: cash exploration costs from 2010 to Q1 2011 divided by the NI 43-101 uranium resource reported in May 2011. See Note 1.

4 70-80mlb cumulative potential resource goal across projects in Colombia, Guyana and Argentina. See Note 1. Potential quantity and grades are conceptual in nature. There is no certainty that further exploration of U3O8 Corp's projects will add to the company's resource portfolio.

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 2011 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.