

**Dear Shareholder,**

Thank you for your support in this extremely challenging time for the resource sector. As you are well aware, U3O8 Corp. has not been spared in this rout of resource stocks despite the milestones that we have achieved in advancing our deposits from discovery to definition of economic potential – defining their value to shareholders. In these markets, it is important to know that the outlook for the underlying commodity in which we are invested is fundamentally sound. To this point, there is a compelling case for uranium prices to potentially firm in the latter half of 2013 as we head towards a growing and sustained supply shortfall, driven by three main factors:

1. **Expiry of the Russian-US recycling program** – In seven months' time, 14% of the world's current uranium supply will be removed from the market with the end of the program in which Russia down-blends nuclear weapons into fuel for reactors – and this should throw the market into supply deficit;
2. **Restart of Japanese reactors** – More Japanese reactors are predicted to restart in the second half of 2013, which should allay concerns that fuel from Japan's 50 idled reactors could be sold into the market – a perception that has contributed to today's depressed uranium prices; and
3. **Growth in new reactors continue** – Reactor build continues apace with 66 reactors under construction around the world today, adding to the current 435 operable reactors – and each new reactor needs about three years' worth of annual fuel supply to power up; so there is long-term demand growth.

In addition to the solid fundamentals for the uranium market, insiders have unequivocally endorsed the company with the board and management purchasing 15.5 million shares of U3O8 Corp. (~10% of current shares outstanding) in the past five months alone.

Against an emerging supply-demand imbalance, U3O8 Corp. is advancing a sequenced growth strategy with relatively near-term production potential in the Laguna Salada Deposit in Argentina, followed by the company-making Berlin Deposit in Colombia which, given its size, will take longer to reach a production decision. These lead projects are followed by a robust pipeline of advanced prospects in Guyana and Argentina.

**Laguna Salada Deposit, Argentina – Near-Term Production Potential:** Given its simplicity, the Laguna Salada Deposit could be moved into production in a reasonably short timeframe. The preliminary economic assessment ("PEA") underway suggests that Laguna Salada could be a low-cost operation that is simple to mine as the mineralization lies near surface in soft gravel. Uranium and vanadium would be extracted using alkaline leach technology. Mining is designed to have minimal environmental impact with the processed gravel being returned to the excavated area, contoured to recreate the original topography and re-vegetated with indigenous flora. Other discoveries that we have made in the district offer further resource expansion potential.

Laguna Salada is also well placed as one of the most advanced uranium projects in Argentina at a time when the country imports 100% of its nuclear fuel requirement and is strongly motivated to restart local uranium mining to fuel its growing nuclear fleet. By the end of 2013 when Argentina's third reactor comes on stream, 9% of the country's electricity will be generated by nuclear. Argentina's nuclear leadership in South America is further reflected in its research centres, medical isotope and enrichment facilities and small reactor design. Neighbouring Brazil, with whom Argentina has a free trade agreement, has also indicated the need to import fuel for its third reactor now under construction. And nuclear co-operation agreements with China, South Korea and the United Arab Emirates offer potential international markets for uranium produced in Argentina.

**Berlin Deposit, Colombia – Potential to be a Large Deposit with Low Uranium Production Costs<sup>1</sup>:** A PEA shows that the uranium in Berlin could be extracted at zero cash cost due to the revenue generated from by-products. Importantly, the PEA is based on a uranium resource from only three kilometres ("km") of a 10.5km mineralized trend – and our exploration suggests that the whole trend has 60-80 million pound ("Mlb") of uranium potential.

The PEA also provides a means of valuing U3O8 Corp. for the first time. Berlin's NPV equates to \$1.63 per fully diluted share – about 10 times the current share price. And this valuation is based on only one-third of Berlin's resource potential and also excludes the value of our two other deposits in Argentina and Guyana.

**Quality Projects in Longer-Term Pipeline:** In the past year, we doubled NI 43-101 compliant resources on the Kurupung Project in Guyana where there is still enormous growth potential. Mineralization in the resource area remains open along strike and/or at depth and the initial deposit is based on only four of 10 uranium-bearing zones identified to date.

U3O8 Corp. has two other longer-term projects in Argentina where we have been building an enviable land position adjoining the country's two largest known uranium deposits (the state-owned Cerro Solo and Sierra Pintada deposits), through acquisitions from Pacific Bay Minerals Ltd. and Calypso Uranium Corp. We see the Cerro Solo region as the next area of development after Laguna Salada and have positioned U3O8 Corp. to be a player in the inevitable consolidation of this emerging uranium district in which Cameco is drilling in joint venture with an exploration company. The Calypso acquisition also added \$3.3 million in cash to fund exploration and ongoing work to demonstrate the economic viability of our projects.

In summary, U3O8 Corp. continued to demonstrate increasing value in its projects as evidenced by its checklist of accomplishments made in 2012 that included:

✓ Positive metallurgy at Berlin, Colombia	✓ Initiated PEA on the Laguna Salada Deposit, Argentina
✓ Positive PEA on one-third of the Berlin trend	✓ Joint ventured non-core property in Argentina
✓ Positive exploration drilling over two-thirds of the Berlin trend to show growth potential	✓ Acquired Calypso for strategic properties and \$3.3 million in cash
✓ Doubled resource in the Kurupung, Guyana	

Looking ahead, our goals for the next year are to continue to build value in U3O8 Corp. by delivering on its sequenced growth strategy by:

- Completing the PEA on the Laguna Salada Deposit;
- Showing resource expansion potential adjacent to Laguna Salada;
- Enhancing the economics of the Berlin Deposit by refining the metallurgical process and mine design;
- Conducting cost-effective exploration to set up for resource growth as the uranium market improves; and
- Pursuing joint venture opportunities.

U3O8 Corp's staged development strategy positions the company to benefit from a turnaround in the uranium market, which we believe will be driven by tightening supply in the latter half of this year. We have made great progress in proving up real assets with strong growth profiles. And the Berlin PEA alone suggests that U3O8 Corp. should be trading at a multiple of our current all-time low share price, and this makes the company a compelling value proposition with considerable upside.



Richard Spencer  
President & CEO

May 14, 2013

<sup>1</sup> **Berlin Deposit** – See the January 31, 2103 technical report: "Berlin Project, Colombia – Preliminary Economic Assessment, NI 43-101 Report." At an 8% discount, Berlin's net present value ("NPV") is US\$312 million or about Cdn\$1.63 per diluted U3O8 Corp. share. Based on the mineral resource prepared in accordance with National Instrument 43-101 ("NI 43-101") and scout drilling results, there is a conceptual uranium target of 27-36 million tonnes at 0.09% to 0.11% U<sub>3</sub>O<sub>8</sub> (60-80Mlb) on the entire 10.5km trend. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource north of the current Berlin Deposit. It is uncertain if further exploration will result in additional mineral resources being delineated on the property.

Sources: World Nuclear Association, World Nuclear News, Cantor Fitzgerald, IAEA, Economico Valor

This letter contains "forward-looking statements" that involve substantial known and unknown risks and uncertainties including, but not limited to, the impact of industry conditions, volatility of commodity prices, legislative change and risks associated with the uncertainty of exploration results and estimates, that the Berlin PEA and resource potential on exploration projects will be achieved and the uncertainty of obtaining additional financing (refer to U3O8 Corp's 2012 Management's Discussion & Analysis for risk factors related to the company). 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. Additional information on U3O8 Corp. and its exploration projects are available on the company's web site at [www.u3o8corp.com](http://www.u3o8corp.com). Dr. Richard Spencer, U3O8 Corp's President and CEO, is a "qualified person" as defined by NI 43-101 and has supervised the preparation of, and verified, all technical disclosure contained herein related to the company's projects.