

Dear Shareholder,

U3O8 Corp. has focused on finding uranium deposits that could be potential low-cost producers. This approach led to a positive preliminary economic assessment (“PEA”) being completed in Q1 2013 that showed that our Berlin Deposit in Colombia could be a zero cash cost uranium producer due to the value of its associated by-products. As the downturn in the resource sector persisted into 2013, our focus shifted to deposits that could have relatively quick timelines to production at moderate capital cost, which brought our Laguna Salada Deposit in Argentina to the fore. We are currently finalizing a PEA on Laguna Salada with the aim of showing that this project could be put into production in a fairly short timeframe at relatively low capital requirement. In addition, we recently encountered frac sand potential on our Carina property in Argentina, which offers the opportunity to generate cash flow in the short-term.

Our sequenced development strategy sets up the prospect of a near-term producer in Laguna Salada to lead the way for our flagship, the Berlin Deposit, which is more capital intensive, given its size and suite of commodities. Successful implementation of this strategy should place U3O8 Corp. among a small number of companies that could start production heading into a period of sustained and widening uranium supply deficit forecast to commence in 2017. At the same time, we are being opportunistic on the frac sand project that could provide a source of cash flow in the near-term.

Frac Sands – Potential for Near-Term Cash Flow: While uranium remains our core business, U3O8 Corp’s interest in frac sand is due to the potential for this project to be the first cash-generator for the company that would help fund our uranium projects. Uranium and frac sands are linked in many of our Argentina properties as the gravels that are prospective for uranium, and in which our Laguna Salada Deposit is located, lies adjacent to a sand layer that develops characteristics required for fracking in rare instances. Carina is one such property originally taken up for its uranium potential, and was found to also have frac sand potential within trucking distance of the giant Vaca Muerta shale oil basin in south-central Argentina.

With almost of all of Argentina’s frac sand supply currently imported from Brazil, USA and China, there is a large emerging market for domestic supply as an essential commodity for extraction of oil and gas from the Vaca Muerta. To maximize this opportunity, Carina is expected to be vended out to South American Rare Earth Corp. (SAREC), a private company in which U3O8 Corp. already has a 13% interest, and is focused on frac sand for potential use in the production of shale oil and gas. The proposed sale would increase our equity stake in SAREC as well as maintain U3O8 Corp’s 7.5% net smelter royalty on frac sand production from the property. A joint venture with a local operator is targeting frac sand production for early 2015 at no cost to us and with the operator bearing all costs of development and marketing of the product.

Laguna Salada Deposit – Near-Term Uranium Production Potential in Argentina: The PEA due shortly on Laguna Salada will provide the first estimates of operating and capital cost for the project. The PEA has taken longer than expected due to further test work being required to improve the efficiency of one aspect of the modelled processing plant. Laguna Salada has the potential to come on stream near the start of a predicted, widening global supply shortfall while Argentina seeks local uranium production for its growing nuclear fleet.

Since mid-2013, positive changes in Argentina have attracted multi-billion dollar investments in its energy and mining sectors. Eight oil majors are partnering with the State for the exploration and development of the Vaca Muerta basin – estimated to be the third largest shale oil reserve in the world. Goldcorp, Yamana Gold and Orocobre Limited are building new mines in Argentina targeted to enter production in the next two years. Another favourable development is that Argentina and Repsol have recently reached agreement on compensation of \$5 billion for the expropriation of Repsol’s stake in YPF, two years ago.

In addition, Argentina is a nuclear country that aims to double the share of its energy derived from nuclear to 18% by 2025, yet currently imports all of its uranium requirements. The country has an enviable nuclear industry with enrichment, heavy water and fuel fabrication facilities and continues to expand on this expertise. For example, Argentina is building the world’s first small modular reactor, which is also being evaluated by Saudi Arabia to power major desalination plants for fresh water production. Recently, Argentina also announced plans to build a new uranium enrichment facility in Formosa Province and expanded its nuclear co-operation agreement with the United Arab Emirates.

To reduce its reliance on imported uranium, the State recently announced its intention to restart its largest past-producing mine at Sierra Pintada, where Argentina's only functioning uranium processing plant is located. Development of Sierra Pintada would be a game-changer for the value of U3O8 Corp's extensive land position that surrounds the mine site. These recent developments clearly demonstrate Argentina's commitment to nuclear as a means of achieving its goal of energy self-sufficiency by 2019 while seeing nuclear technology as a potential revenue generator.

Berlin Deposit – Medium-Term Development Project for Potential Zero Cash Cost Uranium Production in Colombia: A PEA estimated that uranium could be produced at zero cash cost due to the revenue generated from associated by-products at Berlin. The downside is that Berlin is a big project that would require an estimated \$440 million for mine construction, which is unpalatable under current financial market conditions. However, further optimization of the metallurgical process, as well as resource growth, provide ways of further enhancing the project's economics in preparation for improved sentiment in the resource sector. Optimization of the metallurgical process would cost an estimated \$1.1 million, but could significantly increase Berlin's initial net present value from the current \$312 million (at a 10% discount) and improve its internal rate of return above the current 19%.

Uranium Market Outlook

Spot uranium prices are near ten-year lows despite the additional fuel demand required for the 67 reactors currently under construction around the world. The delay in Japan's reactor restarts is a prime reason for the ongoing pressure on the uranium price, and in the short-term, Japanese restarts remain the principal trigger for the uranium market. Guidance from regulators is that the first two reactors shortlisted for restart could come online this summer. While reactor restarts are not expected to have an immediate effect on uranium prices, they should signal that Japan's excess uranium inventory will not be flooding back into the market, which should prompt utilities to start buying to shore up their fuel supplies, which have fallen to 7-year lows.

In the current geopolitical climate, Russia's considerable influence over at least half of the world's uranium production could also increase supply risk. Russia itself produces 5% of the world's uranium, but also has strong influence over Kazakhstan (37%), Uzbekistan (5%), potentially the Ukraine (2%) and parts of Africa that produce 18% of the world's uranium.

The growing number of uranium supply cutbacks, miners producing below their marginal cost, shrinking inventories held by global utilities and increasing demand spurred by new reactor builds, are factors that suggest a supply squeeze is inevitable. Many uranium analysts expect 2017 to mark the start of a sustained and growing gap between supply and increasing demand. This timing should align nicely with U3O8 Corp's potential near-term production profile and continued sequential development of a strong pipeline of projects.

Thank you for your support during this extremely difficult year. We plan to continue to build on U3O8 Corp's logically staged projects to efficiently deliver shareholder value over the near, medium and longer term.

Yours truly,


Richard Spencer
President & CEO

May 7, 2014

Sources: World Nuclear Association, World Nuclear News, Reuters, Bloomberg, Cantor Fitzgerald, CNEA, Larouche Pac, MercoPress, EnerNews, www.vacamuertashale.com

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 and geopolitical change and risks associated with the uncertainty of exploration results and estimates, that the Berlin and Laguna Salada PEAs and resource potential on exploration projects will be achieved, that the Carina property will realize production and the uncertainty of obtaining additional financing (refer to U3O8 Corp's 2013 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. 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.