

Press Release

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U3O8 Corp. to acquire Mega Uranium's South American assets to create a dominant South American-focused uranium exploration company

Results in a larger platform for growth to realize resource expansion potential & exploration upside

TORONTO, Ontario – February 17, 2010 – U3O8 Corp. (TSX Venture: UWE) and Mega Uranium Ltd. (TSX: MGA) (“Mega”) are pleased to announce that they have entered into a definitive agreement under which U3O8 Corp. will acquire all of Mega’s South American uranium properties and \$4 million in cash in exchange for 30,564,858 common shares of U3O8 Corp. (the “U3O8 Shares”). The acquisition will provide U3O8 Corp. with an expanded portfolio of projects at various stages, from National Instrument 43-101 (“NI 43-101”) compliant resources in Guyana, to significant historical resources in Colombia and near-resource and discovery potential in Argentina. U3O8 Corp. will emerge as a well funded dominant explorer with a strong platform for growth in South America – one of the world’s promising new frontiers for uranium exploration and development.

Following completion of the sale, Mega has agreed to take steps necessary to distribute the U3O8 Shares directly to its Canadian shareholders, on a pro-rata basis, by way of a dividend-in-kind paid on Mega’s common shares, providing Mega’s shareholders with direct ownership in U3O8 Corp. Non-resident shareholders will receive cash proceeds in lieu of U3O8 Shares, as further described below.

Strategic Benefits

U3O8 Corp. and Mega believe this transaction will result in significant strategic benefits and enhance shareholder value for both companies by creating a South American-focused uranium discovery and development company that will have:

- **Strengthened balance sheet** – \$8 million in cash to advance resource expansion and drive exploration;
- **NI 43-101 resource** – U3O8 Corp’s initial Indicated Resource of 5.8 million pounds U₃O₈ (2.7 million tonnes at a grade of 0.10% U₃O₈) and Inferred Resource of 1.3 million pounds U₃O₈ (0.65 million tonnes at a grade of 0.09% U₃O₈) in the Kurupung Batholith in Guyana. Uranium in the Kurupung is geologically similar to albitite-hosted uranium deposits worldwide that typically contain resources in the 50 to 130 million pound range, although there is no guarantee that the Kurupung will host a resource of similar size;
- **Significant historic resource** – Mega’s Berlin Project in Colombia with historical uranium resource¹ potential of 12.9 million tonnes at a grade of 0.13% U₃O₈ (38 million pounds U₃O₈) as well as potential for vanadium, molybdenum and phosphate by-products;

- **Near-resource potential** – Ongoing exploration drilling in the Kurupung project continues to define new mineralized areas that are expected to lead to potentially strong resource growth in the short-term. Mega's Laguna Salada project in Chubut Province, Argentina, is poised to advance to resource estimation in 2010;
- **Principal exploration opportunities** – Drilling on Mega's mineral concessions near the Cerro Solo uranium deposit in Argentina has intersected significant sandstone-hosted uranium mineralization. U3O8 Corp's exploration in the Roraima Basin in Guyana is identifying key features typically associated with unconformity-related uranium in Canada's Athabasca Basin, which is host to approximately one third of the world's uranium resources. U3O8 Corp. expects to commence drilling of its unconformity-related targets in the Roraima Basin in 2010;
- **Strong land positions in favourable South American jurisdictions** – broader geographic presence in highly prospective regions in Colombia, Guyana and Argentina. Mega has an extensive land position near Argentina's two largest known uranium deposits (10 million pound Cerro Solo and 30 million pound Sierra Pintada deposits) presently owned and under development by Comision Nacional de Energia Atomica (CNEA), the Argentinean national nuclear authority;
- **Strong management and board** – proven technical and executive teams with a track record of discoveries and experience in South America, uranium exploration, resource development, and financial markets; and
- **Broader investor reach** – expanded and diverse shareholder base for enhanced market exposure and liquidity.

"This acquisition enhances U3O8 Corp's position as a premier South American uranium exploration company by significantly adding to our resource pipeline and expanding our geographic presence in highly prospective regions. Together, we are establishing a larger platform and a strengthened balance sheet from which to advance a strong uranium portfolio to create value for our shareholders and stakeholders," said Dr. Richard Spencer, U3O8 Corp's President and CEO.

"This transaction represents the first step for us in unlocking shareholder value attributable to our exploration properties, but not fully recognized, as Mega has become more identified as a near-production company due to the progress of our Lake Maitland project," said Sheldon Inwentash, Mega Uranium's Chairman and CEO. "Shareholders of U3O8 Corp. and Mega (through their equity participation in U3O8 Corp.) can benefit directly from the formation of a unique South American-focused uranium company that brings together a suite of advanced projects, strategic land holdings and highly experienced exploration and executive teams aimed at creating a dominant explorer in an environment of accelerating demand for uranium."

Management and Directors

Upon completion of the transaction, management of U3O8 Corp. will consist of Richard Spencer (President and Chief Executive Officer), Carmelo Marrelli (Chief Financial Officer), Richard Cleath and Dr. Hugo Bastias (Vice Presidents responsible for exploration and resource development), Philip Williams (Vice President, Business Development) and Nancy Chan-Palmateer (Vice President, Investor Relations). In addition, two of the existing five directors of U3O8 Corp. will resign, the size of the board of directors of U3O8 Corp. will be increased by one, and three nominees of Mega will be appointed. Accordingly, the U3O8 Corp. board of directors post-closing will be comprised of Sheldon Inwentash, Stewart Taylor, Richard Patricio (as nominees of Mega), and Keith Barron, Bryan Coates, David Constable (the remaining existing directors of U3O8 Corp.). The six directors of U3O8 Corp. post-closing will then agree upon a seventh candidate to be nominated for election at the next shareholders meeting of U3O8 Corp.

Transaction Details

As currently proposed, U3O8 Corp. will issue the U3O8 Shares to Mega, in exchange for all of the outstanding shares of a wholly-owned subsidiary of Mega, which will indirectly hold Mega's South

American properties and \$4 million in cash. Following completion of the sale, it is expected that Mega will distribute the U3O8 Shares to its shareholders as a dividend-in-kind paid on its common shares (the "Dividend").

No U3O8 Shares will be delivered to Mega shareholders who are, or are deemed to be, non-residents of Canada. Instead, these shares will be aggregated and sold in the open market, in an orderly fashion, on behalf of the non-resident shareholders who will receive a pro-rata share of the cash proceeds from the sale, net of applicable withholding taxes and brokerage fees.

If the transaction is completed as contemplated, Mega will advise shareholders of the record date and payment date of the Dividend.

Prior to the transaction, there are 23,057,700 issued and outstanding common shares of U3O8 Corp. After the completion of the transaction, there will be 53,622,558 common shares outstanding of U3O8 Corp. (approximately 57% of which will be held by Mega shareholders without consideration of U3O8 Shares to be sold on behalf of non-residents and treatment of fractional shares).

The acquisition is subject to the satisfaction of various conditions, including the approval by the Toronto Stock Exchange, TSX Venture Exchange and, in order to effect the Dividend, the approval by Mega's shareholders of a reduction in the stated capital of Mega's common shares at its Annual and Special Meeting to be held on March 19, 2010 (the "Meeting"). Subject to the satisfaction of all conditions, the transaction is expected to close on or about March 31, 2010.

U3O8 Corp's financial advisor is Cormark Securities Inc.

Stewart Taylor, President of Mega and a qualified person for the purposes of NI 43-101, has reviewed the technical information contained in this news release pertaining to Mega's mineral properties.

Richard Spencer, President and CEO of U3O8 Corp., a qualified person for the purposes of NI 43-101, has reviewed the technical information contained in this news release pertaining to U3O8 Corp's mineral properties.

The securities described in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This press release is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

(1) *The Berlin resource estimate is historical and is reported in Castano, R. (1981), Calcul provisoire des reserves geologiques de Berlin, sur la base des resultants des sondages, unpublished Minatome report, 15p. Recent independent verification of the historical data has not been performed and sufficient exploration work has not been completed to verify the historic estimate. Mega is not treating the historical estimate as current mineral resources and it should not be relied upon. As the 38 million pound U₃O₈ estimated is based only on 11 widely-spaced drill holes, it is regarded by Mega as merely an indication of the magnitude of the uranium resource potential of the southernmost five kilometre long portion of the syncline containing the Berlin uranium mineralization.*

About U3O8 Corp.

U3O8 Corp. is a Toronto-based uranium exploration company in Canada. Currently focused on uranium exploration in the Roraima Basin in Guyana, South America, U3O8 Corp. has exclusive uranium exploration rights covering about one million hectares that straddles the edge of the Roraima Basin in Guyana. The company is advancing a two-pronged exploration strategy that focuses on: (1) exploration for multiple uranium-bearing structures within structural systems in the basement adjacent to the Roraima Basin with the concept that the individual breccia zones could potentially aggregate to a significant total resource; and (2) exploration for unconformity-related uranium deposits near the base of the Roraima Basin, which are similar to those of the prolific Athabasca Basin in Saskatchewan.

Further information on U3O8 Corp's properties are available in the technical report prepared for the company by Dahrouge Geological Consulting Ltd. and dated September 15, 2006 as amended and restated December 12, 2006; and on U3O8 Corp's NI 43-101 resource as detailed in the NI 43-101 report titled "A Technical Review of the Aricheng North and Aricheng South Uranium Deposits in Western Guyana for U3O8 Corp. and Prometheus Resources (Guyana) Inc." by Watts, Griffis and McQuat dated January 14, 2009.

About Mega Uranium Ltd.

Mega is a Toronto-based mineral resources company with a focus on uranium properties in Australia, Canada, Argentina, Colombia and Cameroon. Mega is currently advancing its Lake Maitland uranium project in Western Australia to production. Mega's Ben Lomond and Maureen uranium resources are subject to a Queensland State Government policy that presently prohibits the mining of uranium.

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Forward-Looking Information

Certain information in this news release constitutes forward-looking information, which is information regarding possible events, conditions or results of operations that is based upon assumptions about future economic conditions and courses of action. All information other than matters of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as "seek", "expect", "anticipate", "budget", "plan", "estimate", "continue", "forecast", "intend", "believe", "predict", "potential", "target", "may", "could", "would", "might", "will" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release includes, but is not limited to, statements about our expectations regarding Mega's and U3O8 Corp's future business and operations, including the resource potential of its properties, and our expectations regarding the strategic benefits and enhanced shareholder value that will result from the proposed transaction.

By its nature, forward-looking information involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from those expressed or implied by such forward-looking information. Some of the risks and other factors that could cause actual results to differ materially from those expressed in the forward-looking information contained in this release include, but are not limited to: the possibility that the necessary shareholder and regulatory approvals will not be obtained in a timely manner or at all, and that other conditions to completion of the acquisition will not be satisfied; risks related to the inherent uncertainty of mineral exploration and development activities generally, including political and regulatory risks; various factors beyond our control which influence the market prices of our shares. Although we have attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward-looking information, readers are cautioned that this list is not exhaustive and there may be other factors that we have not identified. Readers are cautioned not to place undue reliance on forward-looking information contained in this release. Forward-looking information is based upon our beliefs, estimates and opinions as at the date of this release, which we believe are reasonable, but no assurance can be given that these will prove to be correct. Furthermore, we undertake no obligation to update or revise forward-looking information if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.