U3O8 Corp. confirms that uranium mineralization extends 900m along the Aricheng West corridor in the Kurupung Project, Guyana

Infill drilling to commence towards increasing the NI 43-101 resource

Toronto, Ontario – January 20, 2011 – U3O8 Corp. (TSX Venture: UWE), a Canadian-based company, focused on exploration and resource expansion of uranium and associated commodities in South America, reports drill results that extend uranium mineralization to 900 metres (“m”) in length along the Aricheng West structural corridor in the Kurupung Batholith in Guyana (Figure 1). Scout drilling shows that the Aricheng West area is one of nine consistently mineralized zones identified to date in the Kurupung uranium system. Mineralization remains open at depth and along strike on all structures. Aricheng West is scheduled to be the first of three uranium-bearing structures to undergo infill drilling, starting in March, towards the goal of increasing the current National Instrument 43-101 (“NI 43-101”) resource estimate to 20 to 25 million pounds (“mlb”)¹ on the Kurupung Project by the end of 2011.

“U3O8 Corp’s scout drilling shows that the Kurupung is emerging as a large uranium system that could be of comparable size to peer deposits that typically contain 60 to 130mlb of uranium²,” said Dr. Richard Spencer, U3O8 Corp’s President and CEO. “Concurrent with the scout drilling, infill drilling is planned to begin in the Kurupung as we aim to rapidly increase our NI 43-101 resource portfolio across our projects in Guyana, Colombia and Argentina in 2011.”
Table 1 – Assay Results for Aricheng West Structure

Summary of the principal mineralized intercepts cut in five bore holes (1,546m) completed in scout drilling on the extremities of the Aricheng West structure.

<table>
<thead>
<tr>
<th>Bore Hole Number</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Interval (m)</th>
<th>Estimated True Thickness (m)</th>
<th>U₃O₈ (%)</th>
<th>U₃O₈ (lb/st)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARW-031</td>
<td>98</td>
<td>106</td>
<td>8</td>
<td>6.6</td>
<td>0.053</td>
<td>1.1</td>
</tr>
<tr>
<td>ARW-032</td>
<td>80</td>
<td>86</td>
<td>6</td>
<td>4.9</td>
<td>0.034</td>
<td>0.7</td>
</tr>
<tr>
<td>ARW-033</td>
<td>51</td>
<td>54</td>
<td>3</td>
<td>1.7</td>
<td>0.100</td>
<td>2.0</td>
</tr>
<tr>
<td>ARW-034</td>
<td>153</td>
<td>163</td>
<td>10</td>
<td>9.7</td>
<td>0.045</td>
<td>0.9</td>
</tr>
<tr>
<td></td>
<td>239</td>
<td>281</td>
<td>42</td>
<td>24.1</td>
<td>0.046</td>
<td>0.9</td>
</tr>
<tr>
<td>ARW-035</td>
<td>123</td>
<td>130</td>
<td>7</td>
<td>6.8</td>
<td>0.075</td>
<td>1.5</td>
</tr>
<tr>
<td></td>
<td>320</td>
<td>323</td>
<td>3</td>
<td>1.7</td>
<td>0.066</td>
<td>1.3</td>
</tr>
<tr>
<td></td>
<td>325</td>
<td>328</td>
<td>3</td>
<td>1.7</td>
<td>0.054</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>332</td>
<td>335</td>
<td>3</td>
<td>1.7</td>
<td>0.051</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: lb/st is an abbreviation for pounds per short ton. 1 short ton = 2,000lbs or 0.907 metric tonnes.

Potential quantity and grade are based on drill results that define the approximate length, thickness, depth and grade of the target area, but are considered conceptual in nature. To date, there has been insufficient exploration to define a mineral resource at Aricheng West, and it is uncertain if further exploration will result in a mineral resource being defined in this area.

Aricheng West Structural Corridor

Scout drilling confirms that the two uranium-bearing structures, Aricheng West and Aricheng Epsilon, merge to form a mineralized corridor that is 900m in length (Figure 2). Uranium in the Aricheng West and Aricheng Epsilon zones is concentrated in a set of inclined, sheet-like breccias within the granitic Kurupung Batholith. The Aricheng Epsilon structure is sub-vertical in orientation while the Aricheng West structure has a roughly “Y”-shaped cross section with the northern breccia inclined southward at an angle of 45° to 55°, and the southern arm of the “Y” is sub-vertical.

The breccias occur within an envelope of albite-hematite-chlorite-calcite alteration that is non-magnetic, and are delineated by corridors of weak magnetism (shades of blue and green) in Figure 2. These weakly magnetic zones show the potential extent of the structures in which uranium-bearing shoots occur.

The uranium grade-thickness long section shows a predictable arrangement of higher uranium grades that gradually decrease towards the margins of the mineralized shoots (Figure 3). The Aricheng West shoot has been drilled to a depth of 150m below surface, while the Aricheng Epsilon shoot has been intersected at a depth of 250m below surface. Mineralization remains open at depth and along strike.

2011 Infill Drilling Plan

Infill drilling is expected to begin in March with the focus on higher grade shoots of three uranium-bearing zones in the Kurupung Project: the Aricheng West corridor, Aricheng C, and on the Accori North C structure. Approximately 11,000m of infill drilling will be required on nominal 50m by 50m centres. The aim is to use these close-spaced intercepts for a potential NI 43-101 resource estimate for completion by the end of 2011.
Quality Assurance & Quality Control

Diamond drilling at Aricheng West was undertaken with U3O8 Corp’s own drill rig that produced NQ (nominal 47.6 millimetre diameter) core. A down-hole spectral gamma probe was used on the five bore holes reported on here to determine the extent of the mineralized intervals by providing an estimate of the uranium grade based on the radioactivity measured. Core from each mineralized interval was halved with a diamond saw on-site and half core samples were delivered to ACME Laboratory’s preparation facility in Georgetown, Guyana. Sample blanks and certified standards were inserted at an average frequency of one per 25 samples. Sample pulps were then shipped by ACME to their analytical facility in Vancouver, BC, Canada, for analysis for uranium by ICP-MS after hot, four-acid digestion. The other half of the core was logged and is stored on-site, providing a complete record of the geology and mineralized zones drilled.

Dr. Richard Spencer (P.Geo.), CEO and President of U3O8 Corp., a Qualified Person within the definition of that term in NI 43-101 of the Canadian Securities Administrators, had overall responsibility for all aspects of target selection and drill-site location on the Aricheng West target. Dr. Spencer has supervised the preparation of, and verified, the technical information in this release.
Map of airborne magnetic data from the Kurupung area. The Kurupung Batholith lies between northwest trending bounding shear zones (black dashed lines). Cool colours (blue and green) represent rocks with weak magnetism while warm colours (red, pink and yellow) represent successively more magnetic rocks. Most uranium found by U3O8 Corp. to date lies within demagnetized faults (cool coloured areas). White irregular areas show the footprint of uranium mineralization drilled by U3O8 Corp.

The Aricheng West corridor (labelled in red), in which the mineralized zones at Aricheng West and Aricheng Epsilon merge, is located in the central part of an extensive area of weak magnetism in the Kurupung Batholith.
Plan view of the location of bore holes drilled in the scout drilling program on the Aricheng West structure shown on a map of ground magnetic data (cool colours – blue and green – mark least magnetic areas while warm colours – red, pink and orange – mark areas of more intense magnetism). The five holes from which assay results are reported in this press release are identified by their labels. Holes ARW-031 and ARW-32 were drilled on the eastern extremity of Aricheng West while holes ARW-033 to ARW-035 confirmed the extension of Aricheng West to the west and also demonstrated that the Aricheng West and Aricheng Epsilon structures form one mineralized corridor. The collar position of each hole is shown as a dot and the extent of each inclined hole is shown as a black line. U₃O₈ grade (%) is shown as a histogram along the trace of each bore hole.
Figure 3 – Long Section of the Aricheng West Corridor

A provisional long section of the Aricheng West corridor, in which the mineralized structures at Aricheng West and Aricheng Epsilon merge, shows the distribution of uranium grade-thickness values (the product of the width of the mineralized interval and its U₃O₈ grade in %) on a vertical projection of the structures. The circles show the point at which the bore hole intersected the structure and the colour of the circle represents its grade-thickness value. Warm colours (orange and yellow) reflect the higher values and cool colours (blue and green) represent lower values. The values have been contoured as a means of showing the trends of the grade-thickness values or uranium content of the structure. The location of the intercepts of the five bore holes whose values are reported in this press release are labelled in red.
About U3O8 Corp.

U3O8 Corp. is a Toronto-based exploration company, focused on exploration and resource expansion of uranium and associated commodities in South America – a promising new frontier for exploration and development. U3O8 Corp. has one of the most advanced portfolios of uranium projects in the region comprising NI 43-101 compliant resources in Guyana to significant historic resources in Colombia and near-resource and discovery potential in Argentina.

(1) Scout drilling results suggest that the Kurupung structures identified to date may contain a conceptual target of 13-18 million tonnes at a grade of 0.08% to 0.10% U₃O₈ (estimated 30 to 35mlb U₃O₈) including the initial NI 43-101 resource estimate. The initial NI 43-101 resource estimate of 5.8mlb Indicated at an average grade of 0.10% (2.0 lbs/st) U₃O₈ and 1.3mlb Inferred at an average grade of 0.09% (1.9 lbs/st) U₃O₈ has been reported on the Aricheng North and Aricheng South structures in the Kurupung Batholith. Refer to the technical 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., available on U3O8 Corp’s web site at www.u3o8corp.com and on SEDAR at www.sedar.com.

(2) Geologically similar albitite-hosted uranium deposits worldwide including the Coles Hill deposit (USA), the Valhalla deposit (Australia) and Michelin deposit (Canada), typically host resources in the 60 to 130mlb range with typical grades of 0.06% to 0.10% U₃O₈ within multiple mineralized structures. These deposits have not been independently verified by U3O8 Corp. and information regarding these deposits is drawn from publicly available information. Comparisons of U3O8 Corp’s uranium resource and exploration targets with other uranium deposits are conceptual in nature. There is no certainty that further exploration of U3O8 Corp’s uranium resource or other targets will result in the delineation of a similar mineral resource.

Forward-Looking Statements

Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of U3O8 Corp., including, but not limited to, the impact of general economic conditions, industry conditions, volatility of commodity prices, risks associated with the uncertainty of exploration results and estimates and that the resource potential will be achieved on the company’s exploration projects, currency fluctuations, dependence upon regulatory approvals, and the uncertainty of obtaining additional financing and exploration risk. There is no assurance that mineralization encountered at Aricheng West and other Kurupung targets will add to U3O8 Corp’s resource base. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

For information, please contact:
U3O8 Corp.
(416) 868-1491

Nancy Chan-Palmateer Richard Spencer
Vice President, Investor Relations President & CEO
nancy@u3o8corp.com richard@u3o8corp.com

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.