



## Press Release

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#### U3O8 Corp. Announces Creation of Rare Earth Subsidiary & Concurrent Financing

**Toronto, Ontario – March 7, 2011** - U3O8 Corp. (TSX Venture: UWE), a Canadian-based company focused on exploration and resource expansion of uranium and associated commodities in South America, has announced the transfer of its Jasimampa rare earth property in Santiago del Estero Province, Argentina, into a new rare earth focused subsidiary, South American Rare Earth Corp. (the "Property Spin Out"). The spin-out of this non-core asset allows for a focused strategy to explore and finance early-stage rare earth properties by South American Rare Earth while looking for other rare earth opportunities in South America.

"While exploring for uranium, we found promising rare earth mineralization exposed at surface that extended under shallow soil cover on our Jasimampa property in Argentina," said Dr. Richard Spencer, U3O8 Corp's President and CEO. "Although rare earth elements are not U3O8 Corp's core business, we recognized clear potential in the Jasimampa area, which has mineralization that appears analogous to the Mountain Pass deposit in California – currently being restarted as USA's sole rare earth mine. With the spin out of this asset, U3O8 Corp. retains exposure to a new company focused exclusively on prospective rare earth targets that can progress at their own rate and on their own merit, while we continue to aggressively advance our priority uranium projects with the potential for rapid resource growth in the near-term."

#### New Rare Earth Subsidiary

Following the completion of the Property Spin Out and Offering, U3O8 Corp. will hold approximately 19.9% of the shares issued in South American Rare Earth as well as a 2% net smelter royalty in return for its interest in the Jasimampa property, which is being transferred to South American Rare Earth. U3O8 Corp. will initially manage the exploration program and corporate development opportunities of South American Rare Earth, and will be reimbursed for funds used to explore the Jasimampa property. This opportunity is initially proposed to be a private company and could transition to a publicly traded vehicle as early as 12 months from inception if exploration results are positive.

Reconnaissance exploration of the Jasimampa property has defined a core zone that has an average grade of approximately 1.1% total rare earth oxides ("TREO"). Mineralization appears to extend beneath shallow soil cover and drilling is required to further evaluate the extent and grade of the mineralized area. Early indications are that the core target area measures approximately 600 metres long by 250 metres wide.

The exploration target is a carbonatite intrusive centre that contains cerium, lanthanum and neodymium-bearing minerals. Approximately 5% of the TREO consist of heavy rare earth elements (“HREO”). The potential of the property will be investigated further through an extensive trenching program. Subject to good assay results, drilling is planned to commence in the latter part of 2011.

### **Concurrent Financing**

In connection with the Property Spin Out, U3O8 Corp. has engaged PowerOne Capital Markets Limited (“PowerOne”) to complete a private placement (the “Offering”) of up to 20,000,000 units (“Units”) of South American Rare Earth at a price of \$0.20 per Unit to raise up to \$4,000,000. Each Unit will consist of one common share (a “Common Share”) and one-half of one Common Share purchase warrant (a “Warrant”). Each full Warrant will be exercisable into one Common Share of South American Rare Earth at a price of \$0.30 per share for a period ending on the earlier of (i) 24 months following the public listing of the Common Shares; and (ii) five years following the completion of the Offering.

As consideration for the services of PowerOne, U3O8 Corp. shall pay a cash commission and issue broker warrants (“Broker Warrants”) equal to 7.5% of the Units issued in the Offering. Each Broker Warrant will be exercisable into one Unit of South American Rare Earth at a price of \$0.20 per Unit for 24 months following the public listing of the Common Shares.

Insiders of U3O8 Corp. will initially be limited to subscribe for no more than 25% of the Units, which is approximately proportional to their direct and indirect holdings in U3O8 Corp. In the event that the Offering is not fully subscribed, U3O8 Corp. insiders will be eligible to subscribe for additional Units. The net proceeds of the Offering will be used to explore the Jasimampa property, to search for and acquire additional properties prospective for rare earth metals and to reimburse the costs of U3O8 Corp. incurred in the acquisition and exploration of the Jasimampa property.

The Property Spin Out and Offering remain subject to the receipt of all applicable regulatory approvals, including the approval of the TSX Venture Exchange.

### **About U3O8 Corp.**

U3O8 Corp. is a Toronto-based exploration company focused on exploration of uranium and associated commodities in South America – a promising new frontier for uranium 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. Additional information on U3O8 Corp., each material project and technical reports are available on the company’s web site at [www.u3o8corp.com](http://www.u3o8corp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

For information, please contact:

U3O8 Corp.  
(416) 868-1491

Nancy Chan-Palmateer  
Vice President, Investor Relations  
[nancy@u3o8corp.com](mailto:nancy@u3o8corp.com)

Richard Spencer  
President & CEO  
[richard@u3o8corp.com](mailto:richard@u3o8corp.com)

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**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 U308 Corp., including, but not limited to, the impact of general economic conditions, industry conditions, volatility of financial markets and commodity prices, currency fluctuations, dependence upon regulatory approvals, and the uncertainty of obtaining financing and exploration risk. 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.*