

May 9th, 2016

Dear Shareholder,

I would like to take this opportunity to thank you for your continued support through another challenging year for junior mining equities, the Company and for most uranium stocks.

The uranium market has not yet recovered from the post-Fukushima reactor shutdowns and the accumulation of inventory that followed as Japanese utilities continued to take delivery of fuel under contract despite their reactors being off-line: 25 of 43 Japanese reactors have completed safety upgrades and await inspection and permission to restart. The uranium spot price has dropped for a second time to post-Fukushima lows, and hopefully has now traced out a bullish “double bottom”. Analysts’ predictions are that a sustained and widening supply shortfall will develop in the uranium market in 2020. That sounds like a long way off but, given that utilities historically have held three years’ worth of nuclear fuel on-site and that it takes between 12 and 18 months for yellowcake produced at a mine to be enriched and fabricated into fuel rods, utilities should start buying uranium this year to avoid being caught off-side by the forecast supply shortfall. In addition, Japan has started to bring nuclear reactors back on-stream to generate low-cost, low-emissions, 24/7 electricity.

Low points in the commodity market underscore the truth that resource companies that have been profitable cycle after cycle achieve this distinction by maintaining a sharp focus on production cost. These companies have a disciplined approach of only bringing on-line low production cost projects. They recognize that bringing high production cost projects on-stream during the good times of a resource cycle often results in oversupply which ultimately leads to falling commodity prices and to mines that are unprofitable in the cyclical lows.

U3O8 Corp. has focused on this key to success; hence our disciplined approach on establishing production cost estimates as early as possible in the lives of our projects via Preliminary Economic Assessments (“PEA”). We have two deposits that have production cost estimates in the lower 25% of the uranium industry: Laguna Salada in Argentina and Berlin in Colombia.

We have prioritized Laguna Salada because of its simplicity – gravel lying at surface that would be scooped up by road-building machinery, sieved and uranium and vanadium extracted from the fine material that passes through the screens, using two household products, washing soda and baking soda, as the processing reagents. The capital cost of the project is reasonable at US\$136 million. Due to the strength of the US Dollar against the Australian Dollar, Brazilian Real and Argentine Peso, in which some components of the plant and mining equipment were priced, we expect the capital cost, expressed in US Dollars, to fall significantly from the estimate made in the PEA. Laguna Salada’s cash cost of production, including a royalty payable to the State, was estimated at US\$22 per pound of uranium, and we expect that cost to decrease due to currency weakness against the US Dollar. Lower capital and operating costs would improve the economics of the Laguna Salada Project from the estimates originally stated in the PEA.

The cost of doubling the size of the resource at Laguna Salada and completing a feasibility study is estimated at US\$8.6 million over a two-year period. U3O8 Corp.’s management and board are looking at various ways of attracting this investment in the project. Regional banks and large South American – based pension funds have indicated interest in lending the capital required to construct the mine once a positive feasibility study has been completed. Investor perception about Argentina has been challenging, to say the least, but is improving in response to the remarkable progress that President Macri’s new government has made in getting its fiscal house in order. We look forward to working with the government in providing Argentina with local uranium for its expanding fleet of nuclear reactors.

While Laguna Salada is being advanced toward a production decision on completion of a feasibility study, the intention is to do some fundamentally important test work on the Berlin Project. Berlin is one of the most exciting projects in the uranium industry and it could become a very low-cost producer due to the value of the potential by-products with which the uranium occurs. In addition, exploration drilling at Berlin has already outlined large resource growth potential. The challenge with Berlin is that the capital cost estimate made in the PEA: at US\$441 million, the Project is unlikely to be financeable in the current weak resource market. We have two principal options for advancing the project.

A lower capital cost through improved extraction technology could radically improve the economics of the Berlin Project. The largest component of the capital cost of the Project is the processing plant which is relatively large due to the number of commodities that would be produced alongside uranium. An alternative to the traditional extraction methods that were modelled for each commodity in the PEA is provided by newer technology that has been adopted by the minerals industry. The concept is that, once the commodities are dissolved from the mineralized rock, they are then sequentially concentrated by nanofiltration. If successful, positive test work would result in a redesign of the processing plant that should be simpler and should have a significantly lower cost than the one on which the PEA is based. Lab work to test the efficiency of nanofiltration on the Berlin Project would cost US\$1.1 million and would take 6 to 9 months to complete. The second opportunity centres on the remarkable suitability of the commodities contained in the Berlin Deposit to the low carbon energy business. Newer generations of lithium ion batteries contain nickel, vanadium phosphate or iron phosphate, all of which could be produced from Berlin. In addition the Deposit contains rare earths, some of which are used to manufacture the powerful magnets in high-efficiency electric motors and generators. So, there is an opportunity to brand the Berlin Project as a one-stop shop for “green technology” commodities for batteries and electric motors for vehicles and for generators in wind turbines. We are missing lithium to round this concept out, but there are opportunities in that field.

Another area of game-changing potential lies in vanadium from both Laguna Salada and Berlin, whose combined resource is a very respectable 200 million pounds, and the potential to link up with a vanadium redox battery (“VRB”) producer. VRBs complement weaknesses of lithium ion batteries and have scalable industrial capacity, but are relatively expensive. About 40% of VRB cost is vanadium and since our vanadium would be a by-product, we would have more flexibility on pricing than a vanadium-only producer. Battery-grade vanadium has a significantly higher value than vanadium used in the steel industry and therefore we need to demonstrate that Laguna Salada could produce vanadium of appropriately high purity. There is, therefore, the possibility of entering into long-term contracts with VRB producers at prices that make the VRB batteries more price-competitive and mainstream.

I look forward to a more positive year ahead for the Company, its shareholders and the uranium sector as a whole. I expect significant progress to be made in advancing the Laguna Salada Project as we combine our ambition to produce uranium with the Argentine government’s desire for local uranium to fuel its growing fleet of nuclear reactors.

I would like to thank the board and management that have given their time and counsel to advance the Company while foregoing pay and waiving fees. And I thank you for your continued support.

Regards,

Richard Spencer,

President & CEO, U3O8 Corp.