
U308 CORP.
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2016
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of U308 Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

The Uranium Discovery Company

U308 CORP

U308 Corp.

Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at September 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 515,483	\$ 205,703
Amounts receivable and other assets (note 5)	16,922	73,079
Total current assets	532,405	278,782
Non-current assets		
Property and equipment (note 4)	334,852	420,460
South American property interests (note 15)	10,474,652	10,474,652
Total non-current assets	10,809,504	10,895,112
Total assets	\$ 11,341,909	\$ 11,173,894
EQUITY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (note 13)	\$ 1,646,906	\$ 1,480,763
Total current liabilities	1,646,906	1,480,763
Non-current liabilities		
Other payable	176,000	176,000
Total non-current liabilities	176,000	176,000
Total liabilities	1,822,906	1,656,763
Capital and reserves		
Share capital (note 6)	93,048,759	91,995,659
Reserves	7,422,561	7,424,765
Deficit	(90,952,317)	(89,903,293)
Total equity	9,519,003	9,517,131
Total equity and liabilities	\$ 11,341,909	\$ 11,173,894

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Going concern (note 2)
Subsequent events (note 17)

Approved by the Board of Directors:

"David Franklin" _____ Director

"David Constable" _____ Director

U3O8 Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Expenses				
Exploration expenditures (note 9)	\$ 264,417	\$ 307,558	\$ 634,218	\$ 1,128,149
General and administrative (note 10)	134,201	212,409	488,580	917,120
Operating loss before the following items	(398,618)	(519,967)	(1,122,798)	(2,045,269)
Interest (expense) income	125	589	3,758	1,332
Foreign exchange (loss) gain	(63,009)	77,765	(30,422)	170,939
Debt forgiveness (note 2)	-	396,451	-	396,451
Share of losses from equity accounted investment (note 11)	-	(4,921)	-	(43,932)
Recovery from South American Silica Corp. (note 11)	-	-	23,815	-
Gain on sale of fully depreciated field equipment	-	-	16,792	-
Loss and comprehensive loss before taxes	(461,502)	(50,083)	(1,108,855)	(1,520,479)
Deferred income tax recovery	1,737	-	59,831	63,700
Loss and comprehensive loss	\$ (459,765)	\$ (50,083)	\$ (1,049,024)	\$ (1,456,779)
Basic and diluted loss per common share (note 8)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	295,896,364	229,643,563	282,518,377	223,332,346

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

U308 Corp.**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****(Unaudited)****Nine Months Ended September 30,****2016****2015****Operating activities**

Net loss	\$ (1,049,024)	\$ (1,456,779)
Adjustment for:		
Depreciation	85,608	153,361
Share-based payments	28,107	173,177
Foreign exchange (loss) gain	30,422	(170,939)
Interest income	(3,758)	(1,332)
Share of losses from equity accounted investment (note 11)	-	43,932
Debt forgiveness (note 2)	-	(396,451)
Settlement of services for common shares	-	334,094
Deferred income tax recovery	(59,831)	(63,700)
Non-cash working capital items:		
Amounts receivable and other assets	56,157	(8,203)
Amounts payable and other liabilities	166,143	45,080
Net cash used in operating activities	(746,176)	(1,347,760)

Financing activities

Issue of securities, net of transaction costs (note 6)	1,082,620	795,785
Release of funds from restricted cash	-	168,208
Loan payable (note 16)	-	179,905
Net cash provided by financing activities	1,082,620	1,143,898

Investing activities

Interest income	3,758	1,332
Net cash provided by investing activities	3,758	1,332

Effect of exchange rate changes on cash held in foreign currencies	(30,422)	191,209
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Net change in cash and cash equivalents	309,780	(11,321)
Cash and cash equivalents, beginning of period	205,703	136,611
Cash and cash equivalents, end of period	\$ 515,483	\$ 125,290

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

U308 Corp.**Condensed Interim Consolidated Statements of Equity****(Expressed in Canadian Dollars)****(Unaudited)**

	Share capital	Share-based payments reserve	Warrants	Deficit	Total
Balance, December 31, 2014	\$ 90,225,565	\$ 5,200,149	\$ 1,984,945	\$(86,733,162)	\$ 10,677,497
Issue of securities, net of transaction costs (note 6(b) ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾)	496,796	-	298,989	-	795,785
Settlement of services for common shares (note 6(b) ⁽⁸⁾)	334,094	-	-	-	334,094
Warrants expired	480,751	-	(480,751)	-	-
Tax effect on expiry of warrants	-	(63,700)	-	-	(63,700)
Share-based payments	-	173,177	-	-	173,177
Loss and comprehensive loss for the period	-	-	-	(1,456,779)	(1,456,779)
Balance, September 30, 2015	\$ 91,537,206	\$ 5,309,626	\$ 1,803,183	\$(88,189,941)	\$ 10,460,074
Balance, December 31, 2015	\$ 91,995,659	\$ 5,326,035	\$ 2,098,730	\$(89,903,293)	\$ 9,517,131
Issue of securities, net of transaction costs (note 6(b) ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾)	601,542	-	481,078	-	1,082,620
Warrants expired	451,558	-	(451,558)	-	-
Tax effect on expiry of warrants	-	(59,831)	-	-	(59,831)
Share-based payments	-	28,107	-	-	28,107
Loss and comprehensive loss for the period	-	-	-	(1,049,024)	(1,049,024)
Balance, September 30, 2016	\$ 93,048,759	\$ 5,294,311	\$ 2,128,250	\$(90,952,317)	\$ 9,519,003

The notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

U3O8 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

1. Nature of operations

U3O8 Corp. (the "Company") is a Canadian exploration company focused on exploration for uranium and related battery commodities in South America; on the definition of resources and advancing these deposits toward production. The Company was incorporated by articles of incorporation dated December 6, 2005 ("date of incorporation") under the Business Corporations Act (Ontario). The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol UWE, on the OTCQX International under the symbol UWEFF and on the senior market of the Santiago Stock Exchange in Chile, under the symbol UWECL. The Company maintains a registered and records office at 401 Bay Street, Suite 2702, Toronto, Ontario, M5H 2Y4, Canada.

2. Basis of presentation and going concern

The Company is at an early stage of development and as is common with many exploration companies, it raises financing for its exploration and evaluation activities through the sale of equities. The Company has incurred a loss in the current and prior periods, with a net loss for the nine months ended September 30, 2016 of \$1,049,024 (nine months ended September 30, 2015 - loss of \$1,456,779) and has an accumulated deficit of \$90,952,317 (December 31, 2015 - \$89,903,293). In addition, the Company had a working capital deficit balance of \$1,114,501 at September 30, 2016 (December 31, 2015 - working capital deficit of \$1,201,981). Included in the working capital deficit is cash of \$515,483 (December 31, 2015 - \$205,703) and accounts payable and other liabilities of \$1,646,906 (December 31, 2015 - \$1,480,763). Current liabilities include approximately \$628,000 related to certain one-time Colombian taxes. During the year ended December 31, 2015, \$132,000 in director fees and \$264,451 of salary owed to management were waived for a reduction of \$396,451. No further cash fees will be paid to directors until financial conditions improve and the Chief Executive Officer's salary has been reduced 45% effective retroactively to January 1, 2015. Additional financings will be required to develop the properties and continue operations. While there is no assurance these funds can be raised, the Company believes such financings will be available as required. Certain of the Company's discretionary exploration activities have scope for flexibility in terms of the amount and timing of exploration activities, and expenditures may be adjusted accordingly.

These unaudited condensed interim consolidated financial statements have been prepared on a basis which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The certainty of funding future exploration expenditures and availability of sources of additional financing in the future cannot be assured at this time and accordingly, these uncertainties may cast significant doubt about the Company's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include adjustments to the carrying values and classifications of recorded assets and liabilities and related revenues and expenses that might be necessary should the Company be unable to continue as a going concern.

3. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IASB. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements. The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of November 9, 2016, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 could result in restatement of these unaudited condensed interim consolidated financial statements.

U308 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

3. Significant accounting policies (continued)*New standards not yet adopted and interpretations issued but not yet effective*

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in October 2010 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. The Company is in the process of assessing the impact of this pronouncement.

4. Property and equipment***COST***

	Mobile and drilling equipment	Field equipment	Furniture and fixtures	Total
Balance, December 31, 2015	\$ 1,539,717	\$ 1,841,916	\$ 148,180	\$ 3,529,813
Balance, September 30, 2016	\$ 1,539,717	\$ 1,841,916	\$ 148,180	\$ 3,529,813

ACCUMULATED DEPRECIATION

	Mobile and drilling equipment	Field equipment	Furniture and fixtures	Total
Balance, December 31, 2015	\$ 1,468,867	\$ 1,507,553	\$ 132,933	\$ 3,109,353
Depreciation for the period	10,627	59,734	15,247	85,608
Balance, September 30, 2016	\$ 1,479,494	\$ 1,567,287	\$ 148,180	\$ 3,194,961

CARRYING AMOUNTS

	Mobile and drilling equipment	Field equipment	Furniture and fixtures	Total
At December 31, 2015	\$ 70,850	\$ 334,363	\$ 15,247	\$ 420,463
At September 30, 2016	\$ 60,223	\$ 274,629	\$ -	\$ 334,852

U3O8 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

5. Amounts receivable and other assets

	As at September 30, 2016	As at December 31, 2015
Sales tax receivable - (Canada)	\$ 7,075	\$ 31,174
Deposits with service providers	9,847	41,905
	\$ 16,922	\$ 73,079

6. Share capital

a) Authorized share capital

At September 30, 2016, the authorized share capital consisted of an unlimited number of common shares.

The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

At September 30, 2016, the issued share capital amounted to \$93,048,759. The change in issued share capital for the periods was as follows:

	Number of common shares	Amount
Balance, December 31, 2014	210,057,777	\$ 90,225,565
Issue of securities, net of transaction costs ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	22,620,000	496,796
Settlement of services for common shares ⁽⁸⁾	8,352,350	334,094
Warrants expired	-	480,751
Balance, September 30, 2015	241,030,127	\$ 91,537,206

	Number of common shares	Amount
Balance, December 31, 2015	272,035,127	\$ 91,995,659
Cancelled	(357)	-
Issue of securities, net of transaction costs ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	42,283,333	601,542
Warrants expired	-	451,558
Balance, September 30, 2016	314,318,103	\$ 93,048,759

The Company has a diversified base of investors. To the knowledge of the Company, there were no shareholders who held or controlled more than 10% of the Company's common shares.

U3O8 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

6. Share capital (continued)

b) Common shares issued (continued)

Nine months ended September 30, 2015

Date	Note	Value (\$)	Costs (\$)	Net Value (\$)	Number of shares	Number of warrants	Common share amount (\$)	Warrant amount (\$)
February 18, 2015	(1)	301,800	7,975	293,825	7,545,000	7,660,200	218,765	75,060
February 23, 2015	(2)	19,000	-	19,000	475,000	532,000	13,252	5,748
March 6, 2015	(3)	87,500	7,691	79,809	2,500,000	2,650,000	43,977	35,832
March 27, 2015	(4)	105,000	9,229	95,771	3,000,000	3,180,000	52,916	42,855
May 8, 2015	(5)	162,000	9,720	152,280	3,600,000	3,816,000	83,434	68,846
July 13, 2015	(6)	75,000	4,500	70,500	2,500,000	2,650,000	38,181	32,319
September 3, 2015	(7)	90,000	5,400	84,600	3,000,000	3,180,000	46,271	38,329
September 27, 2015	(8)	334,094	-	334,094	8,352,350	-	334,094	- (non-cash)
		1,174,394	44,515	1,129,879	30,972,350	23,668,200	830,890	298,989

Nine months ended September 30, 2016

Date	Note	Value (\$)	Costs (\$)	Net Value (\$)	Number of shares	Number of warrants	Common share amount (\$)	Warrant amount (\$)
March 2, 2016	(9)	75,000	4,500	70,500	3,000,000	3,180,000	40,433	30,067
May 9, 2016	(10)	152,500	9,150	143,350	6,100,000	6,466,000	75,996	67,354
July 8, 2016	(11)	237,000	-	237,000	11,850,000	11,850,000	130,350	106,650
September 13, 2016	(12)	640,000	8,230	631,770	21,333,333	21,333,333	354,763	277,007
		1,104,500	21,880	1,082,620	42,283,333	42,829,333	601,542	481,078

U3O8 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

6. Share capital (continued)

b) Common shares issued (continued)

Nine months ended September 30, 2015 Warrant Value

Note	Number of warrants	Strike price (\$)	Term (years)	Total black-scholes ("BS") value (\$)	BS value to common shares (\$)	BS value to warrants (\$)	Dividend yield (%)	Volatility (%)	Risk free rate (%)	Average Expected Life (years)
(1)	7,545,000	0.06	2	75,450	-	75,450	-	111	0.42	2
	115,200	0.04	2	2,168	1,626	542	-	111	0.42	2
(2)	475,000	0.06	2	4,750	-	4,750	-	110	0.38	2
	57,000	0.04	2	1,293	970	323	-	110	0.38	2
(3)	2,500,000	0.05	5	37,500	-	37,500	-	101	0.79	5
	150,000	0.04	2	2,850	1,629	1,221	-	111	0.61	2
(4)	3,000,000	0.05	5	45,000	-	45,000	-	103	0.63	5
	180,000	0.05	2	3,168	1,810	1,358	-	114	0.52	2
(5)	3,600,000	0.065	5	68,400	-	68,400	-	106	0.82	5
	216,000	0.06	2	7,875	4,550	3,325	-	120	0.66	2
(6)	2,500,000	0.05	5	32,500	-	32,500	-	108	0.64	5
	150,000	0.04	2	3,121	1,769	1,352	-	124	0.46	2
(7)	3,000,000	0.05	5	39,000	-	39,000	-	110	0.69	5
	180,000	0.05	2	2,945	1,669	1,276	-	131	0.52	2
	23,668,200			326,020	14,023	311,997				

Nine months ended September 30, 2016 Warrant Value

Note	Number of warrants	Strike price (\$)	Term (years)	Total BS value (\$)	BS value to common shares (\$)	BS value to warrants (\$)	Dividend yield (%)	Volatility (%)	Risk free rate (%)	Average Expected Life (years)
(9)	3,000,000	0.03	2	30,000	-	30,000	-	152	0.54	2
	180,000	0.03	2	3,112	1,867	1,245	-	152	0.54	2
(10)	6,100,000	0.04	3	67,100	-	67,100	-	142	0.52	3
	366,000	0.04	2	7,642	4,280	3,362	-	161	0.52	2
(11)	11,850,000	0.03	3	106,650	-	106,650	-	152	0.47	3
(12)	21,333,333	0.045	2	277,333	-	277,333	-	175	0.60	2
	259,000	0.045	2	5,718	3,240	2,478	-	175	0.60	2
	43,088,333			497,555	9,387	488,168				

U3O8 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

7. Stock options

The following table reflects the continuity of stock options for the period ended September 30, 2016 and 2015:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2014	10,291,000	0.30
Granted (a)(b)	7,575,000	0.04
Cancelled	(1,420,000)	0.28
Expired	(1,470,000)	0.39
Balance, September 30, 2015	14,976,000	0.14
Balance, December 31, 2015	14,590,000	0.14
Expired	(1,755,000)	0.44
Balance, September 30, 2016	12,835,000	0.10

(a) On February 18, 2015, the Company granted 375,000 stock options to consultants pursuant to the Company's stock option plan. Of the options granted, 375,000 remained outstanding at September 30, 2016. The stock options were issued at an exercise price of \$0.04, and fully vest on June 19, 2015 and will expire on February 18, 2017. For the purposes of the 375,000 options, the fair value of each option was estimated on the date of grant using the BS option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 111% using the historical price history of the Company; risk free interest rate of 0.42%; and an expected average life of two years. The estimated value of \$7,447 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. For the three and nine months ended September 30, 2016, the impact on expenses was \$nil (three and nine months ended September 30, 2015 - \$nil and \$7,447, respectively) (cumulative to September 30, 2016 - \$7,447).

(b) On March 30, 2015, the Company granted 7,200,000 stock options to directors, officers, employees and consultants pursuant to the Company's stock option plan. Of the options granted, 6,970,000 remained outstanding at September 30, 2016. The stock options were issued at an exercise price of \$0.035, vest over 18 months and will expire on March 30, 2020. For the purposes of the 7,200,000 options, the fair value of each option was estimated on the date of grant using the BS option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 103% using the historical price history of the Company; risk free interest rate of 0.62%; and an expected average life of five years. The estimated value of \$190,057 will be recorded as a cost to salaries and benefits with a corresponding increase to share-based payments reserve as the options vest. The options vest as to 25% immediately, 25% on September 30, 2015, 25% on March 30, 2016 and 25% on September 30, 2016. For the three and nine months ended September 30, 2016, the impact on expenses was \$5,110 and \$28,107 (three and nine months ended September 30, 2015 - \$35,636 and \$141,223, respectively) (cumulative to September 30, 2016 - \$187,020).

Stock option volatility was based on historical volatility of the common shares, which is assumed to be an appropriate and approximate proxy for future volatility of a stock option instrument granted for the underlying common shares.

U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

7. Stock options (continued)

The portion of the estimated fair value of options granted in the current and prior periods and vesting during the three and nine months ended September 30, 2016 and 2015, which have been reflected in the unaudited condensed interim consolidated statements of loss and comprehensive loss are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Canada				
Salaries and benefits	\$ 2,763	\$ 21,377	\$ 15,194	\$ 106,718
Guyana, South America				
Salaries and benefits	71	495	396	2,039
Colombia, South America				
Salaries and benefits	1,208	8,860	6,645	35,391
Argentina, South America				
Salaries and benefits	1,068	7,325	5,872	29,029
Total	\$ 5,110	\$ 38,057	\$ 28,107	\$ 173,177

The following table reflects the actual stock options issued and outstanding as of September 30, 2016:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)	Number of options unvested
November 14, 2016	0.06	0.12	300,000	300,000	-
February 18, 2017	0.04	0.39	375,000	375,000	-
April 13, 2017	0.38	0.53	80,000	80,000	-
May 23, 2017	0.42	0.64	1,905,000	1,905,000	-
January 11, 2018	0.28	1.28	55,000	55,000	-
May 29, 2018	0.16	1.66	850,000	850,000	-
September 10, 2018	0.12	1.95	1,800,000	1,800,000	-
April 21, 2019	0.16	2.56	500,000	500,000	-
March 30, 2020	0.035	3.50	6,970,000	6,970,000	-
		2.50	12,835,000	12,835,000	-

U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

8. Loss per common share

The calculation of basic and diluted loss per common share for the three and nine months ended September 30, 2016 was based on the loss after tax attributable to common shareholders of \$459,765 and \$1,049,024, respectively (three and nine months ended September 30, 2015 – loss of \$50,083 and \$1,456,779, respectively) and the weighted average number of common shares outstanding of 295,896,364 and 282,518,377, respectively (three and nine months ended September 30, 2015 – 229,643,563 and 223,332,346, respectively). Diluted loss per share did not include the effect of 12,835,000 (September 30, 2015 - 14,976,000) share purchase options and 134,769,366 (September 30, 2015 - 73,626,241) warrants as they are anti-dilutive.

9. Exploration expenditures

The Company enters into exploration agreements or permits with other companies or foreign governments pursuant to which it may explore, or earn interests in mineral properties by issuing common shares and/or making option or rental payments and/or incurring expenditures in varying amounts by varying dates. Failure by the Company to meet such requirements can result in a reduction or loss of the Company's ownership interests or entitlements under the agreements or permits.

The following is a detailed list of expenditures incurred on the Company's mineral properties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Guyana, South America (a)				
Exploration activities	\$ 4,500	\$ (406)	\$ 13,500	\$ 21,550
Salaries and benefits	6,071	495	18,396	2,039
Depreciation	-	11,404	-	55,173
	\$ 10,571	\$ 11,493	\$ 31,896	\$ 78,762
Colombia, South America (b)				
Exploration activities	\$ 29,136	\$ 85,791	\$ 114,254	\$ 229,885
Salaries and benefits	11,840	30,219	34,277	132,068
Depreciation	1,082	18,483	50,590	55,450
	\$ 42,058	\$ 134,493	\$ 199,121	\$ 417,403
Argentina, South America (c)				
Exploration activities	\$ 147,380	\$ 95,569	\$ 256,611	\$ 384,847
Salaries and benefits	51,768	51,757	111,572	204,399
Depreciation	12,640	14,246	35,018	42,738
	\$ 211,788	\$ 161,572	\$ 403,201	\$ 631,984
	\$ 264,417	\$ 307,558	\$ 634,218	\$ 1,128,149

(a) Total cumulative exploration activities incurred in Guyana, South America to September 30, 2016 amounted to \$35,518,079 (December 31, 2015 - \$35,486,183).

(b) Total cumulative exploration activities incurred in Colombia, South America to September 30, 2016 amounted to \$23,251,894 (December 31, 2015 - \$23,052,773).

(c) Total cumulative exploration activities incurred in Argentina, South America to September 30, 2016 amounted to \$13,914,861 (December 31, 2015 - \$13,511,660).

U308 Corp.

Notes to Condensed Interim Consolidated Financial Statements

September 30, 2016

(Unaudited)

(Expressed in Canadian Dollars)

10. General and administrative

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Salaries and benefits	\$ 40,843	\$ 98,968	\$ 136,207	\$ 447,182
Administrative and general	24,727	29,106	72,616	100,742
Professional fees	26,507	29,897	104,111	151,839
Business development	21,295	10,799	38,595	71,309
Reporting issuer costs	20,829	43,639	137,051	146,048
	\$ 134,201	\$ 212,409	\$ 488,580	\$ 917,120

11. Equity accounted investment

The Company's ownership in South American Silica Corp., ("SAS") is 38.9%. The continuity of the Company's investment in SAS is as follows:

	SAS Investment
Balance, December 31, 2014	\$ 513,932
Share of losses of SAS	(43,932)
Balance, September 30, 2015	\$ 470,000
Balance, December 31, 2015 and September 30, 2016	\$ -

During the year ended December 31, 2015, the Company determined the recoverable amount of the Company's investment in SAS was \$nil and recognized an impairment of \$470,000. The valuation of SAS was deemed impaired in 2015 due to low oil prices which reduces the demand for frac sand in oil exploration and SAS's inability to raise capital, resulting in uncertainty of the recoverability of the Company's investment. During the nine months ended September 30, 2016, the Company received a loan receivable repayment of \$23,815 from SAS.

12. Warrants

	Number of warrants	Grant date fair value (\$)
Balance, December 31, 2014	56,233,041	1,984,945
Granted (note 6(b) ⁽¹⁾ (2)(3)(4)(5)(6)(7))	23,668,200	298,989
Expired	(6,275,000)	(480,751)
Balance, September 30, 2015	73,626,241	1,803,183
Balance, December 31, 2015	104,787,241	2,098,730
Issued (note 6(b) ⁽⁹⁾ (10)(11)(12))	43,088,333	481,078
Expired	(13,106,208)	(451,558)
Balance, September 30, 2016	134,769,366	2,128,250

U3O8 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

12. Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of September 30, 2016:

Expiry date	Exercise price (\$)	Warrants outstanding
October 3, 2016	0.08	112,500
October 22, 2016	0.07	180,000
November 14, 2016	0.07	5,000,000
December 2, 2016	0.06	216,000
February 18, 2017	0.06	7,545,000
February 18, 2017	0.04	115,200
February 23, 2017	0.06	475,000
February 23, 2017	0.04	57,000
March 6, 2017	0.04	150,000
March 27, 2017	0.05	180,000
May 8, 2017	0.06	216,000
June 18, 2017	0.13	3,600,000
July 13, 2017	0.04	150,000
September 5, 2017	0.12	2,500,000
September 8, 2017	0.12	2,500,000
September 23, 2017	0.05	180,000
October 3, 2017	0.11	2,500,000
October 22, 2017	0.08	3,000,000
December 29, 2017	0.03	6,100,000
December 29, 2017	0.03	366,000
March 2, 2018	0.03	3,000,000
March 2, 2018	0.03	180,000
May 9, 2018	0.04	366,000
September 13, 2018	0.045	259,000
September 13, 2018	0.045	21,333,333
November 3, 2018	0.035	24,905,000
December 2, 2018	0.07	3,600,000
December 20, 2018	0.15	3,500,000
January 23, 2019	0.21	3,333,333
February 14, 2019	0.11	3,600,000
May 9, 2019	0.04	6,100,000
May 29, 2019	0.14	3,000,000
July 8, 2019	0.03	11,850,000
March 6, 2020	0.05	2,500,000
March 27, 2020	0.05	3,000,000
May 8, 2020	0.065	3,600,000
July 13, 2020	0.05	2,500,000
September 23, 2020	0.05	3,000,000
		134,769,366

U308 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

13. Related party balances and transactions

(a) The Company entered into the following transactions with related parties:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
John C. Ross Consulting Inc. (i)	\$ 7,500	\$ 15,000	\$ 22,500	\$ 45,000

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At September 30, 2016, \$61,725 is included in amounts payable and other liabilities (December 31, 2015 - \$46,950).

(b) Remuneration of directors and key management personnel of the Company was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Salaries and benefits (*)	\$ 34,250	\$ 19,355	\$ 102,750	\$ 189,223
Share-based payments	2,236	17,517	12,300	75,686
	\$ 36,486	\$ 36,872	\$ 115,050	\$ 264,909

(*) The Chief Executive Officer of the Company was owed \$158,168 at September 30, 2016 (December 31, 2015 - \$65,418). In addition, no further cash fees will be paid to directors until financial conditions improve. The Board of Directors do not have employment or service contracts with the Company. They are entitled to director fees and are eligible for stock options for their services. During the third quarter of 2015, \$132,000 in director fees and \$217,225 of salary owed to the Chief Executive Officer were waived. No further cash fees will be paid to directors until financial conditions improve and the Chief Executive Officer's salary has been reduced 45% effective retroactively to January 1, 2015.

(c) On March 1, 2014, the Company entered into a management services agreement with SAS whereby SAS will pay the Company a monthly fee of \$7,000 for shared office facilities and employee costs. The Company owns 38.9% of SAS which makes SAS a related party. As of December 31, 2015 and September 30, 2016, the Company and SAS have suspended the agreement until further notice.

U308 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

13. Related party balances and transactions (continued)

(d) In order to preserve cash further, a portion of the reduced salaries owing to officers were paid through the issuance of 3,275,000 common shares pursuant to the Company's share compensation plan at \$0.04 per share to settle an aggregate total of \$131,000 (note 6(b)).

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

14. Segmented information

The Company primarily operates in one reportable operating segment, being the development of properties for production of uranium in South America. The Company has administrative offices in Toronto, Canada. Segmented information on a geographic basis is as follows:

September 30, 2016

	Canada	Colombia	Argentina	Total
Current assets	\$ 442,477	\$ 78,323	\$ 11,605	\$ 532,405
Non-current assets	-	7,432,492	3,377,012	10,809,504
	\$ 442,477	\$ 7,510,815	\$ 3,388,617	\$ 11,341,909

December 31, 2015

	Canada	Colombia	Argentina	Total
Current assets	\$ 253,781	\$ 25,001	\$ -	\$ 278,782
Non-current assets	-	7,873,402	3,021,710	10,895,112
	\$ 253,781	\$ 7,898,403	\$ 3,021,710	\$ 11,173,894

15. South American property interests

	Acquisition Costs
Balance December 31, 2014, September 30, 2015, December 31, 2015 and September 30, 2016	\$ 10,474,652

16. Loan payable

On June 2, 2015, the Company entered into an unsecured promissory note with Bambazonke Holdings Ltd. ("Bambazonke"), pursuant to which Bambazonke agreed to lend the Company US\$150,000 to fund working capital. Amounts outstanding under the promissory note will incur interest at a rate of 7.50% per annum and the principal and interest payable thereon will be repaid on a best efforts basis. Bambazonke is a company controlled by a director of the Company.

On November 12, 2015 the loan was settled in full. Total interest paid amounted to \$6,661.

U3O8 Corp.**Notes to Condensed Interim Consolidated Financial Statements****September 30, 2016****(Unaudited)****(Expressed in Canadian Dollars)**

17. Subsequent events

On October 12, 2016, \$39,500 in gross proceeds were raised in a non-brokered private placement by the Company whereby 1,316,666 units at \$0.03 per unit were issued. Each unit comprises of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at \$0.045 per share for a 2-year period from the date of grant.

Finder's fees of \$630 were paid. 21,000 broker warrants with an exercise price of \$0.045 and expiry date within two years were also granted.

On October 3, 2016, 112,500 warrants with an exercise price of \$0.08 expired unexercised. In addition, on October 22, 2016, 180,000 warrants with an exercise price of \$0.07 expired unexercised.