

A Green Resources Company



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**U308 CORP.**

**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

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## Introduction

This Management's Discussion and Analysis ("MD&A") is dated November 9, 2016, unless otherwise indicated, and should be read in conjunction with the unaudited condensed interim consolidated financial statements of U3O8 Corp. ("U3O8 Corp.", "the Company") for the three and nine months ended September 30, 2016 and the related notes. This MD&A was written to comply with National Instrument 51-102 – Continuous Disclosure Obligations. Results are reported in Canadian Dollars ("\$"), unless otherwise noted. The results presented for the three and nine months ended September 30, 2016, are not necessarily indicative of the results that may be expected for any future period.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the three and nine months ended September 30, 2016. Information about U3O8 Corp., its minerals resources and technical reports prepared in accordance with National Instrument 43-101 ("NI 43-101") are available at [www.u3o8corp.com](http://www.u3o8corp.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Summary

The Company is firmly focused on advancing only projects that have an estimated cash cost of production competitive with low-cost producers in the uranium industry. This focus stems from the observation that resource companies that meet this criterion have proven that they are best equipped to successfully navigate cyclical lows in the industry.

Having defined initial uranium resources in accordance with NI 43-101 guidelines on the Company's key projects in Argentina, Colombia and Guyana, detailed preliminary economic assessments ("PEA")<sup>1</sup>, were undertaken on the deposits in Argentina and Colombia. The PEAs showed that the deposits passed Management's crucial first test: that uranium would be produced at a cost that's competitive with low-cost producers in the uranium industry. The PEAs also showed that the economics of the deposits are strongly geared to resource size. Resource growth, therefore, is a priority in adjacent areas in which exploration has already identified extensions to the deposits. Under the current challenging market conditions, in which the spot price of uranium is at a 12-year low, the Company has prioritized the advancement of the Laguna Salada Project in Argentina towards a pre-feasibility ("PFS") or feasibility study ("FS") due to the project's relatively low estimated operating cost ("opex"), capital cost ("capex"), short timeline to potential production and Argentina's desire to ensure security of supply through local uranium production.

The focus of current work in the Laguna Salada region is two-fold:

- on follow-up exploration in areas in which discoveries have previously been made, testing the continuity of uranium-vanadium mineralization; and
- on testing the Marenica Energy Ltd.'s proprietary U-pgrade © beneficiation process that has proven to be extremely effective in concentrating uranium in a very small component of similar "surficial uranium deposits" elsewhere in the world.

U3O8 Corp.'s strategy is to advance the Berlin Deposit in Colombia at a more measured pace, such that it would potentially reach production after Laguna Salada. In an effort to further reduce expenditure, the Company has applied to the Mining Ministry in Colombia for a suspension of activities on the Berlin Project. If this application is accepted, the mining law allows for concession fees to be waived for up to a year without prejudicing the good standing of the Project. The priority on the Berlin Project is to undertake additional metallurgical test work rather than further exploration, as discussed below which, if successful, would have a significant, positive impact on the economics of the Project.

Internal analysis of the economics of the deposit in Guyana has led Management to conclude that the project would not meet its low production cost criterion unless by-product zirconium can be extracted. The Project is therefore on hold while the Company investigates ways of reducing internally estimated opex through test work on the extraction of zirconium, among other approaches. One of the principal uses of zirconium alloy is for cladding of fuel rods in

<sup>1</sup> PEAs – See the September 18, 2014 technical report: "Preliminary Economic Assessment of the Laguna Salada Uranium Vanadium Deposit, Chubut Province, Argentina." See the January 18, 2013 technical report: "Berlin Project, Colombia – Preliminary Economic Assessment, NI 43-101 Report." The Laguna Salada and Berlin PEAs are preliminary in nature. The PEAs include Inferred mineral resources that are considered too speculative geologically for economic consideration that would enable them to be classified as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the results of the Laguna Salada and Berlin PEAs will be realized.

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nuclear reactors, and hence its inclusion in U3O8 Corp.'s portfolio would be consistent with the Company's clean energy focus.

In Q3 2016, the Company incurred cumulative cash exploration expenditures of \$0.2 million (excluding stock-based compensation, taxes and amortization), largely to maintain the Argentine and Colombian properties in good standing. This expenditure was unchanged from \$0.2 million in Q3 2015 as exploration continued to be deferred to preserve cash. The Argentine government has reiterated its support for production from local uranium deposits and the Company's Laguna Salada Project is the only deposit in Argentina on which a preliminary economic assessment has been completed in accordance with NI 43-101. Demand for uranium in Argentina is likely to increase since the government has reaffirmed its commitment to the construction of the country's 4<sup>th</sup> and 5<sup>th</sup> nuclear power plants. In addition, Argentina has negotiated the purchase of four tonnes of enriched uranium from Brazil to fuel its CAREM-25 small modular reactor ("SMR") that is due to come on stream in 2017. Many SMR designs are progressing through the design and permitting process in various countries, but there are only three models actually under construction: the CAREM-25 reactor and models in China and Russia. The SMR market is seen as an area of rapid growth potential in the nuclear industry and represents a large potential export market for the Argentine model. Argentina could potentially market a complete package that includes reactor design, construction, supply of fabricated fuel rods, and management of the spent reactor fuel. Argentine companies have the capacity to undertake all of these roles; the only component that is missing is locally produced uranium. Therefore, there is an opportunity for U3O8 Corp. to fill the one missing gap in this supply chain through uranium production from its Laguna Salada Deposit.

At September 30, 2016, the Company had \$515,483 in cash and cash equivalents ("total cash") (December 31, 2015 – \$205,703) and a working capital deficit of \$1,114,501, which included an accrual of approximately \$628,000 for Colombian taxes and approximately \$175,000 for various accrued items which, in the opinion of Management, are unlikely to be enforced (December 31, 2015 – working capital deficit of \$1,201,981). Subsequent to the quarter-end, the Company raised aggregate gross proceeds of \$40,000 via a private placement.

U3O8 Corp. is also pursuing multiple strategic partnerships and investment options to provide funding through which its projects could be advanced to the next milestones and potential production. Further financings will be required to develop the Company's deposits, to meet ongoing obligations and discharge liabilities in the normal course of business. Materially all of the Company's exploration activities are discretionary and therefore, there is some flexibility in the pace and timing of development of the properties. Expenditures may be adjusted, limited or deferred subject to current capital resources and potential to raise funds. U3O8 Corp. will continue to manage its expenditures essential to the viability of its material properties.

## Overview

U3O8 Corp. is a Toronto-based exploration company focused on exploration and development of resources of uranium, battery commodities, phosphate for batteries and agriculture, and rare earth elements ("REE") in South America. The Company's principal assets are the Laguna Salada Project in Argentina and the Berlin Project in Colombia on which PEAs have shown low production cost potential. A third asset is the Kurupung Project in Guyana on which an initial uranium resource has been defined in accordance with NI 43-101, on which a PEA has not been undertaken. To date, the Company has not earned any revenues from its exploration for uranium and related minerals.

## Principal Assets

U3O8 Corp. has exploration concessions in Argentina, Colombia and Guyana in South America. The three most advanced projects are:

1. Laguna Salada Project, a uranium-vanadium deposit in free-digging gravel in Argentina;
2. Berlin Project, in which uranium is contained in a layer of limestone and sandstone that also contains phosphate, vanadium, nickel, REEs and other metals, in Colombia; and
3. Kurupung Project, in which uranium and zirconium is concentrated in veins, in Guyana.

The Company also has a 38.9% interest in an early-stage investee company, South American Silica Corp. ("SAS"), a private company dedicated to the identification of frac sand deposits in southern South America – the principal target market for which would be the giant Vaca Muerta oil and gas shale in Argentina.

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Other than discussed elsewhere, there has been no material change in the general trends affecting the Company from those discussed under "Trends" in U308 Corp.'s MD&A for the year ended December 31, 2015, available at [www.u308corp.com](http://www.u308corp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## Uranium Resources<sup>2</sup>

U308 Corp. has uranium resources that were estimated in compliance with NI 43-101 in Argentina, Colombia and Guyana (Table 1). Uranium resources in all three deposits are open along strike and exploration drilling adjacent to each of the deposits shows significant resource growth potential.

**Table 1. U308 Corp. uranium resource summary.**

Deposit	Mineral Resource	Tonnes (million)	Grade U <sub>3</sub> O <sub>8</sub>	U <sub>3</sub> O <sub>8</sub> lbs (million)
<b>Laguna Salada<sup>3</sup> (Argentina)</b>	Indicated	47.3	60ppm	6.3
	Inferred	20.8	85ppm	3.8
<b>Berlin Project (Colombia)</b>	Indicated	0.6	0.11%	1.5
	Inferred	8.1	0.11%	19.9
<b>Kurupung Project (Guyana)</b>	Indicated	4.1	0.09%	8.4
	Inferred	4.3	0.08%	7.7

## Battery Commodity Resources<sup>4</sup>

Both the Berlin and Laguna Salada deposits contain vanadium resources (Table 2). Demand for vanadium is principally from the steel alloy industry, but a growing segment is from the battery industry; it is the critical element in vanadium redox flow batteries ("VRB"). The Berlin Deposit contains nickel that is a critical component of two types of lithium ion batteries, NMC (lithium-nickel-manganese-cobalt oxide) and NCA (lithium-nickel-cobalt-aluminum oxide) batteries, the latter being the battery used in Tesla's electric vehicles and power packs. Berlin also contains phosphate that is principally used in agricultural fertilizer and also is used in the LFP (lithium-iron-phosphate) lithium ion battery that is gaining market share due to the thermal stability brought about by phosphate. The importance of thermal stability has been underscored by the risk of lithium-ion batteries in Samsung 7 phones igniting.

**Table 2. U308 Corp. battery commodity resource summary.**

Deposit	Mineral Resource	Tonnes (million)	Vanadium		Nickel		Phosphate	
			Grade V <sub>2</sub> O <sub>5</sub>	V <sub>2</sub> O <sub>5</sub> (Mlbs)	Grade	Million pounds	Grade P <sub>2</sub> O <sub>5</sub>	P <sub>2</sub> O <sub>5</sub> tonnes
<b>Laguna Salada<sup>5</sup> (Argentina)</b>	Indicated	47.3	550ppm	57.1	–	–	–	--
	Inferred	20.8	590ppm	26.9	–	–	–	--
<b>Berlin Project (Colombia)</b>	Indicated	0.6	0.4%	6.0	0.2%	3.1	8.4%	50,000
	Inferred	8.1	0.5%	91.0	0.2%	42.1	9.4%	800,000

<sup>2</sup> Laguna Salada – see May 20, 2011: "Laguna Salada Project, Chubut Province, Argentina, NI 43-101 Technical Report on Laguna Salada: Initial Resource Estimate". Berlin Project – see March 2, 2012: "Berlin Project, Colombia – National Instrument NI 43-101 Report". Kurupung Project – See June 26, 2012: "Technical Review and Mineral Resource Estimates of the Aricheng C and Aricheng West Structures, Kurupung Uranium Project, Mazaruni District, Guyana for U308 Corp."

<sup>3</sup> Laguna Salada – uranium grades can be increased by 11 times in the Guanaco sector of the Deposit and by 7 times in the Lago Seco area, by scrubbing and screening. This would lead to uranium head grades of 850-870ppm U<sub>3</sub>O<sub>8</sub> typical of the mill feed grade of operating mines of similar deposits elsewhere in the world. See "Priority Exploration Projects" below.

<sup>4</sup> Laguna Salada – see May 20, 2011: "Laguna Salada Project, Chubut Province, Argentina, NI 43-101 Technical Report on Laguna Salada: Initial Resource Estimate" and Berlin Project – see March 2, 2012: "Berlin Project, Colombia – National Instrument NI 43-101 Report".

<sup>5</sup> Laguna Salada – The Laguna Salada PEA shows that vanadium grades can be increased by 4 times the in situ grade by scrubbing and screening.

## Rare Earth Element Resources<sup>6</sup>

The Berlin Deposit also contains REEs that are key metals in the electronics and high tech industries. The extraction of REEs can be complex and costly in many deposits, but in the case of Berlin, the method used to leach the uranium, phosphate, vanadium and nickel, also leaches the REEs. The only REEs included in the PEA were yttrium and neodymium (Table 3), but other REEs are present at reasonable concentrations and indications are that they could be extracted from the deposit, thereby contributing to cash flow.

The Deposit also contains rhenium which is used in alloys for steels designed for extreme temperature applications such as in jet engines.

**Table 3. U308 Corp. rare earth element & speciality metal resource summary.**

Deposit	Mineral Resource	Millions of Tonnes	Yttrium		Neodymium		Rhenium	
			Grade Y <sub>2</sub> O <sub>5</sub>	Y <sub>2</sub> O <sub>3</sub> Tonnes	Grade Nd <sub>2</sub> O <sub>3</sub>	Nd <sub>2</sub> O <sub>3</sub> (Tonnes)	Grade	Tonnes
Berlin Project (Colombia)	Indicated	0.6	460ppm	290	110ppm	70	6ppm	4
	Inferred	8.1	500ppm	4,100	100ppm	810	7ppm	55

## Outlook

The uranium market is forecast to fall into a long and sustained supply deficit starting in 2020/2021. Since nuclear utility companies typically maintain a three-year inventory of nuclear fuel on site, and that it typically takes a year to 18 months for yellowcake produced at a mine to be enriched and fabricated into fuel rods, demand is expected to tighten in the short-term. In addition, the demand for battery commodities is starting to grow apace.

Current challenging commodity markets have forced the Company to focus expenditure on its top-ranked project, the Laguna Salada Deposit, while minimizing expenditure on the other projects until the resource market recovers and capital is accessible at less dilutive levels than those available at present. Management's current project ranking is as follows:

1. Laguna Salada Project: the deposit has low-cost production potential, a relatively low capital cost estimate (US\$136 million) for mine construction, is technically simple to mine and process, and has potential to be permitted in a relatively short time frame. Components of the plant were priced from Australia and Brazil, whose currencies have devalued relative to the US Dollar ("US\$"), to the extent that the estimated capital cost could decrease by 10%-15% from the PEA estimate;
2. Berlin Project: the deposit would be mined by underground methods that are more complex than those that would be employed at Laguna Salada, and due to the multi-commodity nature of the deposit, the capex estimate for the construction of the mine and processing plant is relatively high at US\$441 million. For these reasons the Berlin Deposit is ranked second to Laguna Salada; and
3. Kurupung Project: this is a deposit in which uranium and zirconium is concentrated in veins. Management's internal estimate of production cost suggests that the deposit is unlikely to meet the Company's low production cost target. The Company continues to evaluate extraction and processing techniques that could reduce estimated opex with potential to reduce potential production costs.

At September 30, 2016, U308 Corp. had \$515,483 in cash. Gross proceeds of \$640,000 were raised in a non-brokered private placement during the quarter. Subsequent to quarter-end, a further \$40,000 was raised. Additional funds will be required to advance the Company's lead projects. There is no assurance that these funds can be raised upon terms acceptable to the Company, or at all.

U308 Corp's performance is likely to be tied to:

<sup>6</sup> Berlin Project – see March 2, 2012: "Berlin Project, Colombia – National Instrument NI 43-101 Report".

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- Advancing the Laguna Salada Deposit towards production on the back of test work on alternative components to the processing techniques described in the PEA as well as on pilot plant test work and potential resource expansion;
- Greater international acceptance of Argentina as a viable investment destination in recognition of the initiatives adopted by the new government and its commitment to nuclear as an indispensable component of its energy mix; and
- Results of further metallurgical test work on a bulk sample from the Berlin Project that has the potential to simplify the flow sheet and lower associated opex and capex.

The reader is cautioned that there is no guarantee that the capex, opex and cash flow modeled in the PEAs on the Berlin and Laguna Salada deposits will be achieved (see section "Caution Regarding Forward-Looking Statements").

Management believes the financial estimates made in the PEAs on the Laguna Salada and Berlin deposits provide shareholders with a reliable, conservative and independent means of valuing these projects and the Company. The PEAs on the Laguna Salada and Berlin deposits form part of a transparent, stepwise process in which the Company's first priority was to confirm potential for low-cost production. Having achieved that goal through independent assessment, the Company is focused on the reduction of capex and opex and increasing potential revenue to further strengthen economic parameters such as net present value ("NPV") and internal rate of return ("IRR") of the projects.

## Priority Exploration Projects

### Laguna Salada Project, Argentina<sup>7</sup>

#### Introduction

Uranium in the Laguna Salada Project is concentrated in soft gravel in a semi-desert environment of Chubut Province, Argentina. The current mining law in Chubut Province does not allow open pit mining or the use of cyanide. The continuous surface mining method described in the Laguna Salada PEA, filed in September 2014, would see no open excavation left after mining. Environmental restoration would be done continuously through the mine life at the same pace as mining advances. Cyanide is also not used in the processing of the mineralized material and therefore, the mining and processing methods contemplated for Laguna Salada are considered by Management to be in compliance with current mining law in Chubut Province.

#### Joint Venture Option Agreement

Subsequent to completion of the PEA, U308 Corp. signed a joint venture ("JV") option agreement with Petrominera, the provincial mining company in Chubut, in April 2015. The agreement provides the Company with an option to explore and define resources and reserves on Petrominera's three concessions that are located in the vicinity of the Laguna Salada Project. Should U308 Corp. decide to exercise its option to form a JV with Petrominera, each party's percentage participation would be calculated on the basis of reserves located on its concessions relative to those that lie on the total mineral concession package. The addition of Petrominera's concessions could contribute towards the Company's goal of increasing the current Laguna Salada resource with an additional exploration target of 10-15Mlb<sup>8</sup> of uranium and therefore could contribute to further enhancing the project's economics.

The Chubut provincial partnership represents an important milestone for U308 Corp. not only by providing additional resource growth potential, but by providing a strong partner as Laguna Salada is advanced toward production in a country that is seeking local uranium supply to reduce its reliance on imported fuel for its expanding nuclear reactor fleet. As one of the most advanced uranium projects in Argentina, Laguna Salada is well placed to benefit from plans to double nuclear capacity to provide approximately 18% of Argentina's electricity requirement by 2025. Argentina's third reactor reached full power in February 2015 and nuclear now generates about 9% of the country's electricity.

<sup>7</sup> Laguna Salada – see May 20, 2011: "Laguna Salada Project, Chubut Province, Argentina, NI 43-101 Technical Report on Laguna Salada: Initial Resource Estimate" and the September 18, 2014 technical report: "Preliminary Economic Assessment of the Laguna Salada Uranium Vanadium Deposit, Chubut Province, Argentina." Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource beyond the current resource. It is uncertain if further exploration will result in additional mineral resources being delineated in the region. See also "Overview – Mineral Resources".

<sup>8</sup> Laguna Salada Project – see note 8.

## Mineral Resource Growth Potential

U308 Corp. has reported an initial uranium and vanadium resource on the Laguna Salada Project as summarized in Tables 1 and 2. The key to this extremely low-grade deposit is the extent to which beneficiation, the removal of pebbles from the fine-grained component of the gravel, concentrates the contained uranium and vanadium.

Exploration adjacent to the Laguna Salada Deposit has already shown potential for an additional 10-15Mlbs<sup>9</sup> of uranium. The exploration areas with the prime resource potential are:

1. The La Susana area that lies immediately adjacent to, and immediately southeast of, the current Laguna Salada resource. The style and tenor of mineralization is similar to that of the Laguna Salada resource, and hence La Susana is interpreted to be an extension of the Deposit; and
2. The La Rosada area that is located 50 kilometres ("km") north of Laguna Salada, and contains mineralization that has an average grade that is approximately 30 times that of the Laguna Salada resource.

Additional resource potential lies in the gravel plain beyond the known mineralized areas described above, which are extensively covered by U308 Corp.'s exploration concessions as well as the three concessions on which the Company has a JV option agreement with Petrominera, Chubut Province's resource company. The Laguna Salada Deposit is open, and likely to extend, onto Petrominera's southernmost concession. Petrominera's other two concessions cover intense radiometric anomalies that are indicative of uranium mineralization, but no field work has yet been undertaken to confirm associated uranium grades.

## Mining Method

Uranium and vanadium at Laguna Salada occur in a layer that averages 1 metre ("m") thick that extends from surface to a maximum depth of 3m below surface. The unconsolidated sandy gravel requires no blasting or crushing and therefore could be mined using simple earthmoving techniques such as those used in road construction, for example. The PEA undertaken on the project modelled mining by Continuous Surface Miners that would cut a 20-30 centimetre layer of unconsolidated gravel with each pass along a trench. Barren, or unmineralized, gravel scooped up by the Continuous Miner would be carried up a conveyor belt and immediately replaced on the back side of the trench from where the mineralized layer of gravel had already been removed. Mineralized gravel cut from the leading edge of the trench would be loaded by conveyor belt and transported a short distance by truck-trailers to mobile beneficiation units where the gravel would be scrubbed and screened with water to separate the pebbles and coarse sand from the fine-grained material. Over 90% of the damp gravel would be immediately returned to the trailing edge of the trench where, along with barren gravel being deposited there by conveyor, it would be reshaped to the land's original topography and replanted with indigenous flora that had been removed from the leading edge of the trench immediately prior to mining. Reclamation would, therefore be in "real-time," continuing throughout the life of the mine at the same pace as mining proceeded. This technique ensures that after mining, there would be little evidence that mining had occurred.

## Mineral Processing

Extensive test work shows that beneficiation results in approximately 82% of the gravel's uranium and 33% of its vanadium being concentrated in the fine-grained material, to the extent that the uranium grade of the fine-grained component derived from the Guanaco sector of the deposit is consistently 11 times higher than in the raw gravel, and in the Lago Seco sector, it is consistently 7 times higher than in the original gravel. Beneficiation would result in an average head grade of approximately 850-870ppm U<sub>3</sub>O<sub>8</sub> – similar to the mill feed grade of operating surficial uranium deposits elsewhere in the world.

Uranium and vanadium would be extracted from the fine material by alkaline leach (in which the reagents are washing soda and baking soda) at an optimal temperature of 80°C. The overall recovery of uranium, from initial mining to final extraction, is 78%, yielding 6.4Mlbs of yellowcake (uranium trioxide) recovered over the 10-year mine life.

<sup>9</sup> *Laguna Salada Project – Based on exploration results of other mineralized areas, there is an additional exploration target of 56-113 million tonnes ("Mt") at 50ppm to 60ppm U<sub>3</sub>O<sub>8</sub> (10-15Mlb) identified in the district to date. See press releases dated December 4, 2013 and November 12, 2013. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource beyond the current resource. It is uncertain if further exploration will result in additional mineral resources being delineated in the region. See also "Overview – Mineral Resources" and notes 1 and 2 above.*

Approximately 67% of the gravel's vanadium occurs in coarse-grained minerals that are screened away with the pebbles and coarse sand. Of the 33% of the gravel's vanadium that passes through the screens in the fine-grained, uranium-rich material, about 40% is in a heavy mineral called ilmenite that cannot be cracked by alkaline leach. This leaves about 60% of the 33% of the gravel's original vanadium content available for leaching, and combined with the fact that leaching is not perfect, a total of 14% of the gravel's original vanadium content would be recovered, yielding 10Mlbs of vanadium pentoxide ( $V_2O_5$ ) over the mine life.

### Project Economics

The Laguna Salada PEA estimates a life of mine ("LOM") cash cost of US\$21.62 per pound ("lb") of uranium, net of a vanadium by-product credit. This would make Laguna Salada potentially competitive with high-grade uranium deposits in the Athabasca Basin in Canada and in-situ recovery ("ISR") operations worldwide. Due to the shallow, flat-lying nature of the Laguna Salada Deposit, the current mine design allows for production to start in the higher-grade core of the deposit where the initial cash cost of production is estimated to be US\$11.66/lb in the year one, gradually rising to US\$41.10/lb in year 10, with an average of US\$16.14/lb during the 2½-year payback period. Capex of US\$136 million includes a US\$22 million contingency (20%) and US\$3.3 million in sustaining capital for the life of mine. The economic model was based on a US\$60/lb uranium price and US\$5.50/lb for vanadium to yield a projected pre-tax NPV at a 7.5% discount rate ("NPV<sub>7.5%</sub>") of US\$55 million with an IRR of 24% (after-tax NPV<sub>7.5%</sub> of US\$22 million and IRR of 14%). The all-in life of mine production cost is estimated at US\$42.4/lb.

The PEA shows that Project's economics are strongly geared to resource size: project economics could be significantly enhanced with a larger resource combined with a processing plant with greater throughput. In addition, significant devaluation of the Australian Dollar, the Brazilian Real and Argentine Peso against the US Dollar is likely to reduce the capex and opex of the Project significantly in US Dollar terms.

### Budget & Work Plan

The PEA on the Laguna Salada Deposit recommends that it be advanced to PFS. Given that the planned metallurgical test work and trial mining is planned to be to FS standards, savings can potentially be achieved by advancing directly to a FS without doing a PFS. A FS would involve the following steps:

- Trial mining, further metallurgical test work and pilot plant test work to provide precise guidance on mining and processing costs to FS levels is budgeted at US\$1.5 million. Further metallurgical test work would concentrate on ways of reducing opex and capex including the use of membrane technology, molecular recognition technology © ("MRT") and U-pgrade © technology. Once the effectiveness of those techniques have been established, pilot plant test work would be done to refine process cost estimates;
- Due to the positive gearing of the economics of the Project to resource size, a FS would ideally be done on a larger resource. Initial exploration of the Petrominera concessions and establishing resources in the La Susana and La Rosada areas, with the aim of doubling the current resource, as well as upgrading the resource to the Measured and Indicated category, is budgeted at US\$3.0 million;
- Social engagement, water resource studies and further environmental test work is budgeted at US\$1.0 million;
- The actual FS study is estimated at US\$1.5 million.

Hence the total budget to complete a FS on the Laguna Salada Project, including work to double the resource size, is estimated to be US\$7 million.

## Berlin Project, Colombia<sup>10</sup>

### Introduction

The Berlin Project is located on the east flank of the Cordillera Central in Caldas Province of central Colombia. The deposit was discovered by a French company, Minatome, and was explored between 1978 and 1981, immediately prior to the company being nationalized by the French government. Minatome made a historic (non-compliant with NI

<sup>10</sup> See March 2, 2012: "Berlin Project, Colombia – National Instrument NI 43-101 Report" and January 18, 2013 technical report: "Berlin Project, Colombia – Preliminary Economic Assessment, NI 43-101 Report." The Berlin Project PEA is preliminary in nature. The PEA includes Inferred mineral resources that are considered too speculative geologically for economic consideration that would enable them to be classified as mineral reserves. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that the results of the Berlin PEA will be realized.

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43-101) resource estimate<sup>11</sup> of 38Mlb U<sub>3</sub>O<sub>8</sub> on the southern 4.4km of a 10.5km long hull-shaped fold. Historic work did not include estimates for commodities other than uranium.

The maximum altitude of the Berlin Project is 1,400m, well below the Páramo ecosystem that lies above 3,000m, for which additional environmental restrictions apply in Colombia. The project is favourably located adjacent to Colombia's agricultural heartland between the country's largest cities of Bogota and Medellin in an area of good infrastructure. A 395 megawatt hydroelectric dam is located 12km from the project and would augment power planned to be generated by heat capture from the mineral processing plant design that was incorporated in the PEA. A principal highway, a major river that is navigable by barge to the Caribbean Sea, and a railway line that the Government has prioritized for refurbishment, lies 60km east of the project and represent the principal transport routes for equipment and product.

### Mineral Resource Growth Potential

The limestone-sandstone layer that contains the mineralization at Berlin has excellent geological continuity over a 10.5km long trend. Exploration has been undertaken to different stages over this 10.5km trend as follows:

- The southern 3km has undergone intensive drilling on section lines that are approximately 200m apart with bore hole intercepts spaced at intervals of 60m-100m along the section lines, providing an intercept density appropriate for an initial mineral resource (Inferred category). The maiden resource estimated in compliance with NI 43-101 at Berlin included uranium, phosphate, nickel, vanadium, molybdenum, rhenium, zinc, silver and the REEs, neodymium and yttrium. Resources were established at a cut-off grade of 0.04% U<sub>3</sub>O<sub>8</sub>;
- Exploration drilling has been undertaken on a 3.5km long zone on the eastern flank of the hull-shaped fold immediately north of the resource area. Having confirmed the extension of the mineralized unit from the resource zone into the adjacent area in which exploration drilling has been completed, the exploration area is ready for infill drilling at a spacing appropriate for resource estimation;
- Trenching has been undertaken on the northern 4km of the 10.5km trend where the mineralized layer has been identified at surface. The grade and thickness of the mineralized unit and the suite of elements constituting the mineralization in the trenches is comparable with these characteristics in the resource area and the adjacent exploration area. The northern trenched zone is now ready for exploration drilling to confirm extension of the mineralization to depth beneath the trenches, and if that phase of exploration is successful, infill drilling would be undertaken so that a resource estimate could be calculated.

The remarkable consistency and continuity of the mineralized layer throughout the 10.5km mineralized trend has led Management to estimate that the Berlin Project could contain 50-55Mlb<sup>12</sup> of uranium in addition to, the current resource. There is potential, therefore, for the Berlin Deposit to contain 70-75Mlbs of uranium.

### Mining Method

Mining would be by underground methods: room and pillar in the gently inclined parts of the hull-shaped fold and by cut and fill where the mineralized layer is steeply-inclined. Access would be via a decline with two vertical shafts for ventilation and to provide alternative access routes. A crusher would be located in an underground chamber for dust control. Mineralized rock would be crushed to 100 micrometres before being mixed with water to form a slurry that would be pumped to the processing plant. Once the phosphate and metals have been removed from the slurry, the waste (tailings) would be mixed with cement and pumped back underground where it would be used as backfill. This approach minimizes the volume of tailings that would require storage in a facility above ground. Excess tailings would be gravitated to a flat area with a dry microclimate underlain by impermeable rock 14km from the deposit. Two options are under consideration: one is a conventional tailings dam and the other involves the storage of tailings in microfiber bladders, the structural integrity of which would greatly reduce the risk of a breach of the tailings facility.

### Mineral Processing

Extensive metallurgical test work conducted by two independent, commercial labs show that the uranium and associated suite of commodities of economic interest at Berlin can be efficiently and effectively extracted using acidic

<sup>11</sup> Berlin Project – A historic resource (not in accordance with NI 43-101) of 12.9Mt at 0.13% U<sub>3</sub>O<sub>8</sub> (38Mlb) was reported in Castano, R. (1981), *Calcul provisoire des réserves géologiques de Berlin, sur la base des résultats des sondages*, unpublished Minatome report, 15p. U308 Corp. is not treating the historic estimate as current mineral resources or mineral reserves, but viewed merely as an indication of the uranium resource potential on the southern 4km of the 10.5km long syncline. U308 Corp. has defined a multi-commodity mineral resource on the southern 3km of the Berlin trend.

<sup>12</sup> Berlin Project – Based on exploration of other mineralized areas, there is an additional exploration target of 20-27Mt at 0.09% to 0.11% U<sub>3</sub>O<sub>8</sub> (50-55Mlb) on the remaining 7.5km of the trend – see September 20, 2012 press release. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource north of the current Berlin Deposit. It is uncertain if further exploration will result in additional mineral resources being delineated on the property. See also "Overview – Mineral Resources" and notes 1 and 2 above. – See note 4.

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ferric iron leach ("AFIL"). While metallurgical test work from 10% of bore hole intercepts would be considered representative, Management took a conservative approach in subjecting ~35% of the bore hole intercepts from throughout the initial resource area, to testing. A complete flow sheet designed specifically for the characteristics of the Berlin material includes a case for leaching of the crushed whole-rock mineralized material followed by recovery of the various commodities.

**Project Economics<sup>13</sup>**

The PEA on the Berlin Deposit estimates that 35% of the Project's revenue would come from uranium, 31% from phosphoric acid (the end-product generated from the phosphate), 15% from nickel, 9% from vanadium, 7% from REEs (yttrium and neodymium), and 3% from molybdenum and zinc.

The Berlin Project is expected to generate US\$3.0 billion in revenue with cash flow of US\$915 million. The potential by-products would generate revenue of US\$2.0 billion against total operating costs of US\$1.6 billion and CAPEX of \$0.4 billion. Therefore, the PEA estimated that the value of the by-products covers the all-in total cost of mining and extraction of the uranium. The estimated all-in cost of uranium production, including operating costs, royalties and capex is approximately US\$4/lb, net of by product credits.

Based on a US\$60/lb uranium price, the PEA valued Berlin at a pre-tax NPV<sub>7.5%</sub> of US\$338 million with a 19% IRR (after-tax NPV<sub>7.5%</sub> of US\$198 million and IRR of 15%). The financial model estimates an initial capital investment of US\$360 million plus an additional US\$40 million in sustaining capital and a US\$41 million contingency. The PEA envisaged the production of 1.2Mlb of uranium per annum over a 15-year mine life.

**Budget & Work Plan**

The Company has applied to the Ministry of Mines to make use of a provision in the mining law that allows for a suspension in activities at the Project for up to a year. This would allow the Company to defer expenditures, including the concession fee to maintain the project in good standing, for that year.

The priority on the Berlin Deposit is reduction of capex and opex. The area in which there is most potential to achieve this goal lies in improvements, optimization, and the use of alternative methods, to the processing techniques on which the PEA was based. This work could be started within the suspension period of the Project using core samples that have been stored at various laboratories. Test work would focus on the following:

- Membrane systems that could concentrate each ion in sequence of decreasing ionic diameter from the pregnant liquor solution ("PLS") that contains the metals extracted from the mineralized rock by the AFIL process. The concept is that the upstream membrane has apertures just larger than the diameter of the ion of interest (uranium, for example) and the downstream membrane has apertures just smaller than the ionic diameter of the target ion. As the PLS flows through the system, each ion of interest is concentrated between paired membranes, from which extraction is more efficient. If the PLS generated from the processing of mineralized rock from Berlin is amenable to membrane separation, there could be significant cost savings in both capex and opex relative to the processing system design used in the PEA. The cost of generating sufficient PLS in order to test the effectiveness of membrane technology has been quoted at US\$1.1 million and would take about six months;
- A desktop study is underway on the suitability of MRT<sup>®</sup> to the extraction of specific metals from the Berlin PLS. If this work indicates that MRT could be effective for the extraction of metals from Berlin material, test work would be undertaken in a laboratory. Specific ligands, the chemical structures that capture specific metal ions in this extraction method, have been developed for many of the elements of interest at Berlin including uranium, nickel, vanadium and each of the REEs, amongst others. This test work would cost about US\$100,000 and would take nine months;
- Test work shows that calcite, a gangue mineral that elevates opex due to its consumption of acid, can be removed by flotation. Results of test work that became available only when the PEA was being finalized, and hence were not included in the plant design, showed that flotation could be used to extract 30% of the calcite without significantly reducing the extraction of commodities of value. Now that a means of flotation has been found to selectively remove calcite, optimization may result in improved rejection of calcite, with potential to reduce opex;

<sup>13</sup> Berlin Deposit – See note 10.

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- Of the REE group, the PEA included revenue only from yttrium and neodymium. The other 15 elements in the REE group are dissolved into solution by the AFIL process and therefore are available to be extracted from the PLS and could, therefore, augment revenue; and
- Optimization of the use of heat generated by the processing plant to generate electricity would likely lead to lower opex.

Given the potential, described above, for the resource to increase to 70-75Mlbs over the entire mineralized trend at Berlin, there is scope to also reduce opex and capex per pound of uranium produced, through economies of scale. Diamond drilling would, however, require significant expenditure, the cost estimates of the required phases of which are outlined in Table 4. Further drilling and associated potential resource expansion will be held off until funds are more freely available.

**Table 4. Budget for advancement of the Berlin Deposit.**

Required Drill Programs	Metreage	US\$ (million)
<b>Maiden Resource Area:</b>		
Infill drilling closer intercept spacing to allow reclassification of Inferred resources to Indicated resources (~21Mlb)	3,000	\$1.0
Updated resource estimate to convert Inferred to Indicated		\$0.15
<b>Sub-total</b>		<b>\$1.15</b>
<b>Area in which exploration drilling has been completed (~30Mlb potential):</b>		
Drilling for Inferred Resource (360-420m drill section spacing)	25,000	\$7.6
Drilling to convert Inferred to Indicated (180-210m drill spacing)	40,000	\$12.0
<b>Sub-total</b>		<b>\$19.6</b>
<b>Initial drilling of area that has been trenched:</b>		
Northern area where trenching shows presence of mineralization and western limb where the mineralized unit does not come to surface	6,000	\$2.5M
<b>TOTAL</b>		<b>\$23.3M</b>

The priorities on the Berlin Project are to undertake test work on:

- The suitability of MRT to extract metals of interest from the PLS; and
- The effectiveness of membrane technology for concentrating metals of interest from the PLS so that they can be extracted more cost-effectively.

## Kurupung Project, Guyana<sup>14</sup>

### Introduction

U308 Corp.'s exploration drilling has shown the Kurupung district is a classic example of an albitite-hosted uranium deposit. These deposits elsewhere in the world tend to be large and relatively low grade in which uranium is concentrated in shoots within vein-breccias. These deposits typically contain 60-130Mlb of uranium at grades of 0.06% to 0.10% U<sub>3</sub>O<sub>8</sub>, contained in multiple vein-breccias<sup>15</sup>. By the nature of the albitite wall rock alteration, these deposits are typically located in stable ground that is amenable to underground mining methods.

### Mineral Resource Growth Potential

Field evidence suggests that uranium in the Kurupung Project is contained within one large system of linked vein-breccias. The current Kurupung resource was defined in four uranium-bearing veins within granitic host-rock. Scout

<sup>14</sup> Kurupung Project – See June 26, 2012: "Technical Review and Mineral Resource Estimates of the Aricheng C and Aricheng West Structures, Kurupung Uranium Project, Mazaruni District, Guyana for U308 Corp."

<sup>15</sup> Albitite-hosted uranium systems – Comparison of the Kurupung Project with other uranium deposits are conceptual in nature. There is no certainty that further exploration on the Kurupung will result in the delineation of a similar size mineral resource.

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drilling has shown that six other veins contain consistent uranium mineralization; these veins are ready for infill drilling to the spacing required for resource definition.

Soil geochemistry, combined with geophysical data, defines additional exploration targets that warrant scout drilling. Some of these anomalies have an Iron Oxide Copper Gold ("IOCG") affinity that should be investigated in due course.

Zircon, which occurs with uranium in the mineralized vein-breccias, constitutes an additional potential source of revenue from the Kurupung Deposit. A resource has not yet been established for zirconium because many of the zirconium values exceed the analytical threshold of the assay method that is optimal for uranium, and assay methods appropriate for high zirconium values are expensive. Sample material from the core that was analyzed for uranium are available in storage should the Company decide to analyze the over-limit samples to determine the true grade of zirconium for potential resource estimation.

**Mining Method**

The mineralized veins that constitute the Kurupung resource start within a few metres of surface and so it is likely that they would be mined by open pit methods to a depth of approximately 80m, below which the veins would be mined by underground means with access by decline ramp.

**Mineral Processing**

An average uranium recovery of 82% was achieved using acid leach in initial metallurgical test work on hard-rock material from the Kurupung. Further metallurgical test work is clearly required to find ways of improving uranium recovery and to investigate the extent to which zirconium can be cost-effectively recovered from the mineralized material.

**Project Economics**

Although no formal economic study has been done on the Kurupung Project, Management estimates that its cash cost of production would be approximately US\$40/lb of uranium.

**Budget & Work Plan**

Since Management's internal estimate of cash cost of production from the Kurupung Project is above the lower quartile of the uranium industry, further work on the Project has been suspended. Estimated production costs could be lowered through:

- An alternative metallurgical processing technique generating greater recoveries and lower reagent consumption than has been achieved so far with alkaline and acid leach tests;
- Positive results from test work on the recovery and extraction of zirconium as a potential by-product that could generate additional revenue; and
- Achieving economies of scale from a larger resource.

Further work on the project has been postponed until funding is accessible on less dilutive terms than those currently available to the Company.

**Grassroots Exploration**

While U308 Corp.'s focus remains on the priority projects as described above, the Company has other projects with known uranium and battery commodity mineralization that require further exploration in due course.

SAS is focused on the identification and acquisition of frac sand deposits in South America, principally within reasonable delivery distance of the Vaca Muerta – a shale formation in the Neuquen Basin in Argentina that contains the 3<sup>rd</sup> largest shale gas resource and 4<sup>th</sup> largest shale oil reserve in the world. SAS has assembled a strong property portfolio in Uruguay, Brazil and Argentina that is favourably located relative to existing infrastructure with access to deepwater ports. Initial test results show that the sands meet the technical specifications required for use as a proppant in oil and gas wells.

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## Technical Disclosure

Dr. Richard Spencer, President and CEO of the Company, is a "qualified person" as defined by NI 43-101. Dr. Spencer has supervised the preparation of, and verified, all technical information contained in this MD&A related to the Company's projects in South America.

## Selected Annual Financial Information

Selected annual financial information for the Corporation is summarized in Table 5.

**Table 5. Selected annual financial information for U308 Corp.**

For Year Ended December 31,	2015	2014	2013
Net loss	\$3,170,131	\$5,761,174	\$7,432,974
Net loss per share (basic and fully diluted)*	\$0.01	\$0.03	\$0.05
As at December 31,	2015	2014	2013
Total assets	\$ 11,173,894	\$12,191,971	\$14,276,721

(\*) U308 Corp. did not have any loss before discontinued operations or extraordinary items for each period presented.

## Summary of Quarterly Results

The results for the eight most recent quarters have been prepared in accordance with IFRS as listed in Table 6.

**Table 6. Summary of quarterly results, U308 Corp.**

Three Months Ended (*)	Net Loss (\$)	Basic and Diluted Loss Per Share (\$)
2016-September 30	(459,765)	(0.00)
2016-June 30	(375,510)	(0.00)
2016-March 31	(278,923)	(0.00)
2015-December 31	(1,705,403)	(0.01)
2015-September 30	(50,083)	(0.00)
2015-June 30	(738,680)	(0.00)
2015-March 31	(675,965)	(0.00)
2014-December 31	(3,226,562)	(0.01)

(\*) U308 Corp. did not have any income (loss) before discontinued operations or extraordinary items for each period presented. U308 Corp. is an advanced exploration company focused on defining mineral resources, establishing the economic viability of these deposits, and advancing them towards production. At this time, commodity market fluctuations have no direct impact on the Company's results or operations but influence the exploration approach based on the Company's ability to raise capital to advance its projects. The Company's policy is to expense its exploration costs. Having completed PEAs that confirm the low cash-cost of production potential of the Laguna Salada and Berlin deposits, further exploration has been minimized to conserve cash. Net cash used in operating activities was reduced to \$1.7 million in 2015 from \$4.2 million in 2014. Reduced spending relative to the prior year reflects efforts to spend as little cash as possible until share prices recover and funds can be raised on less dilutive terms than those currently available.

The loss in Q3 2016 reflects efforts to conserve cash and reduce payables. Exploration and General and Administrative expenses of \$398,618 include non-cash amounts of \$13,722 for amortization and \$5,110 for stock based compensation. Senior management deferred an additional \$12,650 of salary in Q3 2016.

The loss in Q4 2015 reflects non-cash write-offs of \$470,000 for impairment of the Company's SAS interest and a further \$69,822 of loans from SAS, due to weakness in oil prices. Work in SAS has ceased until crude oil prices improve.

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The lower loss in Q3 2015 reflects debt forgiveness of \$396,451.

The Q4 2014 loss reflects a non-cash write-off of \$1,928,571 in the Company's non-core investment in Minexco as described above as well as \$92,892 in related receivables deemed to be uncollectable.

## Results of Operations for the Three Months Ended September 30, 2016

For Q3 2016, U308 Corp.'s net loss increased to \$459,765 or \$0.00 loss per share (Q3 2015 – net loss of \$50,083 or \$0.00 loss per share). Debt forgiveness of \$396,451 in Q3 2015 created most of the difference. General and administrative (“G&A”) and exploration costs were reduced throughout 2016 and 2015 via staff cuts and expenditure deferrals, principally due to cash conservation measures that will be in place until equity markets improve.

A breakdown of exploration expenditures on U308 Corp.'s lead projects in Colombia, Argentina and Guyana for the nine months ended September 30, 2016 and 2015 are set forth in Table 7.

Argentina exploration expenses in Q3 2016 of \$211,788 included non-cash amortization of \$12,640 and non-cash stock based compensation of \$1,068 (Q3 2015 - \$161,572, including amortization of \$14,246 and stock based compensation of \$7,325). Field work in Argentina in Q3 2016 focused on exploration of the La Rosada discovery that lies within the same gravel plain as the Laguna Salada Deposit. Initial exploration results from La Rosada showed higher-grade mineralization potential, that could improve the economics of the Laguna Salada Project. Pitting in the unconsolidated gravel is being undertaken to confirm continuity of the mineralization and results will be reported in Q4 2016. Bulk samples are also being taken for test work using the U-pgrade © beneficiation process. U-pgrade © resulted in highly successful beneficiation in a similar deposit to Laguna Salada in which 82% of the contained uranium was concentrated in only 2% of the mineralized sand's mass. Current results, on which the Laguna Salada PEA was based, are that 82% of the contained uranium would be concentrated in 9% of the gravel's mass. The aim of the U-pgrade © test work is to reduce the mass of the material in which the uranium is concentrated to less than 9% while maintaining high uranium recoveries. If a significant reduction in mass can be achieved, a smaller processing plant would be required, resulting in a lower capex estimate. There is also potential that the U-pgrade © process may lead lower operating costs.

Colombia exploration expenses in Q3 2016 of \$42,058 included non-cash amortization of \$1,082 and non-cash stock based compensation of \$1,208 (Q3 2015 - \$134,493, including amortization of \$18,483 and stock based compensation of \$8,860).

Guyana exploration expenses in Q3 2016 of \$10,571 included non-cash amortization of \$nil and non-cash stock based compensation of \$71 (Q3 2015 - \$11,493, including amortization of \$11,404 and stock based compensation of \$495). Further work on the Guyana Project will be curtailed until market conditions improve.

G&A expenses declined to \$264,417 in Q3 2016 (Q3 2015 – \$307,558) mainly due to ongoing cost-cutting measures, which include staff reductions. Salary deferrals of \$32,075 were realized in Q3 2016. Q3 2015 G&A costs included \$88,285 for deferral of salaries by senior Management and Director fees.

A foreign exchange loss of \$63,009 in Q3 2016 (Q3 2015 – gain of \$77,765) was due mostly to Argentine and Colombia Peso and US Dollar exchange rate fluctuations. The Colombian Peso strengthened against the Canadian Dollar in 2016 which created most of the loss. Interest income (expense) amounted to \$(125) in Q3 2016 (Q3 2015 – \$589) due to timing of funds raised.

From U308 Corp.'s 38.9% equity share of SAS, the Company reported a \$nil loss in Q3 2016 (Q3 2015 – \$4,921). SAS was inactive during the third quarter of 2016. During 2015, of the Company's \$470,000 interest in SAS was deemed impaired, as was a further \$69,822 of loans from SAS, due to weakness in oil prices. These balances were expensed in Q4 2015.

## Results of Operations for the Nine Months Ended September 30, 2016

For the first nine months of 2016, U308 Corp.'s net loss decreased to \$654,41,049,024 or \$0.00 loss per share (first nine months of 2015 – net loss of \$1,456,779 or \$0.01 loss per share). G&A and exploration costs were reduced throughout 2016 and 2015 via staff cuts and expenditure deferrals, principally due to cash conservation measures

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that will be in place until equity markets improve. The 2015 results were favorably affected by debt forgiveness of \$396,451.

**Table 7. Summary of U308 Corporation's exploration spending in Argentina, Colombia & Guyana**

Nine Months Ended September 30, 2016	Berlin Project Colombia	Laguna Salada Project Argentina	Kurupung Project Guyana	Total
Administrative expense	\$ 29,871	\$ 72,891	\$ -	\$ 102,762
Salaries and benefits	27,632	105,700	18,000	151,332
<b>Total location costs</b>	<b>57,503</b>	<b>178,591</b>	<b>18,000</b>	<b>254,094</b>
<b>Total field costs</b>	<b>84,383</b>	<b>183,720</b>	<b>13,500</b>	<b>281,603</b>
Stock-based compensation	6,645	5,872	396	12,913
Amortization	50,590	35,018	-	85,608
<b>Total</b>	<b>\$ 199,121</b>	<b>\$ 403,201</b>	<b>\$ 31,896</b>	<b>\$ 634,218</b>

Nine Months Ended September 30, 2015	Berlin Project Colombia	Laguna Salada Project Argentina	Kurupung Project Guyana	Total
Administrative expense	\$ 119,076	\$ 99,760	\$ 16,550	\$ 235,386
Salaries and benefits	96,677	175,370	-	272,047
<b>Total location costs</b>	<b>215,753</b>	<b>275,130</b>	<b>16,550</b>	<b>507,733</b>
<b>Total field costs</b>	<b>110,809</b>	<b>285,087</b>	<b>5,000</b>	<b>400,896</b>
Stock-based compensation	35,391	29,029	2,039	66,459
Amortization	55,450	42,738	55,173	153,361
<b>Total</b>	<b>\$ 417,403</b>	<b>\$ 631,983</b>	<b>\$ 78,762</b>	<b>\$ 1,128,149</b>

## Liquidity and Capital Resources

U308 Corp. is an exploration company that does not have operating revenues and therefore, it must utilize its current cash reserves, income from investments, funds obtained from the exercise of stock options and warrants and other financing transactions, to support planned exploration programs, to fund any further development activities and to meet ongoing obligations.

At September 30, 2016, total cash was \$515,483 (December 31, 2015 – \$205,703) and the working capital deficit was \$1,114,501 (December 31, 2015 – \$1,201,981 working capital deficit). The September 30, 2016 working capital deficit included accounts payable and accrued liabilities of \$1,646,906 (December 31, 2015 – \$1,480,763). The principal current liabilities at September 30, 2016 included:

- Approximately \$627,000 related to a “wealth tax” in Colombia. This tax was levied on total investment that the Company had made in Colombia. Negotiations are underway with the tax authorities in Colombia since the tax was intended to be levied on revenue-generating operations, whereas U308 Corp.'s investment in Colombia was in exploration that has not yet resulted in the development of a revenue-generating entity. Developments related to the wealth tax are as follows:
  - The Company is requesting that the wealth tax be deferred until a positive FS has been completed on the Berlin Project;
  - The Ministry of Mines in Colombia has lobbied government to amend the tax laws such that exploration falls outside of the wealth tax net as of January 2017. This amendment is reported to have been included in a change to tax laws to be considered for approval by congress in early 2017;
- \$331,660 has been accrued for unpaid salaries to senior officers; and

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- A further \$175,000 has been accrued for various items which, in the opinion of Management, are unlikely to be enforced.

During Q3 2016, U308 Corp. raised total gross proceeds of \$640,000 in a non-brokered private placement of 21,333,333 units as detailed in Table 8. Each unit consists of one common share and one share purchase warrant. 259,000 broker warrants were also issued related to the cash proceeds, entitling the broker to purchase an additional common share.

**Table 8. Summary of private placements undertaken in Q3, 2016.**

Private Placement	No. of Shares	\$ Unit Price	Gross Proceeds	No. of Warrants	Warrant Price	Warrant Expiry
Sept. 13, 2016	21,333,333	\$ 0.03	\$ 640,000	21,333,333	\$ 0.045	Sept. 13, 2018
Sept. 13, 2016	259,000		-	366,000	\$ 0.045	Sept. 13, 2018

During 2016, U308 Corp. has raised total gross proceeds of \$1,104,500 (net cash proceeds \$1,082,620) in non-brokered private placements through the issue of an aggregate of 42,283,333 units as detailed in Table 9. Each unit consists of one common share and one share purchase warrant. Broker warrants were also issued related to the cash proceeds, entitling the broker to purchase an additional common share.

Subsequent to Q3 2016, 1,333,333 units were issued to raise gross proceeds of \$40,000 in a non-brokered private placement. Each unit consists of one common share and one share purchase warrant.

In Q3 2015, \$334,094 was applied against debts through the issuance of 8,352,350 shares.

**Table 9. Summary of private placements**

Date of Placement	Nature of Placement	No. of Shares	\$ Unit Price	Gross Proceeds	No. of Warrants	Warrant Price	Warrant Expiry
Feb 18, 2015	Private Placement	7,545,000	\$ 0.040	\$ 301,800	7,545,000	\$ 0.060	Feb 18, 2017
Feb 18, 2015				-	115,200	\$ 0.040	Feb 18, 2017
Feb 23, 2015		475,000	\$ 0.040	\$ 19,000	475,000	\$ 0.060	Feb 23, 2017
Feb 23, 2015					115,200	\$ 0.040	Feb 23, 2017
Mar 6, 2015		2,500,000	\$ 0.035	\$ 87,500	2,500,000	\$ 0.050	Mar 6, 2020
Mar 6, 2015					150,000	\$ 0.040	Mar 6, 2017
Mar 27, 2015		3,000,000	\$ 0.035	\$ 105,000	3,000,000	\$ 0.050	Mar 27, 2020
Mar 27, 2015				-	180,000	\$ 0.050	Mar 27, 2017
May 8, 2015		3,600,000	\$ 0.045	\$ 162,000	3,600,000	\$ 0.065	May 8, 2020
May 8, 2015				-	216,000	\$ 0.060	May 8, 2017
July 13, 2015		2,500,000	\$ 0.030	\$ 75,000	2,500,000	\$ 0.050	July 13, 2020
July 13, 2015				-	150,000	\$ 0.040	July 13, 2017
Sept 3, 2015		3,000,000	\$ 0.030	\$ 90,000	3,000,000	\$ 0.050	Sept 3, 2020
Sept 3, 2015				-	180,000	\$ 0.050	Sept 3, 2017
Sept 27, 2015	Shares for Debt	8,352,350	\$ 0.040	\$ 334,094	-	-	-
Nov 3, 2015	Private Placement	24,905,000	\$ 0.025	\$ 622,625	24,905,000	\$ 0.035	Nov 3, 2018
Dec 29, 2015		6,100,000	\$ 0.025	\$ 152,500	6,100,000	\$ 0.030	Dec 29, 2017
Dec. 29, 2015				-	366,000	\$ 0.030	Dec 29, 2017
Mar 2, 2016			\$ 0.025	\$ 75,000	3,000,000	\$ 0.030	Mar 2, 2018
Mar 2, 2016				-	180,000	\$ 0.030	Mar 2, 2018
May 9, 2016		6,100,000	\$ 0.025	\$ 152,500	6,100,000	\$ 0.040	May 29, 2019
May 9, 2016				-	366,000	\$ 0.040	May 29, 2018
July 8, 2016		11,850,000	\$ 0.020	\$ 237,000	11,850,000	\$ 0.030	July 8, 2019
Sept 13, 2016		21,333,333	\$ 0.030	\$ 640,000	21,333,333	\$ 0.045	Sept 13, 2018
Sept 13, 2016			-	259,000	\$ 0.045	Sept 13, 2018	

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The funds allowed the Company to fulfill key commitments on projects and to meet ongoing obligations in the normal course of business while completing a transaction for additional property in Argentina.

Table 10 summarizes the Company's material contractual obligations, which relate to office lease agreements in Canada, Colombia and Argentina expiring at various periods up to September 2017.

**Table 10. U308 Corp.'s material contractual obligations to September, 2017**

Item	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Facility leases	\$71,004	\$27,572	\$43,432	–	–
<b>Total Obligations</b>	<b>\$71,004</b>	<b>\$27,572</b>	<b>\$43,432</b>	<b>–</b>	<b>–</b>

As of the date of this MD&A, U308 Corp. has issued and outstanding 315,634,768 common shares, 134,476,866 warrants and 12,835,000 stock options. The full exercise of all warrants and options could raise approximately \$9.6 million. Exercise of these warrants and options is not anticipated until the market value of U308 Corp.'s common shares increases in value.

U308 Corp.'s credit and interest rate risk is limited to interest-bearing assets of cash and bank or government guaranteed investment vehicles. Accounts payable and accrued liabilities are short-term and non-interest bearing. The Company's liquidity risk with financial instruments is minimal as excess cash is held in major Canadian chartered banks. In addition, amounts receivable are composed mainly of federal Harmonized Sales Tax (Canada) recoveries, deposits with service providers and balances owing from related parties.

At September 30, 2016, U308 Corp. had \$515,483 in total cash. While the Company has been able to raise funds as needed, further financings will be required in 2016 to develop the Company's properties, to meet ongoing obligations and discharge its liabilities in the normal course of business. Long-term financial success requires that the Company develops operational cash flow, which is dependent upon economically recoverable reserves as well as funding to bring such reserves into production. Materially all of the Company's exploration activities are discretionary. Therefore, there is considerable flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and potential to raise further funds. The Company will continue ongoing cost containment initiatives and manage its expenditures essential to the viability of its material properties. However, U308 Corp. will require additional funds from equity sources to meet current liabilities, maintain momentum on its lead projects and to complete the development of its projects in Argentina, Colombia and Guyana, if warranted. The Company is currently pursuing multiple near-term and longer-term financing options including potential strategic investors and JV partnerships. There is no assurance that funds can be raised upon terms acceptable to the Company or at all while funding for junior exploration companies remains challenging. Accordingly, the Company's financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risks Factors" below.

## Related Party Transactions

The related party transactions into which U308 Corp. has entered are shown in Table 11.

**Table 11. Summary of U308 Corp.'s related parties.**

Three Months Ended September 30,	2016	2015
John Ross <sup>(i)</sup>	\$ 7,500	\$ 15,000

(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).

Remuneration of U308 Corp.'s Directors and senior Management for the three months ended September 2016 is shown in Table 12.

**Table 12. Summary of remuneration of Directors and senior Management of the Company in Q3, 2016**

Three Months Ended September 30,	2016	2015
Salaries and benefits <sup>(i)</sup>	\$ 34,250	\$ 19,355
Stock-based compensation	\$ 2,763	\$ 17,517
<b>Total</b>	<b>\$ 36,486</b>	<b>\$ 36,872</b>

The Chief Executive Officer of the Company was owed \$150,084 at September 30, 2016 (December 31, 2015 - \$65,418). In addition, no further cash fees will be paid to Directors until financial conditions improve. Members of 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. As of September 30, 2016, directors of the Company were owed \$Nil (December 31, 2015 - \$Nil). During the third quarter of 2015, \$132,000 in director fees and \$217,225 of salary owed to the Chief Executive Officer were waived.

On March 1, 2014, the Company entered into a management services agreement with SAS where SAS would 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.

## Off-Balance Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Proposed Transactions

The Company continues to discuss the advancement of the Laguna Salada Deposit towards FS with various interested parties. In addition, the Company continues to evaluate properties and corporate opportunities on an ongoing basis.

## Critical Accounting Estimates

### Equity Investment in Associate

Since April, 2011, the Company has had significant influence on SAS, but does not have control; this investment is accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter, to reflect the Company's pro-rata share of post acquisition income or loss. The amount of adjustment is included in the determination of net income or loss of the Company, and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies. The carrying values of equity investments are regularly reviewed to ensure there is no impairment. When there is a loss in value other than a temporary decline, the investment is written down to recognize the loss.

### Significant Accounting Judgments and Estimates

The preparation of the Company's audited annual consolidated financial statements requires Management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The Company's audited annual consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the audited annual consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic

conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **Critical Accounting Estimates**

Significant assumptions about the future and other sources of estimation uncertainty that Management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, relate to, but are not limited to, the following:

- the recoverability of accounts receivable and value-added taxes receivable which are included in the consolidated statements of financial position;
- the Company reviews its South American property interests for impairment based on results to date and when events and changes in circumstances indicate that the carrying value of the assets may not be recoverable. IFRS 6 – Exploration for and evaluation of mineral resources and IAS 36 – Impairment of assets requires the Company to make certain judgments in respect of such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets. The Company's assessment at September 30, 2016 and at December 31, 2015 is that the Argentina, Colombia, and Guyana properties have market values in excess of their carrying values;
- valuation of the Company's investment in Minexco;
- the estimated useful lives of property, plant and equipment which are included in the consolidated statement of financial position and the related depreciation included in profit or loss;
- the inputs used in accounting for share-based payment transactions, including warrants; and
- the valuation of the Company's investment in and loan receivable from SAS was deemed impaired in 2015 due to low oil prices which reduces the demand for frac sand in oil and gas production wells. The carrying value and amount receivable were deemed impaired and a full allowance was taken since timing of recovery and ability to raise capital are difficult for small companies such as SAS resulting in uncertainty of the recoverability of the carrying values of the Company's investment and loan receivable.

## **Critical Accounting Judgements**

- Management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to advance the mineral properties;
- Management applied judgment in determining the functional currency of U308 Corp. as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period;
- the determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by Management;
- Management determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period; and
- Management's determination of ability to exert significant influence over SAS.

## **New Accounting Policies**

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015. As at January 1, 2015, the Company adopted this pronouncement and there was no material impact on the Company's financial position.

## **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.

## Management of Capital

U308 Corp. manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out its defined exploration programs and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at September 30, 2016, totalled \$9,519,003 (December 31, 2015 – \$9,517,131).

This capital management is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fundraisings.

The Company's capital management objectives, policies and processes have remained unchanged during the period ended September 30, 2016 and the years ended December 31, 2015 and 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Section 710 of the TSX Company Manual which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in financial statements regarding the listed issuer's ability to continue as a going concern. The TSX and/or the OTCQX may require the Company to undertake a consolidation of its stock in order to meet listing requirements. As of September 30, 2016 and December 31, 2015, the Company may not be compliant with this TSX requirement. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX. See "Risk Factors" below.

The Company has been informed by the OTCQX that it is at risk of being demoted to the OTCQB trading platform if the minimum bid for the Company's shares is not US\$0.10 or over, and if its market cap is less than US\$10 million on December 31<sup>st</sup>. The OTC has assured Management that, should such a demotion occur, the effect of demotion should be minimal: the Company's shares will continue to be available for trading electronically and the stock symbol will not change. A disadvantage of the OTCQB is that some large institutions are restricted from trading on that platform, but the downside to this is considered immaterial since such companies are unlikely to trade in the Company's shares anyway, given its current market cap. The Company will delist from the Santiago Stock Exchange in Chile since this listing was linked with the Company's prior listing on the Venture component of the TSX and since the Company does not have the income history required for a listing on the main board of the Santiago Stock Exchange.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the Company's size, is appropriate.

## Internal Controls Over Financial Reporting and Disclosure Controls and Procedures

There were no significant changes in the Company's internal controls over financial reporting and disclosure controls and procedures subsequent to December 31, 2015, being the date the CEO and CFO evaluated such internal controls, nor were there any significant deficiencies in the Company's internal controls identified requiring corrective actions.

The Company's Management, with the participation of its CEO and CFO, has evaluated the effectiveness of the Company's internal controls over financial reporting and disclosure controls and procedures. Based on that evaluation, the Company's CEO and CFO have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures and internal controls over financial reporting were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports that it files is recorded, processed, summarized and reported, within the appropriate time periods.

The Company's Management, including the CEO and the CFO, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost-effective system of internal

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controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

## Financial Instruments

U308 Corp.'s activities expose it to a variety of financial risks including: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate, and uranium price risk).

Risk management is carried out by Management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. U308 Corp.'s credit risk is primarily attributable to cash and cash equivalents, accounts receivable, value-added taxes receivable and restricted cash. Cash and cash equivalents and restricted cash are held with major Canadian chartered banks, from which Management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Amounts receivable are in good standing as of December 31, 2015. Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal.

### Liquidity Risk

Liquidity risk is the risk that U308 Corp. will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. Cash flow is primarily from the Company's financing activities. As at September 30, 2016, U308 Corp. had total cash of \$515,483 (December 31, 2015 - \$205,703) to settle current liabilities of \$1,646,906 (December 31, 2015 - \$1,480,763). Current liabilities included approximately \$628,000 related to Colombian taxes, of which the Company is engaged in discussions with the Colombian government, and approximately \$175,000 of accruals related to items which may not be enforced. All of its current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. The Company will need to secure additional financing to meet its ongoing obligations and exploration. However, there is no assurance that it will be able to do so. See "Liquidity and Capital Resources" above.

### Market Risk

#### Interest Rate Risk

U308 Corp. has cash balances and no interest-bearing debt. Its current policy is to hold excess cash in interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

#### Foreign Currency Risk

U308 Corp.'s functional and reporting currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. As of September 30, 2016, the Company funds certain operations, exploration and administrative expenses in Guyana, Colombia and Argentina on a cash call basis using US Dollar currency converted from its Canadian Dollar bank accounts held in Canada. The Company maintains US Dollar bank accounts in Canada, Barbados and Guyana, Guyanese Dollar bank accounts in Guyana, Colombian Peso accounts in Colombia and Argentina Peso accounts in Argentina. U308 Corp. is subject to gains and losses from fluctuations in the US Dollar, Guyanese Dollar, the Colombian Peso and the Argentina Peso against the Canadian Dollar.

#### Price Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market.

The Company's long-term investment in Minexco is subject to fair value fluctuations arising from changes in the equity and commodity markets. The Company wrote its Minexco investment off in 2014.

### Commodity Uranium Price Risk

U3O8 Corp. is exposed to price risk with respect to uranium commodity prices. Commodity uranium price risk is defined as the potential adverse impact on earnings due to uranium price movements and volatility. The Company closely monitors uranium prices to determine the appropriate course of action to be taken in terms of exploration expenditures and to ensure that its focus is on projects that have potential cost production profiles consistent with the longer-term price projections related to forecast demand and supply.

Uranium prices have been volatile with the spot price peaking at US\$136/lb U<sub>3</sub>O<sub>8</sub> in mid 2007, then retreating to a US\$40 low during the financial crisis in 2008 and continuing in the low US\$40s until mid 2010, when prices started to rise in response to a recognition of the growing demand for uranium to fuel escalating nuclear energy programs around the world. The tsunami that compromised pumps required to cool the cores of reactors in the Fukushima power plant in Japan in mid-March, 2011, that resulted in the melt-down of the cores of three reactors, led to the suspension of nuclear power in Japan while reactors were required to increase their resistance to tsunamis and earthquakes. Germany closed half of its nuclear reactors in response to Fukushima. The halting of nuclear power generation from these reactors led to a build-up of nuclear fuel inventory and a consequent weakening of the uranium price. Japanese reactors that have met the required safety upgrades have not come back on stream as quickly as anticipated, which has led to a further weakening of the uranium price, which has now reached an 11-year low of under US\$20/lb. China, Russia and India continue to build reactors at a fast rate; 58 reactors are currently under construction world-wide and a total of 448 reactors are operable.

### Sensitivity Analysis

The sensitivity analysis shown below may differ materially from actual results. Based on Management's knowledge and experience of the financial markets, we believe the following movements are "reasonably possible" over a 12-month period:

1. Cash and cash equivalents are subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would affect the reported loss and comprehensive loss by approximately \$1,130;
2. The Company holds balances in foreign currencies which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in foreign exchange rate against the Canadian Dollar would affect the reported quarterly loss and comprehensive loss by approximately \$13,000; and
3. Uranium and related mineral price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of uranium and related minerals. Uranium prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of uranium may be produced in the future, a profitable market will exist for them. As of September 30, 2016, the Company was not a uranium or related mineral producer. As a result, uranium and related mineral price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

### Share Capital

At September 30, 2016, U3O8 Corp. had 314,318,103 issued and outstanding common shares, 134,769,366 warrants and 12,835,000 stock options outstanding, each exercisable to acquire one common share, for 461,922,469 common shares outstanding on a fully diluted basis.

### Changes to Auditor

In 2015, KPMG LLP was replaced by Davidson and Company, LLP as the Company's auditor on February 1<sup>st</sup>, 2016.

### Diversity Policy

In accordance with items 10-15 of Form 58-101F1 *Corporate Governance Disclosure*, the Company is required to provide disclosure of its gender diversity practices.

## Policies Regarding the Representation of Women on the Board

The members of U3O8 Corp.'s Board have diverse backgrounds and expertise and were selected on the belief that the Corporation and its stakeholders would benefit from such a broad range of talent and experience. The Board considers merit as the key requirement for board appointments. The Corporation has not adopted a written diversity policy and has sought to attract and maintain diversity at the Board level informally through the recruitment efforts of Management in discussion with Directors prior to proposing nominees to the Compensation, Corporate Governance and Nominating Committee (the "Corporate Governance Committee") and to the Board as a whole for consideration.

## Consideration of the Representation of Women on the Board and in Executive Officer Appointments

In identifying suitable Board nominees or in selecting and assessing candidates for executive positions, candidates will be considered on merit against objective criteria regarding business experience, skill sets, competencies, technical expertise, sector specific knowledge and with due regard for the benefit of diversity including the level of representation of women in these capacities. As the need for new directors or executive officers arises, the Corporate Governance Committee assesses candidates on the basis of industry experience and business acumen with specific knowledge of mineral exploration and development or other areas (such as finance, South American market experience) as desired at that particular time by the Corporation, the Board and its committees. Board candidates are also evaluated against the area of expertise of existing members so new appointments may contribute to expanding the Board's breadth of experience.

## Company's Targets for Women on the Board and in Executive Officer Positions

Presently, none of the Corporation's directors are female. One of the six (17%) executive officers of the Corporation and of its major subsidiaries is female. Diversity including gender, age, nationality, cultural and educational background, business knowledge and other experience, are among the factors that the Corporate Governance Committee considers in identifying and selecting candidates for the Board and executive positions. For example, with the majority of the Corporation's operations located in South America, four of the six (67%) executive officers are South American, as is one of the board members (17%). Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives in which all employees and directors are treated with fairness and respect, and have equal access to opportunities for advancement based on skills and aptitude. As a result, the Corporation has not adopted targets based on any specific area of diversity and does not set targets for women on the Board or in executive officer positions.

## Risk Factors

An investment in the securities of U3O8 Corp. is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below, which have affected, and which in the future are reasonably expected to affect, the Company, its financial position or the trading price of its common shares. Refer to the section entitled "Risk Factors" in the Company's MD&A for the year ended December 31, 2015 on U3O8 Corp's web site at [www.u3o8corp.com](http://www.u3o8corp.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). There have been no significant changes to such risk factors since that date other than as discussed herein.

## Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results

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to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

Forward-Looking Statements	Assumptions	Risk Factors
<p>Potential of U308 Corp.'s properties to contain economic deposits, to become near-term and/or low-cost producers and to add to its existing resource base (including the potential of the Berlin Project to generate US\$2.8 billion in revenue) (see Highlights, Overview, Outlook, Priority Exploration Projects, Results of Operations and Summary of Quarterly Results)</p>	<p>Availability of financing for the Company's projects.</p> <p>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Technical reports prepared in accordance with NI 43-101 including assumptions in the PEAs on the Berlin and Laguna Salada deposit are correct and comprehensive.</p> <p>Operating, exploration and development costs will be consistent with the Company's expectations.</p> <p>Ability to retain and attract skilled staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to U308 Corp. including development of the Argentine deposit in compliance with Chubut Provincial mining law.</p> <p>Social engagement and local acceptance of the Company's projects.</p> <p>Economic, political and industry market conditions will be favourable.</p>	<p>Changes in the capital markets impacting availability of future financings.</p> <p>Uncertainties involved in interpreting geological data and confirming title to acquired properties.</p> <p>Possibility that future exploration results, metallurgical test work, economic studies and development activities will not be consistent with the Company's expectations.</p> <p>Variations from the technical reports including assumptions in the Berlin and Laguna Salada PEAs.</p> <p>Inability to replicate laboratory and other smaller scale test results on a larger scale.</p> <p>Inability to attract and retain skilled staff.</p> <p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.</p> <p>Delays in obtaining applicable permits or unavailability of permits.</p> <p>Price volatility of uranium and related commodities impacting the economics of the Company's projects.</p> <p>Changes in Argentina's proposed usage and availability of nuclear power.</p>
<p>Potential to increase uranium grades by 7 and 11 times in the two different sectors of the Laguna Salada Deposit by screening (see Overview, and Priority Exploration Projects)</p>	<p>Results from previous small scale metallurgical test work can be replicated on a larger scale.</p>	<p>Inability to replicate laboratory and other smaller scale test results on a larger scale.</p>
<p>Potential JV with Petrominera and resource potential on its concessions (see Highlights, Outlook and Priority Exploration Projects)</p>	<p>Resource potential on Petrominera's properties will be defined as anticipated towards forming a JV for further expansion of the Laguna Salada Project.</p>	<p>Possibility that resources are not defined and the associated JV will not be formed.</p>
<p>Uranium and a suite of other commodities of economic interest at Berlin can be extracted using a ferric iron leach method (see Priority Exploration Projects)</p>	<p>Results from previous small scale metallurgical test work conducted in multiple labs can be replicated on a larger scale.</p> <p>Test results from samples from 35% of the drill hole intercepts throughout the initial resource area are representative of the whole.</p>	<p>Inability to replicate laboratory and other smaller scale test results on a larger scale.</p> <p>Test results from samples from 35% of the drill hole intercepts throughout the initial resource area prove not to be adequately representative of the whole.</p>
<p>By-product revenues at Berlin could pay for</p>	<p>Assumptions in the Berlin PEA are correct and comprehensive.</p>	<p>Price volatility of uranium and other commodities associated with the Company's deposits impacting</p>

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<b>Forward-Looking Statements</b>	<b>Assumptions</b>	<b>Risk Factors</b>
<p>extraction of the uranium and make Berlin a potential low - cash cost uranium producer (see Outlook and Priority Exploration Projects)</p>	<p>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Operating, exploration and development costs will be consistent with our expectations.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to U3O8 Corp.</p> <p>Economic, political and industry market conditions will be favourable, including without limitation, the prices for applicable by-products.</p>	<p>the economics of our projects.</p> <p>Variations from the assumptions in the Berlin PEA.</p> <p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Increases in costs, environmental compliance and changes in environmental, other local legislation and regulation and the political and economic climate.</p> <p>Delays in obtaining applicable permits or unavailability of permits.</p>
<p>Potential for higher returns than as set out in the Berlin and Laguna Salada PEAs (see Outlook and Priority Exploration Projects)</p>	<p>Incorporating results from further metallurgical test work will contribute to reducing operating costs and increasing revenue.</p> <p>Economies of scale will be realized as anticipated.</p> <p>Increases in resource estimates.</p>	<p>Possibility of incorporating metallurgical test results will not have the effect of reducing operating costs and increasing revenue.</p> <p>Inability to achieve economies of scale and increase resource estimates.</p>
<p>Potential to expand mineral resources defined in compliance with NI 43-101 on U3O8 Corp.'s existing projects and achieve its growth targets (see Overview, Outlook and Priority Exploration Projects)</p>	<p>Availability of financing.</p> <p>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>NI 43-101 technical reports are correct and comprehensive.</p> <p>Operating, exploration and development costs will be consistent with the Company's expectations.</p> <p>Ability to retain and attract skilled staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to U3O8 Corp.</p> <p>Social engagement and local acceptance of the Company's projects.</p> <p>Economic, political and industry market conditions will be favourable.</p>	<p>Changes in the capital markets impacting availability of future financings.</p> <p>Uncertainties involved in interpreting geological data and confirming title to acquired properties.</p> <p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Variations from the technical reports.</p> <p>Inability to attract and retain skilled staff.</p> <p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.</p> <p>Delays in obtaining applicable permits or unavailability of permits.</p> <p>Price volatility of uranium and other associated commodities impacting the economics of our projects.</p>
<p>Inability to meet minimum operating commitments could impair exploration rights (see Results of Operations and Liquidity and Capital Resources)</p>	<p>Operating and exploration activities and associated costs will be consistent with current expectations.</p> <p>The Company will continue to operate, realize its assets and meet its liabilities in the normal course of business.</p> <p>Capital markets and financing opportunities are favourable to U3O8 Corp.</p> <p>Sale of any investments, if warranted, on acceptable terms.</p>	<p>Volatility in the capital markets impacting availability and timing of financings on acceptable terms and value and liquidity of investments may affect the Company's ability to obtain funding to continue as a going concern.</p> <p>Increases in costs, environmental compliance and changes in environmental, other local legislation and regulation.</p> <p>Adjustments to currently proposed operating and exploration activities and costs.</p> <p>Price volatility of uranium and other commodities impacting sentiment for investment in the resource markets.</p>
<p>Plans, costs, timing and capital for future exploration and development of U3O8 Corp.'s properties including the potential impact of</p>	<p>Availability of financing.</p> <p>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Operating, exploration and development costs</p>	<p>Changes in the capital markets impacting availability of future financings.</p> <p>Uncertainties involved in interpreting geological data and confirming title to acquired properties.</p> <p>Possibility of future exploration results, metallurgical</p>

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Nine Months Ended September 30, 2016

Forward-Looking Statements	Assumptions	Risk Factors
<p>complying with existing and proposed laws and regulations (see Highlights, Overview, Outlook and Priority Exploration Projects)</p>	<p>will be consistent with our expectations.</p> <p>Ability to retain and attract skilled staff.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on acceptable terms including developing the Argentine deposit in compliance with Chubut Provincial mining law.</p> <p>Economic, political and industry market conditions will be favourable.</p>	<p>test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Inability to attract and retain skilled staff.</p> <p>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.</p> <p>Delays in obtaining applicable permits or unavailability of permits.</p> <p>Price volatility of uranium and other commodities impacting our projects' economics.</p>
<p>Management's outlook regarding future trends (see Overview, Outlook, and Priority Exploration Projects)</p>	<p>Availability of financing.</p> <p>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.</p> <p>Prices for uranium and other commodities will be as modeled in the PEAs.</p> <p>Government regulation in Chubut Province will support development of our Argentine deposit.</p> <p>Fundamentals of the uranium market continue to be favourable.</p>	<p>Changes in the capital markets impacting availability of future financings.</p> <p>Price volatility of uranium and other commodities impacting the economics of our projects, appetite for investing in uranium equities and growth in the nuclear industry.</p> <p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.</p> <p>Increases in costs, environmental compliance and changes in economic, political and industry market climate.</p>

Inherent in forward-looking statements are risks, uncertainties and other factors beyond U308 Corp.'s ability to predict or control. Please also make reference to those risk factors listed in the "Risk Factors" section above. Readers are cautioned that the above chart is not exhaustive of the factors that may affect the forward-looking statements, and that the underlying assumptions may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause U308 Corp.'s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## Additional Information

Additional information relating to U308 Corp., including its Annual Information Form for the year ended December 31, 2015, is available on SEDAR at [www.sedar.com](http://www.sedar.com).