



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

### **U308 CORP.**

### **QUARTER ENDED MARCH 31, 2021**

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**(UNAUDITED)**

## Introduction

This Management's Discussion and Analysis ("MD&A") is dated May 18, 2022, unless otherwise indicated, and should be read in conjunction with unaudited condensed interim consolidated financial statements of U308 Corp. ("U308 Corp.", "the Company") for the three months ended March 31, 2022 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 months ended March 31, 2022, 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 months ended March 31, 2022. Information about U308 Corp., its minerals resources and technical reports prepared in accordance with National Instrument 43-101 ("NI 43-101") are available at [www.u308corp.com](http://www.u308corp.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## Overview

### Introduction

U308 Corp. is a Toronto-based exploration company focused on exploration and development of resources of uranium and battery commodities. The Company's principal asset is the Berlin Deposit ("Berlin", "Deposit" or "Project") in Colombia. The Company has concluded the sale of the Laguna Salada Project ("Laguna Salada") in Argentina to Consolidated Uranium Inc. ("CUR").

### Berlin Deposit

The Company's uranium-phosphate-vanadium-nickel – rare earth element ("REE") Berlin Deposit has a positive preliminary economic assessment ("PEA")<sup>1</sup>. A high capital cost estimate ("capex") made it difficult to advance the Project in a declining uranium market and it was written down to \$Nil during the year ended December 31, 2016. Estimates in the PEA are that uranium, at a price of US\$60 per pound ("lb"), would contribute 35% of revenue while battery commodities would account for approximately 57% of revenue (phosphate 31%, nickel 15%, vanadium 9%, and zinc 2%). With the acceleration of electrification, focus of reduction of greenhouse gas emissions and the uptake of electric vehicles, Berlin's mix of commodities is well matched with the pivot towards clean energy. The priority in advancing the Project towards production is optimizing its economics by increasing revenue relative to both estimated operating costs ("opex") and capex. This focus on improving the economics of the Project centres on metallurgy and simplifying the process flow sheet, rather than on drilling to expand the resource. There are three areas in which the economics of the Project could be improved: 1. beneficiation of the mineralized material that is mined, to concentrate the value-commodities into as small a volume as possible; 2. to improve the efficiency of the thoroughly-tested leach process in which the value commodities would be removed from the crushed, mineralized rock and; 3. improving the efficiency of the downstream processing of the liquid that contains the value-commodities (the "PLS" or "pregnant leach solution"). The other important component of optimizing the economics is improving the potential revenue flow.

Good progress has been made on these fronts during the quarter. Test work has focused on evaluating the potential for membranes to simplify the processing of the PLS, and this work has also demonstrated the potential, due to the efficiency of the membrane systems, to increase the potential revenue from the Project through the recovery of more REEs than were contemplated to be produced at the time that the PEA was undertaken. The second step of the membrane test work is nearing completion and will provide data on membrane efficiency to the extent that the impact of these systems on opex and caex will be estimated to a level appropriate for PEA-level evaluation. As a result of the success of the earlier

<sup>1</sup> PEA – See the January 18, 2013 technical report: "Berlin Project, Colombia – Preliminary Economic Assessment, NI 43-101 Report." The PEA is 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 Berlin PEA will be realized.

**U308 CORP.**
**Management's Discussion & Analysis**

Period Ended March 31, 2022

components of the test work, Step 2 has been expanded to include a component in which the feasibility of production of specialized products would be investigated. For example, potential to produce ferro-phosphate, the cathode material of lithium iron phosphate ("LFP") batteries.

Step 3 would be a smaller-scale precursor of a bulk sample test. The precursor test focuses on demonstrating the efficiencies of the various parts of the flow sheet and would include tweaking the beneficiation area, refining the leach process and tailoring the downstream processing of the PLS through membrane systems and extracting products that should maximize the economics of the Project. On successful completion of Step 3, a bulk sample would be processed to generate data to pre-feasibility study standards

**Laguna Salada Deposit**

In September 2014, the Company reported a positive PEA<sup>2</sup> on Laguna Salada which showed low production cost potential. Since then, technological improvements in recovery methods and the increase in vanadium price led to a re-assessment of the assumptions made in the PEA. Due to the sustained bear market in uranium, and the associated difficulty of attracting capital to advance uranium projects at that time, Management determined that the Laguna Salada Project was impaired at December 31, 2019 and wrote the asset value of the project down to \$Nil.

On December 14, 2020, the Company announced that it had entered into a two-year option agreement to sell its Laguna Salada Project in Argentina to Consolidated Uranium Inc. ("CUR"), a TSXV company. The Company received an immediate \$50,000 cash payment in 2021, after regulatory approval was received. Subsequently, CUR provided notice to the Company on June 11, 2021 that it had decided to exercise its right to accelerate the option to purchase, which triggered the following considerations from CUR:

- Payment of \$50,000 in cash towards maintaining the Laguna Salada property in good standing.
- Payment of an option fee of \$175,000 in cash
- Delivery of CUR shares to the value (based on the 5-day volume-weighted average stock price "VWAP") of \$125,000. The Company received 56,306 common shares of CUR and \$225,000 cash.

On closing of the sale of the Laguna Salada project, a further 675,675 common shares of CUR (valued at \$1.5 million at the date of exercise of the option to purchase, based on the 5-day VWAP) were issued to U308 Corp. and the four months and one day escrow period of those common shares expired on April 22, 2022.

The Company had further uranium price - related upside derived from the sale of Laguna Salada as follows:

- In the event that the spot price of uranium exceeded US\$50/lb for a continuous 30-day period, U308 Corp. would receive additional CUR shares to a value of \$505,000.
- U308 Corp. would receive C\$758,000 on the uranium price exceeding US\$75/lb for a continuous 30-day period (or C\$250,000, at U308's election, when the uranium price exceeded US\$50 per pound).
- U308 Corp. would receive C\$1,010,000 on the uranium price exceeding US100/lb per pound for a continuous 30-day period (or C\$250,000, at U308's election, when the uranium price exceeded US\$50/lb).

<sup>2</sup> PEA – See the September 18, 2014 technical report: "Preliminary Economic Assessment of the Laguna Salada Uranium Vanadium Deposit, Chubut Province, Argentina." 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 Laguna Salada PEA will be realized.

**U308 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

Subsequent to March 31, 2022, the Company received 374,441 CUR shares to satisfy the uranium price related contingency payments of \$1,005,000 in total.

**Frac Sand**

The Company 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 Vaca Muerta shale oil and gas reservoir in Argentina.

**Financial**

To date, the Company has not earned any revenues from its exploration for uranium, battery commodities or frac sand.

In the three-month period ended March 31, 2022, the Company incurred cumulative cash exploration expenditures of \$0.1 million (excluding stock-based compensation and amortization), as it works to restart exploration on the Colombian property and refines the process flow sheet to maximize the economics of the Project

At March 31, 2022, the Company had \$1,334,076 in cash ("total cash") (December 31, 2021 – \$796,710) and working capital of \$369,795 (December 31, 2021 – working capital of \$97,652).

In 2018, the Company arranged an unsecured line of credit for \$1 million, to be repaid at an unspecified future date. The line of credit, made available by an insider, incurs interest of 8% per annum. The Company drew down on this line of credit as follows:

- 2019: withdrew \$320,000 and accrued interest of \$43,733.
- 2020:
  - Q1 2020, withdrew \$150,000 and accrued interest of \$14,300.
  - Q2 2020, withdrew \$50,000 and accrued interest of \$17,800.
  - Q3 2020, withdrew \$90,000 and accrued interest of \$18,400.
- 2021: in each quarter of 2021, and in Q4 2020, the Company accrued interest of \$19,600. These loan balances are recorded as a loan payable on the balance sheet.
- 2022: The Company accrued interest of \$19,600 in Q1 2022. Subsequent to March 31, 2022, the Company repaid \$1,000,000 of this loan.

On March 22, 2021, the Company announced it had closed a private placement of \$1,000,000, issuing 6,666,668 common shares and 6,666,668 common share purchase warrants. Each warrant could be exercised for one common share at a price of \$0.20 for a period of 12 months from the close of the placement.

During 2021, the Company received cash of \$56,400 on the exercise of 320,000 stock options and \$575,095 on the exercise of 2,058,052 warrants.

In the period ended March 31, 2022, the Company received \$682,270 on the exercise of 3,411,351 warrants, while 2,462,790 warrants expired unexercised.

Subsequent to March 31, 2022, the Company received CUR shares to a value of \$1,005,000 for a uranium price contingency payment related to the Laguna Salada sale.

**Future Funding Options**

The Company is also pursuing strategic partnerships and investment options to provide funding through which its Berlin Project could be advanced to the next milestones and finally, production. Further financings will be required to develop the Company's Berlin deposit, to meet ongoing obligations and discharge liabilities in the normal course of business. Strong demand for battery commodities and uranium has made

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

capital markets more accessible for junior exploration companies. However, there is no guarantee that funds can be raised on terms acceptable to the Company. The Company's planned activities to advance the Deposit towards production are largely discretionary and therefore there is some flexibility in the pace and timing of development of the Property. Expenditures may be adjusted, limited, or deferred subject to current capital resources and potential to raise funds. The Company will continue to manage its expenditures that are essential to the viability of its properties.

**Listing**

As of December 31, 2019, the Company was not compliant with Toronto Stock Exchange ("TSX") requirements and on February 26, 2020, the Company was delisted from the TSX and trading opened concurrently on the NEX, a trading platform of the TSX Venture Exchange ("TSXV"). There was no change in the Company's name, no change in its CUSIP number and no consolidation of capital. The symbol extension (".H") differentiates the NEX listing from Tier 1 or Tier 2 symbols within the TSXV. The NEX board is designed as a platform for the trading of publicly listed companies while they seek and undertake transactions in furtherance of their reactivation as companies that will carry on an active business.

Subsequent to March 31, 2022, the Company has applied to graduate from the NEX and rejoin the Venture Exchange.

**Going Concern**

The Company is in the exploration and evaluation stage and, as is common with many exploration companies, it raises funds for its exploration and evaluation activities through the sale of equities. Historically, the Company has explored for uranium and related battery commodities such as vanadium, nickel and phosphate. The price of this suite of commodities has been on an uptrend in the last few years. As the battery elements market has matured, so focus has started to switch from the obvious components like lithium and cobalt to nickel and now vanadium and phosphate. This appreciation of the broader spectrum of elements that are crucial to battery production could potentially create ongoing opportunities for the Company to raise funds to advance its Project.

The Company has incurred a series of losses in prior periods, with a loss for the three-months ended March 31, 2022, of \$411,465 (year ended December 31, 2020 – profit of \$901,831) and has an accumulated deficit of \$105,468,684. In addition, the Company had a working capital balance of \$369,795 at March 31, 2022 (December 31, 2021 - \$97,190, Figure 1). The most significant item in the 2021 net income was the sale of the Laguna Salada property in Argentina, which generated a gain of \$1.8 million and a further unrealized gain of \$0.5 million on appreciation of the consideration received for the property.

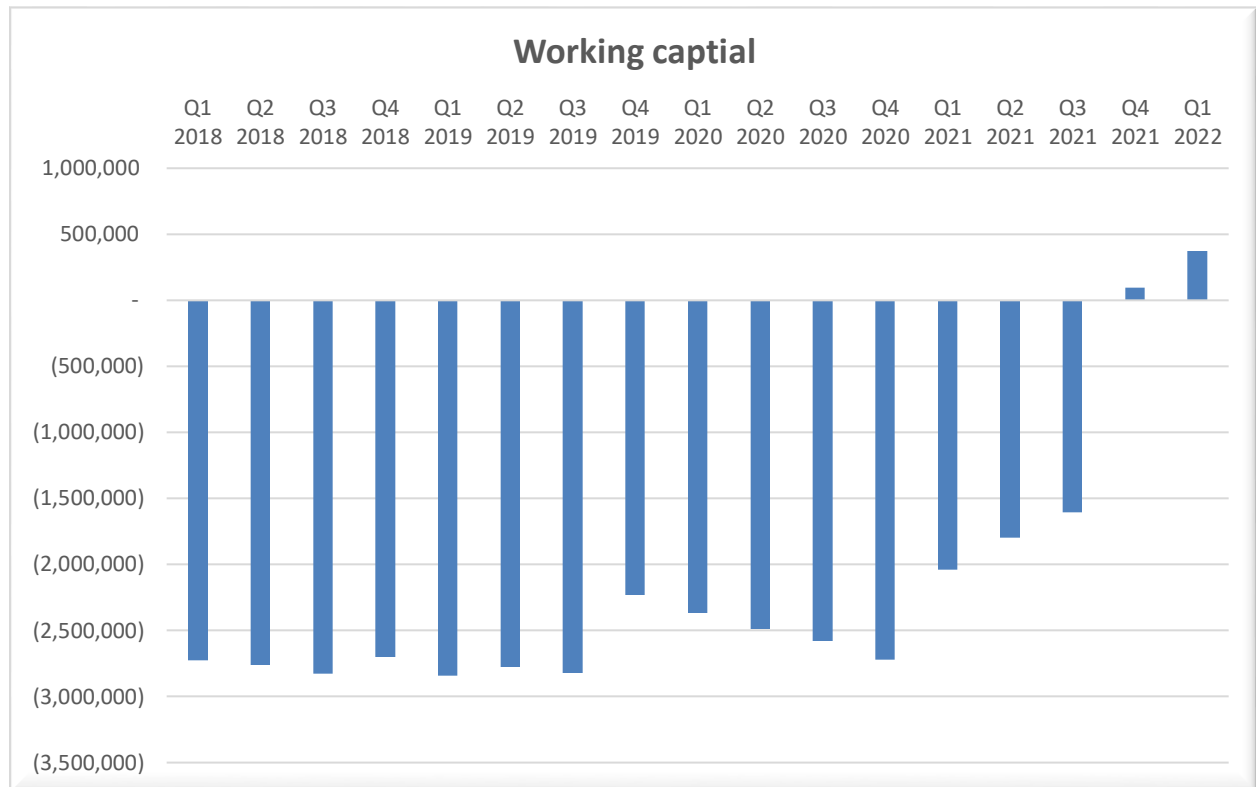
The Company has taken an impairment allowance against its exploration properties. Additional financings will be required to update its PEA and/or initiate a pre-feasibility study and further develop the Berlin Deposit. There is a significant risk that some, if not all, of the Company's current property holdings may lapse or title to those properties may become uncertain. While the Company's Management and Board will continue to search for financing, joint venture partners and new assets, there is no guarantee that these efforts will be successful.

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

**U308 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022



**Figure 1. U308 Corp.'s working capital by quarter in Canadian \$.**

## Principal Asset

### Berlin Deposit

The Company's principal exploration project is located in Colombia, South America. The Berlin Deposit contains battery commodities (vanadium, nickel and phosphate), uranium, rare earth elements ("REE"), molybdenum and zinc.

The Berlin Deposit is a geologically rare combination of elements contained in a layer of phosphate-bearing limestone that transitions to sandstone in a layered sedimentary sequence in Caldas Province of central Colombia. The resource was estimated on close-spaced drilling in an area 3.5km long and up to 1km wide.

The deposit is located 12km from a hydroelectric dam that provides a potential source of clean, renewable energy for the Project. Infrastructure is good with a river port located 60km from the Project, providing barge-transport to Barranquilla, a port on the Caribbean. A refurbished rail system provides an alternative means of transport to the port at Santa Marta on the Caribbean coast.

Extensive bench-scale metallurgical tests showed that the value-commodities can be effectively leached from the mineral-bearing rock with an acidic ferric sulphate solution. Most of the high capex on the project is related to extracting the commodities from the rock and separating the various commodities from the PLS).

The PEA modelled 35% of revenue coming from uranium, 31% from phosphate, 15% from nickel, 9% from vanadium, 7% from REE (of the 17 REE's only revenue from the higher-grade yttrium and neodymium were considered in the economic analysis although all REEs were recovered to the PLS) and 3% from molybdenum and zinc. The economic model included a mill throughput of 0.5 million tonnes per annum

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

over a 15-year mine-life. Revenue was estimated at US\$ 2.8 billion, generating free cashflow of US\$982 million. However, the capex was high at US\$441 million, resulting in an after-tax net present value ("NPV") at a 7.5% discount rate of US\$198 million, an internal rate of return ("IRR") of 19% and a 4.6-year payback period.

The high capex constituted a major impediment to advancing the project in a declining uranium market and a nascent battery commodities market at the time the PEA was completed, resulting in a write-down of the Berlin Project in December 2016. A \$7.7 million impairment allowance was taken on the Project in compliance with IFRS rules, due to the Project having been on care and maintenance during the protracted bear market in uranium and due to the extreme dilution associated with raising funds through the issue of stock in private placements at the low share price that prevailed at that time.

With the strengthening battery commodities and uranium market, the economics of the Project are likely to be stronger than defined in the PEA. In addition to the positive market outlook for the commodities contained in the Deposit, there is potential to reduce both opex and capex relative to revenue to further strengthen the economics of the Project to the desired target IRR in excess of 20%.

One of the potential means of reducing opex and capex is through membrane technology. The Company commenced work at the end of March 2021 to test this technology through a three-step test program that commenced with theoretical modelling, that if successful, would lead to bench-scale tests on a synthetic PLS of elements in the concentrations in which they were present in the PLS derived from the extensive metallurgical test work that has been undertaken on the Project. Contingent on success of the second step test work, step 3 would include a series of bench-scale tests of each component of the revised flowsheet to iron out any issues prior to the final test, the bulk sample consisting of several tonnes of tonnes of mineralized rock from the Deposit. Throughout this test work, conceptual constraints on capex and opex are to be reviewed. If this test work is successful, it is likely that a new PEA would be justified.

The first s of the membrane test work has been completed and the second part is nearing completion at the date of this MD&A.

Results of the first step of the membrane test work were highly encouraging with most of the commodities of value being concentrated into only 15% of the leach solution volume originally used in the design of the process plant in the PEA. This implies that the downstream processing component of the plant, where the PLS is readied for extraction of its contained commodities, could be downsized to potentially 15% of the size used in the PEA, resulting in a significant capex saving. The study also showed that the first stage of a two-stage membrane separation process would separate phosphate (in the form of phosphoric acid) from the metals. The advantage of "stripping off" the phosphoric acid first is that simple and inexpensive evaporation could be used to concentrate the acid to the extent required for many phosphate products, including potentially for LFP batteries. Evaporation is considerably less expensive than the solvent extraction process that was contemplated for the extraction of phosphate in the processing plant designed in the PEA of the Berlin Project.

The Company is currently having a national instrument 43-101 technical report reviewed by the TSXV as one of the key steps towards a TSXV listing.

**Uranium Resource<sup>3</sup>**

The uranium resource that was estimated in compliance with NI 43-101 for the Berlin Project is shown in Table 1.

<sup>3</sup> Berlin Project – see March 2, 2012: "Berlin Project, Colombia – National Instrument NI 43-101 Report".

**U3O8 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

**Table 1. U3O8 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) |
|---------------------------|------------------|------------------|-------------------------------------|---|
| Berlin Project (Colombia) | Indicated        | 0.6              | 0.11%                               | 1.5   |
|                           | Inferred         | 8.1              | 0.11%                               | 19.9  |

**Battery Commodity Resources**

The Company's Berlin Deposit contains a basket of battery commodities including vanadium, nickel and phosphate (Table 2).

- Nickel that is a critical component of two types of lithium-ion batteries, lithium-nickel-manganese-cobalt ("NMC") and lithium-nickel-cobalt-aluminium oxide ("NCA") batteries; and
- Phosphate is a key component of LFP batteries that are being widely adopted as the battery of choice for a growing list of vehicle manufacturers such as BYD, Tesla, Ford, VW and Huyundai.
- Vanadium is the key component of vanadium redox flow batteries ("VRFB") that are particularly suited for industrial scale use.

**Table 2. U3O8 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 |
| Berlin Project (Colombia) | 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                              |

**Trends****Economic Viability of U3O8 Corp.'s Deposits**

The Company's financial success depends largely on the extent to which it can demonstrate the economic viability of its Berlin Deposit. The positive PEA on Berlin demonstrates the potential viability of the Deposit as a battery-commodity and uranium producer.

A note of caution is that the PEA is based on Inferred and Indicated resources in which the continuity of mineralization between relatively widely spaced trenches and bore holes is assumed. Inferred and Indicated resources would be converted to Measured resources based on closer-spaced trenching and drilling that gives a higher level of confidence on the continuity of mineralization between drill holes or trenches. Pre-feasibility studies are required to be based on Measured and Indicated resources, and only that portion of a resource that can be economically extracted can be classified as a mineral reserve. Hence, the PEA represents the first step in defining the economic characteristics of the deposits. While the PEA has estimated favourable economics and demonstrated that the Deposit is economically viable, these financial estimates require confirmation in pre-feasibility and subsequent feasibility studies as the Projects is advanced in a logical, stepwise manner.

The Company, to date, has not produced any revenues. The sales value of any mineralization discovered by U3O8 Corp. is, to some extent, dependent upon factors beyond the Company's control, such as the market value of the commodities.



## Uranium

### Market Outlook

Low uranium prices have led producers to cut production and purchase uranium in the spot market rather than deplete their reserves. Consequently, uranium supply has been cut by an estimated 77Mlbs since 2014. Producers buying to fulfill contracts, combined with purchases by funds that hold physical uranium, led to a sustained strengthening of the uranium price with the recent strong price performance being driven by sanctions imposed on Russia, which has a strong influence over much of the world's uranium production and enrichment facilities. The US Department of Energy reported that US utilities relied on Russia for 15% of their uranium and 22% of uranium enrichment between 2016 and 2020.

In February 2021, Cameco highlighted the "megatrend" of increasing electrification and commitment by companies and countries to net zero carbon emissions. "Non-traditional" nuclear, such as small modular reactors ("SMR"s) and new, advanced reactor designs, as well as nuclear's potential central role in the production of low-carbon heat for the production of hydrogen for hydrogen-powered vehicles, as well as in desalination of sea water, are likely to drive demand for uranium in the medium-term.

The uranium spot price reached a low of US\$18/lb in late 2016 and has since risen to approximately \$64/lb in March 2022, from where it has pulled back somewhat to the current price of US\$53/lb.

### Commitment to Carbon Neutrality

It is difficult to see how nations can meet their commitment to net zero goals in the timeframes stated without clean electricity produced by nuclear. The USA, Canada, UK, Japan, France and the European Union have all committed to carbon neutrality by 2050, while China has committed to achieve this milestone in 2060. Since nuclear provides 52% of the US's clean energy, the Biden administration has identified the US's fleet of 92 nuclear reactors as being vital to achieving its goals on carbon neutrality.

### Physical Uranium Purchases by Entities that are not End-Users

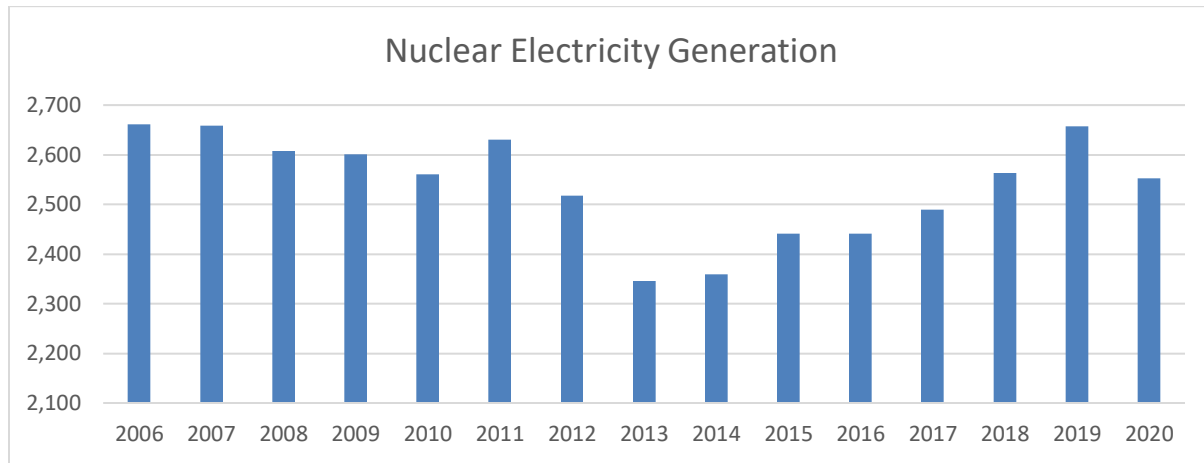
Cameco reported that it purchased 19Mlbs of uranium in 2019, approximately 22Mlbs in 2020 and 11Mlbs -13Mlbs on the spot market in 2021 to fulfill its higher-priced term contracts. Dennison Mines has purchased 2.5Mlbs, Uranium Energy Corp. 4.1Mlbs and as of March, 2022, Yellowcake PLC reports that it holds 18.8Mlbs of physical uranium. The Sprott Physical Uranium Trust has increased its holdings to 54.9Mlbs of uranium. In October 2021, Kazatomprom announced that it will participate with other entities in forming a physical uranium fund, ANU Energy OEIC Limited, with US\$50 million, with the intention of raising an additional US\$500 million for physical uranium purchases.

### Large Reactors

The World Nuclear Association reports that at April, 2022, there were 439 operable reactors world-wide with a further 56 under construction (Table 3). "Operable" reactors are those that are connected to the electricity grid. Recently, three reactors were permanently shut down in Germany and one in Russia. In 2020, 2,553TWh of electricity was generated from nuclear, a decline of 3.7% after six consecutive years of growth (Figure 2). Figures are not yet available for electricity production by nuclear in 2021.

**Table 3. Summary of worldwide nuclear power plant statistics.**

| Period      | Operable | Under Construction | Total Operable & Under Construction |
|-------------|----------|--------------------|-------------------------------------|
| April, 2022 | 439      | 56                 | 495                                 |



**Figure 2. Worldwide electricity generation from nuclear in TWh (source: World Nuclear Association).**

### Small Modular Reactors

Regulators are working closely with companies that are developing and testing SMR designs. SMRs are expected to have significantly lower up-front unit costs than large-scale nuclear generators because most SMRs can be built at a central facility in an assembly-line environment, before being shipped to site by rail or truck. The core of these reactors is typically the size of a 40-foot shipping container. SMRs have the potential to supply reliable, baseload, low-carbon electricity to remote sites without the added cost and environmental impact of regional high-tension transmission lines required to link the site to a regional electricity grid. A concept that is gaining momentum is to erect SMRs at the current location of coal-fired power stations that already have the required infrastructure and grid-connection, allowing for a gradual change from fossil fuel-generated power to clean nuclear.

There are currently ten SMR designs are advancing through the final phases of permitting including: Nuscale, GE/Hitachi and Holtec in the USA, Rosatom's RITM-200 and BREST reactors, China's Tsinghiu University HTR-PM and ANNC ACP-100 reactors, UK's Rolls Royce UK-SMR, Canada's Terrestrial Energy and South Korea's Kaeri SMART reactor. These reactors are scheduled to be in commercial operation between 2026 and 2029.

In late July, 2020, the US Senate passed the Nuclear Energy Leadership Act that aims to re-establish waning US leadership in nuclear energy. SMR technology appears to be a primary beneficiary of this bill. NuScale, an Oregon-based company, obtained approval of its 60MWe SMR design from the US Nuclear Regulatory Commission in September, 2020. NuScale subsequently announced a 25% increase in power output to 77MWe from the unit that was originally designed for 60MWe output. The updated NuScale design can accommodate up to 12 SMRs clustered together for a total output of 924MWe. NuScale and Utah Associated Municipal Power Systems signed an agreement in January 2021 to deploy SMRs at the Idaho National Laboratory that could lead to the first SMR orders in 2022 (12 power modules for a system that would generate 720MWe).

Russia recently commissioned the world's first ship-borne nuclear reactor, a 60MWe unit designed to provide electricity to remote coastal towns and for disaster relief. The ship-borne SMR was connected to the electricity grid in the remote Pevek region of eastern Russia's in December, 2019. Samsung and Danish ship builder, Seaborg, announced in April 2022, a partnership for the production of 200MW – 800MW reactors located on ships and barges.

**U308 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

There is potential for ship-mounted reactors to provide charging stations along shipping routes as electrification starts to extend to parts of the maritime fleet. In March 2019, China launched a tender process for the construction of twin 25MW SMRs to power a 30,000 tonne ship – a move that could mark the first step in a fundamental shift in the way cargo ships are powered.

In October 2021, the US Air Force confirmed that the Eielson air base in Alaska has been selected to host the Force's first microreactor that has a 5Mwe output. Eielson is currently powered by a coal-fired power station.

Ontario Power Generation is considering the deployment of one of three SMR designs at its Darlington nuclear reactor site.

### Use of Small Modular Reactors in Mining Operations

In September 2021, a pair of ship-borne SMR's were ordered for the development of the Baimskaya copper-gold deposit in eastern Russia. Each ship will produce 200MWe at a cost of approximately US\$0.083 per kWh.

In October 2021, it was announced that another RITM-200 SMR will be used to power a new mine at Kyuchus in the Russian Arctic. The mine plan calls for 35Mwe and the regional government has agreed to take approximately 50Mwe from the plant. The permit for construction of the SMR is expected in 2024.

### Battery Commodities

Energy storage for variable output renewables and electric vehicles is drawing attention to the commodities required for batteries as many countries strive to reduce their carbon footprint. Bloomberg has recently highlighted the importance of other battery commodities apart from those that have been in the limelight for the last couple of years, namely lithium and cobalt (Fig. 3). Demand for nickel and phosphorous is predicted to increase significantly as a result of battery demand.



**Figure 3. Estimated increase in demand for the principal commodities used in battery manufacture (source: Bloomberg).**

## Vanadium

The Company's Berlin Deposit contain vanadium. Currently, over 90% of the world's vanadium demand is from the steel alloy industry since adding just two pounds of vanadium to a tonne of steel doubles the strength of the steel. China now requires higher building construction standards to mitigate structural damage caused by earthquakes and vanadium steel is now required for rebar.

Demand is rising in the energy storage industry with the battery sector's consumption is estimated to be growing at 6%-8% CGAR. Vanadium demand for batteries is principally from VRFBs, but also from certain types of lithium-ion batteries such as the lithium-ion vanadium phosphate ("LVP") type. Some estimates are that global demand for VRBs will reach US\$4 billion by 2028 (<https://www.labnews.co.uk/article/2030898/go-with-the-flow-transition-to-vanadium-batteries-is-gathering-pace>). VRFBs are large-scale batteries whose niche is electricity grid support where excess power can be stored during low demand periods and released back into the grid on demand. These typically transport-container sized units do not lose charge capacity significantly over time, as most lithium-ion batteries do, and are guaranteed for typically 20-25 years, after which the vanadium electrolyte can simply be pumped into a new battery and reused.

Several very large VRFB batteries are presently under construction; the largest being a 200MW / 800MWh battery system in Dalian in China, to store and regulate power delivery from wind turbines. These figures mean that the battery is designed to generate a maximum of 200MW for 4 hours or 100MW for 8 hours (<https://www.en-former.com/en/china-builds-the-worlds-largest-lithium-free-battery>). This battery has the capacity, therefore, to power approximately 100,000 typical US homes for 8 hours. The footprint of VRFBs is approximately 50MW per hectare, so the 200MW system at Dalian covers approximately 4 hectares.

Other very large batteries being built in China include an integrated 100MW solar system linked to a 100MW/500MWh VRFB in an integrated power station in Xiangyang city in central China. Another large 100MW/400MWh VRFB system is being built in Yancheng in Jiangsu province in eastern China (<https://www.argusmedia.com/en/news/2196733-vrfb-applications-to-boost-chinas-v-demand-correction>). Vanadium prices bottomed in early 2016, from which there was a dramatic increase to \$28/lb in November 2018, a peak from which it has settled to the current price of about \$10.60/lb.

## Nickel

Nickel is a component of many lithium-ion batteries (Figure 4), including NMC used in electric vehicles produced by Nissan, GM and BMW. The current nickel price is approximately US\$13.50/lb.

### Metal content by battery chemistry

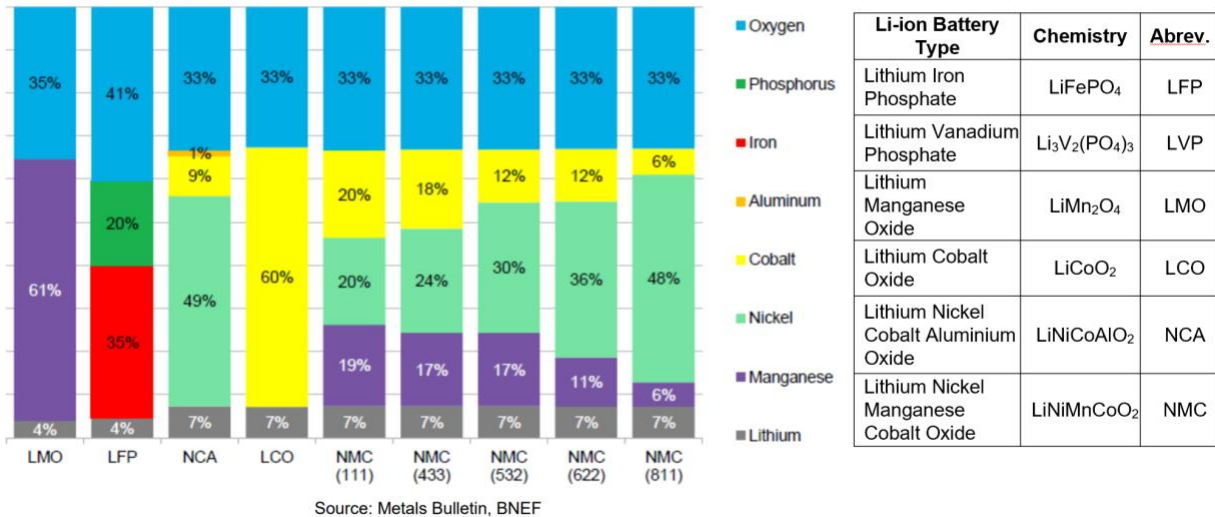
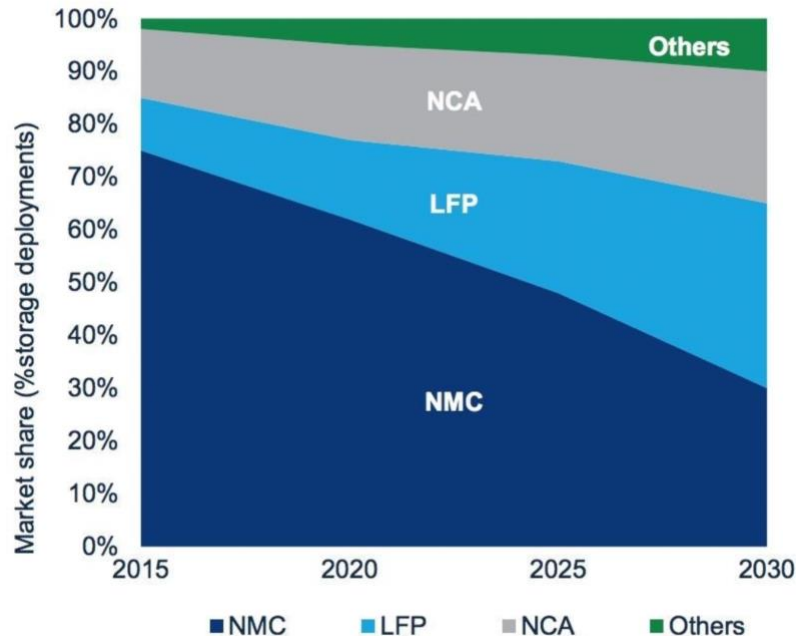


Figure 4. Illustration of commodity content of various lithium-ion batteries.

### Phosphate

Phosphoric acid is gaining due recognition as a battery commodity as LFP lithium-ion batteries are recognized as safe and relatively cheap batteries. These batteries initially had relatively low energy densities, resulting in larger battery packs that were initially more suited to larger vehicles such as buses, a market targeted by BYD, China's large e-vehicle and battery manufacturer. Energy density has been improving rapidly, with new versions of the LFP attaining energy densities of 210 watt-hours per kilogram ("Wh/kg"), with projections of even higher energy densities of 260Wh/kg being reached in 2022 (<https://insideevs.com/news/481770/guoxuan-210-whkg-lfp-battery-cells/>). In addition to the LFP reaching similar energy densities to nickel- and cobalt-based lithium-ion batteries, they are also thermally far more stable, with the risk of fires from the LFPs being minimal in comparison to other types of lithium-ion batteries (<https://www.powertechsystems.eu/home/tech-corner/safety-of-lithium-ion-batteries/>). VW has taken a 26% equity stake in the company that has attained this 210Wh/kg energy density, and Tesla is using LFPs in its Model 3 worldwide and in all cars manufactured in China. In late October, 2021, Tesla announced that it is switching to the LFP battery for all standard-range Model Y's from the NCA lithium-ion battery. BYD has been using LFP batteries for years (<https://www.argusmedia.com/en/news/2108271-chinas-byd-tesla-release-evs-using-lfp-batteries>). LFPs are now being used by VW and Ford as well (<https://www.environmentalleader.com/2021/08/ford-vw-tesla-lean-in-to-lfp-battery-technology-for-evs/>).

In terms of cost, LFPs are the first lithium-ion batteries to be priced below US\$100/kWh, the price at which e-vehicles are projected to be price-competitive with internal combustion engine vehicles. LFPs are being produced at a price of approximately US\$80/kWh and the price expected to decrease further in 2022 (<https://www.environmentalleader.com/2021/08/ford-vw-tesla-lean-in-to-lfp-battery-technology-for-evs/>). Lithium-ion battery demand is expected to surpass 2 terawatt-hours ("TWh") by 2030, resulting in a projected increase in demand, from 2021 levels, of 13 times for phosphorous for LFP batteries (Figure 3). The LFP share of lithium-ion batteries is also growing relative, especially, to NMC batteries (Figure 5, <https://www.canarymedia.com/articles/the-many-varieties-of-lithium-ion-batteries-battling-for-market-share/>).



**Figure 5. Projected market share of different types of lithium-ion battery** (<https://www.canarymedia.com/articles/the-many-varieties-of-lithium-ion-batteries-battling-for-market-share/>).

The current phosphoric acid price is approximately US\$1,400 per tonne.

### Financial Risk

Although U308 Corp. raised funds in 2018 to advance its projects at a slow pace, recent trends in the financial and commodity markets limited the Company's ability to develop and/or further explore its assets. Operations in 2020, 2019 and 2018 were financed via a loan from one of the Directors. This has ensured that the capital structure of the Company has remained tight. During the March 2021 quarter, a non-brokered private placement was done to allow the Company to progress its Berlin Project in light of the strengthening uranium and battery commodities market. During 2021, the Company sold its Laguna Salada Project in Argentina, reporting a \$1.9 million gain on the sale. Appreciation of the shares received as partial consideration for the proceeds resulted in a further \$0.5 million increase. Subsequent to March 31, 2022, the Company received a further \$1.0 million payment in share consideration from the buyer as the result of a contingency payment related to uranium prices. Management monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions. See "Risk Factors" below.

### 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 4.

**U3O8 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

**Table 4. Selected annual financial information for U3O8 Corp.**

| For Year Ended December 31,                          | 2021         | 2020        | 2019          |
|--|--------------|-------------|---------------|
| Net gain (loss)                                      | \$901,831    | \$(383,308) | \$(3,581,365) |
| Net gain (loss) per share (basic and fully diluted)* | \$0.03       | \$(0.02)    | \$(0.16)      |
| As at December 31,                                   | 2021         | 2020        | 2019          |
| Total assets   | \$ 2,904,880 | \$ 7,649    | \$ 99,453     |

(\*) U3O8 Corp. did not have any loss before discontinued operations or extraordinary items for each period presented. Per share results restated to reflect the share consolidation which occurred in September 2017.

## Summary of Quarterly Results

The results for the eight most recent quarters have been prepared in accordance with IFRS as listed in Table 5.

**Table 5. Summary of quarterly results, U3O8 Corp.**

| Three Months Ended (*) | Net Gain (Loss)<br>(\$) | Basic and Diluted<br>Loss Per Share<br>(\$) |
|------------------------|-------------------------|---|
| 2022 March 31          | \$ (411,465)            | \$ (0.01)                                   |
| 2021 December 31       | (385,106)               | (0.01)                                      |
| 2021 September 30      | (200,375)               | (0.01)                                      |
| 2021 June 30           | 1,724,610               | 0.06  |
| 2021 March 31          | (237,298)               | (0.01)                                      |
| 2020 December 31       | 17,950                  | 0.00  |
| 2020 September 30      | (128,816)               | (0.01)                                      |
| 2020 June 30           | (117,393)               | (0.01)                                      |
| 2020 March 31          | (155,049)               | (0.01)                                      |

(\*) U3O8 Corp. did not have any income (loss) before discontinued operations or extraordinary items for each period presented. U3O8 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 a PEA that confirms the economic viability of the Berlin Deposit, further exploration has been minimized to conserve cash.

## Results of Operations for the Three Months ended March 31, 2022 and 2021

In the three months ended March 31, 2022, U3O8 Corp.'s net loss was \$411,465 or \$0.01 per share (Q1 2021 – net loss of \$237,298 or \$0.01 per share).

Exploration expense for the three months ended March 31, 2022 were the same as those in the three months ended March 31, 2021, as costs were incurred to advance the metallurgy and return to the field at the Berlin Project (Table 6).

Colombia exploration expenses in the three months to March 31, 2022 were \$123,081 (three months to March 31, 2021 - \$27,328). The Company is preparing to re-engage exploration on the Berlin project and

## U308 CORP.

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

is spending in advance of entering the field again. Late in the March 31, 2021 quarter, the Company engaged in a study to determine the effectiveness of membrane technology to reduce both capex and opex relative to revenue at Berlin, as compared to the results reported in the PEA. If successful, this technology could improve the project economics.

Work in Colombia in 2021 was focussed on re-establishing administrative services in the country, in advance of field work, while the Property continued on care and maintenance. The Company accrued \$1.0M of expected expenses related to bringing the properties into good standing. This amount is currently being negotiated with the Colombian government and is subject to change. In Q1 2021, the Company commenced a study to determine the potential effects of using membrane technology at the Berlin Project. Membranes could reduce both capex and opex relative to revenue at the Project, as compared with the results reported in the PEA. Other exploration costs in Colombia and Argentina were low in both periods as a result of continued curtailment of expenditures. In 2020, COVID-19 related country-wide shutdowns in Argentina and Colombia curtailed potential for significant fieldwork.

Argentine exploration expenses in the three months to March 31, 2022 were \$9,542, (three months to March 31, 2021 - \$110,282). Expenditure focused on maintaining the Company's exploration concessions that lie outside of the Laguna Salada Project, in good standing.

**Table 6. Exploration spending for the three months ending March 31, 2022 and 2021.**

| Three Months Ended<br>March 31, 2022 | Concessions<br>outside of<br>Laguna<br>Salada<br>Project<br>Argentina | Berlin<br>Project<br>Colombia | Total             |
|--------------------------------------|---|-------------------------------|-------------------|
| Administrative expense               | \$ 9,542  | \$ 123,081                    | \$ 132,623        |
| Salaries and benefits                | -   | -                             | -                 |
| <b>Total location costs</b>          | 9,542   | 123,081                       | 132,623           |
| <b>Total field costs</b>             | -   | -                             | -                 |
| Loss on equipment                    | -   | -                             | -                 |
| <b>Exploration expense</b>           | -   | -                             | -                 |
| Impairment                           | -   | -                             | -                 |
| <b>Total</b>                         | <b>\$ 9,542</b>   | <b>\$ 123,081</b>             | <b>\$ 132,623</b> |

| Three Months Ended<br>March 31, 2021 | Laguna<br>Salada<br>Project<br>Argentina | Berlin Project<br>Colombia | Total             |
|--------------------------------------|--|----------------------------|-------------------|
| Administrative expense               | \$ 7,188                                 | \$ 8,790                   | \$ 15,978         |
| Salaries and benefits                | 18,860                                   | -                          | 18,860            |
| <b>Total location costs</b>          | <b>26,048</b>                            | <b>8,790</b>               | <b>34,838</b>     |
| <b>Total field costs</b>             | <b>84,231</b>                            | <b>18,538</b>              | <b>102,772</b>    |
| Stock-based compensation             | -  | -                          | -                 |
| Amortization                         | -  | -                          | -                 |
| <b>Total</b>                         | <b>\$ 110,282</b>                        | <b>\$ 27,328</b>           | <b>\$ 137,610</b> |



**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

General and administrative ("G&A") expenses decreased slightly at \$63,363 for Q1, 2022 (Q1, 2021 – \$72,410). The non-cash stock-based compensation expense in Q1 2022 was lower as the Company did not grant options in 2021.

The Company recognized a mark-to-market loss of \$131,757 in Q1 2022 on its holding of CUR shares.

Interest expense related to the loan and increased as the loan balance increased.

A foreign exchange loss of \$64,122 in Q1, 2022 (Q1, 2021 – loss of \$7,678) was due mostly to the strength in the Colombia Peso relative to the Canadian Dollar.

In March 2022 the uranium price exceeded US\$50 per pound, triggering a payment of \$505,000. The Company elected at this time to exercise its payment option and received a further \$250,000 for the contingent payment related to the each of the remaining US\$75 per pound and US\$100 per pound thresholds. The \$1,005,000 payment related to uranium price performance was settled with the issue by CUR to the Company of 374,441 common shares on April 14, 2022.

## 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 March 31, 2022 total cash was \$1,334,076 (December 31, 2021 – \$796,710) and the working capital was \$369,795 (December 31, 2021 – \$97,190 working capital). The March 31, 2022 working capital included accounts payable and accrued liabilities of \$1,740,117 (December 31, 2021 – \$1,610,012) and a loan with accrued interest payable of \$1,216,766 (December 31, 2021 – \$1,197,166). The principal current liabilities at March 31, 2022 included:

- Approximately \$730,000 for unpaid salaries to senior management.
- The Company reported a loan to a related party of \$1,216,766 at March 31, 2022 (December 31, 2022 - \$1,197,166). The loan bears interest at an 8% annual rate, payable in cash and/or shares at the lender's discretion. Subsequent to March 31, 2022, the Company repaid \$1,000,000 of this loan.

On March 22, 2021, the Company closed a \$1,000,000 private placement. The proceeds of the loan were intended to be spent as shown in Table 8.

**Table 8. Use of proceeds from the \$1,000,000 placement.**

|                             | <u>Plan</u>        | <u>Spent</u>       |
|-----------------------------|--------------------|--------------------|
| Placement costs             | \$ 100,000         | \$ 53,830          |
| Critical payables           | 219,000            | 219,000            |
| Berlin Project (Colombia)   | 156,000            | 122,409            |
| Argentina critical payables | 25,000             | 25,000             |
| Operating expenses          | -                  | 281,409            |
| General working capital     | 500,000            | -                  |
| Cash remaining              | -                  | 298,352            |
|                             | <u>\$1,000,000</u> | <u>\$1,000,000</u> |

The funds allowed the Company to fulfill key commitments on projects and to meet ongoing obligations in the normal course of business.

**U3O8 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

As of the date of this MD&A, U3O8 Corp. has issued and outstanding and fully diluted shares as indicated in Table 9. The full exercise of all options could raise approximately \$0.2 million.

**Table 9. Corporate equity structure.**

|               | May 18, 2022 | Mar. 31, 2022 | Dec. 31, 2021 |
|---------------|--------------|---------------|---------------|
| Common Shares | 35,509,507   | 35,509,507    | 32,088,156    |
| Warrants      | -            | -             | 5,874,141     |
| Stock Options | 1,223,000    | 1,223,000     | 1,223,000     |
| Fully diluted | 36,732,507   | 36,732,507    | 39,185,297    |

U3O8 Corp.'s credit and interest rate risk is limited to interest-bearing assets of cash deposits. 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.

While the Company has been able to raise funds as needed, further financings will be required in 2022 to develop the Company's property, 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 the Company's exploration activities are discretionary. Therefore, there is 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 Property. However, U3O8 Corp. will require additional funds from equity sources to meet current liabilities, maintain momentum and to complete the development of its Berlin Project, if warranted. The Company is currently pursuing multiple near-term and longer-term financing options including potential strategic investors, joint venture partnerships and merger opportunities. There is no assurance that funds can be raised upon terms acceptable to the Company, or at all. 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

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The related party transactions into which U3O8 Corp. has entered are shown in Table 10.

**Table 10. Summary of U3O8 Corp.'s related parties.**

| Three months ended March 31,           | 2022    | 2021    |
|--|---------|---------|
| John C. Ross Consulting <sup>(i)</sup> | \$7,500 | \$7,500 |

(i) Chief Financial Officer ("CFO") fees expensed to a company controlled by the current CFO of the Company. At March 31, 2022, \$73,000 is included in amounts payable and other liabilities (December 31, 2021 - \$65,500).

**U308 CORP.**

Management's Discussion &amp; Analysis

Period Ended March 31, 2022

The Company defines its key management personnel as its Board of Directors, Chief Executive Officer ("CEO"), and CFO. Remuneration of U308 Corp.'s Directors and key management personnel for the three-month period ended March 31, 2022 and 2021 is shown in Table 11.

**Table 11. Summary of remuneration of Directors and key management personnel of the Company.**

| Three months ended March 31,         | 2022            | 2021            |
|--------------------------------------|-----------------|-----------------|
| Salaries and benefits <sup>(i)</sup> | \$ -            | \$ -            |
| Stock-based compensation             | 1,288           | 9,278           |
| <b>Total</b>                         | <b>\$ 1,288</b> | <b>\$ 9,278</b> |

The Board of Directors does not have employment or service contracts with the Company. No director fees were accrued or paid during the three-month periods ended March 31, 2022 or 2021. The CEO of the Company was owed \$400,584 at March 31, 2022 (December 31, 2021 - \$400,584). Salaries and benefits of \$Nil in the three-month periods ended March 31, 2022 or 2021 excludes \$7,500 (2021 - \$7,500) expensed to the CFO. In addition, a Director of the Company was owed \$20,400 as at March 31, 2022 (December 31, 2021 - \$20,400).

During the period ended March 31, 2022 and December 31, 2021, a company with a common director charged the Company \$Nil for general and administrative services at market rates. Previously, these general and administrative services were incurred in the normal course of business. At March 31, 2022, the Company owed \$41,000 to this company (December 31, 2021 - \$41,000).

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

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

At March 31, 2022, the Company had drawn \$980,000 on a credit facility provided by Bambazonke Holdings Ltd. ("Bambazonke"), pursuant to which Bambazonke agreed to lend the Company cash to fund working capital. Amounts outstanding under the loan payable will incur interest at a rate of 8% per annum and the principal and interest payable thereon will be repaid on a best efforts basis. Bambazonke is a company owned by a Director of the Company. Cumulative interest expense of \$236,766 for all periods to March 31, 2022 was included on the loan payable.

## 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

Early-stage discussions are in progress on possible business relationships regarding the Berlin Project in Colombia. In addition, the Company continues to evaluate properties and corporate opportunities. In its exploration for uranium, battery commodities and frac sands, the Company's exploration staff has identified precious metal targets that the Company has staked at minimal expense, and the Company may spin these assets out into a private precious metal company.

## Critical Accounting Estimates & Changes in Accounting Policies

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 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 estimated useful lives of equipment. Each significant component of an item of equipment is depreciated over its estimated useful life. Estimated useful lives are determined based on current facts and experience, and take into consideration the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecasted demand, and the potential for technological obsolescence.
- Share-based payments expense. The Company measures its share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures.

## Critical Accounting Judgements

- Management's 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 the Company as Canadian Dollars and the functional currency of its subsidiaries, based on the facts and circumstances that existed during the period.
- Management's determination of no material restoration, rehabilitation and environmental exposure, based on the facts and circumstances that existed during the period.
- The measurement of income taxes payable and deferred income tax assets and liabilities requires Management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only become final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

## 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. However, the capital markets remain challenging for junior uranium exploration companies and there is no guarantee that funds can be raised on terms acceptable to the Company. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at March 31, 2022, totalled 24,626 (December 31, 2021 – \$(247,467)).

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 means of raising funds.

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

The Company's capital management objectives, policies and processes have remained unchanged during the three-month period ended March 31, 2022 and the twelve-month period ended December 31, 2021. 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. As of March 31, 2022 and December 31, 2021, the Company was not compliant with these TSX requirements. The Company was delisted from the TSX on February 26, 2020 and was concurrently listed on the NEX platform of the TSX-V.

Subsequent to March 31, 2022, the Company has applied to be re-admitted to the TSX-V.

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 March 31, 2022, 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 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 and battery commodity 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 amounts receivable. Most of the Company's cash is held with major Canadian chartered banks and financial institutions in South America, from which Management believes the risk of loss to be minimal.

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada. 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 March 31, 2022, U308 Corp. had total cash of \$1,334,076 (December 31, 2021 - \$796,710) to settle current liabilities of \$2,956,883 (December 31, 2021 - \$2,807,178). Current liabilities included approximately \$730,000 related to senior Management salaries. Its current financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except the loan payable. 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. 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 its debt bears interest at a fixed rate. Its current policy is to invest excess cash in guaranteed investment certificates or 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 March 31, 2022, the Company funds certain operations, exploration and administrative expenses in Colombia 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 and Barbados, Colombian Peso accounts in Colombia. U308 Corp. is subject to gains and losses from fluctuations in the US Dollar, and the Colombian 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.

**Commodity Price Risk**

U308 Corp. is exposed to price risk with respect to uranium and battery commodity prices. Commodity price risk is defined as the potential adverse impact on earnings due to the price and volatility of uranium, phosphate, vanadium, nickel and REE. The Company closely monitors the prices of these commodities 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. Further discussion on commodity prices may be found under "Trends" above.

## 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 is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not materially affect the reported loss and comprehensive loss;
2. The Company holds balances, mostly accounts payable, in foreign currencies which creates foreign exchange risk. Sensitivity to a plus or minus 10% change in foreign exchange rates against the Canadian Dollar would affect the reported annual loss and comprehensive loss by approximately \$120,000; and
3. Uranium and battery commodity 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, vanadium, nickel, phosphate and REE. The price of these commodities has fluctuated significantly in recent years and there is no assurance that, even as commercial quantities of uranium, vanadium, nickel, phosphate and REE may be produced in the future, a profitable market will exist for them. As of March 31, 2022, the Company was not a uranium or battery commodity 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.

## Risk Factors

An investment in the securities of U308 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.

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact that COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

There has been an increase in physical security risk in Colombia as it approaches national elections. Should the unrest spread to the Project area, access may be limited until the new government is elected and the security situation improves.

## 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

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

statements involve known and unknown risks, uncertainties and other factors, which may cause actual results 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  |
|---|--|---|
| The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19.   | The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries.   | A significant outbreak of contagious diseases in Argentina or Colombia would exacerbate the already significant negative economic impact that the virus has had on the economies and financial markets of these countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations. A widespread COVID outbreak would likely restrict access to the field and may hamper advancement of the projects.  |
| Potential of U308 Corp.'s Berlin property to contain economic deposits, to become near-term and/or low-cost producers and to add to its existing resource base (see Highlights, Overview, Outlook, Priority Exploration Projects, Results of Operations and Summary of Quarterly Results) | <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 PEA on the Berlin Deposit are reasonably 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 PEA.</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> |
| Status of the Berlin Project, Colombia  | Exploration concessions are no longer in good standing due to U308 Corp. not having paid concession fees.  | Concessions would be rescinded after a 30-day cure period, at the discretion of Colombian government authorities.   |
|   | Standing of U308 Corp.'s title to the Berlin Project, Colombia.  | The Colombian mining authorities have assessed U308 Corp.'s exploration property titles and have concluded that the authorities had under-charged title fees, and that the Company owes approximately UD\$600,000 to bring the concessions into a status of good standing.  |



**U3O8 CORP.**
**Management's Discussion & Analysis**
**Period Ended March 31, 2022**

| <b>Forward-Looking Statements</b>   | <b>Assumptions</b>  | <b>Risk Factors</b>   |
|---|---|---|
|   | <p>"Wealth" tax levied in Colombia.</p>   | <p>Colombian tax authorities have levied a "wealth" tax on the Company which, including interest, sums to approximately US\$1 million. The tax was levied because the exploration expenditure on the Project was capitalized by U3O8 Corp.'s Colombian subsidiary, as opposed to being expensed.</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 extraction of the uranium and make Berlin a potential low - cash cost uranium producer (see Outlook and Priority Exploration Projects)</p>                 | <p>Assumptions in the Berlin PEA are correct and comprehensive.</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>Price volatility of uranium and other commodities associated with the Company's deposits impacting 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 to expand mineral resources defined in compliance with NI 43-101 on U3O8 Corp.'s Berlin Project 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>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>  |

**U308 CORP.**

## Management's Discussion &amp; Analysis

Period Ended March 31, 2022

| Forward-Looking Statements   | Assumptions  | Risk Factors  |
|--|--|---|
|  | Sale of any investments, if warranted, on acceptable terms.  | Adjustments to currently proposed operating and exploration activities and costs.<br>Price volatility of uranium and other commodities impacting sentiment for investment in the resource markets.  |
| Plans, costs, timing and capital for future exploration and development of U308 Corp.'s properties including the potential impact of complying with existing and proposed laws and regulations (see Highlights, Overview, Outlook and Priority Exploration Projects) | Availability of financing.<br>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.<br>Operating, exploration and development costs will be consistent with our expectations.<br>Ability to retain and attract skilled staff.<br>All requisite regulatory and governmental approvals will be received on a timely basis on acceptable terms.<br>Economic, political and industry market conditions will be favourable. | Changes in the capital markets impacting availability of future financings.<br>Uncertainties involved in interpreting geological data and confirming title to acquired properties.<br>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.<br>Inability to attract and retain skilled staff.<br>Increases in costs, environmental compliance and changes in environmental, local legislation and regulation, community support and the political and economic climate.<br>Delays in obtaining applicable permits or unavailability of permits. |
| Management's outlook regarding future trends (see Overview, Outlook, and Priority Exploration Projects)  | Availability of financing.<br>Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.<br>Prices for uranium and other commodities will be as modeled in the PEAs.<br>Fundamentals of the uranium market continue to be favourable.   | Changes in the capital markets impacting availability of future financings.<br>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.<br>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with our expectations.<br>Increases in costs, environmental compliance and changes in economic, political and industry market climate.   |

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.