

A **Green** Resource Company



U308 CORP.

**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2019**

May 15, 2020

INTRODUCTION	1
FORWARD-LOOKING STATEMENTS	1
CORPORATE STRUCTURE	5
NAME, ADDRESS AND INCORPORATION	5
INTERCORPORATE RELATIONSHIPS	5
GENERAL DEVELOPMENT OF THE BUSINESS	6
GENERAL	6
THREE YEAR HISTORY	7
SIGNIFICANT ACQUISITIONS	10
DESCRIPTION OF BUSINESS.....	11
GENERAL.....	11
RISK FACTORS.....	11
MATERIAL MINERAL PROPERTIES	21
DIVIDENDS AND DISTRIBUTIONS.....	42
DESCRIPTION OF CAPITAL STRUCTURE.....	42
MARKET FOR SECURITIES.....	43
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER.....	43
DIRECTORS AND OFFICERS.....	44
NAME, OCCUPATION AND SECURITY HOLDINGS OF DIRECTORS.....	44
CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS	45
CONFLICTS OF INTEREST	45
OTHER BOARD MATTERS	45
AUDIT COMMITTEE DISCLOSURE.....	47
PROMOTERS	48
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	48
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	48
TRANSFER AGENT AND REGISTRARS	48
MATERIAL CONTRACTS	48
INTERESTS OF EXPERTS.....	48
NAMES OF EXPERTS.....	48
INTERESTS OF EXPERTS	49
ADDITIONAL INFORMATION.....	49
APPENDIX A: AUDIT COMMITTEE CHARTER.....	1

INTRODUCTION

Reference is made in this annual information form (“AIF”) to the audited annual consolidated financial statements (the “Financial Statements”) and management’s discussion and analysis (“MD&A”) for U3O8 Corp. (the “Company”) for the fiscal years ended December 31, 2019 and December 31, 2019 together with the auditors’ reports thereon.

The Financial Statements are available on SEDAR at www.sedar.com and on www.u3o8corp.com. Unless otherwise specified, all financial information in this AIF is prepared in accordance with International Financial Reporting Standards (“IFRS”), and references to “US\$” are to United States dollars, and references to “\$” or “Cdn\$” are to Canadian dollars.

Unless otherwise indicated, information in this AIF is presented as at December 31, 2019.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact relating to the Company, certain information contained in this AIF constitutes “forward-looking information” under Canadian securities legislation. 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 to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this AIF speak only as of the date of this AIF or as of the date specified in such statement.

Table 1 outlines certain significant forward-looking statements contained in this AIF 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.

Table 1. Summary of principal risk factors associated with forward-looking statements and the assumptions on which they are based.

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 U3O8 Corp.’s properties to contain economic deposits, to become near-term and/or low-cost producers and to add to its existing	Availability of financing for the Company’s projects. Actual results of exploration, resource goals, metallurgical testing, economic studies and development activities will be favourable.	Changes in the capital markets impacting availability of future financings. Uncertainties involved in interpreting geological data and confirming title to acquired properties. Possibility that future exploration results, metallurgical test work, economic studies and

Forward-Looking Statements	Assumptions	Risk Factors
<p>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>Technical reports prepared in accordance with NI 43-101 including assumptions in the PEAs on the Berlin and Laguna Salada 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 U3O8 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>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 battery-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>Status of the Kurupung Project, Guyana</p>	<p>Exploration concessions are no longer in good standing due to U3O8 Corp. not having paid concession fees.</p>	<p>Concessions are likely to be rescinded at the discretion of Guyana government authorities.</p>
<p>Status of the Berlin Project, Colombia</p>	<p>Exploration concessions are no longer in good standing due to U3O8 Corp. not having paid concession fees.</p>	<p>Concessions would be rescinded after a 30-day cure period at the discretion of Colombian government authorities.</p>
	<p>Standing of U3O8 Corp.'s title to the Berlin Project, Colombia.</p>	<p>The Colombian mining authorities have assessed U3O8 Corp.'s exploration property titles and have concluded that the authorities had under-charged mineral title fees, and that the Company owes approximately US\$600,000 to bring the concessions into good standing.</p>
	<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</p>

Forward-Looking Statements	Assumptions	Risk Factors
		U308 Corp.'s Colombian subsidiary, as opposed to being expensed in its fiscal records.
Uranium and a suite of other commodities of economic interest at Berlin can be extracted using an acidic ferric iron leach method (see Priority Exploration Projects)	<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>
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>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 the Company's expectations.</p> <p>All requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to U308 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 the Company's 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 the Company's 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>
Potential for higher returns than as set out in the Berlin and Laguna Salada PEAs (see Outlook and Priority Exploration Projects)	<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. Changes in metal prices.</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>
Potential to expand mineral resources defined in compliance with NI 43-101 on U308 Corp.'s existing projects and achieve its growth targets (see Overview, Outlook and Priority Exploration Projects)	<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>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 the Company's 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</p>

Forward-Looking Statements	Assumptions	Risk Factors
	<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>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 the Company's 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 complying with existing and proposed laws and regulations (see Highlights, 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>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 acceptable terms including developing the Argentine deposit in compliance with Chubut Provincial mining law and with Colombian mining law.</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 the Company's 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 the Company's 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>Changes in the capital markets impacting availability of future financings.</p> <p>Price volatility of uranium and other commodities impacting the economics of the Company's projects, appetite for investing in uranium equities and growth in the nuclear industry.</p>

Forward-Looking Statements	Assumptions	Risk Factors
	<p>Prices for uranium and battery commodities will be as modelled in the PEAs.</p> <p>Government regulation in Chubut Province will support development of the Company's Argentine deposit.</p> <p>That the mining plan for the Corporation's Laguna Salada Project is compliant with Provincial law 5001 that bans open pit mining and the use of cyanide in the recovery of metals.</p> <p>Fundamentals of the uranium and battery metals market is favourable.</p>	<p>Possibility of future exploration results, metallurgical test work, economic studies and development activities will not be consistent with the Company's expectations.</p> <p>The Chubut Provincial Government deems the mining method proposed for the Laguna Salada Project to be in contravention of Law 5001, and does not grant the requisite permits.</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 control or ability to predict. Please also refer to the risk factors listed in the "Risk Factors" section below. 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 AIF.

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.

In addition, all disclosure contained herein concerning plans for the Laguna Salada and Berlin projects as set forth under the heading "Material Properties" are subject to the assumptions and qualifications set forth in the Laguna Salada and Berlin Technical Reports (as defined herein), which is incorporated herein by reference.

CORPORATE STRUCTURE

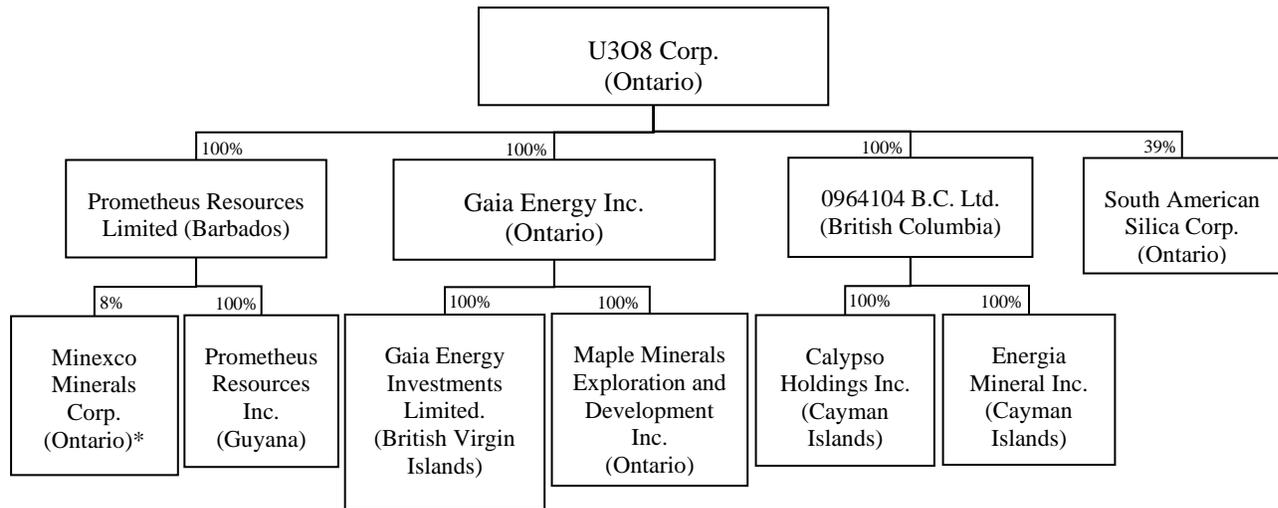
Name, Address and Incorporation

U308 Corp. was incorporated pursuant to the *Business Corporations Act* (Ontario) (the "OBCA") on December 6, 2005. The Company's registered and head office is at 36 Toronto Street, Suite 1050, Toronto, Ontario, M5C 2C5.

The Company is a reporting issuer under applicable securities legislation in the each of the provinces of Canada other than Quebec. U308 Corp.'s common shares are listed on the NEX platform of the Toronto Venture Exchange ("TSX-V") under the symbol "UWE.H".

Intercorporate Relationships

Set forth below is a corporate organizational chart of U308 Corp., its subsidiaries and investee companies as of the date of this AIF and their respective jurisdictions of incorporation. The Company is a Canadian-based exploration company with projects in Argentina and Colombia. The consolidated operations of the Company and its subsidiaries are referred collectively in this AIF as the "Company" or "U308 Corp."



*Minexco – U308 Corp. holds approximately 8% of Minexco Minerals Corp.’s shares outstanding.

Figure 1. U308 Corp.’s Structure.

GENERAL DEVELOPMENT OF THE BUSINESS

General

U308 Corp. is a Toronto-based company focused on exploration for deposits of uranium and battery commodities in South America. Once quality mineral deposits have been identified, the Company advances the deposits towards production. The Company has a portfolio of NI 43-101 resources in Argentina and Colombia.

The Company believes that the creation of long-term value is largely dependent on low-cost production potential of uranium and battery commodities. Companies that have mines with production costs in the lower quartile of their industry have proven that they are best equipped to successfully navigate through low the cyclical lows of the resource industry. The Company’s focus, therefore, is on discoveries that have potential to be among the lowest-cost producers in the uranium and battery commodities industry. To obtain an independent confirmation of low-cost production potential, detailed preliminary economic assessments (“PEAs”) were completed on the projects in Colombia and Argentina.

Based on the results of the PEAs, the Company’s Berlin Deposit in Colombia has lower cost uranium production potential than Laguna Salada Deposit in Argentina.

In considering the simplicity and the lower capital cost of the Company’s Argentine deposit, U308 Corp.’s management (“Management”) has identified a sequenced growth strategy with the Laguna Salada Deposit moving towards production first followed by the Berlin Deposit in Colombia, which will take longer to develop given its large size potential and higher capital cost requirement. The Laguna Salada and Berlin deposits are U308 Corp.’s material properties at the date of this AIF.

The Company restructured its equity in two ways, effective September 11th, 2017:

- It purchased the shares of accounts that held less than 1,000 shares at a share price of \$0.025 and cancelled those shares;
- It consolidated 20 pre-consolidation shares for one post-consolidation share that resulted in the share structure shown in Table 2.

The CUSIP number for the Company’s common stock is 903415800 and the ISIN number is CA9034158001. The Company’s symbol is: UWE.H on the NEX.

Table 2. Summary of equity restructuring effective September 11th, 2017.

	Pre-Consolidation	20:1 Consolidation	Cancelled	Post-Consolidation
Shares	355,707,222	17,785,361	(127,266)	17,658,095
Warrants	123,853,725	6,192,686	-	6,192,686
Options	15,445,000	775,250	-	775,250
Fully Diluted	495,005,947	24,750,297	(127,266)	24,623,031

All share, option and warrant information and per share, per option and per warrant information has been retroactively adjusted to reflect the share consolidation as if it occurred at the beginning of the earliest period presented.

Three Year History

2017

During 2017, U308 Corp. raised total net proceeds of \$1,472,022 through the issue of units, and the exercise of warrants and options. The Company raised \$1,097,547, net of costs, in a series of non-brokered private placements of 3,253,373 units as detailed in Table 3. Units in the January, March and April offerings consisted of one common share and one share purchase warrant, while 30,350 broker warrants were also issued related to the cash proceeds, entitling the broker to purchase a common share. The August and November offerings consisted of one common share and one half of one share purchase warrant.

A total of \$354,000 was raised from the exercise of 515,294 warrants and \$20,475 was raised from the exercise of 35,919 stock options.

Table 3. Details of securities issued in private placements undertaken by the Company in 2017.

Private Placement	No. of Units	Unit Price	\$ Value	No. of Warrants	Warrant Price	Warrant Expiry
Jan. 20, 2017	150,000	0.80	\$120,000	150,000	1.00	Jan. 20, 2019
	Broker Warrants			9,000	1.00	Jan. 20, 2019
Mar. 21, 2017	491,667	0.60	\$295,000	491,667	1.00	Sept. 21, 2019
Apr. 21, 2017	305,000	0.50	\$152,500	305,000	0.70	Apr. 21, 2019
	Broker Warrants			21,350	0.70	Apr. 21, 2019
Aug. 2, 2017	238,706	0.50	\$119,353	119,353	1.00	Feb. 02, 2020
Nov. 1, 2017	2,068,000	0.25	\$517,000	1,034,000	0.35	Nov. 1, 2019

The Company incurred cumulative cash exploration expenditures of \$0.9 million (excluding stock-based compensation and amortization), largely to maintain the Argentine and Colombian properties in good standing. A small exploration program commenced in Argentina. General and administrative (“G&A”) cash expenses of \$0.7 million in 2017 were similar to G&A expenses in 2016. The staff complement remained at one full time and one-part time in both periods.

The Company’s shares were delisted from the Santiago Stock Exchange in Chile on July 17, 2017.

Mr. David Marsh was elected director of the Corporation at its annual and special meeting on June 22, 2017 and Mr. Milmeister had offered not to stand for re-election so as to maintain the size of the board at five members.

Mr. Marsh was involved with initial test work and development of alkaline leach – a new technology at that time – for the treatment of ore from the Langer Heinrich uranium deposit at GRD Minproc. He subsequently joined Paladin Energy to manage the team responsible for the implementation of this new technology, including plant design and optimization, at the Langer Heinrich Mine. Alkaline leach is the technology that current test work shows to be most appropriate for the extraction of uranium and vanadium from U3O8 Corp.’s Laguna Salada Deposit in Argentina.

Mr Marsh was also responsible for the test work, flow sheet design and optimization of the acid leach processing facility at Paladin Energy’s Kayelekera uranium deposit. At Paladin Energy, Mr. Marsh also led the team that developed the flow sheet for the scoping study of the Valhalla Uranium Deposit, which is of the same type as U3O8 Corp.’s Kurupung Deposit in Guyana.

In the fourth quarter, Keith Barron, Director, offered a \$1 million line of credit to be used to refine the process flow sheet as designed for the PEA, as well as to proof-of-concept generation of uranium yellowcake and vanadium redcake from the Laguna Salada Deposit. Mr. Marsh has designed the specific test work that needs to be done to test the validity and efficiency of proposed changes to the PEA flow sheet. Mr. John Rae, an expert in the processing of gravel, helped to select the equipment required for the processing of bulk samples of gravel for the proof-of-concept work.

In addition, the Company commenced a geophysical pilot program to determine whether electrical resistivity could consistently and accurately delineate channel features at the base of the gravel. Detection of channels at the base of the gravel could provide a cost-effective and efficient way of exploring for the higher-grade uranium and vanadium mineralization that typically lies within channel features.

U3O8 Corp. operated its Berlin Project in Colombia on care and maintenance basis. U3O8 Corp. had decided to take an impairment charge of \$7.7 million on its Berlin Project in Colombia in its year-end financial statements for 2016, in compliance with International Financial Reporting Standards (“IFRS”). The rationale, under IFRS rules, is that impairment should be considered if there has been less than optimal spending over the previous three-year period. The impairment was undertaken since the Berlin Project in Colombia had received less than optimal since available exploration funds were directed to the Laguna Salada Deposit due to its lower estimated operating costs (“opex”).

The Board and Management of U3O8 Corp. believe that Berlin is an exceptional deposit, containing a unique suite of commodities which are in demand by the clean energy industry including: uranium for nuclear energy; nickel, vanadium, phosphate and zinc for batteries; and rare earth elements for use in low-energy lighting and high-efficiency electric motors and generators. Significant future expenditure on the Berlin Project may allow the Company to reverse the impairment charge.

The priority on the Berlin Project, which was to be advanced as funds became available on less dilutive terms, was additional metallurgical and pilot plant test work which, if positive, was expected to reduce both capital costs (“capex”) and opex. Exploration towards the expansion of the current resource would be deferred until metallurgical pilot plant test work is undertaken.

The Kurupung Project in Guyana was operated on a care and maintenance basis. Similarly, the Company’s SAS Project in Argentina is also on care and maintenance until funds are available for frac sand projects at a price that is not excessively dilutive to existing shareholders. Through its investment in SAS, the Company had exposure to a developing frac sand play with a strong land portfolio near the giant Vaca Muerta basin in Argentina.

2018

During 2018, U3O8 Corp. raised total net cash proceeds of \$660,001 (\$816,717 gross, less \$30,698 cash costs and \$88,268 non-cash items) through the issue of units (Table 4). In July 2018, \$90,657 was raised via an equity offering of 356,720 units. Each unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one share at a price of \$0.41 for 24 months. The Company also issued 21,350 broker warrants under similar terms as the unit warrants.

In October 2018, net proceeds of \$555,594 was raised via an equity offering of 2,294,000 units. Each unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one share at a price of \$0.40 for 36 months. The Company also issued 28,000 broker warrants under similar terms as the unit warrants. Concurrently, the Company issued 206,000 units and 304,371 common shares to certain service providers and ex-employees to settle \$139,768 of outstanding liabilities. Each unit comprised one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one share at a price of \$0.40 for 36 months.

The Company drew \$370,000 of a potential \$1 million loan with a related party. The loan bears interest at an 8% annual rate, payable in cash and/or shares.

Table 4. Details of securities issued in private placements undertaken by the Company in 2018.

Private Placement	No. of Units	Unit Price	\$ Value	No. of Warrants	Warrant Price	Warrant Expiry
July 11, 2018	356,720	\$0.29	\$103,449	356,720	\$0.41	July 11, 2020
				21,350	\$0.41	July 11, 2020
Oct. 17, 2018	2,294,000	\$0.25	573,500	2,294,000	\$0.40	Oct. 22, 2021
				28,000	\$0.40	Oct. 22, 2020
	206,000	\$0.25	51,500	206,000	\$0.40	Oct. 22, 2020
	304,371	\$0.29	88,268			
Total	3,161,091		\$816,717	2,906,070		

The Company incurred cumulative cash exploration expenditures of \$0.6 million (excluding stock-based compensation and amortization), largely to maintain the Argentine properties in good standing. A limited exploration program and metallurgical testing on the Laguna Salada Project in Argentina represented most of the spending. General and administrative (“G&A”) cash expenses of \$0.7 million in 2018 were slightly reduced from G&A expenses in 2017. The staff complement remained at one full time and one-part time in both periods.

The Company had reported a new style of near surface uranium-vanadium mineralization had been discovered at Laguna Salada In January 2017. In January 2018, the Company commenced its first step in determining the potential of the new discovery with a geophysical test program to detect this mineralization at the base of its current gravel layer. In May 2018, the Company reported that this test work had proved successful in delineating channels. In June 2018, the Company reported the second step in the process, that the mineralization identified by geophysical work could be effectively pre-concentrated through a simple scrubbing and screening process. The effect of the second step was to demonstrate that pre-concentrating the grade of the material could potentially reduce operating costs from reduced plant throughput and reduced reagent use. The final step will be to leach the beneficiated sand in the lab to provide detailed data for production cost estimates.

In December 2018, the Company reported it had simplified the Project flowsheet which could lead to reduced estimates of capex and opex as compared to the PEA. A 23% improvement in expected vanadium recovery as compared to the PEA was reported as a result of these changes. The new style of mineralization was not a part of this test.

U308 Corp. operated its Berlin Project in Colombia and Kurupung Project in Guyana on care and maintenance basis. Similarly, the Company’s SAS Project is also on care and maintenance until funds are available for frac sand projects at a price that is not excessively dilutive to existing shareholders.

2019

The post-Fukushima bear market in uranium entered its eighth year in 2019. Uranium prices remained range bound between US\$20 and US\$30 per pound (“lb”) since early 2016. This was despite the massive decrease in production brought about principally by Cameco and Kazatomprom in November 2017, of 24 million pounds (“Mlbs”) in 2018. Mine production cuts were estimated to be 36Mlbs in 2019, approximately 27% of the 131Mlbs produced, and is expected to be 38Mlbs in 2020. In addition, Cameco reported that it purchased 19Mlbs of uranium principally in the spot market in 2019 to fulfill its higher-priced term contracts and it intends to buy 20-22Mlbs of uranium in the spot market in 2020. Kazakhstan has continued to dominate uranium production, producing 39%, followed by Canada with 22%, Australia at 10% and Namibia at 7% of world production, respectively. Uzbekistan, which currently produces approximately 4% of the world’s uranium, recently announced an agreement whereby it will supply uranium to Japan between 2023 and 2030 under a US\$1 billion contract. Most primary uranium mines cannot produce profitably at the current price and significant planned production has been mothballed. It is difficult to identify the trigger that may spark the uranium market at this time.

U3O8 Corp. did not conduct any private placements in 2019. Rather than accept the excessive dilution that would have been associated with a private placement at the weak share price that prevailed through the year, it drew \$320,000 for a total to date of \$690,000 against a loan of up to \$1 million with a related party. The loan bears interest at an 8% annual rate, payable in cash and/or shares.

The Company incurred cumulative cash exploration expenditures of \$0.2 million, largely to maintain the Argentine properties in good standing. The Company recognized a non-cash impairment loss of \$2.8 million against the Argentine project in 2019. Other project-related expenditure was cut to an absolute minimum to conserve funds. General and administrative (“G&A”) cash expenses of \$0.3 million were directed mainly at reporting issuer costs, legal and accounting fees. The G&A expense in 2019 was slightly reduced from G&A expenses in 2018. The staff complement remained at one full time and one-part time in both periods.

U3O8 Corp. operated its Laguna Salada Project in Argentina on care and maintenance basis. U3O8 Corp. decided to take an impairment charge of \$2.8 million on its Laguna Salada Project in Argentina at year-end in compliance with International Financial Reporting Standards (“IFRS”). The rationale, under IFRS rules, is that impairment should be considered if there has been less than optimal spending over the previous three-year period. The impairment was undertaken as the Laguna Salada Project had received less than optimal spending, since funding was so limited.

The Board and Management of U3O8 Corp. believe that Laguna Salada is a deposit that is exceptionally simple to develop when the uranium and vanadium prices improve. At that time, the Board would consider raising the funds required to advance Laguna Salada and may allow the Company to reverse the impairment charge.

U3O8 Corp. continued to operate its Berlin Project in Colombia on a care and maintenance basis. Similarly, SAS, the frac sand exploration company in which U3O8 Corp. holds a 39% interest, is on care and maintenance until funds are available for frac sand projects at a price that is not excessively dilutive to existing shareholders.

Disclosure

Unless otherwise specified, all disclosure of a scientific or technical nature contained in this AIF has been prepared by, or under the supervision of, Dr. Richard Spencer, the President and CEO of U3O8 Corp. and a qualified person (“QP”) within the meaning of NI 43-101.

Significant Acquisitions

No significant acquisitions were made by the Company since the prior AIF was filed.

DESCRIPTION OF BUSINESS

General

U3O8 Corp. is a Toronto-based resource company focused on exploration for deposits of uranium and battery commodities. Currently, all the Company's projects are in South America. The Company's portfolio of battery commodities includes:

- Vanadium in both the Argentinean and Colombian deposits. Over 90% of world vanadium demand is from the steel industry, where it is used as alloy. A growing area of demand is the battery industry, both in lithium-ion and Vanadium Redox Batteries ("VRB") whose niche is for long-duration operation (beyond the two- to three-hour niche of lithium-ion batteries). A VRB was selected for the world's largest battery installation in Dalian, China. The battery has a capacity of 200MW / 800MWh, which would be sufficient to power 100,000 typical Western homes for 8 hours;
- Some of the newer-generation lithium-ion batteries contain vanadium phosphate or iron-phosphate, both of which could be by-products of the Colombian deposit. Newer VRB technology now also uses phosphate doping to increase the energy density – the amount of power that the batteries can store. Management is now considering phosphate to be more of a battery commodity than an agricultural one. The phosphate resource is not sufficiently large to be a competitive player with the large corporations that dominate the agricultural fertilizer market, whereas its size is appropriate for the battery market. That said, the Berlin Deposit has potential to supply the local fertilized market because it is located on the edge of the Magdalena River valley, a prolific agricultural belt. In addition, the Colombian deposit has 5 of the 9 metals that are used as micro-nutrients in speciality agricultural fertilizer, including zinc, manganese, nickel, molybdenum and iron;
- Nickel is being recognized as a battery commodity specific to the NCA (nickel-cobalt-aluminium) and NMC (nickel-manganese-cobalt) lithium-ion batteries. Tesla has recently announced that it plans to have nickel and manganese substitute entirely for cobalt in its batteries; and
- Zinc in the Colombian deposit: despite the major use for zinc being in the galvanizing industry, zinc-air batteries are considered to have very significant potential for energy storage.

The Berlin Deposit in Colombia also contains Rare Earth Elements ("REE") that are used in many high-tech applications and low-energy lighting. Neodymium, which is one of the two REEs included in the cash flow model in the PEA, is one of the principal super-magnet metals used in high-efficiency electric motors or in generators in wind turbines, for example.

The Company's objective is to advance its projects sequentially towards production starting with the technically simple and relatively low capex project in Argentina, followed by the higher capex Colombian deposit. The Company holds a 100% interest in its principal properties, the Laguna Salada and Berlin deposits. See "Material Properties".

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 risk and who have no need for immediate liquidity in their investment. Investors should carefully consider the risk factors described below, which have affected, and which in future are reasonably expected to affect, the Company's business, financial condition and results of operations, or the trading price of the common shares.

Exploration, Development and Operating Risks

Mining and exploration operations generally involve a high degree of risk. U3O8 Corp.'s operations are subject to all the hazards and risks normally encountered in the exploration, development and production of uranium and other minerals, including unusual and unexpected geologic formations, seismic activity, volcanic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mining operations are subject

to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for, and development of, mineral deposits involves significant risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of uranium and battery commodities may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by U3O8 Corp. will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as the nature of the minerals that contain the commodities of interest, grade of mineralization, beneficiation characteristics, leach efficiency and extraction efficiency; proximity to infrastructure; mineral and metal prices, which are typically cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, the import and export of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but the combination of these factors may result in the Company not receiving an adequate return on invested capital to justify advancement of the project.

There is no certainty that the expenditures made by the Company towards the search and evaluation of uranium and other minerals will result in discoveries of commercial quantities of ore and that a mining operation will be realized.

Reliability of Resource Estimates

There is no certainty that any of the mineral resources on any of U3O8 Corp.'s properties will be mined. Until a deposit is actually mined and processed, the quantity of mineral resources and grades must be considered as estimated only. In addition, the quantity of mineral resources may vary depending on, among other things, uranium and battery commodity prices. Any material change in quantity of mineral resources, grade or strip ratio may affect the economic viability of any project undertaken by U3O8 Corp. In addition, there can be no assurance that uranium recoveries or those of other mineral recoveries achieved in small scale laboratory tests will be duplicated in larger scale tests on-site or during large-scale production.

Fluctuations in uranium and other mineral prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any mineral resource estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on U3O8 Corp.'s results of operations and financial condition.

No History of Mineral Production

U3O8 Corp. has never had an interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at any of the Company's properties or any future properties, nor is there any assurance that the exploration programs of U3O8 Corp. will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any of U3O8 Corp.'s properties will ever be brought to a stage where mineral resources can profitably be produced. Factors which may limit the ability of U3O8 Corp. to produce mineral resources from its properties include, but are not limited to, the price of the minerals and metals which are currently being explored for, availability of additional capital and financing and the nature of the mineral deposits.

Chubut Provincial Ban on Open-Pit Mining and Cyanide Use

The Company's Laguna Salada Project is located in Chubut Province, Argentina, a jurisdiction where there is a ban on open-pit the mining of metals and on the use of cyanide for the extraction of gold (Provincial law 5001). Mining plans for Laguna Salada envision continuous mining that leads to reconstitution of the original topography and thus no open pit will remain after mining. In addition, no cyanide will be used to process the mineralized material. Therefore, the mining and processing techniques contemplated for Laguna Salada are considered by U3O8 Corp. to be compliant with current provincial mining legislation. An environmental impact assessment would need to be approved by the provincial government before mining could commence.

There are no assurances that the open-pit mining ban in Chubut could not materially impact U3O8 Corp.'s ability to develop the Laguna Salada Project. The restrictions on mining and mineral processing in Chubut are currently under review. A proposal that is under review by the provincial legislature is that open pit mining and cyanide use would be allowed within the central plain of the province.

Ownership of Permits and Other Property Interests

Although ownership of the permits and property interests in Argentina and Colombia were reviewed by or on behalf of the Company, there may still be undetected defects affecting such properties. The properties in Colombia are no longer in good standing because the required concession fees due to the State have not been paid by U3O8 Corp., and hence the government may cancel the exploration permits.

Insurance generally is not available for ownership defects, and the Company's ability to ensure that it has obtained secure claim to individual properties may be severely constrained. In addition, non-compliance or delays in non-compliance with the terms of a given permit or concession (whether on behalf of the Company or a previous owner) may result in the loss of all property interests held by, or on behalf of, the Company, and may also result in sanctions against the Company which impact upon its ability to operate in that jurisdiction for a specified period of time. Such properties may be subject to prior unregistered liens, agreements, transfers or claims, including land claims by aboriginal people, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to explore, and in the future, operate the land subject to such properties as permitted or to enforce its rights with respect to such land.

Insurance and Uninsured Risks

U3O8 Corp.'s business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and volcanic eruptions. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining and or processing of the mineralized material, monetary losses and possible legal liability.

The Company currently maintains liability insurance and directors' and officers' insurance; however, such insurance will not cover all the potential risks associated with a mining and/or exploration operation. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining and exploration industry on acceptable terms. U3O8 Corp. might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Environmental Risks and Hazards

All phases of U3O8 Corp.'s operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company. Environmental hazards may exist on the properties on which U3O8 Corp. holds interests that are unknown to it at present, and which have been caused by previous or existing owners or operators of the properties.

Government approvals, acceptance by local communities and or aboriginal people and permits are currently, and may in the future be, required in connection with the operations of the Company. To the extent such approvals are required

and are not obtained, the Company's operations may be curtailed, or it may be prohibited from continuing its exploration operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, or in the exploration or development of mineral properties, may be required to compensate those suffering loss or damage by reason of the mining or exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining or exploration properties.

An accident at a nuclear reactor anywhere in the world could negatively affect the level of acceptance by the public and regulatory authorities of nuclear energy and the prospects for nuclear power plants, which could have a material adverse effect on the Company.

Infrastructure

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Company.

Competition

The mining and mineral exploration industry is competitive in all its phases. The Company faces competition from other mining and exploration companies in connection with the acquisition of properties producing, or capable of producing, uranium and battery commodities. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, U308 Corp. may be unable to maintain or acquire attractive mining or exploration properties on terms the Company considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Company could be materially adversely affected.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal, hydroelectricity and renewable energy. These other energy sources are, to some extent, interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydroelectricity, as well as the possibility of developing other low-cost sources of energy, may result in lower demand for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating environmentally clean, base-load electricity. Due to the unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry.

Availability of Capital

While the Company has been able to raise funds, further financings will be required to develop the Company's properties, to meet ongoing obligations and discharge its liabilities in the normal course of business. Capital markets remain challenging for exploration companies and are expected to continue to be volatile. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or a loss of property interest. There can be no assurance that additional capital or other types of financing will be available as needed or that, if available, the terms of such financing will be acceptable to the Company. 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.

Section 710 of the TSX Company Manual requires a company to have 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. The 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. At year-end, the Company's continued listing on the TSX was under review, and subsequently, was delisted from the TSX and now trades on the NEX level of the TSX-V.

Commodity Prices

The price of U308 Corp.'s common shares, its financial results and exploration, development and mining activities may be significantly and adversely affected by declines in the price of uranium and battery metals. The price of uranium and/or other commodities fluctuates widely and is affected by numerous factors beyond the Company's control such as interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States Dollar against other foreign currencies, global and regional supply and demand, the political and economic conditions of major mineral-producing and uranium-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges.

The market price of uranium is affected by rates of reclaiming and recycling of uranium, underfeeding, rates of production of uranium from mining, and may be affected by a variety of unpredictable international economic, monetary and political considerations, including increased efficiency of nuclear power plants and increased availability of alternative nuclear fuel, such as mixed oxide fuel.

Future serious price declines or weakness in the market value of uranium or other minerals could cause continued development of, and commercial production from, the Company's properties to be impracticable. Depending on the price of uranium and other minerals, any cash flow from future mining operations may not be sufficient to sustain production, if any, and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production, if any, from the mining properties of the Company is dependent upon the prices of uranium and other minerals being adequate for the deposits to be economic.

In addition to adversely affecting the Company's future reserve estimates (if any) and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Labour and Employment Matters

While U308 Corp. strives to develop and maintain good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislation may have a material adverse effect on U308 Corp.'s business, results of operations and financial condition.

Subsidiaries

The Company conducts certain of its operations through its subsidiaries and holds certain of its assets through its subsidiaries. Accordingly, any limitation on the transfer of cash or other assets between the Company and its subsidiaries could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect U308 Corp. Uranium and other minerals are generally sold in US Dollars and the Company's costs are incurred principally in US Dollars, Canadian Dollars, Colombian Pesos and Argentine Pesos. Capital cost estimates may include items quoted in Australian Dollars and in Brazilian Real. The relative rate of exchange of the Canadian Dollar to the US Dollar or policy changes regarding the trading of the, Colombian Peso and Argentine Peso can have an impact on the Company's profitability and cash needs.

Foreign Operations

A majority of U3O8 Corp.'s operations are currently conducted in Argentina and Colombia, South America. U3O8 Corp.'s operations may be exposed to various levels of political, economic and other risks and uncertainties that may or may not be comparable with similar risks and uncertainties in Canada. These risks and uncertainties vary from country to country and include, but are not limited to: currency exchange rates; high rates of inflation; labour unrest; renegotiation or nullification, including partial or total expropriation of existing or future concessions, licenses, permits and contracts; changes in taxation policies; restrictions on foreign exchange transactions; and changing political conditions; currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining, exploration or investment policies or shifts in political attitude in Argentina and Colombia may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Government Regulation

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, radioactive substances, toxic substances, land use, water use, land claims of local people, and other matters. Although the mining and processing operations and exploration and development activities of the Company are currently carried out in accordance with applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development or that new legislation will be introduced or amended on terms that would allow mining where currently prohibited. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Key Personnel

U3O8 Corp. is dependent upon key executives, including the directors of the Company and a small number of highly qualified and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these individuals or the inability to attract and retain highly qualified employees and advisers could have a material adverse effect on the Company's business and future operations.

Conflicts of Interest

Directors and officers of U3O8 Corp. also serve, or may serve in future, as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility of such directors and officers being in a position of conflict. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of U3O8 Corp. and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the Business Corporations Act (Ontario) and other applicable laws.

Market Price of Common Shares

U3O8 Corp.'s common shares trade on the TSX and OTCQB International platform in 2019 and, subsequent to year-end, now trade on the NEX platform of the TSX-V. Securities of micro-cap and small-cap companies have experienced

substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include global macroeconomic developments and market perceptions of the attractiveness of particular industries, jurisdiction and commodities. The price of the common shares is also likely to be significantly affected by short-term changes in the price of uranium or other mineral commodities, a significant shareholder deciding to divest their position, or in U3O8 Corp.’s financial condition or results of operations as reflected in its quarterly financial reports. Other factors unrelated to U3O8 Corp.’s performance that may affect the price of its common shares include the following: the extent of analyst coverage available to investors concerning U3O8 Corp.’s business may be limited if investment banks with research capabilities do not follow its securities; low or insufficient trading volume, and poor general market interest in its securities, may affect an investor’s ability to trade significant numbers of common shares; the size of U3O8 Corp.’s public float may limit the ability of some institutions to invest in its securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause its securities to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of U3O8 Corp.’s common shares at any given point in time may not accurately reflect the Company’s long-term value. Securities class-action litigation has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert Management’s attention and resources.

Global Economic Conditions

World Gross Domestic product (“GDP”) growth has been relatively constant, achieving a 3.0% growth in 2019 (Fig. 2). GDP growth in India and China, the countries with the largest number of nuclear reactors under construction, continues to outpace the rest of the world. In context of the Company’s operational countries, Argentina’s recession deepened to GDP growth of -3.1% in 2019, while Colombia’s growth was 3.4%.

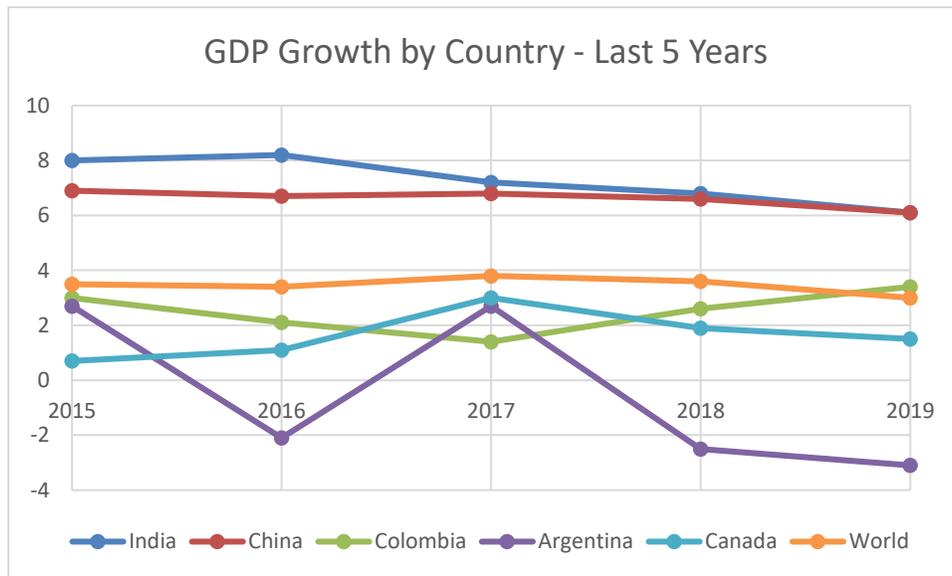


Figure 2. GDP of World, China, India, Colombia and Argentina (Source: IMF).

Air pollution in China and India is an area of increasing political risk. Water pollution is as serious an issue but doesn’t yet have the political visibility of air pollution. Social discontent, particularly in China, is motivating the national move towards clean energy including renewables and nuclear. Of the 53 reactors that are under construction world-wide, 11 are in China, 7 in India, 4 in each of Russia, Korea and the United Arab Emirates.

The Argentine Peso, which impacts estimates made in the Laguna Salada PEA, weakened very significantly from one Peso being equivalent to US\$0.062 at the end of December 2016 to US\$ 0.017 at the end of 2019. The Laguna Salada

PEA was denominated in US\$. Other currencies that impact the Laguna Salada PEA are the Brazilian Real (the value of which decreased from one Real buying US\$0.31 at end 2016 to US\$0.25 at the end of 2019) and the Australian Dollar that dropped in value from one Dollar buying US\$0.72 at the end of December 2016 to US\$0.70 at the end of 2019. The Colombian Peso, that impacts the Berlin Project PEA, maintained its value against the US\$ over that three-year period.

The Canadian Dollar, in which funds are raised for exploration and advancement of the projects, appreciated slightly from US\$0.74 to the US\$ at the end of 2016 to US\$0.77 at the end of 2019.

Over the last three years, the TSX Global Mining Index has risen approximately 23% while the TSX Venture Index has dropped approximately 30% (Fig. 3).



After a period of stagnation resulting from Japan and Germany taking reactors offline, more or less balanced by the commissioning of new reactors, uranium demand has been essentially constant at approximately 160Mlbs per annum over the last decade, while primary and secondary supply has grown from 170mlbs per year to approximately 200mlbs. This oversupply has led to a buildup of an estimated 450Mlbs in inventory which has resulted in a weak uranium price performance. However, in December 2017, Cameco announced a production cut of 13.7mlbs of uranium, which represents about 10% of world mine supply, and Cameco has consistently indicated that it will not resume production from the shuttered facilities until the commodity price improves. Within weeks of Cameco’s announcement, Kazakhstan announced that it would be not ramp up further planned production. Additional supply cuts have materialized with TradeTech recording mine production cuts totalling 34Mlbs in 2018, 36Mlbs in 2019 projected to grow to 38Mlbs in 2020. Cameco also reported that it purchased 19Mlbs of uranium principally in the spot market in 2019 to fulfill its higher-priced term contracts and it intends to buy 20-22Mlbs of uranium in the spot market in 2020. Hence, not only have there been production costs, but a major producer is buying inventory on the market, helping to reduce the excess inventory. Furthermore, the COVID-19 pandemic has resulted in further curtailment of supply as many producers, including Kazatomprom, the world’s largest producer shuttering operations in Kazakhstan for three months, and Cameco shutting down Cigar Lake, the world’s biggest uranium mine. Cantor Fitzgerald estimates that COVID-related production cuts have removed 46Mlbs, approximately 35%, from world-wide supply.

The uranium spot price fell to a low of US\$18/lb in late 2016 and has since recovered to \$33.25/lb, while the long-term contract price is at US\$36.00/lb (Figure 4). The vanadium and nickel prices remain weak.

In terms of the battery commodities in the Company’s portfolio, vanadium pentoxide prices, after declining since 2010, have risen strongly off a bottom established in late 2015. Prices peaked at 28/lb in 2018, from which they have settled back to a US\$5/lb to US\$6/lb trading range. Despite nickel prices have been volatile, the overall price trend has been characterized by higher highs and higher lows off the 2015 nadir (Figure 4).

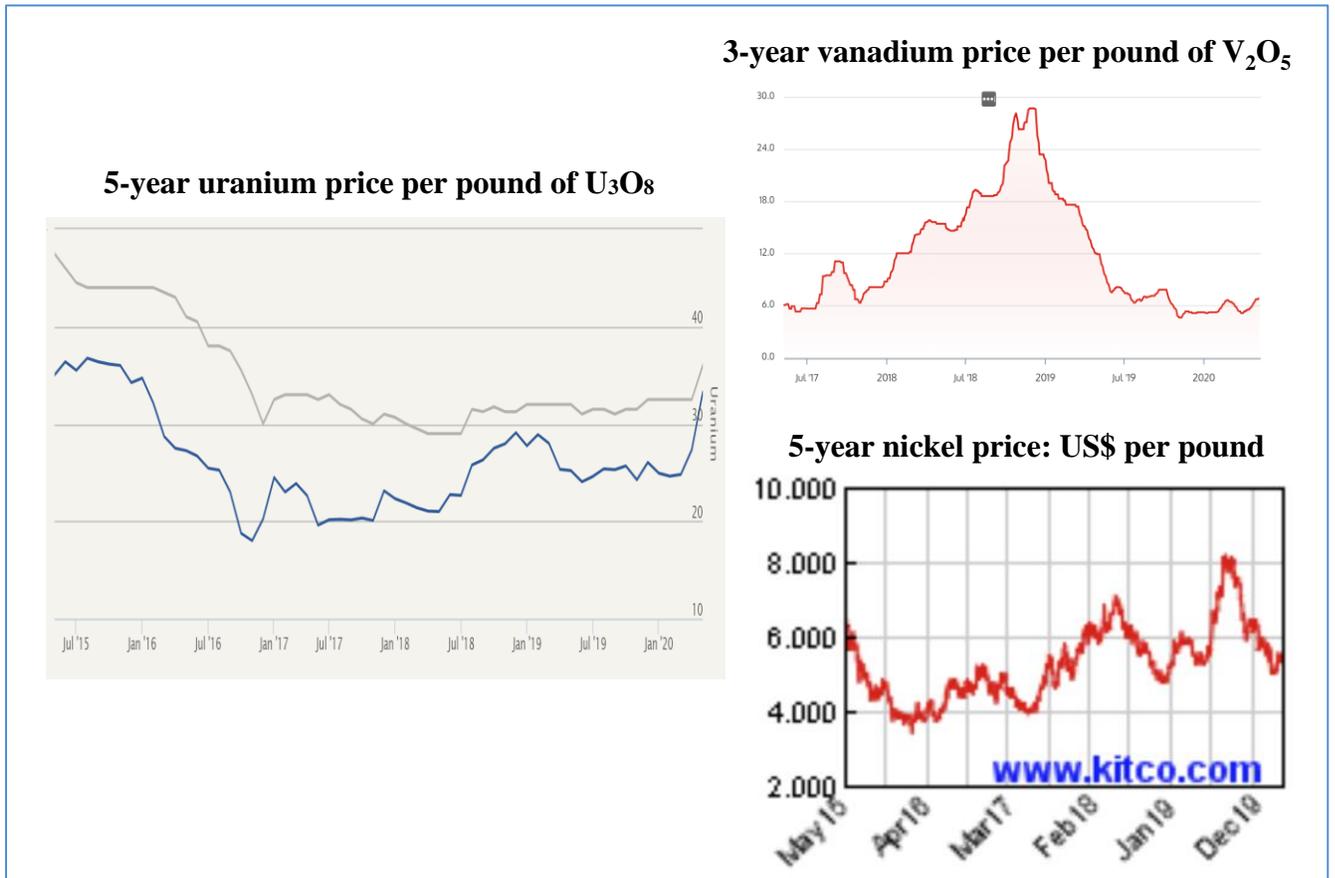


Figure 4. Price trends of the key commodities for U3O8 Corp.: uranium and battery commodities, vanadium, and nickel.

Despite the resource sector having started to recover off the lows of early 2016, U3O8 Corp.’s ability to obtain equity financing remains challenging due to the low share price. In addition, equity offerings need to be sweetened with warrants as a means of attracting investors, resulting in high levels of dilution to existing shareholders. In this environment, the Company has opted to do small private placements to fund specific work programs, based on the concept that positive results from modular work programs could lead to an opportunity to do subsequent placements at successively higher prices as a means of limiting dilution.

The battery commodities market remains challenging and there is no assurance that the funds required by the Company to advance its key projects will be available at a price that is acceptable to U3O8 Corp., or at all. Additionally, any of the factors described above may cause the Company’s asset values to fall to the extent that additional impairment losses are possible. If the resource market were to weaken, the Company’s operations could be adversely impacted, and the trading price of its common shares may be adversely affected.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of common shares of U3O8 Corp. in the public markets, or the potential for such sales, have put pressure on and/or have decreased the trading price of such common shares and could impair the Company's ability to raise capital through future sales of its equity. U3O8 Corp. has previously completed private placements at prices per share which are from time to time lower than the market price of its common shares. Accordingly, a significant number of U3O8 Corp.'s shareholders may have an investment profit in the common shares of the Company that they may seek to liquidate.

Other Assets

U3O8 Corp. also holds a minority interest in the early-stage company, SAS, that has frac sand properties in South America. Further information is included under "General Development of the Business".

Employees

As at December 31, 2019, and as at the date of this AIF, U3O8 Corp. had three employees. The Company is dependent on key executives, including the President and CEO, and a small number of highly skilled executives and personnel with extensive experience in the mineral exploration industry and are complemented by a strong Board of Directors. Further information is included under "Directors and Officers" and "Risk Factors – Key Personnel".

Environmental Protection

All phases of U3O8 Corp.'s operations are subject to environmental regulation in the various jurisdictions in which it operates, or to Canadian standards, whichever is most rigorous. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transport, storage and disposal of solid and hazardous waste. To date, applicable environmental legislation has had no material financial or operational effects upon the operations of U3O8 Corp.

Nonetheless, the Company has proactively undertaken environmental responsibility initiatives to minimize its footprint during exploration. Further information is included under "Social and Environmental Policies".

Foreign Operations

The majority of U3O8 Corp.'s operations are currently conducted in Argentina and Colombia, South America. The Company endeavours to maintain regular communication with State and mining authorities, local officials, and leaders and residents of the host communities in which the deposits lie, through project reports, briefings, workshops, information sessions and site visits. The Company strives to foster transparency in its operations. Details of the mineral rights and obligations for the Laguna Salada and Berlin projects are described in the "Material Mineral Properties" section below.

Competition

The mineral industry is intensely competitive in all its phases. U3O8 Corp. competes with many other mineral exploration companies that have greater financial resources and different approaches to exploration. Further information is included under "Risk Factors – Competition".

Social and Environmental Policies

Fundamental to U3O8 Corp.'s commitment to responsible exploration is respecting the environment in which the Company is exploring. The Company works with the host communities located near the exploration projects to identify projects that could result in sustainable and tangible long-term benefits for the region. To that end, the Company engages in responsible environmental practices and health and safety programs for its employees and the community. The Company works jointly with the community to identify practical ways in which quality of life may be improved through better nutrition and improved water quality, health, education and employment, along with the identification and development of potential new small business opportunities.

Precautionary measures are practiced for a safe and healthy workplace including worker radiation monitoring devices, protective gear, controls designed to avoid contamination and implementation of appropriate monitoring procedures.

Material Mineral Properties

U3O8 Corp.'s 100% interest in the Laguna Salada Project and Berlin Project represent its material properties.

Current Technical Reports

The following sections on the Laguna Salada and Berlin projects have been summarized from the two most recent technical reports that were prepared in compliance of NI 43-101:

- “Preliminary Economic Assessment of the Laguna Salada Uranium-Vanadium Deposit, Chubut Province, Argentina” dated September 18, 2014, (the “Laguna Salada Technical Report” or the “Laguna Salada PEA”) prepared by Tenova Mining & Minerals (Australia) Pty Ltd. and authored by Louis de Klerk, P.Eng., BSc(Eng.) (Chem.), P.Grad.Dip. Advanced Process Design; John Goode, P. Eng., FCIMM, FAusIMM; Pedro Veliz, P.Eng. and Johann van der Westhuysen, P.Eng., C.Eng (Chemical), MEng, BEng, FICHEM; and
- “Preliminary Economic Assessment on the Berlin Deposit, Colombia” dated January 18, 2013 (the “Berlin Technical Report” or the “Berlin PEA”), prepared by Tenova Mining & Minerals (Australia) Pty Ltd. and authored by Louis de Klerk, P.Eng., BSc(Eng.)(Chem.), P.Grad.Dip. Advanced Process Design; Pieter Niemann, P.Eng; Paul Miller, PhD, Ch.E., MIMM, CEng.; Pedro Veliz, P.Eng. and Doug Corley, R.P. Geo.

Resource estimates referred to in this AIF are from the following technical reports:

- “Laguna Salada Project, Chubut Province, Argentina: NI 43-101 Technical Report Laguna Salada Initial Resource Estimate” dated May 20, 2011, (“Coffey Mining, 2011”) prepared by Coffey Mining Pty Ltd and authored by Neil Inwood, BSc(Geol.), P.Grad.Dip.(Geol.), MSc, MAusIMM; and John Goode, P.Eng., FCIMM, FAusIMM; and
- “Berlin Project, Colombia, National Instrument NI 43-101 Report” dated March 2, 2012, (Coffey Mining, 2012”) prepared by Coffey Mining Pty Ltd and authored by Neil Inwood, BSc(Geol.), P.Grad.Dip.(Geol.), MSc, MAusIMM; John Goode, P.Eng., FCIMM, FAusIMM; and Paul Miller PhD(Ch.E.), MIMM, CEng.

These technical reports are incorporated by reference herein and are available on SEDAR at www.sedar.com and U3O8 Corp.'s web site at www.u3o8corp.com.

The Laguna Salada Technical Report and Berlin Technical Report (together the “Technical Reports”) were prepared in compliance with disclosure and reporting requirements set forth in NI 43-101. All of the authors are each a QP as defined in NI 43-101 and are independent of U3O8 Corp. See “Interests of Experts”. The following summaries of the Technical Reports are included herein with the consent of the respective authors.

Readers are cautioned that the Technical Reports summaries in this AIF should be read in the context of the qualifying statements, procedures and accompanying discussion within the complete Technical Reports and the summaries provided herein are qualified in their entirety by the Technical Reports. Capitalized and abbreviated terms appearing in the following summaries that are not otherwise defined herein, shall have the meaning ascribed to such terms in the respective Technical Report.

Unless otherwise specified, all disclosure of a scientific or technical nature contained in this AIF has been prepared by or under the supervision of Dr. Richard Spencer, the President and CEO of U3O8 Corp. and QP within the meaning of NI 43-101.

Laguna Salada Project

Summary

U3O8 Corp. engaged Tenova to undertake an independent PEA on its 100% owned Laguna Salada Project. The Laguna Salada Project is located in the semi-desert environment of the central plain of Chubut Province (“Province”) in southern Argentina, about 270km southwest of the provincial capital, Rawson and approximately 230km from the main commercial port of Comodoro Rivadavia.

Subsequent to acquiring the Laguna Salada Project in April 2010, U3O8 Corp. undertook an extensive trenching program to define an initial near-surface, free-digging uranium-vanadium resource on the property. Mineralization

was found to occur from surface to a maximum depth of 3m in soft gravel that requires no blasting before mining and no crushing prior to beneficiation. Initial metallurgical test work identified positive beneficiation and leach characteristics for uranium, to the extent that a resource estimate was justified. Coffey Mining (2011) completed a maiden resource estimate on the Laguna Salada Project in 2011, with an Indicated resource of 6.3Mlb of uranium and an Inferred resource of 3.8Mlb of uranium. Mineralization was found in two similar but distinct gravels at Laguna Salada with the Guanaco sector containing approximately 88% of the resource and the remaining 12% located in the Lago Seco area.

Continuous surface mining is well suited to the mesa-like topography in which the layer of uranium-vanadium mineralization is found. Approximately 80% of the tonnage would be mined with continuous miners. The edges of the mesas, where topography is steeper and less regular, and constitutes about 20% of the resource, would be extracted with bulldozers and front-end loaders. Mineralized gravel would be trucked a short distance to semi-mobile beneficiation trains where the gravel would be scrubbed and screened with saline water to separate the pebbles and coarse sand from the fine-grained material in which most of the uranium is concentrated. The fine, uranium-rich material would be slurried and pumped to a central processing facility.

Test work shows removal of the pebbles and coarse sand from the gravel increases the uranium grade by 12 times from the *in situ* grade of the Guanaco gravels and 7 times those of the Lago Seco gravels. Vanadium grades in the residual fine material increase 3.7 and 4 times relative to the grade of the *in situ* gravel from Guanaco and Lago Seco respectively. However, more conservative enrichment factors were used in the processing and economic modelling: 11 and 7 times enrichment for uranium at Guanaco and Lago Seco respectively; and 3.7 and 3.8 times for vanadium from Guanaco and Lago Seco respectively. These more conservative enrichment factors lead to estimates that the fine material being fed to the hydrometallurgical plant (“Hydromet Plant”) would have, on average, grades of 850-870 parts per million (“ppm”) U_3O_8 . These grades are similar to the mill feed grade of operating surficial uranium deposits in other parts of the world. Fine material from the gravel would have an average grade of 2,340-2,370ppm V_2O_5 . Uranium and vanadium would be extracted from the fine material by alkaline leach, in which the reagents are sodium carbonate (washing soda) and sodium bicarbonate (baking soda) at an optimal temperature of 80° Celsius (“°C”).

Continuous mining would involve the cutting of a long trench down to the depth of the uranium-bearing layer. The trench would then migrate sideways with barren gravel and the coarse component of mineralized gravel that had already been scrubbed and screened from the leading edge of the trench, being replaced against the trailing edge of the trench where it would be smoothed and rehabilitated. The mined area would be replanted with indigenous shrubs, which had been removed from the leading edge of the trench prior to mining, as well as with seedlings of local indigenous flora. This mining method has the advantage that no excavation would be left open at the end of the mine life and rehabilitation would be continuous with, and proceed at approximately the same pace, as mining.

PEA Highlights

The PEA provides a base case valuation for the uranium-vanadium resource estimated on Laguna Salada Project (Coffey Mining, 2011).

The economic model is based on a US\$60/lb uranium (U_3O_8) price and US\$5.50/lb for vanadium (V_2O_5). The PEA estimates a life-of-mine (“LOM”) average cash cost of US\$21.62/lb of uranium (U_3O_8), net of a vanadium credit and including a 3% NSR due to the State. The project has a payback of 2.5 years with an average cash cost of US\$16.14/lb (net of the vanadium credit) for uranium over that period. This low initial cash cost is due to the shallow, flat-lying nature of the Laguna Salada Deposit allowing production to start in the higher-grade zones to maximise revenue during the capital payback period.

1.3Mlb of uranium would be produced in year 1, with an average annual production of 0.64Mlb of uranium and 0.96Mlb of vanadium over the 10-year mine life. The initial Laguna Salada Deposit is expected to yield revenue of approximately US\$9.92/t of mineralized material against an operating cost (“Opex”) of US\$4.34/t and to generate operating cash flow of US\$5.58/t. Laguna Salada’s pre-tax $NVP_{7.5\%}$ is estimated at US\$55 million with an IRR of 24% and the after-tax estimate is US\$31 million with an IRR of 18%. The project would require a total capital investment (“Capex”) of US\$135.7 million (including start-up capital of US\$108.5 million, sustaining capital of US\$5.3 million including mine closure and mining equipment overhaul, and US\$21.9 million for an approximate 20% contingency).

U3O8 Corp. undertook this PEA before the full extent of the deposit is known in order to have independent verification that Laguna Salada's production cost would be comparable with the uranium industry's lowest-cost producers. As both of the IRR and NPV are sensitive to deposit size, resource expansion will be prioritized as the project develops. Potential to increase the size of the resources lies in two areas of similar uranium-vanadium mineralization (La Susana and La Rosada) that have been discovered in the Laguna Salada Project area subsequent to the resource estimate made by Coffey Mining (2011).

The principal recommendation of the PEA is that the Laguna Salada Project be advanced to pre-feasibility ("PFS"), and subject to the outcome of that study, a decision should then be taken on whether to conduct a feasibility study ("FS").

This report has been prepared in compliance with NI 43-101 and Form 43-101F1. The PEA is preliminary in nature as it includes Inferred Mineral Resources that are considered too speculative geologically for economic consideration that would enable their classification as Mineral Reserves. Mineral Resources are not Mineral Reserves and have no demonstrated economic viability. There is no certainty that the results of the PEA will be realised.

Project Description, Location and Access

The Laguna Salada Project is an advanced exploration project located in the central part of Chubut Province, Argentina, with defined Inferred and Indicated Mineral Resources of uranium and vanadium. The property is located about 270km southwest of the provincial capital, Rawson and approximately 230km from the main commercial port city of Comodoro Rivadavia. Laguna Salada comprises 23 concessions over an area of 174,315 Hectares ("Ha"), which are 100% owned by U3O8 Corp. through its wholly-owned subsidiaries, Gaia Energy Inc. ("Gaia Energy") and Maple Minerals Exploration and Development Inc. ("Maple").

U3O8 Corp.'s principal project is the Laguna Salada Project in Chubut Province, Argentina, and is held through exploration and mining permits, both of which are granted by the Provincial Mining Authority, and confer exclusive rights on the Company.

Exploration permits are granted for a fixed period of time, based on the extent of the area applied for, and provide the right to explore for specified minerals within a defined area. No renewals or extensions of the exploration term originally granted are allowed. If potentially significant mineralization is discovered during the exploration period, the holder of the exploration right is entitled to apply for a mining permit. The mining permit is for an indefinite term. In order to maintain the exploration and mining permits in good standing, U3O8 Corp. is required to: (i) make an annual payment to the provincial government; (ii) file a working and investment plan, and (iii) submit an environmental impact assessment.

History

Reconnaissance work on Laguna Salada was first conducted in 2007 by Mega Uranium Ltd. ("Mega") with the aim of confirming anomalies detected in a 1978 airborne radiometric survey undertaken by Comision Nacional de Energia Atomica ("CNEA"), Argentina's National Nuclear Authority. U3O8 Corp. acquired the project from Mega in April 2010 and immediately undertook metallurgical test work. Results identified the exceptional beneficiation characteristics of the mineralization, which provided the justification to continue exploration, principally by pitting and trenching, in the Guanaco and Lago Seco areas.

The signing of an option to form a JV with Chubut province's resource company was an important milestone for U3O8 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. Petrominera's concessions may contain additional uranium

resources that could contribute to the Company's aim of adding 10-15Mlb¹ of uranium resources to the Laguna Salada Project to further enhance the project's economics.

Geological Setting, Mineralization and Deposit Types

Uranium-vanadium mineralization at Laguna Salada is contained in flat-topped mesas that are approximately 10m higher than the surrounding plain on the north bank of the Rio Chico, one of the principal rivers in the region.

"Caliche"- and "calcrete"-type deposits are surficial uranium deposits found in semi-desert environments. Caliche-type deposits typically occur in unconsolidated clastic sediments such as gravel, as opposed to cemented sediments in the case of calcrete-type uranium deposits. Examples of calcrete-type surficial uranium deposits are Langer Heinrich in Namibia and Lake Maitland in Western Australia. Laguna Salada is similar to the caliche-type free-digging Tubas Red Sand Deposit in Namibia.

Uranium-vanadium mineralization at Laguna Salada occurs in a gently undulating layer that extends from surface, where it is covered by a thin layer of soil, to a maximum depth of 3m. The mineralized layer ranges between 0.2m and 1.5m thick, averaging 0.95m thick. Carnotite is the principal uranium-vanadium mineral and occurs as a powdery filling between the sand grains and as a partial rim on pebbles. Mineralization occurs in two distinct gravels at Laguna Salada: the Lago Seco gravel has a slightly higher content of fine sand and is slightly younger (Holocene) than the Guanaco gravel that is Pleistocene in age.

Exploration

Exploratory pitting and trenching confirmed that mineralization was extensive. Wide-spaced trenching (~1km square grid) was undertaken to establish the broad distribution of mineralization. Pitting was undertaken at a spacing of 400m, and subsequently 200m in a square grid over areas of interest. Pit spacing was further reduced to a 100m square grid to demonstrate continuity between wider-spaced pit intercepts. Pitting was undertaken over an area of approximately 40km² at Guanaco and 25km² at Lago Seco. Trenches and pits were dug to a maximum depth of 6m, but averaged 2.8m deep. U308 Corp.'s 2010 trenching program culminated in 2,146 trenches, of which 2,089 were used in the initial resource estimate on the Laguna Salada Project. Mineralization remains open in both the Guanaco and Lago Seco sectors of the Laguna Salada Deposit.

Mineralization has also been discovered in the La Rosada and La Susana areas in the Laguna Salada Project area, which is not included in the current resource estimates of Coffey Mining (2011). La Susana is interpreted to be a southeastern extension of the Laguna Salada Deposit.

Uranium and vanadium at Laguna Salada was initially discovered along the edge of the gravel mesas where the mineralized layer is exposed from beneath a typically barren gravel cap. It was only with trenching and pitting in the interior of the mesas that the extent of the mineralization became clear. Similar mineralization is evident in the La Susana area, where the uranium-vanadium bearing layer has been traced along the western and eastern edges of the mesa, some 10km to 15km apart. The mineralized layer at La Susana lies at an average depth of 0.5m below surface and vertical channel samples defined an average grade of 78ppm uranium (U₃O₈) and 290ppm vanadium (V₂O₅) from a gravel layer averaging 0.5m thick. Mineralization at La Susana is hosted in the same unconsolidated gravel unit that hosts the Guanaco sector of the Laguna Salada Deposit. The next step in exploration of La Susana is pitting and trenching to determine the extent of mineralization beneath the barren cap in an area of about 100km².

The La Rosada discovery has the highest grades encountered to date in free-digging gravels and is located about 45km northeast of the Laguna Salada Deposit. Vertical channel samples through the gravel have a weighted average grade of 1,500ppm uranium (U₃O₈) and 780ppm vanadium (V₂O₅) from a layer of gravel about 0.7m thick starting at an

¹ Based on exploration results of other mineralized areas within the Laguna Salada district, there is a conceptual uranium target of 75-120 million tonnes at 50ppm to 60ppm U₃O₈ (10-15Mlb) identified in the district outside of the current resource area. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource north of the current resource. It is uncertain if further exploration will result in additional mineral resources being delineated in the region.

average depth of 0.3m below surface. This average grade is from two areas of gravel, totalling 3.2km² in extent that are perched on Jurassic basement strata. The highest grade encountered in the gravel at La Rosada is 11,780ppm (1.1%) U₃O₈ and 5,168ppm (0.5%) V₂O₅ in a 0.4m thick, horizontal layer.

The La Rosada and La Susana discoveries highlight the district-wide potential of the region. It is recommended that further exploration be undertaken to determine the potential of these newly identified mineralized areas towards the goal of increasing the current mineral resource by 10-15Mlb².

Drilling

Due to the unconsolidated nature of the gravel and the location of mineralization within only 3m of surface, conventional drilling was found to be an inefficient and ineffective exploration tool at Laguna Salada. Diamond drilling cannot recover the loose gravel and reverse circulation (“RC”) blows the fine uranium-bearing material out of the sample, leading to erroneously low assay values. All of the exploration work on which the resource estimate and PEA are based, was from pits and trenches excavated into the gravel. Vibrosonic drilling will be used, together with pitting and trenching, in future exploration and resource definition.

Sampling, Analysis and Data Verification

Panel samples were taken from the sides of trenches, or larger samples were taken with a back-actor that piled the gravel onto a tarpaulin on which the sample was coned and quartered, for analysis. Radiometric measurements were taken in the trenches as a guide to the location of mineralization, but all samples were submitted for chemical assay. Samples were taken and stored under the supervision of Company personnel and were transported to the assay lab by Company personnel or by a commercial transport company. Duplicate samples for assay were taken at the trench site, after coning and quartering, and from prepared fines ready for assay. Blanks were also inserted in the samples stream. Data verification was also undertaken by Coffey Mining (2011), as part of the due diligence for the resource estimate at Laguna Salada and the conclusion was that no material issues had been identified in the sample dataset.

Mineral Processing and Metallurgical Testing

Extensive mineral processing test work resulted in the recognition of the exceptional beneficiation characteristics of the Laguna Salada gravels. The Guanaco and Lago Seco gravels are geologically distinctive, and this is reflected in their beneficiation characteristics that are described below under “Beneficiation”.

Test work showed that fine material from Laguna Salada is amenable to either acid or alkaline leach. However, acid consumption was high (approximately 150 kilograms per tonne (“kg/t”) of mineralized fines) due to the presence of calcite in the mineralized material. Alkaline leach generated excellent uranium extraction results of 96% from Guanaco and 99% from Lago Seco. Vanadium extraction from both Guanaco and Lago Seco was 71% with alkaline leach. Optimal leach time is 2 to 6 hours, and uranium extraction peaks at a temperature of 80°C.

The Laguna Salada gravels contain gypsum which consumes the alkaline leach reagents, sodium carbonate and sodium bicarbonate. Although the Lago Seco gravels have a higher gypsum content (12.7%) than those at Guanaco (3.2%), the gypsum at Lago Seco is more crystalline and is removed more efficiently by screening and hydrocycloning, resulting in 92% of the gravel’s gypsum being rejected by beneficiation. The Guanaco gypsum is finer-grained, which makes screening and use of a hydrocyclone less efficient for its removal. Beneficiation test work resulted in 75% of the Guanaco gypsum being rejected from the fine (<75-micron (“µm”)) fraction. Residual gypsum is removed by leaching the fines in saline water, removing sulphate from the water using either membrane systems or the ettringite

² Based on exploration results of other mineralized areas within the Laguna Salada district, there is a conceptual uranium target of 75-120 million tonnes at 50ppm to 60ppm U₃O₈ (10-15Mlb) identified in the district outside of the current resource area. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource north of the current resource. It is uncertain if further exploration will result in additional mineral resources being delineated in the region.

process, and recirculating the water to leach more gypsum. Pre-leaching of gypsum in this manner reduces alkaline reagent consumption significantly.

Overall recovery through beneficiation, alkaline leach, precipitation and refining is 78.7% for uranium and 14.7% for vanadium in the Guanaco gravels and 70.5% for uranium and 20.4% for vanadium in the Lago Seco gravels.

Mineral Resource and Mineral Reserve Estimates

The PEA is based on a NI 43-101 resource estimate prepared by Coffey Mining and reported in the May 20, 2011 technical report (Coffey Mining, 2011). A summary of the resource estimates is presented in Table 5. The recommended cut-off grade for the two mineralized areas, taking into account their distinct beneficiation characteristics, was 25ppm U₃O₈ for Guanaco and 100ppm U₃O₈ for Lago Seco.

Table 5. Summary of Resource Estimate on the Laguna Salada Deposit

Summary of Resource for the Laguna Salada Project using recommended cut-off grades for the Guanaco and Lago Seco areas						
Category of Resource	Lower cut-off (ppm U ₃ O ₈)	Tonnes (millions)	Average Grade		Contained Metal	
			U ₃ O ₈ (ppm)	V ₂ O ₅ (ppm)	U ₃ O ₈ (Mlb)	V ₂ O ₅ (Mlb)
Indicated Resources						
Guanaco	25	44.6	55	530	5.5	52.0
Lago Seco	100	2.7	145	840	0.9	5.0
Total Indicated		47.3	60	550	6.3	57.1
Inferred Resources						
Guanaco	25	19.4	80	555	3.4	23.7
Lago Seco	100	1.3	130	1,065	0.4	3.1
Total Inferred		20.8	85	590	3.8	26.9

No mineral reserve estimate has yet been undertaken for the Laguna Salada Project at the date of this PEA.

Mining Methods

The PEA is based on a mining plan that contemplates the extraction of:

- 34.6Mt of mineralized gravel (9,475t per day (“tpd”)) and 6.7Mt of soil and barren gravel from the Guanaco area over a 10-year mine-life. The strip ratio at Guanaco is 0.19. The mining rate is 2.5Mt in year 1, 3.3Mt from years 2 to 8, and 4.4Mt in years 9 and 10;
- 9.2Mt of mineralized gravel (3,159tpd) and 2.7Mt of waste over eight years from the Lago Seco area. The strip ratio at Lago Seco is 0.29. Production rates of mineralized material are 0.9Mt in year 1, 1.2Mt in years 2 to 8;
- These mining rates equate to total production of 43.8Mt (12,000tpd) over the LOM: 3.4Mt in year 1, 4.5Mt in years 2 to 8, and 4.4Mt in years 9 and 10. 9.4Mt of barren waste is mined over the 10 year mine life for an overall strip ratio of 0.20.

The mining plan excludes areas in which mineralized gravels have gypsum in excess of 2.5% at Guanaco and 11% at Lago Seco. These high-gypsum areas are excluded because the cost of extraction of the sulphate, which would otherwise consume reagents during the alkaline leach of uranium and vanadium, renders these gravels sub-economic.

Approximately 80% of the mineralized gravel included in the mining plan lies in mesa-like topography in which the free-digging material is amenable to continuous surface mining. The remaining 20% of the resource to be mined is

located at the edge of the mesas where the uneven topography makes continuous mining less effective and so conventional mining with bulldozers and front-end loaders is planned.

Mining would be undertaken in strips that would be excavated as long, narrow trenches that have a step-like cross section. At the leading edge of the strip, the shrubs would be removed for transplanting in the restored area on the trailing edge of the strip. The soil, which is typically 25cm thick, would be removed with graders, loaded onto trucks with front-end loaders and transported the short distance to the trailing edge of the strip where it would be spread over gravel backfill with bulldozers and graders, or piled for spreading over backfill gravels later. The step-like cross section would be generated as follows:

- The removed soil would constitute the first step in the step-like cross section of the excavation;
- Barren overburden gravel would then be removed, creating the second step in the trench's profile. The unmineralized gravel would be cut either with a 400t per hour ("tph") continuous miner in the areas of the deposit that have a mesa-like topography, or with bulldozers where the topography is irregular. A continuous miner would make a cut 2.2m wide and up to 30cm deep with each pass, and would make as many passes as necessary to remove the barren overburden gravel. Once the excavation has reached its roughly constant operating width, barren gravel would be lifted on the miner's conveyor belt and poured directly into the deepest part of the trench from which the mineralized gravel had been removed as described below, or it would be loaded into truck-trailers for transport to the trailing edge where it would be dumped onto barren footwall gravel in the deepest part of the trench;
- Removal of the overburden exposes the mineralized gravel that would be cut by a continuous miner or bulldozer to create the third step in the trench's profile. Mineralized gravel would be lifted by the continuous miner's conveyor belt or by front-end loader into 50t truck-trailers and transported a short distance to one of two semi-mobile beneficiation units for processing;
- The pebbles and sand that is coarser than 75 μ m, and rejected during scrubbing and screening in the beneficiation train (approximately 92% of the original gravel mass from Guanaco and 89% from Lago Seco), would be trucked to the trailing edge of the trench to be levelled with a grader and then covered with soil to reflect the land's original topography; and
- The last stage of the mining operation would be replanting the shrubs removed from the leading edge of the strip in the replaced soil at the trailing edge of the strip. The soil would be scoured perpendicular to the prevailing wind direction and seeded with indigenous flora. The restored area would be fenced for protection from overgrazing until the flora is sufficiently established to withstand utilisation by animals. This reclamation would be continuous throughout the mine life and would ensure that the mining strip or trench is kept to minimum dimensions and that no open excavation would be left on completion of mining.

Processing and Recovery

Beneficiation

Beneficiation trains, consisting of 360tph scrub and screen units, are designed to be semi-mobile so that they can be moved periodically to be close to the mining areas to minimise transport distances. These units would be located on compacted gravel with an adjacent ramp and platform built from compacted gravel that would provide access for haul trucks to dump mineralized gravel directly into a 30 cubic meter ("m³") hopper.

The Guanaco gravel would feed from the hopper into twin 180tph capacity trommels where it would be scrubbed with water at 50%-75% solids with a 15 minute residence time. Scrubbed gravel from the trommels would be fed to a Derrick Stacker Sizer, or equivalent, for screening to 75 μ m. This <75 μ m fraction constitutes approximately 7.7% of the mass of Guanaco mineralized gravel and contains 85% of the gravel's uranium, 29% of its vanadium and 25% of its gypsum.

The Lago Seco gravel would pass from the intake hopper over a dry screen and the oversized gravel would be wet scrubbed in one 180tph trommel for one minute at 50%-75% solids and the <15mm fraction would be wet scrubbed in the second 180tph trommel for five minutes at the same 50%-75% solids density. The material from the two trommels would be combined and screened with the <75 μ m fraction flowing to a hydrocyclone array. The overflow

fraction from the hydrocyclone would constitute 11.1% of the gravel's original mass with 74% of its uranium, 41% of its vanadium and 8% of its gypsum.

The fine sand from both beneficiation trains would be discharged into a conditioning tank, re-pulped to 35% solids and the slurry pumped 5km-8km to a central Hydromet Plant for further processing.

Recovery Methods

Residual gypsum in the combined fines would be leached with saline groundwater from the property and the sulphate would be separated from that solution in a membrane system so that the saline water can be re-circulated.

Extraction of uranium and vanadium would be by alkaline leach at a temperature of 80°C, followed by the precipitation of a uranium-vanadium intermediate product. The PEA contemplates separation of the uranium and vanadium and calcining of the uranium to produce a high-grade uranium oxide as well as recovery of the vanadium as ammonium metavanadate which would be calcined to vanadium pentoxide.

Tailings Management

The 3.2Mt of tailings that would be generated in the Hydromet Plant over the life of mine would be accommodated in a facility with a 3.7Mt capacity. The tailings management facility ("TMF") would be located at an elevation approximately 18m lower than, and approximately 2.5km to the northeast of, the Hydromet Plant. The site for the TMF is on relatively flat, barren gravel that forms a stable base above impermeable mudstone. The facility would consist of four, 10m high cells constructed from compacted gravel. The cells would be constructed and filled sequentially so that each can be remediated on being filled to design capacity. Each cell would be lined with clay and a 1m thick clay cap would be placed over each cell at the time that it reaches design capacity. The clay cap is designed as a radiation control measure. The clay cap would be covered with at least 2m of barren gravel that would be covered with soil and revegetated to complete the restoration of each tailings cell. Radiation levels, and bore holes designed to detect seepage from the TMF, would be monitored at regular intervals and would continue after mine closure.

Production Plan

The PEA is based on the extraction of 43.8Mt of mineralized material, commencing with the higher-grade areas in order to maximize cash flow during the payback period. Hence, the uranium production profile is 1.3Mlb in year 1, 1.1Mlb in year 2 and thereafter decreasing gradually to 0.32Mlb in year 10. The average annual uranium production would be 0.64Mlb over a 10-year mine life. Average annual vanadium production would be 0.96Mlb over the life of mine. Vanadium production would peak at 1.3Mlb in year 2, decreasing gradually to 0.72Mlb in year 10.

Infrastructure, Permitting and Compliance

Project Infrastructure

The principal access to Laguna Salada is via paved Provincial Route 25 that links Trelew with the town of Las Plumas. From Las Plumas, a 53km all-weather, unpaved Provincial Route 48 leads to the project area. A 1km farm road links the base camp to Provincial Route 48. Las Plumas is the closest source of fuel and is likely to become the main centre for provision of services to the project. Communications from site would be via satellite.

The PEA contemplates the project being linked to the national electric power grid by a 70km wood post powerline from the town of Garayalde. Steam for the leach circuit would be provided by light petroleum gas ("LPG") boilers with gas being trucked 230km to site from a depot located at Comodoro Rivadavia.

Water for the beneficiation trains and gypsum leach in the Hydromet Plant would be sourced and pumped from the Laguna Salada depression. A fresh water resource is indicated by geophysical surveys in fracture systems in basement strata in the project area.

Permitting and Compliance

Federal Government Outlook

A radical change has taken place in Argentina since President Macri's government was elected into office on December 10th, 2015. New policies adopted show a fundamental shift away from the restrictive policies of the former

government, which was in power for 12 years. The new government has relaxed foreign currency restrictions, allowed the peso to float freely, eliminated export taxes and has reached a settlement with the holdout bondholders, a dispute that placed the country in sovereign debt default in mid-2014. Settlement with the bondholders in early 2016 cleared the way for Argentina to enter international financial markets again and to participate more freely in the G20. Argentina's economic outlook has been upgraded by Moody's to positive.

Nuclear Energy Policy

Irrespective of which government has been in power, the country has shown unwavering commitment to nuclear as a key component of its energy mix. The two reactors that are currently on-line are producing 5.6% of the country's electricity. The Embalse reactor, the country's third nuclear power plant, is off-line for a refurbishment that will result in a 30-year life-extension and the unit's design output is being increased by 6%. The Development Bank of Latin America has provided a US\$240 million loan for this work. When the Embalse reactor comes back on-line in mid-2018, nuclear will generate 9% of Argentina's electricity. A financing and construction agreement has been signed with China for the construction of the 4th and 5th large-scale reactors. The former is of Canadian CANDU design and the latter of Hualong I design. Argentina's strategy is to double nuclear energy supply to produce approximately 18% of its electricity supply by 2025.

Argentina has its own uranium enrichment facility and recently announced a decision to construct a new enrichment facility in Formosa Province. Argentina built Australia's only nuclear reactor, the Opal unit outside Sydney, and has built similar reactors in Peru, Egypt and is currently building one in Brazil. Argentina produces medical isotopes and has recently been commissioned to design and build a reactor in the USA to generate molybdenum 99 for medical diagnostics.

Argentina is building one of the world's first small modular reactor ("SMR"), a 25-megawatt ("MW") prototype. A number of SMR designs are being permitted throughout the world in the USA, Canada, UK, China, Japan and Russia, using technology similar to that successfully used for nuclear-powered submarines and ships for over half a century. SMRs have the potential to be a game-changer in terms of nuclear energy demand in that they can be deployed to remote regions after having been constructed almost in an assembly-line manner in a central facility before being shipped to site by truck or train. An advantage of SMRs in remote locations, apart from the carbon-free, inexpensive baseload electricity that the reactors generate, is that they do not require connection to regional electricity grids, foregoing the environmental impact, cost and energy loss associated with long, high-tension power lines. SMRs are also well suited to provide energy for water purification in areas of poor water quality and for desalination of seawater in dry environments. Saudi Arabia, for example, is reported to be considering the use of Argentina's SMR, the CAREM 25 unit, for use in its desalination plants. Due to the closure of former uranium mines for economic reasons, a conspicuous gap in Argentina's nuclear fuel cycle is local uranium production.

Chubut Provincial Policy

On a provincial level, although quarrying for industrial minerals is widespread in Chubut, the government introduced Law 5001 in May 2003 whereby open-pit mining for metals is prohibited. In early 2018, the discussion about open-pit mining in Chubut has been reopened and legislation has been drafted that would overturn Law 5001 in the central plain of the province. U3O8 Corp.'s Laguna Salada Deposit lies within the area in which Law 5001 would no longer apply. Despite these legislative changes, the continuous surface mining method on which the Laguna Salada PEA is based, would not leave an open pit and therefore the mining methods contemplated for Laguna Salada are considered by U3O8 Corp. to be compliant with current Chubut mining legislation.

Preliminary Economic Assessment

Based on a US\$60/lb uranium (U_3O_8) and US\$5.50/lb vanadium (V_2O_5) price, the PEA provides an independent valuation of a base case on the initial mineral resource to yield a NPV_{7.5%} of US\$55 million with a pre-tax IRR of 24% and estimated after-tax NPV_{7.5%} of US\$31 million and an IRR of 18%. At the consensus uranium price forecast of US\$70/lb, the project's NPV_{7.5%} would increase to US\$98 million, the IRR would increase to 35% and the payback period would shorten from 2.5 years to 1.9 years (Table 6). As both the IRR and NPV are sensitive to deposit size, an important step in the development of the project is resource expansion, which would significantly improve both economic measures.

The PEA estimates a life of mine cash cost of US\$21.62/lb of uranium (U₃O₈), net of a by-product credit from vanadium (V₂O₅), and including a 3% NSR to the State. Vanadium contributes an average of 13.7% of revenues.

Since the Laguna Salada mineralization lies in a tabular sheet just below surface, there is very little practical restriction on where mining starts. Hence, mining is planned to start in the richest part of the deposit where revenue would be maximised so that capital can be paid back as quickly as possible in 2.5 years. By taking this approach, the initial uranium cash cost averages US\$16.14/lb during the payback period or US\$11.66 in year 1 and US\$14.05 in year 2, gradually rising as uranium grades decrease over the 10-year mine life for an average cash cost of US\$21.62/lb U₃O₈.

The PEA is preliminary in nature as it 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 have not demonstrated economic viability. There is no certainty that the results of this PEA will be realised.

Table 6. Laguna Salada Deposit PEA: Sensitivity of Discounted Cash Flow Estimates and IRR to Uranium Price (US\$)

	Discount Rate	Uranium Price (US\$)			
		\$45	\$50	\$60 (Base Case)	\$70
NPV (US\$ millions)	0%	\$16	\$47	\$109	\$170
	5%	(\$3)	\$22	\$70	\$118
	7.5%	(\$10)	\$12	\$55	\$98
	10%	(\$16)	\$4	\$43	\$82
	15%	(\$25)	(\$10)	\$23	\$55
IRR		4%	11%	24%	35%
Pay-back period (years)		4.7	3.7	2.5	1.9

Capital and Operating Costs

The PEA estimates Capex of US\$135.7 million, the main components being US\$16.0 million for mining and beneficiation equipment, US\$79.1 million for the Hydromet Plant, indirect costs of US\$10.9 million and contingency of US\$21.9 million (Table 7).

Table 7. Laguna Salada Deposit: Summary of Capital Cost Estimate

Items	(in US\$millions)
Mining and beneficiation	\$16.0
Sustaining capital	\$3.3
Hydromet Plant and infrastructure	\$79.1

Items	(in US\$millions)
Mine closure*	\$2.0
Indirect costs (EPCM, insurance, temporary works, first fills & spares etc.)	\$10.9
Working capital	\$2.5
Contingency (20%)	\$21.9
TOTAL	\$135.7

*Mine site reclamation and closure would be ongoing during the life of mine and the majority of this cost is captured in operating costs.

Revenue of approximately US\$9.92/t of mineralized gravel against Opex of US\$4.34/t would generate operating cash flow of US\$5.58/t (Table 8).

Table 8. Laguna Salada Deposit: Summary of Operating Cost Estimate

Items (in US\$)	Per tonne of mineralized gravel
Revenue	\$9.92
Operating Costs:	
Revenue-based royalties	\$0.30
Mining	\$0.99
Hydromet Plant & G&A	\$3.06
Total Operating Costs:	\$4.34
Operating Cash Flow	\$5.58

**Numbers may not add due to rounding*

Conclusions

The Laguna Salada PEA has shown that, based on the information available at this time, the initial resource is economically viable, and the project should be progressed to pre-feasibility, and subject to a positive result, progressed to a feasibility study.

The economics of the project are sensitive to uranium pricing and the project valuation has been based on medium-term forecasts that are substantially higher than present spot prices for uranium.

Project returns would be substantially improved if the mining and processing facility production rate could be increased. Exploration results suggest that further work in gravels adjacent to the current resource area at Laguna Salada provide good potential to significantly increase the mineral resource.

The technical basis for the beneficiation trains and Hydromet Plant has been based on preliminary information and should be confirmed by further laboratory and pilot scale test work in preparation for a PFS and FS to be undertaken. Based on the technical work completed to date, the Laguna Salada PEA included the following recommendations:

- On the basis of the positive results of this PEA, it is recommended that the Laguna Salada Project advance to the stage where a pre-feasibility and feasibility level study can be completed; and
- The total budget for the work recommended for preparation of the Laguna Salada Project for pre-feasibility is US\$3.7 million (Table 9) plus US\$750,000 for a PFS and US\$1.5 million for a FS. Estimates should also be made for owner's costs during the development phase and for a range of approvals and finance raising costs that

will be required. These costs are best estimated during the PFS phase of the project when more precise information on the project and associated risks are likely to be available.

Recommendations regarding resource upgrades and expansion at Laguna Salada are as follows:

- Since the PFS and FS must be based on Measured and Indicated resources, the infill pitting and limited vibrosonic drilling required to convert current Inferred resources to Indicated, is approximately US\$587,000. This would involve the excavation of approximately 260 exploration pits and approximately 2,500m in 10m to 15m deep bore holes with a vibrosonic rig;
- The budget for the conversion of mineralized areas that were uncategorised, and therefore excluded from the resource estimate undertaken by Coffey Mining (2011), to Indicated Resources, is approximately US\$475,000. This work would involve the excavation of approximately 100 pits and 4,000m of vibrosonic drilling in 10m to 15m deep bore boles; and
- Pitting required to establish an initial Inferred Resource in the La Susana and La Rosada areas, is estimated at US\$360,000 and US\$395,000 respectively. Approximately 300 pits are planned for resource estimation purposes at La Susana and approximately 400 at La Rosada.

None of these four resource expansion programs are dependent on one another, although they are likely to be carried out sequentially. The aim of the US\$1,817,000 program outlined above is to double the resource at Laguna Salada to 20-25Mlb³.

Table 9. Laguna Salada Deposit: Budget Summary for Recommended Further Work.

Item	Budget (US\$)
Resource estimation	1,817,000
Metallurgy	765,000
Pilot plant test work	500,000
Water resource studies	315,000
Social and environmental	300,000
Sub-total of recommended work	\$3,697,000
PFS	\$750,000
FS	1,500,000
TOTAL BUDGET	\$5,947,000

Recommended metallurgical test work is budgeted at US\$765,000 and includes:

- Routine beneficiation and leach tests on the four areas of resource expansion potential outlined above (US\$125,000);

³ Based on the initial resource at Laguna Salada and exploration results of other mineralized areas in the district, there is a conceptual uranium target of 150-225 million tonnes at 50ppm to 60ppm U₃O₈ (20-25Mlb) identified in the district to date. Potential quantity and grades are conceptual in nature. There has been insufficient exploration to define a mineral resource north of the current resource. It is uncertain if further exploration will result in additional mineral resources being delineated in the region.

- Filtration test work on the beneficiated fine material from the four programs (US\$220,000). Since filtration accounts for US\$10.9 million or 14% of direct capital cost of the Hydromet Plant, detailed study of filtration characteristics of gypsum-free fines could have a significant impact on capital costs of the project;
- Tests on the ettringite process for the control of gypsum (US\$50,000). Specifically with respect to the ettringite process, further test work should focus on saline water compositions from the Laguna Salada Project that would form the basis for optimisation of the process and testing of the efficiency of ettringite precipitation from such saline water, as well as determining more precise reagent consumption data. These data would allow the sizing of the process equipment to be determined to PFS or FS standards;
- Test work on the efficiency of extraction of sulphate with membranes (US\$90,000), including the investigation of the effect of scaling, the lifetime of membranes and the ability to operate at sufficient pressure to cater for the high concentrations of salts;
- Test work on the concentration of uranium and vanadium and reagent recovery with membranes (US\$80,000);
- Further leach test work to better determine optimum leach conditions and reagent consumption for the recovery of uranium and vanadium, and including limited ammonium carbonate/bicarbonate and acid leach tests (US\$100,000);
- Test work on the extraction of uranium and vanadium from the pregnant liquor solution (“PLS”) (US\$50,000), which would include testing the efficiency of ion exchange as a means of extracting uranium and subsequently vanadium from the PLS as an alternative to the sodium diuranate (“SDU”) circuit contemplated in the current Hydromet Plant design; and
- Characterisation tests on beneficiation plant waste rock, gypsum removal wastes, carbonate leach tailings and other waste streams (US\$50,000).

Recommended pilot plant-related test work is budgeted at US\$500,000 and includes:

- Trial mining with a continuous miner as well as front-end loaders to confirm effectiveness, efficiency and operating cost (US\$75,000);
- On-site scrubbing is a critical component of further test work to optimise scrub time, percentage solids, scrub type (the extent to which lifters versus smooth roll affect uranium and vanadium recovery while maximising gypsum rejection), velocity of rotation and the effect on gypsum leaching, among other factors (US\$150,000);
- After scrubbing, the gravel would be subjected to screen tests designed to optimise the efficiency of separation of the maximum proportion of uranium and vanadium into a small mass of fines with a minimum of gypsum content; and
- The scrubbing and screening test work is required on gravel from multiple trenches throughout the resource area to provide data on the extent of inherent variation of the gravel for incorporation in mine plans for PFS and FS. This beneficiation test work would generate a large mass of fines for gypsum dissolution tests, ettringite and membrane tests, alkaline leach work, further testing of membrane systems within the uranium-vanadium circuit, and optimisation of metal recovery methods (US\$275,000).

Water resource studies are recommended at a budget of US\$315,000 that includes drilling and associated pump tests for fresh water resources and pitting to better define the near-surface saline water resource.

Work in the local farms and the community at Las Plumas should continue to build a platform from which the more critical issues could continue to be identified and start to be addressed. The focus should be on the development of small business strategies and educational support that would dovetail with provincial government initiatives. An important initiative is to test water treatment systems for installation on the farms to improve the quality of the naturally contaminated shallow groundwater found in the gravels in the region. Social and environmental test work is budgeted at US\$240,000.

Initial evaluation of the use of renewable energy sources to provide part of the power requirement at Laguna Salada indicate that solarvoltaic energy is unlikely to be economic whereas solarthermal may be able to play a role in saving

LPG for heating in the leach circuit in the Hydromet Plant. Patagonia has one of the best wind power resources in the world and scoping-level analyses are being done of the potential to incorporate wind turbines and a battery system to provide some of the project's electricity requirement. US\$60,000 is budgeted for follow-up work identified in the scoping study.

Berlin Project

Summary

U3O8 Corp. engaged Tenova to undertake an independent PEA on its 100% owned flagship property, the Berlin Project, which is located in Caldas Province of central Colombia.

Immediately on acquiring the Berlin Project, U3O8 Corp. undertook an intensive exploration program, which has resulted in a maiden resource estimate for uranium and a suite of potential by-products including phosphate, vanadium, nickel, rare earths (yttrium and neodymium), molybdenum, zinc and rhenium delineated on one third of the mineralized trend at Berlin. The Company has achieved positive metallurgical results from extensive test work conducted by two independent laboratories that show the uranium and the suite of other commodities of economic interest at Berlin can be efficiently and effectively extracted using an acidic ferric leach method. The PEA incorporates a complete flow sheet for processing of the Berlin material from beneficiation and extraction to recovery of the individual commodities.

The Berlin PEA provides a base case valuation for the project on the initial uranium resource estimated in accordance with NI 43-101 of 1.5Mlb at 0.11% U₃O₈ Indicated and 19.9Mlb at 0.11% U₃O₈ Inferred, defined on 3km of the 10.5km mineralized trend at Berlin.

The PEA used a base case uranium price of US\$60/lb, which is the average reported price for long-term contracts over the 12 months prior to completion of the study (sources: UxC Consulting, TradeTech). The PEA is based on an average 1.2Mlb of uranium produced annually over a 15-year mine life from a 500,000tpy underground mine. The Berlin Project is expected to yield revenue of approximately US\$406/t against opex of US\$201/t. Capex is estimated at US\$441 million (including sustaining capital and a US\$41 million contingency). Pre-tax NPV_{10%} is estimated at US\$223 million with an IRR of 19%. After-tax estimates yield an NPV_{10%} of US\$112 million with an IRR of 15%. The deposit's NPV_{7.5%} is US\$338 million with a 19% IRR and after-tax figures are US\$198 million with a 15% IRR.

An increase in resources should enhance the economics of the project by extending the life of the mine and/or increasing the production rate. Another critical element is a review of the capex for the Hydromet Plant: initial test work suggests that modifications to the process flow sheet could result in simplifications that should translate to lower capex. In addition, the application of membrane technology could further substantially simplify the plant. Membrane technology, which has been used in some metal processing plants and refineries for decades, uses a series of chemical membranes to concentrate each desired metal. Using uranium as an example, the process works by having a membrane made up of a mesh with apertures just larger than the uranium ion upstream, and apertures just smaller than the ion on the downstream membrane as the PLS passes through the system. This results in uranium being concentrated between a pair of membranes in a multiple membrane system – the other membranes being designed to concentrate other ions of importance such as vanadium, phosphate, etcetera. The metals are extracted from the concentrated solution between the two membranes by an appropriate means such as ion exchange (“IX”), solvent extraction (“SX”) or direct precipitation.

Given the large size potential of the deposit, recommendations in the Berlin PEA include increasing the resource over the entire mineralized trend, and then upgrading the class of resources from Inferred to Indicated category towards advancing to pre-feasibility. Hydrological and geotechnical studies are also recommended for incorporation in future conceptual mine designs.

The Berlin Technical Report has been prepared in compliance with NI 43-101 and Form 43-101F1. The PEA is preliminary in nature as it 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 have no demonstrated economic viability. There is no certainty that the results obtained from the PEA will be realized.

Project Description, Location and Access

The Berlin Project is an advanced exploration project in Caldas Province, Colombia with defined Inferred and Indicated mineral resources of uranium, phosphate, nickel, vanadium, rare earths, molybdenum and zinc contained within one mineralized layer. The property is located about 80km northeast of the provincial capital, Manizales, and approximately 150km northwest of the national capital, Bogota. The project covers an area of 12,665Ha comprising five contiguous concessions, which are 100% owned by U3O8 Corp. through its wholly-owned subsidiary Gaia Energy Investments Ltd. (“Gaia Energy Investments”). Two of the properties (664-17 and 736-17) within the Berlin Project are in the process of being transferred to Gaia Energy Investments from AngloGold Ashanti Limited.

The exploration and mining of resources, such as uranium, are formalized by the execution of a concession contract with the national mining authority pursuant to the mining legislation, Law N° 685/01, duly amended by Law 1382 of 2010. U3O8 Corp.’s interest in the Berlin Project is held through concession contracts, which are managed by the mining authority of the Caldas Provincial Government (“Mining Authority”). By means of Decree 4134 of November 3, 2011, the Colombian Government created the National Minerals Agency, which assumed responsibility for the granting, execution and administration of concession contracts throughout Colombia in May 2012. The concession contracts for the Berlin Project convey the exclusive right to explore the defined areas for specified minerals. A concession owner has the first right to apply for the inclusion of additional commodities to the original contract.

The concession contracts for the Berlin Project were registered prior to implementation of Law 1382 of 2010. These concessions have a 30-year term, which is automatically extended for 30 additional years. Such first term comprises three phases: (i) exploration – three years with possible extension for eight additional years; (ii) construction – three years for the construction and assembly of the infrastructure, extendable for one additional year; and (iii) exploitation – the remaining years for the exploitation stage, extendable for a further 30 years upon request by the concession holder. Concession contracts granted after February 9, 2010, when Law 1382 of 2010 was issued, have the same initial 30-year term, and can be extended for an additional 20-year term. In addition, the 5-year term for the exploration phase may be extended for a total of 11 years prior to the construction phase. Surface rights, which must be negotiated directly with the landowners, are separate from the exploration or mining rights. Concession contracts are renewed annually, provided that work commitments and property payments due to the Mining Authority are met. An environmental insurance policy must be in effect during the full term of the concession contract. No environmental license is required during the exploration stage; however, all work must be done in accordance with environmental guidelines issued by the Colombian Ministry of Mines and Energy and the Ministry of the Environment.

30 days prior to the expiration of the exploration period, the concession owner is required to file and obtain approval of a working and construction plan and environmental impact assessment from the relevant authorities in order to advance to the construction and assembly phase of the permit.

History

Prior exploration of the Berlin Project was conducted by the French company, Minatome, between 1978 and 1981 and culminated in the drilling of 11 bore holes for a total of 2,136m, the excavation of 20 trenches and the construction 3 adits. Minatome estimated a historic resource of 12.9Mt at 0.13% U₃O₈ (38Mlb U₃O₈) on the southern 4.4km of the mineralized layer that has hull-like shape. Minatome’s historic estimate was not done in accordance with NI 43-101 and therefore should not be construed as a current mineral resource, but is merely included for historical context of the project. Historic work did not include estimates for commodities other than uranium. Historic data from trenching showed that anomalous grades of uranium continue along strike to the north of the historic resource.

U3O8 Corp. acquired the Berlin Project from Mega Uranium in April 2010.

Geological Setting, Mineralization and Deposit Types

The Berlin Project lies on the eastern flank of the Cordillera Central where remnants of a mid-Mesozoic fluvio-marine sedimentary sequence overlies basement schists of the Cajamarca Complex. The sedimentary sequence that contains the mineralized unit at Berlin defines an upward-fining progression. This transgressive continental to marine sequence forms part of a large basin that extends from Colombia through Ecuador into Peru and the black shales constitute an important source bed for hydrocarbons in the region. The Colombian Andes developed in response to roughly east-

west shortening in the mid-Pleistocene. Related deformation in the Berlin area resulted in the formation of the syncline that hosts the mineralization in the project area.

The Cretaceous strata form a 10.5km long, canoe-shaped fold (syncline) at Berlin. Folding of the lower Cretaceous sedimentary sequence at Berlin is assumed to have taken place in response to inversion of the basin which started in the Paleogene. The large extent of the alaskite batholith on the west, and the location of smaller alaskite batholiths on the east flank of the syncline at Berlin, suggest that they played a role in the mineralization of the sedimentary units at Berlin.

The Berlin Project is located within the zone of influence of the Palestina Fault System that forms the western bounding structure to the Cretaceous sequence in the Berlin area. The fault strikes 010° to 020° and can be traced over a distance of more than 400km. The eastern margin of the Cretaceous sequence in the Berlin area is marked by the San Diego Fault that is a north-striking splay that merges with the Palestina Fault near the northern tip of the Cretaceous sequence at Berlin.

The mineralized unit encountered in the drilling to date on the Berlin Project is in a sedimentary layer that lies beneath a black shale unit that contains abundant organic carbon. The mineralized layer changes in composition from a sandstone in the near-surface oxidized zone to a carbonate rock at depth.

Drilling has confirmed that mineralization encountered in trenches at surface extends to depth where it follows the asymmetric “U”-shaped cross-section of the fold. Microscopic study of drill core samples shows that uranium occurs mainly as the mineral uraninite that has a close association with organic carbon. The majority of the phosphate occurs as fine, crystalline fluorapatite masses in the sandstone, carbonate-bearing siltstone and carbonate rock. Most of the metals of potentially economic interest occur as phosphate minerals.

The mineralized unit has an average thickness of 3m in the maiden resource area. Immediately to the north, the mineralized unit thins in a 500m wide swath that extends across the syncline. Further north still, the mineralized unit thickens to widths comparable with, or exceeding, those in the resource area.

The Berlin Project shows remarkable geological continuity with the mineralization consistently intersected in a specific and easily identifiable limestone-sandstone unit in both the exploration and resource areas. The mineralized layer is sandwiched between conspicuous marker units that can be traced throughout the 6.3km of Berlin trend that has been drilled by U308 Corp. to date.

Exploration

U308 Corp. began exploration of the Berlin Project immediately after acquiring the property in April 2010. Due to the stratiform nature of the mineralization, the principal objective was to define the extent and consistency of the known mineralized layer through trenching and drilling. Trenches, which were excavated by hand because of the steep topography, were situated where the mineralized layer comes to surface. Drilling, designed to intersect the mineralized layer at depth, was from platforms cut into hillsides. Where possible, multiple bore holes were collared from the same platform to reduce the environmental footprint of the drill program.

Trench sites were identified using historic data and field-checked geological maps from the Minatome exploration that indicated areas of outcropping mineralization. U308 Corp. excavated 38 trenches and assay results support follow up with drilling along the remaining 4.2km of the 10.5km trend.

Drilling

U308 Corp.'s 2010-2011 drill program culminated in the drilling of 82 bore holes for 18,523m from which the initial Inferred and Indicated mineral resources were defined on the southern 3km of the mineralized trend. Additional wide-spaced exploration drilling of 15 holes for 6,445m of which 11 intersected mineralization, has shown similar grades of uranium and the other elements extend over a further 3.3km of the trend. This exploration area is now ready for infill drilling to an intercept spacing appropriate for resource estimation.

Sampling, Analysis and Data Verification

Panel samples were taken from the sides of trenches by Company personnel and were locked in a storage facility for batch shipment to the town of Ibagué. Core samples were halved with a diamond saw at the core handling facility in

Ibague and were batch-shipped by a commercial transport company to Bogota for preparation and assay. Certified standards from suppliers in New Zealand and South Africa were inserted, along with field blank and duplicate samples for QAQC purposes. Coffey Mining (2012) reviewed the sampling procedures as well as the commercial preparation facility in Bogota. Coffey Mining personnel took their own control samples from the field and from bore hole core for preparation and assay at an independent laboratory, and concluded that no significant issues were detected with the Company's sample handling procedure, nor with the assay laboratories being used.

Mineral Processing and Metallurgical Testing

Alkaline leach tests were moderately successful in extracting uranium from core samples from the Berlin Project, but were inefficient in recovering the associated commodities of economic interest. Conventional acid leach was more successful in extracting a wider range of elements, but because the host rock has abundant calcite (which reacts preferentially with the acid), acid consumption was very high.

Dr. Miller, one of the metallurgical consultants that worked on samples from the project, suggested that ferric leach, a method that had been used to extract uranium and yttrium from phosphate minerals at Elliot Lake in northern Ontario in the 1960's and 1970's, be tested. Initial tests showed significant promise and the method was adapted and tested at two commercial laboratories in which excellent results were obtained for the extraction of a wide spectrum of metals and phosphate from core samples. Test work was on whole core without beneficiation since no clear means of separating the abundant calcite in the host rock from the contained metals could be found. This test work resulted in the "non-acetic" processing route described in the Berlin PEA. Subsequent test work on the use of vinegar (acetic acid) to specifically dissolve calcite, thereby reducing the mass of the residual material which was subjected to ferric leach, resulted in the development of a flow sheet for the "acetic" method. Both methods underwent economic analysis in the Berlin PEA.

Test work that was done too late for incorporation into the PEA found a means of flotation that resulted in 30% of the calcite being removed from the host rock without a significant loss of phosphate or metals of value. Removal of such a significant quantity of calcite prior to ferric leach would result in lower acid consumption and reduced operating costs. Future test work would be aimed at refining the flotation process to maximize calcite removal while minimizing the loss of valuable metals and phosphate to the waste stream.

Mineral Resource and Mineral Reserve Estimates

The PEA is based on a NI 43-101 resource estimate prepared by Coffey Mining and reported in the March 2, 2012 technical report. The initial resource estimate on the Berlin deposit was delineated on a 3km sector of the mineralized trend. Mineral resources were estimated for uranium, phosphate, vanadium, yttrium, neodymium, nickel, molybdenum, rhenium and silver contained within the 0.04% U₃O₈ mineralized shell.

As a result of the metallurgical test work, Coffey Mining was requested to estimate resources for zinc and calcite using the same model applied in the 2012 resource estimate (Coffey Mining, 2012), which have been included in the Berlin PEA. Metallurgical testing showed that zinc is efficiently extracted by the acidic ferric iron leach and is easily recovered at little additional cost, and hence, although the grade of zinc in the mineralized material is low at 0.3%, it provides a modest, positive contribution to revenue. Gypsum is an additional by-product generated from calcite when acetic acid is used to beneficiate the mineralized material. Therefore, a calcite resource was estimated in order to incorporate gypsum revenue in an alternative cash flow model generated in the Berlin PEA.

A recommended cut-off grade of 0.04% U₃O₈ has been used for the reported resource estimates summarized in Table 10.

Table 10. Berlin Deposit: Resource Estimate for Uranium and Other Commodities at a cut-off grade of 0.04% U₃O₈

NI 43-101 Resource	Tonnes (Millions)	Uranium		Phosphate		Vanadium		Nickel	
		Grade	Mlbs	Grade	Mt	Grade	Mt	Grade	Mt
Indicated	0.6	0.11%	1.5	8.4%	0.05	0.4%	6.0	0.2%	3.1
Inferred	8.1	0.11%	19.9	9.4%	0.8	0.5%	91.0	0.2%	42.1
NI 43-101 Resource	Tonnes (Millions)	Yttrium		Neodymium		Molybdenum		Rhenium	
		Grade	(t)	Grade	Mt	Grade	Mlbs	Grade	(t)
Indicated	0.6	460ppm	294	110ppm	70	570ppm	0.8	6ppm	4
Inferred	8.1	500ppm	4066	100ppm	813	620ppm	11.0	7ppm	55
NI 43-101 Resource	Tonnes (Millions)	Zinc		Silver		Calcite			
		Grade	(Mlbs)	Grade	(Moz)	Grade	Mt		
Indicated	0.6	0.3%	4.4	2.8ppm	0.06	48.8%	0.29		
Inferred	8.1	0.3%	45.0	3.4ppm	0.89	36.5%	3.00		

No mineral reserve estimate has yet been undertaken for the Berlin Project at the date of this PEA.

Mining Methods

The PEA for the Berlin Project is based on an underground mine on the maiden resource and assumes that approximately 80% of the resource is mined with 20% left as pillars for mine support. After a first-year mine - production of 250,000t of mineralized material, the mine would ramp up to a production rate of 500,000t during a 15-year mine life. Planned daily output from the operation is 1,430t of mineralized material and 715t of waste.

Due to the “U”-shaped cross section of the mineralized layer, two mining methods would be required: the steeply inclined parts of the deposit would require mining by cut and fill while the shallowly inclined parts would use room and pillar mining techniques. Mine access would be from a portal located at an elevation of 805m above mean sea level (“amsl”) via a 760m-long ramp at a 15% inclination.

Crushing and milling would be done in an underground chamber so that dust would be controlled to the highest safety standards. Initial tests show that the mineralized material is amenable to semi-autogenous grinding (“SAG”). In the scenario in which mineralized material is treated with an acetic acid pre-leach, the volume of tailing is reduced to the extent that they could all be accommodated as backfill in the underground mine. In the alternative process, which excludes the acetic acid pre-leach step, excess tailings would gravitate to a long-term storage facility located at lower elevation in flat topography in a drier microclimate approximately 14km from the mine site.

Processing and Recovery Methods

A conceptual flow sheet was developed from extensive metallurgical test work on intercepts from 35% of all bore holes drilled in the initial resource area at Berlin. The process was designed to efficiently extract multiple commodities, to minimize reagent consumption, to be compatible with standard recovery methods and to create an environmentally benign tailing. The three main components of this process are:

- Two options were investigated in the Berlin PEA: i) the first was with beneficiation of the crushed mineralized material using acetic acid (vinegar) to remove calcite and concentrate the valuable commodities into 40-47% of the original mass reduces the volume of tailings by 50-60%; ii) the second included no beneficiation step prior to acidic ferric leach;
- Extraction of the metals and phosphate into a PLS by an acidic ferric leach method. The rates of extraction achieved for each metal and phosphate is shown in Table 11; and

- Recovery of the individual elements from the PLS by IX, SX or direct precipitation.

Table 11. Berlin Deposit: Percentage Extraction for Metals and Phosphate by Acidic Ferric Leach

Commodity	Extraction Rate from PLS
Uranium	96.1%
Phosphate	98.9%
Vanadium	66.3%
Nickel	65.9%
Yttrium	86.1%
Neodymium	59.6%
Molybdenum	51.4%
Zinc	95.9%
Rhenium	32.8%
Silver	25.0%

Infrastructure, Permitting and Compliance

The Berlin Project is in Caldas Province of central Colombia, and is located between the country's largest cities – 140km from Bogota and 100km from Medellin. The town of La Dorada is 60km east of the project and lies on the principal paved road between Bogota and Medellin. La Dorada provides port facilities on the Magdalena River, which is navigable by barge to the coastal port of Barranquilla. Barranquilla is the largest port in Colombia and provides access to the export destinations of the Caribbean, Central America, the southern U.S., northern South America and Europe. A defunct railway line also runs from La Dorada to the port town of Santa Marta on the Caribbean coast. The Colombian government has prioritized the railway line for refurbishment, and this would offer an alternative link between the project and the Caribbean coast.

Large volumes of quality water are available in the project area, although majority of the water used in the operation would come from the underground mine. The PEA indicates that about 75% of the required electricity for the plant could be produced from heat generated from a sulphuric acid plant that forms an integral part of the processing facility. The plant could supply 46% of the power requirement for the entire Berlin operation. In addition, the project is planned to be linked to the 395MW La Miel hydroelectric dam located 12km from the Berlin Project. La Miel would serve as an additional power source.

Preliminary Economic Assessment

Overview

Based on the 12-month trailing average long-term uranium price of approximately US\$60/lb at the time of the study, the Berlin PEA provides an independent valuation of a base case on the initial mineral resource defined to date in the deposit.

Two processing scenarios were considered for the Berlin Project: the acetic option, in which acetic acid was used in a pre-leach step, and a non-acetic alternative in which no beneficiation of the mineralized material was undertaken. The non-acetic alternative showed better economics, generating US\$2.8 billion in revenue with free cash flow of US\$982 million over the 15-year mine life with average annual uranium production of 1.2Mlbs (Table 12).

The Berlin PEA is preliminary in nature as it 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 have no demonstrated economic viability. There is no certainty that the results of the PEA will be realized.

Table 12. Berlin Deposit: PEA Summary (Pre-Tax, Non-Acetic at US\$60/lb Uranium Price, US\$)

Item	Quantity	
Annual mill throughput	500,000t	
Total uranium produced	16.3Mlb	
Annual uranium production	1.2Mlb	
Mine life	15 years	
Cumulative free cash flow	\$982 million	
NPV at 10% discount	\$223 million	
IRR	19%	
Pay-back period	4.9 years	
Cash cost per lb of U3O8, net of by-products	<\$0/lb	
Capital investment	Initial capital	\$360 million
	Sustaining capital	\$40 million
	10% contingency	\$41 million
	Total Capital	\$441 million

At a uranium price of US\$60/lb, the economic model for the non-acetic process yields an NPV_{10%} of US\$223 million and an IRR of 19%. The project's NPV and IRR are shown at various discount rates and uranium prices in Table 13. After-tax estimates yield an NPV_{10%} of US\$112 million with an IRR of 15%. The deposit's NPV_{7.5%} is US\$338 million with a 19% IRR and after-tax figures are US\$198 million with a 15% IRR.

Table 13. Berlin Deposit PEA: Sensitivity of Berlin NPV to Uranium Price and discount rate – non-acetic option (in US\$)

	Discount Rate	Uranium Price (US\$)				
		\$40	\$50	\$60 (Base Case)	\$70	\$80
NPV (US\$ millions)	0%	\$663	\$822	\$982	\$1,142	\$1,302
	5%	\$291	\$391	\$491	\$591	\$691
	10%	\$90	\$157	\$223	\$290	\$356
	15%	(\$21)	\$24	\$71	\$117	\$163
IRR		14%	16%	19%	21%	23%
Payback period (years)		5.9	5.2	4.6	4.2	3.8

Capital and Operating Costs

The Berlin PEA is based on an annual throughput of 500,000t of mineralized material after the initial start-up year. Capex is estimated at US\$441 million (including sustaining capital of US\$40 million and a US\$41 million contingency (Table 9)) and the main components of capex are itemized in Table 14.

Conclusions

Mineralization in the Berlin Project has remarkable geological continuity in a specific and easily identifiable limestone-sandstone unit that lies beneath an organic-rich black shale in both the resource and adjacent exploration areas. The mineralized layer is sandwiched between conspicuous marker units that are evident over a strike distance of at least 6.3km of the Berlin trend.

Table 14. Berlin Deposit PEA: Summary of Capital Cost Estimate – Non-Acetic Option

Items	Capital costs (US\$ million)
Mining	\$74
Process plant	\$177
Infrastructure and tailing management	\$84
Other (EPCM, indirect costs, etc.)	\$65
Contingency	\$41
TOTAL	\$441

The mineralized unit at Berlin is similar in shape to the hull of a canoe and recent drilling has shown that keel reaches depths of over 700m below surface.

Grades intersected at depth along the hull are similar to assays obtained in trenches where the mineralized layer reaches surface on the eastern side of the fold. With scout drilling having defined the approximate shape of the mineralized unit along a further 3.3km segment of the Berlin trend beyond the current resource area, infill drilling would focus on the shallower parts of the eastern flank towards further resource growth.

Based on the similarity of average grades of the maiden resource with exploration drill results in the northern part of the trend, large increases are expected in resources of the other elements that occur with the uranium, namely: vanadium, phosphate, nickel, molybdenum, rhenium, rare earths (yttrium and neodymium) and zinc.

Trenching has added to the understanding of both the nature of mineralization and its continuity. Uranium grades obtained in drilling and trenching completed to date are consistent with that indicated by the historical work undertaken by Minatome. The trench assay results further support the continued drilling of the deposit throughout the 10.5km Berlin trend.

A flow sheet has been developed from extensive metallurgical test work on intercepts from 35% of all bore holes drilled in the initial resource area at Berlin. The process comprises the following main components: (1) beneficiation in the case of the acetic option, whereby the commodities of value are concentrated into as small a mass as possible for further processing; (2) extraction of the metals and phosphate by acidic ferric leach that generated excellent results; and (3) recovery of the individual elements from solution by IX, SX and direct precipitation.

The mineralization at Berlin is in a limestone that contains about 55% carbonate minerals (calcite) that consume acid that is required to leach the metals and phosphate from the mineralized rock. Beneficiation of the crushed mineralized material using acetic acid removes the calcite and concentrates the valuable commodities into 40-47% of the original mass, which makes the subsequent extraction and recovery process more efficient and reduces the volume of tailings by 50-60%.

Financial modelling in the PEA shows that the uranium could be mined and recovered from Berlin at a near-zero cash cost due to the revenue from the associated commodities.

Flotation is also being examined as an alternative beneficiation method to acetic acid leach as a means of selective removal of the carbonate from the mineralized material at Berlin. Initial results on mineralized material from the Berlin Project suggest that 30% of the acid-coming calcite can be removed with negligible loss of valuable metals and phosphate. Flotation, as an initial step in the processing of mineralized material, could significantly reduce costs associated with acid consumption.

The PEA is based on the initial mineral resource at Berlin and provides a base case from which the economics of the project can be improved as efficiencies may be realized from a simplified plant design based on further metallurgical test work and as the size of the deposit increases through further resource drilling.

Recommendations

The PEA indicates robust economics on the initial resource. Recommendations to enhance the economics of the project are to test additional metallurgical processes that could simplify the Hydromet Plant, to expand the size of the resource and to upgrade the mineral resource from Inferred to the Indicated category towards advancing to pre-feasibility studies.

Based on the technical work completed to date, the Berlin PEA's primary recommendations (budget estimate by U308 Corp.) include:

- Wide-spaced exploration drilling of the northern 4.2km of the mineralized trend at Berlin that remains to be explored to fully define the size potential of the Berlin deposit (budget US\$3.3 million);
- Infill drilling of the 3.3km of the mineralized trend that has already undergone exploration drilling with the aim of increasing the current Inferred mineral resources (budget US\$6.6 million);
- Infill drilling to upgrade the current and contiguous Inferred resources to the Indicated category (budget US\$11.0 million);
- On conversion of a significant part of Inferred mineral resources to Indicated, a pre-feasibility study should be undertaken on the potentially larger Berlin deposit; and
- Metallurgical test work should continue with the aim of improving and refining the conceptual process. The focus of this test work should be on efficiently beneficiating the mineralized material, as well as on the application of membrane technology to concentrate the various ions in solution prior to extraction by IX, SX or direct precipitation. Successful test work could lead to capital and operating cost savings while maintaining the revenue stream. This test work should be of a level appropriate to pre-feasibility stage studies.

DIVIDENDS AND DISTRIBUTIONS

The Company has not declared or paid any dividends on its common shares since its incorporation. Any future dividend payment will be made at the discretion of the board of directors, and will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the board deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

U308 Corp.'s authorized share capital consists of an unlimited number of common shares without par value. As of the date of this AIF, there were 23,043,436 common shares issued and outstanding, 3,181,070 warrants and 1,428,000 stock options, each exercisable to acquire one common share, for 27,652,506 common shares outstanding on a fully diluted basis.

Holders of U308 Corp.'s common shares are entitled: (i) to receive notice of any shareholder meetings of the Company, and to attend and to cast one vote per common share held at all such meetings; (ii) to receive on a pro-rata basis such dividends, if any, as and when declared by the Company's board of directors at its discretion from funds legally available, and (iii) upon the liquidation, dissolution or winding up of the Company, to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of common shares with respect to dividends or liquidation. U308 Corp.'s common shares: (i) do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of such common shares entitled to vote in any election of directors may elect all directors standing for election; and (ii) do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

U308 Corp's common shares are listed and traded on the NEX platform of TSX-V (symbol: UWE.H). Table 15 sets forth the high and low market prices and volume of the common shares on the TSX on a monthly basis during the year ended December 31, 2019.

Table 15. Summary of Monthly U308 Corp. Share Price Highs and Lows with Associated Volume in 2019.

Month	High	Low	Avg. Daily Volume
Dec 2019	0.105	0.04	56,818
Nov 2019	0.085	0.05	45,399
Oct 2019	0.11	0.07	21,320
Sept 2019	0.115	0.095	9,212
Aug 2019	0.16	0.11	18,836
July 2019	0.14	0.12	29,005
June 2019	0.15	0.10	25,865
May 2019	0.145	0.12	15,885
Apr 2019	0.16	0.145	27,450
Mar 2019	0.16	0.15	32,207
Feb 2019	0.21	0.17	43,785
Jan 2019	0.275	0.215	13,322

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

At the date of this AIF, the Company does not have escrowed securities nor securities that are subject to contractual restrictions on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings of Directors

Table 16 sets forth certain information with respect to the current directors and executive officers of U308 Corp. Directors hold office until the next annual meeting of shareholders or when their successors are elected or appointed. As of the date of this AIF, the directors and executive officers of U308 Corp., as a group, own or have voting control or direction over 1,461,674 common shares or approximately 7% of the issued and outstanding common shares⁽¹⁾.

Table 16. Tabulation of U308 Corp. Directors, their role in the Company, Their Principal Occupation and the Number of Common U308 Corp. Shares That They Own.

Name, Province and Country of Residence	Director or Officer Since	Principal Occupation during the Last Five Years	Common Shares Owned ⁽¹⁾
Richard Spencer ⁽⁴⁾ Ontario, Canada	President and CEO since January 2008 Director since November 2014	President and CEO of U308 Corp. (2008 to present); President & Director of Aurania Resources Ltd (March 2017 to present); Director of Firestone Ventures Inc. (November 2017 to present).	208,155
John Ross Ontario, Canada	CFO since June 2010 Director since June 2015 – June 2016	CFO of U308 Corp. (2010 to present) Interim CEO & CFO of Hempco Food and Fiber Inc. (2017 to March 2020) CFO of Xtra-Gold Resources Corp, a mineral exploration company (2010 to 2015) CFO of Buccaneer Gold Corp. (2016 to present) CFO of High Mountain Capital Corporation (2018 to 2019) CFO of AMPD Ventures Inc. (October 2019 to present)	242,629
Keith Barron ⁽³⁾⁽⁴⁾ Valais Switzerland	Director since December 2005	President, CEO and Director, Aurania Resources Ltd., a mineral exploration company (2013 to present) Director, Firestone Ventures Ltd., a mineral exploration company (2012 to present).	1,467,251
David Constable ⁽²⁾⁽³⁾⁽⁴⁾ Ontario, Canada	Director since April 2006	Retired Business Executive (2010 to present) Director, IMX Resources Limited, a mineral resources company (2012 to April 2014) Director, Tiger Resources Limited a mineral resources company (2011 to 2016) Sandspring Resources Ltd. (now Gold-X Mining Corp., a mineral resources company (2011 to 2019) Director, Woulfe Mining Corp., a mineral resources company (2010 to February 2015) Director, Anglo Swiss Resources Inc. (2011 to 2013), Rockcliff Resources Inc. (2010 to 2013) and Acme Resources Inc. (2009 to 2013), all mineral resources companies	Nil

Name, Province and Country of Residence	Director or Officer Since	Principal Occupation during the Last Five Years	Common Shares Owned ⁽¹⁾
Pablo Marcet ⁽³⁾ Buenos Aires, Argentina	Director since May 2011	Director, Esrey Resources Ltd., (2017 to present) Director, Barrick Gold Corporation (2016 to 2019) Director, Orosur Mining Inc. (2014 to 2016) President of Geo Logic S.A., a management services and consulting company (2003 to present)	8,973
David Franklin ⁽²⁾ Ontario, Canada	Director since June 2015	Co-Founder and Managing Director, WoodsWater Capital Inc., a private equity company (April 2014 to present)	Nil
David Marsh ⁽²⁾ Ontario, Canada	Director since June 2017	Senior Vice President - Metallurgy and Technology Development, Avalon Advanced Materials Inc.	Nil

⁽¹⁾ Common shares beneficially owned or over which the director or executive officer exercises control or direction not being within the knowledge of the Company has been furnished by the respective directors individually.

⁽²⁾ Member of the Audit Committee.

⁽³⁾ Member of the Compensation, Corporate Governance and Nominating Committee.

⁽⁴⁾ Member of the Safety, Health, Environment, Community and Technical Committee.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

At the date of this AIF, the Company's directors do not have cease trade orders, bankruptcies, penalties or sanctions outstanding against them.

Conflicts of Interest

Directors and officers of U308 Corp. also serve, or may serve in future, as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility of such directors and officers being in a position of conflict. Any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of U308 Corp. and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.

Other Board Matters

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 U308 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 itself, 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 are 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 based on 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. None of the five 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 most of the Corporation's operations located in South America, 3 of the 5 (60%) 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.

Committees of the Board of Directors

The Board of Directors discharges its responsibilities directly and through committees of the Board of Directors, currently consisting of an: (1) Audit Committee; (2) Compensation, Corporate Governance and Nominating Committee; and (3) Safety, Health, Environment, Community and Technical Committee.

Audit Committee

The mandate of the Audit Committee is formalized in a written charter. The members of this committee are Messrs. Franklin, Constable and Marsh. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting process and control systems, review and appraise the audit activities of the Company's independent auditors, financial and senior management, and to review the lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters.

Compensation, Corporate Governance and Nominating Committee

The mandate of the Compensation, Corporate Governance and Nominating Committee is formalized in a written charter. The members of this committee, Dr. Barron and Messrs. Marcet and Constable, are responsible for making recommendations to the Board of Directors on all matters relating to the compensation of directors, the members of various other committees of the Board and the senior officers of the Company. For this purpose, this committee reviews all aspects of compensation paid to directors, committee members, management and employees to ensure the Company's compensation programs are competitive, and that the Company can attract, motivate and retain high calibre individuals. The Compensation, Corporate Governance and Nominating Committee is also responsible for the corporate governance of the Company and the appointment and assessment of directors. Committee meetings are held, as warranted, with respect to officer appointments, corporate governance or other compensation related matters.

Safety, Health, Environment, Community and Technical Committee

The members of this committee are Drs. Barron and Spencer and Mr. Marsh, and they provide support and expertise in the areas of workplace safety and health, environmental issues, corporate social responsibility initiatives and technical issues in connection with U308 Corp.'s day-to-day operations and exploration activities. Committee meetings are held as warranted.

Audit Committee Disclosure

National Instrument 52-110 - Audit Committees (“NI 52-110”) requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Company’s Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A.

Composition of the Audit Committee

The Company’s Audit Committee is comprised of Messrs. Franklin, Constable and Marsh. As defined in NI 52-110, each of the directors is “independent” and “financially literate”.

Mr. Franklin, Chairman of the Audit Committee, is the Co-Founder and Managing Director of WoodsWater Capital Inc., a private equity company. Previously, he was a Market Strategist, Sprott Asset Management, an investment management company and prior to that was the CEO, Sprott Private Wealth LP, a wealth management company.

Mr. Constable was the Vice President, Investor Relations of FNX Mining Company Inc. from 2002 to 2010, retiring after the merger with Quadra Mining Ltd. (merged to become QuadraFNX Mining Ltd. and subsequently acquired by KGHM International Ltd. in 2012). He has extensive experience as a director of junior mining companies, including Tiger Resources Ltd., Woulfe Mining Corp. and Sandspring Resources Ltd. Mr. Constable received his B.Sc. (Honours) degree in Geology from Mount Allison University and MBA (Honours) degree from Laurentian University. He also holds an ICD.D designation from the Institute of Canadian Directors.

Mr. Marsh is the Senior Vice President – Metallurgy and Technology Development, Avalon Advanced Materials Inc., an explorer with projects in Canada. He has over 35 years of experience in the metallurgical and mineral processing industries. He has worked throughout Africa for over 25 years, as well as in Australia and Canada. Mr. Marsh's previous positions include senior and executive management roles in process design and implementation, particularly with heavy minerals, gold, base metals, uranium and platinum group metals. Whilst at Avalon this exposure has increased to include rare earth elements, lithium and industrial minerals processing experience. He has also managed engineering design offices, bankable feasibility studies and project implementation with large EPCM (Engineering, Procurement, Construction and Management) companies. A native of the United Kingdom, Mr. Marsh received his B.Sc (Hons.) in Mineral Processing from the University of Leeds, England in 1980.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve any non-audit services to be provided to the Company or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor’s independence as prescribed by securities laws.

Audit Fees

Table 17 summarizes the aggregate fees charged by the external auditors of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2019 and 2018 for audit and non-audit related services.

Table 17. Summary of Audit Fees Paid by the Company During the Last Two Financial Years

Type of Work	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees ⁽¹⁾	\$55,000	\$55,000
Audit-related Fees ⁽²⁾	Nil	Nil
Tax Advisory Fees ⁽³⁾	Nil	Nil
All other fees	Nil	Nil
Total	\$55,000	\$55,000

Notes:

- (1) Aggregate fees for the Company's annual and quarterly financial statements and services normally provided by the auditor in connection with the Company's statutory and regulatory filings.
- (2) Aggregate fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported as "Audit fees", including: assistance with aspects of tax accounting, attest services not required by state or regulation and consultation regarding financial accounting and reporting standards.
- (3) Aggregate fees for tax compliance, advice, planning and assistance with tax for specific transactions.

PROMOTERS

No persons or entities have been working as promoters of the Company during the last two financial years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material pending legal proceedings or regulatory actions to which the Company is a party or of which any of the Company's properties are subject, nor are any such proceedings or actions currently known, by the Company, to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or significant shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or would materially affect the Company.

TRANSFER AGENT AND REGISTRARS

The Company's transfer agent and registrar is TMX Equity Transfer Services, 301-100 Adelaide Street West, Toronto, ON, M5H 4H1.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the financial year ending December 31, 2017, or that have been entered into since the Company's incorporation in December 6, 2005 and that are still in effect.

INTERESTS OF EXPERTS

Names of Experts

Following are the names of each person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or referred to in a filing made under National Instrument 51-102 by the Company during or relating to the financial year ended December 31, 2017, whose profession or business gives authority to such report, valuation, statement or opinion:

1. Davidson and Company LLP (regarding the Financial Statements and auditors' report thereon); and
2. The Laguna Salada Technical Report Authors and Berlin Technical Report Authors (regarding the Technical Reports).

Interests of Experts

Davidson and Company LLP, Chartered Professional Accountants, are U308 Corp.'s auditors, and have advised the Company that they are independent of the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The Laguna Salada Technical Report Authors and the Berlin Technical Report Authors have advised the Company that they are not and were not, at all relevant times, the registered and/or beneficial owner, directly or indirectly, of any of the outstanding common shares of the Company.

ADDITIONAL INFORMATION

Additional information relating to U308 Corp. is available on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management proxy circular of the Company that will be issued in May, 2019.

Additional financial information is provided in U308 Corp's Financial Statements and MD&A for the financial year ended December 31, 2019.

APPENDIX A: Audit Committee Charter

PURPOSE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of U3O8 Corp. (the "Corporation") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

1. conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
2. assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
3. ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
4. review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
5. select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
6. provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval. In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part III of this Charter.

AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

1. engage independent counsel and other advisors as it determines necessary to carry out its duties;
2. set and pay the compensation for advisors employed by the Committee; and
3. communicate directly with the internal and external auditors.

COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Toronto Stock Exchange ("TSX"), the Business Corporations Act (Ontario), all applicable securities regulatory authorities. Each member of the Committee shall be financially literate.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. A majority of the members of the Committee shall be "independent" as defined by securities legislation and the requirements of the TSX.
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.

5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend meetings of the Committee.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.
12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

RESPONSIBILITIES

Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with generally accepted accounting principles ("**GAAP**") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.
3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.
5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.
6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall establish procedures for:
 - a. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

Independent Auditors

1. The Committee shall be responsible for recommending the appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the Independent Auditors.
4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within GAAP that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.

9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

Other Responsibilities

The Committee shall also:

1. establish procedures for:
 - a. the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters, or violations to the Corporation's code of ethics, including reviewing and discussing Whistleblower Policy with management; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, internal controls or auditing matters, or violations of the Corporation's code of ethics; and
2. perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.