



18<sup>th</sup> April 2012

**Quarterly Report for the three month  
period ending  
31<sup>st</sup> March 2012**





## Highlights

- **Diamond drilling continued on Olary Creek iron ore targets. The current programme totalled 24 diamond drill holes for an advance of 7052.6 metres. Drilling ceased at the start of the Quarter.**
- **Diamond drilling will continue at Olary Creek in 2012, with a further 10,000 metres of reverse circulation and diamond drilling planned for the first half of 2012.**
- **U3O8 Limited signs Joint Venture Agreement on the Cerro Chacon Gold Project in Argentina.**
- **The Company continues to pursue quality projects in Australia and South America.**
- **U3O8 Limited has \$4.81 million cash on hand at the end of December 2011.**

**U3O8 Limited**

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## Corporate

Exploration at Olary Creek in South Australia has been ongoing with diamond drilling continuing until early January 2012.

The Company has focused on the acquisition of quality projects in Argentina targeting both uranium and gold/silver mineralisation. Following the signing of a Heads of Agreement in December, on the Sierra Cuadrada Uranium Project in Argentina with Canadian based U3O8 Corp, the Company has now signed a further Joint Venture Agreement with MH Argentina for a gold/silver project in the Patagonia region of Argentina.

Following assessment of the projects, the Company has allowed E09/1311 to lapse and has withdrawn from the East Kimberley Joint Venture.

U3O8 Limited has \$4.81 million in available funds as at 31st March 2012.



Figure 1: U3O8 Project Location Plan



## South America

### Argentina

In March, the Company announced that their 100% owned subsidiary, Piche Resources had signed a Joint Venture Agreement with MH Argentina S.A. on the Cerro Chacon Project in Argentina.

The Cerro Chacon Project consists of 11 tenements, covering an area of approximately 419km<sup>2</sup>, in the province of Chubut, in the Patagonia region of Argentina.

The project area is prospective for low sulphidation epithermal gold-silver mineralisation with several very significant anomalies having previously been identified. Epithermal vein systems up to 2km long have been followed on the surface with rock chip samples returning gold value to 9.8g/t gold (Au).

Additionally, this and other prospects within the Joint Venture are anomalous in precious and base metals and other minerals indicative of this style of mineralisation.

No historical drilling has been undertaken on the project to date.

Piche Resources has the right to earn 60% in the Joint Venture by expending US\$500,000 (approx. AU\$465,000) during the first three years.

Furthermore, Piche Resources is able to earn 100% of the project within 10 years subject to conditions which include:

- (i) Expending US\$500,000 during the first three years;
- (ii) Within the initial 3 year period, a Joint Venture Company between MHA and Piche having been formed;
- (iii) Mining activities having commenced.

If Piche meets the conditions set out above and exercises its options to earn 100% of the project, MHA will be granted a 3% net Smelter Return Royalty over the

property. Piche will be able to acquire half of that royalty (1.5%) by payment of US\$1.5million.

There are many projects and operations in Patagonia located in similar geological settings, including Navidad, the largest undeveloped silver deposit in the world containing 751 million ounces silver (Ag) and over 3 billion pounds of lead; Cerro Vanguardia, with measured, indicated and inferred resources of 4.4 million oz Au and 95.2 million oz Ag; and Cerro Negro, which contains 5.4 million oz Au and 43.6 million oz Ag in similar categories. (Figure 4)



**Figure 2: Argentina, South America**



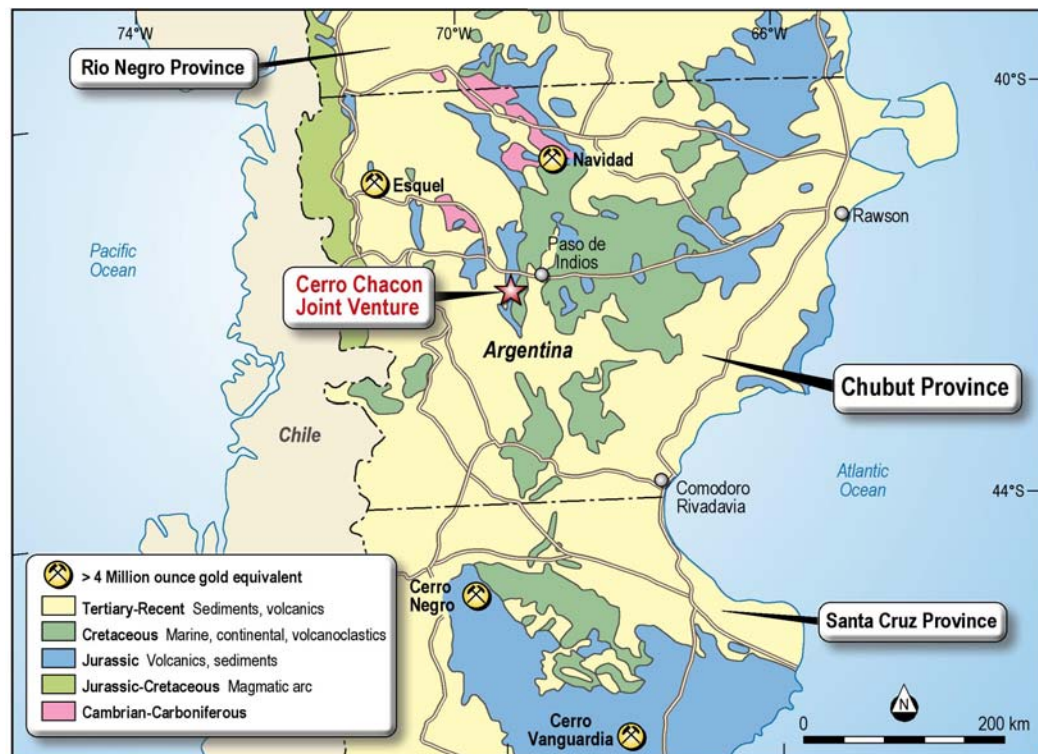
**Figure 3: Chubut Province, Argentina**

MH Argentina S.A. is the Argentinean branch of Hochschild Mining, a leading underground precious metal producer in the Americas with a primary focus on gold and silver. The 2011 production of the five projects operated by Hochschild, totalled 21.45 million ounces Ag and 180,300 oz Au. The 51% owned San Jose operation in Santa Cruz Province of Argentina produced 5.9 million oz Ag and 81,000 oz Ag in 2011.

The Cerro Chacon Gold Project adds considerable focus to the Company's objectives in Argentina following its December announcement that it had signed the Sierra Cuadrada Heads of Agreement with Canadian based U308 Corp, a

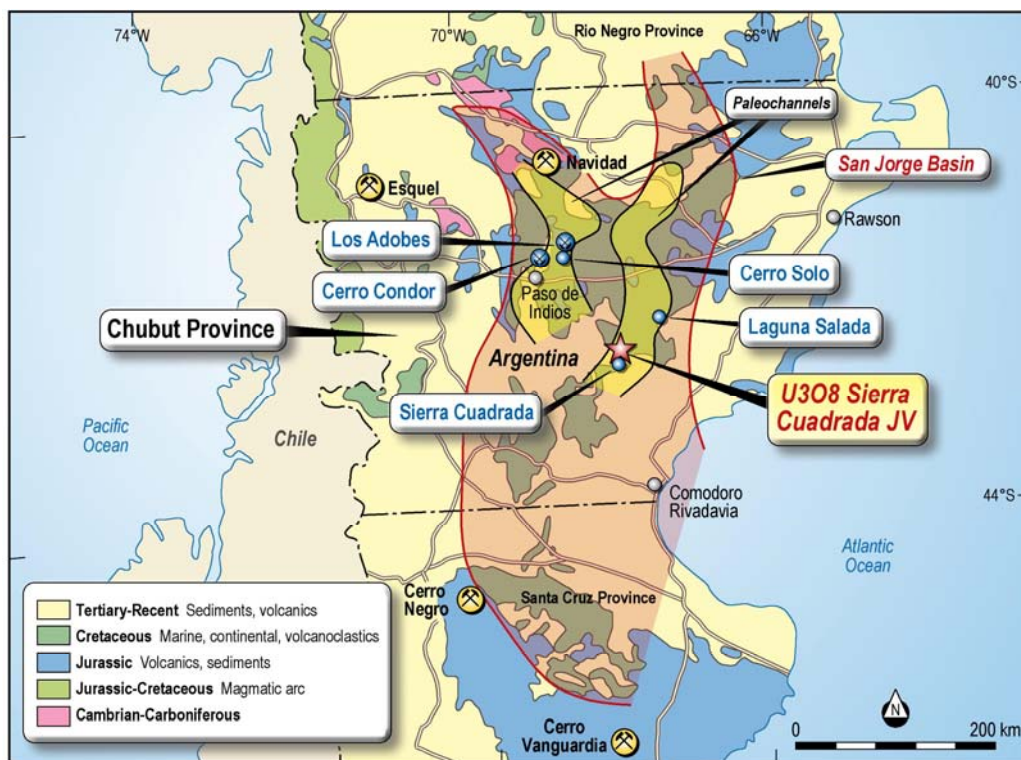
company focussed on exploration and resource expansion in South America. U308 Corp and U308 Limited are totally unrelated companies.

The Sierra Cuadrada Uranium Project covers an area of over 700km<sup>2</sup> adjacent to CNEA's (Atomic Energy Agency of Argentina) Sierra Cuadrada Project in the southern half of the province of Chubut in Argentina. (Figure 3). The area is prospective for sandstone hosted uranium mineralisation, similar in style to the previously mined Cerro Condor and Los Adobes operations, and the current advanced resource of Cerro Solo, all in the same province. (Figure 5).



**Figure 4: Location of Cerro Chacon JV, Chubut**

Even though visible uranium mineralisation outcrops at the surface in a number of areas within the project, very little surface exploration and no drilling, has been undertaken outside the zone of mineralisation previously identified by CNEA.



**Figure 5: Location of Sierra Cuadrada Joint Venture**

A formal Joint Venture Agreement for the Sierra Cuadrada project is currently being prepared after which, U3O8 Limited intends to commence an aggressive, but systematic exploration programme over the project area.

U3O8 Limited will have the right to earn 51% interest in the Sierra Cuadrada Joint Venture by spending US\$1 million in exploration within a period of four years. U3O8 Limited will manage the Sierra Cuadrada JV.

U3O8 Limited's JV partner, U3O8 Corp, is a Toronto-based exploration company (TSX-venture: UWE), focused on exploration and resource expansion of uranium and associated commodities in South America. U3O8 Corp. has an advanced portfolio of uranium projects in the region including Guyana, Argentina and Columbia.

The Company is intending to commence exploration activity on its Argentinean projects in May 2012.

# Australia

## South Australia

### Olary Creek

The Olary Creek Project includes exploration licence 4664 and is located 70 kilometres from Broken Hill with ready access to roads, rail and port facilities. The project is situated a short distance south of the Barrier Highway and the Indian Pacific railway line (Figure 6).

U308 considers the project prospective for a range of elements and has completed drilling programmes in search of uranium and base metals, over the past few years. Over the last two years, the Company has focused its attention on iron ore within the project.

U308's joint venture partner (HJH Nominees), completed 24 diamond drill holes for a total of 7052.6 metres, in a programme which commenced in the September 2011 Quarter and finished at the start of this reporting period.

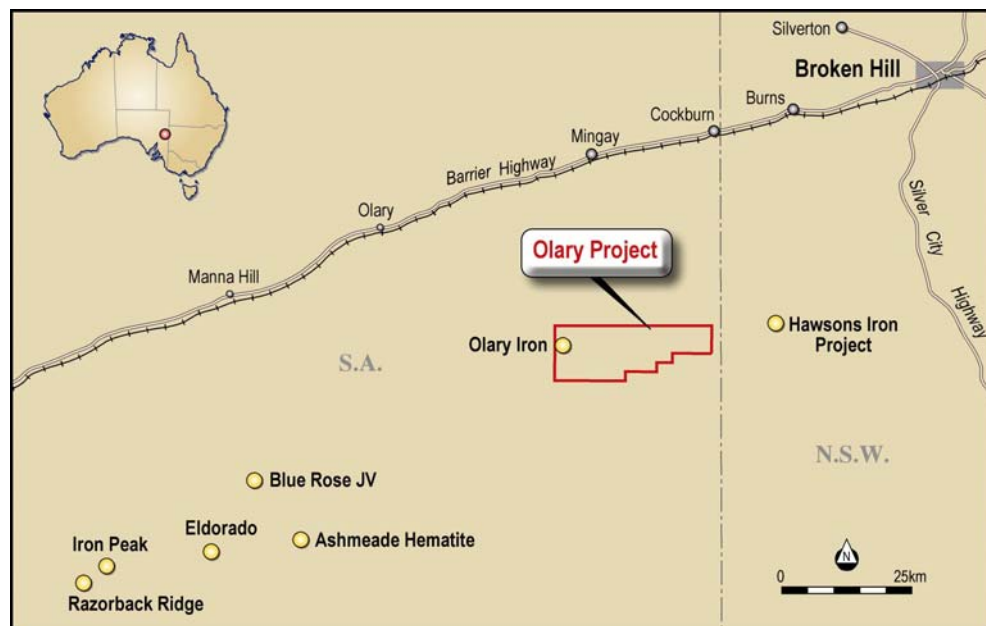


Figure 6: Location of the Olary Project



The drill core is currently being split and sampled and both geochemical and metallurgical test work results are awaited.

## Western Australia Ashburton Project Area

The Ashburton Project comprises 18 granted exploration tenements and one tenement application prospective for gold, silver, rare earths and base metals, in addition to unconformity style uranium mineralisation and is situated south of Paraburdoo in Western Australia (Figure 7). The project area consists of three groups of tenements. Two granted tenements and one tenement application are held 100% by U308 Limited. A further 13 tenements comprise the Ashburton JV, a 50:50 joint venture with Cameco Australia, and the three remaining tenements form part of the Saltwater Pool Joint Venture with Thundelarra Exploration and Cullen Resources. (Figure 8).

During the Quarter, U308 applied for an additional tenement in the Ashburton area. Exploration Licence application 52/2767, covers an area of approximately 180km<sup>2</sup> and targets potential extensions of the uranium mineralisation identified at Ristretto, in addition to other areas of interest for rare earths, gold and uranium.

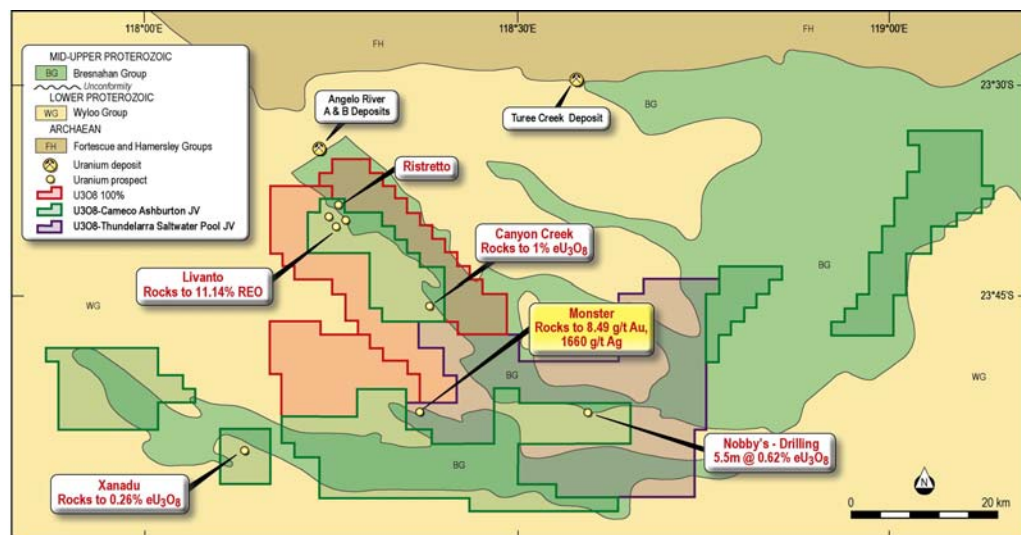


Figure 7: U308 Limited's Ashburton Project Area



The interpretation of the hyperspectral survey completed over much of the project area is ongoing but it is highlighting significant structural complexity and zones of alteration.

U308 and its joint venture partners have acquired a significant database of geophysical, geochemical, geological and satellite information. The Company is currently organising the data into a GIS database to ensure it is able to get the best out of the information in hand.

Further information relating to the Company and its various exploration projects can be found on the Company's website at [www.u3o8.com.au](http://www.u3o8.com.au).

18<sup>th</sup> April 2012

**Stephen Mann**  
**Managing Director**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by S. Mann, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mann has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which the Company is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Mann is a full-time employee of U308 Limited. Mr Mann consents to the inclusion of the information in this announcement in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/01, 01/06/10, 17/12/10

Name of entity

U3O8 LIMITED

ABN

11 113 446 352

Quarter ended ("current quarter")

31 March 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	99	204
1.2 Payments for		
(a) exploration and evaluation	(135)	(765)
(b) development	-	-
(c) production	-	-
(d) administration	(409)	(848)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	243
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(442)</b>	<b>(1,166)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(12)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(1)</b>	<b>(12)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(443)</b>	<b>(1,178)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(443)	(1,178)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(443)	(1,178)
1.20	Cash at beginning of quarter/year to date	5,252	5,987
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,809	4,809

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	66
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.23 - Includes salaries paid to directors, as well as superannuation paid on behalf of directors.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>550</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	82	478
5.2 Deposits at call	4,727	4,774
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,809</b>	<b>5,252</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E09/1311 E80/3550 E80/3640	Held 100% by UTO JV Interest JV Interest	100% 90% 90%	0% 0% 0%
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A	N/A	N/A	N/A
7.3 *Ordinary securities **	105,513,653	105,513,653	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	N/A	N/A	N/A
7.5 *Convertible debt securities <i>(description)</i>	Nil	N/A	N/A	N/A
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A	N/A	N/A	N/A
7.7 Options <i>(description and conversion factor)</i>	50,000 50,000 50,000 500,000	50,000 50,000 50,000 500,000	<i>Exercise price</i> 70 cents 75 cents 21 cents 25 cents	<i>Expiry date</i> 17 June 2012 17 June 2012 13 April 2012 18 November 2013
7.8 Issued during quarter	N/A	N/A	N/A	N/A
7.9 Exercised during quarter	N/A	N/A	N/A	N/A
7.10 Cancelled during quarter	N/A	N/A	N/A	N/A
7.11 Debentures <i>(totals only)</i>	Nil	N/A		
7.12 Unsecured notes <i>(totals only)</i>	Nil	N/A		

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:   
Company Secretary

Date: 18 April 2012

Print name: David M McArthur

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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