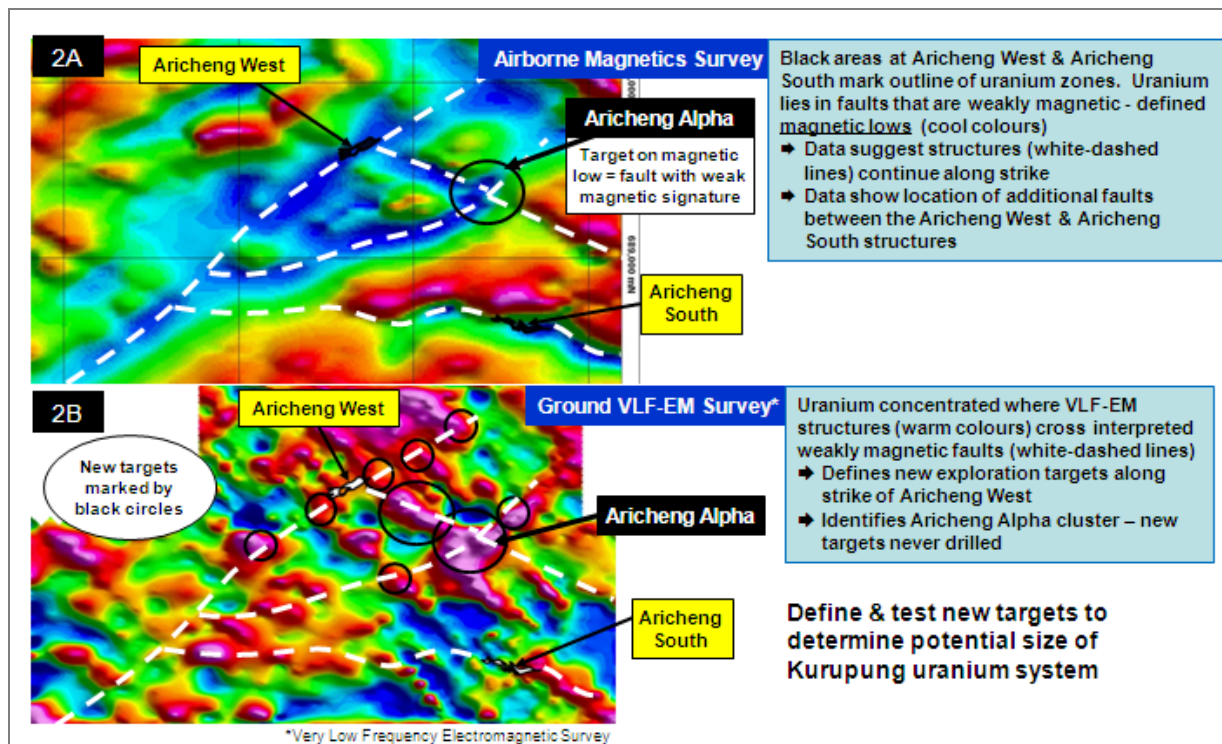


Figure 2 – Geophysical Surveys Indicate Common Cross-Cutting Features for New Targets



Figures 2A and 2B show views of a small area of the airborne magnetic and ground VLF-EM (Very Low Frequency-Electromagnetic) surveys undertaken by U3O8 Corp. in the Aricheng area of the Kurupung Batholith. The black areas show the footprints of uranium mineralization drilled by U3O8 Corp. at Aricheng West and Aricheng South. In Figure 2A, warm colours represent magnetic rocks while cool colours represent rocks with little magnetism. In Figure 2B, warm colours represent slightly conductive zones while cool colours are less conductive.

Substantially all of the uranium found by U3O8 Corp. to date lies within demagnetized faults (Figure 2A – blue areas in the magnetic data and interpreted faults are marked by white-dashed lines). Therefore, zones of weak magnetism are areas that may contain uranium mineralization.

An empirical observation from the drilled areas is that uranium-bearing shoots are located where conductive zones (red and pink in Figure 2B) identified in VLF-EM data coincide with, or intersect, ribbons of low magnetism (blue areas in Figure 2A highlighted by white-dashed line), which are interpreted as demagnetized faults. Targets for scout drilling were selected (shown in black circles on Figure 2B) where conductive zones cut demagnetized faults.