TORONTO, Sept. 14, 2017 /CNW/ - U3O8 Corp. (TSX: UWE), (OTCQB: UWEFF) ("U3O8 Corp." or the "Company") highlights the production schedule from the Preliminary Economic Assessment ("PEA") on its Laguna Salada Deposit, in which almost twice as much vanadium would be produced as uranium.

"Vanadium prices have risen strongly in response to a supply shortfall that has been developing in the vanadium market," said Richard Spencer, President & CEO of U3O8 Corp. "The trigger for the recent sharp price increase was a change in policy in China that resulted in restricted access to vanadium slag and higher local production costs, coming on the back of increasing vanadium consumption, notably from the steel and battery industries. Based on a vanadium pentoxide price of US$5.50 per pound, the 0.8mlb to 1.2mlb vanadium production per year estimated in the PEA would contribute 12% of the Laguna Salada Project's revenue. Vanadium pentoxide is now trading at over US$12 per pound. In addition, Argentina paid an average of US$58 per pound for imported uranium last year, only marginally below the US$60 per pound price used in the economic analysis in the PEA".

Production Schedule

The mining schedule defined in the PEA on Laguna Salada starts with production from the richest part of the Deposit so that revenue would be maximized so that the capital required to develop the Project would be paid back as quickly as possible – in two and a half years as per the current PEA. Uranium production would be over one million pounds ("mlbs") per year over the first four years and then would decline gradually, averaging 0.6mlbs over the life of the mine (Figure 1). Argentina's current uranium demand is approximately 0.55mlbs per year to fuel its three reactors.

Vanadium production would be relatively constant at between 0.8mlbs and 1.2mlbs per year over the life of the mine that was planned on the basis of the initial resource (Figure 1).

Higher-grade uranium and vanadium encountered in channels at the base of the gravel layer in recent exploration (results reported on January 11, 2017, January 19, 2017 and February 7, 2017), and not included in the PEA, adds upside potential to the Project.

Vanadium Supply-Demand Scenario

The vanadium market slipped into deficit this year with demand outstripping supply for the first time in a decade (Figure 2). Vanadium prices have responded to this structural change in the market by strengthening – the sharp increase over the last few months having been triggered by new Chinese regulations that restrict the importation of vanadium slag, the processing of which produced pollutants (Figure 3). Supply was further impacted by production cuts from Sichuan Province in China in September and the importation of a larger proportion of iron ore that does not contain significant vanadium. Demand for vanadium in China is expected to increase about 30% (not yet incorporated in Figure 2) in response to new regulations implemented to make buildings more resistant to earthquakes through the use of vanadium steel rebar; the addition of one kilogram (approximately two pounds) of vanadium to a tonne of steel doubles its strength.

Next Steps

The metallurgical test work on Laguna Salada indicates that a greater proportion of the contained vanadium could be extracted from the gravel and work is planned to support this potential.

The Company is focused on finding ways of reducing both capital and operating cost estimates. Examples of possible capital cost reductions include using pre-owned "belly-scrapers" from the road-building and construction industry instead of sophisticated and expensive continuous miners to mine the flat-lying, unconsolidated gravel, and installation of used equipment for beneficiation to remove the barren pebbles from the uranium-vanadium – bearing fine sand. In addition, the preference of the Argentine nuclear fuel enrichment facility to use ammonium diurinate, instead of yellowcake, as feed for its enrichment facility, would lower the capital cost estimate for the Laguna Salada Project by approximately 5% through the elimination of the calcining module from the plant design. A pilot plant would aim to refine capital and operating costs for both the production of ammonium diurinate and yellowcake.

Technical Information

Cautionary Note: the Preliminary Economic Assessment is preliminary in nature, and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the results of the PEA assessment will be realized.

Dr. Richard Spencer, P.Geo., CGeol., President and CEO of U3O8 Corp. and a Qualified Person as defined by National Instrument 43-101, has approved the technical information in this news release relating to the Laguna Salada Deposit and the related PEA.

About U3O8 Corp.

U3O8 Corp. is focused on exploration and development of deposits of uranium and battery commodities in South America. Battery commodities that occur with uranium resources include vanadium, nickel, zinc and phosphate. The Company's mineral resources estimates were made in accordance with National Instrument 43-101, and are contained in three deposits:

- Laguna Salada Deposit, Argentina – a PEA shows this near surface, free-digging uranium - vanadium deposit has low production-cost potential;
- Berlin Deposit, Colombia – a PEA shows that Berlin also has low-cost uranium production potential due to revenue that would be generated from by-products of phosphate, vanadium, nickel, rare earths (yttrium and neodymium) and other metals that occur within the deposit; and
- Kurupung Deposit, Guyana – a uranium resource has been estimated in four veins within a uranium-zirconium vein system. Resources have been estimated on four veins, while consistent mineralization of the same type has been intersected in scout drilling of an additional six veins, while yet other veins require first-time exploration drilling.

Information on U3O8 Corp., its resources and technical reports are available at www.u3o8corp.com and on SEDAR at www.sedar.com. Follow U3O8 Corp. on Facebook: www.facebook.com/u3o8corp, Twitter: www.twitter.com/u3o8corp and YouTube: www.youtube.com/u3o8corp.

Forward-Looking Statements

This news release includes certain "forward looking statements" related with the development plans, economic potential and growth targets of U3O8 Corp.'s projects. Forward-looking statements consist of statements that are not purely historical, including statements regarding beliefs, plans, expectations or intensions for the future, and include, but not limited to, statements with respect to: (a) the low-cost and near-term development of Laguna Salada, (b) the Laguna Salada and Berlin PEAs, (c) the potential of the Kurupung district in Guyana, (d) impact of the U- pgradeTM process on expected capital and operating expenditures, and (e) the price and market for uranium. These statements are based on assumptions, including that: (i) actual results of our exploration, resource goals, metallurgical testing, economic studies and development activities will continue to be positive and proceed as planned, and assumptions in the Laguna Salada and Berlin PEAs prove to be accurate, (ii) a joint venture will be formed with the provincial petroleum and mining company on the Argentina project, (iii) requisite regulatory and governmental approvals will be received on a timely basis on terms acceptable to U3O8 Corp., (iv) economic, political and industry market conditions will be favourable, and (v) financial markets and the market for uranium will improve for junior resource companies in the short-term. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in such statements, including, but not limited to: (1) changes in general economic and financial market conditions, (2) changes in demand and prices for minerals, (3) the Company's ability to establish appropriate joint venture partnerships, (4) litigation, regulatory, and legislative developments, dependence on regulatory approvals, and changes in environmental compliance requirements, community support and the political and economic climate, (5) the inherent uncertainties and speculative nature associated with exploration results, resource estimates, potential resource growth, future metallurgical test results, changes in project parameters as plans evolve, (6) competitive developments, (7) availability of future financing, (8) exploration risks, and other factors beyond the control of U3O8 Corp. including those factors set out in the "Risk Factors" in our Annual Information Form available on SEDAR at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. U3O8 Corp. assumes no obligation to update such information, except as may be required by law. For more information on the above-noted PEAs, refer to the September 18, 2014 technical report titled "Preliminary Economic Assessment of the Laguna Salada Uranium-Vanadium Deposit, Chubut Province, Argentina" and the January 18, 2013 technical report titled "U3O8 Corp. Preliminary Economic Assessment on the Berlin Deposit, Colombia."

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