

# Dr. Spencer of U308 Corp. on the vanadium redox battery market demand

July 5, 2018 – “As China and India change their building codes so the buildings can withstand earthquakes, the amount of vanadium that goes into the rebar increases. The steel industry has been growing at about 3.8% over the last 10 years. Vanadium in that steel is growing at about 8% because they need more vanadium and it is being dictated that they have to use more vanadium in building steel. That is over 90%. There is also vanadium going into titanium alloys for the aerospace industry and that is huge. But, the most exciting component of the vanadium space is vanadium redox battery.” States Dr. Richard Spencer, CEO, President and Director of U308 Corp. (TSX: UWE | OTCQB: UWEFF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

**Tracy Weslosky:** I do not think many of our investors out there in the InvestorIntel audience appreciate that U308 has vanadium. Why do we not start there?

**Richard Spencer:** We have a huge amount of vanadium. Vanadium would be the coproduct with uranium out of the project in Argentina and the project in Colombia. Both projects, the process that we use to extract the uranium would also extract the vanadium and a couple of other byproducts as well.

**Tracy Weslosky:** Many of us know you as a world renowned expert on uranium. Let us talk about your expertise on vanadium. For those of you that may not appreciate what a significant critical material that vanadium is, let us start there. Tell us a little bit about vanadium, the vanadium market in general please.

**Richard Spencer:** Over 90% of it is used in the steel industry,

in rebar particularly. As China and India change their building codes so the buildings can withstand earthquakes, so the amount of vanadium that goes into the rebar increases. The steel industry has been growing at about 3.8% over the last 10 years. Vanadium in that steel is growing at about 8% because they need more vanadium and it is being dictated that they have to use more vanadium in building steel. That is over 90%. There is also vanadium going into titanium alloys for the aerospace industry and that is huge. But, the most exciting component of the vanadium space is vanadium redox battery. These things are the ugly duckling of the battery industry. They are not miniaturizable. They will never be in cellphones. They will never be in computers and that kind of thing. These are great big honking industrial-scale batteries. They are easily scalable. Basically they are just two tanks. They have got vanadium +4 and +5 on the plus side of the battery, a tank, and in the liquid on the other side of the battery, on the negative side, is vanadium +3 and +2. These are just liquids. They can be charged instantaneously basically, I mean, in a lithium-ion battery because there is a crystal structure in there. Each little ion has to move out of there and that wears the battery out. If that same material is in a liquid, like it is in a vanadium redox battery, there is nothing to wear down. These batteries are guaranteed for 20 years. A lithium-ion battery, as we all know from our computers, degrades after 3, 4, 5 years or however long it is...to access the complete interview, [click here](#)

Disclaimer: U308 Corp. is an advertorial member of InvestorIntel Corp.

---

# Dr. Spencer on a rising uranium market?

June 26, 2018 – “The uptick has been in the last couple of weeks. There is a certain excitement in the market. It started late last year with Cameco and the Kazaks taking almost 15% of world production off the market. Since then there have been a couple of other transactions that have taken about 30% of uranium supply off the market. The market is just starting to react. For the first time we are starting to see an uptick in the uranium price that I think is going to be sustainable.” States Dr. Richard Spencer, CEO, President and Director of U308 Corp. (TSX: UWE | OTCQB: UWEFF), in an interview with InvestorIntel Corp. CEO Tracy Weslosky.

**Tracy Weslosky:** Richard, I was noticing, when we were doing some analysis this last week, what seems to be an uptick of interest in uranium. I think you had mentioned to me previously that you have seen a turnaround happen over the last several months. Can you talk to us about this?

**Richard Spencer:** Tracy it is less than that. The uptick has been in the last couple of weeks. There is a certain excitement in the market. It started late last year with Cameco and the Kazaks taking almost 15% of world production off the market. Since then there have been a couple of other transactions that have taken about 30% of uranium supply off the market. The market is just starting to react. For the first time we are starting to see an uptick in the uranium price that I think is going to be sustainable.

**Tracy Weslosky:** Why? We have waited 4 or 5 years. I have been a closeted uranium bull. Actually, I have not been that big of a closeted uranium bull. Why now? We know there is a shortage for uranium. Why recently? It is a geopolitical issue or what is making this happen?

**Richard Spencer:** I think part of it is a geopolitical thing. I think the U.S. is recognizing that it imports 93% of its uranium. We are starting to hear the U.S. talk about the strategic side of its power grid needing reliable baseload power without increasing the carbon footprint. It is reliability of the power that is driving that move in the U.S. and Trump's administration is saying, hey we need reliable power in this country and we cannot have these nuclear power stations shutting down. Bellefonte, they just got approval to go ahead with the construction of their power plant or continue with the power plant in the U.S., which it is just huge news...to access the complete interview, [click here](#)

Disclaimer: U308 Corp. is an advertorial member of InvestorIntel Corp.

---

## **U308 CEO on the gradual strengthening of the uranium market**

March 28, 2018 – “I think that what happened in December last year with both Kazakhstan and Cameco taking supply off the market that was just huge. I do not think people understand quite the extent of that cutback.” States Dr. Richard Spencer, CEO, President and Director of U308 Corp. (TSX: UWE | OTCQB: UWEFF), in an interview with InvestorIntel's Andy Gaudry.

**Andy Gaudry:** What is the chat about the uranium market at PDAC this year?

**Richard Spencer:** I think the chat is that we are through the bottom of the market. I think that what happened in December

last year with both Kazakhstan and Cameco taking supply off the market that was just huge. I do not think people understand quite the extent of that cutback. If we apply it to the zinc market, when the zinc in 2015 had been in the doldrums, a declining market for a long time, one of the big producing companies, Glencore, took 3½% of world supply off the market. It did not have a dramatic impact on the zinc market at the time. It was just a gradual rise, but looking back at the zinc market that was the bottom of the market. I think that we are going to look back on the 2017 in the uranium market and see that those cuts by those two big producers they did define the bottom of the market. I think that we are through it. People are talking about the amount of uranium inventory that there is above ground. The old adage is that a bull market climbs all of worry and I think that we are going to see a gradual strengthening of the uranium market from December 2017.

**Andy Gaudry:** How is the market going to be affected now with Mr. Trump and Mr. Putin going head-to-head?

**Richard Spencer:** That is a real interesting question. I think that it is bizarre that we have Russia that controls or is very friendly with two-thirds of the suppliers or the suppliers of two-thirds of the world's uranium. We have got the uranium market just trundling along ignoring this escalation of discussion between Russia and the U.S. If I were a U.S. utility knowing that my President instead of going toe-to-toe with someone who supplies or controls or is very friendly with the suppliers of two-thirds of the world's production of X, I would start taking action. I would start building my own inventory to keep my reactor running. I think that is exactly what we will see happen in the uranium industry, but at the moment no one seems to care that the U.S. is upping the ante with the Russians or vice versa between the two of them. The ante is rising and the uranium market is doing absolutely nothing. It is absolutely bizarre. I think we

are going to look back at this and say, why were not people reacting to this? I think they need to be reacting to it, which is good for the uranium suppliers.

**Andy Gaudry:** Your company is operating in Argentina. How is that affecting the world markets?

**Richard Spencer:** The Argentinians have a strong nuclear program. They have got 3 reactors, bit reactors that are operating. They are building another 2 and they are talking about building a sixth reactor as well. These are the big reactors. Their aim is to produce about 20% of their electricity from nuclear by 2025...to access the complete interview, [click here](#)

Disclaimer: U308 Corp. is an advertorial member of InvestorIntel Corp.

---

## Argentina Unshackled

Observers from outside Argentina have gone on a frenzied romp of self-congratulation hailing the change in the Argentine Presidency in last week's elections as something akin to a Revolution. Once again though we find that simplistic formulas are being used and the nuances of what has happened being ignored. The situation still has the potential to be a wild ride for investors.



For a start the victory of Mauricio Macri is being hailed as a “right-wing” victory. To put that in context, firstly he leads a Rainbow Coalition that stretches from the Left across to the Right and the party he beat, the Frente Para la Victoria, is

in fact the old Peronist Party, which was a fascist/corporatist construct in its original roots. So to claim that a wealthy businessman (in fact I would venture one of the five wealthiest in the country) that leads a Coalition including the Left is a "Right-wing" victory is stretching it a bit.

Secondly we would note that the victory was surprisingly narrow. While the first votes in showed a 9% lead for Macri, as the night wore on the margin slipped and it ended up being 51.4% for Macri and 48.6% for his Kirchnerite opponent, Daniel Scioli. It should also be noted that the first round of elections last month delivered stinging losses to the Kirchnerites but they just barely hung onto control of the Senate meaning that, if they stay cohesive, they still have potential to block reforms. That said, with their patroness gone, the rats tend to disperse into the woodwork to regroup. We may end up seeing the phenomenon apparent under the De La Rúa government in the late 1990s of Bribes for Votes when a hostile majority in the Senate had to be paid off, literally.

### **The New Lay of the Land**

As we have repeated endlessly mining is controlled in Argentina by the provinces, in much the same way as it is in Canada or Australia. The national government in Argentina has NO approval or denial power over mining projects. So everything you have heard of "Cristina Kirchner blocked our project" is a load of codswallop. In all cases blockages occurred because of ornery provincial governments.

It is interesting therefore to look at the map of the electoral results. The blue areas are provinces that voted for the Kirchnerite candidate. The yellow are those that voted for the winning Macri-led ticket. Oops, for those who know the only province with mining of note (Silver Standard's Pirquitas mine) that voted for Macri was Jujuy. La Rioja has been an on-again, off-again mining favorable area and La Pampa and

Mendoza have been graveyards for miners.



The provinces where mining is currently active are Catamarca, Santa Cruz (the Kirchnerite province par excellence now run by the outgoing president's daughter), Salta and San Juan.

If there is anything to be read from this map it is that the marginalized distant provinces with the smallest populations (excepting Buenos Aires which was only won marginally by Scioli and that was because of the sprawling urban slums voting for him) supported the Kirchnerite program which gave them a greater share of the goodies. The provinces that trended for Macri where those with the largest populations (and strong agricultural export economies) that were actively persecuted and discriminated against for the last 12 years.

### **Implications for Mining**

Having said that mine approvals are in provincial hands, some matters are still in the Federal purview. Amongst these that have relevance are foreign exchange allocations. Miners have been griping for years now that they could not bring in the capex items they wanted in an unrestricted way due to import restrictions and could not remit profits or dividends as and when they wished. These restrictions were part of the increasingly draconian and bizarre forex rules that the Kirchnerite regime was imposing as Argentines tried to head for the exits and buy dollars to protect themselves against the rapidly deflating peso.

Moreover to say the forex regime was complex was an understatement. Here is the table of exchange rates for today for a leading Buenos Aires newspaper, La Nacion:



So on the left we have the official rate, on the far right is



the so-called Dolar Blue which is the back-alley rate. In the middle are various official rates administered by the Central Bank for different purposes. Dolar Ahorro is a savings rate, Dolar Tarjeta/Turista is the rate that locals can use credit cards for (when travelling abroad) and that bona fide tourists within the country can use to change money. The Dolar Soja is the very prohibitive rate forced upon farmers selling their crops (effectively a 30% tax on the official rate and a 150% tax on the unofficial rate). Finally the Dolar Bolsa is a conversion rate for transactions in the Stock Exchange.

Byzantine is obviously not too strong a word to describe this bizarre system. Miners will be hoping that this system loosens up, though the new government will be wary of letting this go too soon or there will be a dollar buying spree that will decimate Central Bank reserves. One suspects that Dolar Turista and Dolar Soja will be the first to go. The government will then aim to draw the Dolar Blue and the official rate together somewhere in the middle. Who knows? Maybe the wonderful Convertibility regime of the 1990s might be revived.. Certainly Argentina had never experienced such good times since the 1920s as under that arrangement.

Despite the mining provinces largely being of the Kirchnerite ilk, they are the provinces that have shown themselves to be most pro-mining. With less subsidies coming from the Federal government more of the provinces will have to look to mining to keep their local economies buoyant.

If one wants to muse with some names in Argentine mining those to consider are:

- Patagonia Gold Plc (AIM: PGD)
- Hochschild Mining (LON: HOC)
- McEwen Mining Inc. (NYSE: MUX | TSX: MUX)
- U308 Corp. (TSX: UWE | OTCQX: UWEFF)
- Pan American Silver Corp. (NASDAQ: PAAS | TSX: PAA)
- Silver Standard Resources Inc. (TSE: SS0)

- Yamana Gold Inc. (TSX: YRI | NYSE: AUY)
- Argentex Mining Corporation (TSXV: ATX | OTCQB: AGXMF)
- Orocobre Limited (ASX: ORE | TSX: ORL)
- Western Lithium USA Corporation (TSX: WLC | OTCQX: WLCDF)
- Galaxy Resources Limited (ASX: GXY)

One might also see those who have downplayed their Argentine prospects dusting them off or racing back to restake them.

## **What Next**

After exchange rates there are a vast swathes of regulations constraining all aspects of economic life that could be cast into the dustbin of history. Some of these measures being rescinded should help miners. One that might not though is the bizarre fuel subsidies. These were introduced after the collapse of 2000/1 and the spike in inflation. To “protect the poor” massive subsidies were introduced which have bled the Treasury dry. They have been reduced and some have been made to pay world parity prices for oil but many have not. This could be the big budget winner but also a tough policy to bite on first.

One could see a strong inflow of FDI though and this might actually reverse the exchange rate so delays in freeing remittances might actually work out better for miners when they are eventually freed.

The whole construct of Kirchnerism was so bizarre and distortive that untangling it is akin to unraveling the Gordian Knot. Like Alexander the Great, sometimes it's better to just draw one's sword and chop the knot in one fell swoop than spend years testing one's Boy Scout skills trying to untie it..

## **Conclusion**


After 12 years of Kirchnerite “policies” (more like populist

bootstrapping) the Argentine economy is emerging from a long dark tunnel into the glare of daylight. Frankly it's better out of the tunnel rather than being in it and foreign miners for better or worse face a brave new world. We can say with confidence that the rules will NOT be more onerous and the forex regime WILL be more flexible. Growth should kick up and frankly Argentina looks like a better bet than the deeply troubled Brazil these days.

As a New Yorker would say "What's not to like?"

---

## **South America is the 2nd largest destination for Chinese direct foreign investment**

Trade and foreign direct investment (FDI) relations between  China and Latin America and the Caribbean are growing in the past 15 years by a factor of 25 according to the Economic Commission for Latin America and the Caribbean (ECLAC). The majority of Chinese FDI is directed towards the banking sectors of the Cayman Islands and the British Virgin Islands, but Chinese companies have increasingly been targeting the Latin American natural resource and industrial sector. China has targeted several countries but Brazil and Argentina, which are rich in land, as well as mineral resources, are among the countries to experience the largest trade increase. U308 Corp (TSXV: UWE | OTCQX: UWEFF), a Canadian company developing uranium, phosphate and vanadium deposits in Colombia and Argentina could benefit from this rising phenomenon.

In the past nine years, China has invested about US\$ 10 billion in Argentina. Estimates suggest that China could become the main importer of South American goods (Brazil, Chile, and Peru) by 2030, surpassing the United States. The region is preparing for the shift through infrastructure projects that will facilitate trade with China: largely, this means more ports and links to ports. The Chubut province in Argentina will likely build a railway linking it to Chilean ports, reducing distances to ports in China. It so happens, that U308 Corp (TSXV: UWE) is developing a uranium/vanadium project in the Laguna Salada district, in the Chubut province of Argentina.

Uranium is another resource that China needs and in this respect the combination of China's rapidly increasing investment and trade flow with South America, particularly in energy and agriculture, could benefit U308 Corp, which is nearing the production stage at its low-cost uranium deposit.

U308 Corp. is active in the uranium space in Argentina because the country has adopted policies that favor the development of nuclear energy and resources. Argentina's has an advanced nuclear industry that started in the 1950's. Argentina has even developed unique modular reactors – the first of which is being built now. U308 Corp also owns the Berlin deposit in Colombia which is close to production stage with resources in uranium, vanadium, phosphate and rare earths. Therefore, U308 Corp is in a position to both supply Argentina's growing nuclear appetite (which includes a nuclear powered shipping fleet) and take advantage of growing Latin American trade opportunities with China with which Argentina has a nuclear co-operation agreement.

Chinese investors are drawn to Latin America as they search for new markets; they want to establish production facilities in the region to help Chinese enterprises reduce trade conflicts (Many Latin American countries have adopted anti-dumping measures against products made in China) because they

find it more difficult to do the same in the so-called fully developed countries. Moreover, Latin America is eager to give China access to energy and natural resources. Naturally, given the size of its economy and population, China sees Brazil as the big 'prize' location and the vast majority of Chinese investment has targeted its natural resources, particularly oil and gas. China has also taken advantage of the vacuum left by the absence of North American players in Venezuela to engage that country's electricity, construction, food, technology and even satellites sectors. China maintains important economic relations with other countries such as Mexico, Chile, Peru, Ecuador and Cuba. In fact, while Brazil may be the main target now, historically, Peru has been the largest Latin American recipient of Chinese investment in the mining sector.

In March of this year, Chinese investment has intensified further as large conglomerates have been targeting the Latin American agricultural sector. Chinese state-owned COFCO, a huge conglomerate responsible for essentially feeding millions of Chinese citizens, has taken over Noble, the largest private trading company (energy, metals and agricultural products) in Asia. One of the most important factors motivating this transaction is the fact that Noble has many investments in Brazil and Argentina, which has now given COFCO, control of Noble's South American warehouses of sugar, cereals and oil seeds (as well as cotton, coffee and cocoa from Africa or Asia).

This is merely the beginning. Beijing has given up subsidizing Chinese agriculture by using fixed procurement mechanisms for such staples as rice, soy or cotton as in the past. Moreover, Chinese soil has been degrading rapidly and this will make China ever more addicted to other countries for food. The Chinese are already the largest importer of soybeans in the world and becoming the largest importers of corn to feed their livestock, and for the past three years they have been net

importers of rice. China consumes 20% of global food supply, but has only 9% of the world's acreage under cultivation.

China, therefore, needs to find alternative lands to secure food supplies. In this regard, Brazil, offers 500 million acres of arable land and it is the world's third largest market for fertilizer for which demand is increasing. Currently, Brazil has to import about half of its phosphate needs and South American phosphate and potash producers will be in a position to benefit from China's agricultural 'invasion'. Fertilizer use in Brazil has risen by 70% over the past 15 years and the government is very keen on stimulating phosphates and potash mining, which could presumably include an increase of royalties for mining companies. Brazil produces many fertilizer intensive crops – soya, maize and sugar cane (some 80% of total agricultural output) – that are necessary for food production and for biofuel, which is an important alternative fuel in South America. These crops respond very well to phosphate based fertilizer. Brazilian soil needs external nutrients in the form of mineral fertilizers.

Here is a quicklink to our latest interview with Richard Spencer of U308 Corp.: