

Report on Business: Money & Markets

MINING - *Search for uranium extends to all corners of Canada*

VANCOUVER -- It's no surprise that northern Saskatchewan, home to all of Canada's producing uranium mines, is a hotbed of exploration thanks to its high-grade uranium deposits and rising prices for the nuclear fuel.

Most investors tend to associate Canadian uranium exploration with the rich Athabasca Basin in northern Saskatchewan that extends into Alberta. Its importance was highlighted last week when junior UEX Corp. reported that project operator Cogema Resources Inc. found high-grade uranium in one hole at Shea Creek, on the west side of the basin. UEX is earning interests in 10 properties there.

But with a spot uranium price of \$29.50 (U.S.) a pound, up about 60 per cent in the past year, there's renewed interest and corporate deal making covering various prospects from the Northwest Territories to Newfoundland. Uranium deposits can occur in a wide range of rock types.

"I would have to say that all the activity at this point is reworking existing prospects or occurrences," said Larry Lahusen, president of Calgary-based junior Uravan Minerals Inc.

Uravan last week announced a deal with big producer Cameco Corp. for the former's early-stage Boomerang project in the Northwest Territories' Thelon Basin. Cameco can earn up to 60 per cent of the Boomerang project by funding \$10-million (Canadian) in exploration. Uravan shares are up 81 per cent on the TSX Venture Exchange since the July 14 news.

Uravan acquired 100 per cent of the project several years ago when uranium prices were low and its Japanese joint-venture partner wanted out, Mr. Lahusen said.

Other private and public companies are exploring the Thelon Basin for uranium, including Cogema, a unit of French energy group Areva SA, and Vancouver-based junior Pathfinder Resources Ltd.

"The Thelon Basin was looked at in the sunset of the last uranium boom," Mr. Lahusen said, noting that most exploration was at a grass-roots stage and some of those companies are no longer around.

Cameco owns interests in about 133,000 hectares of land in the Northwest Territories, but spent a minimal amount of money there last year. Most of the company's Canadian exploration occurs near its operations in Saskatchewan, and in Australia's Northern Territory. Cameco's exploration budget this year is \$23-million.

In Eastern Canada, junior **Altius Minerals** Corp. is searching Newfoundland and Labrador for many commodities, including uranium.

Altius and Fronteer Development Group Inc. recently formed a private company to continue uranium exploration on the Central Mineral Belt in Labrador, and they plan a \$5-million program this year.

"We started developing our uranium portfolio back in 2001 at a time when most companies and some of our investors were kind of perplexed," said Chad Wells, vice-president of Altius.

"Of course we looked at the Athabasca Basin," Mr. Wells added. But there's been "a considerable amount of uranium exploration" done there in recent years, and most of it now is very deep and expensive work, he said.

The Central Mineral Belt in Labrador was explored in the 1970s and 1980s, and a New York utility was advancing the Michelin deposit toward production. But uranium prices dropped and the project never went ahead.

"Outside of the Athabasca Basin, I think the Central Mineral Belt would have been the No. 2 producing uranium district in Canada," Mr. Wells said.

Altius and partners are looking for bulk-tonnage, open-pittable deposits with a grade of around 1 per cent U₃O₈, while those exploring the Athabasca Basin are looking for deep, high-grade ore bodies of perhaps 25 per cent U₃O₈ or more, Wells said.

The new company formed by Altius and Fronteer will have a controlling interest in an underexplored and very prospective area for uranium, so both stocks could have "significant upside" if there are positive results, according to Jim Mustard, an analyst with Haywood Securities in Vancouver.

Early-stage exploration has also been revived in southern Alberta, where exploration waned in the 1980s when uranium prices fell.

Lori Walton, president of Edmonton-based gold explorer Firestone Ventures Inc., said her company has acquired land holdings in southern Alberta, where it considers various types of sandstones to be prospective. Sandstone-hosted uranium deposits tend to be small and low grade, but these deposits account for 13 per cent of global uranium production, according to Firestone.

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