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Feature Story

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Uranium Companies Kick Off 2005 With A Tour Of Europe .

Uranium is determined to take the spotlight in 2005 and a small band of aficionados is doing a tour of London, Paris and Geneva under the auspices of International Nuclear Inc, which describes itself as providing technical, economic and commercial services for the nuclear fuel industry. Google was surprisingly unhelpful when asked to supply more definitive information on INI, but the president's name is Dustin J Garrow and his thirst to get in the road so early in 2005 probably means he is American. A lot of Europeans managed to weave some extra holiday into the Christmas/New Year period and the roads to the mountains of Switzerland and France were subject to heavy traffic. Most of them are now trying to sort out the good, the bad and the ugly in the e-mails that have piled up, but even so there was a good showing of well over 100 delegates for this Uranium Mining Conference in London on Monday and Minesite's Man in Europe is promising something similar in Paris.

Six companies gave presentations in the morning - Afrikander Lease, Alkane Exploration and Altius Minerals come top of the alphabet so will get first mention. At this stage credit should be given to stockbrokers Hargreaves Hale and its analyst Sacha Borthwick who provided succinct notes on all of them. In some cases uranium is secondary to the main thrust of each company, but at times like this it makes sense to jump on the band wagon. Afrikander Lease has two gold development projects - Modder East and Bonanza - in addition to its Afrikander uranium gold project near Klerksdorp and in view of the cost pressures exerted by the strong rand on gold miners in South Africa it is kinder to concentrate on the latter.

Anglo American previously mined the operations at Afrikander and Afilease plans to restart them in 2007 at a rate of a rate of 900,000 lbs of U3O8 concentrate for sale to Nufcor International which is jointly owned by AngloGold Ashanti and Rand Merchant Bank. Nufcor will have exclusive rights to marketing and distributing the concentrates and this agreement is crucial to the economics of what could be a 20 year project with break even costs of US\$14/lb U3O8 net of gold credits. A feasibility study is in progress., so more should be known shortly.

Australian listed Alkane Exploration comes into the picture because of its Dubbo zirconia project in New South Wales where a company called Astron is taking its time over a feasibility study prior to formalising a joint venture. Astron is another Australian listed company which has a zirconium, and related advanced materials, processing operation in Shenyang Lianoning Province, China. It has branches in a number of countries throughout the world and is a big player in zirconia and other zirconium minerals. The idea is that it will earn a 50 per cent interest in Dubbo and, crucially, will provide funding and contribute technology and technical know-how for processing. Zirconium metal is vital for the cladding of fuel rods in nuclear reactors which is how Alkane finds itself on this trip, but Dubbo also contains a modest amount of uranium as well as hafnium metal which is used in control rods.

Altius Minerals is well known to Minesite for the skill with which it generates exploration joint ventures and for the Voisey's Bay royalty acquired by President Brian Dalton which should generate significant income from 2006 onwards. It also has two uranium properties

of interest - one on the Central Mineral Belt in Labrador where it is in joint venture with Fronteer Developments and the other at Rocky Brook in the Deer Lake Basin of Newfoundland. This Basin has much in common from a geological point of view with the Athabasca Basin in Saskatchewan which hosts the world's largest and highest grade uranium deposit. Good progress was made on both in 2004 and there should be a busy newsflow this year if Chad Wells, the hyperactive promotions man at Altius, has anything to do with it.

Long time director 'Diamond ' Jim Brady was moved to one side at Hornby Bay Exploration earlier last year and the new team under George Bell re- focussed the company on uranium exploration. This is the first time they have been heard from on this side of the Atlantic, but it may not be the last. George Bell brings a lot of experience from a career with Noranda and the chairman, Ronald Barnes is vice president of Sprott Securities, a leading Canadian broking house. Another director, Oliver Lennox King spent over 30 years as a mining analyst and is also chairman of Southern Cross Resources, a Canadian listed company still waiting to develop its 100 per cent owned Honeymoon uranium project in South Australia.

Interestingly he and George Bell are also directors of Fronteer which visited London in December to present its three historic uranium deposits and multiple new targets in a proven uranium district of Labrador. Hornby Bay's uranium assets are all in Nunavut where companies such as Esso Minerals, BP Minerals and Uranerz were all active in the Hornby Bay Basin in the 1970s. The company now controls most of the east side of the Basin and has acquired all the data assembled by BP Minerals. So far its exploration has gone well and, doubtless, more will be heard from the company this year.

The big boy of the bunch is International Uranium Corporation which owns one of only two operating uranium mills in the US, though the company is listed in Canada. The White Mesa mill in Utah is fully permitted for uranium, but also has a vanadium co-product recovery circuit so can process alternate feeds at very competitive costs. The company also has a number of deposits on the Uravan mineral belt in the Colorado Plateau where there is a record of production dating back to 1889. Its other project in the USA is on the Arizona strip between that state and Utah and production could be trucked to White Mesa. It is also earning 75 per cent interests in the Moore Lake and Lazy Edward Bay uranium projects in the Athabasca Basin and is managing partner of the Gurvan-Saihan joint venture in Mongolia.

Strathmore Minerals also has uranium resources in the USA as well as Canada and took the farsighted view back in 1996 to acquire previously discovered resources which had never been mined due to the depressed state of the uranium market through the 80s and 90s. Its current U3O8 resources total more than 185 million lbs though none of these are JORC compliant. By spending some money on them with drilling this could be achieved quite quickly and the spread of its portfolio gives added strength to the company. In Canada it has properties in Saskatchewan and north central Quebec. It expanded recently in the Grants Uranium District, home to the largest uranium production in the US, in the San Juan Basin of New Mexico. And it has a number of uranium mineral leases in the Powder River and Wind River Basins of Wyoming as well as in Dakota.

An interesting selection of companies, and after they had presented in London during the morning the audience sat down to lunch and heard Dustin Garrow give an update on Nuclear Power and the International Uranium Market. Minesite has carried a few articles on these subjects in the last few months so will not reiterate the arguments which lead inevitably to the conclusions that the international uranium market is now becoming production driven and potential shortages can be envisaged before 2010. It was good to see, however, that Mr Garrow saw a price for U3O8 at US\$30/lb as 'not unreasonable' when some more excitable analysts have been tempted to mention US\$100/lb in the run-up to Christmas.

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