

Uranium still facing hurdles

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WHILE most of the focus at the moment is on Western Australia after Toro Energy received federal environmental approval for the Wiluna mine, South Australia and the Northern Territory are the only places in Australia mining uranium – and there are plenty of projects in the pipeline.

SA has the lion's share of mines and projects, with three of the four producing mines and an additional site due to come online this year pending a final timeline for production.

According to the SA Department for Manufacturing, Innovation, Trade, Resources and Energy, the state boasts the world's largest uranium deposit at Olympic Dam and holds 78% of Australia's total uranium deposits, which accounts for roughly one-third of the world's uranium resources.

All Australian uranium is produced for export and, with an increasing number of nuclear power stations globally, the market is growing.

The World Nuclear Association, headquartered in London, reports that nuclear energy is used in more than 30 countries to generate roughly 13% of the world's electricity.

There are 435 operable civil nuclear power reactors around the world, with a further 67 under construction.

The Australian Uranium Association forecasts uranium exports will increase to 14,000 tonnes in 2014, earning \$A1.7 billion.

The project the closest to development in SA is Four Mile, which is a 75:25 joint venture between Heathgate Resources-affiliate Quasar Resources and Alliance Resources subsidiary Alliance Craton Explorer.

But with two lawsuits pending and no revised development timeline available, it could be a while before things get moving.

Four Mile has a total resource of 9.8 million tonnes at 0.33% uranium oxide for 71 million pounds contained uranium, of which Alliance's share comprises roughly 18Mlb.

Quasar made the decision to recommence development of the project in late October, voting its 75% stake in favour while Alliance voted against, as the start-up plan would utilise Heathgate's Pannikan satellite plant at Beverley for uranium capture while Alliance favoured construction of a stand-alone plant.

In situ recovery mining operations were originally due to begin at Four Mile East in the current quarter and Four Mile West in the December quarter this year, with first uranium sales scheduled for the September quarter.

The start-up plan budgeted for 16 months with production of 2.1Mlb of uranium oxide over 10 months and a cumulative cash expenditure of \$97.8 million including capital and operating expenses.

However, Quasar, as manager of the project, informed Alliance in January that the scheduling and budget would be revised, though no news has been released.

"Alliance has received no updates at this point in time," Alliance managing director Steve Johnston told *MiningNewsPremium.net*.

Heathgate and Quasar declined to comment for this story. Making matters slightly more complicated for Four Mile is the fact that Alliance has launched two legal cases against Heathgate and Quasar.

The first is in regards to access to books and records while the second seeks damages and restitution of the

75% stake in Four Mile due to allegations of misleading and deceptive conduct on the part of Heathgate, with a directions hearing for the latter scheduled for May 23.

Alliance entered a strategic alliance with Japan-based Itochu Corporation in May last year with a deferred share rights deed giving Itochu the right to subscribe for 59.7 million shares in Alliance, or 14.9% of the issued share capital with the option to subscribe for 25.1% of equity.

Should Itochu exercise its rights, Alliance will have enough money to fund the construction of the stand-alone in situ recovery and uranium processing plant at Four Mile that it prefers.

There are four operating uranium mines in Australia: Olympic Dam, Beverley and Honeymoon in SA and Ranger in the NT, which is undergoing a few changes.

Rio Tinto subsidiary Energy Resources of Australia runs Ranger, roughly 260km east of Darwin.

The site is in transition from open pit to underground operations after mining was completed in Ranger pit 3 and ERA will spend the rest of the year as a stockpile miner, with production expected to come in around 2700-3300t.

Exploration drilling is expected to start in the June quarter this year at Ranger 3 Deeps, which holds an estimated resource of 34,000t, or nearly 75Mlb, of contained uranium oxide.

The company also began a \$57 million project to prepare a prefeasibility study into the potential development of the underground mine while simultaneously working on the statutory approval process for the site to decrease wait time.

Last month Ranger 3 Deeps was labelled a controlled action, meaning it will require further assessment under the Environment Protection and Biodiversity Conservation Act 1999.

Back in SA, UraniumSA has the prospective Samphire project on the Eyre Peninsula. Located south of the city of Whyalla near the coast, Samphire was discovered at the end of 2007 and the company has worked to define the resource over the past five years, with the most recent estimate of 63.3Mt at 290 parts per million uranium oxide for 41Mlb contained uranium.

An upgraded resource for the Blackbush deposit is due this quarter as UraniumSA continues to explore the granite deposit for further mineralisation.

While some companies are waiting for the uranium price, which was above \$US50 per pound in January 2012, to recover from its current price of \$40.50/lb, UraniumSA is confident Samphire and specifically the Blackbush deposit can stand up.

“Blackbush deposit has the tonnes/grade to be an achievable development proposition under nearly any price scenario,” the company told the Paydirt 2013 Uranium Conference in Adelaide yesterday.

As the industry looks ahead one clear hurdle is regulation because even though SA and the NT have operating mines, approvals for new mines are still a daunting task. When Australian Uranium Association chief executive Michael Angwin addressed the **Paydirt conference** yesterday, he called for the government to review its requirements on uranium companies.

“There is a case for better ports access, a removal of duplication between state and federal governments in the assessment processes and some reform is needed for the EPBC Act,” he said.

“In short, we have entered the political end-game for uranium and any remnant political fears about the industry cannot be justified against the sector’s 40-year track record.”