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Uranium prompts staking activity

By IAN ROSS

The one-time 'Uranium Capital of the World' may never regain its title again, but a frenzy of staking activity and some advanced exploration by junior miners in Elliot Lake has led many to wonder if the historic mining camp may be making a comeback. The action is fast and furious for Pele Mountain Resources, near some former operating mines just east of town. Their spring announcement of a high-grade uranium discovery has prompted the Wawa-diamond explorer to spin off its Elliot Lake project into its own corporate entity.

Elliot Lake is our main focus right now," says president and CEO Al Shefsky. Armed with \$5.5 million exploration budget, the company is gearing up for a very active program this summer with follow-up drilling. They're testing some high-priority targets after intersecting some rich uranium mineralization following a recent 22-hole drill campaign. Shefsky walked into an almost ready-made mining property thanks to surging global uranium prices.

With Rio Algom's catalogue of drill data from the late 1970s and the technical know-how of some Elliot Lake mining veterans, Shefsky's team intends to be 'first to market' with a "world class" uranium mine. Though his Elliot Lake project is not nearly as high grade as Saskatchewan's white-hot Athabaska Basin, the grades are decent enough with world uranium prices up 57 per cent since the beginning of 2007. Prices for uranium had risen to \$113 US-per pound by April, the largest single increase in record, since price monitoring began in 1968. Pele is moving quickly with a mine planning study under the supervision of consultants Scott Wilson RPA.

Shefsky is very bullish about the their high-grade findings in a basal conglomerate bed 15 metres below a main conglomerate bed (sedimentary rock of pebbles solidified into solid rock). Among their best intercepts were 0.218 per cent uranium oxide (U3O8) over a core length of 1.26 metres and 0.572 per cent over 0.32 metres.

These latest assays, Shefsky says, "adds a whole new dimensional to the project" with uranium that is "uncharacteristically higher grade," and in some cases up to 10 times higher, than what's been found near surface. "This deposit outcrops for six kilometres along the strike, comes near surface and dips down.

"So we added more ground down at that end to increase the size and cover the ground where (the mineralization) is going."

Pele expanded its exploration footprint, adding five mining claims comprising of 77 claim units, on its southern boundary to form a land package now at 15,000 acres.

“That’s the history of Elliot Lake. They’re very big deposits that cover a huge area and they can be remarkably consistent in their uranium content.”

Pele is boasting an inferred resource of more than 33 million pounds of U₃O₈ (uranium oxide) worth more than \$2.5 billion. The company expects that deposit will only get bigger. Shefsky says there’s the potential for an additional 25 to 30-million ton potential. This latest round of drilling should help them upgrade from inferred to indicated category for their mine planning studies.

They’re also investigating different methods to recover and process uranium ore. “We should be able to figure out the best approach by summer’s end”. Pele is building a team of experienced Elliot Lake miners by adding Fergus Elliot, a 35-year miner and a former Denison Mines general manager, to help Pele work it’s way through the technicalities of the production cycle and all the unique operational protocols with uranium mining. He’s added other former Denison technical people to the roster including a chief mine engineer, a mine metallurgist and geologists.

“We’ve got the right people to take this all the way and that’s our intention,” says Shefsky. “We’d like to see a mine out there and if the price of uranium keeps going (up) it looks very encouraging.”

They’ll need permitting from the Canadian Nuclear Safety Association who, Shefsky says, are very much involved in the exploration program when it comes to handling of radioactive material like uranium. Shefsky says their experienced staff should help with the approvals process in presenting a more straight-forward approach to underground mining, surface processing methods, and way tailings kept on surface. Other juniors have taken notice and staked up ground to the east and north of town. Most of the 1,700 claim units around Elliot Lake are taken by junior companies using old mining maps from Elliot Lake’s hey-days as a guide to find untapped reserves.

International Montoro Resources is eyeballing two zones with uranium mineralization on their Serpent River property and is set to file a technical report on the project in advance of a first round of drilling to verify the presence of mineralization. The company isn’t able to validate Rio Algom’s ore estimate from the 1970s and is recommending more drilling. A Val-d’Or junior, Jourdan Resources, picked up a 3,152 hectare property east of Pele’s and International Montoro’s properties. The company is planning a ground-based survey this summer testing the property’s uranium potential along with some gold and base mineralization.

Another exploration outfit, Ucore Uranium, announced May 9 it has acquired a contiguous package of claims five kilometres northwest of Elliot Lake. Their claim covers a western strike extension of a number of quartz pebble conglomerate units that have hosted many Elliot Lake uranium deposits to the east. After compiling the historic work, the Halifax-based junior plans a grass-roots program of prospecting and mapping this summer.

Geologist Mike Hailstone of the Ontario Geological Survey says it’s hard to say if this exploration activity will result in another revival of the Elliot Lake camp. “It’s hard to say what’s causing this at this stage. Is it something that people have noted before? The noting of this enriched uranium in these basal conglomerates was done by drill hole in 1954 and 1955.” It’s been previously noted by other exploration companies as well. “Some of the drilling being done (by Pele) is confirming that. It’s quite exciting and interesting.”

Before the last mine closed in 1996, the Elliot Lake mining camp produced more than 270 million pounds of U₃O₈ from a variety of pyritic quartz pebble conglomerate units. Elliot Lake Mayor Rick Hamilton, a former Denison worker, says there’s talk around town but it’s not that hyped because most residents think it’s just exploration. “We haven’t received any serious commitments that a mine is going to happen,” says Hamilton, who met Shefsky once last winter. “Although we’re cautiously optimistic something good is going to happen.” “It’s always exciting to see something exciting happening in your neighbourhood, but we want to be cautiously optimistic until a mine actually happens.”