

Second wind for Elliot Lake?

BY NORM TOLLINSKY

Elliot Lake wouldn't be the first mining camp to experience life after death. After all, orebodies deemed uneconomic one day have been known to take on a whole new luster as market forces drive up prices.

Such is the case with Elliot Lake, once billed as the Uranium Capital of the World and now transformed into a retirement community (see story on Page 20).

Located 160 kilometres west of Sudbury, the Elliot Lake camp produced 270 million pounds of uranium over a 41-year period beginning in 1955.

With uranium prices averaging around US \$10 per pound through the 80s and 90s, and higher-grade deposits in Saskatchewan's Athabaska Basin hitting the market, Denison Mines and Rio Algom threw in the towel, bringing all mining activity in the camp to a halt by 1996.

But now it's a whole new ballgame, claims Al Shefsky, president of Pele Mountain Resources.

"We began staking property in Elliot Lake in 2005 when the price of uranium was US \$21 a pound," he said. "We never did foresee how far and how fast the price was going to go up."

By the end of 2005, the spot price was US \$36.25. One year later, it was US \$72 and this past summer, it peaked at US \$138 per pound.

"It was a very pleasant surprise and because of that, we've changed the focus of the company to be entirely on developing the Elliot Lake deposit," said Shefsky.

A report authored by Scott Wilson Roscoe Postle Associates in January of this year produced a mineral resource estimate of 30.5 million tonnes grading .05 per cent uranium oxide, or one pound per short ton, for a total inferred resource of 33 million pounds.

Scoping study

The geological and mining consulting firm is now following up with technical, economic and environmental scoping studies to establish the basis of "economically viable, safe and environmentally compliant mining and processing facilities" on Pele Mountain Resources' 15,000-acre property. The studies are due to be completed this month.

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program is underway.

The company has assembled a high-profile team of experienced mining professionals to advance the project through to permitting. Among them is Ferguson Kerr, who spent 14 years as a mine superintendent, manager of mining and general manager for Denison Mines.

Peter Dimmell, a geologist and former president of the Prospectors and Developers Association, and Bob McGregor, a former superintendent of Rio Algom's Stanrock Mine, are also on the team.

Shefsky attributes the meteoric rise in the price of uranium to a growing acceptance of nuclear energy, combined with a dearth of new discoveries.

"There are about 440 nuclear reactors in the world," he noted. "Together, they consume about 180 million pounds of uranium oxide annually. All of the mines in production around the world produce about 110 million pounds, so there's a significant shortfall."

In 1993, the U.S. and Russia agreed to a Megatons to Megawatts program to recycle bomb-grade uranium from dismantled Russian nuclear warheads into low enriched uranium for nuclear power plants, Shefsky explained.

"That introduced supply into the marketplace that has artificially kept uranium prices low. The end is in sight for these supplies.

"At the same time, construction is under way on 30 new reactors and another 60 or so are on the drawing board. Be-

yond that, there's all this talk about governments embracing nuclear in response to the surging demand for electricity and the fact that it's a clean source of energy compared to burning fossil fuels.

Climate change

"Climate change is a very big issue these days and almost everybody agrees that nuclear energy is part of the solution."

Elliot Lake faces stiff competition from Saskatchewan's Athabaska Basin, which hosts the world's largest and richest uranium deposits, accounting for one-third of international supply.

With grades of 20 per cent, the mines in the Athabaska Basin produce 400 pounds of uranium for every tonne of ore. In Elliot Lake, the grade is .05 per cent, which translates into one pound per tonne.

However, mining in the Athabaska Basin is technically challenging. The high-grade ore is toxic, forcing miners to operate drilling and loading equipment remotely. The soft sandstone prevalent in the Basin also creates groundwater problems, requiring the use of freeze hole mining techniques.

The recent flooding of Cameco's Cigar Lake Mine underscores the risks associated with Saskatchewan's uranium deposits.

gin commercial production in 2010, but will now be delayed.

"They have a lot of pounds because they're so high grade, but the Saskatchewan deposits are much smaller," said Shefsky. "Elliot Lake is relatively low grade, but it's a vast deposit. It goes for kilometers."

Challenges

Elliot Lake poses none of the technical challenges related to radioactivity and groundwater control.

Significant new discoveries are bound to be made as a result of the surge in exploration activity around the world, but Shefsky points to the politically stable environment of Northern Ontario, its qualified work force and Elliot Lake's existing infrastructure as major advantages.

Having successfully re-invented itself as a retirement community, will Elliot Lake be receptive to a resumption of mining?

"We've had some good, open discussions with the mayor and members of Council about the possibility of the project advancing and we've received some very good, cautious support," said Shefsky. "I think they recognize the potential for some good economic stimulus in the community if mining were to come back again."



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"The loss of that anticipated source of uranium (18 million pounds per year) really impacted the market," said Shefsky. "They're working hard to get the mine back on schedule, but in the meantime, people are scrambling for uranium."

Cigar Lake, the world's largest undeveloped high-grade uranium deposit with proven and probable reserves of 226 million pounds and an average grade of 21 per cent, was expected to be-

"Mining has a rich heritage in the community and, if it's done well, if it's environmentally compliant, it can all work out in perfect harmony with what they're doing right now."

Pele Mountain also has stakes in several gold and diamond properties in Northern Ontario, but plans to advance them through partnerships or vend them out so it can focus on Elliot Lake. ■