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## Uranium hot again; Elliot Lake hopes for revival as price for the metal soar

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Skyrocketing world prices for uranium could soon inject new life into the former uranium capital of the world.

Toronto-based **Pele** Mountain Resources (PMR) announced last week it will be expanding its ongoing drilling program at its Elliot Lake uranium project from 11 to 25 holes. The company, which has been busy in the area since February 2005, is looking at developing a world-class mine in that community and tapping into a potential 33 million pounds of uranium oxide. The company also believes there is significant potential for upgrading and expansion.

"We are conducting a group of scoping studies that will be completed by the end of the summer, said Al Shefsky, PMR president and chief executive officer.

"We would then have some timelines."

What PMR won't be doing is redeveloping former mine sites belonging to Rio Algom and Denison Mines, companies that closed their operations in the early to mid-1990s when Ontario Hydro decided to go with cheaper, higher-grade uranium from Saskatchewan.

Rio Algom and Denison Mines uranium mines produced more than 270 million pounds of uranium oxide over a 40-year period.

Part of the area that forms the PMR project site had been explored by Rio Algom, and uranium ore was identified, but never developed.

"A big part was formerly owned by Rio Algom," said Shefsky.

"Our property is bordering on the western edge of their old mining sites which includes mines such as Milliken and Stanleigh ... There was a lot of drilling. There was a resource identified. Luckily, they were very gracious to give (maps and data) to the Ministry of Northern Development and Mines in the Soo."

When uranium prices started climbing, said Shefsky, his company pored over those old Rio Algom drilling maps.

"We did the research and said 'this is a good thing,' " he said.

**Pele** Mountain Resources then went out and restaked claims on much of that land (Rio Algom let the claims lapse), and had to deal with competing companies that were doing the same thing.

Last October, PMR bought a 100-per-cent interest in 2,400 acres (the Pardee Uranium Property) in Elliot Lake belonging to CanAlaska Uranium Ltd. The deal involved \$13,000 in cash, a 60,000 common share issue and granting a 1.75-per-cent net smelter return royalty to CanAlaska.

Shefsky said the CanAlaska Uranium Limited claims purchase was necessary because it brought several key properties together and enabled the **Pele** Project to kick into high gear. Extensive drilling work began a short time later.

About \$1 million in development money has been spent since February 2005. Shefsky said the plan is to build one operating mine and a processing plant.

"The construction phase would be a lot of jobs," he said. "The ongoing production permanent work in the mine would be a lot of jobs. It depends on how they mine it and how much is mechanized ... It could be several hundred minimum for both (construction and production)."

Since 2002, the price of uranium oxide has increased more than tenfold to about \$125 US per pound. In February 2005, when PMR started doing preliminary drilling work in Elliot Lake, uranium was going for US \$21.75 a pound said Shefsky.

At the moment, there are about 435 nuclear power plants around the world, but another 150 are under construction or in the planning stages, he said.

The **Pele** Project contains a geological makeup similar to several past-producing uranium mines including Algom Nordic, Lacnor and Stanleigh Mines. Shefsky said the deposit **Pele** Mountain Resources will mine is huge.

"It's a similar quartz ore body," he said. "It comes right to the surface. It slopes for six kilometres. It's a big deposit."

Elliot Lake Mayor Rick Hamilton said council and residents are keeping a close eye on what PMR is up to.

"We're cautious at this point," he said. "We want to see what they are doing. Most mining companies are looking at drilling holes. That's a good thing. But when they decide what they are going to do, that's when we are going to get very interested."

Hamilton himself is a former Denison Mines welder who worked for the company for 12 years.

Elliot Lake's population is now about 11,500, down from the heyday when it was 16,000-plus. Hamilton said the closure of Rio Algom and Denison mines in the early to mid-1990s resulted in the loss of some 4,000 jobs.

In a related development, CanAm Uranium Corp. also announced last week that it had acquired an option to own 100 per cent of the "Reilly" Uranium Property in the Reilly Mining District that includes 23 mining claims containing 5,120 hectares or more than 12,650 acres.

The property is located west of Elliot Lake. The option expands CanAm Uranium Corp.'s property holdings to more than 159,000 acres of uranium claims collectively.

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