

Kivalliq stacks uranium resources at Angilak



KIVALLIQ ENERGY

An aircraft near the camp at Kivalliq Energy's Angilak uranium property in Nunavut.

BY MATTHEW KEEVIL

VANCOUVER — It has been roughly three years since uranium explorer **Kivalliq Energy** (KIV-V) began drilling in earnest at its 1,377-sq.-km Angilak property in Nunavut. The company has long maintained it is looking at a district-scale play in what could become a world-class uranium camp, and with the release of an updated resource on Jan. 16, it seems that goal is closer to becoming a reality.

Kivalliq's resource update follows what CEO Jim Paterson describes as "one of the largest exploration programs on the planet for a uranium junior," and builds on a maiden estimate released in January 2012 that identified a high-grade uranium deposit in Angilak's Lac 50 trend.

"We're basically the only team up there at this point, and we have a really large land position. We have roughly 35

km of trend, and within that we have the Lac 50 trend, where all of our resources are situated," Paterson said during an interview at Kivalliq's Vancouver offices, pointing out that most of the resources sit on Inuit-owned lands. Kivalliq says it's the first company to complete a uranium deal involving lands owned by the Inuit.

"We're establishing new zones, and what we want people to understand is that we're developing what could potentially be a mining centre or district camp. We've pinpointed that area as sort of a starting point, since the land package is so large," he added.

After raising just over \$20 million in early 2012, Kivalliq kick-started a 39,000-metre drill program for resource expansion. The program focused on the newly discovered J4 and Ray zones, which lie 1.8 km along strike from the eastern extension of the Lac Cinquante deposit, where Kivalliq

established its first resource.

The result was a 60% jump in total inferred resources, which now sit at 2.8 million tonnes grading 0.69% uranium oxide (U_3O_8), 20.6 grams silver per tonne, 0.17% molybdenum and 0.25% copper, with contained U_3O_8 clocking in at 43.3 million lb. at a 0.2% U_3O_8 cut-off.

J4 and Ray contributed 15.3 million lb. U_3O_8 to the resource increase, with 925,000 tonnes grading 0.75% U_3O_8 , 30.1 grams silver, 0.17% moly and 0.25% copper.

According to chairperson John Robins, Kivalliq understood that grade was important when it came to developing a uranium asset in Nunavut. He said one of the first things the company completed after acquiring Angilak was a reverse-engineering study aimed at identifying what grade and tonnage would make the project financially viable.

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“If we assumed that the grade stays the same, is there a tonnage number that works?” Robins said. “The number we identified in the study is close to the realm we’re seeing with this resource update. And if you look at the exploration potential, I don’t think a multiple of that is much of a stretch. What we need to do now is grow the resource, and put some economic parameters around it.”

President Jeff Ward said that excitement for the regional play comes from Kivalliq identifying uranium across a range of geological settings that include volcanic and sedimentary basin host rock. He draws a comparison to northern Saskatchewan’s prolific Athabasca basin, which is one of the world’s leading sources of high-grade uranium.

Ward outlines Kivalliq’s targeting regiment, which the company has used to expand Angilak’s resource base by 300% since early 2011.

“It is about following a tried-and-true formula, with prospecting and a variety of geophysics,” he said. “We’re always running tests using electromagnetics and seismic methods, so we have had that success with the conventional concepts. And as

you move along you tend to recognize things more quickly, and that speeds up your programs.”

And Kivalliq is looking at a target-rich environment on the remainder of its Angilak land package. It has proven efficient in its drilling, taking only six months to convert the J4 and Ray discoveries into a resource. Since 2010, Kivalliq has discovered 10 new uranium zones within the Lac 50 trend alone.

Despite a rocky period for the uranium market — punctuated by the 2011 Fukushima nuclear disaster in Japan — Kivalliq has not had trouble raising capital. The company maintains a strong institutional base with 15% ownership by resource and mining funds, as well as an 18.2% stake held by Ross Beaty’s Lumina Capital.

“I would say that the recent negative perception towards uranium in North America and parts of Europe is not shared globally. The actual nuclear business, which is obviously driving the sector, hasn’t really slowed down much post-Fukushima,” Paterson said, commenting on how major Asian economies are aggressive and proactive about uranium projects. “They have a

huge demand and worry more about a surety in supply than they do about pricing. They definitely aren’t afraid to go into jurisdictions that give us some pause, but they prefer Canada and Australia for sure.”

Paterson mentioned the recent offer by Russian state-owned miner ARMZ to buy out Toronto-based **Uranium One** (UUU-T) as evidence of a further tightening in the market. He argued that quality uranium deposits in desirable jurisdictions are becoming harder to find, while energy needs are growing globally.

Kivalliq expects to release its exploration plans and budget for 2013 in the next few weeks, after a board meeting.

At press time Paterson said the company holds \$4 million in cash, noting another capital raise could fund exploration work next season.

Kivalliq had 173 million shares outstanding at press time and maintained a \$74-million market capitalization.

The company has traded within a 52-week range of 29¢ and 63¢, and closed up 14% — or 5¢, following the resource update — en route to a 41.5¢ close on Jan. 16.