

# **Kivalliq Energy Secures Rio Tinto's Hatchet Lake<sup>1</sup>**

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<sup>5</sup>On Tuesday, Kivalliq Energy<sup>6</sup> (TSXV:KIV<sup>7</sup>) announced the acquisition of a 100-percent interest in the Hatchet Lake property in Saskatchewan.

Currently owned by Rio Tinto Exploration Canada and Rio Tinto Canada Uranium, the property is highly prospective for uranium and lies adjacent to the prolific Athabasca Basin. Hatchet Lake is just 3.5 kilometers north of Kivalliq's Genesis property and lies along trend from the Roughrider uranium deposit. It's also 29 kilometers away from Cameco's (TSX:CCO<sup>8</sup>) Eagle Point uranium mine.

Under the terms of the acquisition, and subject to necessary approvals, Kivalliq will pay C\$220,000 for a 100-percent interest in the property and will grant Rio Tinto a 2-percent net smelter royalty on the project. Kivalliq will also retain a buy-down right of 0.5 percent for C\$750,000.

"The Hatchet Lake project fits well with Kivalliq's strategy to add high quality uranium exploration projects to our portfolio at low acquisition costs," said Kivalliq CEO Jim Paterson in a statement. "The project has compelling targets based on comprehensive early stage exploration work by Hathor and Rio Tinto, with estimated expenditures exceeding \$750,000 since 2007."

Hathor Exploration (TSX:HAT<sup>10</sup>) conducted exploration work at the project in 2007, including soil sampling and a VTEM survey, and conducted additional soil and rock sampling in 2008. Rio Tinto conducted its own soil and rock sampling in 2012. As David Talbot of Dundee Securities points out in a research note, "[w]hile [Hatchet Lake] wasn't a priority after Rio Tinto's Hathor take-over, it showed enough promise that this multi-national company did further exploration and even staked additional claims."

Overall, Talbot pegs the acquisition as "slightly positive," giving Kivalliq a "buy" rating with no target price. "This grassroots property was bought on the cheap, and Director Dale Wallster of Roughrider (Hathor) fame, has intimate knowledge of the area," his note reads. "Hatchet boasts a large land package, great location, high quality data, right jurisdiction, good infrastructure, prospective geology, and should see some work this year."

As for what's next for Hatchet Lake, Kivalliq's release states that at least five priority target areas have been selected for follow-up exploration in 2015. The company is also planning to immediately compile and review all existing data regarding the property and to rank uranium occurrences accordingly.

With Kivalliq's Genesis property optioned by Roughrider Exploration (TSXV:REL<sup>11</sup>) last year, Talbot suggests in his note that Hatchet Lake "could provide another potential source of uranium discovery, and added news flow to help keep market attention on the stock." The analyst also states that Kivalliq has been prudent to secure projects in the Eastern Athabasca Basin in recent years alongside its ownership of the Angilak project in Nunavut.

"It is our belief that Kivalliq has one of the better exploration teams in the business," he notes, "but due to the uranium and junior equity markets, have been hamstrung back lack of funds in this uranium price environment."

Certainly, with some analysts seeing a bullish future for uranium<sup>12</sup>, it could be interesting to keep an eye out for exploration results from Kivalliq.

**Securities Disclosure: I, Teresa Matich, hold no direct investment in any of the companies mentioned in this article.**

**Editorial Disclosure: Kivalliq Energy is a client of the Investing News Network. This article is not paid-for content.**

## Links

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