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## Uranium proving a drawcard

During the dotcom boom, small miners were reborn as telcos and IT start-ups; but now there is another switch, this time to uranium mining, and despite the cynics one thing remains certain – it more often than not results in a re-rating of the stock.

As the price of the nuclear fuel has risen by threefold to \$US122 a pound in the past two years many gold and base metals explorers – and companies that turned their back on mining during the IT boom – have elected to switch their focus to uranium.

The **Gold Company** is a prime example.

Having been in a trading halt since late last year the company has finally concluded a deal to take a 100 per cent interest in the Kvanefjeld multi-element project in Greenland.

The project hosts an inferred uranium resource of 50,700 tonnes which is similar in size to **Energy Resources of Australia's** Ranger mine. In addition, Kvanefjeld contains rare earth elements and zinc.

The Gold Company will pay Kvanefjeld \$5 million in cash, \$10 million in shares and issue a further 75 million shares to take 90 per cent of the project. A final payment of \$50 million will take its holding to 100 per cent.

Greenland prohibits exploration and mining of uranium but the company believes it may be able to get around the legislation and produce uranium as a by-product after legal advice. Arguably a risky play, but one sure to catch the attention of the uranium traders in the market.

The company will resume trading on Wednesday morning.

**Echeleon Resources** has continued to be rewarded by investors for its move away from iron ore towards uranium.


The stock reached a record high of \$1.64 yesterday after the company picked up two additional exploration tenements in Queensland near ground held by **Summit Resources**.

At the end of March the company

### MIXED BAG

One-year returns of selected junior explorers and miners

Company	Return (%)
↕ Australian Mines	627.3
↕ Navigator Resources	315.8
↕ Sundance Resources	271.2
↕ Echeleon Resources	264.4
↕ Bass Metals	122.5
↕ Mintails	113.3
↕ Terramin Australia	104.4
↕ Central West Gold	92.3
↕ Perseus Mining	71.3
↕ Grange Resources	11.1



Source: Bloomberg

sold its iron ore projects in Western Australia to **Iron Ore Holdings** to focus on its uranium and copper-gold assets. At the time the company was trading at 40¢.

**Mintails** joined the uranium bandwagon last week when it released a resource estimate of 10.4 million pounds of uranium from its tailings projects in South Africa.

The company plans to reprocess 285 million tonnes of tailings disposed from gold and uranium mines in South Africa and has so far examined only 30 per cent of the volume for uranium.

Investors have added almost 50 per cent to Mintails's value since the announcement, pushing it from 43¢ to 63¢ since last Thursday.

Turning to the more traditional metals, **Australian Mines** released more drilling results from its small-scale Blair nickel mine near Kalgoorlie in WA yesterday ahead of a new resource estimate next month.

The company has picked up three other projects in the region in the past two months and its stock closed at a record 18¢ yesterday. A month

ago the company was trading at half that.

Shares in WA gold miner **Barra Resources** reached a record high of 53¢ yesterday after the company said it had discovered a new gold reef at its Burbanks gold mine in WA.

Barra has been mining at Burbanks since the third quarter of last year and expects to produce 12,600 ounces in the June quarter.

**Terramin Australia** reached a record high of \$2.85 yesterday as investors positioned themselves before the first resource estimate is released for the Oued Amizour project in Algeria.

A resource estimate should be released by Terramin before the end of the month for the 65 per cent-owned project. The company says it expects to better the historic resource of 33 million tonnes grading 6.9 per cent lead-zinc.

First production from the project is expected in 2010.

In Australia, Terramin is developing the \$64 million Angus zinc mine in South Australia where first production is due in mid-2008.