

Investor's Digest

of Canada

June 3, 2022

Vol. 54, No. 11

Uranium is an extreme investment

It is common for resource commodities to drift through prolonged slumps that are followed by wild speculative booms. Uranium seems to run through even greater extremes and tenacity is required to participate in this sector.



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Note that in 2021, after a grueling bear market had dragged on for more than a decade, a sudden surge higher in the price of the yellow metal (as it appears in oxide forms) occurred at last. This market action was in response to short-term production issues encountered at uranium mines due to the coronavirus.

The value of uranium mining and exploration stocks also increased sharply. Some consolidation was called for after that rapid ascent. The sector has settled down in the interim.

Uranium fundamentals remain attractive and demand is projected to increase in the years ahead. The necessity to maintain supply for fuel rods to meet the needs of existing worldwide nuclear power plants is not going away. New plant construction is becoming a part of this story lately as well. The EU has proposed designating nuclear power as a "green" energy source. Many nations are opting to focus on construction of nuclear power plants as a strategy to reduce carbon output. Suffice to state, the

longer-term price trend for uranium is unlikely to revisit the lows of the bear market years.

This backdrop of positive circumstances may be a good window for speculators to establish positions for the next upward trend. Many uranium junior explorers trade at bargain levels even today. Exploration activity was sharply curtailed for at least a decade and the companies that do manage to outline attractive new deposits may find motivated transaction partners in the years ahead.

Puranium Energy Ltd. (UX-CSE, \$0.21) is one junior explorer that recently emerged from a corporate restructuring process and is now rebranded to participate in uranium exploration.

The share structure is extremely tight, after a recent reverse split. The company maintains a clean balance sheet with no debt, which will enable an easier path to secure funding through future equity offerings. Meanwhile, key senior management personnel were recruited to lead Puranium in this new direction. The story is now advancing as a squeaky-clean junior explorer with aspirations to make a significant uranium discovery.

In tandem with that objective, at the start of this year, Puranium hit the ground running with the announcement of a deal to secure majority ownership of seven large

uranium properties located in Namibia. The country is located on the southwest coast of Africa, sharing its southern border with South Africa.

Those involved in the uranium sector will be aware that Namibia was ranked third among uranium-producing countries in 2021 in terms of mine output. Many other mineral resources are produced in this mining-friendly country with projects operated by established, international mining companies.

The projects acquired by Puranium are notable for many reasons. These land holdings are designated Exclusive Prospecting Licences (EPLs). They are all located within the Central Zone of the Damara Belt, a trend of favourable geology where most of the Namibian uranium occurrences are concentrated. Uranium mineralization is commonly hosted as disseminated deposits within near-surface layers of permeable sedimentary rock units.

This enables profitable mining through open-pit operations extracting lower grade bulk-tonnage systems. Roughly eight per cent of world uranium production is mined from deposits in the Damara Belt.

The geologic setting is ideal for a junior explorer. Several of the Puranium EPLs are in close proximity to producing mines or share a boundary with projects hosting defined uranium de-

posits. The company secured these prolific exploration assets at an attractive cost base largely through the issuance of shares to a third-party vendor. With this acquisition, the company vaulted into position as one of the largest landholders in the district.

Puranium certainly arrived on the scene at the right time in the right area. Namibia only recently lifted a moratorium on exploration for uranium. Many of the property concessions had been advanced by other players that allowed them to lapse in the interim. This enabled Puranium to purchase control of the EPLs where known geological trends extend into the landholdings. Puranium is now engaged to complete a formal report for the EPLs.

Preliminary work is already underway with the objective to commence drilling in the second quarter.

The logical starting point will be EPL 7337, a trapezoidal land position nearly 4,700 hectares in size. This property entirely surrounds the established Valencia uranium deposit and is located immediately to the south of the Namibplaas uranium deposit, both controlled by **Forsys Metals Corp.** (FSY-TSX, \$0.50). The project is also directly on trend with the established Rössing mine that has been producing uranium for decades. Uranium-bearing mineralization is believed to extend onto EPL 7337. A radiometric sur-

vey will be completed to assist with defining drill targets.

Puranium has ambitions to commence drilling as soon as possible. Permitting is easy to secure and a Namibian-based geological partner will assist in the process. Thereafter, the drill bit will do the talking. If indeed the first drilling program at EPL 7337 encounters uranium, the company will attract speculative interest with a resource discovery that opens strategic opportunities.

In a district where exceptional infrastructure is already in place, the presence of a newly-defined deposit located amidst active projects may attract a transaction partner to step up. Puranium is

committed to this strategy, controlling more than 93,000 hectares of EPLs with the opportunity to rapidly build resource leverage through aggressive exploration. The corporate structure was set up to enable efficient transfer of ownership for each property if the right deal emerges. Thereafter the company can just shift focus to the next property and endeavour to repeat the process. Additional property acquisitions in the area are also under consideration.

I believe that Puranium provides a focused opportunity to participate in uranium exploration. The pursuit of large-scale, lower-grade deposits located close to surface is probably the ideal

scenario for a junior. Early-stage uranium exploration work is never a sure thing, but there are fewer technical challenges related to this effort than in most other parts of the world right now. The company is operating in the right place, surrounded by senior players and yet having been able to secure an enviable land position right in the midst of several large deposits.

Uranium bulls should take note. An aggressive exploration posture and the prospect of favourable results could launch Puranium as a hot discovery story with speculative appeal in a sector that is simmering and ready for another boom. Meanwhile, the pro-forma market cap-

italization for the stock is currently priced below \$14 million.

I am expecting the company to advance a small financing in the weeks ahead. Following the successful completion of this round, the funding will be at hand to commence drilling work, yet the share structure will remain extremely attractive. Puranium investors will be positioned for a positive outcome in what may be the early stages of a longer-term bull phase for the uranium sector.

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