



Humble beginnings at Mullaquana

Uranium is still a contentious issue in Australia and some parts of the world, so when a mining company plucks up the courage to front a public forum to discuss its intent on mining the resource it does so with a degree of trepidation.

While there are many uranium players listed on the ASX, there are more people in the general public with lingering concerns about the side effects of radiation from yellowcake.

Therefore it is par for the course for prospective uranium miners to allay community fears on the issue where it hopes to produce the vital resource used in nuclear power.

It is a step that South Australian-based UraniumSA Ltd is taking at the moment and initial community reactions to its planned project at Mullaquana, 250km from Adelaide, near Whyalla, have been "surprising", managing director Russel Bluck said.

"We had our first community consultation in May and a pretty well informed group turned up. They had no direct concerns in relation to uranium, rather environmental concerns in general to do with groundwater aquifers, dust and access issues.

"Clearly they need to know more about the project but it appeared, from this group anyway, that they seemed to be reasonably articulate and prepared to inform themselves. There were no hysterical concerns about uranium. There is a lot of misinformation out there and with that there can be slight over reactions."

Maybe Bluck and his social liaison team, led by exploration manager Nicole Galloway,

shouldn't be so surprised by the community of Whyalla's knowledge of the uranium mining industry.

SA was the first state in Australia to approve uranium exploration. Also Whyalla, a city of about 26,000 people, is a city that has been engrossed in mining activity for well over 100 years.

Global steel manufacturer and distributor OneSteel runs its operations at Whyalla, which is the nearest city to the famous Iron Knob (50km), Iron Duke and Iron Baron mine sites.

With this being the case, it may be reasonable to assume that the people of Whyalla have the nous for dealing with hopeful miners infiltrating their area, so much so that environmental community-based groups such as Save Point Lowly have been successful in stalling the construction of the deep-sea Port Bonython, near Whyalla Port.

Strong opposition from the group stems from the environmental impact the deep-sea port will have on the breeding grounds for the Giant Australian Cuttlefish.

However, SA Premier Mike Rann gave the strongest indications yet that the deep-sea Port Bonython would go ahead, when he spoke at SAREIC 2010.

"We will create a new Enterprise Zone Fund to assist communities including Whyalla, Port Augusta, Port Pirie and others to generate even stronger growth through investment in infrastructure and specific initiatives.

"The South Australian Government also recognises the need for world-class heavy indus-



Farmers have started to de-stock their fine wool merino sheep at Mullaquana, site of UraniumSA's namesake uranium project



try infrastructure, including deep-water ports for bulk commodities and manufacturing facilities in regional areas to meet the requirements of major mining projects," he said.

Whether or not the deep-sea project goes ahead, UraniumSA's Mullaquana project is still ideally positioned.

It is close to Port Pirie, Whyalla Port and the site can be accessed via the Eyre Highway.

Whyalla Airport is about 40km away and multiple daily flights (30 minutes one-way) to and from Adelaide are available.

In an ideal world Bluck said he would prefer to assemble a workforce during the ramp up to production from the local community, however realistically FIFO workers would be necessary.

Nevertheless the company has set up the old farmstead on the Nanowie property to accommodate its team of workers. Some even have the luxury of a self-contained air-conditioned caravan to themselves.

Rest assured, it's no holiday at Mullaquana, especially with the company recently receiving PACE funding for a drilling programme to investigate the geochronology and mineralisation of the uranium-rich granite at Mullaquana.

It is rapidly moving towards a field leach trial at the property in 2011 where it has the 12mt @ 0.02% 224 ppm uranium Blackbush prospect.

Results from an initial 5,000m in-fill drill programme at Blackbush released in February include **MRHC1** cumulative 13.8m @ 1,392 ppm uranium including 12.6m @ 1,470 ppm uranium; **MRM558** cumulative 4.47m 1,281 ppm including 1.12m @ 2,120 ppm; **MRM562** cumulative 2.57m @ 3,950 ppm including 0.87m

@ 5,170 ppm; and **MRC001** cumulative 9.7m @ 1,357 ppm including 4.63m @ 1,520 ppm.

What the drilling also revealed was the potential for Blackbush to extend west.

"We've always been conscious of the fluvial potential and just before Christmas we started to recognise a channel on the western side of what was our existing ore resource. We've since been following that back out to the west. We're now a long way out of our original resource area and getting much better thickness and grades than the deposit's average.

"The metre-to-percentage average was 0.134% and as we moved to the west – the first part of the fluvial system – the simple average metre percent lifted to 0.38%. As we moved out to the previously unknown western fluvial extensions the metre/percent simple average is above 0.4%. When we get sufficient data to be calculating resources in those areas it's going to be a huge increase. It is months away," Bluck said.

While the market awaits that pending announcement, UraniumSA will divert some of its attention to its Plumbush prospect, which has the potential to monster Blackbush's resource.

"Blackbush has been a huge learning experience and what we have learned is that this is going to be bigger than Blackbush, and Blackbush has shown the potential to double in size.

"We have to run a parallel stream here. It is a new district, new mineralisation style and settings. We have to go through proof of concept which is the developing of the mine."



UraniumSA managing director Russel Bluck with maintenance worker Mario Moder



Coastal view from the JV area with Stellar Resources Ltd, outside of UraniumSA's 000sq km EL 0004



Surface samples from field work. 20m intervals from top right to bottom left of picture





The design and documentation included in the proof of concept is being handled by exploration manager Galloway, who is working towards first draft documentation for an in-situ recovery field heap leach trial.

The documentation is scheduled to be completed by July/August in order for the trial to go ahead mid next year. The company's aim is to have trial ISR uranium production by mid-2012.

"That's the development stream, to demonstrate that this is not just mineralisation but it is viable and viably extractive mineralisation."

Bluck described the project as "unique". His comments are borne from the fact that the company is in the fourth series of geological modelling and hypotheses which have returned results "in orders of magnitude better than expected".

The company has estimated the exploration potential at Mullaquana, which spreads over the Nanowie and Mullaquana properties, to be between 50 to 80mt mineralisation amenable to in-situ recovery.

This is despite incomplete drilling at Blackbush which is part of a 10km-by-10km central zone comprised of Emubush, Samphire and Plumbush prospects.

"We're only halfway through drilling out Blackbush and we haven't even started on the other three. We have a range of other targets we haven't considered yet, so who knows how big this project is going to be?"

The company plans to have JORC resources for Plumbush and Samphire by September. It hopes to re-quantify the project with the \$5 million cash it has to fund its next round of resources statements and documentation for the field leach trial.

By then Bluck hopes its 100%-owned Mullaquana project will be recognised as the real deal. The company intends to launch a capital raising in August/September.

Should the market be supportive of UraniumSA, it will be a testament to the board of directors who have stuck with Bluck's vision since floating in 2006, unlike some of its long-term shareholders.

Last year BGF Equities Warwick Grigor rated UraniumSA a "high conviction buy".

"A year ago in the middle of the GFC we were under huge amounts of pressure from our shareholders to go and do something else.

"We kept saying to them (the shareholders) that we've discovered this thing and it is good, but they were saying it is low grade and the market doesn't want to know about it. Credit has to go with the board – they listened to my story and strategy and stuck with it. We got dumped in the market by some people, they quit their shares and quit their stock because they couldn't get their own way."

At that point a share in UraniumSA plummeted to 2c. The company has rebounded strongly and is now worth 21c a piece.

It is no wonder then that Bluck has high praise for his team, which has the experience of former Mitsubishi Motors Australia chief executive Tom Phillips as a non-executive director.

It is Phillips' inspirational hands-on-deck work attitude that Bluck likes to replicate. Indeed, he appears much more comfortable in the field compared to the confines of a conference room.

"I'm a fossil. I've been at it for 45 years and there aren't a lot of us left in the field. I wouldn't ask my team to do anything I wouldn't do.

"It's fundamental to have good people who want to do what they are doing and if you have got those sort of people you have to defend them against the possibility of risk or injury. I take personal responsibility for OH&S and none of my guys are going to get injured on my watch," Bluck said.

As appreciative as Bluck is of his workforce the sentiment is carried on to the Nanowie people, whom the company have a perpetual leasehold agreement with.

From the Nanowie people to the community in Whyalla and to the team at UraniumSA, it appears strong relationships give this potential yellowcake project a chance to prosper.

– Mark Andrews



Russel Bluck and Mike Moore at a backfill site



Russel Bluck with driller Julian Snook at the SRZ JV area