



Australian
Friday 24/9/2010
Page: 22
Section: Business News
Region: Australia
Circulation: 131,246
Type: News Item
Size: 115.77 sq.cms.
Published: MTWTF

Bin: 0000
Brief: URANIUMSA
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Big things predicted for SA's Mullaquana

MINING: Uranium explorer Uranium SA has tripled the resource estimate at its flagship Mullaquana project on South Australia's Eyre Peninsula to 10,400 tonnes of contained uranium oxide, predicting it will become an asset of "international significance".

The company announced the new estimate yesterday, adding it was on track to achieving its prediction of more than 20,000 tonnes of the resource by the end of the year.

Managing director Russel Bluck said the new estimate was the most significant development so far for the Mullaquana project, south of Whyalla.

"It's about as good as it gets from my end," he said yesterday.

"We're going from a greenfields discovery by a penny-dreadful explorer to 10,000 tonnes. And we'll be past 20,000 tonnes by the end of the year."

Mr Bluck said the company aimed to start trials of in situ recovery of uranium next year and begin production by the middle of 2012.

But development of a new uranium mine is likely to be opposed by environmentalists and the Greens.

Mr Bluck is expecting opposition to the project but believes the company can address any concerns.

"We can meet all the regulatory and environmental requirements," he said.

Although the Mullaquana tenement is on the upper western coast of the Spencer Gulf, Mr Bluck said a mine was unlikely to affect the marine environment.

"It's sealed off by some fairly extensive clay and limestone units which don't appear to have any breaks in them," he said.

"The water in the formations that we're working in is a lot more toxic than sea water, so if it was already leaking into the gulf there'd be patches that we could find and see."

The in situ method of recovering uranium, which involves pumping acid underground to dissolve uranium ore and bringing the solution to the surface, is used at the Beverley and Honeymoon uranium mines in South Australia's northeast.

Uranium SA's announcement failed to impress investors yesterday with its shares closing 10 per cent lower at 25c.

GAVIN LOWER