



Black Range Minerals

Apr 26th 2012

Black Range Minerals to catapult onto investor radars with U.S. uranium project feasibility study

Black Range Minerals (ASX: BLR) has reached an important milestone at its Hansen Uranium Deposit with the completion of a Scoping Study.

Importantly, the study has highlighted the best way forward as an underground borehole mining operation using ablation.

Operating costs have been tipped at US\$30 per pound uranium at a production rate of 2 million pounds per annum.

Further upside is in the high recovery of 95% uranium in 10% of the mined material confirmed through ongoing ablation test work.

Mike Drew, chief financial officer, told Proactive Investors today ablation creates a very high grade, high value concentrate, collecting 95% of the uranium in about 10% of the amount of ore mined from borehole mining.

The use of ablation is expected to streamline the mine permitting process.

Adding more spice to the project is the potential for a lower capital expenditure with the option to process the ore at an existing mill offsite.

Without the need to build a mill, the Scoping Study indicates capital expenditure for Hansen would be under US\$80 million.

Black Range Minerals decision to move forward with the underground borehole mining option for Hansen also provides environmental benefits.

Drew said underground borehole mining, versus open pit mining, is much less intrusive and creates a minimal environmental impact onsite, while still maintaining an effective and economic mine.

That's the real leap forward; we've decided exactly which way we're going to develop the project.

Kinley Exploration agreement

Highlighting the rapid pace at which Black Range Minerals is moving forward at Hansen, the company has entered into a consulting agreement with Kinley Exploration to assist in mine operations planning.

Kinley will provide continued analysis of the logistics and site-specific requirements to conduct underground borehole mining at Hansen.

Discussions with Ablation Technologies are in progress to secure the use of ablation.

Forward Plan

Black Range Minerals is now progressing an preliminary economic assessment, which Drew says will have more meat around the bones, including additional economics.

What it allows us to do is start our mine permitting process in earnest, he said.

Price: A\$0.02

Market Cap: A\$20.18M

1 Year Share Price Graph



Share Information

Code: BLR

Listing: ASX

Sector: General Mining

Website: www.blackrangeminerals.com

Company Synopsis:

Black Range Minerals (ASX:BLR) is developing the Hansen/Taylor uranium project in Colorado which has a JORC resource of approximately 901mlbs U308, production is targeted for 2016

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The preliminary economic assessment is scheduled for completion in the September quarter of 2012 and will include an update of the Hansen Resource.

The deposit currently hosts a total Indicated and Inferred Resource of 7.04 million tonnes at 1,270 parts per million for 19.72 million pounds of uranium.

Uranium price - demand and supply

Uranium has a current spot price of US\$52 a pound, but firms such as JPMorgan are forecasting that it could rise to US\$80 by 2014 as supply deficits catch up with demand. Uranium producer Energy Resources of Australia (ASX: ERA) has said the long-term outlook for uranium prices remains positive.

Over 80 new nuclear power reactors are expected to be commissioned globally over the next five years, with 61 currently under construction. The current total of new reactors planned or proposed is 491, nine more than pre-Fukushima.

Also a positive, Japan is set to restart two of the reactors idled since the earthquake, and BMO Capital Markets analysts last week noted China issued new reactor licences, which could also be a catalyst for uranium prices.

The investment climate should improve as the value of underlying uranium deposits gradually returns to a more reasonable level to reflect longer-term supply and demand dynamics. In the next couple of years spot prices will snap back to closer to a long-term contract price.

Comment

The appointment of managing director Tony Simpson, ex Peninsula Energy (ASX:PEN) chief operating officer where he was directly responsible for the successful exploration and permitting activities of Peninsulas Lance uranium project in Wyoming has heralded the renaissance of the Company.

Simpson has provided Black Range with the heavy weight experience in the U.S. that is necessary, particularly in project permitting to move Taylor Ranch and Hansen project toward development.

Black Range possesses one of the highest grade and largest uranium ore bodies in the U.S. The Company's uranium project is likely to become a necessary deposit and source of uranium for the U.S. domestic market - given 20% of US electricity comes from nuclear power plants.

More salutary and bullish for Black Range and its project, U.S. reactors consume around 50 million pounds U3O8 per annum 85% of which is imported.

The US generates more electricity from nuclear power plants than any other country in the world.

With mine operating costs from the scoping study estimated at US\$30/lb U3O8 at a production rate of 2Mlb U3O8 per annum, propels Black Range into an advanced and potential near term uranium producer.

The current valuation afforded by the market to Black Range of just over \$20 million against forecast project cash flows and margins given 2 million pound production rate is "skinny." If fellow U.S. and ASX listed peers such as, Peninsular Energy are any guide - with its market cap. of \$112 million, there is significant potential upside in Black Range's valuation over the next 6 - 12 months as the Company moves onto the radar of investors in Australia and North America.

Listed uranium company prices are on the move, particularly in Canada. Black Range is also likely to be a beneficiary of this action.

The latter has witnessed M&A activity given the strong long term fundamentals for uranium. This could also not be



discounted for Black Range given the quality, scale and significance of its Taylor Ranch and Hansen project to the U.S. market.

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