

High demand boosts uranium program



Peter Woods is managing director of Uvre, which is pursuing strategic minerals that will play a key role in the generation and storage of low-carbon energy.

With the northern hemisphere winter looming and the global energy crisis showing few signs of abating, the role of nuclear power is gaining traction as a source of clean baseload power in a low-carbon future.

So much so that the European Parliament recently backed rules labelling investments in nuclear power plants as climate-friendly. Once maligned, uranium is also being mentioned as a 'green' material, alongside battery metals such as lithium, copper and cobalt.

At the same time, a serious supply threat looms: Russia-aligned Kazakhstan accounts for about one-quarter of processed uranium supply, while secondary sources from decommissioned weapons stockpiles are also drying up.

On the demand side, Canada's Sprott Physical Uranium Trust (SPUT) is actively buying large quantities of the tight physical material.

These compelling factors have seen the spot uranium price rising almost 50 per cent in the past 12 months to about \$US50 (\$70) a pound.

Not surprisingly, security of uranium supply has become a key issue in Washington. In April, the US Congress voted in favour of the National Opportunity to Restore Uranium Supply Services in America Act of 2022 – NO RUSSIA - the springboard for re-establishing domestic US uranium reserves that have been run down for decades.

The omnibus Inflation Reduction Act, which passed Congress this month, contains a staggering \$US369 billion of tax and other incentives for low-emission energy sources – including nuclear power and local uranium fuel production.

For the newly ASX-listed Uvre Ltd, the timing couldn't be better for the company to advance its fully-owned East Canyon uranium and vanadium project in the south-east of Utah.

Uvre listed on the ASX in June 2022 after raising \$6 million to advance the East Canyon Project, which is only 50 kilometres along a major highway from the only operating conventional uranium and vanadium mill in the US.

“In essence, both the materials we're looking to discover are at the forefront of the low-carbon revolution,” says Uvre managing director Peter Woods.

Historically, vanadium's predominant use is as an alloy to harden steel. Increasingly, though, the silver-grey metal is earmarked for use in high-efficiency vanadium redox flow batteries, or VRFBs. VRFBs are large, industrial-scale units that can store renewable energy off-grid and provide power on-grid when needed.

VRFBs are not flammable like lithium-ion batteries and can recharge and discharge over many cycles.

Uvre's East Canyon Project is on the Uravan Mineral Belt of the Colorado Plateau – an important source of uranium and vanadium in the US for more than a century.

Historically, the province has yielded more than 85 million pounds of uranium (at an average grade of more than 0.13 per cent uranium oxide) and more than 440 million pounds of vanadium (at an average grade of 1.25 per cent vanadium oxide).

Uvre this month launched an extensive 50-hole diamond drilling campaign, to test extensions of historic underground workings at two East Canyon prospects, None Such and Bonanza.

“This is a significant milestone for the company and we are excited to commence the maiden drill program less than two months since listing on the ASX,” Woods says.

The program will test shallow extensions of the visible mineralisation in and around the historical workings at None Such and Bonanza. Sampling returned high grades of up to 1.27 per cent uranium oxide and 9.21 per cent vanadium oxide.

“Diamond core drilling will allow for early metallurgical test work to be carried out, further shoring up the potential of this strategic project,” Woods says.

He notes the increasing levels of corporate activity and consolidation in the area, with the Canadian-listed Consolidated Uranium and Energy Fuels entering a strategic alliance over two nearby resources.

As with other critical minerals such as cobalt, vanadium is currently sourced mainly out of China, Russia, Brazil and Africa.

Largo, the world's biggest vanadium producer, plans to merge with another entity to form the Largo Physical Vanadium Corp. As the SPUT does for uranium, the Largo Physical Vanadium Corp intends to buy large quantities of physical vanadium material and thus underpin demand.

Australia also has vanadium deposits, but containing 'nuisance' elements of magnetite and titanium, which can make them difficult to mine and process. In contrast, Uvre's East Canyon Project is a sandstone-hosted structure and the mining methods and metallurgical processes are simpler.

For Woods, East Canyon is a case of 'buying back the farm', given he pegged the initial claims in 2018 and carried out preliminary rock-chip sampling.

The assets were sold to TNT Mines in 2020, which became Red Dirt Metals. But with Red Dirt's focus now on lithium, Woods tapped his corporate finance background to reacquire the project through Uvre.

"It's a well-positioned project in a highly prospective area, and we also have a great launching pad to pursue other strategic opportunities and minerals that will play a role in the generation and storage of low-carbon energy,' Woods says.

With a healthy cash balance, a tight share structure and a current market valuation of under \$6 million, Uvre is well-placed for exploration success in either commodity.

"As well as Utah being a world-class jurisdiction, the US government's bolstered support for domestic uranium and security of supply for vanadium makes us very well positioned indeed."