

NEWS

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Wildhorse Energy Has Some Interesting Choices To Make On Its Uranium Assets In Wyoming And Hungary

By Charles Wyatt

As its name might suggest, Wildhorse Energy has little time for the navel gazing of Australian politicians over their uranium policy, and has instead gone seeking highly prospective uranium projects elsewhere in the world. Wisely it has decided that the two largest markets for uranium are the United States and Europe, and has therefore built up a portfolio of development and exploration projects that offer the potential for long term uranium production to feed the rapidly growing demand for uranium in these two markets. It is operating in countries with a history of uranium mining, and where demand outstrips supply, and it aims to have uranium production by 2010.

In the States Wildhorse Energy has a couple of projects in Wyoming. The most advanced of these is in the Greater Bison Basin, where the Bison Basin project area covers part of a roll-front uranium mineralised trend, the subject of a previous 2,500 drill hole investigation. The original development there operated as an in-situ leach mine which produced around 60,000 pounds of U3O8 in the early 1980s. It's been estimated that the historic resource drilled up amounted to anything from 10 million to 20 million pounds of U3O8. Wildhorse has now identified the mineralised uranium trend associated with the original mine, and is working on a resource estimate. The company is also working on a development permitting strategy for an in-situ leach mine of its own.

A year ago, Wildhorse announced an initial inferred JORC resource estimate for the West Alkali Creek deposit on Bison Basin, totaling 910,000 tonnes at 0.089% U3O8 and giving 1.8 million pounds at a cut-off grade of 200 parts per million (ppm). This deposit represents only 10 per cent of the total area of the Bison Basin project so the company is currently expanding its acreage position in the area. Further drilling is taking place to increase the inferred resource, while the inferred resource is itself being upgraded to the indicated category. A scoping study is now in progress to prepare for a bankable feasibility study, but before things get that far advanced Richard Pearce, the managing director, wants to get the resource up to four to five million pounds U3O8, with a view to doubling that again, over time. He should know what he's doing, as previously he worked for Kennecott Energy, a subsidiary of Rio Tinto, in Wyoming and was also managing director of Nova Energy, another ASX-listed uranium explorer. In fact if you look down the list of Wildhorse directors, a great many have previous experience in uranium, and several with Rio Tinto.

Also in Wyoming, is the Sweetwater project, which is bang next door to the Sweetwater uranium mine and mill, now owned by Rio Tinto Energy America. This area was drilled like a Swiss cheese in the 1970s and 1980s during the last uranium boom, and uranium mineralization trends were identified in sediments of the Eocene Battle Springs Formation. At that time the project was owned by Union Oil which ended up producing 1.292 million pounds of U3O8 from 2.34 million tonnes of ore, at a recovery rate of 90 per cent. Now

Rio Tinto has decided to sell, and this could prove very advantageous to Wildhorse. Richard Pearce is playing his cards close to this chest, but there's always the possibility that a deal could be done, as overhead costs for a junior are very different from those of a major.

Meanwhile, on the European front, encouraging exploration progress is being made at the three projects in Hungary. A recent high grade intercept at Dinnyeberki showed an average grade of 0.13% U₃O₈ only 40 metres from surface. The peak grade was 1.74% U₃O₈, and a small open cut mine for ore to be processed by a toll operation is therefore being considered. On top of that, last month a co-operation agreement was signed with Mecsekerc, a major player in Hungary, to restart uranium mining in the Mecsek Hills, where Wildhorse has its Pecs project. The Mecsek Hills area is historically a major uranium producing centre in the Western Mecsek Mountains. Cumulative production from the mining plots up here was approximately 46 million pounds of uranium metal, or 20,900 tonnes, prior to mine closure in 1997. When mining ceased, significant areas of uranium minerals remained unmined, so the plan is to amalgamate these areas into a joint venture between the two companies.

The Pecs project itself already has a JORC resource estimate amounting to 30 million pounds. What's more, Coffey Mining has carried out a study which concluded that there could be a case for an underground mine. Coffey suggested that drift and fill mining combined with conventional trucking via a decline access could support an economic mining operation over a 10 year period. Richard Pearce has no quarrel with this view, but suggests that the deal with Mecsekerc means that Pecs has to be viewed in a new light, as the whole area will be unitised. This is quite a breakthrough, and Richard will be in London in October to talk more about it. Well timed, as the uranium price appears to be coming to life once again.

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