

Blue Sky Uranium well-positioned for uranium rally

by Robert Simpson

Uranium investors didn't have much to cheer about until last April when Blue Sky Uranium Corp. [BSK-TSXV; BKUCF-OTC; MAL2-FSE] published their Preliminary Economic Assessment (PEA) of the Ivana deposit on the Amarillo Grande Project in Argentina. What's got investors excited again and uranium miners circling, was the US \$18.17/lb all-in cost of production and the potential for Blue Sky to be one world's lowest cost uranium producers.

Blue Sky Uranium, part of the Grosso Group, has deep roots in Argentina where, until 1993, mineral exploration and mining were state controlled. Since then, the Grosso Group discovered three multi-million ounce precious metals deposits and was the natural first stop for Jorge Berrizzo, the former senior exploration geologist and mine manager for the Argentinean National Atomic Energy Commission, when he retired.

"He basically strapped a spectrometer on his car and drove around the country stopping to take notes of where the spectrometer went off," says Nikolaos Cacos, President and CEO of Blue Sky Uranium.

"Not much happened with the information because at the time the Argentinean government didn't have the funds to acquire and develop uranium prospects," says Cacos.

Soon after Berrizzo joined the company as an advisor, Blue Sky flew an airborne survey and a vast area in the Rio Negro Province lit up

"We sent our technical team to determine if what we were seeing on the survey could be found on the ground and, as the team was driving, ahead of them was a gravel grader fixing up the road and throwing off all these pebbles. As soon as the spectrometer went off in the car, it was a matter of minutes when our geologists

said, "Yup. Found this rock, we found the radiation, it's here." That's what basically got us going," says Cacos.

Blue Sky staked the property, or as Cacos prefers to say, the district, which spans 145 km in length by 50 km wide. "We've explored over the entire zone and know there are signs of uranium and vanadium mineralization throughout the entire area," he said.

Blue Sky started on the southern end of the property, where they now have the Ivana discovery, a NI 43-101 compliant resource of just under 23 million pounds of uranium from a small fraction of the area. The deposit is open along strike and at depth and drilling to expand the deposit is underway.

Ivana is a sandstone-hosted surficial deposit, which means it's near surface, generally less than 25 metres in depth. The nature of the deposit lends itself to short development time at low capital cost. Basically, you use a scooper to dig the gravel-like material, lay it out on a leach pad and extract the uranium out," says Cacos.

The costs of the operation are reflected in the PEA, which shows an after-tax NPV (8%) of US \$135.2 million, IRR of 29.3% cash cost, net of vanadium credits of US \$16.24 and all-in sustaining costs for a 13-year mine life of US \$18.27/lb.

"We are going to focus our efforts on growing the deposit along with our Anit and Santa Barbara target areas," says Cacos.

Timing is everything in uranium exploration and mine development. New mines usually come on stream once uranium prices hit the US \$65 mark and supply-demand fundamentals suggest this may happen soon. Uranium prices have risen from a low of US 17.75/lb. in November 2016 to US \$28.50/lb. today, up almost 60%. While research by Morningstar shows, uranium supply could rise by about another 40% by 2025.

"Low secondary supply should start affecting price negotiations in 2019 suggesting contract pricing among power utilities could push the price back to US \$65/lb.," says the Morningstar report.

"We want to have the advantage of being an early mover, so our investors are well positioned for when the uranium price runs again," says Cacos.

And when the price does run, Blue Sky could find its major customer for uranium is in Argentina, where the government recently mandated doubling nuclear power usage by 2025.

The country currently has three operating nuclear plants and six research reactors in operation. One new nuclear plant is under construction, with two plants in the planning and two in the proposed stages. "Argentina has no domestic supply of uranium, so the market is open for someone to provide a domestic supply," says Cacos.

Blue Sky Uranium, with 109,788,717 shares outstanding and 157,612,169 fully diluted, traded between \$0.12 and 0.23 per share in the past year. ■



Dr. David Terry, P.Geo., Director, exploring the Anit property at the Amarillo Grande uranium-vanadium project in Argentina. Photo courtesy Blue Sky Uranium.