



# Strateco to go underground at Matoush

PREFEASIBILITY FOR OTISH MOUNTAINS  
URANIUM PROJECT DUE IN FALL



STRATECO RESOURCES

The camp at Strateco Resources' Matoush uranium project in the Otish Mountains of Quebec. Strateco will be the first company to explore underground for uranium in the province.

BY SUSAN KIRWIN

It looks like **Strateco Resources** (RSC-T, SRSIF-O) will be the first company to explore underground for uranium in Quebec now that it's received permission to do so at its Matoush uranium project in the Otish Mountains.

And in this current uranium cycle, Strateco will also be the first junior company to advance a uranium project

in Canada to the underground stage; it hopes to begin underground development by mid-2009.

"We have checked with the Canadian Nuclear Safety Commission and we are really the first to go for it," says Guy Hébert, president and CEO of Strateco.

He points out other new development projects have progressed in Saskatchewan's Athabasca basin by major

players like **Cameco** (CCO-T, CCJ-N), **Denison Mines** (DML-T, DNN-X), and **Areva** (ARVCF-O), but nothing comparable to this level in Quebec.

Strateco was also one of the first juniors to get back on the uranium exploration bandwagon in Quebec, picking up the Matoush property in 2005.

"Uranium was around US\$15 a pound when we started to look at



Matoush (in 2004),” Hébert says. “And when we acquired it, uranium was around US\$18-20 per pound.”

Strateco has sent a letter of intent to the Canadian Nuclear Safety Commission and Quebec’s Ministry of Sustainable Development, Environment and Parks, informing them that the company would like to obtain permits needed for planned underground exploration work.

The feasibility study will include site preparation, excavation of an access ramp to the 300-metre level and the excavation of exploration drifts for definition drilling.

Once the company starts working underground, it will be able to assess the quantity and processing of mine water, ventilation, mining methods and ore stockpiling.

A prefeasibility study, currently under way, is to be completed by September; next year’s underground work will be part of a feasibility study.

“We have all the flow sheets for the mill, now we are evaluating the cost of constructing a 700-tonne-per-day mill,” Hébert says.

In March 2007, Strateco built a permanent exploration camp that can house 50 people, allowing the company to work year-round on the project.

At the moment, Strateco is finishing up eight baseline assessment studies for the prefeasibility.

“The fish, the vegetation, the water, the animals, it’s all done,” says Hébert of the baseline studies. “Strateco has done a lot of work in the last twelve months.”

Strateco also needs to build a water treatment plant before it can start excavation of the underground workings.

And with only a winter road leading to the property, the company needs to have everything organized soon.

“The planning has to be done this summer and fall because all the

equipment, fuel and explosives (must be brought) by the winter road in February and March 2009 to be able to start next summer,” Hebert says.

Strateco has an active exploration program this year with plans for 50,000 metres of drilling at Matoush in 2008, costing \$22 million. The company expects to put out an updated resource estimate this summer.

Current indicated resources, calculated in 2007 on the AM15 zone, total 201,000 tonnes grading 0.79% U<sub>3</sub>O<sub>8</sub> containing 3.48 million lbs. U<sub>3</sub>O<sub>8</sub>.

Inferred resources are estimated at 65,000 tonnes grading 0.43% U<sub>3</sub>O<sub>8</sub> totalling 620,000 lbs. U<sub>3</sub>O<sub>8</sub>.

Hébert says he hopes to increase resources enough to produce at least 2 million lbs. U<sub>3</sub>O<sub>8</sub> per year over at least eight years, beginning in 2012.

“And this year, with a new discovery of the MT22 zone, and the new extension of the AM15, I think the next (National Instrument 43-101 resource) in July will be close to our objective,” Hebert says. “We will continue to drill until next year so . . . that will be representing a pretty fair amount of production.”

Initial metallurgical testing has shown that a 98% recovery rate could be achieved and that the ore does not generate acid or contain arsenic.

The company won’t be doing a bulk sample as a part of its feasibility study, partly because it isn’t necessary and also due to the complicated logistics of shipping ore to a mill in Saskatchewan that could process it.

“With high-grade uranium, I don’t think we could get permission to ship it,” Hébert explains. “(Also) because the metallurgy is very, very simple, we don’t need a bulk sample.”

Shipping core to Saskatchewan, where the only labs that can handle high-grade uranium core are located, is already a challenge.

Strateco has paved the way for other uranium explorers in the province, working out the protocol for handling high-grade ore with the Quebec’s worker’s health and safety commission.

“It takes roughly two weeks to prepare the core because of the radon gas,” Hébert says. “We are not dealing with 0.05 per cent uranium (oxide), we’re dealing with a lot of samples with 14, 16, 20 per cent uranium (oxide).”

Core must first sit outside of the core shack for a week to let the radon gas exit the core before it can be split. The company uses an old-fashioned core splitter instead of a saw to avoid creating more harmful dust than necessary. The core must sit outside for another few days after it’s been split, allowing more radon gas to exit. Then it’s put into special metal containers.

“If we are exceeding a certain amount of radiation, we have to put the core in barrels of sand and sometimes, we have to put the barrels of sand into barrels of water when it’s very, very high,” Hébert explains. “(That’s) when you are exceeding 12 to 15 per cent uranium oxide.”

Only then can the core be sent by special courier to a research centre in Saskatoon to be assayed.

Workers wear gloves and masks as well as meters that measure their radiation exposure. That data is sent to the Canadian Nuclear Safety Commission on a regular basis.

Hébert has brought two other mines into production in Quebec during his career — the eponymous Bouchard-Hébert zinc-copper-silver-gold mine in Rouyn-Noranda, now owned by **Breakwater Resources** (BWR-T, BWLRF-O), and the Yvan Vézina gold mine, also near Rouyn-Noranda, in 1983.

“It’s different from what I did in the past but it’s very interesting,” Hébert says.