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Mineral exploration, mining are hot

David Freeman, The Leader-Post

Saskatchewan has a hot name in uranium circles this year and is poised to become the world's hotspot in mineral exploration and mining, according to the head of a junior uranium exploration company.

According to the government, "at least" \$200 million will be spent, half of it on uranium, in the province for mineral exploration in 2006 -- up from a mere \$31.3 million in 2003 -- but for **Purepoint Uranium Group** CEO and president Chris Frostad, that's just the tip of the radioactive iceberg.

"I believe it's an understatement," said Frostad, adding his company has roughly 240,000 hectares of the Athabasca Basin in northern Saskatchewan staked for exploration. The basin is well known as having the richest deposits of uranium in the world.

"The reason I believe it's an underestimate is because I am more in tune with the amount of money that has been raised to be spent in Saskatchewan, and it's two or three times that number," said Frostad from Toronto, where he's attending the Prospectors and Developers Association of Canada conference. "There is a lot of money burning a lot of holes in a lot of people's pockets to the extent that was raised through flow-through means -- that means that there's a time limit to get it spent."

He cited as an example his company raised \$5.5 million last year that must be spent in Saskatchewan by the end of this year for tax purposes.

"When you start adding up all the money that was raised in that way, it's a hell of a lot more than \$200 million," said Frostad. "So brace yourself."

Industry and Resources Minister Eric Cline, who is attending the same conference, agreed the "trend line" points to even more growth in the industry.

"I would say what they're saying seems to make sense," said Cline. "If you did a trend line from 2002 when about \$23 million was invested for exploration in Saskatchewan up to the \$200 million in '06 ... The trend line certainly looks good."

He said the 2002 number -- which represented roughly two per cent of the exploration expenditures in Canada -- prompted the government to take action to encourage exploration, given the province's extensive mineral resources.

"You know we decided that wasn't high enough," said Cline. "We wanted it to be much higher ... Now we're up, I think, over 10 per cent ... So that's like a five-fold increase in percentage."

"I think the opportunities are there and I think things are going to continue to go higher," he continued. "We're at the point now where ... obviously what you want at the end of the day is to get actual mines. But the exploration in and of itself is a big investment in the province."

Frostad said when his company first came to the province in late 2002, it was basically alone in staking the basin.

"We wound up in the middle of a staking rush and the place just filled right up," he said.

"There is a lot of buzz and it's very, very big," said Cline of the talk and potential surrounding Saskatchewan's mining industry at the conference. "There are great things happening and in five years we'll probably have more mines opening in Saskatchewan and maybe some major office presences as well."