

## **ALX Uranium (TSX-V: AL) CEO Warren Stanyer on Option Agreement with Orano at the Close Lake High-Grade Uranium Project in the Athabasca Basin**

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**Gerardo Del Real:** This is Gerardo Del Real with *Resource Stock Digest*. Joining me today is the CEO and Chairman of **ALX Uranium (TSX-V: AL)(OTC: ALXEF)**, Mr. Warren Stanyer. Warren, how are you this afternoon?

**Warren Stanyer:** Couldn't be better, Gerardo. It's a beautiful day here in Vancouver so it's paradise.

**Gerardo Del Real:** Good, good. I heard it was raining this morning. Did it stop raining?

**Warren Stanyer:** Oh, I guess it was very early, but no it's a beautiful day. How are things in Texas?

**Gerardo Del Real:** Good, good. Sunny. Austin, Texas is 78 degrees outside and sunshine. So no complaints on this end. Also, right now no complaints on yours. You just [signed the Close Lake option agreement](#) with Orano Canada. I know that's a big deal given the market cap of your company and given how robust the agreement is. Can we talk about that a bit before I get your overall sentiments about the uranium space?

**Warren Stanyer:** Absolutely. Fire away.

**Gerardo Del Real:** Close Lake, tell me about the deal. Tell me the details and what it means for the company, and what it looks like moving forward.

**Warren Stanyer:** This is an incredible property that nobody knew about for many, many years. I'd heard about it 15 years ago for the first time. It was known as Tucker Lake, which was one part of the Close Lake property, where they had a really nice hit back in 1985. A lot of people felt that, "Oh, you know, this is just a one hole wonder," and these kinds of things.

Meanwhile it's near Cigar Lake and it's near McArthur River. The philosophies of the time didn't allow for what we know now, that the footprint of uranium deposits can be much smaller, and actually felt that you needed 1 to 2 kilometers of strike length in the past. Well Millennium, 100 million pounds on the trend of McArthur River, has a footprint of 100 meters. So these are the things that we've learned in the last 25 years and now have become very apparent.

**Gerardo Del Real:** And this project is located in the eastern Athabasca Basin. Is that correct? A high-grade project?

**Warren Stanyer:** That's right. It's a few kilometers from Cigar Lake, which is one of the richest deposits in the world currently still in mining, and McArthur River. You almost have to suck in your breath when you think about McArthur River. Over 600 million pounds of uranium. When it first was found it was about 100 to 150. They did underground drilling, and it got over 200 million. As they kept mining and working, they got to 300, 400. Big mines of over 300 million pounds as far as I know and an average grade of somewhere between 15-20%.

So the grade is dropping somewhat now as we go into the second 300 million pounds, but I believe it's around 10%, maybe a little less. But it's just been an amazing deposit. The southern boundary is 3 kilometers from the McArthur River property.

**Gerardo Del Real:** And so this deal will allow ALX to earn up to 51% in the Close Lake Uranium project. Is that accurate?

**Warren Stanyer:** That is. This is a big opportunity. Normally Orano, formerly AREVA Resources of Paris, France, or AREVA. AREVA Resources is the Canadian name for the exploration arm, but AREVA's a huge company. They're a fully integrated nuclear company. They mine uranium. They build reactors. They build powerlines. Just a huge, amazing international concern that's been operating in Canada for the past 50 years under different names. They've changed that name again to Orano.

For them to give up a majority interest is rare. For example, UEX at Shea Creek was only able to earn slightly over 49% of that deposit. So we have this opportunity, and yes they have backend rights that they can exercise, but this is the first time that I know of where they've allowed a potential majority interest to a junior company like ours.

**Gerardo Del Real:** I imagine that ALX will work closely with the team at Orano.

**Warren Stanyer:** Absolutely, we will. I've known the exploration department there for 15 years. I've always had a great relationship with them going back to the beginning of the Shea Creek deal when I was with UEX Corporation. That's UEX, as some people say. We started that company as U for uranium, X for exploration. So I always refer to it as UX.

Anyway, there's a strong connection there, and that's what led to this deal. From late 2017 it took until yesterday before this agreement was completely executed.

**Gerardo Del Real:** Let's talk the uranium space. Obviously, everybody is eager to see what the Trump Administration announces. The Section 232 report has been submitted. I believe it was April the 14th, give or take a couple of days. The administration has 90 days from April the 14th to comment and recommend what steps are next. I would love to hear your general thoughts on what that will or won't do for the uranium space, what it will provide in the way of clarity.

**Warren Stanyer:** Well, I'm not one to style myself as a uranium supply expert. But one thing I do know is that in the US there's been a lot of, shall we say, downsizing of uranium mining. So it's great that the Trump Administration is trying to stimulate uranium mining in the US, but it's not something that's necessarily going to occur instantly. What are the milling capabilities now compared to what they were, say, 20 years ago? My guess is that it'll take a while to ramp up.

So therefore, where will the uranium come from that they need? I would hope that there's more embargoes placed on, or some kind of importation restrictions on uranium from Kazakhstan for example. There's a place that consistently affects the uranium market negatively by overproduction, producing at lower rates. This is what was happening when I first started in the uranium business. The Soviet Union's uranium was cheaper than anyone else's. They were always undercutting the price.

So this is what has eventually led to the detriment of US resources. So as a Canadian, and as a Canadian who knows the legacy of what Canada has provided to the United States, I would like to see that the uranium supply that we've given to the US for not only its nuclear reactors but for its nuclear weapons that keep it safe. In spite of what some people might think, that is a deterrent. We've contributed uranium to the United States for many, many years and we hope to keep doing so without restrictions.

I'm looking for some kind of an exemption for Canada because I don't believe the US will be able to supply itself with what it needs right away.

**Gerardo Del Real:** Interesting. Well I certainly am eager to hear the recommendations. I know I am far from the only one. I have to congratulate you on inking the deal because for ALX it could be a company maker if you're able to discover, with the closer drilling, what looks like to be the potential for a high-grade deposit in frankly the best part in the world to look for those, right?

**Warren Stanyer:** Absolutely. I should say what the deal was. Yes, we have to spend \$12 million over 5 years. Yes, we have to issue shares to Orano to become a shareholder of us which is another part of the deal that is unusual for Orano. That it's not something that's common for them to do, to take shares from a junior company.

What I harken back to is when I was with UEX Corporation in 2004, we did the Shea Creek deal which was for UEX to spend \$30 million over, I believe it was a 10-year period. But we did it in about 4 years because when you start getting the momentum and you make a big discovery like we did in 2005 a year into the deal.

Then the money comes, and the tens of thousands of meters get drilled, and you earn your position because people are excited about what you're doing, and they're funding it, and your share price hopefully correspondingly rises as you find things, and you maintain your position and earn your interest. Plus once we earn in this deal, our partners, Orano, Cameco, and JCU, which is the Japanese uranium company. So there couldn't be a better group of people to be partners with.

**Gerardo Del Real:** Not a bad list of names to be among. Warren, thank you so much for your time. I appreciate the update.

**Warren Stanyer:** My pleasure, Gerardo. Thank you for calling.