

Labrador: An emerging uranium district in Canada

It is a well known fact that Canada is a leading uranium producer with huge resources and a stable political and business environment. Less well known is that Labrador's Central Mineral Belt is one of Canada's most prolific areas for uranium mineralisation. This 150km-long belt, which extends to tidewater on the Labrador Sea (North Atlantic), is one of the few remaining under-explored uranium-rich metallogenic terranes in the world.

Early exploration for uranium between 1951 and 1978 led to the discovery of several large deposits, including Michelin, and many smaller uranium prospects. This early round of exploration, much of which was undertaken prior to the era of competitive staking, ended with the collapse of uranium prices.

“Labrador contains one of the world’s largest undeveloped uranium resources”

The recovery of the uranium market in 2004 led to district-wide staking and renewed exploration. This resulted in new discoveries including Anna Lake, Two Time and Jacques Lake, recognition of new mineralising environments and a dramatic increase in the existing resource base.

The activity came to halt when a three-year moratorium on uranium mining was imposed in 2008 by the Nunatsiavut Government, an aboriginal body formed in 2005.

The moratorium was declared to provide ample time

to establish a lands administration system, develop environmental protection legislation and to allow for the completion of a land use plan for the Labrador Inuit Settlement Area. In March this year the moratorium was lifted.

This decision is good news for Newfoundland and Labrador's mining sector since it means that programs such as Paladin Energy's Michelin project can again move forward. Paladin has announced plans to resume drilling in 2012, focusing on infill and extension drilling. At Michelin, drilling has identified 84Mlb of U_3O_8 (measured and indicated) and 53Mlb of U_3O_8 (inferred) making it one of the world's largest undeveloped uranium resources.

Other exploration companies have also welcomed the lifting of the moratorium and are reviewing their plans for exploration in the area. In particular, Crosshair Energy Corp (whose uranium project includes a substantial vanadium resource), Silver Spruce Resources Inc., Mega Uranium Ltd. and Bayswater Uranium Corp. all have large land holdings in the region, with uranium deposits and/or prospects.

There are a variety of geological environments in Labrador that host uranium mineralisation. These include syn-magmatic, epigenetic-hydrothermal and metamorphic-metasomatic styles. Multiple mineralising events have been identified throughout the Central Mineral Belt and much of the mineralisation is hosted within rhyolite dominated metavolcanic sequences and spatially associated intrusive rocks ranging in age from Archean to Proterozoic (2.7 - 1.2 Ga).

This is an exciting time to be involved in uranium exploration in Labrador's Central Mineral Belt. The concentration of uranium showings and the variety of settings is certain to attract significant new investment, increasing the potential for new discoveries and the expansion of existing deposits.

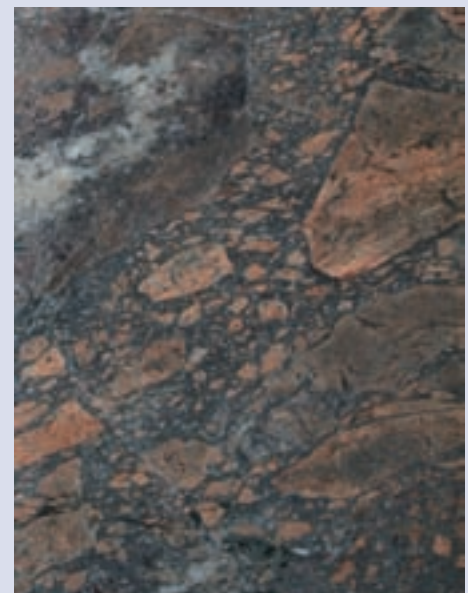
URANIUM MORATORIUM LIFTED

In March, 2012, the Nunatsiavut Government enacted its Environmental Protection Act as well as an amendment to the Labrador Inuit Lands Act, lifting the 3-year moratorium on the working, production, mining and development of uranium on Labrador Inuit Lands.

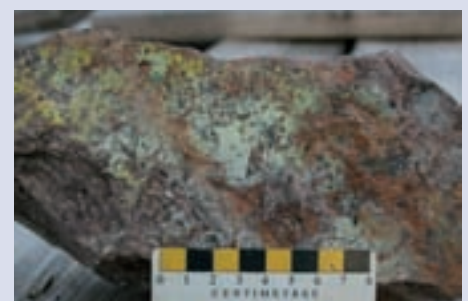


Supplying an exploration camp, Labrador

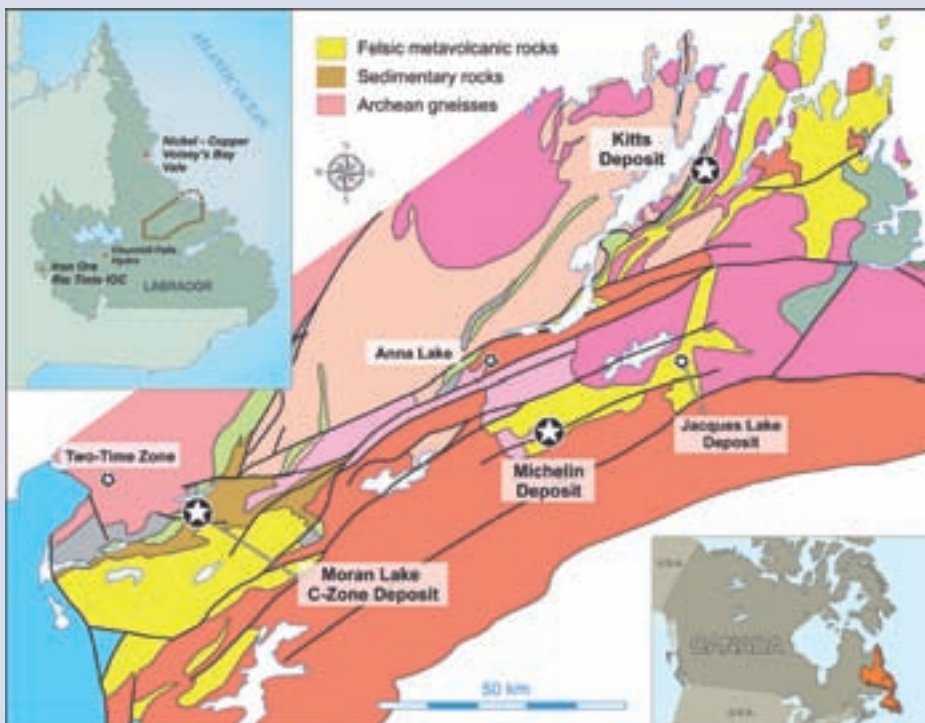
Photo: Crosshair Energy



Moran Lake deposit: C-Zone mineralisation, hematite breccia



Michelin deposit: Ore from the tailings pile



Simplified geology map of the Central Mineral Belt with selected uranium deposits