

Resource Reports: Uranium Star Unlocking the Mysteries of Sagar

Monday, February 26, 2007

By Resourcecx

Uranium junior with promising Quebec exploration property set to launch test program

Most junior resource [investors](#) are aware that uranium spot prices last week climbed another US \$10 to \$85 per pound. Although this sets a new historical high for yellowcake (U3O8), many analysts nevertheless predict that this price will continue trending up toward \$100/lb in 2007.

The justification is simple and sensible: Worldwide there are 435 reactors in operation, which generate close to 400,000 Megawatts of power. There are 28 reactors under construction, 64 at the planning stage and more than 158 proposed. Nuclear energy presently provides 16% of the world's electricity - a number expected to grow in marked leaps as oil stocks peak and begin to dwindle, global warming runs amok and coal burning power plants add insult to the injury. Ergo, demand is growing, supply is lagging.

A pundit recently noted, "With this kind of market, you could paint 'URANIUM' on the behind of a pig and people would still chase it." With that in mind, the question is: With some four hundred junior uranium [exploration companies](#) out there, which ones are the wiry boars and which are the lean hogs?

It's a tough question. You might think that all this investment activity would eventually separate the two more clearly, but the opposite is happening. As the price of uranium goes up, more and more pretenders are painting their backsides with the word "Uranium" in bright yellow.

[Uranium Star Corporation \(OTC: BB: URST\)](#), [BullBoards](#)) boasts some impressive initial data on their premier landholding, a uranium and gold play in the mineral-rich Labrador trough of exploration friendly Quebec. Uranium Star has a 75% interest in the property; the company's partner, [Virginia Mines \(TSX: T.VGQ\)](#), [BullBoards](#)), owns the remainder. And it's partly the cache of this JV that lends credibility to this project.

This [joint venture](#) brings some notable expertise to the table. Virginia is one of the most successful exploration companies in Quebec - they have discovered several significant deposits in the last decade, won "Best Prospector" awards in 2004 and 2006, and recently sold their Eleonore asset to Goldcorp for \$800 million.

Uranium Star and Virginia hold a 50 square kilometer Quebec property, dubbed "Sagar," which has been the subject of some notable exploration efforts in the past. A field of radioactive boulders was discovered in 1983 by a Saargberg Interplan airborne spectrometer survey. Since then, \$15 million has been spent on the property.

This radioactive field, occupying a 500 by 250 meter area, is now known as the Mistamisk Boulder Field. 1992 sample work recovered over 70 boulders with assays averaging 64.9 g/t Au and 1.3% U, with highs of 640 g/t Au and 4.11% U.

What makes this project so tantalizing, and yet so highly speculative, is that between 1983 and today - apart from those excellent boulder results in both 1983 and 1992 - no primary source for the high Geiger readings (900 counts per second) has been found. Drill holes have been relatively uninspiring, turning up decent copper, gold and uranium assays, though only over short distances. There remains, somewhere in the vicinity, a significant mother lode.



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In an attempt to unlock the mystery, Uranium Star collected a series of over 600 water samples from the property in the summer of 2006. This led the team to develop a new model to explain the origins of the mineralized boulders.

President Kirk McKinnon and William Nielsen, a geologist with over 33 years of experience that includes mineral discoveries with [Nevsun Resources \(TSX: V.NSU\)](#), [BullBoards](#) ([AMEX: NSU](#)), [BullBoards](#), now posit that these luminescent boulders were swept up from a potentially massive uranium deposit and carried to their present location by glacial movement.

Most glaciers in Canada are thought to have moved from north to south. However, recent quaternary surveys taken on the Sagar property suggest that in this particular area the reverse holds true. Uranium Star's geologist, William Nielsen, stated that past operators believed the source area to be mere hundreds of meters from Mistamisk, while new theories suggest that distances of 2.5 - 3 kilometers may be more accurate. According to company documents, mapping results from radiometric, geochemical, water sample, and quaternary surveys support this thinking.

This line of reasoning has convinced several major financiers, including Sprott [Asset Management](#) and Dundee Securities Corporation, to commit over \$17 million to Uranium Star's efforts to pinpoint the source, as was announced on January 19th. The company plans to begin a 13,000 meter, \$16 million dollar drill program at Sagar at the end of March 2007.

To facilitate this program, the Sagar camp is being refurbished to accommodate 25 staff, and two portable reverse circulation drills have already been brought in by helicopter. The first phase of the program is scheduled to be completed late April to early May.

Uranium Star Corporation is currently trading at \$1.17. With over \$17 million in the treasury, an imminent aggressive drill program commencing, and laudable uranium and gold sample grades, 2007 may be the year that URST.BB goes hog-wild.

Doug Hadfield is the Chief Editor of the Resource Investor, an internationally distributed newsletter specializing in identifying as-yet-undiscovered resource companies representing the best in their class. For more information, visit the website www.resourceinvestor.com.

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