



Resources Stocks Down Under

🗣️ *One pound of uranium is worth about three million pounds worth of coal or oil.* 🗣️

- James Lovelock (b.1919), British biologist, environmentalist and inventor

OKAPI RESOURCES

Okapi Hunts Uranium

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Stocks Down Under rating: ★★☆☆

ASX: OKR
Market cap: A\$46.3M

52-week range: A\$0.18 / A\$0.80
Share price: A\$0.395

The market has really liked the recent transformation of Okapi Resources. In mid-2021 this company announced that it was acquiring a uranium project called 'Tallahassee'. Okapi stock at the time was 22 cents. It's since been as high as 80 cents, helped by the recent re-rating in the price of uranium and the growing portfolio of uranium projects in the United States and Canada.

Share price chart



Source: Tradingview

First things first. Okapi does not have a uranium project near the capital city of Florida, which is also called Tallahassee. Okapi's first foray into the US uranium scene, announced in July last year, was a project in Colorado, six states away, in a part of the Centennial State called the Tallahassee Creek Mining District.

Around the same time as Okapi picked up that acreage it also got an option over another project in Utah, called Rattler, covering a historic uranium mine. Other North American uranium projects quickly followed. In September 2021 Okapi acquired a past producing uranium mine in Utah, called Sunnyside. In January 2022 it got some exploration acreage in Canada's uranium-rich Athabasca Basin. And in February, Okapi added another uranium project in Colorado, this one called Maybelle.

We think there will be more projects before Okapi's new management team is done, although now that uranium is over US\$60 a pound the competition for good projects might be tougher.

Uranium a Mile High

Drive two hours south from Denver, down Interstate 25 to Colorado Springs and then via State Highway 115 to Canon City, and you're close to where Okapi could potentially develop one of the first new uranium mines in the United States in the next few years. Okay, Colorado is a blue state (i.e. Democrat-controlled), but in terms of 'Investment Attractiveness' for miners it still ranks up there, with the latest Fraser Institute survey putting it on the same level as Queensland and Tasmania.

The Tallahassee Uranium Project has its origins in the fabled Uranium Boom of the 1950s. Never heard of it? Back in 1952 a prospector called Charles Steen struck it rich by discovering uranium near Moab in eastern Utah. Before long it seemed like every man and his dog was out in the American West with a Geiger counter, to the point where one episode of the television comedy *I Love Lucy* from early 1958 was titled '*Lucy Hunts Uranium*'.

In real life in 1954, some Uranium Boomers found what they were looking for in Fremont County, Colorado, around six hours drive east of Moab, where the only geographic landmark of note was a creek called Tallahassee. These deposits were worked in a small way through to the early 1970s and there have been periodic efforts since then to revive them, most recently by an ASX-listed explorer called Black Range Minerals between 2007 and 2014. Okapi now has a JORC 2012 resource at Tallahassee Creek of 49.8 million pounds of U308 and believes there is more where that came from, either from consolidating other properties in the district or through fresh discoveries.

Newly discovered

The opportunity for would-be US uranium producers today is straightforward: America currently gets around a fifth of its electricity from nuclear power, but there is currently no domestic production of the commodity that makes it possible. That's got to change if America is to secure its energy independence, which means a Strategic Uranium Reserve for America may be coming soon. Throw in a gradual rapprochement between the Left and the advocates of nuclear power, because such power is carbon-free, and you've got the makings of some serious shareholder value for the likes of Okapi, if they can move their projects forward.

The opportunity for ASX investors from Tallahassee Creek in this environment is simple: It's market capitalisation is currently way below the >A\$250m you're paying for Peninsula Energy (ASX: PEN), whose Lance Uranium Projects in Wyoming, which [we wrote about on 7 January 2021](#), has about the same resource base and grade as Tallahassee. That's before Okapi starts to firm up the value of the Rattler Uranium Project in eastern Utah and before the company can do much work on its portfolio of projects in the Athabasca Basin.

Elephant country

When you consider that Rattler covers two former mines in the La Sal district of San Juan County - Rattlesnake and Sunnyside - and may come with some valuable vanadium credits given historic production here, we think there will be some excitement here given the 4.5 million pounds that have been identified in neighbouring properties. The Athabasca Basin in northern Saskatchewan will be a pure exploration story rather than picking over old mines, but this exploration will be happening in the same 'elephant country' that has yielded Cameco's McArthur River mine and the famous Cigar Lake mine, among others.

Of particular interest up here will be Okapi's Middle Lake Uranium Project, which abuts the old Cluff Lake mine that France's Areva operated until 2002 and which yielded 64 million pounds before it was through.

What's the next steps for Okapi? There'll be some early field work in the Athabasca in the northern summer around the same time as Okapi wants to have some drill rigs active at Rattler. As for Tallahassee, this project is large enough for Okapi to begin thinking about a scoping study. A lot of work has gone into this project over the years, so Okapi knows that the Okapi ore is amenable to conventional acid leaching and can therefore get started on an appropriate flow sheet. Ahead of the potential excitement, this one is four stars from us.

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