



Resources Stocks Down Under

🗣️ *A proven leader always has a proven track record.* 🗣️

- John Maxwell (b.1947), Author, professional speaker

DEVEX RESOURCES

Tim's Next Big Thing

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Stocks Down Under rating: ★★☆☆

ASX: DEV
Market cap: A\$120.4M

52-week range: A\$0.22 / A\$0.79
Share price: A\$0.38

Times have been good for the shareholders of Devex Resources since we first wrote about it in Resources Stocks Down Under on 15 July 2021. At the time you could get this mineral explorer for just 29 cents. Today it's closer to 50 cents, and potentially headed higher thanks to the excitement building around the company's Nabarlek Uranium Project in the Northern Territory.

Share price chart



Source: Tradingview

In the Australian resources sector, when Tim Goyder speaks, people listen. Two companies he has chaired, Chalice Mining (ASX: CHN) and Liontown Resources (ASX: LTR), have turned millions into billions in recent years as a result of successful project development and many are wondering if Devex Resources, of which Goyder owns 17.5%, is next.

Goyder is optimistic. In early April he was an on-market buyer of Devex stock, alongside directors Bryn Jones and Richard Hacker. We think it's a very good sign when directors buy on market whoever they are. But when they have a proven track record, you have all the more reason to take them seriously.

Nabarlek 2.0

The future billions for Devex shareholders might come from the Sovereign Nickel-Cobalt-PGE project near Chalice's landmark Julimar discovery, but it's early days there, with Devex still getting the lay of the land with ground electromagnetic surveys. In the Lachlan Fold Belt of NSW, Devex is doing 16,000 metres of RC, diamond and aircore drilling near the town of Junee looking for its version of Cadia or Northparkes, the copper-gold monsters. However, it's up in the Northern Territory where Devex may have a company-maker in its Nabarlek Uranium Project.

If you are wondering where you've heard the name 'Nabarlek' before, head back to the late 1970s and early 1980s when four Northern Territory uranium projects got the all-clear from the Northern Land Council representing the traditional Aboriginal landowners. Ranger, Nabarlek, Jabiluka and Koongarra were all situated

in the Alligator Rivers region of Arnhem Land, to the east of Darwin. Ranger operated from 1980 to 2021 under Rio Tinto's aegis within a subsidiary company called ERA. Jabiluka and Koongarra never proceeded, mainly because of the Hawke Labor government's uranium export policies. And then there was Nabarlek, approved in 1978 and one of only three uranium mines allowed to continue in Australia when Hawke took charge.

A high-grade precursor

There's a reason why the Hawke government allowed Nabarlek to keep going alongside Ranger and Olympic Dam in South Australia – the mine was a midget. Only 24 million pounds ever got produced over the next decade or so. Compare that to Jabiluka where there's a 307-million-pound JORC 2012 resource.

The Nabarlek deposit was, however, a rich one, grading 1.84% U3O8, suggesting there's plenty more to be found using modern exploration techniques. The Nabarlek ML has been in Devex's hands since 2008, but the company has since gone further and now has a land position in the Alligator Rivers Uranium Province in the order of 4,700 sq km.

Devex isn't the only ASX player in the neighbourhood – Vimy Resources (ASX: VMY), currently merging with Deep Yellow (ASX: DYL), has 25 million pounds of U3O8 in an inferred resource at a deposit called Angularli – but that 4,700 sq km makes Devex the most important player. Tell a Canadian that the Alligator Rivers province has uranium deposits like the Athabasca Basin in northern Saskatchewan and Alberta, and he'll be impressed. That's where the world currently gets about a fifth of its uranium from mines such as Cameco's venerable Cigar Lake. One could make a case that the Alligator Rivers province will be next, so long as all the stakeholders are on board.

'Hang on', we can hear some of you saying. No one's going to greenlight a new uranium mine in the Northern Territory given the bad publicity Ranger and Jabiluka have had over the years. We're not sure that's right. For one thing, Devex's mine wouldn't be inside Kakadu National Park like Ranger and Jabiluka. For another, indigenous people in Australia have a long track record of supporting mining, so long as companies work closely with them. And it's worth pointing out that Devex is not Rio Tinto, a company that has occasionally dropped the ball on sensitive issues like consulting local people.

Plenty of targets to drill

So, assume with us for a moment that potential development is not an issue. The reason to be looking at Devex right now, in an environment where uranium is back in a serious way, is the upcoming exploration. Devex has a reasonable expectation of high-grade hits given the nature of historic drilling. This far north in Australia drilling is confined to the dry season, which generally runs from May and September. Beginning in June 2022 Devex wants to get 8,000 metres of diamond drilling done. Just moving up the North Fault from the old mine site could yield valuable extensions to the original Nabarlek deposit, but there are other prospects slightly further afield.

Explorers have been kicking around on Devex's ground on and off for fifty years or so, occasionally turning up intercepts, like 6 metres at a massive 7.6% U3O8. From that work Devex has identified ten prospects it wants to explore in some detail. The Nabarlek South prospect, where drillers once got 25 metres at 0.32% U3O8, is a priority as is a fault corridor to the northeast of the old mine, called 'Zeus to U40', so called because of two prospects of interest. In that corridor there's hints of gold and copper as well as uranium. And then there's the KP Prospect, which Devex considers a Nabarlek lookalike. So, there's no shortage of excitement just ahead. Before Dr. Drill has his say on the future of Nabarlek, this one is four stars from us.

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