

# Western Uranium Adds Processing Capabilities to Uranium and Vanadium Project

written by InvestorNews | February 16, 2023

The North American uranium market is heating up. In December 2022, the US Department of Energy National Nuclear Security Administration [awarded its first contracts](#) for the US strategic uranium reserve. The reserve is intended to be a backup source of supply for US nuclear power plants in the event of a significant market disruption. Remarkably, this was actually passed by Congress in 2020, well before one of the world's dominant players in the uranium market alienated most of the world with its incursion into Ukraine.

Typically I don't like to give self-serving bureaucrats much credit, but at least they got this one right and on a timely basis. Ever since Russian President Vladimir Putin began his "special military operation", or war for those of us who aren't worried about 15 years in a Russian prison for calling it that, uranium supply has been thrown into turmoil, shining a giant spotlight on domestic supply.

One company working towards helping solve this dilemma is [Western Uranium & Vanadium Corp.](#) (CSE: WUC | OTCQX: WSTRF), a Colorado-based uranium and vanadium conventional mining company focused on low-cost, near-term production of uranium and vanadium in the western United States, and development and application of kinetic separation. Mining operations at the Company's [Sunday Mine Complex](#) are targeted to restart in early February 2023 and will initially involve additional development of the [GMG Ore](#) Body, stockpiling of high-grade ore, and underground drilling/exploration to define additional production

zones.

## Utah Processing Plant

[The latest news](#) from Western Uranium sees the Company seeking to control more of its destiny with plans to build a state-of-the-art mineral processing plant in the State of Utah. The Facility will be designed and constructed to recover uranium, vanadium, and cobalt from ore mined both from mines owned by Western Uranium and ore produced by other miners. The Facility will utilize the latest processing technology, including Western's patented Kinetic Separation process. These technological advancements will result in lower capital and processing costs. The Facility is expected to be licensed and constructed for annual production of two million pounds of  $U_3O_8$  and six to eight million pounds of  $V_2O_5$ . Initial production from the Facility is expected in 2026.

Other updates from the Company include Western Uranium's transition from employing a mining contractor at its Sunday Mine Complex to building an in-house mining operation. Since this transition began in spring 2022, ten employees have been added to support mining operations and mining equipment and vehicles have been acquired to support the deployment of two fully equipped mining teams. The next project will be similar in scope but on the St. Jude Mine target, also located within the Sunday Mine Complex, at areas defined during the 2019/2020 work project.

## Royalty      Revenue      Help      Funds Development

Another interesting aspect of this Company is the passive, but

becoming material, revenue they are receiving from oil and gas production royalties at its Bullen Property in Weld County, Colorado. Back in 2017, Western Uranium signed a three-year oil and gas lease, which in 2020 was extended for an additional three-year term or until the end of continuous operations, in consideration for a production royalty payment. The lease agreement allows the Company to retain property rights to vanadium, uranium, and other mineral resources. During 2021, the operator advanced through the oil well production stages with flowback completed in August. By August 2021, each of the eight wells drilled had commenced oil and gas production. Due to the success of the first 8 wells, the operator decided to develop a second set of 8 wells within Western Uranium's royalty area. The eight new wells came online in September 2022 and the first royalty payment will be made in the first quarter of 2023. For the nine months that ended September 30, 2022, the Company recognized aggregate revenue of US\$387,810 under these oil and gas lease arrangements. Not bad passive income for a non-core asset.

## **Strong Cash Balance**

As of September 30, 2022, Western Uranium was sitting on a cash and restricted cash balance of US\$11.2 million. With the addition of the oil & gas royalty revenue, the Company should be able to fund operations for at least the near term and not have to dilute its relatively tight share structure (approximately 44 million shares outstanding). That has Western Uranium trading at roughly a US\$33 million (C\$44 million) market cap but more interestingly with uranium fundamentals at a multi-decade high, the Company is trading at a 2-year low. This buying opportunity was created through the 2022 stock market pullback and technical selling from a recent ETF rebalancing.