Kraken Energy Executes Definitive Option Agreement for the Harts Point Uranium Property, Utah

written by Raj Shah | May 23, 2023

May 23, 2023 (Source) – **Kraken Energy Corp.** (**CSE: UUSA) (OTCQB: UUSAF**) (the "**Company**" or "**Kraken**") is pleased to announce the execution of a definitive option agreement (the "**Option Agreement**" or the "**Agreement**") to acquire up to a 75% interest in the Harts Point Uranium Property (Figures 1 & 2) in San Juan County, southeast Utah ("**Harts Point**" or the "**Property**"). This news follows the previously announced binding letter of agreement (see May 2nd, 2023 press release).

Harts Point is located in the center of the Colorado Plateau, referred to by some as "the Athabasca Basin of the US" and is 64 kilometers ("km") (40 miles) north of the White Mesa Uranium Mill, the only fully licensed and operating conventional uranium mill in the United States. The Property consists of 324 lode mining claims on Bureau of Land Management ("BLM") ground that covers an area of 2,622 hectares ("ha") (6,480 acres) and drill permits are in place for up to 25 exploration drill holes upon payment of the US$58,000 bond to the BLM.

Garrett Ainsworth, Chairman of Kraken, stated, "We are very pleased to have executed the option agreement on Harts Point, which has strong potential to host a uranium deposit trend along the east flank of an anticline feature within the well-known Chinle Formation in the Colorado Plateau. Historical uranium mining to the east and west of Harts Point along with historic

off-scale radioactivity in the Chinle Formation on Harts Point have significantly de-risked our upcoming drill program where the majority of permitting has already been completed."

Harts Point Property Highlights:

- **World class uranium jurisdiction:** located in the center of the Colorado Plateau, which has produced **over 328 million ("M") pounds ("lbs") U_3O_8 at 0.2 to 0.4% U_3O_8** since the 1950s[1].
- **Harts Point Anticline is Analogous to the Lisbon Valley Anticline:** where the Lisbon Valley Uranium District (Figure 1) hosted **17 large uranium mines which produced approximately 80M lbs U_3O_8 at 0.34% U_3O_8** from 1948 to 1988[2].
    - The dimensions of these tabular sandstone-hosted uranium deposits range from **2 to 13 meters ("m") (7 to 43 feet) thick, 100 to 3,048 m (328 to 10,000 feet) long, and 31 to 427 m (100 to 1,400 feet) wide**[3].

- **Significant Historic Uranium Production:**
    - Several historic mines located 11 km (7 miles) west of the Harts Point Property produced approximately **280,000 lbs U_3O_8 at 0.3% U_3O_8** from the **favorable Chinle Formation host rock**[4]**.**
    - The Lisbon Valley Anticline is located 31 km (19 miles) to the east of the Harts Point Property (Figure 1) produced approximately **80M lbs U_3O_8 0.34% U_3O_8**[2]**.**

- **Historic Exploration: Three wide-spaced historic oil and**

gas wells on the Property (Figure 2) along the east flank of the Harts Point Anticline **show 'off-scale' radioactivity within the favorable Chinle Formation host rock.**

- **Excellent Infrastructure:** located approximately **64 km (40 miles) north of the White Mesa uranium processing facility.**
    - There is excellent access throughout the Property, which is situated 45 km (28 miles) from the town of Monticello, Utah.

Matthew Schwab, CEO of Kraken, commented, "Harts Point is perfectly situated for a discovery between previously producing operations to the east and west and has historic drilling that shows 'off-scale' radioactivity within the property. With the significant upside potential at Harts Point and drill permits in place, our team is now finalizing the remaining details to begin drilling on the property as soon as possible."

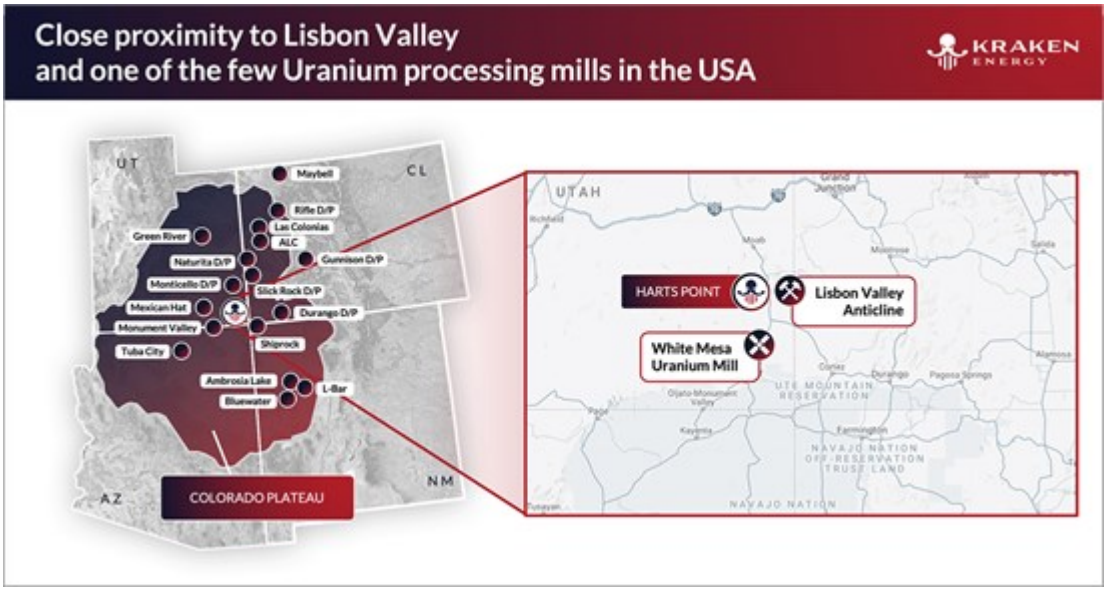


Figure 1: Harts Point Location Map within Colorado Plateau

To view an enhanced version of this graphic, please visit:

https://images.newsfilecorp.com/files/8684/166876_c3241c29243f5ad4_001full.jpg

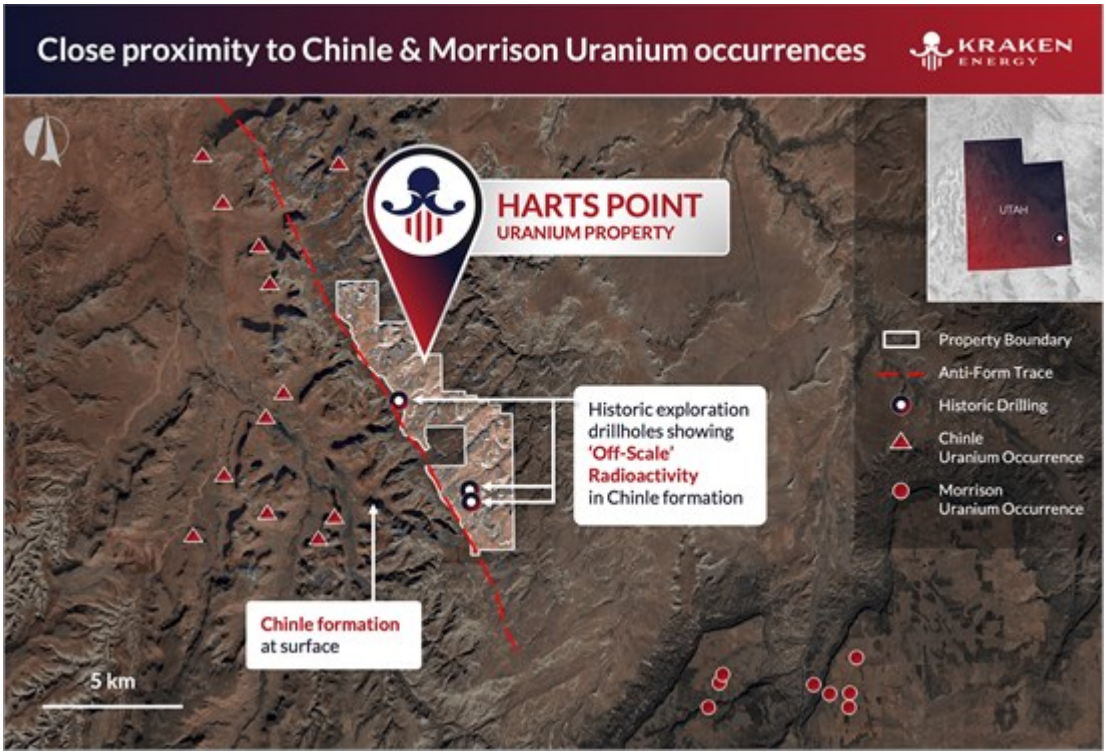


Figure 2: Harts Point Property with Regional Uranium Occurrences

To view an enhanced version of this graphic, please visit: https://images.newsfilecorp.com/files/8684/166876_c3241c29243f5ad4_002full.jpg

Terms of the Agreement:

Under the terms of the Agreement, the parties have entered into a definitive option agreement (the "Option Agreement"), pursuant to which the Company may acquire up to 75% of the Harts Point Property from Atomic Minerals Corporation (**TSXV: ATOM**) ("**Atomic**") by meeting the following requirements:

- Kraken will be the operator and must incur US$1.5 million of eligible expenditures within 18 months from the date of the Option Agreement to earn a 65% interest.
- Kraken has the option to increase interest in the Property

from 65% to 75% by incurring an additional US$2.0 million of eligible expenditures within 30 months from the date of the Option Agreement and issuing Atomic 2.0 million common shares of Kraken.
- Kraken will grant Atomic a 2.0% net smelter royalty (subject to a buy down to 1.0% for US$5.0 million).
- After the initial option (Kraken 65%: Atomic 35%) or the extended option (Kraken 75%: Atomic 25%), a definitive Joint Venture Agreement will be formed.

As consideration for identifying the Harts Point Property and facilitating completion of the proposed transaction, a “non-arm’s length party” to the Company will be issued 110,000 common shares in the capital of the Company as a finder’s fee (the “Finder’s Fee Shares”). The Finder’s Fee Shares will be subject to a hold period of four months and one day.

References

[1] Holger Albrethsen, Jr. and Frank E. McGinley (1982). Summary History of Domestic Procurement Under U.S. Atomic Energy Commission Contracts, September 1982.

[2] Chenoweth, W.L. (1990). Lisbon Valley, Utah’s Premier Uranium Area, a Summary of Exploration and Ore Production. Utah Geological Survey Open File Report 188, July 1990.

[3] Gordon W. Weir and Willard P. Puffett (1981). Incomplete manuscript on stratigraphy and structural geology and uranium-vanadium and copper deposits of the Lisbon Valley area, Utah-Colorado. Open-File Report 81-39. Pages 153 to 163. United States Department of the Interior

Geological Survey.

[4] Chenoweth, W.L. (1993): The geology and Production History of the Uranium deposits in the White Canyon Mining District, San Juan County, Utah, Utah Geological Survey Miscellaneous Publication 93-3.

Technical Information:

All scientific and technical information in this news release has been prepared by or reviewed and approved by Matthew Schwab, P.Geo., President and CEO of the Company, and Garrett Ainsworth, P.Geo., Chairman of the Company. Each of Mr. Schwab and Mr. Ainsworth is a Qualified Person for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

The data disclosed in this news release is related to historical drilling results. Kraken has not undertaken any independent investigation of the sampling, nor has it independently analyzed the results of the historical exploration work in order to verify the results. Kraken considers these historical drill results relevant as the Company is using this data as a guide to plan exploration programs. The Company's current and future exploration work includes verification of the historical data through drilling.

About Kraken Energy Corp.:

Kraken Energy Corp. is a new energy company advancing its portfolio of high-grade uranium properties in the Unites States. The Company is advancing its 100%-owned Apex Uranium Property, located 280 km (174 miles) east from Reno, Nevada which is recognized as Nevada's largest past-producing uranium mine. The Company has additionally entered into an option agreement to earn 100% of the Garfield Hills Uranium Property. The past-producing Garfield Hills Uranium Property covers 1,238 ha (3,060

acres) and is located 19 km (12 miles) east of Hawthorne in Mineral County, Nevada. The Company has also recently staked the Huber Hills Uranium Property, located 136 km (85 miles) north of Elko, Nevada which covers 1,044 ha (2,580 acres) and encompasses the historic Race Track open pit mine.

For more information about the Company, please visit; www.krakenenergycorp.com.

On Behalf of the Board of Kraken Energy Corp.

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This news release contains forward-looking information which is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements. Forward-looking statements in this press release include our plans for exploration at the properties. These forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Risks that could change or prevent these statements from coming to fruition include changing costs for mining and

processing; increased capital costs; the timing and content of upcoming work programs; geological interpretations based on drilling that may change with more detailed information; potential process methods and mineral recoveries assumption based on limited test work and by comparison to what are considered analogous deposits that with further test work may not be comparable; the availability of labour, equipment and markets for the products produced; and despite the current expected viability of the project, conditions changing such that the minerals on our property cannot be economically mined, or that the required permits to build and operate the envisaged mine can be obtained. The forward-looking information contained herein is given as of the date hereof and the Company assumes no responsibility to update or revise such information to reflect new events or circumstances, except as required by law.