Latest Zona 7 Assays Suggest Salamanca Upgrade Imminent

By Roger Murray, Global Correspondent

Berkeley Energia (AIM/ASX:BKY) has further boosted the already favorable prospects for its 100%-owned Salamanca project in Spain with the latest drilling results from the Zona 7 deposit, suggesting a new resource upgrade may be imminent.

In a Sept. 5 market update, the firm said that additional high grade intersections had been located below Zona 7, "further supporting previous indications of continuity of mineralization beneath the current defined resource."

Results from another four holes drilled to a maximum depth of 271 meters reported grades "consistent with, or higher than, the average grade of Zona 7."

A total of twelve, 250-meter holes are being drilled, designed to test the continuity of and potential extensions to the high-grade area. Outstanding intercepts were:

- 14 meters grading 1,776 ppm (0.18%) U3O8, including eight meters at 2,644 ppm (0.26%);
- 26 meters at 1,103 ppm (0.11%), including four meters at 3,973 ppm (0.4%);
- Ten meters at 635 ppm (0.06%), including one meter at 2,246 ppm (0.22%).

Managing director Paul Atherley commented: "Given the transformational effect the shallow, high grade Zona 7 deposit has had on the project's economics, the primary focus of the current exploration program has been to look for more of the same.

"Further high grade intercepts located immediately below Zona 7 are extremely encouraging and point to potential resource upside at the deposit."

Proactive Investors said that with the latest round of drilling delivering further high grades, "Zona 7 had shown its worth once again."

It noted that the prefeasibility study completed in July showed that Salamanca "looks likely to be able to generate significant profits even at the current low uranium price, and central to that proposition was the grade at a key portion of the project, Zona 7."

Current Resource: 30.2 Mlbs

Last October's Zona 7 updated resource estimate of 30.2 million pounds (13,698 tonnes) U3O8 graded an average of 631 ppm (0.06%). This compares with average grades for the Alameda and Retortillo deposits of 462 ppm (0.05%) and 422 ppm (0.04%), respectively.

In addition, 25.4 million pounds (11,521 tonnes) of the total Zona 7 resource (84%) fell into the measured and indicated categories, with even higher average grades of 674 ppm (0.7%) and 761 ppm (0.8%), respectively.

At the time, Berkeley noted that the reported grades were comparable to the world's highest grade open pit mines in operation, "with the bulk of the resource lying within 50 meters of the surface."

Drilling at the near-surface Zona 7 deposit is part of a major exploration program aimed at locating more high-grade Zona 7-style deposits.

Financing by Debt, Equity Stake Sale

Disappointingly for Berkeley, the share price lost some ground this week in trading on London's Alternative Investment Market (AIM).

On Sept. 6, a day in which the main FTSE all-share index dropped 24 points (-0.65%), the Berkeley share price dipped by 3% to £0.44 ($0.59).

However, this was still close to the share's 52-week high of £0.51 ($0.68) and more than double its £0.19 ($0.25) low. At that price, Berkeley's market capitalization totaled £88 million ($118 million).

Canadian broker Dundee Capital Markets (DCM) was upbeat on the latest drilling results, while offering some perceptive comments about financing a mine development in the current low price environment.

In a Sept. 7 update, senior analyst Dave Talbot said DCM is recommending Berkeley as a Buy with a share price target of £1.35 ($1.80, treble the current price), based on a 0.9X multiple to the brokers' discounted cash flow model.

Talbot noted the latest assays "appear a little shy of resource grades (0.06%)," at least on Section B where the main mineralized unit