

# CanAlaska's Double Shot at Glory Looms Large

## METALS & MINING – INDUSTRIAL METALS & MINERALS

Is it better to be smart or lucky?

Many hard-nosed geologists — even the very best of them — will knowingly smile and concede that it's best to be lucky.

Being smart is only half the battle in the mineral hunting business, they'll tell you. After all, the odds against making a major discovery are heavily stacked against them — often as many as thousands to one.

Yet Peter Dasler, a 40-year veteran of the business, has an interesting twist in the worldly wisdom of his peers.

The president of **CanAlaska Uranium Ltd. (TSX.V: CVV) (US OTCQB: CVVUF) (Frankfurt: DH7N)** says if you're strategic as well as smart, you

might have the right formula to create your own good luck.

His exploration company's strategic vision has been over a decade in the making. And now this recent high-flyer may finally be poised to reap the rewards of Dasler's far-sighted philosophy.

Earlier this year, CanAlaska teamed-up with one of the world's leading uranium miners, Cameco Corporation, to develop an advanced-stage exploration project in northern Saskatchewan. And drilling is already underway in the midst of the world's most geologically-fertile uranium fields.

As recently as May, CanAlaska also entered into a joint-venture arrangement with the world's most renowned diamond

miner, De Beers Group. Both companies are excited about the prospect of discovering new diamond fields in a region of northern Saskatchewan that has until recently been mostly overlooked.

### The Making of Scintillating Success Stories

Not surprisingly, it's the irresistible glitter of diamonds that has gotten CanAlaska's shareholders fired-up lately. And why wouldn't it?

Countless speculators who owned shares in a handful of junior exploration companies during Canada's last big diamond rush in the Northwest Territories (NWT) in the 1990s earned home-run returns.

The stories of these rags-to-riches diamond exploration juniors are the stuff of



legend among investors. For instance, Dia Met Minerals, which discovered the Ekati mine, ran from mere pennies a share in 1991 to over \$67 the following year.

Next came Aber Resources. Its share price had a similarly meteoric run after the company discovered what was to become the Diavik mine.

Consider this: Since then, these two mines have earned close to \$20 billion in less than two decades. Also, they produce mostly high-quality diamonds that are also prized for being a highly ethical alternative to owning so-called “blood diamonds”.

And Canada is long overdue a new discovery, according to some industry experts. They say the advent of more sophisticated diamond hunting technology than wasn't available two decades ago tilts the odds in favour of at least one scintillating new find.

In fact, there's only been one economic diamond discovery in Canada in well over a decade. And that was De Beers' Victor pipe in Ontario.



**Canada's First Diamond Rush.  
Can it Happen Again 25 Years Later?**

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### **Drilling Diamond Dreams**

By way of a little background, CanAlaska got into the diamond exploration business just this year and quite by accident.

It happened when Dasler and his colleague Dr. Karl Schimann recently decided to take a closer look at an intriguing 2011 Saskatchewan government airborne geophysical survey that had been commissioned to identify new uranium exploration prospects.

Though the survey's findings proved disappointing to uranium explorers, it instead revealed the presence of 75 prospective kimberlite pipes in a remote region of the uranium-rich Athabasca Basin. Notably, these rock formations can sometimes contain rich concentrations of diamonds.

So what exactly is a kimberlite pipe? It's an ancient volcanic eruption of molten rock that has hardened into a vertical carrot-shaped structure. And kimberlites occur in clusters that resemble a shotgun blast. Among each cluster, up to several of them can host rich concentrations of diamonds.

But caveat emptor. Readers should realize that most kimberlite pipes contain very few diamonds — if any.

The significance of a cluster of circular geophysical anomalies on a mostly-disregarded government survey was not lost on Dasler. This is especially considering that kimberlite fields typically involve clusters of between 50-100 pipes spread over areas of up to 100 kilometres. Dasler noticed that the cluster of kimberlite targets on the survey comfortably falls within these parameters.

So CanAlaska quickly staked around these numerous targets. And soon thereafter, De Beers came knocking.

De Beers is no neophyte to diamond exploration in Canada. It has been discretely searching the depth and breadth of this land for decades. So it surprised the investment community when it agreed to commit up to \$20.4 million in exploration dollars to probe CanAlaska's land holdings for bountiful buried riches. In return, De Beers can earn at least a 70% interest in any new discovery.

De Beers isn't just excited by the presence of so many near-surface magnetic anomalies — ones that stand out like knots on a piece of plywood. What makes their discovery all the more intriguing is the presence of a 100-kilometre-long trail of kimberlite indicator minerals leading to them.

This is potentially very significant. Here's why: Many hidden sub-surface kimberlites have been found in the NWT by following trails of indicator minerals which are often found at or near the surface, having been dragged long distances by ancient glaciers. Finding diamondiferous pipes this way is analogous to following a trail of crumbs to a loaf of bread.

This methodology is how the kimberlite pipes that became the Ekati and Diavik diamond mines were found in the NWT. These two mines, alone, have produced nearly \$25 billion worth of glittering gems so far.

With their eyes on the prize, De Beers and CanAlaska are now conducting detailed ground-based exploration work on their 75 kimberlite targets. Drill testing is expected to commence imminently.

But it won't be until next winter/spring that the very best targets are scheduled to be drilled.

### **Is a Major Uranium Discovery in CanAlaska's Crosshairs?**

All of the excitement surrounding Canada's latest diamond rush — which now also includes many other mineral exploration juniors — has almost overshadowed what CanAlaska is really all about.

Truth be told, CanAlaska has been exploring and developing uranium projects in the Athabasca Basin for well over a decade. With the world's fastest-emerging super-economies committed to increasing the number of nuclear reactors to approximately 600 by 2030 (currently there are 444 operating plants), there promises to be a future supply squeeze.

That would see uranium prices recover to historic highs, according to Dasler. He's been betting on this outcome since CanAlaska first arrived in the Athabasca Basin all those years ago.

He's also set his sights high. His company's big-game quarry is no less than one of the richest uranium deposits ever to be found.

However, CanAlaska happens to be in the right territory for "elephant hunting" — a term used by geologists for the quest for spectacularly finds. The company's prized West McArthur property is at the heart of the richest uranium district in the world — home to the three highest-grade uranium mines in the world.

It's no surprise that CanAlaska has spent its time wisely in this northern Saskatchewan back country over the past few

years. It has amassed one of the largest land holdings in the region by far.

It has now narrowed down the search for a world-class find to a couple of its expansive project areas. To date, CanAlaska and various joint-venture partners have spent nearly \$90 million on exploration to get this far, with no shortage of high-grade targets waiting to be tested. But for now all eyes are on its West McArthur project, which is adjacent to Cameco's recent commissioning of a world-class uranium deposit at Fox Lake.

Both Cameco and CanAlaska believe that the Fox Lake deposit may extend onto the West McArthur property. So Canada's biggest uranium producer is committing up to \$12.5 million to drill for pay dirt on CanAlaska's property. In the event of success, Cameco can earn up to a 60% stake in any new discovery.

### **Investment Risk/Reward Synopsis**

Unlike most exploration juniors, CanAlaska has a double shot at glory — with both world-class diamond and uranium targets in the company's sights.

Whether CanAlaska can hit the ball out of the park twice remains to be seen. However, if its partner, De Beers, just finds treasure troves of diamonds, this alone would quickly become a story for the ages.

If instead CanAlaska and Cameco drill into a newly-found, world-class uranium deposit, then they'll both be the toast of Canada's mining investment community.

Either way, early-stage CanAlaska investors may yet get to enjoy the ride of a lifetime. But just like a scary, unpredict-

able ride at a fair ground, it won't be for the faint of heart. Disappointing drill results often dash many mineral exploration hopefuls up against the rocks, along with their investors. So CanAlaska may only be suitable for speculative investors with a tolerance for high risk.

That all said, plenty of investors have lately been happy to take a ride into the unknown with CanAlaska. So far, it's been an exhilaration one. The company's share price by far has been a top performer in Canada's junior mining sector this year.

The next few weeks promise to be all the more exciting with drilling news expected from both of CanAlaska's diamond and uranium projects. So if you're a shareholder or plan to become one soon, hold onto your hat. Things are about to get really interesting.

### **STOCKHOUSE EDITORIAL**

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