

Commodity Watch Radio – 20 February 2007

Vane Minerals

You're listening to Commodity Watch radio with Dominic Frisby.

Dominic Vane Minerals is an Aim listed mineral, exploration and development company, with interests in gold, silver, copper and uranium. Their commercial director is Matthew Idiens, and I'm sitting with him now in his elegant and glamorous offices in Cadogan Square. Matt, welcome to the show.

Matt Thank you very much

Dominic You described Vane Minerals as a 'self funded explorer.' What does that mean?

Matt Well, when we came to list on Aim, in June of 2004, our plan was to, be self funding in order to not come back to the market unless we had good news. So, if we found something and we wanted to drill it, for example, and additional funding was required. So they way we went about this was putting into production, we have a little high grade operation in gold and silver in Mexico called Diablito and that produces \$400,000 US a month revenues for us which, about \$250,000 is profits. So that basically pays for the rest of the group. So for us the downside is limited because we're hopefully not going to run out of money, well certainly not for the 5 to 7 year life mine that we've got at the moment. So...

Dominic Very nice. And then you moved into uranium, when?

Matt December 2004, when the uranium prices were \$19 a pound. You know the trend was going to be there, we could see the economics for uranium being very strong, there was only one way the price was going to go; we were fortunate enough to, to know a chap called Kris Hefton, who is now our uranium geologist and COO of our uranium subsidiary, and we basically engaged Kris to, to build our portfolio, which he has superbly over the last couple of years.

Dominic So why don't you tell us about your portfolio? You've obviously got this gold and silver mine in Mexico, what else have you got?

Matt We have gold and copper exploration in Paraguay, and the uranium projects which are really our main interests at the moment. Paraguay has been very much a sampling program; the City don't seem to be terribly interested in sampling which is understandable, until you get to a drilling stage where you can really find something substantial there's little interest there. So we've sort of put that on a back burner, we're hoping to start drilling Q1, no sorry H1, and that will be of some interest then but at the moment the uranium portfolio is really where we believe we can create some substantial value.

Dominic And where are your properties?

Matt They're all in the US, in northern Arizona and Utah at the moment.

- Dominic** And are Arizona and Utah mining friendly states?
- Matt** Very much so. Yeah, yeah. There's a very big presence of mining in northern Arizona, particularly our Breccia Pipes, which are on the north/south rim of the Grand Canyon. So, you know obviously environmentally that could be a little sensitive but there's 23 million pounds of, 23 million pounds of uranium has been mined there in the '80s and '90s. So there is definitely precedent there. Energy Fuels Nuclear which was the largest private uranium producing company during that time did a very good reclamation program. So everything is on our side, the law is on our side more importantly.
- Dominic** And how have your drill results been?
- Matt** We've just started drilling. We've done a program at the North Wash project which is in Utah, which we twinned some existing drill holes there, which were drill in the 70s by Cotter Corporation. And the assays are in the chemical assays room and they're pending. So that will be some news which we're hoping to be announcing in the next few weeks. And then we, we announced recently that we've started our drilling program on our, our Breccia Pipe program where we've got 29 targets. The Breccia Pipes are, well they're different to normal uranium deposits in the fact that they are quite small but high grade - they're about the 1% grade. And they basically contain between 1 and 6 million pounds per pipe and the average is, I think, about 3 million with the price of uranium at \$75 a pound..
- Dominic** The bank likes it, very profitable. So why don't you tell us Matt, how you came to be in charge of Vane and what your background is?
- Matt** Well, I used to work in the City until 2002; I worked for Laing and Cruickshank Investment Management. And, a great friend of mine, Robert Jeffcock rang me up and said he was looking to start an exploration company with four very, over-qualified geologists, who were ex-Freeport McMoran - Steve Van Nort, Clark Arnold, Frank Nelson and Al Edwards – who've all got considerable experience and large discoveries under their belts. He sent through to me their CVs and I thought if I was going to make a leap into the mining industry, there was no better people to do it with than these guys.
- Dominic** Let's, let's look at Vane. How many shares outstanding, are there any warrants and options, what's your market cap?
- Matt** We've got 147,143,823 shares issued, there are some options which the management have which are at 11p, which is our issue price. There are about 4 million of those. And we have a convertible loan which was organised back in September last year with Geiger Counter fund, which was £750,000 in 8% coupon and they convert, they were issued when the share price was 9p and they convert at 12p.
- Dominic** What percentage does management own?
- Matt** Management, founders is 65% and management is about 40%.
- Dominic** I just looked at your chart - the price has shot up in the last few days too – is it 18p?

- Matt** Yeah, 17.5p
- Dominic** 17.5p given, if you think back in November you were trading at 6 or 7p was it or 8p?
- Matt** Yes, 7 or 8p
- Dominic** That was a nice trade if you got in on it. Obviously you're moving up because it's a good company and you're moving up on the back of the uranium story, but you've had another bit of news out in the last week.
- Matt** We have, yeah. We, we were approached by Geiger Counter again, actually, funnily. They were trying to buy shares in the market and couldn't get as much as they wanted, so they said would we like to issue them additional shares and we had the authority through Section 89 of the Companies Act for directors to issue shares, so we issued them another million shares at 15p.
- Dominic** The price shot up on the back of that?
- Matt** It did indeed, yeah.
- Dominic** Let's talk a bit more specifically about your uranium properties in Utah and Arizona, presumably you've staked a lot of land?
- Matt** Kris has, has built up this whole portfolio. We now have 4966 acres, I think, is our actual land position. The thing about the pipes is, they are very small. I mean between 20 and 40 acres is, is a pipe size you can actually mine it out, and the mineralized area is literally can be 100 to 200 metres wide and 600 metres deep. And you're looking at 3 million pounds can be contained in about 185000 tons of ore. So these are really quite small in size and therefore, that's the wonderful thing about mining them, is they do very little damage environmentally because they are so small and compact. And so, our land position, as such in acre terms, doesn't really relate to the potential of the ore bodies if you see what I mean....
- Dominic** I see.
- Matt** Just doesn't seem quite so big but actually the potential there is quite substantial. I mean with 29 pipes you know, there's 3 million each, nearly 90 million pounds potential.
- Dominic** And so tell us about your plans to develop these projects and how much it's going to cost?
- Matt** Well, we're drilling away furiously at the moment. We've got, four drilling permits through on the pipes; for Miller, Red Dyke, Big Red and Rabbit. We've got 10 pending which are in with the Forest Service. We've had, sort of, communication back and forth with them and we're hoping that will go through fairly soon. And then we'll move on to, to drill those as well. I mean the idea is to get as much drilling as we possibly can and create as many pounds in the ground as we can get our hands on.

- Dominic** There are nearly 400 uranium exploration companies now out there. Why should I choose yours?
- Matt** We're in a politically stable environment. We, we, I believe our share prices are very reasonably priced to say the least.
- Dominic** Even though it's doubled?
- Matt** Yeah, I think so, yeah. When we first announced that we were going into uranium when uranium was hyped up, and it was only \$19 in September 2004, I think we announced back then, and the share price went straight up to 23p. We had a shareholder who had in excess of 10% at that stage, who was an initial shareholder and they sold down their position during that rise and I think it left us with a bit of an overhang of stock, which has now clearly been taken up. And, and we've now, you know I think with, with Geiger Counter especially showing that they couldn't get the stock on the market and they had to come to us for a private placing, we're in a good strong position; the shares are now well held and I think there should be only one way we can go. We've got plenty of news flow in the future; we've got the drilling coming through. We've built the portfolio which was the time consuming bit. I think our share price may have lagged a bit during that period because we were in the pro, we couldn't really do anything because we were so busy building the portfolio and acquiring stuff, that the exploration side of it was quite slow during that period. But now I think it's all hands to the pump and we should be able to create some value fairly rapidly.
- Dominic** How long do you think it will be before you're actually producing?
- Matt** Well, that very much relates to mill sites. Our Happy Jack mine which is, has had historically, had 3.1 million pounds mined out of it, we've got some exploration potential there to increase our, our, we've only got a small interest there. There's 150 – 170 thousand pounds resource at the moment there. And that we believe could extend to about a million pounds but it's an old mine, it's got infrastructure there, it's got ramps, and everything, the infrastructure, power etc, it's all there. If we can add on the pounds through exploration then that could be in production fairly fast. The mills in the area are, there are two mills in the area, one 70 miles away and one 40 miles away. And, and those will be taking, well IUC own one of them and they have announced, I believe, that they will be taking ore in mid 2008. So there's no point in us doing anything before then because there'll be no where for us to send our ore. But, I don't think we'll be in a position to mine it before then anyway.
- Dominic** As we close, Matt, why don't you give out your website address and your ticker symbol?
- Matt** Well, we're, you can find out most of the information on all of our projects at www.vaneminerals.com, and our ticker is VML.L for those people abroad.
- Dominic** And, why Vane Minerals? Why the name Vane?
- Matt** Van Nort, Arnolds, Nelson and Edwards.

Dominic Very clever.

Dominic And don't forget to join us for Part 2 when we continue our conversation with Jim Dines, and we speak to the presidents of UPC and Summit Resources.

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