

GTI Resources Ltd (GTR)



Developing High Grade Uranium in Utah

Overview: GTI Resources Ltd (“GTI”, “the Company”) is an Australian minerals exploration company focused on uranium and vanadium. The Company’s flagship assets are located in the prolific Henry Mountains region in Utah, USA with an initial focus on the Jeffrey Project. The Henry Mountains region contains high grade uranium & vanadium deposits having produced 17.5 Mt of ore averaging 2,400ppm U3O8 and 1.25% V2O5 (92 mlbs U3O8 and 482 mlbs V2O5) dating back from the early 1900’s. GTI acquired the projects in 2019 and is currently preparing for its maiden drill program, after sampling established its potential high-grade nature. GTI also owns the Niagara gold project, located in WA, which comprises a granted exploration licence and four prospecting licence applications.

EXPLORATION

RESOURCE

RESERVE

Catalysts: Having recently completed down hole logging of 26 historical drill holes, GTI is now preparing for its maiden drilling program at the past producing Jeffrey Project in Utah. Located in close proximity to the only fully licenced and operational uranium mill in the US – the White Mesa Mill operated by Energy Fuels Inc (TSE: EFR) – the project has potential to deliver uranium ore to fill existing mill processing capacity. In addition, further sampling and mapping work has been conducted at the nearby highly prospective Rats Nest Project which has also produced uranium and vanadium ore in the past. Upcoming drilling activity scheduled for July offers a potential high impact value driver. Also, we expect the recently announced support from the US government for domestic uranium producers, and uranium market developments, to drive interest in the Company.

Hurdles: Uranium spot prices have increased by over 30% year-to-date, but the uranium market is subject to significant price volatility and there is no guarantee that the recent recovery will deliver a long-term sustainable price environment. The Company is well funded to progress the next stage of drilling, it remains reliant on external capital to advance project development. Exploration is relatively inexpensive in this region, nevertheless considerable further capital and technical investigations are required to establish the feasibility and long-term economic merit of additional mining development in the Henry Mountains.

Investment View: GTI offers speculative exposure to a recovery in uranium markets through a portfolio of exploration assets in the prolific Henry Mountains region. We are attracted to the magnitude of the Company’s assets and proximity to existing infrastructure, particularly the White Mesa Uranium Mill which is the only conventional mill operating in the US. As the initial phase of exploration sampling yielded highly encouraging results, we believe the Company is well positioned to leverage its assets to capitalise on opportunities as it advances the project. While volatility in uranium prices and funding beyond the current programs are principal risks, the Company’s project represents a strategic exploration asset in a government backed sector. Amid a limited universe of investible securities on the ASX and with uranium spot prices trading near four-year highs, we initiate coverage.

15 May 2020

INITIATING COVERAGE

Price: \$0.032

DISCLOSURES

REPORT COMMISSIONED BY	GTR
COMPANY OWNS THIS SECURITY	Yes

CORPORATE SUMMARY

TICKERS	GTR.ASX
INDUSTRY	Metals & Mining
SHARES ON ISSUE	464.9m
OTHER SECURITIES	115.1m Options
MARKET CAP	\$15.3m
CASH ON HAND	\$1.23m
ISSUED CAPITAL	\$10.2m

ASSET OVERVIEW

NAME	Henry Mountains Project
LOCATION	Utah, USA
STATUS	Exploration
RESOURCE	-
RESERVE	-

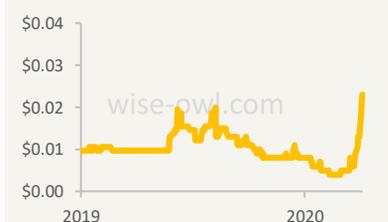
BOARD OF DIRECTORS

EXECUTIVE DIRECTOR	Bruce Lane
NON EXEC DIRECTOR	Petar Tomasevic
NON EXEC DIRECTOR	Nathan Lude

SHAREHOLDERS

TOLGA KUMOVA	10%
AUSI PROJECTS	7.4%
BOARD SHAREHOLDING	4.8%
TOP 20	54.4%

SHARE PRICE



15 May 2020

COMPANY OVERVIEW

GTI Resources is engaged in the exploration and evaluation of mineral and energy resources and is principally focused on the development of the Henry mountains Project in Utah, USA.

ASSET OVERVIEW – HENRY MOUNTAINS

The Henry Mountains project is situated in the Henry Mountains mining district of south eastern, Utah, USA and consists of eight strategically located projects. GTI has acquired the uranium and vanadium properties through the acquisition of Voyager Energy Pty Ltd (Voyager) in 2019 following a fully underwritten placement and non-renounceable rights entitlement offer that raised ~\$2 million.

The properties cover ~1,500 hectares of the Henry Mountains region, within Garfield and Wayne Counties near Hanksville, Utah. The adjacent mining region has historically produced in excess of 17.5 Mt of ore averaging 2,400 ppm (92 mlbs U3O8) and 12,500 pp, V2O5 (482 mlbs V2O5). This region is historically highly prolific and has, in the past, provided the most important uranium resources in the USA. It forms part of the prolific Colorado Plateau uranium province.



The region is supported by well-established infrastructure and a mature mining industry

The Company's assets are located in close proximity to the only fully licenced and operational uranium mill in the US – the White Mesa Mill operated by Energy Fuels Inc (TSE: EFR). The mill is currently operating well below capacity and has historically accepted milling agreements and purchase agreements from neighbouring mines. While no arrangements are currently in place between GTI and Energy Fuels, there is a potential in the future for a low-cost opportunity to utilise existing infrastructure and fill existing mill processing capacity.

During the first quarter of 2020 GTI received assays from previously conducted sampling programs with high grade assay results of 1.39% U3O8 and 2.46% V2O5 and 0.12% U3O8 and 3.89% V2O5, which was followed by a spring exploration program in early May to further establish the high-grade nature of the project. The uranium testing was completed on 7 May 2020 with results expected within 14 days.

The initial focus for exploration in the Henry Mountains is the past producing Jeffrey Project, where GTI has identified drill targets selected for its initial drilling program to be undertaken in early July.

In addition, the Company is conducting sampling and mapping work in nearby prospective areas including the highly prospective nearby Rats Nest Project which contains historical production workings.

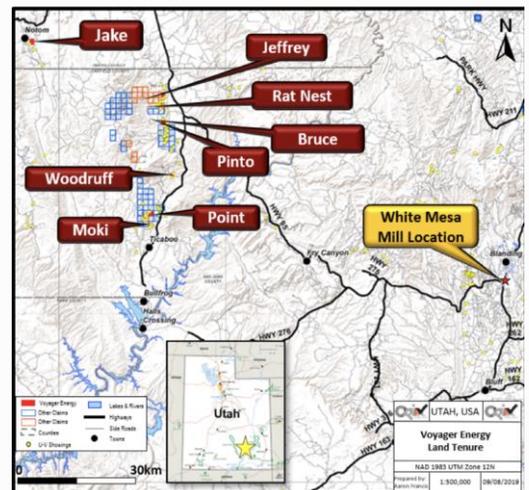


Image: Eight strategically located properties cover ~1,500 hectares of the Henry Mountains region

15 May 2020

ASSET OVERVIEW – NIAGARA

The Niagara project is located ~6km southwest of Kookynie, in the central goldfields of WA. The project comprises one granted exploration licence, E40/342 and four prospecting licences. Access to the project is provided via Goldfields Highway from the town of Menzies and the sealed Kookynie Road which bisects the northern part of exploration licence E40/342 and the southern part of P40/1506. The Company has met its current work obligations on these gold prospective tenements and has shifted its focus to its uranium & vanadium projects in Utah.

URANIUM SECTOR

In late April the US Government identified potential national security and geopolitical standing issues and released a report outlining its plan to “revive” uranium mining in the US. The intention of the plan is to develop the nation’s nuclear technology supremacy after concerns its nuclear technology capabilities lag behind other developed nations.

The FY21 budget proposes a US\$1.5BN budget over 10 years to build a US uranium reserve to address sectors most immediately at risk.



US is the world’s largest consumer of uranium (40M+ lbs p.a.) and is on track for virtually zero domestic production in 2020

In addition, uranium spot prices have increased by over 30% year-to-date, with spot prices hovering at ~US\$34/lb, a four-year high.

The legislative support together with the recent increase in spot prices could drive significant interest and investments to a sector that was largely neglected in recent years.

OUTLOOK

As GTI currently develops its brown fields past producing projects, there is presently insufficient data to establish potential economics of a new mining campaign. However, the initial phase of exploration sampling yielded highly encouraging results and we believe the Company is well positioned to leverage its assets and capitalise on opportunities in a sector that may witness increased interest.

Whilst GTI has sufficient funding to complete upcoming drilling, we note that a future resource delineation drilling program is beyond the scope of GTI’s current capital budget, and hence will require additional funding.

GTI is at a highly speculative stage of its company trajectory and considerable further capital and technical investigations are required to establish the feasibility and long-term economic merit. However, upcoming drilling activity offers a potential high impact value driver for a company with an attractive asset portfolio in a strategically sound location.

U.S. uranium drilling by number of holes, 2005–18

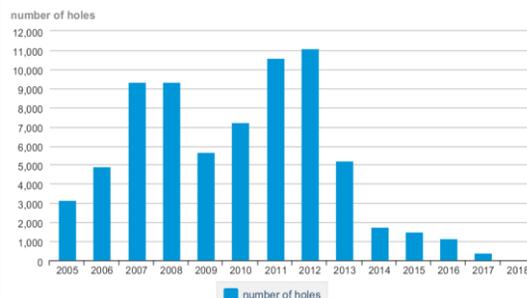


Chart: U.S. uranium drilling by number of holes 2005-18
Source: U.S. Energy Information Administration

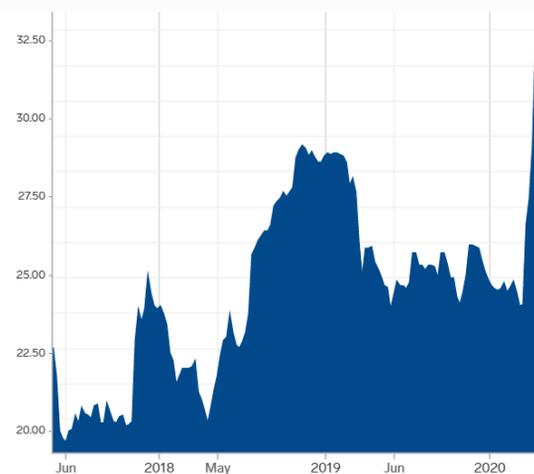


Chart: The uranium spot price in USD during the past three years. Source: businessinsider.com



High impact drilling campaign scheduled for July

THE BULLS AND THE BEARS



THE BULLS SAY

- The Henry Mountains project is situated in a mining region that has historically produced in excess of 17.5 Mt of ore and in close proximity to the only fully licensed and operational uranium mill in the US – the White Mesa Mill operated by Energy Fuels Inc (TSE: EFR)
- Advanced through previously conducted sampling programs which have delivered high grade assay results and the recently completed downhole uranium testing program was designed to further validate the data
- The maiden drilling campaign is scheduled for July 2020 and could be a major value driver
- The US government recently committed a US\$1.5bn budget over 10 years to support domestic uranium producers
- Subsequent funding rounds for GTI's exploration projects may be executed at higher valuations, in particular if uranium spot prices resume to recover



THE BEARS SAY

- The uranium market is subject to significant price volatility and there is no guarantee that the recent price recovery will continue
- Whilst the Company is well funded to progress the next stage of drilling, it remains reliant on external capital to advance project development
- Considerable further capital and technical investigations are required to establish the feasibility and long-term economic merit of additional mining development in the Henry Mountains.
- GTI is at a highly speculative stage of its company trajectory

15 May 2020

GLOSSARY

Buy	Increasing value of established business operations is likely to yield share price appreciation
Speculative Buy	Increasing value of a new or developing business operation is likely to yield share price appreciation.
Hold	There exists an even balance of risks.
Sell	There is elevated risk of share price depreciation.
Concept	An early stage of technological development characterised by design, controlled tests and prototyping
Commercial Trials	An intermediate stage of technological development characterised by testing with end users and prospective customers
Sales	An advanced stage of technological development where regulatory approvals have been secured and a commercial rollout has commenced

ARCHIVES

GTI RESOURCES LTD (GTR)

MAY - 20

INITIATING COVERAGE

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