

Ambitious Junior Taps Into Uranium Rush

Lower grade property poses less safety risk

BY KYLE KONOTOPETZ, BUSINESS EDGE

Oil and gas companies may be the toast of Alberta these days, but a seasoned Edmonton geologist is determined to carve out a niche for her junior mining company.

Lori Walton is president of an upstart mining company named Firestone Ventures Inc., which has been gaining prominence this year over its foray into uranium exploration in Alberta.

But Firestone is anything but a one-trick pony. Although the company's Alberta Sun uranium project has been getting the most attention amid a resurgence in uranium exploration, it is also developing a diverse portfolio of exploration properties from the Yukon to Guatemala focused on precious metals such as gold and silver, and base metals such as copper and zinc.

In directing the fortunes of Firestone, Walton, the former senior mineral development adviser for the Yukon government, is drawing on a wealth of experience in the mining industry going back to her start as a geological field assistant in 1980.

1. Are you from an entrepreneurial family?

"Definitely. Our big thing in the family was business. My dad (Edward Walton) always had that business spirit and helped build a company (Challenger Geomatics). It's a surveying company that started in 1984 with four people and now it has over 200 employees around the world. My dad has just retired. My mother (Janet Walton) has always had wide-ranging interests and she's very talented at art. So I had the best of both worlds."

2. What have you learned from your father about running a business?

"Work, work, work and never give up. He always worked very hard and there was always a struggle in the beginning to meet payroll and do all the things that have to be done. He and his partners worked very hard at the beginning and it was interesting to see how much work was involved with that company in the incubation stage."

3. What do you remember about your early experience in business?

"I actually sold rocks and minerals in the coffee room in the geology department (at the University of Alberta) to get through university. I used to go down to the Tucson Gem and Minerals Show. I'd bring back suitcases of rocks, minerals, fossils and gems and sell them at university. While at university, I also spent my summers doing mineral exploration as a lowly field assistant."

4. What appealed to you about the mining industry?

"I started out taking physics because I have a great interest in space science and astronomy. I don't think I had the natural talent in math that you need to carry yourself further in that field. Then, one day I was driving in the mountains wondering what I was going

to do and I looked up and saw some of the features I learned about in an introductory geology class. I thought, 'Here's a science you can actually see instead of just abstract numbers on a piece of paper.' After going out and doing field work my first summer (while at university), I found out it's like a scientific detective story to find the minerals - which also mean money. I knew it was something where I could combine business and science, so after my first year at university I went into geology."

5. What do you remember about your early years in the mining industry?

"I think I was fortunate because at the time I was starting out we had what was called the 'flow-through days' where there was an abundance of money and a lot of large exploration projects. At a young age, you were responsible not only for the project and the budget but also people's lives. You're working with helicopters in remote areas, you have to make sure people are safe and know what to do, and you're trying to find something. It's a huge responsibility at an early age and something you may not see so much nowadays. During downturns in the (mining) industry, I sometimes worked for government, where I had an opportunity to work with some great people and it really did broaden my perspective."

6. How did you initially get involved with Firestone Ventures?

"The company began in 2002. At that time, the mining industry was coming out of a vicious four-or five-year downturn that happened after Bre-X Minerals (the gold-mining scandal) and the collapse of metals prices. Before the downturn, I was working as a consultant doing private joint ventures and private deals in the mining industry. As soon as I heard that fella (Bre-X geologist Michael de Guzman) jumped out of the helicopter or was pushed out, I knew right away it was a scam and everything was doomed for the industry. The investor confidence disappeared. During that downturn, I worked as senior mining adviser for the Yukon government (in Whitehorse) and I was waiting for a chance to get back into the private sector. My family really wanted to move back to Alberta at that point. We moved back (to Edmonton) and I was going to start a company from scratch and go public. But then I had an opportunity to join Firestone Ventures in the spring of 2003. I was asked to join the company because of my background in the Yukon in mineral exploration and some gemstone expertise."

7. Firestone has quite a diverse array of mineral properties. Was that done by design?

"Yes, it was. Our first strategy was commodity diversification. I'm always wary of having everything in one basket, so to speak. As a company, you want to have a diversified portfolio but not too diversified. You want to focus on two, three or four commodities or properties. Yet, you don't want to be spread willy-nilly all over the place. The second strategy is to have geographic diversification. Being based in Canada, we really can only work effectively during the summer months in mineral exploration. You can't drill and do work in the Far North in the

winter. So we did a lot of research in determining which country we wanted to go into."

8. Why did you choose to acquire an exploration property in Guatemala?

"Drawing on my government training experience, I did a gigantic grid - a matrix of the geography, the mining laws, the mineral potential, the number of companies operating and even things such as literacy rate and populations. That research had us look at Central America and eventually focus on Guatemala, mainly because it's very underexplored and they're coming out of a 36-year civil war. It looks like they're making great progress in becoming a democracy and also expanding their mining industry. When we went down on our first trip to explore for properties in Guatemala, one of our criteria was to work in an area where mining had already taken place so that the local people are familiar with mining and recognize it as part of their economy. So our first property acquisition down there is a zinc project where the local people have been mining that hill for many centuries. The other key aspect was to have good infrastructure and our zinc project is very, very close to the PanAmerican Highway. We've recently released some of our initial analysis of our property in Guatemala. There's also silver and lead there."

9. Which of your current projects has the most exciting potential right now?

"Well, all of them, actually. I think they're all fantastic. I'm very pleased with the properties we have. Our zinc project is very interesting in that there is an abundance of very high-grade zinc on our property, yet it has never been drilled to see what else is under the ground."

"Our copper project in British Columbia (Louise Lake), in which we've joint-ventured with another company, is being further drilled. Our other projects are more what we call grassroots properties in nature, including our uranium property in Alberta."

10. Why did Firestone go into uranium exploration earlier this year?

"We've actually been looking for a uranium property for some time and the reason is that the supply/demand fundamentals for uranium are unbelievable. There's simply not enough enriched uranium to feed the world's nuclear reactors at this point, never mind all the ones (nuclear plants) that are under construction or under development right now. Over the past decade, countries have drawn on their stockpiles of enriched uranium to feed these reactors. They've also dismantled thousands of nuclear weapons and used the enriched uranium out of those weapons to feed the reactors. But there's still what



we call a large supply gap, not only at present but also projected into the future. When we looked at uranium, we felt very confident of the supply/demand fundamentals."

11. Why did you focus on an Alberta property when everyone else was scrambling for claims in the proven Athabasca Basin of Saskatchewan?

"We looked at the Athabasca Basin, which is an excellent place to look for uranium because uranium is already being mined there. But those properties were really too expensive for a small junior company like ours to get involved in. They were too big and we were looking for something more within our reach at the time. This property we have in southern Alberta (Alberta Sun) was brought to us by a young prospector (Lester Vanhill) in Alberta who came across some references to uranium that was previously found in Alberta in the late 1970s. Those discoveries were never followed up. The prospector actually brought a diamond prospect to us. We weren't interested in that but, in going through the other proposals that he had, we noticed the uranium proposal. So we immediately acquired that property and acquired additional ground in southern Alberta. We now have 100,000 acres to explore for uranium. In addition to us, other companies have also acquired ground in that area. Within a couple of days, there were several companies involved there. Within two weeks, the entire area from the U.S.-Canada border up to just south of Calgary was staked by uranium companies. It's what we call a staking rush. We like it because it could be the start of a whole new district for uranium, not just a single occurrence but an important new district. That's what we like about it. It has excellent potential, we're in at the early stage and we've got lots of time to do our exploration."

12. How does the Alberta Sun project compare to other uranium exploration projects in terms of its chance of becoming an economic mine?

"Oh, I think its prospects are excellent but there's always a large amount of initial work that has to be done. We have to do the exploration work and determine the character of the sedimentary rock. We have to determine whether there is an abundance of uranium there and, if so, where it is concentrated. We're not really expecting to find very high grades of uranium. What we're expecting to find are concentrations of small amounts of uranium that are economic enough to mine using more advanced methods we have nowadays. We certainly expect that there will be discoveries in the area. We would certainly anticipate that."

13. Are you in the camp of people forecasting exorbitant uranium prices?

"I'm not an expert but I went down to a uranium conference in Colorado where I gave the first public talk on the southern Alberta uranium area and I was able

to talk to experts and listen to experts on supply and demand. All I can say is that the fundamentals look very, very solid. I'm not one for predicting prices because I can't do that, but we wouldn't have acquired this early-stage property if we didn't think there was long-term potential for our shareholders with an increase in price for uranium."

14. How do you see a long-term boom in uranium mining affecting the environment?

"At the uranium conference, there were quite a few talks on what they call the first two uranium exploration zones. It's just horrifying to look at how people were mining uranium while they were smoking and being in all the radon dust (a radioactive element in uranium mining). There were none of the environmental safety and guidelines that we have today, so to speak. It's quite amazing looking back 50 years to see what they had then (in uranium mines) and then looking at what we have now in terms of environmental safety and the process. I would hope that any uranium discovery is treated just as rigorously as any other metal discovery during the feasibility process, the public consultations and the government procedures for permitting a mine."

15. What about the danger associated with mining uranium?

"It's up in the Athabasca Basin where you get these very high-grade uranium mines. In fact, some of them are so high grade that you have to use robots to go in and mine them. In southern Alberta, the grades are much lower. It's not like you have radiating dangerous things lying around or something. There's always a concern whether it's uranium or whether it's gold and what methods you're using to mine the gold, silver, zinc or anything else. Uranium can be treated just like anything else in terms of the safety and what goes into determining how you mine it and whether you can mine it safely. So that will be determined once we know more about the character of the uranium that we think is there. We can't really say much about it right now because we haven't really found any yet."

16. With oil and gas the dominant commodities in Alberta, how does the province's metal-mining industry compare to that of other provinces?

"The mining industry in Alberta is very embryonic. It's really just beginning. There has been some metal mining and historical metal mining in Alberta. But compared to British Columbia and the Yukon, Alberta has not experienced a long metal-mining history. I think a key factor in Alberta has been the development of the Alberta Geological Survey and some of its research.

"In fact, it was an Alberta Geological Survey publication in 1994 that had an entire chapter on the sandstone-hosted uranium potential in southern Alberta that really got the prospector and us interested. They had already identified southern Alberta as a

prime area for uranium exploration and quoted historical numbers that had been found in the 1970s."

17. Is Firestone well capitalized at the moment?

"I can happily say right now, yes. That's always a major factor for a company like ours. Markets go up and down. It depends on the investor climate and metal prices and so on. Most of my time is spent actually raising money, doing presentations and talking to investors. You can't explore unless you have money and we like keeping our investors fully informed."

18. What in your mind separates the contenders from the pretenders in the junior mining sector?

"That would definitely be credibility. You want to look for companies that have geological expertise and companies that have an ability to raise money. We're a small company, but we do rely on outside consultants to do our geological work. It's very important that you have highly qualified people with the respect of the industry working with you."

19. What do you consider your strengths as a business leader?

"I think what I like to do is find people I trust, who I can work with and talk to 10 times a day on the phone. I've learned through the years to work with people who you like personally. Otherwise, things get too difficult. You want those people to be competent and what you call low maintenance. That means you work with people who just go out and do their job and that's it. I do believe at Firestone we have those sorts of people working with us. We have excellent corporate communications, we put our technical reports on the website where anybody can see them and we always try to really keep our shareholders informed. I think those are things we really excel at."

20. How much time are you spending at this job?

"You just do what has to be done and you don't keep track of time. I'm very fortunate in that my parents are here and they're able to help out a lot with things like travel arrangements when things get too crazy. It's really essential having that family support and I certainly wouldn't be able to do this without that. The goal is to make money, so that's what the bottom line is for the company. It's to make money for the shareholders. And the only way we make money is if the company makes money, so we're all into this. And you just have to work as hard as you can to make that a reality. In five to 10 years, we would like to see Firestone with a steady source of revenue, a large market capitalization, and we would like to continue our joint ventures and continue advancing the properties that we have right now. If they don't live up to their potential, then we will drop them and acquire new properties. With the ones we feel have the most promise, we'd like to keep working those, developing them and at some point we'd like to have a source of revenue for the company."

(Gyle Konotopetz : gyle@businessedge.ca)

Lori Walton

Title: President, Firestone Ventures. • **Born/Raised/Age:** Edmonton/45. • **Family:** Husband Dennis Oullette, two children. • **Education:** University of Alberta, Master of Science (Economic Geology), Bachelor of Science (geology); Gemological Institute of America (Graduate Gemologist). • **Career:** Prior to joining Firestone in 2003, Walton was senior mineral development adviser for the Yukon Department of Energy, Mines and Resources. She has also been president of Walton Geological Services and Glacier Gems, mineral development agreement co-ordinator with the Yukon Department of Energy, Mines and Resources, and senior project geologist with Aurum Geological Consultants. • **Moonlighting:** Walton is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Prospectors and Developers Association of Canada and the B.C. and Yukon Chamber of Mines. Her publications include Exploration Criteria For Coloured Gemstone Deposits in the Yukon. • **Passions:** Astronomy, space science. • **Favourite escape:** NASA space conferences. • **Favourite movie:** 2001: A Space Odyssey.

Firestone Ventures Inc.

Firestone is a junior mining company with a vast array of exploration projects in Canada and Guatemala. • **Key Projects:** Alberta Sun (uranium, south of Fort Macleod), Torton Hill (zinc, in western Guatemala), Amazing Grace (gold, silver and copper, at Castlegar, B.C.), Louise Lake (copper, gold, silver and molybdenum, near Smithers, B.C.), Morris (gold and silver, near Williams Lake, B.C.) and Sonora (gold, in southern Yukon). • **Recent Stock Price (TSX:FV):** \$0.13 (52-week range, \$0.09-\$0.21). • **Web Watch:** www.firestoneventures.com • **Head Office:** #52,10203 178 St., Edmonton, T5S 1M3. • **Phone/Fax:** 780-428-3465 /428-3476.