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Interview with the President and CEO: Powertech Uranium Corp. (PWE.TO)

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Richard F. Clement Jr. is the President and CEO of Powertech Uranium Corp. Mr. Clement is a professional geologist, who was introduced to the uranium business in 1969 through his employment with Mobil Oil Corp. Mr. Clement accumulated several years of field and regional geologic experience throughout the western United States, having operated in the majority of the active uranium plays during the early 1970s. He rose in the ranks of Mobil to Manager of their U.S. operations. He was then picked to assist in the design of Mobil's foreign exploration strategy and was tapped to run the Australian exploration office from 1978 through 1983. In 1983, Mr. Clement moved to a small private uranium company, Uranium Resources, Inc., as head of exploration and permitting. As a director of the company, he assisted in taking the company public in 1987 and remained with Uranium Resources until 2000 when he went out on his own as a consultant. In 2005, with the resurgence of the uranium industry, Mr. Clement took on the position as President of Powertech. Powertech acquired two major uranium deposits in the U.S., Dewey Burdock in South Dakota and Centennial in Colorado, as well as several other high-quality properties for future development. For the past eight years, Mr. Clement has lead the company's permitting and acquisition program. Powertech has just received the final Environmental Impact Statement on Dewey Burdock from the U.S. Nuclear Regulatory Commission. When this project begins production in 2015 to 2016, Powertech will become one of the premier junior uranium mining companies in the U.S. [Profile](#)

TWST: Could you please begin with an overview of Powertech and a look at some key milestones that have shaped the company?

Mr. Clement: Powertech was formed as a uranium mining company back in 2006. We acquired the Dewey Burdock Project in South Dakota, followed by the Centennial Project in Colorado. These properties are two very good projects for development. They were explored back in the 1970s, during the heyday of the uranium exploration in the United States. The drill hole exploration and mining data was available from the sources from whom we were able to acquire the rights. So having that information, which is worth multimillions of dollars, gave us a strong basis for preparing applications for developing-permit applications. Therefore, we feel these properties are excellent development opportunities.

Today, we are focusing dominantly on the Dewey Burdock Project. It is one of the higher-grade uranium projects that remains undeveloped in the United States, and we've been going through the permitting process. Permitting for uranium deposits in South Dakota for in-situ recovery requires submitting an application to the Nuclear Regulatory Commission. Additionally, we go through the EPA for the underground injection well permits that allows us to produce the deposit. We'll also get a few additional permits from the state of South Dakota. All of these permits and licenses should be in hand by the end of 2014 for proceeding with development.

TWST: I see that you recently got a final Environmental Impact Statement on the Dewey Burdock Project?

Mr. Clement: Yes we did. The NRC finally finished its environmental review. For every in-situ recovery project, the NRC is required to produce an Environmental Impact Statement. This is the fourth one that they've completed in the United States since the resurgence of the uranium interest in 2006. Once the EIS is final, then the license is granted.

TWST: What will this mean to Powertech? How will it change the profile of your company?

Mr. Clement: People will understand that we have completed the very detailed process of the major environmental and safety review, and because of that, I think it gives everybody confidence that the company is going to go forward and develop the project. We feel very pleased with what we've accomplished so far.

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TWST: When do you expect Dewey Burdock to begin production?

Mr. Clement: Once we get all permits in hand, it takes about a year to develop the project and put all the equipment in place. If we finish the permitting by the end of 2014, 2015 will be a construction year, and in 2016, we'll begin production — probably in the first quarter of 2016.

TWST: Can you give us a snapshot of some of the company's other exploration assets and projects?

Mr. Clement: The Centennial Project in Colorado is similar in some ways to the Dewey Burdock Project in South Dakota. It's a slightly lower-grade deposit, but it's still a very good quality for production. It's near surface, and so it should be a fairly inexpensive to develop. We've gone through a number of reviews of that project. We've not started the permitting process on Centennial, but we'll begin that as soon as we've received the financing for developing Dewey Burdock. It takes a significant amount of time and money in order to go through all of the review process and the collecting of data that's required for the permitting prior to the development of one of these projects.

Beyond Centennial, we have other projects in Wyoming: One called Aladdin that was explored back in the 1970s by Teton Exploration, and we were able to acquire the data on that project. And then there's another project we call Savageton, which is a pure exploration play, located in what we know to be a high-quality uranium mining area. It is very near a project that has been put onstream recently by Cameco.

TWST: What would you like investors to know about your background and career highlights, as well as the skills and the strengths of your key management team?

Mr. Clement: We have a very good team of people. Myself, I've been involved in the uranium business since 1969. I started with Mobil Oil Corporation when they were heavily involved in the uranium business and spent a number of years with them — became their Head of Exploration in Australia for five years — and then I jumped into a small uranium mining company called Uranium Resources, which still is around. I was a director of that company when it went public in 1989. When I got into Powertech, I was looking very much forward to the development of a very good deposit in South Dakota. So we feel very fortunate that we've acquired this property. My other team members have similar types of background, and they're very capable of bringing this project onstream.

TWST: It looks like it's almost a done deal, so congratulations on your Azarga deal — the merger.

Mr. Clement: Azarga currently is a major shareholder. They own 45% of Powertech through acquisition of shares from some of the other entities that were involved early on in the company. Because of their background, their strengths and financing, we've decided to do a reverse merger with them. Once completed, they will control about 75% of the outstanding shares of Powertech. What they bring to the party is the ability to finance the projects all the way through development. So we're very pleased about that type of relationship.

TWST: Can you give us a closer look at your before and after balance sheet, that is, before the merger and after?

Mr. Clement: Right now, what it would look like remains to be seen. We need to finalize the paperwork for the merger; we need to get audited financials from our company and Azarga. It's a little bit premature to be discussing what the whole entity is going to look like, but we know that the assets and value that they have appear to be strong. We've had an independent review of their assets and shareholding, and their share value. And that's the basis of the merger.

TWST: What has been your strategy for keeping the company afloat in the difficult environment since Fukushima?

Mr. Clement: It has been a difficult environment. We've had to raise a significant amount of funds from different entities, and we've done a number of convertible debentures and sold equity. So we've actually had to raise our shareholding before Fukushima from 50 million shares to now 150 million shares at fairly low prices. Consequently, it's been very difficult to try to keep the shareholders' equity value at the top level. Because of that, the share price has gone down. When the price of uranium improves in the overall market, I think that's where we'll be able to see the upside potential.

TWST: Do you see your share price strengthening in view of the proposed merger, or will it take a rise in the price of uranium to do it?

Mr. Clement: We think that the merger is going to be the most dramatic thing affecting our short-term share value. Right now, the share price is sort of holding in the \$0.08 to \$0.09 range. Until we have the actual circulars put out to the shareholders, I think people are just waiting to see what the overall entity is going to become before they jump into the opportunity.

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TWST: People have been saying that uranium prices are due to recover, but they still haven't. What do you see ahead? What are the catalysts that could drive uranium higher?

Mr. Clement: Just recently, the Japanese, in their energy plan, have indicated that they need to have nuclear as a major portion of their mix because they have no other indigenous resources. They have to import all coal, oil or gas in order to create the energy level that they need to have to sustain their economy.

Historically, 45% of their electricity was generated by nuclear until the Fukushima tsunami. Because of that they shut down all of their reactors and have been suffering financially because they have had to import other resources to maintain their manufacturing industry. They have completed a very extensive study about what is required in order to have very strong safeguards and to keep the remaining reactors in a good operating position. I think that those safeguards are now in place and so it looks like they will be turning a number of reactors back on this year, with more the following year. That will be one signal for the overall market.

China is going head over heels in terms of their development of nuclear power because of the pollution issues that they have had to deal with from the huge amount of electricity being generated from coal. In order to reduce their environmental problems in China, they have had to go strongly toward nuclear, and they have a number of reactors currently being constructed.

In the United States, we are constructing four new reactors to replace some of the older reactors that are close to the end of their useful life. As we phase out coal-fired power plants, some of the generation capacity will go to gas-fired power plants, but if they want to minimize greenhouse gases, they're going to have to go to nuclear.

TWST: Do you see Japan's return to nuclear as critical to strengthening the industry?

Mr. Clement: Yes, I do. I think it's going to be very important because I think it's a good signal around the world that the country that has had the greatest disaster associated with nuclear, looks to resume electricity generation from atomic power. 20,000 people were killed from the tsunami, and it created havoc with three of the reactors' cores having melted down. But to my knowledge, nobody has been harmed by the radiation associated with those reactors. So I think that that gives us sort of a signal that even under the worst possible scenario that nuclear power has the opportunity to be a safe and reasonable way of generating electricity. And because of that, I think the rest of the world is going to view that as being a very much positive sign.

TWST: It seems like the Japanese government is supportive of coming back online, but at least a faction of the people are protesting.

Mr. Clement: There's a lot of fear associated with uranium and nuclear in general. The media has historically, between movies and radio etc., created a vast fear about radiation. Because of that notoriety, the people don't understand that we live in a radioactive world — in that there's radiation everywhere — and that some of these fears are overblown.

TWST: What are your longer-term growth plans for the company postmerger? I believe Powertech's new name will be Azarga Uranium.

Mr. Clement: With Azarga's backing, we can acquire and explore for additional uranium deposits around the world. They have interests in other companies in Turkey and also interests in other companies in the U.S., such as Black Range in Colorado. They also have a strong interest in deposits in Kyrgyzstan. Therefore, there are opportunities for worldwide development of additional deposits.

TWST: Do you expect these assets will become productive eventually?

Mr. Clement: Definitely. The demand for uranium will grow because there are a large number of reactors being built around the world. Most everyone recognizes the importance of nuclear in the future of energy. Even the Saudis and people in the Middle East, where they have abundance of fuel oil and natural gas, are now looking to nuclear for electricity generation, and that's really where the opportunities are developing. The reality is: If Three Mile Island hadn't occurred, we would be dominantly a nuclear society.

TWST: What is the competitive landscape like for the company? How is it positioned among its peers?

Mr. Clement: Our competitive landscape is a number of small uranium developers called juniors, such as Uranerz and Ur-Energy, and a number of other small companies that are actively pursuing the development of their uranium projects. I think we are very much in that mix, and we will soon be one of the co-developers and co-producers of uranium. So I think that we will be one of the companies that will be in the forefront of the small-company market.

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TWST: What are the key business principles that you use to guide the company?

Mr. Clement: The key business principle that we use is to do things in a very safe and clean and a very responsible way. We try to make sure that everything that we've done has been done in a way that people can be proud of what they have accomplished. Because there's so much fear associated with radiation and nuclear and uranium, we have to make sure we've done everything in the best possible way. So our goal is to be as perfect as we possibly can be in terms of our environmental work that we accomplish. We plan on developing these projects in the safest possible way so there is no potential for environmental degradation.

TWST: Looking ahead, what do you see as the company's key headwinds, and where might support come from?

Mr. Clement: The key headwinds, it kind of depends upon what the future holds in terms of the uranium pricing. Obviously, I think that the wind will be behind us when the prices go up and the demand increases for uranium. Until that time, the headwind really is the low price of uranium, and that's really where we stand. We also know we have to fight through the issues in terms of hearings for getting permits and licenses for our development, but that's part of the business. So as we go through that, the stronger the business environment, the stronger we can be.

TWST: What are the most valuable lessons that your experience, your years in the mining industry have brought you?

Mr. Clement: It's given me a great respect for the technical issues of our business, and the people whom I work with are strong, capable engineers and geologists and scientists. I've really come to appreciate their efforts and their dedication toward the development of our business. You have to have a belief and dream when you're in the uranium business because it's a very hard business to be in. It's like being in a business that everyone is concerned about because they don't understand the good sides of what can be accomplished with it, and because of that, you have to be a very dedicated individual. The people I've been around have had that kind of dedication.

TWST: Is there anything else, any other topics that we've missed that you would like shareholders and potential investors to know about?

Mr. Clement: No, I think we've pretty much covered the entire gamut of opportunities. I think that Powertech, and Azarga Uranium after the merger, is going to be a very strong candidate for investment, and I think we should have exciting opportunities ahead for the future.

TWST: Thank you. (VSB)

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