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HD **Cameco packs on the pounds**  
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Canadian **uranium** miner Cameco has moved to increase its landholding near its "resource-challenged" Kintyre project, announcing a deal with fellow Canadian Mega **Uranium**.

In a deal which Cameco Australia managing director Brian Reilly described as a necessary step to boost Kintyre's chances of development, Cameco will earn an initial 51 per cent **stake** in the land by funding exploration worth \$2 **million**. Although the exploration deal is small potatoes for the **billion**-dollar **uranium** miner, it signals Cameco's long-term commitment to **uranium mining** in WA despite the severe headwinds facing the sector.

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The deal, which was originally flagged in July, also triggers Mega's gradual exit from the WA scene, after the Canadian divested its flagship Lake Maitland project to Toro **Energy** in August.

Speaking to WestBusiness yesterday, Mr Reilly said the 55 **million**-pound resource at Kintyre, of which only 40 **million** pounds was "minable", needed to increase.

"Our objective is pretty clear, we need to find more pounds," Mr Reilly said. "The short-term market is something we can't control, but we can control building up our resource."

Cameco, the world's biggest publicly listed **uranium** company, bought Kintyre from Rio Tinto for \$516 **million** in a 70-30 venture with Japan's Mitsubishi Development in 2008. The company indicated in 2012 a **uranium** price of at least \$US60 a pound to \$US70/lb would be needed to push it into production.

The **uranium** price was yesterday anchored at an historic low of \$35.60/lb.

Mr Reilly said the price threshold remained. Commenting on the long-term outlook for the sector, he said the **company** was encouraged by the merger and **acquisition** activity, such as the Toro and Mega deal.

"And with Japan coming back on line and the (reactor) builds in **China**, we're encouraged in a broader macro sense," he said.

**Energy** Resources of Australia, the **uranium** producer controlled by Rio Tinto, yesterday said it expected prices to start recovering in 2015 or 2016 as demand in Japan and **China** increased.

This is backed up by predictions of almost 200 analysts on Bloomberg saying the median price for **uranium** next year will come in at \$US57/lb.

CO

trenq : Toro Energy Ltd | smdc : Cameco Corp

IN

i211 : Metal Ore Mining | iuran : Uranium Ore Mining | ibasicm : Basic Materials/Resources | imet : Mining/Quarrying | i231 : Non-metallic Mineral Mining/Quarrying

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