

SE Business
 HD Price slide to trigger more pain for Paladin
 BY BARRY FITZGERALD
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MINING: The collapse in **uranium** prices is having a telling impact on Paladin's revenue stream from its African **operations**.

And with the Perth-based group having already flagged the mothballing of one of the mines, more pain is on the way.

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Paladin's March quarter production report, released yesterday, disclosed that despite an increase in the volume of **uranium** sold, revenue fell by 16 per cent from \$US106 **million** in the previous corresponding period to \$US88.56m (\$94.57m).

The group's received price for **uranium** tumbled from \$US55.22 a pound previously to \$US36.82 a pound, with the latter price just above the spot price average for the quarter of \$US35.15 a pound.

Prices have since weakened to \$US33 a pound. But Paladin's resident bull on **uranium** prices — chief executive John Borshoff — believes prices are bottoming out.

He pointed to Canada's **Uranium** Participation Corporation — a listed **company** that buys **uranium** as an investment — securing financing to make more purchases, and reports that it recently bought 850,000 pounds of the material for near-term delivery.

Mr Borshoff said the contract or term contracting market, which involves higher prices than the spot market, had also "begun to show activity". He said a large US nuclear utility had requested offers for deliveries spanning 2016-22.

Mr Borshoff said Paladin's view was that increasing term contracting will strengthen the term price. The **company** nevertheless confirmed its Kayelekera mine in Malawi would stop processing stockpiled **ore** next month. There was no mine production there in the March quarter. The shutdown was a response to weakness in the **uranium** price and leaves Paladin as a producer from its Langer Heinrich mine in Namibia.

But its **uranium** production from that operation also gets hit once the January deal under which a **Chinese** nuclear power utility is to acquire a 25 per cent **stake** for \$US190m takes effect.

An initial \$US20m payment has been received, with completion expected in June. Because production from stockpiled **ore** at Kayelekera continued in the March quarter, group production for the period at 2.08 **million** pounds was down modestly on the preceding December quarter. Paladin shares closed 0.5c lower at 45.5c yesterday. It was a \$5 stock before the Fukushima nuclear disaster in March 2011.

CO urnprt : Uranium Participation Corporation
 IN i211 : Metal Ore Mining | imet : Mining/Quarrying | iuran : Uranium Ore Mining | ibasicm : Basic Materials/Resources | ifinal : Financial Services | iinv : Investing/Securities
 NS ccat : Corporate/Industrial News

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