

HD **UPDATE 1-Top China nuclear firm rescues Paladin Namibia uranium mine**

WC 492 words

PD 20 January 2014

ET 18:29

SN Reuters News

SC LBA

LA English

CY (c) 2014 Reuters Limited

LP

* **China** National Nuclear Corp pays \$190 mln for mine **stake**

TD

* **Stake** values mine below broker valuations

* Paladin shares gain 0.9 pct

By Sonali Paul

MELBOURNE, Jan 20 (Reuters) - **China** National Nuclear Corp has agreed to buy a 25 percent **stake** in Australian miner Paladin **Energy** Ltd's **uranium** mine in Namibia for \$190 **million**, locking in supplies as Beijing builds new nuclear plants for cleaner **energy**.

CNNC is the bigger of two state-owned nuclear power conglomerates, controlling nine of the country's 17 reactor units and working on an ambitious reactor construction programme to help **China** ease its dependence on **coal**-fired power.

The deal marks **China**'s second foray into **uranium** in Namibia, following **China** Guangdong Nuclear Power Corp's \$2.3 **billion acquisition** of the Husab project in 2012.

The **sale** rescues Paladin, as it urgently needed to raise funds following three years of pain as **uranium** prices slumped after the Fukushima disaster, which killed Japanese demand for the fuel and led other countries to halt nuclear expansions.

"Paladin's out of the woods for the short to medium term. But longer term they need higher **uranium** prices to pay back their convertible note," said Simon Tonkin, an analyst at Patersons Securities.

Chief Executive John Borshoff said the deal with CNNC was at a better price than a range of offers Paladin rejected last year. However the price values the whole mine at \$760 **million**, well below analysts' valuations around \$900 **million**.

The **company** had little bargaining power with **uranium** prices hovering at \$36.05, or nearly half the price they were at before the Fukushima plant was crippled in March 2011.

That disappointed investors, who first sent Paladin's battered shares up as much as 17 percent to a five-month high, then sold them down. The stock ended nearly unchanged at A\$0.565.

CNNC's 25 percent **stake** in the Langer Heinrich mine, which has a capacity of 5.2 **million** pounds of **uranium** concentrate a year, will give it a quarter share of the mine's output and the option to buy further supplies from Paladin at market rates.

"I do believe ... CNNC and Paladin will develop a long-lasting business relationship which is beneficial to each other and also bring long-term influence to the global **uranium mining** industry," CNNC Director-in-General for geology and **mining** Du Yunbin said in a statement.

CNNC's **acquisition** is subject to approvals from **Chinese** authorities. Paladin expects the deal to be completed by mid-2014. CNNC did not respond to questions about the deal.

While Paladin has booked heavy losses, it is in better shape than rival **Energy** Resources of Australia Ltd, controlled by Rio Tinto , which had to suspend processing **uranium ore** after radioactive slurry leaked from a leach tank at its Ranger operation in Australia.

RF Released: 2014-1-20T08:29:02.000Z

CO chinuc : China National Nuclear Corp. | gnpjv : China General Nuclear Power Corporation | palrs : Paladin Energy Limited

IN i211 : Metal Ore Mining | imet : Mining/Quarrying | iuran : Uranium Ore Mining | ibasicm : Basic Materials/Resources | i16 : Electricity/Gas Utilities | i16101 : Electric Power Generation | i1610109 : Electric Power Generation - Nuclear | ieutil : Electric Utilities | iutil : Utilities

NS c181 : Acquisitions/Mergers/Takeovers | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : FC&E Industry News Filter

RE china : China | austr : Australia | devgcoz : Emerging Market Countries | namib : Namibia | africaz : Africa | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | dvpcoz : Developing Economies | easiaz : Eastern Asia | souafrz : Southern Africa

IPD Business

IPC SERVICE:AUF

PUB Thomson Reuters (Markets) LLC

AN Document LBA0000020140120ea1k00cqd