

HD **Paladin lines up \$US190m mine stake sale**

BY Michael Ramsey

WC 656 words

PD 20 January 2014

SN WA Business News

SC WABN

LA English

CY © Copyright 2014 Business News Pty Ltd.

LP

Paladin **Energy** managing director John Borshoff says the **company's** \$US190 **million sale** of a minority **stake** in its Langer Heinrich mine vindicates a decision to walk away from **sale** negotiations last year.

Paladin announced today it had signed an agreement to sell a 25 per cent **equity stake** in the mine to **Chinese** utility **China** National Nuclear Corporation, in a deal which will provide the **company** with breathing space to pay off debt as it awaits a recovery in the depressed **uranium** market.

TD

The deal will allow CNNC to **purchase** a pro-rata share of product from Langer Heinrich at the prevailing market spot price under an offtake agreement.

Paladin has been looking to offload a minority **stake** in Langer Heinrich for a number of months in order to shore up its balance sheet, which has taken a hit from the persistently low **uranium** price.

The **company** posted a \$US40 **million** loss in the three months to September, despite achieving record production at Langer Heinrich.

Paladin had been poised to sell a 15 to 20 per cent **stake** in Langer Heinrich in August last year to two nuclear power companies but terminated the deal at the eleventh hour, claiming the potential buyers had "shifted the goalposts" in the final stages of negotiations with a proposal which did not reflect the value of the asset.

"Today's announcement represents the conclusion of a two-year process that has involved a hell of a lot of hard work, perseverance and belief from the Paladin team," Mr Borshoff told reporters in a telephone briefing.

"I'll not go into the details of how today's agreement compares to what was in front of us last August other than to say I believe the Paladin board's decisions have been fully vindicated."

CNCC is described by Paladin as one of **China's** major nuclear investors, acting as a principal designer and general contractor of domestic nuclear power plants as well as a key player in the development of nuclear technology.

Mr Borshoff said the deal meant Paladin had established a long-term relationship with a **company** destined to become a major participant in the global nuclear power industry.

With Paladin this month securing new debt refinancing agreements, Mr Borshoff said the **company** had effectively bolstered its financial position by \$US250 **million**.

The funds are likely to have a significant impact on Paladin's debt repayment schedule, with a \$US300 **million** bond due for repayment in November 2015.

Paladin has consistently said it will not expand its **operations** until the **uranium** price reaches at least \$US70 per pound - double the current **uranium** spot price.

However, the **company** is confident demand will rebound in the coming years, creating supply-side pressures which Paladin could be in a strong position to capitalise on.

Paladin is targeting 5.7Mlb of production at Langer Heinrich in the 2014 financial year but the mine is capable of being expanded to produce up to 8.5Mlb per annum given sufficient price incentive.

Mr Borshoff predicted the **uranium** industry would be forced to undergo "essential and necessary recalibration" in the years to come as major economies turned to nuclear power, pointing out that 90 per cent of the world's **uranium** production was controlled by just nine companies, with BHP Billiton, Rio Tinto, Cameco and Paladin the only non-government organisations amongst them.

The **company** noted in its most recent quarterly report that there were 71 nuclear reactors being built around the world, which was nine more than just before the Fukushima nuclear disaster.

The **sale** of the Langer Heinrich minority **stake** is subject to **Chinese** regulatory approvals, which are expected to be obtained by mid-2014.

CNCC has agreed to pay a \$US20 **million** non-refundable deposit in the interim.

Paladin shares were trading 2.7 per cent higher at 57.5 cents at 11:30am WST.

CO chinuc : China National Nuclear Corp. | palrs : Paladin Energy Limited

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

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 | wastr : Western Australia | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dypcoz : Developing Economies | easiaz : Eastern Asia

PUB Business News Pty Ltd

AN Document WABN000020140120ea1k0002t