

SE Business
 HD CNNC to buy 25% of African uranium project
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China National Nuclear Corp has agreed to pay US\$190 million for a 25 percent stake in a leading African uranium project from an Australian company to secure supplies to build more reactors.

CNNC will buy the stake in the Langer Heinrich mine in Namibia from Paladin Energy Ltd, the Australian company said yesterday. The deal also allows the Chinese company to purchase its pro-rata share of output at the prevailing spot market price, with the option to buy further supplies at market rates.

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Uranium prices had slumped following the March 2011 earthquake and tsunami that devastated Japan's Fukushima Daiichi nuclear power plant.

Australian brokerage Patersons Securities expects CNNC's investment to give a boost to uranium prices as the Chinese return to the market after a hiatus of two years.

The Namibian mine, with a 20-year lifespan, started production in 2007 and has a production capacity of 5.2 million pounds of uranium concentrate a year at present. Paladin said capacity could rise to 5.7 million pounds in 2014.

Du Yunbin, director-general of CNNC's geology and mining department, said in a statement: "I do believe that through the investment in the Langer Heinrich project, CNNC and Paladin will develop a long-lasting business relationship."

China currently has the largest pipeline of new nuclear reactors worldwide, with 28 under construction, according to the World Nuclear Association.

The deal is **China's** second major foray into Namibia's uranium sector, following **China** Guangdong Nuclear Power Group's US\$2.2 billion acquisition of the Husab mine in 2012.

Paladin said CNNC's cash injection in the latest deal will help it cut debt.

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