

Rosatom Buys Australia's Mantra

By [The Moscow Times](#)

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Rosatom agreed to buy Mantra Resources for 1.16 billion Australian dollars (\$1.15 billion), giving it the Australian-based company's Tanzanian uranium assets.

Rosatom, through its ARMZ Uranium Holding subsidiary, will buy the Perth-based company for 8 Australian dollars per share, a 5.5 percent premium to its last trading price before the shares were halted prior to the takeover announcement today. ARMZ said it may resell Mantra to its Canadian unit, Uranium One.

"Russia's looking to Africa to get energy resources, particularly uranium, and Tanzania's definitely one of the more mining and investor-friendly countries to do business in," said Gavin Wendt, a senior resources analyst at Mine Life in Sydney. "The Russians aren't silly: They're not going to enter high-risk destinations. This is about them securing future energy supplies."

Buying Mantra will give Rosatom the Mkuju River project in Tanzania and add to the controlling stake in Uranium One that it agreed to buy in June. The company is expanding to

benefit from a revival of nuclear power as nations promote the technology to meet energy demand while curbing carbon output.

Mantra shares rose 4.5 percent in Sydney on the Australian stock exchange after the announcement. The company is also listed in Toronto.

The Mkuju River project has estimated resources of 101.4 million pounds of uranium-oxide concentrate, about 77 percent of global mined output last year. Mantra has started a definitive feasibility study for the project, according to its web site.

The offer price for Mantra equates to \$10.26 per pound (0.45 kilogram) of concentrate, the statement said. Uranium rose 25 cents to \$60.50 a pound in the week ending Dec. 10, according to Denver-based pricing service TradeTech. The radioactive metal traded at less than \$7 a pound at the start of 2001.

The all-cash offer is subject to Australian regulatory approval, the companies said in a statement. Mantra's board approved the sale, they said.

"Mantra will complement our portfolio of assets and is consistent with our stated strategy of acquiring low-cost, long-life, geographically diverse assets," ARMZ's director general, Vadim Zhivov, said in the statement.

ARMZ said in a later statement that it has an agreement with Uranium One to resell all the shares it may acquire in Mantra within a year. Uranium One chief executive Jean Nortier said Mantra owned a top-class asset that his company hopes to bring on line, according to ARMZ's statement.

"ARMZ is now in the process of closing the deal with Uranium One, in which it acquired a 51 percent stake," Troika Dialog Research said in a report today. "We expect that following the closure of the Uranium One deal and successful takeover of Mantra Resources, ARMZ will orchestrate the transfer of the latter to Uranium One at the acquisition price."

Uranium, processed into fuel for nuclear plants, is rising as Asian utilities secure material for the next decade and China builds stockpiles, according to Macquarie Bank.

Asia may operate 300 nuclear power reactors by 2030, from 115 units today, inspection and certification agency Lloyd's Register Group said last week.

"The clean, all-cash offer from ARMZ is compelling and reflects both the strategic significance of this asset as well as the current status of the project against the backdrop of a recent spike in the uranium price," Mantra chief executive Peter Breese said in the statement.

Rosatom is also seeking more sources of uranium so that it can supply fuel to the reactors it's building in foreign countries, including China, Turkey and India.

The company said in May it plans to invest \$1 billion to develop deposits in Namibia, the fourth-biggest producer. In June, Rosatom's ARMZ unit agreed to acquire a controlling interest in Toronto-based Uranium One for \$610 million in cash plus stakes in two Kazakh mines.

Russia has registered the project company for the construction of Turkey's first nuclear power plant in Akkuyu, Alexander Loshkin, deputy chief of Rosatom, said at a conference in Istanbul, Interfax reported. "The project company was officially registered under Turkish law on December 13," Loshkin said. It has five founders: Atomstroieksport, Rosenergoatom Concern, Inter RAO and two other organizations, namely Atomtechenergo and Atomenergoremont. Loshkin said the company had a year to draft and submit the papers to obtain permission to build the plant and that the first reactor at the plant should be working seven years after the permits are received.

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