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Rosatom's Uranium One to Freeze Expansion

By The Moscow Times

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Canadian miner Uranium One Holding, acquired this year by state-owned reactor builder and supplier Rosatom, said it would freeze expansion projects in Russia and elsewhere due to low uranium prices.

The price of uranium, used mainly as fuel for nuclear plants, plummeted after the March 2011 meltdown at Japan's Fukushima Daiichi atomic power plant and has shown no signs of recovery.

"We cannot discount the dramatic fall in natural uranium prices, as a result of which more than 50 percent of global uranium production is currently loss-making," Uranium One President Vadim Zhivov said in e-mailed comments Wednesday.

"Given the unfavorable market environment, we have decided to freeze expansion projects both in Russia and abroad," Zhivov said.

Uranium One, which Rosatom took private last month, will mothball the Honeymoon mine in uranium-rich South Australia, local media reported this week, citing high costs and unfavorable contracts with Japan's Mitsui.

A company spokesman confirmed Wednesday that the mine would be put in "care and maintenance" mode.

Zhivov did not specify which of the company's projects had been cancelled, saying the details would be announced later.

Rosatom's mining arm Atomredmetzoloto, which includes Uranium One and is one of the world's top three uranium producers, is also developing the Mkuju River mine in Tanzania and several minor projects in Russia and has plans to expand its Willow Creek project in the U.S. state of Wyoming.

Zhivov said the company was mulling production cuts at some high-cost projects but did not elaborate.

Uranium One, which claims to have the lowest production costs in the industry, said last week it planned to produce 12.5 million pounds of uranium oxide concentrate in 2013 and then reduce output to 12.4 million pounds next year.

November uranium futures on the New York Mercantile exchange closed at $35.85 per pound on Tuesday, compared with $68 per pound before the earthquake and tsunami in Japan.

Uranium One chief executive Chris Sattler said in August that low uranium prices would force high-cost mines to close, which could boost prices in the next couple of years as supplies dwindle.

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