

# Rosatom Unit Rethinks Mantra Deal

By [The Moscow Times](#)

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Australian uranium miner Mantra Resources fell the most in Sydney in more than two years after a unit of Rosatom said it's seeking to renegotiate a \$1.2 billion takeover offer because of Japan's atomic crisis.

Mantra, which has projects in Africa, declined 28 percent to 4.85 Australian dollars, the biggest drop since Oct. 9, 2008, while the S&P/ASX 200 Index was little changed.

ARMZ Uranium Holding, a division of Rosatom, contends that the events at the nuclear power station near Fukushima "are likely to have a material adverse effect" on Mantra and says the terms of the Dec. 15 agreement between the companies can't be met, according to a statement from the Australian company Wednesday.

"If they think they can get a better deal, why pay more?" said Peter Strachan, an analyst at Perth-based StockAnalysis.

The price of uranium and shares of producers, including Cameco and Uranium One,

the Canadian miner controlled by ARMZ, have tumbled this week on concern that investment in the nuclear industry will drop. Engineers have been trying to avert a meltdown at Tokyo Electric Power's crippled Fukushima Daiichi power station following last week's earthquake and tsunami in northern Japan.

ARMZ indicated that it's willing to explore an "alternative approach" to the transaction, Mantra said, without elaborating. The Perth-based explorer said it was considering its options.

While the Japanese disaster is unlikely to damage the positive "long-term" outlook for nuclear power, it may hurt the development of uranium projects, Strachan said.

"It's driven by equity and debt, and if debt providers are as shy as equity providers, there's clearly not going to be the appetite for people to put money into new projects," he said.

Artyom Gorbachev, a spokesman for ARMZ in Moscow, couldn't be reached for comment when called on his mobile phone.

ARMZ's \$8-a-share offer was 17 percent more than the 20-day trading average for Mantra shares before the deal was announced. That compares with an average premium of 34 percent in 28 takeovers of mining companies valued at more than \$500 million announced in the past year, according to Bloomberg data.

The Russian company had proposed paying 2.1 times Mantra's enterprise value. The median multiple among 10 comparable takeovers announced between 2002 and 2010 was 1.6, according to Bloomberg data.

Uranium One, a Vancouver-based producer of the nuclear fuel at mines in the United States and Kazakhstan, has the option to acquire all of ARMZ's Mantra shares for a sum equal to ARMZ's acquisition costs and certain other expenses, Uranium One said Wednesday in a statement.

Mantra's projects include Mkuju River, Mbamba Bay and Bahi North in Tanzania, and Zambezi Valley in Mozambique. The Mkuju River venture has a mineral resource of 108 million tons of uranium, the company said in November, according to its web site.

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