

## China's nuclear plans power uranium

Robin Bromby

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Seven new plants in China and more elsewhere show how the industry is gaining ground

AN official launch has just been staged at Fuqing, in the southern Chinese coastal province of Fujian, for a new nuclear power station.

It will have six reactors, be completed in 2014 and have generating capacity of 6000 megawatts.

To give you some idea of how big that is, the Snowy Mountains hydro stations have a combined capacity of 3800MW.

And Fuqing is just one of seven new power plants in China that have been given the green light.

The Dutch are about to clear the way for a new plant due for completion in 2018, the foundation plate has been laid for the Leningrad II nuclear plant in Russia, and Bulgaria -- once it can get the financing -- will get two reactors off the drawing board. It also looks like the South Africans are getting back on track to commission at least one nuclear power station.

Spot uranium keeps gaining ground week by week, up another \$US1 a pound to \$US54/lb last week.

The base metals complex remains a chancy game; below we report that one broker has put a sell on nickel, and it's anyone's guess as to what the Chinese are going to do. If Beijing decides enough copper, tin and zinc has been stockpiled, then you would expect more price uncertainty. And gold? Yes, but economic forecasts range from deflation to hyperinflation, so it's a case of hoard and hope.

That's why uranium seems to be one of the surer bets at the moment. Energy demand will continue to increase. Nuclear will have its place at the table.

And it looks as if the two-year uranium float drought is about to end. Later this year **Raisama** Resources is expected to go to the market with its IPO. The company has just appointed David Berrie as MD. His uranium pedigree includes overseeing feasibility studies for the Valhalla and Skala uranium deposits in Queensland for Summit Resources (SMM) and more recently he took Fusion Resources, now absorbed by [Paladin Energy](#) (PDN), from grassroots explorer to reporting a resource at Valhalla North of 3200 tonnes of contained uranium. Earlier, he had responsibility for the giant Yeelirrie deposit while working at the former WMC Resources.

**Raisama's** main focus is the Sunday Creek project in Western Australia, adjacent to the 35,000-tonne Kintyre deposit owned by Cameco and Mitsubishi.

Other uranium highlights of the week: first, Alliance Resources (AGS) said the Four Mile uranium deposit, of which it holds 25 per cent in partnership with an arm of the US's [General Atomics](#), had nearly doubled in size to 28,000 tonnes of contained uranium oxide, or U<sub>3</sub>O<sub>8</sub>; second, Thundelarra Exploration (THX) reported a new discovery near Pine Creek in the Northern Territory with samples assaying up to a high 2.3 per cent U<sub>3</sub>O<sub>8</sub>.

Green bubble blown away

THERE'S increasing talk of green, or renewable, energy being the new dotcom bubble.

As we reported in the online The Dirt column, there have been relevant warnings from the US about plunging into renewables from Money Week magazine, Renewable Energy Magazine and Wall Street firm Lux Research.

However, Belgium's Fortis Bank, in its latest monthly renewable energy report, takes issue with that view. Its case: renewable energy is not mired in hi-tech wizardry that no one understands but is nevertheless blindly willing to invest in, as was the case with dotcom. Hydro dates from 1882, wind turbines from 1888, geothermal from 1904, and solar was commercialised more than 35 years ago.

The only reason they have not made all that much headway, the bank says, is that fossil fuels have been plentiful and cheap. "When the diminishing oil and coal reserves become more starkly obvious, renewable energy may be the only energy -- and investment -- show in town," Fortis concludes. Which will be reassuring news for shareholders in [Planet Gas](#) (PGS), one of canny resources investor Norm Seckold's plays, which has hitherto been on the hunt for coal-seam gas in the US. The junior is buying an unlisted Queensland geothermal explorer and will seek to raise \$5.9 million.

There are also some well-known figures on the board at [Greenearth Energy](#) (GER), including Robert Annells of Lakes Oil (LKO) and John Kopcheff, who runs Victoria Petroleum (VPE). GER has joined up with RMIT University to try to find a way to both generate electricity and produce drinking water from geothermal sources.

Nickel rolling again

NICKEL broke through \$US16,000 a tonne on Friday night, getting to \$US16,098 on the London Metal Exchange, but ending lower at \$US15,800. The metal had not been through the \$US16,000 level since last October.

But Foster Stockbroking is not so bullish. The 69 per cent gain from last October's drop to just above \$US9000/tonne, its latest client note says, may encourage a resurgence in pig iron nickel production, much of that capacity put out of business by last year's low prices.

There are reports that some of these plants in China have now resumed production, meaning a good deal more low-grade nickel coming on the market.

Foster is also worried about China halting its nickel-buying effort. But the real concern for the broker is what it sees as weak stainless steel fundamentals.

Its only buy recommendation is [Mirabela Nickel](#) (MBN), which Foster sees as trading at a significant discount, and a hold on [Panoramic Resources](#) (PAN) but with a recommendation to take some profits.

However, the broker puts sell tags on three nickel producers -- [Minara Resources](#) (MRE), Mincor Resources (MCR) and Western Areas (WSA).

Time for caution

PROFIT-TAKING is hitting the over-exuberance, writes BGF Equities' Warwick Grigor in his Friday client note. Many of the resource stocks he charts breached their up-trends over the past week or two, which means the start of new short-term down-trends.

“The threat overhanging the market for the past few weeks has turned into reality,” he writes. “While it is a swing toward the bear, it may be that it will be for a short duration only, given the speed with which it is happening.”

Grigor says there may be good buying opportunities for those willing to look beyond a week at a time.

Among those stocks taking knocks recently have been uranium hopeful Impact Minerals (IPT), goldies [Integra Mining](#) (IGR) and Intrepid Mines (IAU), along with Minemakers (MAK) and [Fortescue Metals](#) (FMG).

Depressing forecast

“FINANCIER says abrupt upward move in prices coming,” reads the headline in The Wall Street Journal. Leonard P. Ayres of the Cleveland Trust Co, explaining the difference between a V-shaped recession and a U-shaped one, said he was reassured because production was not keeping pace with demand, and sound economic conditions would return within three months.

Perhaps this clipping should be pinned on the wall of every economic forecaster and politician looking to talk things up.

They will find the story in the Journal issue of June 23, 1930.

The writer implies no investment recommendation and this report contains material that is speculative in nature. Investors should seek professional investment advice.

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