



Government
of South Australia

PAYDIRT 2013 URANIUM CONFERENCE

Intercontinental Adelaide

Monday
29 April 2013
9.20 am - 9.40 am

Hon Tom Koutsantonis MP
Minister for Transport and Infrastructure
Minister for Mineral Resources and Energy
Minister for Housing and Urban Development

Acknowledgements

- Bill Repard, Executive Chairman, PayDirt Media
- Fellow presenters
- Conference delegates
- Ladies and gentlemen
- I wish to acknowledge all the companies, exhibitors and delegates who have made their way to Adelaide.

As Australia's leading uranium state, it gives me great pleasure to warmly welcome you to South Australia and Adelaide for the Paydirt 2013 Uranium Conference.

For eight years, this has been an important forum for exchanging knowledge, taking stock of current developments in the industry and looking to the future.

After a tough year for the uranium industry, this conference is timely with renewed activity in uranium mining across the country.

Australia is the world's fourth largest uranium producer and we have the world's largest resources.

Australia's uranium mining jurisdictions uphold world's best practice as its highest principle.

Our extensive resources and mining expertise, and clear position in nuclear non-proliferation has enabled us to be a world leader in the uranium industry.

Uranium oxide concentrate from South Australia is being utilised around the world.

Long term contracts are in place with the United Kingdom, France, Sweden, Finland, Belgium, Canada and the United States to just name a few.

Having just returned from a week-long visit to China I think it is pertinent that I today brief you on where I see global demand going.

Demand for energy worldwide remains unabated.

The International Energy Agency's projections indicate energy demand will rise by a third over a 25 year horizon.

And in its latest 2012 Energy Outlook, the Agency has noted carbon dioxide emissions have reached record levels.

Reducing reliance on fossil fuel is critical to curbing such greenhouse gas emissions, linked to human-induced global temperature rises.

The costs of inaction will continue to rise.

I don't think there is anyone in this room that does not believe that in 20 years' time most developed countries will have some form of price and carbon or pollution.

As such there's no doubt this century we can expect to see a range of exciting new renewable energy supplies in the mix that include solar, tidal and geothermal energy.

Nonetheless, nuclear energy will continue to play an important part in global energy generation.

Recently demand was somewhat reduced by energy policy changes in response to the Fukushima reactor incident.

Japan shut down its plants and Germany brought forward the closure of reactors, and a number of countries have halted development to review their safety guidelines.

The most recent Bureau of Resources and Energy Quarterly report has delved into the detail of what can be expected.

Across the world, the report identifies uranium consumption will rise with 75 new reactors projected to start up between now and 2018.

These reactors will carry a combined capacity of around 80 gigawatts of electricity.

China is the largest contributor to nuclear growth with 28 nuclear reactors under construction, and plans for an additional 8 that may start up by 2018.

This means uranium consumption in China from this financial year through to 2018 is projected to increase at an annual average rate of 9 %.

This will almost double consumption from 7.7 thousand tonnes of uranium to around 13.5 thousand tonnes by 2018.

From my recent visit to China I can safely say that I have seen firsthand - **China is not planning to slow down its rampant growth anytime in the near future.**

It is still a country on the move, and a country that is developing to provide better living standards for its population.

There is no single answer to meeting that energy demand.

It is clear that China will also be simultaneously leading the world in the expansion of renewable energy sectors.

However, expansion in both nuclear and renewable energy is needed if the China – and more so the world - is going to stand any chance to reduce its reliance on fossil fuels.

South Australia is committed to strengthening our relationship with China.

That is why the Premier and government Ministers regularly visit what will soon be the world's largest economy.

We have demonstrated our commitment by establishing a long standing research partnership focused on the sharing of knowledge on uranium.

In 2007 we signed a Memorandum of Understanding between our Government's Geological Survey of South Australia and the Chinese National Nuclear Corporation.

This continues to be effective in facilitating cooperation in geosciences and mineral exploration.

We have further strengthened this uranium-geology relationship with the signing of a three-way MOU with research partners in China and Canada in 2012.

That MOU seeks to undertake a long-term study of uranium geology between the Geological Survey of South Australia, the Beijing Research Institute of Uranium Geology and Canada's Saskatchewan Geology Survey.

With the world's three leading uranium jurisdictions involved in this MOU, this arrangement will boost synergies in uranium geology research.

It will also support collaboration through workshops, training and exchange in all countries.

Capitalising on China's growth will be no doubt be extremely important for the domestic uranium industry, to the west lies another country hungry for energy security.

It is easy to overlook India's amazing growth over the past decade but what should not be overlooked is India's energy needs, and how it is factoring in nuclear energy as a critical power source.

Last year, a blackout in northern India affected over half a billion people.

That is half a billion people who were left without lighting, refrigeration and other essential services in the developed world.

This ultimately proved a major health risk with water supplies compromised.

Furthermore the economy was in temporary paralysis because people were unable to work without power.

The Indian Government is acutely aware of the need for stable base load power and the role uranium can play in that.

The Federal Government's 2011 decision to allow sales of uranium to India, which was in fact moved by our Premier Jay Weatherill has the potential to radically change our domestic uranium industry.

South Australia's and the rest of the nation's uranium could help alleviate India's critical problems in the near future.

However, as is usually the case there are still many hurdles to be navigated.

In India, there is a level of opposition to nuclear-generated power and Australian citizens will rightly demand the nuclear safeguards are successfully negotiated.

However, once these concerns are satisfied, the provision of uranium will be mutually beneficial and drive further engagement between South Australia and India.

Where South Australia's strength lies is the fact the industry has already earned its social licence to operate.

We have worked hard to maintain this through robust regulatory frameworks and our paramount focus on upholding world's best practice through the exploration, development and production phases.

For more than twenty years our government regulators, working within the federal framework, have applied transparent, effective regulatory processes.

And industry has consistently abided by national and international codes of practice to ensure safety and protection of our environment.

At every step of the way we have collectively demonstrated rigour in upholding the highest environmental and safety approval and monitoring standards.

For example, at every moment of the day Australian regulators know where every ounce of uranium is produced, where it will be in transit, who will be transporting it and where it is going.

As a result of our progressive approach to uranium development, South Australia remains the centre of Australia's uranium industry

We have three of Australia's four active uranium mines Olympic Dam, Beverley and Honeymoon.

In 2011/12 the 7647 tonnes of uranium produced from South Australian mines accounted for 58% of the nation's uranium.

We are proud of our achievements and are happy to benchmark and ensure expertise is shared, as other states begin to develop their uranium sectors.

We have a responsibility to share the role of uranium in the global energy market in a factual and objective manner to contribute to energy security in a carbon constrained world.

The International Energy Agency has estimated the number of people without access to electricity today is 1.3 billion.

That is about 20% of the world's population and there are many more people that have limited access to reliable supplies.

It is my contention that Australia as a net energy exporter has a moral duty to lift people out of poverty and to meet rising living standards.

Our regulators seek to foster a socially responsible industry at the forefront of global benchmarking on best practice through our national and international partnerships.

A great example is our strong working relationship on uranium geosciences and regulatory processes with the Province of Saskatchewan, the leading uranium mining province in North America.

Through this collaboration our teams share knowledge on regulation of uranium approvals, production, monitoring and environmental controls and mine closure.

Why are we always looking to better ourselves?

Because South Australia is the nation's dominant frontier for Uranium development.

South Australia hosts 81% of Australia's total low cost uranium resource.

Our uranium exploration sector continues to forge ahead.

Just under half our record number of 977 mineral exploration licences list uranium as a target commodity, indicating it remains a priority for many resource companies.

In the last decade, explorers have unearthed the Four Mile uranium deposit.

Which is regarded as one of the most significant low cost uranium deposits found in the world in the last 25 years.

Our collaborative drilling program through our Plan for Accelerating Exploration, or *PACE* 2020 played a role in the Four Mile discovery.

The Minerals and Energy Resources group of DMITRE maintains a concerted international program to strengthen relationships through the resources value chain.

Our resource wealth is matched by our desire to continue to grow a world class industry backed by world's best practice in discovery and policy.

Access to precompetitive geosciences knowledge is an essential resource that supports our explorers.

Today I am pleased to draw your attention to a policy development referred to as the “**Sunset Clause**” **data release.**

What this means is that certain industry tenement information.

Including drill cores and samples, which has been held by the department for a period of at least five years, is now able to be publically released for inspection and analysis.

There is an important caveat - that if the tenement is still current - such information can only be released with consent of the tenement holder.

A highlight of the most recent data release is access to records from the early Western Mining Corporation Stuart Shelf exploration program that led to the discovery of the multi-commodity ore body, Olympic Dam.

Sunset Clause data will be released quarterly.

As the people in this room know, there are continually new ways of looking at and interpreting geological data, so these releases will, I'm sure, enhance companies' exploration efforts.

One area of the state that is known to be highly prospective for uranium is the Woomera Prohibited Area.

In last year's State Budget we announced special funding of \$2 million for new, high technology, pre-competitive geoscience surveys, designed to identify and further highlight prospective areas.

I am pleased to inform you the first regional detailed gravity survey in the Woomera Prohibited Area for over 40 years is running to schedule.

This will help explorers to reduce risk and better target their exploration efforts.

This work builds upon what this State and Federal governments have to secure greater clarity for access through the Woomera Prohibited Area Coordination Office, a joint initiative of the SA Government and the Federal Department of Defence.

Through the PACE Partnerships program, research with Geoscience Australia and our explorers, we are continuing to identify areas with an elevated potential for uranium.

The Frome Embayment Airborne Electromagnetic survey completed last year is just one example of this kind of collaboration.

Our Geological Survey of South Australia is also at the forefront in the development and application of geobotany and biogeochemistry as a mineral exploration tool.

It is quite amazing to think but by studying the chemical composition of plant leaves and kangaroo droppings they are able to identify the chemical signatures of buried mineral systems.

The list of exploration tools the South Australian government offers is vast but I think one of greatest tools we can offer is the extra effort we can make to assist project getting off the ground.

One of my key aims in my visit to China is to help local companies and local explorer's source capital in an extremely constrained market.

This government understands the challenges you face trying to source capital.

That is why I want to make it completely clear that this Government will stand by the mining industry.

We will work hand in hand with you and do as much as we possibly can to help you progress your project to the development stage.

I have said this many times before but I want to re-iterate that my door is always open.

If you feel there is something that I or my department can do to assist the industry and bolster mining investment I will do everything I can.

I hope to see many of you continuing to contribute to the expansion of a sound, safe and strong uranium sector in this country.

Thank you and may you enjoy the remainder of this conference.