

Long term hope as SA looks to 'strong market landscape' for uranium

30 April, 2013

InBusinessSA

South Australia's future as a uranium supplier to the world was in focus this week at the Paydirt 2013 Uranium Conference in Adelaide, where prospects and urgent need to develop production were underlined.

Greg Cochran, MD of uranium developer, Deep Yellow told the conference the "market landscape" for uranium demand globally was strong.

"This strong demand is being underpinned by nuclear energy growth in China, Russia, India and Korea but is also being fuelled by the entry of the Middle East into the baseload energy mix with new reactors in the United Arab Emirates, Saudi Arabia and Turkey," Greg said.

"And none of the sustained demand from existing players in the United States, France and the United Kingdom, is going away any time soon and by year's end, we will see restarts of some of the Japanese reactors closed down during the tsunami recovery period.

"That leaves a market that is facing constraints primarily from projects deferred through inadequate incentive prices and capital scarcity; those projects which have failed as uranium mines can be very technically challenging; some operational issues and tighter margins for existing producers; and by the end this year, the reduction of secondary supply sources from the military arsenals of former soviet states.

"As a result, there are considerable positive implications for the global uranium market from these constraints – principally that the supply demand gap will grow rapidly post 2014 and that strategic players will continue to acquire projects and companies at equity premiums."

Former Australian Deputy High Commissioner to India, Rakesh Ahuja said that next to water shortages, India's most critical crisis was energy insecurity, with nuclear generation a necessary alternative.

"The current backbone of India's energy is coal, with all of its problems but the fact is that even coal is going to be very scare at India's present rate of economic growth and will face a domestic shortfall in just four years time of 300-400 million tonnes a year," Mr Ahuja said.

"That will be good news for Australian coal producers but bad news for India. It is all the more reason why that after 40 years of being in the nuclear wilderness, India is set to become a global player in nuclear-related trade, investment and technology transfer.

"Australia has two things India needs to allow nuclear energy to fuel its emerging modern day economy and that is secure uranium supply and uranium at far better grades than its own poor quality uranium ore.

"But Australia's decision to open up uranium sales to India is a game changer and Australia is in the driving seat to harvest millions of dollars in sales.

"We need to sensitise the Indian side of what Australia can offer India compared to Canada and we must recognize that India's nuclear market is a nationalized one and we need to initiate discussions equally with the relevant Indian government agencies and potential private sector stakeholders."

During a speech emphasizing bright prospects for local uranium mining – SA holds about 40% of global reserves - SA Mineral Resources and Energy Minister, Tom Koutsantonis made a surprisingly direct appeal to delegates, emphasizing the Government's eagerness to enable progress "to the development stage".

"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," the Minister said.

“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 you 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.”

The Minister enthusiasm for SA to be Australia’s “dominant frontier” for uranium mining development sharply contrasted with his negative attitude towards refining – enrichment – or nuclear power generation in SA.

He noted South Australia hosts 81% of Australia’s total low cost uranium resource, with “just under half” of South Australia’s 977 mineral exploration licences listing uranium as a target commodity.

But Australian Uranium Association CEO, Michael Angwin said his industry suffers from regulatory discrimination and called for equality with other mining commodities.

He said the historic political fear of the uranium industry was no longer justifiable with public sentiment “more embracing now than ever”.

He also warned domestic uranium production policies had to be aligned with international trade and diplomatic imperatives.

“There is no point signing international treaties if in fact domestic uranium policies hamper Australia actually fulfilling its treaty obligations,” Michael said.

“And while we need to align these policies, we should use that impetus to also reform the overweight regulation of and the approvals process for new uranium mines in Australia.”

He said the sector operated in a best practice regulatory framework, had proven its ability to go through and satisfy the most rigorous environmental assessments and had a best practice operational record.

“Thirty years of monitoring at Roxby Downs and the Olympic Dam village has also demonstrated convincingly that fears of excessive radiation are not borne out by credible data now which shows effective radiation doses to the public at those two sites are below detection limits for all of those two decades,” Michael said.

He noted that in 2009, 2010 and 2011 there had not been a singular reportable radiation incident at any Australian uranium mine, while there had been more than 100 such incidents each year in the areas of diagnostic radiology, nuclear medicine and radiotherapy.

Statistically, more than 11,000 containers of uranium concentrate have been transported in Australia with no incidents affecting public health.

Michael said the biggest political impediment remained the extraordinary measures required by government in assessing uranium projects.

“We have a track record now in the Australian uranium industry which justifies uranium being treated the same as other mining projects,” he said. “There is a case for better ports access, a removal of duplication between State and Federal Governments in the assessment processes and some reform is needed for the EPBC act.

“In short, we have entered the political end-game for uranium and any remnant political fears about the industry cannot be justified against the sector’s 40 year track record.”