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INTERVIEW-Nuclear renaissance may revive Czech uranium mines

By Martin Dokoupil

DOLNI ROZINKA, Czech Republic, July 30 (Reuters) - Renewed interest in nuclear power and high uranium prices may extend the life of Czech uranium mines or even reopen closed deposits, said the head of the country's sole, state-owned miner Diamo. The centre-right cabinet of Prime Minister Mirek Topolanek gave the ailing industry a boost last year, allowing Diamo to explore uranium reserves at its only remaining mine in Dolni Rozinka, 180 km (113 miles) east of Prague.

"We have completed the first three drill holes," Diamo Director Jiri Jez told Reuters in an interview.

"It is hard to say what the reserves are now ... but we keep discovering new reserves so it may happen that we will operate here beyond 2012, maybe until 2015," he said.

The Rozinka mine has some 700 tonnes of proven uranium reserves left, enough to keep it open at least until 2010. The new exploration should be largely completed by the year-end.

The industry has been on the brink of extinction since the 1989 collapse of the Communist regime, which in its hey-days in the 1950s forced tens of thousands of political opponents, held under harsh conditions in labour camps, to extract the radioactive ore for export to the Soviet Union.

But record high oil prices and fear of Russian energy supremacy put energy security high on the agenda in Europe, bringing resources such as uranium back in favour.

The Czech move mirrors rising interest in exploration by fellow EU members such as Romania, which plans to double uranium output this year. Bulgaria will decide this autumn whether to grant new permits after closing its mines in the 1990s.

Spot prices of uranium, used to fuel nuclear plants, hit a record \$136 per pound last June. They have since slipped to \$64.50, according to Ux Consulting, a leading publisher of uranium prices, but still remain high above the \$10-\$15 level seen for years before the peak.

Some 263 tonnes of uranium were extracted from the Rozinka mine last year and output of 230 tonnes is planned for 2008. Uranium coming from waste processing at another location should put Diamo's total production at 310 tonnes this year, Jez said.

Although a fraction of the maximum 3,036 tonnes per year seen in the late 1950s, the current figures still put the Czechs in 12th place in the world behind South Africa and ahead of Brazil, according to the World Nuclear Association.

Diamo's output covers roughly one third of Czech power firm CEZ's needs of 700 tonnes a year.

KEY DEPOSIT OUT OF REACH FOR NOW

Jez said a huge deposit of some 115,000 tonnes at Diamo's northern mine of Straz pod Ralskem, closed since 1996, was out of reach in the near future due to resistance by the Greens, a junior government member, as well as by neighbouring villages.

This might change, however, with next general election in 2010, Jez hopes, given CEZ's plans to expand its nuclear assets.

"This is a world-ranking deposit, which could supply our nuclear plants for 150 years," Jez said. "Interest is high. Recently, we had Romanians here, looking to buy uranium."

He said it would take five to 10 years before mining could start in Straz, where reserves are roughly equal to what the country had extracted in total since the end of World War II.

Czech uranium has already drawn interest from Australia's Uran Limited, but its requests for permits have been turned down by the environment ministry, controlled by the Greens.

(Additional reporting by Marius Zaharia in Bucharest and Irina Ivanova in Sofia, Editing by Peter Blackburn)