

French kiss-off looms for Xstrata

The Olympic Dam must be in nuclear hands if Australia itself is to have a nuclear future.

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French nuclear power interests are considering bumping the Swiss-based Xstrata aside in the battle for control of Olympic Dam uranium miner WMC Resources.

The state-owned nuclear giant Areva yesterday said it was considering a \$1.67 billion investment in Olympic Dam at the invitation of WMC as part of WMC's "consider all options" defence against Xstrata's hostile \$8.4 billion takeover bid.

The French connection could prove pivotal in WMC warding off Xstrata's bid of \$7.20 a share, an offer the WMC board has declined to endorse after arguing it does not recognise the growth potential of Olympic Dam, the world's single biggest source of uranium and the fourth-biggest copper deposit.

Areva's interest in WMC could extend to a full bid, although the company said "no decision or commitment has been made at this point".

"Areva is simply in a phase of observation and of non-committal discussions," a spokesman said.

WMC shares fell 5 ¢ to \$7.44 yesterday before the Areva revelation. Apart from the stock going ex dividend earlier in the week, the market has let it drift lower in the absence of the much speculated counter-bids emerging from one of the mining industry's heavyweights – BHP Billiton, Rio Tinto and Anglo American.

Rio, the controlling shareholder in the Ranger uranium mine in the Northern Territory, is considered the most likely to counter-bid.

BHP has started to privately advise it is not interested and Anglo has been complaining that mining asset values have become too pricey.

The interest of the French in Olympic Dam is no surprise, given the nation generates about three-quarters of its electricity from nuclear power. It is also one of eight countries to have nuclear weapons capability.

Energy security and greenhouse gas issues have fuelled big increases in uranium prices in recent months.