

Norilsk Nickel Mulls Suspending Operations in Botswana

By [The Moscow Times](#)

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Norilsk Nickel, the world's largest nickel and palladium producer, may suspend operations at its Tati Nickel mine in Botswana after a sharp drop in metal prices, a company document showed on Wednesday.

Global prices for nickel, a key ingredient to make stainless steel, have fallen 10 percent since the start of 2013, forcing the company to review some production, Norilsk said in the prospectus for a forthcoming eurobond issue seen by Reuters.

"These pricing trends contributed to the group's decision to suspend operations at Lake Johnson in Australia in April 2013, and it is possible that the group may also decide to suspend operations at Tati Nickel in Botswana," it said.

Norilsk is also cutting costs in order to make large dividend payments, part of a peace deal reached by its shareholders late last year.

Its low-cost Arctic operations account for the bulk of its production, while nickel is the largest component of its sales, comprising 47 percent of its revenue in 2012.

"Enterprises that are not fully integrated in the company's production chain (like Lake Johnston) do not provide sufficient profitability levels," Norilsk said.

Its 2012 net profit was hit by several write-offs, including a \$278 million impairment related to the assets in Botswana and Australia.

The group owns a 85 percent stake in Tati Nickel — a nickel mine and processing facility — with the other 15 percent held by the Botswana government.

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