The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Norilsk Sells Stakes in African Nickel Mines for $337 Million

By The Moscow Times

October 20, 2014



Gaborone — Russia's Norilsk Nickel, the world's top nickel and palladium producer, said it had agreed to sell stakes in two African nickel mines for $337 million to BCL, a Botswana-based copper mining firm looking to expand.

Norilsk will transfer to BCL its 50 percent interest in the Nkomati nickel and chrome mine, in South Africa, and its 85 percent stake in the Tati Nickel Mining Company, in Botswana, the two companies said Monday.

BCL will also assume all attributable outstanding debt and environmental and rehabilitation liabilities associated with the assets.

Norilsk embarked on a new strategy last year that includes pulling out of international assets that it has identified as non Tier-1 mining operations. Tier-1 is an industry designation for what are typically the biggest and lowest-cost mines.

"The sale of the African operations marks a major milestone in our commitment to deliver the new corporate strategy. The transaction is part of the management's roadmap to release capital from non-core assets and will have a positive impact on the company's return on invested capital," Pavel Fedorov, Norilsk Nickel first deputy CEO, said in a statement.

The deal marks Norilsk Nickel's full exit from its African holdings and follows earlier disposals of its Australian assets. It still holds assets in Finland.

As part of the deal, BCL will take over from Norilsk Nickel subsidiary Metal Trade Overseas (MTO) a commitment to buy the concentrate from the Nkomati operation.

At the same time Norilsk's MTO will enter into an agreement to buy nickel matte from BCL, which the Russian company will process at its Harjavalta refinery in Finland.

Citi analysts said they viewed the deal as a positive for Norilsk, "mainly due to the cash inflow and boost to the dividend that the transaction will have."

The acquisition is BCL's first significant investment in South Africa.

Once the deal is concluded, BCL will treat concentrate from both Tati Nickel and Nkomati at its smelter in Botswana, which is expected to optimize the company's operations and deliver economic and social benefits to the region.

"BCL is now evolved as a regional player, with high quality mining assets, supported by a strong metallurgical complex," Akolang Tombale, chairman of the board of directors, said in a statement.

Completion of the sale is subject to regulatory approvals and customary closing conditions. It is not subject to any financing conditions and is expected to occur within the next six months.

Barclays acted as exclusive financial adviser for Norilsk Nickel and AFI for BCL.

Original url:
https://www.themoscowtimes.com/2014/10/20/russias-norilsk-sells-stakes-in-african-nickel-mines-for-337-million-a40578