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Base Metals

Botswana's BCL picks up Norilsk Nickel Africa assets for \$337M

Botswana – Russia's OJSC MMC Norilsk Nickel will soon depart entirely from its African portfolio as its exit strategy from Norilsk Nickel Africa (in Botswana and South Africa) nears completion.

The company, which is focused on nickel, copper, platinum and palladium around the world, has completed the sale transaction of its 85% stake in Tati Nickel Mining Company, located in Botswana to BCL Limited.

BCL is a mining and smelting company located in the town of Selebi Phikwe and wholly owned by the Botswana Government. It has world class metallurgical facilities anchored by its copper nickel smelter with a treatment capacity of just less than 1 Mtpa.

"The sale of Tati completes the first leg of our transaction with BCL [first] announced in October 2014. The transaction is well on track and we are looking forward to closing the deal in the coming months upon completion of the regulatory approval process", comments Pavel Fedorov, Norilsk Nickel First Deputy CEO.



Norilsk Nickel has sold its 85% stake in the Tati operation to BCL



The entire transaction also sees Norilsk sells its 50% participation interest in the Nkomati nickel and chrome mine in South Africa to BCL.

The total expected consideration for the assets payable by BCL to Norilsk Nickel amounts to **USD\$337 million**, payable in

cash. In addition, BCL will assume all attributable outstanding debt and environmental and rehabilitation liabilities

associated with each asset.

The agreed deal structure envisages the assignment of the Nkomati concentrate off-take agreement from Norilsk Nickel (Metal Trade Overseas AG (MTO) to BCL. In addition, Norilsk Nickel (via MTO) will enter into a matte off-take agreement with BCL, whereby the matte will be supplied for processing to Norilsk Nickel's Harjavalta refinery in Finland.

The transaction is the largest in a series of asset disposals by Norilsk Nickel since its new strategy was presented in October 2013 with the aim to **exit from non Tier-1 mining operations**.

This marks Norilsk Nickel's full exit from its African business, which together with earlier disposals of Australian assets represents the complete exit from international operations marked for disposal. The assignment of the Nkomati concentrate agreement and entering into the matte agreement with BCL are in line with a new Norilsk Nickel's downstream production re-configuration strategy.

The BCL rationale

For BCL, the transaction has strong strategic rationale and allows for the treatment of both Tati Nickel and Nkomati concentrates at BCL's smelter, significantly optimising this operation and delivering increased economic and social benefits to the region as a whole.

The acquisition of Norilsk Nickel's interest in Nkomati marks the first significant investment by BCL into South Africa.

"This transaction is a significant anchor to our Polaris II Strategy. BCL is now evolving into a regional player, with high quality mining assets, supported by a strong metallurgical complex," says Dr. A.R. Tombale, Chairman of Board of Directors of BCL.

Completion of the sale is subject to regulatory approvals and customary closing conditions. The closing of the transaction is not subject to any financing

conditions and is expected to occur within the next six months.
According to Norilsk’s financial year end results to December 2014, the volume of copper sales in semi-finished products produced by Tati Nickel decreased 57% to 2 000 t due to the decrease of mined metal.

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