

Norilsk Nickel to sue BCL \$271,3m for failed mine deal

[Norilsk Nickel](#) is taking [BCL](#) to court in both Botswana and London to recover the \$271,3m (plus damages and other costs) related to the sale of a 50% interest in the Nkomati JV in South Africa.

Norilsk agreed in October 2014 to sell their operations in Africa to BCL for total consideration of \$337m. The acquisition, announced by BCL as a strategic priority as part of its high-profile "Polaris II" diversification and investment strategy, was designed to guarantee the long-term future of BCL's operations by securing the supply of concentrate to its smelter in Selebi Phikwe, Botswana.



Source: ARM

Provisional liquidation

In late 2015, in view of the situation on global metals markets and following BCL's request for renegotiation, Norilsk agreed to make a number of price concessions. Since that date, Norilsk have consistently signalled their intent to constructively discuss any further proposals reasonably required to complete the transaction.

The transaction obtained final regulatory approvals, and therefore became unconditional, on 6 September 2016 and the parties were obliged to complete the deal on 13 September 2016. In breach of BCL's agreement with Norilsk, however, former has made no attempts to close the transaction.

In early October 2016, Norilsk learned through the media that BCL had been placed into provisional liquidation.

Norilsk Nickel Africa CEO, Michael Marriott, said: "The failure of BCL to abide by its obligations under the sale agreement is unacceptable in any business transaction. The closure of BCL will have a devastating effect on the livelihoods of thousands of people, and a negative impact on the regional economies which rely on the BCL smelter to beneficiate nickel, copper and PGM concentrates.

Norilsk's assets comprise a 50% share in the Nkomati nickel and chrome mine in the Mpumalanga, South Africa. Since the transaction, it has been the primary supplier of concentrate to BCL's smelter in Selebi Phikwe.

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