

Russia's Nornickel finally exits South Africa

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Russia's Nornickel will pay \$18m to pass its 50% stake in Nkomati nickel mine in South Africa to its partner African Rainbow Minerals (ARM), ARM said on Friday, ending years of Nornickel's attempts to exit Africa.



The logo of Russia's mining company Norilsk Nickel (Nornickel) is seen during the St. Petersburg International Economic Forum. Source: Reuters/Maxim Shemetov

Nickel prices in London are heading for a 46% fall this year, the largest slump since the financial crisis in 2008, due to rising production in Indonesia and a build-up of bets on even lower prices.

Nkomati was part of Nornickel's \$6.5bn purchase of LionOre Mining with assets in Africa and Australia in 2007 after outbidding Xstrata. It was the largest foreign acquisition by a Russian company at that time.



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By 2013, the metals prices had fallen and Nornickel, the world's top palladium producer and a major refined nickel producer, started selling LionOre's legacy to focus on its lucrative mines in the Arctic home territory in Russia.

"With this agreement Nor Nickel underscores its commitment to developing its unique resource base and Tier-1 assets portfolio in Russia as well as its long-term strategy to exit non-Tier-1 assets," the Russian miner said in a statement.

The deal is expected to close in 2024.

ARM picks up the spoils and environmental responsibility

ARM will buy the stake for R1m but will also take over the environmental liabilities of the Nkomati mine - together with the share of Nor Nickel's subsidiary - with a R325m contribution from the subsidiary, ARM said.

Nkomati has been on maintenance after it stopped mining two and a half years ago amid low nickel prices.

ARM, whose profit has been hit by South Africa's rail logistics problems on top of weaker metals prices, said that the mine's prospects continue to be challenging due to maintenance costs and the uncertain nickel market outlook.

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