

HD Russia's Norilsk Nickel to sell Australian, African assets Sep-Dec

BY kd

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MOSCOW, Aug 29 (PRIME) -- Russian metals giant Norilsk Nickel plans to sell Australia's nickel producer Lake Johnston and two African companies Nkomati and Tati in September-December, Sergei Malyshev, deputy CEO for economy and finance, said late Thursday in a conference call.

The talks on selling Lake Johnston, suspended in March-May 2013, "are now being finalized," while the **company** is still in talks to sell Nkomati and Tati. "I hope we will inform you about the results of the deals in September-December," Malyshev said.

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Norilsk Nickel does not plan to speed up the **sale** of a large non-core asset – a 13% **stake** in power holding Inter RAO. "We can use the option within 1.5 years. We do not want to depend on market restrictions, which can affect the price of the deal," Malyshev added.

He also said the **company** sees no reason in buying its **bonds** from the market. "We've considered the possibility, but our **bonds** price is high and it rarely falls, so there could only be a minor effect on the **company** from the **purchase**. This is our conclusion and a result of consultations with banks."

Last year Norilsk Nickel placed two bond issues: 5-year **bonds** worth U.S. \$750 **million** and 7-year **bonds** worth \$1 **billion**.

The Bystrinsky plant, whose launch is scheduled for 2018, will produce 65,800 tonnes of **copper** concentrate, 6.86 tonnes of **gold** concentrate, and 2.1 **million** tonnes of **iron** concentrate annually. The reserves of the Bystrinsky deposit amount to about 292 **million** tonnes of **ore**, containing 2 **million** tonnes of **copper**, 236 tonnes of **gold**, 1,060 tonnes of silver, and 67,700 **million** tonnes of **iron**. Investments in the plant stand at 10 **billion** rubles in 2014 only.

Norilsk Nickel plans to coordinate project financing of the Bystrinsky plant construction "with one of the largest state-owned banks" till the end of the year. The **company** also plans to diversify financial sources and decrease the plant's cost by attracting other partners, including **Chinese** banks.

Vladimir Zhukov, the **company**'s investor relations head, said Norilsk plans to keep its 2015 capital expenditures (capex) forecast at \$2.5 **billion**. "For now we keep the forecast for 2015 – \$2 **billion** of main capex and \$500 **million** of capex for the Chita project (of constructing Bystrinsky plant) and everything connected with closing a nickel plant," he said.

Zhukov said that considering the country's set zero export duties for nickel and **copper**, the **company** plans to finance the closure of outdated production lines in Norilsk using 11.5 **billion** rubles of the windfall funds.

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