

BHP invests \$40m into Kabanga Nickel in Tanzania

The global resources company BHP has invested \$40m into Kabanga Nickel Limited (Kabanga Nickel), to accelerate the development of the Kabanga Nickel Project in Tanzania, the world's largest development-ready nickel sulphide deposit.



Source: ©Kabanga Nickel [https://www.kabanganickel.com/en/media/Kabanga Nickel framework signing ceremony, Bukoba, Tanzania](https://www.kabanganickel.com/en/media/Kabanga-Nickel-framework-signing-ceremony,-Bukoba,-Tanzania). Chris Showalter (CEO) and Chris von Christierson (vice-chairman), 19 January 2021

In parallel, BHP has invested US\$10m into Lifezone Limited (Lifezone) to advance the roll-out of its patented hydrometallurgical (hydromet) technologies.

Lifezone hydromet is more cost-efficient than smelting, has a significantly lower environmental impact, and will ensure that finished Class 1 battery grade nickel, copper and cobalt will be produced in Tanzania.

Project value at \$658m post-money

The transaction is for a total consideration of \$50m, with investments in both Kabanga Nickel (\$40m) and Lifezone (\$10m).

Future investment tranches in Kabanga Nickel have been agreed subject to certain conditions, including a second tranche of \$50m and the right for BHP to make a further investment in Kabanga Nickel subject to achieving certain agreed milestones.

BHP will invest \$90m in unsecured convertible securities in Kabanga Nickel in two tranches - an initial \$40m, followed by a

further \$50m on successful agreement of definitive documentation and satisfaction of certain other conditions.

The first tranche will convert into an 8.9% equity stake in Kabanga Nickel (7.5% see-through interest in Tembo Nickel Corporation (Tembo)) once approvals and conditions are met.

Once invested and on conversion the second tranche of \$50m will increase BHP's equity stake in Kabanga Nickel to 17.8% (15.0% see-through interest in Tembo), thereby valuing the project at \$658m post-money.

On satisfaction of additional conditions, BHP will secure the right to make a further investment in Kabanga Nickel subject to achieving certain agreed milestones.

In parallel to the Kabanga Nickel \$40m investment, BHP will invest \$10m into Lifezone Limited, the the owner of the hydrometallurgical technology that will be used to build and operate a refinery in Tanzania.

The investment into Kabanga Nickel from BHP will support an acceleration in the mine's development, including an enhanced metallurgical drilling programme to enable update of the Definitive Feasibility Study and support the construction plans for the hydromet refinery. These studies are expected to be completed by the end of 2022.

Future of sustainable mining

"We are delighted to announce this partnership with BHP," says Showalter, Kabanga Nickel CEO.

"It highlights the world-class nature of the Kabanga deposit and its importance in helping meet the crucial decarbonisation challenge facing the world today.

"BHP is the ideal partner for Kabanga Nickel, bringing significant advantages and expertise that will enable us to move ahead with the project," he says.

"In addition, BHP's funding support of Lifezone's hydromet technology – the future of sustainable metals processing – will drive progress towards a greener world.

"Through development of Kabanga and Lifezone hydromet, Tanzania will have a growing role in the supply of the battery metals needed to move to a global low carbon economy."

He adds that BHP's investment reflects the project's strong ESG credentials and its role in improving environmental performance throughout the nickel value chain.

The Government of Tanzania is an important partner in the development of the integrated Kabanga project to create shared value.

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