



MERGER DECISION NO 02: 2022

Notice in Terms of Section 53(4)(a)(ii) of the Competition Act of 2018

THE PROPOSED ACQUISITION OF CERTAIN ASSETS OF THE BUSINESS OF BCL LIMITED (IN LIQUIDATION) BY PREMIUM NICKEL RESOURCES (PTY) LTD

Introduction of the Merging Parties

- i. Pursuant to section 53(4)(a)(ii) of the Competition Act of 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“the Authority”) in relation to the proposed acquisition by Premium Nickel Resources (Pty) Ltd (“PNRB or the Acquirer”) of certain assets of the business of BCL Limited (“BCL”) (in liquidation), more particularly certain business assets related to the Selebi Mines (hereinafter the “Selebi Assets” or the “Target”). The transaction was notified to the Authority on 16th December 2021 and the merger assessment was completed on 13th January 2022.
- ii. The Primary Acquiring Enterprise, PNRB, is a limited liability company duly incorporated in terms of the Company Laws of the Republic of Botswana. PNRB is wholly owned by PNR Selebi (Barbados) Limited (“PNR Barbados”). PNR Barbados is in turn owned by PNR International Limited (“PNR International”) which is wholly owned by Premium Nickel Resource Corporation. The Acquirer does not directly or indirectly control any enterprise in Botswana. PNRB is a special purpose vehicle that was incorporated for the purpose of acquiring the Selebi Assets. Other than that, PNRB does not have any activities in Botswana, it does not produce or sell any products into or from Botswana.
- iii. The Target comprises certain assets of the business of BCL, a limited liability company incorporated under the Laws of Republic of Botswana. BCL is wholly owned by Minerals Development Company Botswana (Pty) Ltd (“MDCB”) which is in turn wholly owned by the Government of the Republic of Botswana. BCL has been in liquidation since October 2016, under the care of the Liquidator, Mr. Trevor Glaum N.O (the “Liquidator”) who has assumed the powers of the board of directors of BCL. Prior to its liquidation, BCL mined and produced nickel-copper-cobalt (“Ni-Cu-Co”) at the BCL Mine site. The Ni-Cu-Co was exported out of Botswana to international markets such as Norway.

Relevant Markets

- iv. In terms of the relevant market, the Authority deems the merging parties to be in distinct markets. The acquiring enterprise has no operations in, into or from Botswana. The relevant market to analyse therefore is that of the Target Enterprise, BCL. The transaction consists of certain business assets related to the Selebi Mine that was operated by BCL. The key product of the Selebi Mine is Ni-Cu-Co. The Ni-Cu-Co has been exported out of Botswana to international markets such as Norway. For purposes of completeness, the Authority notes that since being placed in liquidation, BCL has not been operational. The Authority therefore, concludes that the relevant market is that of Ni-Cu-Co mining in Botswana and the exportation of same to international markets.

Competitive Analysis and Public Interest

- v. In the assessment of Substantial Lessening of Competition, the Authority discovered that the transaction assessed is not expected to substantially lessen competition due to the absence of product overlaps in the activities of the merging parties. The merger is not expected to result in the reduction of the number of players in the market, hence will not affect the structure of the market.
- vi. In terms of the Acquisition of a Dominant Position, the proposed transaction has no effect on the market status quo; and as such, the merged entity is not expected to attain any dominant position on account of the transaction. In addition, there are Ni-Cu-Co producing companies identified in given geographic regions and having greater market shares to pose effective competitive constraints to the merging parties. Furthermore, the transaction is not expected to negatively impact on rivalry nor harm consumers.
- vii. With regards to Public Interest Considerations, the merger assessment findings reveal that the proposed transaction will not have an adverse effect on levels of employment in Botswana. Following the liquidation of BCL, at least 5000 workers of BCL were retrenched with 480 staff remaining for purpose of providing security and care and maintenance activities. Accordingly, the proposed transaction will result in a gradual increase in employment and resuscitate the town of Selebi-Phikwe post implementation.

The Determination

- viii. The Authority determined through the analysis of the facts of the merger, that the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the relevant market in Botswana. Furthermore, the proposed merger will not have any negative

effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

- ix. Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition by Premium Nickel Resources (Pty) Ltd ("PNRB or the Acquirer") of certain assets of the business of BCL Limited ("BCL") (in liquidation), more particularly certain business assets related to the Selebi Mines (hereinafter the "Selebi Assets" or the "Target").

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 13th day of January 2022.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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