

# Alfa Invests \$15M in Cuban Nickel

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A vendor selling screws at a self-employment market in Havana on Friday. **Franklin Reyes**

Alfa Group's A1 unit said it would invest \$15 million in a 49 percent stake in its venture with Cuba's Commercial Caribbean Nickel.

A1 said in a statement Friday that it had created a joint venture with the Cuban state-run company to develop Cuba's Nicaro mines, extracting nickel and possibly other metals.

The project is one of just a handful of Cuban-Russian industrial projects since the early 1990s, A1 said. Russian investment in the communist island nation dried up after the Soviet collapse.

"The Nicaro project is promising. There are approximately 100 million tons of flotation tailings in this region, and forecasts show that these tailings have a large content of not only nickel, but also cobalt, iron and chrome," Alexei Mikhailovsky, the A1 managing director, said in the statement.

Commercial Caribbean Nickel has promised to provide licenses and permits and to assist A1

with building a work force and finding local expertise.

Russians will be involved in “technological operations,” including a pilot construction project that will help extract nickel from the flotation tailings, which are industrial waste left over from earlier mining.

The company will begin its pilot in the second half of 2011, Mikhailovsky said.

“The concentration of extracted nickel is lower than it used to be a few years ago. Extraction technology has improved, making projects like this one attractive,” said Nikolai Sosnovsky, a metals analyst at Uralsib Capital.

Norilsk Nickel, the world's biggest producer of nickel, also has expressed interest in the Nicaro mines. In November 2008, it signed a memorandum of understanding with Cubaniquel to exchange specialists and expertise in mining and selling nickel products.

“A1 has a competitive advantage over Norilsk Nickel in Cuba because we have done business there before,” Mikhailovsky said. He said the company, formerly named Alfa Eco, took part in an oil-for-sugar program in the 1990s and delivered 1.5 million tons of oil to Cuba in exchange for 500,000 tons of raw sugar.

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