



RBC wants over \$7 million for job they didn't do: Crew Gold

MINING.com Editor | Apr. 29, 2016, 12:05 PM | 🔥 2451 | 💬 1



Crew Gold's parent company, Nordgold, operates nine mines in four countries – Russia, Kazakhstan, Burkina Faso and Guinea. (Image courtesy of [Nordgold](#))

The Royal Bank of Canada (RBC), the country's biggest bank, is suing former client Crew Gold, a subsidiary of Russian miner Nordgold (LON:NORD), over a US\$7.12 million fee the lender was supposed to obtain for selling all or a substantial portion of the gold producer to a third party in 2010.

In the trial, to begin late May in the Ontario Superior Court of Justice, Crew Gold representatives will claim the company has no obligation to pay the so call "success fee", as RBC was not involved in the firm's final sale.



The case, which could spark a major revision of the terms by which miners engage with

investments banks, centers on whether or not RBC should be granted the amount for a sale that was executed by the miner's majority shareholders, without Crew Gold or the bank's involvement.

Months after recruiting RBC late in 2008, Crew Gold — then listed in Toronto and Oslo — decided to do an equity swap, which changed the make-up of its board and shareholders.

The new corporate structure included a controlling block held by GLG Partners, a fund manager, which decided to sell its stake without the involvement of either the company or RBC, Crew Gold says according to court documents seen by **MINING.com**.

The engagement letter with RBC, the company's representatives add, was only signed in Dec. 2009, when the swap was almost completed and several potential buyers had already approached Crew Gold's majority holders.

Three months later, Crew Gold received an invoice from RBC for \$2 million, which was later replaced by an invoice for \$7.12 million, which the miner has refused to pay.

So far, Norgold's subsidiary has given RBC US\$150,000 for work fees corresponding to the August 2009-January 2010 period.

Crew Gold's flagship operation was the [LEFA gold mine in Guinea](#), with reserves of about 3 million ounces and resources of 5.2 million ounces.

Nordgold, which spun off of Russian steelmaker Severstal in 2012, collected many of its major assets during the 2008-2009 financial crisis, including its takeover of the Crew Gold and Canadian miner High River Gold, with assets in Burkina Faso and Russia.

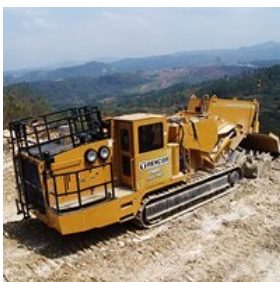


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