

## Voisey's suit sparks Friedland, Boule rift

\$4.3B Inco deal may hang in the balance as lawsuit threat grows

BY PETER KENNEDY

Mining Reporter *The Financial Post*

A Texas lawsuit that threatens to derail Inco Ltd.'s \$4.3-billion takeover of Diamond Fields Resources Ltd. has driven a wedge between Diamond Fields co-chairmen Robert Friedland and Jean-Raymond Boule, sources said Friday.

Friedland's Vancouver spokesman Ray Torresan downplayed rumors of a rift between the twin financiers of the Voisey's Bay nickel strike in Labrador. "I'm sure there is a bit of tension there," he said.

But sources close to Friedland said relations have cooled over a lawsuit which could delay indefinitely the close of the Inco-Diamond Fields deal.

A prime concern is who will foot the bill if former Texas associates of Boule succeed in getting a multimil-

lion-dollar settlement from Diamond Fields.

Shareholders of Texas diamond company Exdiam Corp. are claiming that Boule diverted corporate opportunities that belonged to them and used them to finance the Voisey's Bay nickel find.

Analysts fear the suit could prove costly because the Exdiam shareholders have hired powerful Texas lawyers known for extracting \$100-million settlements from U.S. companies.

"This is a very high-stakes, high-profile case," said Eric Fryar, the Houston-based lawyer acting for the Exdiam shareholders. "If it's not settled, it's going to be fought tooth and nail by both sides," he said.

That has raised the question of who pays the bill if the suit succeeds. "Friedland, being Friedland, isn't go-

ing to want to take the hit personally," said one source.

Friedland is anxious to close the Inco deal after borrowing \$100 million against his 13% Diamond Fields stake to purchase a \$30-million jet and a \$15-million mansion in Perth, Australia, said another mining analyst.

"He is going to be under a bit of pressure because he can't cash in his Diamond Fields stock until this deal closes," he said.

"If the settlement went to \$100 million, Inco may want to change the terms of the deal," added Manford Mallory, an analyst at Research Capital Corp. in Toronto.

If the suit isn't settled out of court, the question of liability is expected to focus on a number of key issues, including:

◆ Whether the potential for litiga-



**Robert Friedland:** Anxious to close the Inco deal after borrowing \$100 million against his Diamond Fields stake.

tion was ever discussed when Boule and Friedland were getting ready to launch Diamond Fields in 1993.

◆ Did Boule ever talk about alleged obligations to his former partners and the possibility of problems if he formed a new company that didn't include those partners.

"It will be interesting to see who was sitting in the room at the time when that deal was discussed," said one source.

In an interview, Houston lawyer

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## Voisey's lawsuit

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Fryar declined to estimate the likely size of any settlement or whether the case could turn into a protracted court battle.

"All of those things are possible and it's impossible to know how it's going to turn out," Fryar said.

However, as the next deadline for the Inco deal is Aug. 31, Fryar predicted that pressure on Diamond

Fields to settle will grow.

A week ago, Diamond Fields filed a motion asking an Arkansas county court for an order dismissing the original action filed by International Resource Ventures, a Texas company which owns 8% of Exdiam.

Arkansas judge John Ward is expected to rule on that motion Monday.

On Friday, Diamond Fields shares (DFR/TSE) closed up 5¢ to \$39.60, while Inco (N/TSE) rose 5¢ to \$44.