

SA mining companies forced to fund indigenisation

HARARE, ZIMBABWE: Zimbabwe has ratcheted up the pressure on SA platinum mining companies to finance empowerment proposals as the government is too cash-strapped to provide funding for this. The mines have insisted that the new shareholders be forced to abide by their obligations to fund operations where necessary.

By [Tawanda Karombo](#) 19 Dec 2012

Last Friday (14 December), Impala Platinum announced Mimosa - its Zimbabwean joint-venture with Aquarius Platinum - had concluded an agreement to transfer 51% to black Zimbabwean groups. Mimosa and Zimplats, which had to submit a revised compliance plan, now want to provide funding for the acquisition of shares in the two platinum mining operations by local groups.

Government officials in Zimbabwe have insisted that there are "no sacred cows that will be spared the indigenisation rod".

Zimbabwean Empowerment Minister Saviour Kasukuwere said the new plan submitted by Zimplats is likely to be given the nod this week.

"We are pleased that the Zimplats deal is almost sealed. We are hopeful that it will be a done deal (this week)," he said. Mining sector officials in Zimbabwe told *Business Day* on Monday (17 December) that the government has told the two mining companies that they just have to vendor finance their proposals or risk their operations being taken over by the government.

"There had been so much pressure on the platinum mining companies and following resolutions passed at the Zanu PF conference earlier this month to intensify pressure on the companies, Zimplats and Mimosa had to comply. Remember elections are around the corner and this law is being used to lure votes," said one mining executive who did not want to be named.

There was no immediate comment from Zimplats regarding the deal that is expected to be concluded this week. Last week, Zimplats refuted allegations that it was delaying compliance with the law and reiterated that it was committed to complying with the policy.

Compliance

Analysts said on Tuesday (18 December) that Aquarius had agreed to comply and provide funding for the acquisition of shares in Mimosa following an earlier empowerment deal between Anglo Platinum's Unki mine and the government.

"Just about all the 'big guns' have now complied and it will be easy for Kasukuwere and the government to nudge the other companies to comply. If you look at it, Zimplats was the first to comply although there were always going to be problems regarding payment for the shares. Now all the major mining companies have moved in to full comply and there is substance in their agreements," said analyst, Johannes Kwangwari.

It has emerged, however, that the deal signed between Mimosa and the government will see the National Indigenisation and Economic Empowerment Board (NIEEB) pay up a debt owed to Mimosa by the Reserve Bank of Zimbabwe (RBZ).

"The RBZ owes Mimosa US\$57m but we have managed to clear this debt through this deal. NIEEB will take over the debt as part of their shareholding in Mimosa and the RBZ will not have to repay Mimosa but will make an arrangement through NIEEB," said Kasukuwere.

Aquarius Platinum chief executive Jean Nel said last week that compliance with the empowerment law would "offer Mimosa security of tenure". He said Mimosa had committed to complying with the Zimbabwean law as a "true reflection of the worth of our investment", which he described as a valuable asset.

Under the agreement Mimosa will cede 51% ownership to indigenous Zimbabwean groups for US\$550m. This has been calculated at an "agreed" market value of US\$1.078bn for the Mimosa mine.

Mimosa appears to have broken with tradition after clearly stipulating in its plan that future funding for the mine's operation and capitalisation, where necessary, would be provided by all shareholders, including the indigenous Zimbabwean groups empowered under the transaction.

"To the extent that shareholders cannot or do not comply with their funding obligations, Mimosa Investments may fund any shortfall, which may lead to dilution," it said.

Mimosa will cede a 10% shareholding to the Zvishavane Community Share Ownership Trust, which is held by communities the area around which the mine operates. Another 10% will be ceded to the Mimosa employee share ownership trust. The company will also give up 31% of its shareholding to the National Indigenisation and Economic Empowerment Fund.

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