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# Sustainability of funding models used in Black Economic Empowerment transactions in the South African mining sector

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## Appendix 4: 2008 - 2012 data

| | Parent Company | BEE Company | Asset Sold/acquired | Transaction Value (mil) | Funding Model (Rmil) | | | | Transaction Year | Sustainablity | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Vendor | Third Party Loan | Equity (self) | Shares | Structure used | Successful Yes/no | |
| 1 | Anglo Platinum | Anoorag | 51% of Lebowa Holdco (Boikgantsho, Kwanda, Ga-Phasha and Lebowa Platinum mines), changed to Bokoni platinum mine in 2009 | R2600 | 0 | 300 | 0 | 2300 | | 2009 | No | According to the Anglo Platinum website, in 2012 Anglo Platinum and Atlatsa agreed in principle to the restructuring recapitalisation and refinancing of the transaction. Initiatives would be needed to 'optimise' Atlatsa's finances. Ownership structure still the same though. |
| 2 | Anglo Platinum | Wesizwe | Anglo Platinum Limited's entire 37% stake in the Western Bushveld Joint Venture (WBJV), (100% of Bakubung and 26% of Maseve 1 and 3) | R1162 | 0 | 0 | 0 | 1162 | | 2008 | Yes | Wesizwe will pay Anglo Platinum an amount of R1.162 billion in the form of 211,850,125 new shares in Wesizwe. |
| 3 | Lonmin Platinum | Shanduka | 50.03% interest in Incwala | R2800 | 2500 | 0 | 300 | 0 | | 2010 | Yes | R2.5bn in a five-year vendor loan finance package was obtained from Lonmin |
| 4 | Coal of Africa Limited (CoAL) | Rothe Investment Proprietary Limited ("Rothe") | 26% stake in Keynote Trading & Investment 108 Proprietary Limited ("Keynote"), now called MbeuYashu | 0.26% of $75mil = 19.5 | 19.5 | 0 | 0 | 0 | | 2012 | Yes | BEE ownership structure for Chapudi Project Coal of Africa Limited. CoAL bears the funding risk for the acquisition of the Chapudi Coal Project from the Vendors for US$75 million and the initial costs up to bankable feasibility study on the Chapudi Coal Project. |
| 5 | Continental Coal Limited (South Africa) | Masawu Investments (Pty) Limited | 26% Interest in Continental Coal Limited | R215 | 215 | 0 | 0 | 0 | | 2008 | No | 26% Interest was acquired by Sishen Iron Ore Community trust in 2011. It (SIOC) will assume the ZAR215 million intercompany loan that has accrued between CCL and Masawu since October 2008 |
| 6 | Assore limited | Bokamoso Trust | 10.81% of Assore limited | R2100 | 2100 | 0 | 0 | 0 | Preference shares | 2009 | Yes | The deal, which was facilitated through Assore vendor finance, involved the Bokamoso Trust, whose beneficiaries included the communities in and around Assore's operations. The transaction, which was still subject to the fulfilment of various conditions, would be facilitated through preference share funding, as well as a portion of interest-free funding, without any recourse to third-party finance. |
| 7 | IDC and Foskor | Manyoro Consortium | 15% of Foskor | R9500x15%= R1425 | 1425 | 0 | 0 | 0 | | 2009 | Yes | To ensure that all interested parties from all parts of South Africa were able to participate, the IDC ran a competitive bidding process and has provided a fully vendor-financed funding package for all parties. |
| 8 | IDC and Foskor | 2 SPVs (Staff and Comunities) | 11% of Foskor | R9500x11%=1045 | 1045 | 0 | 0 | 0 | | 2009 | Yes | To ensure that all interested parties from all parts of South Africa were able to participate, the IDC ran a competitive bidding process and has provided a fully vendor-financed funding package for all parties. |
| 9 | Highveld Steel & Vanadium | Umnotho weSizwe | 23% interest in the Mapochs mine | R540*(23/26) = R478 | 463 | 0 | 15 | 0 | Dividents used to repay | 2009 | Yes | Umnotho is making a R15m upfront cash payment; the balance owed to Highveld will be paid through dividends it receives from Highveld shares owned by Umnotho. |
| 10 | Gold Fields | Invictus and South Deep Community Trust | 10% holding in South Deep | R825 | 825 | 0 | 0 | 0 | | 2010 | Yes | BEE Co issued Gold Fields shares at almost 99.5% discount |
| 11 | PPC | Peu (1.92%), Nozala (1.82%), Portland Consortium (1.82%) and Capital Edge (1.51%). | 7.07 of PPC | R1250 | 0 | 1184.6 | 65.4 | 0 | | 2008 | No | Transaction funded by a credit sale structure underwritten by Standard Bank of South Africa, PPC CEO Ketso Gordhan said last month the existing deal was "under water and badly structured", and was costly to the company. Transaction was re-structured, involving the re-classification of debt to equity |
| 12 | Petra Diamonds | Petra Diamonds Employee Trust 5% and Senakha Diamonds Investments (Pty) Ltd 21% (Sedibeng Mining (Pty) Ltd 17%, Lexshell 844 Investments (Pty) Ltd 2%, Namoise Mining (Pty) Ltd 2%) | 26% of Finch mine | R 370.50 | 370.5 | 0 | 0 | 0 | | 2011 | Yes | Petra will loan BEE partners their 26% of the consideration for Finsch (R370.5m), with interest at commercial rates. The Loan will be repaid from cashflow from the mine. |
| 13 | De Beers | Petra Diamonds Cullinan Consortium ("PDCC"), Whose empowerment partner is Thembinkosi Mining Investments (14%), employee share trust (12%). Other Shareholders: Petra (37%), Al Rajhi Holdings (73%). | Cullinan Mine and Centenary-Cut (C-Cut) project | R1000 | 0 | 543 | 457 | 0 | SPV | 2008 | Yes | |
| 14 | Petra Diamonds Cullinan Consortium ("PDCC") | Thembinkosi Mining Investments (14%), employee share trust (12%) | 26% of cullinan mine | 26% of R1400 = R340 | 340 | 0 | 0 | 0 | SPV | 2008 | Yes | The PDCC BEE partners' 26% interest in Cullinan has been funded by Petra/Al Rajhi. The BEE partners' share of the Cullinan funding is to be repaid from the BEE share of future cash flows from the mine, after servicing interest at appropriate interest rates. The BEE partners can arrange independent financing to repay the Al Rajhi/Petra loan. |
| 15 | Sasol | Ixia Coal | 20% in its mining subsidiary | R1845 | 1060 | 738 | 47 | 0 | | 2010 | Yes | The transaction is financed through equity (R47 million) and a combination of third party funding and Sasol facilitation. It is currently envisaged that approximately 40% of the transaction will be funded through third party debt; however this is dependent on market conditions prevailing at the time. 11 October 2007 |
| 16 | Shiva Uranium | Consortium of Black Investors (consortium included Mabengela Investments, headed by Duduzane Zuma - son of incumbent South African President Jacob Zuma - the MK War Veterans Women's Group, the MK War Veterans, a local community trust and an employee trust.) | 26% of Shiva Uranium | 74 | 74 | 0 | 0 | 0 | | 2010 | Yes | He added that a consortium of black investors had acquired 26% of Shiva fromOakbay Resources and Energy, through a vendor-funded transaction. |
| 17 | ROCKWELL Diamonds | African Vanguard Resources (AVR) | 26% of HC Van Wyk Diamond Group ("VWDG") and Saxendrift Mine (Pty) Ltd | 84 | 61.6 | 0 | 22.5 | 0 | | 2008 | No | As part of the vendor- financed BEE deal concluded in 2008, AVR paid an amount of $2.9m to acquire a 26% interest – but a balance of $7.9m remained outstanding following a crash in the diamond market. 10% holding in Rockwell at group level |