

# COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 34/LM/Apr08

In the matter between:

**Newshelf 926 (Pty) Ltd**

**Acquiring firm**

**And**

**Moepi Group (Pty) Ltd**

**Target firm**

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Panel	: D Lewis (Presiding Member), U Bhoola (Tribunal Member) and M Mokuena (Tribunal Member)
Heard on	: 04 June 2008
Decided on	: 04 June 2008
Reasons Issued	: 08 July 2008

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## Reasons

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### Approval

[1] On 04 June 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Newshelf 926 (Pty) Ltd and Moepi Group (Pty) Ltd unconditionally. The reasons appear below.

### Parties

[2] The primary target firm is Newshelf 926 (Pty) Ltd ("Newshelf"), a company incorporated under the laws of the Republic of South Africa. Newshelf is a newly formed company and has not traded before. Newshelf is jointly controlled by Dialstat Trading 13 (Pty) Ltd<sup>1</sup> ("Dialstat"), and Pallinghurst Investor Consortium<sup>2</sup> ("the Consortium").

[3] The primary target firm is Moepi Group (Pty) Ltd ("Moepi Group").<sup>3</sup> Moepi Group controls Moepi Platinum (Pty) Ltd ("Moepi Platinum") and Moepi Uranium (Pty) Ltd ("Moepi Uranium").

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<sup>1</sup> Dialstat is wholly owned by Bakgatla-ba-Kgafela Tribe ("Bakgatla"). Bakgatla's owned subsidiaries include Lexshell 49 (Pty) Ltd ("Lexshell 49"), Lexshell 32 (Pty) Ltd and Sedibelo (Pty) Ltd ("Sedibelo").

<sup>2</sup> The Consortium comprises of the following participants: AMCI ConSim (Cayman) L.P. ("AMCI"); NGP Midstream and Resources L.P. ("NGPMR") and Investec Ltd and Investec PLC ("Investec").

<sup>3</sup> Kwape David Mmela controls the Moepi Group and Ledima Investments (Pty) Ltd ("Ledima Investments").

## **Transaction**

[4] The proposed transaction comprises the acquisition by Newshelf 926 (Pty) Ltd of the entire issued share capital of the Moepi Group.

## **Rationale of transaction**

[5] For the acquiring firm the proposed transaction would create a strategic platform to enter the Platinum Group Metal (“PGM”) market.

[6] From the target firm’s point of view, the sellers believe that it is an opportune time to sell as investors as they have already exceeded their minimum return levels.

## **Parties Activities**

[7] Newshelf is a special purpose vehicle created specifically for the transaction and therefore does not engage in any business activities.<sup>4</sup>

[8] The Moepi Group is an investment holding company in the mining and minerals sector. It holds via two subsidiaries, that is Moepi Platinum and Moepi Uranium, an effective non controlling interest of 25.2% of Boynton Investments (Pty)Ltd (“Boynton Investments”)<sup>5</sup> entire issued share capital.

## **Competition Analysis**

[9] According to the Commission there is no overlap in the activities of the merging parties as the acquiring firm is not involved in the activities of the target firm. The acquiring group invests in the mining and mineral sector. The target firm is an investment holding company with an effective 25.2% non controlling interest in Boynton Investments. We agree with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition there are no public interest issues.

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<sup>4</sup> Dialstat is a new company created for this transaction. The participants of the Consortium are involved in the following activities:

- AMCI and its affiliated companies make investments worldwide in the natural resources sector, focusing on iron ore and coal investments opportunities. Neither AMCI nor any of its subsidiaries have invested in any platinum projects to date.
- NGPMR is a private equity fund dedicated to investing in specialized areas of the energy infrastructure and natural resources sector. Neither NGPMR nor any of its subsidiaries have invested in any platinum projects to date.
- Investec is an international specialist banking group that provides diverse range of financial products and services to a niche client base in three principal markets, the United Kingdom, South Africa and Australia.

<sup>5</sup> According to the parties Boynton is a junior exploration company,(which has not yet begun mining its mineral reserves) incorporated as a mineral exploration and development company which will focus on the exploration and development of Platinum Group Metal (“PGM”) deposits in South Africa.

## **Conclusion**

[10] Based on the above the transaction will not result in a substantial lessening or prevention of competition and is accordingly approved unconditionally.

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**D Lewis**

Tribunal Member

**08 July 2008**

**Date**

U Bhoola and M Mokuena concurring

Tribunal Researcher : J Ngobeni

For the merging parties : Edward Nathan Sonnenbergs

For the Commission : Mogalane Matsimela (Mergers and Acquisitions)