

Sibanye files submission for Lonmin deal, even as Amcu threatens court action

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As the Association of Mineworkers and Construction Union (Amcu) steps up its campaign against Sibanye-Stillwater's all-share bid for Lonmin, threatening to interdict the deal, the gold and platinum company lodged its submission for the transaction with the Competition Commission.



Photo: Sibanye

Sibanye launched the bid in mid-December, issuing an announcement on the JSE's news service as well as hosting a joint media conference with Lonmin, which is deep in debt and struggling to comply with its debt covenants.

The transaction, it was made clear at the time, was needed for Lonmin to repay debt and restructure its assets, shedding 12,500 jobs and closing unprofitable shafts, something Lonmin CEO Ben Magara said had to be done regardless of the Sibanye transaction or not.

While the transaction took another step forward, with Sibanye filing its submission, there is a possible legal challenge to interdict the parties in what Amcu labelled a "secret sale".

"Sibanye-Stillwater and Lonmin remain fully committed to the proposed transaction which they continue to expect to close in

the second half of this year," both companies said in a joint statement.

"The proposed transaction remains in the best interest of stakeholders and will create a leading mine-to-market producer of PGMs [platinum group metals] in SA," Magara and Sibanye CEO Neal Froneman said jointly.

Amcu president Joseph Mathunjwa said neither its members at Lonmin, the workforce nor the community had been consulted about the transaction and said Amcu would "urgently interdict" the process if it was not suspended.

"If Lonmin remains determined to sell Lonmin Platinum, alternative consortia of potential investors exist, which have the interests of the working class as well as the broader interest of all of the South African communities and must be negotiated with, both in the interests of Lonmin and its greater community of South African stakeholders," he said.

"The full community of Lonmin's shareholders have not been consulted about this sale and have been kept in the dark about a transaction that will have a major impact on the future role and value of the company," he said.

Lonmin's board has recommended the transaction to shareholders. Without the transaction concluding, Lonmin, which is currently operating under suspended debt covenant conditions, would most likely breach those covenants, resulting in lenders demanding repayment of debt and crippling the company and its 30,000 employees.

Froneman has been clear that it is in no one's interests for Lonmin to fail in an area already beset by community and labour unrest, with high levels of poverty and unemployment around the mines in Rustenburg feeding into the protests near Lonmin's Marikana operations in 2012, culminating in the death of 44 people, 34 of whom were shot by police.

Source: *BDpro*

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