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Aurora's Labat deal is still on

[miningmx.com] -- CONTROVERSIAL empowerment company Aurora Empowerment Systems – headed by the close kin of former president Nelson Mandela and president Jacob Zuma - appears to have closed at the 11th hour a proposed deal to secure a reverse takeover of shell company Labat.

Last Friday it looked as though Aurora's proposed takeover of Labat had faltered as suspensive conditions – which had already been extended – had still not been met.

Brian van Rooyen, the chairman of Labat, confirmed Aurora had met all outstanding suspensive conditions attached to the proposed reverse listing deal.

Speaking to Miningmx on Monday, Van Rooyen said Labat had received the necessary guarantees from Aurora on Friday. "We have a statement that the funds have been dispatched."

Developments will be a relief for speculators in Labat. Labat shares surged through 70c on the news of the Aurora deal, but have since retreated closer to 30c as scepticism around the reverse listing deal grew.

Aurora owns a number of resource-based assets – the best-known being (struggling) gold mining assets inherited from Pamodzi Gold.

Aurora needs to raise at least R1bn to fund the purchases of the Orkney and Grootvlei mines from Pamodzi's liquidators as well as a 60% stake in DRDGOLD's Blyvoor mine. It also needs millions of rands to recapitalise the Pamodzi mines, which were undercapitalised by previous owners.

Speculation is that a reverse listing via Labat is central to Aurora's efforts to recapitalise its ailing gold mining enterprises.

Although Aurora claims offshore backing, the Labat shell would also allow the empowerment company to raise fresh capital by issuing new shares to existing shareholders or new investors.

Aurora's management of its gold mining assets has attracted widespread criticism, especially after mineworkers were not paid.

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