

BUSINESSREPORT

R750m funding allows Aurora to keep mines

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Cash-strapped mining aspirant Aurora Empowerment Systems would retain its mining assets currently under liquidation after the company secured R750 million in funding from Swiss-based company Global Emerging Markets (GEM), it said yesterday.

At a press conference, Aurora said the deal would allow GEM to raise its credit equity line to the fledgling company up to R1.45 billion, dependent on Aurora listing its gold assets.

Aurora's acquisition of the two former Pamodzi Gold mines, Orkney and Grootvlei, last year, appeared to follow a similar sequence of events that unfolded at Pamodzi, when Aurora's primary Malaysian financial backer, AM Equity, refused to recapitalise the company.

This had resulted in the company having to scramble for alternative funding partners alongside the joint liquidators. Enver Motala of joint liquidator SBT Trust expressed confidence at the latest funding agreement with GEM.

"I am encouraged by the documents I have received from GEM," said Motala. "My homework on the company has further shown that it has concluded over 200 transactions in more than 60 emerging countries in the world."

He said the funding promised was more than enough and he was encouraged by the provision for additional funding.

Referring to the AM Equity experience, Motala added: "There were a lot of loose ends. Some documents were not signed. Everything in this particular deal is smooth so far."

However, Motala said the test of the pudding was in the eating and there were some JSE requirements that also needed to be satisfied.

Previously, embattled gold mining house Pamodzi, which had seven of its mines in provisional liquidation, had continuously made dubious claims of prospective funders who were to take the sinking company out of its financial woes.

In December 2008, Pamodzi announced a deal with a company called Best Rock Investments, from which it would have received a loan of R200m, but the company did not come through with the money.

In August last year, Pamodzi announced that the company had received a signed letter of commitment in which a Chinese company promised to lend it R625m. Once again this deal never materialised.

Motala could not say whether talks about the two mines with Virgile Mining, which had partnered with

a Chinese firm, were still on.

"Aurora is a preferred bidder, we have come a long way with them. We don't want to strip the vehicle in motion."

However, it remained unclear whether the two-month dispute over unpaid wages at the Grootvlei and Orkney mines would be resolved.

Michael Hulley, one of the directors at Aurora, said the company would continue to interact with the workers responsibly.

He said: "Our hands had been tied in raising funds. But we are currently talking to both local and international investors who are willing to fund emerging entities like us."

The general secretary of the National Union of Mineworkers, Frans Baleni, said it had not been informed of the funding.

More than 2 000 workers at Aurora's Grootvlei mine on the East Rand were currently without water, said the union.

Baleni said that the union was "perturbed" by Aurora making an announcement to the media about its new funding source "when its house is not yet in order".

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