

## Labat buys Aurora gold plants for R38m

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[miningmx.com] -- Labat Africa (LAB), a company that once specialised in business solutions for information technology and communication systems, on Tuesday announced that it had acquired the gold processing and smelting operations of the Primrose and ERPM mines from Primrose Gold Mines, a wholly owned subsidiary of embattled Aurora Empowerment Systems for R38m.

The two operations - known as Primrose Gold Metallurgical and ERPM Gold Metallurgical - have been acquired as going concerns with no liabilities being assumed.

Labat said the mining operations of the seller were specifically excluded.

"The acquisition will give Labat control over two of only four ore crushing and gold smelting plants on the East Rand," the company said in a statement to the JSE.

While the company said the acquisition was part of its plans to supplement the company's current plant processing activities, it is believed to be the pre-cursor to Aurora taking control of Labat and unlocking the funding it needs to save its acquisition of Pamodzi Gold's Orkney and Grootvlei mines.

Labat said it planned to dismantle the ERPM Gold Metallurgical plant. It said it would recover gold from the plant and the equipment would be used to increase the size of Primrose Gold Metallurgical, thereby increasing its capacity.

Additional equipment would be used in the recovery of other precious metals, the company said without elaborating.

"The acquisition is expected to unlock shareholder value as there are significant unmined gold resources available. The acquisition will provide Labat with a sound foundation in the gold industry," Labat said.

It said the ore processing and gold smelting operations were currently achieving a monthly operating profit of about R2m.

Pamodzi Gold joint provisional liquidator Enver Motala last week confirmed that its new financial backers would throw Aurora a R50m lifeline.

Motala said Swiss-based alternative investment firm Global Emerging Markets (GEM) had agreed to extend the funds once Labat confirmed that Aurora had become its controlling shareholder through the acquisition of a 45.7% stake.

Motala said the money would allow Aurora to pay its wages, creditors and for care and maintenance of the Orkney and Grootvlei mines.

It should be enough to carry Aurora for the next three months, taking it beyond the end of September when it is expected to complete all the regulatory approvals related to the Labat deal.

At 14:07 shares in Labat were 15% or 12c lower at 68 c on the JSE.

<http://www.miningmx.com/news/markets/Labat-buys-Aurora-gold-plants-for-R38m%20.htm>