

## DMR approves sale of IFMSA's Lesedi Mine to Samancor

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*Mining Newsletter*

International Ferro Metals (SA) Pty Ltd (IFMSA) went into business rescue on 26 August 2015. Its ferrochrome smelter and dedicated Lesedi Mine fell victim to a combination of economic, regulatory and socio-political factors that included the downturn in the commodity market at the time, a series of stoppage orders issued by mine health and safety inspectors sporadically shutting down the smelter and unprotected labour unrest.

The IFMSA board resolved to appoint Trevor Murgatroyd as the business rescue practitioner. With debt of nearly ZAR3.8 billion, Murgatroyd developed a business rescue plan that would provide for the sale of the business and assets of IFMSA in three parts.

First, the sale of the ferrochrome smelter to a group company in the Samancor Chrome Limited (Samancor) stable upon the approval of that leg of the transaction by the Competition Commission; then the sale of the Lesedi Mine to Samancor upon the approval of the transfer of the mining right by the Department of Mineral Resources (DMR); and finally the sale of a sister company of IFMSA.

The sale of the ferrochrome smelter was approved by the Competition Commission in May 2016 and the ferrochrome smelter started up again under the banner of a Samancor group company.

The next leg of the business rescue plan became a reality last week when the DMR approved the sale of the mining right and the Lesedi Mine to Samancor. The section 11 application was approved by the DMR in just over seven months (including the December holiday break) in what can only be described as “record time”.

This success stands as testimony of the hard work and dedication of all professional advisors, the practitioner and the commitment by the DMR to approve the transaction expeditiously to bring a financially distressed mine back to production with the commensurate re-employment of workers. It is expected that this transaction will close very soon.

Hogan Lovells was appointed as advisor to IFMSA and Murgatroyd was represented by Webber Wentzel.

# Contacts



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