

**DEPARTMENT: PUBLIC ENTERPRISES**

**REPUBLIC OF SOUTH AFRICA**

**NATIONAL ASSEMBLY**

**QUESTION NO.: 1270**

**Mr E J Marais: (DA) to ask the Minister of Public Enterprises:**

(a) Why does his department have a 20% shareholding in a certain company (West Coast Resources) and (b) what are the names of the persons within (i) his departmental structure or organisation who are holding the specified shares? NW 1370E

**REPLY:**

**DPE response**

1. In 2007 the then Department of Minerals and Energy which is currently known as the Department of Mineral Resources (“DMR”) entered into a Memorandum of Agreement (“MoA”) with De Beers in connection with the State interest pertaining to lease consideration, claims and other obligations payable to the State in terms of the 1979 lease (“Cullinan Lease”) and the 1990 lease (“Venetia Lease”). The Cullinan Lease and the Venetia Lease collectively will be referred to as “Lease Agreements”.

Prior to the enactment of the Minerals Act of 1991 (“Minerals Act”) and as inferred by the MoA, the State had an uncontested interest and claims which were payable and arising out of the Lease Agreements. However, once the Minerals Act was enacted, De Beers contested the State interest and claims under the Lease Agreements and contended that the State interest and claims were no longer payable.

On the other hand, the State was of the firm view that the coming into effect of the Minerals Act does not extinguish its rights flowing out of the Lease Agreements. In order for DMR and De Beers to settle the above dispute, an MoA was concluded as a full and final settlement of any and all claims that the State may have had against De Beers in terms of the Lease Agreements and as part of the settlement a 20% shareholding in Namaqualand Mines (NM) was allocated to DMR pending transfer to a proposed transaction structure involving Alexkor.

The protracted Richtersveld community land claim against the Department and Alexkor (“Land Claim”) complicated the deal as the resolution of the matter was vital to the proposed transaction structure. The Government took a decision to protect the 20% shareholding in NM pending the resolution of the Land Claim. Eventually, the proposed deal structure failed to materialise and whilst the Government was negotiating a resolution of the Land Claim, De Beers was proceeding with its business rationalisation process.

1. As a result, several steps were taken by De Beers to sell NM which was eventually acquired by Trans Hex and the State maintained its 20% shareholding under the custodianship of the Department of Public Enterprises. The NM operations lay dormant for several years until 2015 when West Coast Resources was formed to exploit the NM asset. The 20% shareholding of the State is warehoused in a Special Purpose Vehicle while the State determines how to leverage its stake.