**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NO 1624**

**DATE OF PUBLICATION: 27 MAY 2016**

**Mr P G Atkinson (DA) to ask the Minister of Economic Development:**

(1) What (a) was the initial loan amount given to Oakbay Resources and Energy by the Industrial Development Corporation (IDC) to fund the purchase of the Shiva uranium mine, (b) amount of the specified loan plus accrued interest was paid back to the IDC before the remainder of the loan was converted into equity and (c) were the reasons for the IDC registering a (i) mortgage bond to the value of R250 million and (ii) general bond to the value of R 250 million over the specified mine’s assets;

(2) was any further consideration given to the specified mine for the specified bonds; if not, why not; if so, what are the relevant details;

(3) whether any steps have been taken by the IDC to protect its interest in its investment(s) in the specified mine, such as acquiring a director for the board; if not, why not; if so, what are the relevant details;

(4) (a) what was the final amount converted to equity of the loan given by the IDC to Oakbay Resources and Energy to purchase the Shiva mine, (b) how did the IDC determine the value for the shareholding percentage of the converted equity and (c) what residual amount remains owing to the IDC after the specified loan was converted to equity;

(5) whether the IDC granted any other loans to (a) Oakbay Resources and Energy, (b) any other Oakbay Investments entity and/or (c) any other company linked to the Gupta family; if so, what are the relevant details in each case?NW1794E

**REPLY:**

I have been furnished with a reply by the CEO of the Industrial Development Corporation (IDC), Mr Geoffrey Qhena, on the matters covered by the question. The reply follows:

**“SUBJECT: IDC RESPONSE TO PARLIAMENTARY QUESTION NW1794E**

The IDC has been requested to respond to a question asked in parliament by Mr P G Atkinson (DA). Set out below is IDC’s response to the question.

**QUESTION 1**

1. **What was the initial loan amount given to Oakbay Resources and Energy by the Industrial Development Corporation (IDC) to fund the purchase of the Shiva uranium mine?**

**IDC REPLY**

*The initial loan amount given to Oakbay Resources and Energy was R250 million.*

1. **What amount of the specified loan plus accrued interest was paid back to the IDC before the remainder of the loan was converted into equity and;**

**IDC REPLY**

*None of the capital amount (R250 million) was converted to equity.*

*To date a total of R137.5 million of capital repayments have been received in line with the settlement agreement concluded during 2014 and the remaining balance is R112.5 million with the next capital instalment of R37,5 million due in June 2016.*

*The return (based on 10% RATIRR) of circa R257 million at the time of signing the restructuring agreement was converted into shares on listing date at share price of R9. This represented a 10% discount on the IPO listed share price.*

*After the restructuring in addition to the shares (referred to above) an interest of prime +2% is levied and will be repaid on 31 March 2018 as a lump sum.*

1. **What were the reasons for the IDC registering a (i) mortgage bond to the value of R250 million and (ii) general bond to the value of R 250 million over the specified mine’s assets;**

**IDC REPLY**

*The bonds were registered to secure the IDC loan to the company.*

**QUESTION 2**

**Was any further consideration given to the specified mine for the specified bonds; if not, why not; if so, what are the relevant details;**

**IDC REPLY**

*The following security packaged was taken:*

* *Mortgage bond*
* *General Notarial Bond including debtors*
* *Cession and pledges of shares*

**QUESTION 3**

**Whether any steps have been taken by the IDC to protect its interest in its investment(s) in the specified mine, such as acquiring a director for the board; if not, why not; if so, what are the relevant details;**

**IDC REPLY**

*The above mentioned (2) security package protects the IDC’s interest in Oakbay Resources and Energy. No board seats were taken as the security package was considered adequate to secure IDC’s interest.*

**QUESTION 4**

1. **what was the final amount converted to equity of the loan given by the IDC to Oakbay Resources and Energy to purchase the Shiva mine,**

**IDC REPLY**

*None of the capital amount (R250 million) was converted to equity. The return of R257 million was converted into equity as explained in the answer to question 1(b).*

1. **How did the IDC determine the value for the shareholding percentage of the converted equity and**

**IDC REPLY**

*Oakbay was listed at R10 a share with market capitalisation of R8 billion. The value was supported by the Mineral Asset Valuation of uranium and gold resources and property, plant and equipment in the balance sheet. The Mineral Asset Valuation was done by an independent firm, in terms of SAMVAL Code.*

*The Competent Persons Report (CPR) valuation, compiled by Mineral Corporation valued the mineral resource in excess of R6 billion, and PPE valued the other assets such as plant and equipment at R2 billion bringing the total to R8 billion. The Corporate Advisor and Sponsor (SASFIN Capital) supported the R10 per share listing price.*

1. **What residual amount remains owing to the IDC after the specified loan was converted to equity;**

**IDC RELY**

*Since the equity was not converted the whole capital of R250 million remained as the residual amount.*

**QUESTION 5**

**Whether the IDC granted any other loans to (a) Oakbay Resources and Energy,**

**IDC REPLY**

*No other loans were granted to Oakbay Resources and Energy.*

(b) **any other Oakbay Investments entity and/or (c) any other company linked to the Gupta family; if so, what are the relevant details in each case?**

**IDC REPLY**

*No other loans were granted to any other Oakbay Investments entity and/or (c) any other company linked to the Gupta family.****”***

**-END-**