



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM233Mar15

In the matter between:

ASSORE LIMITED

Primary Acquiring Firm

And

DWARSRIEVER CHROME MINE

Primary Target Firm

Panel	: Y Carrim (Presiding Member)
	: N Manoim (Tribunal Member)
	: A Roskam (Tribunal Member)
Heard on	: 22 April 2015
Order Issued on	: 22 April 2015
Reasons Issued on	: 7 May 2015

Reasons for Decision

Approval

- [1] On 22 April 2015, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Assore Limited ("**Assore**") of Dwarsrivier Chrome Mine ("**DCM**").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

[3] The primary acquiring firm is Assore, a company listed on the Johannesburg Securities Exchange. Assore is ultimately jointly controlled by the Desmond Sacco Family Trust, Mrs S G Dufour Berie and Sumitomo Corporation Tokyo ("**Sumitomo**"). Sumitomo is a public company listed on the Tokoyo Stock Exchange and is not controlled by any single shareholder Sumitomo controls Sumitomo Corporation Africa (Pty) Ltd ("**SCAF**") and Summit Wind Power South Africa ("**SWPSA**")

[4] Assore controls the following firms:

- Wonderstone Limited
- African Mining and Trust Company Limited
- Ore and Metal Company Limited
- Rustenburg Minerals Development Company Pty Ltd
- Zeerust Chrome Mines Ltd
- Ceremox Pty Ltd
- Groupline Projects Pty Ltd
- iCermex Pty Ltd
- Xertech Pty Ltd
- Krantzberg Mines Ltd
- Minerals US LLC

In addition Assore has a 50% shareholding in Assmang Pty Ltd, ("**Assmang**") the controlling firm of DCM.

[5] The target firm is DCM, a private company controlled by Assmang. Assmang is jointly controlled by Africa Rainbow Minerals Limited ("**ARM**") and Assore. DCM does not control any firm.

Proposed Transaction

[6] Assore intends to acquire the remaining 50% interest in DCM which is held by ARM. Post-merger Assore will have sole control over DCM.

Rationale

- [7] ARM wishes to exit the chrome mine operation and for DCM the proposed transaction will provide growth and enhanced competitiveness.

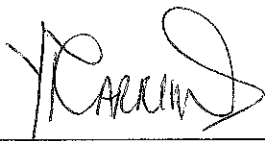
Relevant Market and Impact on Competition

- [8] Assore is a mining holding company and is involved in the mining and manufacturing of manganese, iron and chrome ores. Assore products are sold all over the world predominately in Southern Africa, the Far East, Asia, Europe and North America. DCM is a chrome ore supplier to the global chrome market. DCM initially operated as an open cast mine. DCM produces metallurgical and chemical grade chrome ores and recently started production of foundry grade chrome ore.
- [9] The Commission identified the relevant market as the market for mining and production of chrome ore, as Assore owns other chrome mines apart from its joint shareholding in DCM.
- [10] The Commission did not conclude on the geographic market for chrome ores as there are no competition concerns whether the market is defined nationally or globally.
- [11] According to the merging parties there is no reliable public information on the market shares of the various global producers. However the Commission found that in both global and national markets the merging parties would continue to have a low market share. The merging parties have national market share of approximately 9.52%.¹ Furthermore the Commission is of the view that the market has major suppliers, *inter alia*, Dilokong Chrome Mine (Pty) Ltd, Hernic Ferrochrome (Pty) Ltd and International Ferro Metals (SA) (Pty) Ltd and that these players will continue to constrain the market.
- [12] The Commission therefore concluded that the transaction is unlikely to substantially lessen competition in the above mentioned markets. We agree with this finding.

¹ Data obtained from the Department of Mineral Resources

Public Interest

- [13] The transaction does not raise any public interest concerns.
- [14] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.



Ms Y Carrim

7 May 2015
DATE

Mr N Manoim and Mr A Roskam concurring

Tribunal Researcher:	Moleboheng Moleko
For the merging parties:	Heather Irvine and Mmadika Moloi – Norton Rose Fulbright
For the Commission:	Seabelo Molefe and Xolela Nokele