

# Concern raised over sale of Tegeta

One of the issues facing new Mineral Resources Minister Gwede Mantashe will be whether to approve the sale of the Gupta-owned Tegeta Exploration & Resources to little-known Swiss clothing company Charles King for R3bn.



[123rf.com](http://123rf.com)

The National Union of Mineworkers (NUM) raised concern in Parliament on Wednesday that the sale might be a "fake" and one which could leave workers without jobs as Charles King had no experience in mining. The NUM questioned how the department could approve such a sale.

Tegeta owns Optimum Coal Mine, which is now under business rescue, as well as Koornfontein and Brakfontein mines.

The department - under former minister Mosebenzi Zwane (allegedly closely linked with the Guptas) - welcomed last year's announcement of the sale by Tegeta's parent company, Oakbay Investments.

However, acting chief director Modilati Malapane told the portfolio committee on mineral resources on Wednesday that no formal application had been lodged with the department for the sale, as required. The sale would have to be approved by the minister.

Malapane said the department "cannot allow the sale of Optimum ... irresponsibly. We have to see whether it will be sustainable for not."

Oakbay expected the sale to take about a year to conclude.

Charles King is reportedly a shell company owned by Amin al-Zarooni, a Gupta business associate. Media reports have suggested that the company was created as a vehicle for the Optimum transaction.

Departmental and NUM representatives briefed the portfolio committee on recent developments at Optimum Coal Mine, where workers have been on strike over concerns about the future of the mine and nonpayment of their salaries. The mine was placed under business rescue last week.

NUM representatives noted that the situation at Optimum had deteriorated since Tegeta took over the mine from Glencore in 2016. Machinery had not been maintained and the mine did not comply with mining regulations. The department recently issued the mine with a notice that it was non-compliant with its social and labour plan.

The union representatives believe the problem at Optimum was not operational but that it did not have a bank after the Bank of Baroda announced that it was leaving the country.

The Bank of Baroda was the last bank willing to do business with the Guptas after four major South African banks closed their accounts on the basis of suspicious transactions.

Malapane told the committee that the departure of the Bank of Baroda had made it impossible for Optimum to do business. "The company indicated they would not be in a position to pay employees' salaries due to the bank issue," she said.

The lack of bank facilities had also meant Optimum could not be paid for coal supplied to power utility Eskom.

Malapane told MPs that Optimum had been issued with a compliance notice for failing to adhere to the terms and conditions of its mining right, in particular to commitments made for social and labour plans.

It also failed to comply with rehabilitation commitments.

According to previous media reports, two KwaZulu-Natal-based business rescue practitioners have taken control of seven companies owned by the Gupta family and their main task will be to find another bank for them. The practitioners are Louis Klopper and Kurt Knoop, the report said.

**Source:** *Business Day*

For more, visit: <https://www.bizcommunity.com>