

AfroCan lashes out at media reports on Lily Mine deal

AfroCan, the company that was poised to buy the embattled Lily Mine, has reacted to statements made by the mine's management, Vantage Goldfields, and reports in the media on its decision not to go ahead with the deal. But it appears all is not as it seems.

"AfroCan is compelled to place in the public domain certain facts in its possession which will provide the public, affected parties and AfroCan's current and future stakeholders with a more balanced representation of the reasons for AfroCan's withdrawal from the transaction," a statement issued by the company said.

Matters came to a head when AfroCan failed to meet the deadline of a \$2,5m payment as part of an \$11,3m investment into the mine, as part of the business rescue. This prompted Vantage Goldfields, to take legal action for breach of contract.



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According to AfroCan, it has pulled out of the deal because there is no clarity on who will pay the ex gratia payments of R4.35m awarded to the miners killed and underground at the time of the crown pillar collapse in February.

It also said that because mineral resources minister, Mosebenzi Zwane, had said that the mine would stay closed until a container holding the bodies of three miners was recovered, Vantage could not guarantee that operations would resume.

"This is practically a force majeure event as definitive as the crown pillar collapse itself and makes Vantage un-investible.

Without the certainty of Lily Mine recommencing commercial operations just who will provide the R160m required to attempt the recovery of the container is unclear,” the statement said.

At the same time trade union, Solidarity, publicly accused AfroCan and its CEO, Brian Barrett, of fraud.

AfroCan responded, saying: “Solidarity and NUM have enjoyed much press coverage recently. This is wholly opportunistic as the actual percentage representation of Solidarity and NUM combined at the time of the crown pillar collapse on 5 February 2016 was very close to zero.”

“AMCU is by vast majority the representative union at Vantage. During the first week of June 2016 AMCU leadership offered to facilitate the funding of the April salaries with a post-commencement loan of R10m from respected businessmen in their local community. This offer was rejected out-of-hand by the business rescue practitioner and Vantage.”

“The intention of a media onslaught is to intimidate and leverage the risk of loss of reputation to coerce one party to perform to the will of the other. AfroCan shall not be coerced by the recent media reports nor will it succumb to threats of continued intimidation. AfroCan was forced to make a decision in the interests of its stakeholders.”

Barrett commented "The about-turn by Vantage just two days after (Vantage CEO) McChesney confirmed in a letter that the parties had commenced a joint process aimed at removing the obstacles to concluding the transaction, combined with the aftermath of Vantages' subsequent malicious media attack on AfroCan, may have scuppered any chance of AfroCan getting its stakeholders and investors back to the table."

However a [report](#) in *M&G* said Barrett has a history of reneging on business deals, and apparently has a number of fraud cases pending against him.

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