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## SA competition body approved Richards Bay Minerals venture

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Mining Weekly reported that South Africa's Competition Commission has recommended that the Competition Tribunal approve the restructuring of interests Rio Tinto and BHP Billiton's Richards Bay Minerals venture.

The shuffle of interests came about so as to facilitate the introduction of black economic-empowerment shareholders. Previously RBM was a 50:50 joint venture between the two diversified mining giants.

As part of restructuring, it was understood that Rio Tinto and BHP Billiton would incorporate two South African empowerment holding companies, namely Tisand Holdco and Richards Bay Iron and Titanium Holdco.

Upon implementation of the restructuring, BHP Billiton and Rio Tinto would have joint control in Richards Bay Mining and Richards Bay Titanium. The matter would be heard at the Competition Tribunal on March 11th 2009.

In December, the two companies announced the final signing of agreements for its 26% broad based BEE deal, worth some ZAR 4.5 billion a deal representing one of KwaZulu Natal's largest transactions to date. When entering into the empowerment transaction, Rio Tinto and BHP Billiton entered into agreements to restructure the JV, while maintaining their respective interests in RBM.

The miners agreed that Rio Tinto would give BHP Billiton a put option over BHP Billiton's 37% stake in the restructured RBM, calculated on a fair market of RBM at the time of exercise. At the time, Rio Tinto said that BHP Billiton's interest in RBM was valued at about ZAR 9 billion. This meant that Rio Tinto had first option to buy the 37% stake in RBM from BHP Billiton, should it wish to sell in the future.

(Sourced from [www.miningweekly.com](http://www.miningweekly.com))

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