



## MERGER DECISION NO 01: 2024

### Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

#### DECISION ON THE PROPOSED ACQUISITION OF 100% OF THE ISSUED SHARE CAPITAL IN CUPROUS CAPITAL LIMITED BY MMG AFRICA VENTURES INC.

##### Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 (“the Act”), notice is hereby given on the decision made by the Competition and Consumer Authority (“the Authority”) in relation to the proposed acquisition of 100% of the issued share capital in Cuprous Capital Limited (“Cuprous” or the “Target Enterprise”) together with its controlled subsidiaries and affiliates, by MMG Africa Ventures Inc. (“AcquireCo” or the “Acquiring Enterprise”). The Transaction was notified to the Authority on 4<sup>th</sup> December 2023, and the merger assessment was completed on 29<sup>th</sup> January 2024.

The Acquiring Enterprise, AcquireCo, is a company incorporated in accordance with the Laws of British Columbia, Canada. It is a newly formed special purpose vehicle established for the purpose of entering into and executing the proposed transaction. The Acquiring Enterprise is indirectly controlled by MMG Limited (“MMG”), a public company listed on the Hong Kong Stock Exchange. AcquireCo does not directly or indirectly control any enterprise; nor does it have any activities in Botswana.

The Primary Target Enterprise, Cuprous, is a company incorporated in accordance with the Laws of British Columbia, Canada. Its majority shareholder is Cupric Canyon Capital L.P., a company registered in the Cayman Islands. In Botswana, the target enterprise indirectly controls Khoemacau Copper Mining (Pty) Ltd [“Khoemacau”] and Discovery Copper Botswana (Pty) Ltd [“Discovery Copper”].

##### Relevant Markets

In terms of the relevant markets, the Acquiring Enterprise is a special purpose vehicle created for the purposes of this transaction, and is not yet operational. However, its controlling parent company (i.e., MMG), is involved, *inter alia*, in the exploration, mining, development of and trade in non-ferrous and ferrous metal products, including copper, lead, zinc, nickel, tungsten, antimony, molybdenum, iron, manganese and chromium. The mines owned by the Acquiring Group are located outside Botswana. Therefore, the Acquiring Group does not own any assets whether directly or indirectly in Botswana nor does it derive any directly or indirectly turnover in, into or from Botswana.

On the other hand, the Primary Target Entity’s main activities in Botswana include the acquisition, exploration, development, mining and processing of base and precious metals through its indirect wholly owned subsidiaries, Khoemacau and Discovery Copper.

These two companies hold licences to mine copper and silver containing ores at the Khoemacau Copper Mine and Boseto Processing Plant, respectively.

In light of the above, it is clear that at an international level, there exists a horizontal overlap in the activities of the Merging Parties. However, the identified overlap lacks geographical presence in Botswana. That is, the Target Enterprise through its indirect subsidiaries has presence in Botswana, while the Acquiring Enterprise does not have any business activities in Botswana. As such, the status quo is expected to be maintained post-merger.

The Authority therefore concluded to describe the relevant market based on the nature of the products and services offered by the indirect subsidiaries of the Target Enterprise, as well as the market description used in the previous merger transaction involving the same. The market under consideration is described as *the mining of copper and silver ores and the production, and sale or supply of copper concentrate in Botswana*.

### **Competitive Analysis and Public Interest**

The Authority has established that the structure of the relevant market is not expected to significantly change upon implementation of the proposed merger as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market of mining of copper and silver ores and the production, and sale or supply of copper concentrate in Botswana. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

### **The Determination**

Pursuant to the provision of section 53 of the Competition Act 2018, the Authority has decided to unconditionally approve the proposed acquisition of 100% of the issued share capital in Cuprous Capital Limited together with its controlled subsidiaries and affiliates, by MMG Africa Ventures Inc.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana

Dated at Gaborone on this 29<sup>th</sup> day of January 2024.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013