

Lonmin rejects Xstrata's offer, waits for a revised proposal

According to *BDLive*, Lonmin thwarted Xstrata's plans to create a new platinum and ferrochrome company by taking control of Lonmin, but the world's third-largest platinum miner has left the door open for the diversified group to try again.



Lonmin is undertaking a fully underwritten and heavily discounted \$817m rights issue that closes on December 10. If the rights issue is successful, Lonmin will pay down debt and change the terms of covenants governing debt facilities it has with a consortium of banks.

In the weeks after violence during August at Lonmin's Marikana mines in which 44 people were killed, its largest shareholder, Xstrata, which now owns 24.9% of Lonmin, proposed to Lonmin that it reverse its platinum, ferrochrome and vanadium business in Xstrata Alloys into the world's third-largest platinum producer, giving Xstrata 70% of the enlarged company.

Lonmin rejected the proposal, but said it was open to receiving a revised proposal, which to date has not been forthcoming. An analyst said Xstrata was being opportunistic in trying to secure control of Lonmin. "But they'd be crazy not to try something at this stage," *BDLive* reports.

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