



## THE PROPOSED ACQUISITION OF 100% OF THE SHARES OF ACACIA EXPLORATION (KENYA) LIMITED BY SHANTA GOLD MAURITIUS LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of 100% of the issued shares of Acacia Exploration (Kenya) Limited by Shanta Gold Mauritius Limited unconditionally.
2. Shanta Gold Mauritius Limited (Shanta Gold), the acquirer, is a Special Purpose Vehicle (SPV) recently incorporated for the specific purpose of the proposed transaction. It is a wholly owned ultimately Shanta Gold Limited.
3. Shanta Gold limited is involved in exploration in Tanzania focusing on gold and silver deposits. Shanta Gold has no business activities in Kenya.
4. Acacia Exploration (Kenya) Limited (Acacia Kenya), the target, is a company incorporated in Kenya in 2010. Acacia Kenya operates three gold mines in Western Kenya. Specifically, the target holds licenses to explore and extract gold in the Western Greenstone Belt made up of 1,630KM<sup>2</sup> in Kakamega and Busia
5. The transaction involves the acquisition of the entire issued share capital in Acacia Kenya by Shanta Gold. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
7. The activities of target and the acquirer overlap since they are both involved in gold exploration and mining activities. Therefore, for purposes of analyzing the transaction, the relevant product market was determined as the market for gold exploration and mining.
8. The acquirer has no business presence in Kenya but the acquirer has seven gold prospecting and mining licenses in western Kenya. For purposes of analyzing the transaction, the relevant geographical market is regional (Western parts of Kenya) and specifically the counties of Kakamega, Vihiga, Siaya, and Kisumu.
9. Kenya is endowed with deposits of different types of minerals such as soda ash, fluorspar, titanium, niobium and rare earth elements, gold, coal, iron ore, limestone, manganese,



diatomite, gemstones, gypsum and natural carbon dioxide, among others.

10. A number of global mining companies have operations in Kenya, with more indicating interest to venture in the sector, attracted by the measures undertaken by the Government to create a conducive and sustainable environment for the growth of the mining sector.
11. Prospecting and mining activities in the country are controlled by the State Department for Mining, a department within the Petroleum and Mining Ministry. The department licenses all mining activities and renews any expired licenses.
12. According to the State Department of Mining, a prospecting license is issued for a maximum of three (3) years and is renewable for a further two (2) years. Mining licenses are active for twenty-five (25) years and renewable for a further fifteen 15 years. All gold prospecting and mining entities are vetted by the State Department of Mining before licencing.
13. Kenya's market for gold prospecting and mining, based on total area allocated, is currently dominated by three players:
  - i. Karebe mine, situated in the Chemase, Nandi County, is the single largest producer of gold in Kenya with an allocation of over 5,620 km<sup>2</sup>
  - ii. Kilimapesa mine situated in the Loggarian, Narok County, has an allocation of approximately 3,700 km<sup>2</sup>
  - iii. Acacia Mining has licenses to prospect for gold in Vihiga, Kakamega, Kisumu and Siaya counties in an area covering over 2,800 km<sup>2</sup>
14. It is important to note that companies can apply to convert their prospecting licenses into mining licenses once the firm finds adequate deposits to sustain long-term commercial operations.
15. The gold mining industry in Kenya is fragmented with a few large scale players licenced to prospect for gold and many artisanal miners. Disaggregated data on total quantities mined per undertaking is not due to the artisanal mining activities. However, official data indicates that in 2019, 503 kilogrammes of gold were mined and exported.
16. Post-merger, the market structure and concentration will not be affected since one firm will leave the market and be replaced by another. Therefore, the proposed transaction is unlikely to raise negative competition concerns in the market for exploration and mining in Western Kenya.



17. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
- i. extent to which a proposed merger would impact employment opportunities;
  - ii. impact on competitiveness of small and medium enterprises (SMEs);
  - iii. impact on particular industries/sectors; and
  - iv. impact on the ability of national industries to compete in international markets.
18. In regard to public interest issues, the proposed transaction is unlikely to raise any negative concerns. Specifically, the acquirer has committed to retaining all the employees of the target.
19. Premised on the foregoing, the Authority approved the proposed acquisition of 100% of the shares in Acacia Exploration (Kenya) Limited by Shanta Gold Mauritius Limited unconditionally.