



CAK DECISION ON THE PROPOSED ACQUISITION OF 100% SHARES OF SHANTA GOLD LIMITED BY SATURN RESOURCES LIMITED

1. The Competition Authority of Kenya has approved the **proposed acquisition of 100% shares of Shanta Gold Limited by Saturn Resources Limited** unconditionally.
2. **Saturn Resources Limited** is a newly incorporated undertaking in Kenya. However, ETC Group, its parent company, is an investment company with assets in a diverse range of industries, including logistics, agrochemicals, insurance, fertilizers, distribution of FMCG.
3. **Shanta Gold Limited** is an undertaking incorporated in Kenya and operating in the gold exploration business and currently holds mining licenses in the western Kenya region.
4. The proposed transaction involves the acquisition of 100% shares of Shanta Gold Limited by Saturn Resources Limited.
5. The transaction qualified as a merger within the meaning of Section 2 and 41 of the Competition Act. The Act stipulates that a merger, or takeover, may occur when an undertaking directly or indirectly acquires control over another business within Kenya. This may happen through, among others, purchase/lease of shares, exchange of shares, vertical integration.
6. Further, merging parties whose combined turnover or assets, whichever is higher, is over Ksh. 1 Billion are required to seek approval from the Authority prior to implementing the proposed transaction. The transaction between Shanta Gold and Saturn Resources met this threshold for mandatory notification and full analysis as provided in the [Competition \(General\) Rules, 2019](#).
7. During merger analysis, and in order to determine the impact that a transaction will have on competition, the Authority identifies the **relevant product market** as well as the **relevant geographic market**.
8. The **relevant product market** comprises products/services that are interchangeable or substitutable by the consumer due to their characteristics, prices and/or intended use. Based on this criterion, the relevant product market for the proposed transaction is the **market for gold exploration/prospecting**.

9. Determination of the **relevant geographic market** involves interrogating the area in which merging parties undertake the business and in which competition conditions are sufficiently similar. With regard to the proposed transaction the relevant geographic market is **Western Kenya**.
10. Prospecting for mineral deposits in Kenya is controlled by the State Department of Mining, Blue Economy and Maritime Affairs. A prospecting license is issued for a maximum of three (3) years renewable for a further two (2) years. A mining license is issued for twenty-five (25) years, renewable for a further fifteen (15) years.
11. The gold prospecting industry in Kenya is fragmented with a few licenced large-scale players and many artisanal and small-scale miners. The bulk of the gold prospecting is carried out in the remote regions of western Kenya near Lake Victoria rich in gold ore. In these regions, mining and subsistence agriculture are the major livelihoods.
12. One criteria of assessing a merger's impact on competition is the post-merger market share of the undertakings involved in the transaction. Post-merger, the market structure and concentration of the market for gold prospecting in western Kenya will not be negatively affected since the acquirer is not in a similar market. Therefore, the transaction is **unlikely to lead to a substantial lessening of competition in the market for gold exploration/prospecting**.
13. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically-inclined concepts that, when considered, protect the welfare of the Public. In the Competition Act, some of the public interest considerations are;
 - a) extent to which a proposed merger would impact employment opportunities;
 - b) impact on competitiveness of SMEs;
 - c) impact on particular industries/sectors; and
 - d) impact on the ability of national industries to compete in international markets.
14. As per the parties' submissions, this transaction will not elicit negative public interest concerns. Specifically, there will be no employment loss post-merger.
15. Premised on the above, the Authority approved the proposed acquisition of 100% shares of Shanta Gold Limited by Saturn Resources limited unconditionally.