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Feb. 1975 — May - 1977.

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ALL ROADS in the mining financial world lead to 44 Main Street, Johannesburg.

This became a catch-phrase when the Gennin-GFSA fight for Union Corporation was at its height Gennin won, obviously to the satisfaction of Anglo American, which has a significant interest in that house

Examining the enormous anatomy of Anglo American, here are some important factors

● The character and aims of the man at the centre, Harry Oppenheimer, and those of his father, Sir Ernest.

● The group's financial and mining philosophy and its strategy in expanding into industry

● Its contribution to South Africa, Central Africa and even far-away Mauritania and Zaire

● Its South African character, while it operates at the same time in Canada, the United States, the Far East, Britain, Portugal and France. The list could be expanded

To quote from the directors' report "The overall value of the interests of Anglo American Corporation, and its associated finance companies at the end of 1973, is about R3 000-million, and the overall size of the group was about R5 000-million"

Anglo American is bigger in economic terms than any six moderately large but moderately poor African countries

Harry Oppenheimer, like his father, has achieved great wealth and has an indirect interest in 13 086 760 shares out of 129 889 300 in Anglo American, an indirect interest in 5 000 100 shares in Charter Consolidated and 1 422 508 deferred shares in De Beers Consolidated.

Sir Ernest, although shy and quiet and possessing an old-world courtesy, had a will of iron when he decided on a certain course. His course was closer to that of Cecil Rhodes than of many others since Rhodes's death.

While Sir Ernest relied on usually correct hunches which netted him and his corporation many millions of pounds, his son — now in his 60s — took over the business with an English public school, Oxford University and wartime service in the desert as his background.

While Sir Ernest kept a tight personal grip on his business, his son delegates and relies little on hunches, but works with his carefully chosen team

He bases decisions on analyses and detailed authoritative surveys

Sir Ernest handed his son the world-wide Anglo and De Beers empire

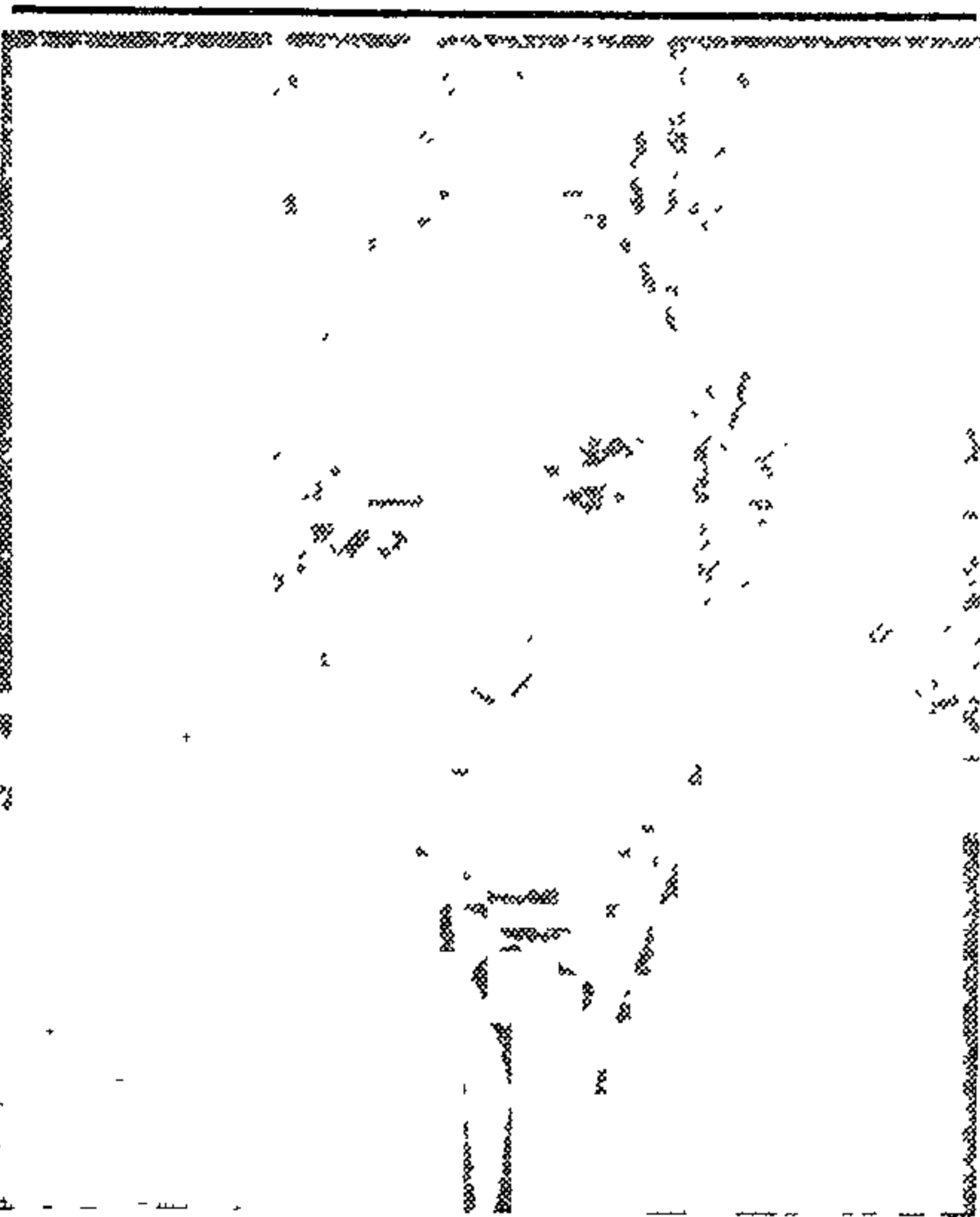
It was then, and still is, the biggest, most profitable conglomerate of gold mines, diamond mines and coal and copper mines in the world

Added to mining inter-

What goes on at 44 Main St

SUN TIMES (BT) 16/2/75
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THIS is the first of a three-part series in which BUSINESS TIMES looks at Anglo American Corporation — the world's largest gold producer, with interests valued at R3-million.



Harry Oppenheimer . . . diversify and delegate.

ests is a growing industrial arm.

Since Harry Oppenheimer took over, the empire has roared ahead spectacularly.

Both Anglo and De Beers together have a stake in more than 250 companies, many of them with vast assets of their own

Sir Ernest came to South Africa as a representative of a small diamond company, Dunkelsbuhler of Hatton Garden and, like Rhodes, decided that diamonds on a greater scale were for him

Just as Rhodes founded De Beers, after his historic deal with Barney Barnato, Sir Ernest put not only De Beers but the entire gem and industrial diamond industry on a controlled, world-wide foundation.

After World War I, he acquired the scattered diamond mines, formerly owned by Germans, along the coast between Luderitz and the mouth of the Orange River, and welded them into one company — Consolidated Diamond Mines of South West Africa, which is now the world's largest producer of gem diamonds

At the time people in the diamond business thought little of the prospects of the small ex-German companies

Their previous owners, they thought, had picked the eyes from the sands just as the Lichtenburg diggers took the diamonds from the alluvial soils and left barren wasteland

But when Sir Ernest's geologists found diamonds in the gravels immediately above the base rocks under deep desert sands, the outlook changed

It became a costing problem whether earth-moving equipment could move the sand for recovery of the diamonds at a cost less than the value of the diamonds.

The first demonstration of an earth-moving machine costed out to the last cent convinced Sir Ernest and his advisers of the likely profits

The salesman, biting his nails outside the board room hoped for an order for about four earth-movers

Instead, it was for a large number running into hundreds of thousands of pounds

From that day Sir Ernest

never looked back as a power in the diamond world

As chairman of De Beers, he introduced world-wide control of the diamond market when the slump hit South Africa in 1929, threatening a glut of cheap diamonds

Sir Ernest bought diamonds — more and more diamonds — to stave off the glut, straining his financial resources

These were the formative years for young Harry Oppenheimer — years of battle where he learned the value of money

Thus was founded the Central Selling Organisation, which feeds a steady flow of diamonds through boom and slow-down to world markets.

It even markets Russian diamonds under an arrangement reached by Harry Oppenheimer with the Russians

From diamonds Sir Ernest went into gold with the purchase of Brakpan mine, he opened Western Reefs mine at Klerksdorp, and took over Sir Abe Bailey's interests in the Free State

With these he acquired, with luck the ground that gave birth to the richest mines — Free State Geduld and President Brand — as well as Western Holdings, President Steyn and Welkom

Today Anglo controls the largest single group of gold mining companies in the world and produces 40 per cent of South Africa's production and 31 per cent of free world production

An improvement of 1 per cent by Anglo's metallurgists in gold extraction can earn Anglo and the country an extra R13-million a year.

For this work, Anglo has the largest gold metallurgy research laboratories in the world, as well as the most advanced diamond research laboratories

These two arms — gold and diamonds — are the main basis of Anglo American and De Beers The diamond empire sprawls across Africa from Kimberley and Oranjemund to Cullinan, Botswana and Zaire, where production is bought by De Beers

It has stretched to Tanzania, where De Beers gained a big stake in the world's largest diamond pipe at Mwadui, with a surface area of 146 ha found and opened as a mine by Dr John Williamson

De Beers' entry into Tanzanian diamonds illustrated the Oppenheimer technique

When Dr Williamson died a lone bachelor, leaving the

mine to distant relatives in Canada, Harry Oppenheimer saw not only a chance to achieve a stake in a profitable diamond enterprise but also an opportunity to assist a developing country on the verge of independence.

After skilful negotiation with the colonial administration and agreement with the family, the Williamson interest was bought and the mine became a State asset, with De Beers holding a large interest and managing it

Since then, with the coming of independence, there have been big changes in the structure of ownership and management

Harry Oppenheimer has also contributed notably to Botswana, where his geologists under Dr Gavin Lamont found the Orapa diamond pipe, after a 12-year search.

De Beers not only established the Orapa mine but Anglo stepped in to become equal partners with American Metals Chmax in Botswana RST's Selebi-Pikwe nickel-copper mine, Botswana's biggest venture, in which the State has a 15 per cent share and from which it will reap a rich harvest in taxes

Harry Oppenheimer's contribution to these countries is notable, but he has contributed more to South Africa

The Times once said: "The Prime Minister of South Africa governs a country which, without mines, would rank nowhere in the hierarchy of nations

"Mr Oppenheimer maintains the assets which give South Africa its international position"

Harry Oppenheimer is also interested in Lesotho, taking over a diamond mine high in the mountains which Rio Tinto relinquished

Not only is De Beers almost certain to make it payable, but in the process it will probably build a road costing more than R1-million into the mountains that will become a tourist asset

Anglo American, although its direct and indirect investments stretch from Malaya to Canada, is thoroughly South African with most of its activities in this country.

As the directors' report says "The corporation's roots are firmly planted in Africa, where it began, its interests there, both in mining and in a wide range of industries, are continuing to grow"

Other interests of Anglo American will be discussed in a further article

MINERALS BUREAU

F.M 27/3/75 (210)

Piet Koornhof's much-vaunted Minerals Bureau opens its doors for business on April 1

Some mining men may have feared another incursion of bureaucracy into the free (and secret) workings of private enterprise. However Secretary for Mines, W P Viljoen, this week added the assurance that the Bureau, having no statutory powers of its own, will abide by the provisions of the Mines and Works Act and the Mining Rights Act and their secrecy clauses.

The main object of the Bureau, he said, was to cover the whole field of mineral economics and co-ordinate statistical returns of the National Institute for Metallurgy, the Division of Geological survey, the Government Mining Engineer, and the Department of Planning in an attempt to bring cohesion into mining effort.

As the research and co-ordinating arm of the Department of Mines, according to Mines Minister Koorn-

hof in a speech in Parliament this week, it will gather, correlate and co-ordinate all possible information on the country's mineral resources.

This will be accompanied by research into reserves, production, domestic consumption, exports, end use — both local and overseas — consumption trends, prices movements, supply and demand and so on.

The Bureau will be headed by Dr D C Neethling, presently the Mines Department's man in London. Neethling will be assisted by a deputy director, a number of economists and an administrative staff.

According to Koornhof, the Department of Mines itself is to embark on an extensive marketing drive. In addition to representatives in London and South America, Koornhof plans to send a man to Tokyo, where an office of the Department opens on May 1. A second man may also be sent to Europe.

Maybe Iscor will get some iron ore contracts after all.



FM 4/4/75 (210)

Southvaal's financial profile is beginning to take shape and earnings should approach 25c this year at the current gold price, all of which ought to be paid out since there is no obvious rationale for any retentions. As capital spending in the south (R18m this year) falls and tonnage builds up from the present 112 500 tpm to 181 000 tpm, probably in early 1976, earnings should rise sharply, but with sinking of the second shaft in the south only beginning, under current plans, in 1983, the project will take many years to mature. At 1300c, the shares are for the long distance runner.

Randfontein has aroused interest by deferring publication of its chairman's statement until a fortnight or so before the agm, due on May 16. Bernard Smith is expected to have something to say about expansion of the Cooke section, and possibly also about a full scale return into old Randfontein, essentially for uranium. With Cooke No 1 and 2 shafts likely to produce 150 000 tpm, a decision to proceed with the mooted Cooke No 3 and 4 and revival of Bird reef operations in old Randfontein would suggest ultimate tonnage of 400 000 tpm, a supermine indeed, but costs could top R150m, short- to medium-term dividend potential would be affected and grade would no doubt be a lot less in the long run than the 15 g/t the optimists are looking for.

With **Western Areas** at 800c, Elsberg's stake is worth 520c per share and so, at 480c, it is by far the better way in. From the current 244 000 tpm, a start has been made in raising tonnage 60% to 390 000 tpm and capital spending (R11m this year) will be relatively high for some time. With tax liability arising in 1975, dividends will probably not be increased from 70c (Elsberg 45,5c) unless the gold price rises, while the ultimate fully-taxed potential is also a question of grade, which averaged 6.75 g/t recovered last year, in the past there have been suggestions that rising output from the Elsberg section would lift the average.

In the General Mining group, **Stilfontein** is to spend R8m in the current year on capital account, a sharp rise on last year's R3,8m, which was the highest level for several years. This suggests that more information has yet to emerge on the potential of the areas now being opened up in the south-east, as unofficial life estimates are only 8 years or so at present. At 490c, the shares yield over 13% on last year's 65c dividends and would certainly go better on improved life indications.

West Rand Cons ended 1974 illiquid (net current liabilities of R800 000) but having achieved its target of switching production in the uranium section to gold. One must hope this has not been

done just as the uranium market starts to look more exciting than the gold market (a point of view heard from London) but in that event the mine's uranium stockpile would be highly lucrative.

Last year 30% of total centares stoped was in neighbouring tribute areas, the bulk being in Luipaardsvlei, now wholly owned by Gold Fields Props. Terms of the July 1974 royalty agreement covering the Kimberley reef are being renegotiated to include Luipaards' Main and South reef, tonnage from these sources will be a major factor in maintaining throughput at West Rand Cons and could substantially benefit GF Props. West Rand Cons paid 40c last year and at 460c now, the shares are a fair speculation on the gold price and in due course on uranium.

Richard Rolfe

Asbestos profits

With strikes for higher wages coupled with above-ground disasters hitting the Canadian asbestos industry (35% of world supplies at the latest count), and the Russians (45%) apparently not dabbling seriously internationally, world asbestos prices have been soaring.

The result? A boon, and a boom, for Genmin's two asbestos companies, Gefco and Msauli.

The former produces the comparatively scarce "Cape Blue" fibre, the latter the shorter-fibred chrysotile.

Both fibres are naturally currently in demand, their outlets basically the auto-

motive brake linings market and a wide range of asbestos/cement products for the building and construction industries.

Since these take in virtually everything from house, office and factory buildings through to pipelines for water and sewage, the possibilities look encouraging, particularly since more than one oil-transmission company is experimenting with a switch from expensive steel to asbestos cement for its pipelines.

The current JSE vogue for asbestos has thus brought Gefco to its best level since 1973, at 305c after 320c, compared with 300c in 1973.

Msauli, with little or no dividend record, has performed less well, the shares at 65c comparing with a 1973 high of 90c.

Is it therefore time for the tired, and occasionally speculative shareholders in the two, to take their profits? A glance at the recent performance of Gefco suggests that some have, already.

Without exploring the ins and outs of the latest accounts in terms of costs, output, labour forces, etc. it would seem that a great deal depends, over at least the next year and more, on how the Canadian producers solve their problems over wages and modernisation.

Added to which, of course, the currently inscrutable USSR, the largest world supplier, could decisively enter international markets.

On balance, the Canadians *could* solve their problems at the expense of profits, though it seems more likely that international asbestos prices will continue to rise.

That of course, could well be "good for" Gefco and Msauli and it is perhaps not surprising that Dolf Schumann, wearing his hats as chairman of both companies (which have their own joint asbestos-selling organisation), looks forward to a "good year" from Gefco and "satisfactory results" from Msauli in 1975.

Fair enough. But Gefco faces large capital outlays on a variety of projects this year. These range from the replacement of near-exhausted orebodies, an acceptable pressure packing system and further mechanisation and automation, as a way of fending off escalating labour costs — and shortages.

With capital equipment costs rising all the time, it is no surprise that Schumann suggests "substantial increases in capital expenditure (for Gefco) over the next few years".

And the picture painted for Msauli by Schumann is not all that different, either.

"Significant further improvements in productivity will become progressively more difficult to attain and further abnormal cost increases will be less readily contained", he says.

By ADAM PAYNE
Mining Editor

THE main talking point in the mining world this week was the public launching of Deelkraal mine at a time of gold market stagnation, but this should not deter GRSA shareholders from taking up their rights.

It should be a more successful flotation than Free State Saaplaas rights issue. Saaplaas is a low-grade mine and the issue was too finely pitched for comfort in today's uncertain gold market

Capital costs for Deelkraal have been raised from the R85-million based on 1974 costs to a figure of R100-million based on 1975 costs. Gold Fields decided to go ahead with the mine at this time last year when the gold price surged up to the \$170 level, but the feasibility studies were based on a low price of \$92 an ounce.

Since April last year the gold price has touched \$200 and has remained this year above \$170

It is a probability that when the mine comes to production in 1980 the gold price will be just ahead of \$200 an oz — just as certain, too, that costs will be much higher — but even at today's gold price the mine would be highly profitable

It is similar in many respects to Kloof, which works the same reef, the Ventersdorp Contact Reef, in the same area, and Kloof has been a most successful gold mine at a much lower gold price

It has had its recent technical problems which have knocked the profits, but it is still, long term, one of the best mines on the calendar.

It is estimated that Deelkraal has 45-million tons of ore at an average grade of 10.4 g/t and there is every possibility that Eisburg reefs will be worked as well as the Ventersdorp Contact, at little extra cost.

One of GFSA's top executives once told me that invariably the shares of new

Deelkraal deal has the right smell

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matically mean immediate moves to exploit the areas.

"The aim is to have the rights in reserve so as to take advantage of them when the time is opportune," he said.

Both Durban Deep and ERPM produced sad reports because of labour troubles. Their recoveries will be slow, but they should be watched in relation to, firstly, the gold price and, secondly, the Black labour situation.

Anglo

THE SUN never sets on Anglo American interests and the latest reminder of its world-wide spread comes from Mexico

Anglo American Corporation Canada and Hudson Bay have increased their joint stake in a big Mexican copper deposit to be mined open-cast with a capital cost of \$100-million.

The Anglo-American stake is 67 per cent in Lytton Minerals which holds 48 per cent in the Mexican Government-backed company planning to exploit the deposit in the area 320 km west of Mexico City

The ore bodies on the property contain proven reserves of 81-million short tons grading 0.699 per cent copper, which is higher than Palabora's, plus gold and silver.

Ore from the open pit will be fed to the recovery plant at a rate of 15 000 tons a day, resulting in copper production approaching 34 000 tons a year compared with Palabora's figure approaching 100 000 tons. In addition there will be 14 000 oz of gold and 44 000 oz of silver.

The mine and metallurgical plant will be constructed under the direction of Hudson Bay and Amcan. The scheduled date of production is the first quarter of 1978.

Manganese

WHILE THE news on copper has recently been better than formerly the steel and ferro-alloy markets are declining.

Fred Bamford, of Samang, was optimistic about manganese business at a recent Press conference, but warned that ferro-alloy prices could decline with any setback in the steel industry

He pointed out, however, that falls could be absorbed because the recent price levels have been considerably above those 18 months ago.

Because of the weakening world steel market, ferrochrome and ferro-manganese prices are dipping in the United States. Both are smelted by Amcor, which is merging with SA Manganese.

As an indication of the deterioration in the steel industry, European and Japanese steel mills are expected to ask Western Australian iron ore producers to reduce shipments for the remainder of the year by an estimated 5-million tons because of the sharp decline in steel output

Usenor, the French steel producer, has cut production, starting from Easter weekend by 30 per cent

British Steel is making further cuts. These are not good signs for manganese suppliers whose product is used in steel smelting. Fortunately, orders are booked ahead with only a few open positions

of so-called undersea "manganese nodules" are nickel, copper and cobalt, with manganese metal a poor third

Mr Berry is emphatic: "Since early last year, with hardly any publicity, Mr Howard Hughes's grant Summa Corporation has been probing the floor of the Pacific with the aim of scooping up metal nodules that will ultimately send the prices of metals right down"

A reply to this alarmist talk — even if it refers to future developments — is contained in a report by two scientists at South Africa's National Institute of Metallurgy.

Dr Bill van Rensburg, head of the economics and costing division of NIM, and Dr Arnold Granville, the researcher, issued the report

They say "The rate at which nodule mining grows after the start of commercial production will depend partly on the markets for the metals. At the costs expected, it is unlikely that established mines will be displaced by marine mining in the foreseeable future

"It is more likely that operations will start in an orderly fashion, dependent on the ability of the market to absorb the products

"Since the size of the nickel market is likely to be the limiting factor, and since the major source of revenue for nodule mining would be nickel, it is expected that the rate of growth of nickel consumption would control the growth of nodule production"

Cont

Sunday Times Best Times

14/4/75

A recovery in steel is not ruled out. The French see it in mid-year, Americans in the fourth quarter. In the United Kingdom they are more despondent and see no turnaround before the year end.

Delving deep

HOW NEAR is undersea mining and what threat does it pose to conventional land mining?

I was intrigued by powerful statements in the London Times that "most people accept that undersea mining is closer than we think and when it comes it will be big."

The writer, Adrian Berry, added that the Geneva conference on undersea mining last year heard forecasts that the entire manganese exports of the Third World could be replaced by only 10 seabed mines, each lifting 5 000 tons of nodules a day.

The UN recommended international price-fixing arrangements before seabed wealth knocked the bottom out of the market, he said, but I have seen no action reported on this front.

Some mutual funds have recently bought SA Manganese shares and, because of their experience in assessing such statements, they are unlikely to be disturbed.

Smaller shareholders may take fright, but they should realise that the main yields

They believe, from a study of forecasts made overseas, that the markets for manganese ore or ferro-manganese will not be seriously affected by nodule mining for at least 20 years.

They say the possibility of manganese metal production has been investigated, but manganese metal produced from ocean nodules seems to be more expensive than that obtained from land based ores by well-tried technology.

So it seems that manganese shareholders have no need to worry for many years to come.

Postscript

A REPORT that the R210-million ship, Glomar Explorer, for undersea mining, was in fact built for the CIA, but masqueraded as an undersea mining ship operating for Howard Hughes, has not shaken undersea mining men's faith in the ship's ultimate purpose.

They are confident that it is still a mining ship even if the CIA did use it.

So it's back to manganese nodules as the biggest ship in the game.

Dr Van Rensburg and Dr Granville believe that Summa Corporation could be producing nodules by 1980-1982 if there are no legal problems. But at the moment nobody knows who can grant rights for undersea mining or security of tenure.

Mine house snaps up OFS options

(210)

RDM
19/4/75

By JOHN IMRIE

THE THRUSTFUL, Afrikaans-dominated mining house, General Mining, has acquired mineral option rights over nearly a million hectares of farmland in the southern Free State.

The option, at R1 a hectare from hundreds of farmers in an area bounded roughly by Reddersburg, Philippolls and Fauresmith, were obtained in the short space of about six weeks.

General Mining officials emphasised yesterday that the options were required

merely for exploration and dismissed speculation that they were on to "another Free State goldfield."

They explained mineral options for much of South Africa had already been taken up by other mining houses, that this area was as yet untouched and that it had the advantage of being a relatively shallow section of the Karoo geological system

"It might be possible to break through there at about 1 000 metres, whereas in other places the Karoo system extends as deep as 5 000 metres," I was told.

There are no known gold deposits in the area and General Mining says it has not found gold.

"Once the options are consolidated, we can begin aeromagnetic and gravometric surveys and decide where to site boreholes to enable us to find what lies under the Karoo system," an official said.

Other mining experts yesterday confirmed that there

in the area but the possibility of other finds, such as uranium, could not be excluded.

General Mining's outlay of about R1-million in option money is not considered very unusual. The house last year spent R2,2-million on exploration.

There is much excitement and conjecture in Bloemfontein over the options

The area covered by the options includes a farm only 26 km south of Bloemfontein

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Iron ore demand likely to soar

STAR 23/4/75

Own Correspondent

TOKYO — Japan's iron and steel industry has been looking at its production prospects for the next 10 years, and the prognosis is good for iron ore and coking coal shippers

The Iron and Steel Federation believes that in 1980 160m tons of raw steel and 130m tons of pig iron will be produced. By 1985 the figures will be 180m tons for steel and between 139 and 144m tons for pig iron.

According to Takeo Yabe, manager of the Federation's raw materials division, this will mean a requirement of 183m tons of iron ore to be imported five years from now and between 196 and 203m tons by the end of the decade.

Says Mr Yabe: "We

don't expect any trouble, however, in securing the balance from Australia, Brazil and Africa, including South African projects which will be fully developed by then."

COKING COAL

Coking coal requirements will be 91.4m tons in 1980 rising to between 94.2 and 97.6m in 1985.

The Iron and Steel Federation expects Australia in 1980 to supply around 45 percent of the iron ore, Brazil 23 percent and Africa around 10

percent.

In 1985 the Australian supply will remain the same, but Brazil's will rise to 28 percent — due to major projects in the Amazon Basin in which Japanese steel mills have a 10 percent investment — and Africa shipping in with nine percent of the total.

The coking coal breakdown estimates that South Africa will provide 2.5m tons of the 1980 total, compared with Australia's 26m, America's 19m and Canada's 10m.

What future for dunes of

Zululand

CONCERNED people who are worried about the fate of the Zululand coastal dunes in view of proposed mining activities will be able to get many of the facts about this development at a meeting to be held in Durban this evening.

Mr. C. J. Ward, one of the most prominent field ecologists working in South Africa today, will be speaking about dune ecology and the role of natural vegetation in the Aquarium lecture hall at 8 p.m.

This he is doing "by popular demand," for he spoke on the same theme at the recent Habitat

meeting on coastal conservation

His talk was so well received that he was asked if he would repeat it.

Mr. Ward, a botanist at the University of Durban - Westville, is known to be good at explaining his science to non-botanists. He will be discussing environmental

factors and, in particular, vegetation changes resulting from human activity

More may be at stake, than just the dune vegetation, valuable though this heritage alone is, when the proposed titanium open cast mines are started on the coast

north of Richard's Bay. The dunes concerned are very large structures and the vegetation holds them together.

If the plant cover is removed and not replaced properly — and it may not be possible to replace a cover built up by nature over many

decades — the could begin moving sand blowing

This wind-borne could be dumped instance, in the areas feeding La Lucia with water ferreting with the sun an area already in critical conditions



Star 28/4/75

Mining attention on two key dune forest areas off the Zululand coast could spark off an international row.

South African conservationists are determined to put a stop to titanium-mining plans at Mapelana, just below St Lucia estuary, and at King Oscar Hill, south of Sordwana Bay

They have called in aid from the world's most powerful outdoor organisation, the American-based Sierra Club with more than 3-million members, and the influential World Environmental Resources Council, based in

Mining interests are moving in on two unique and beautiful dune forests in South Africa — Mapelana, just south of Lake St Lucia on the Zululand coast, and King Oscar Hill, further north. A chance discovery by geologists shows the Zululand coastal dunes to be rich in titanium-bearing minerals. Now conservationists are fighting to save the forests. Peter Croeser of CARE, who visited the areas, reports:

Switzerland, to bring pressure to bear on at least one of the American interests in the mining ventures.

On the home front the Minister of Mines, Dr Piet Koorhof, has called for a meeting with conservationists, mining interests

and Government departments in Cape Town tomorrow.

On a private visit to Mapelana, site of the world's highest indigenous forested sand dune, the Minister expressed his personal dismay that mining interests were let

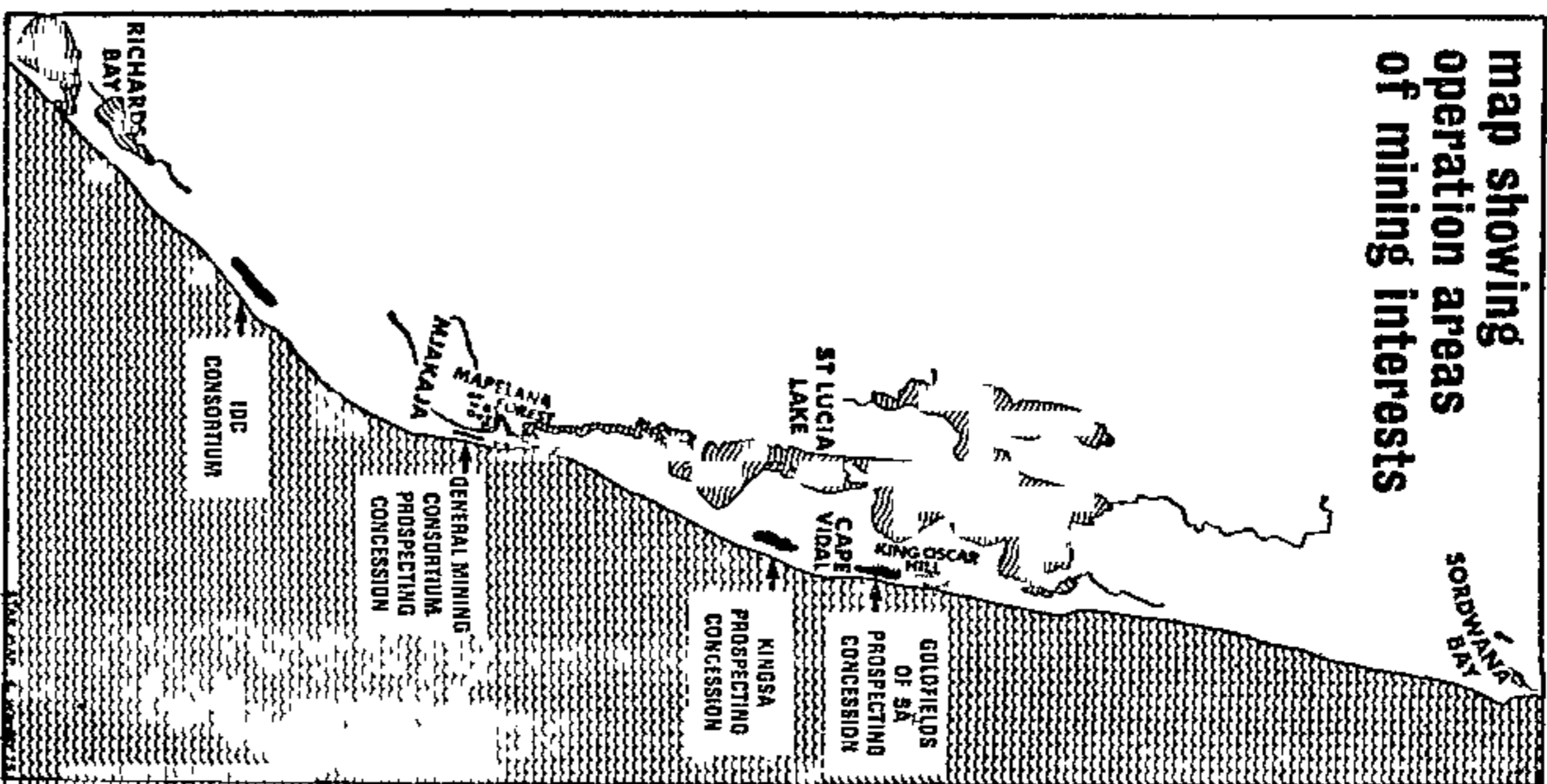
(50 percent share holding), the Industrial Development Corporation and Union Corporation, plan to start mining in about two years, processing lime-nite for its rich titanium content together with its space-age mineral associates, rutile and zircon.

The area in which they will operate does not seriously upset conservationists. Far below the key Mapelana area, the mining site has already been heavily disturbed and planted with exotic tree species to try to hold down shifting dune sands.

Further north, General Mining and Finance subsidiary with United States Steel International and probably several other groups, have been prospecting in Mapelana and the indications are that mining, if agreed to, would involve cutting into the side of Makaka, the highest forested dune in the world. Conservationists are particularly disturbed about this as they have little confidence in rehabilitation assurances.

Concession

About 10 kilometres north of St Lucia estuary a company called Kingsea — believed to have American backing, probably through the powerful King Resources Corporation which initially researched the IDC titanium project before selling its interests to the Canadian mining company



map showing operation areas of mining interests

has the prospecting concession running up to just south of Cape Vidal.

Conservationists are not seriously perturbed about the Kingsea concession. Even if mining does take place the coast region is heavily forested with pine and blue gum and little natural forest remains.

Stringent

But the next key conservation area threatened is King Oscar Hill. Goldfields of South Africa has the prospecting concession for the block just north of Cape Vidal running to King Oscar Hill and its forests. Little is known about Goldfields' interests.

A spokesman for the Department of Mines stressed during The Star's investigation that prospecting would do little, if anything, to harm the environment because of the

stringent regulations governing prospecting on State land.

Conservationists, for the most part, are not really worried about the prospecting. It is the mining stage that worries them, particularly in view of the dismal failure in Australia to rehabilitate the large open-cast dune-sand rutile mines there with indigenous vegetation.

The conservationists believe that far too little is known about rehabilitation and that a great deal of research is necessary.

"Let's see how they rehabilitate the IDC area first before they tackle trying to replace a canopy forest," says conservation director of the Wildlife Society of South Africa, Mr Reith Cooper

Assurance

The Minister of Planning and of the Environment, Mr J J Loots, has given his assurance that his department is giving its "fullest" attention to the mining prospecting concessions. They would not be extended in the coastal forest area, he has assured conservationists.

One mining licence, however, was granted 25 km below the Mapelana forest by the Bantu Mining Commission while it still had control over the area north of Richards Bay. A consortium comprising a Canadian mining company,

From ORMANDE POLLOK
Political Correspondent

Natal (210)
memo
3/5/75

CAPE TOWN - Dr. Piet Koornhof, the Minister of Mines, has frozen prospecting in the ecologically unique Mapelane dune forest and will not grant any more heavy mineral prospecting rights from Richard's Bay to a point north of St. Lucia until 1980.

He announced yesterday that he would also appoint a small working committee to advise him on any prospecting and mineral rights along the North Coast in future.

Dr. Koornhof's statement follows heavy controversy over the threat to the North Coast's natural environment through mineral prospecting and mining. The controversy culminated in a top-level meeting in Cape Town on Tuesday between all interested parties

He said yesterday that he had explained the factual situation concerning the prospecting rights which had already been granted and said that, contrary to previous reports, "no prospecting rights had been granted between a point 12km north of Cape Vidal and the Mozambique border"

Dr. Koornhof added: "The discussions were frank and exhaustive"

He had stressed the importance of mineral development but had also undertaken to consider fully the question of nature conservation and to "respect the views and fears as expressed by the ecologists at the discussions"

The mining companies had given firm assurances of their willingness to cooperate in the preservation and the restoration of the natural environment.

Investigate

"As far as the dune forest in the Mapelane area is concerned, I undertook to go into the matter again as soon as the relative mining company has had the opportunity to investigate the viability of the deposit of heavy minerals, should the mineralised portion of this dune forest not be taken into account," he said

"It is the understanding that no further prospecting work will be carried out in the dune forest in the meantime and that prospecting will in any case not take place there without the matter first having again been put to the interested parties who attended the meeting.

"I undertook not to grant any further prospecting rights for heavy minerals between Richard's Bay and a point still to be decided north of St Lucia until the end of 1980"

General Mining & Finance

State

Rand Daily
Friday, Mar

Results
Consolidated profit after taxation attributable to ordinary shareholders increased by R8 113 000 to R22 452 000. This represents an increase of 56,58%. Dividend was increased by 90c to 210c. Comment in the results of your company during the past five years, is given in the table below

there will be a decline in the intensity of wage demands and price adjustments, and particularly on more attention being given to the optimum utilisation of our manpower. In my view, there is sufficient evidence that these conditions and expectations will materialise. I particularly welcome the commencement of the abolition of taxation on undistributed profits in terms of the

	1970	1971	1972	1973	1974
Profit attributable to ordinary shareholders	7,480	8,230	10,030	14,339	22,452
Dividends per ordinary share	144c	159c	194c	272c	425c
Dividend per ordinary share	80c	85c	90c	120c	210c
Share value per share	1 829c	1 857c	2 749c	4 329c	5 887c

Stock exchange prices have since fallen, taking account of the rights issue has now been completed, the net value on April 28, 1975, was 4541c

Profit attributable to equity holders can be summarised in the following categories

	1974	1973
	R million	
Gold and uranium	10,4	5,7
Financial	2,6	1,4
Others	2,2	2,0
Services	2,0	1,4
Manufacturing and Industries	6,8	6,0
Shipping	2,5	1,9
	26,5	18,4
Management and related services	2,1	1,1
Dividend paid by General Mining	-3,3	-3,2
Cost of Exploration	-2,2	-1,5
Provision and Provisions		
Surplus on realisation of investments	-0,6	-0,5
Profit attributable to equity holders	22,5	14,3

These figures are a summary in different tables in the report

The annual report contains the complete financial statements. In order to give shareholders an overall perspective of our consolidated balance sheet, I quote the following summary including an adjustment for the subsequent drop in stock exchange prices

Balance Sheet as at December 31, 1974

	R million
Shareholders' interest	268,7
Reserve shareholders' interest and preference capital (0,5)	33,4
Long-term loans	89,3
	391,4
Investments at market value April 28, 1975	250,4
Fixed investments	24,4
Current assets	76,6
	40,0
	391,4

Domestic economy

The real growth rate of 7,2% in the gross domestic product during 1974 represents a doubling of the 1973 growth rate. A unique achievement, certainly the highest growth rate among the industrial countries of the Free World, is attributable to a sharp rise in the value of gold production exports, a relatively smaller dependence on imported energy sources and a considerable improvement in respect of foreign and stock investment. The fact that increased investments occurred in the mining and manufacturing sectors is particularly encouraging. This represents a reversal of the trend of previous years when investment by the public sector usually showed a higher rate of increase than that of the private sector. This notable investment export orientated revival occurred in spite of recession conditions overseas, a cooling off of world trade, high interest rates, rigid capital markets and weak stock exchange conditions domestically.

Since the last quarter of 1974, there have, however, been clear indications of a cooling off of the economic growth rate in the non-agricultural sectors. At this time this should not be regarded as a serious slump, but rather as a temporary adjustment to more realistic conditions.

Should South Africa wish to ensure and consolidate its competitive position as an industrial country in the future, it is absolutely essential that this private investment revival should not be allowed to lose too much momentum. Maintenance of a sound and growth in investment, production and productivity remains the key to the maintenance of the beneficial basis of exchange currently enjoyed by the country. Success in combating inflation depends on whether

recent budget, and also the undertaking given by the Minister of Finance that the Standing Committee on Taxation will examine the question of more realistic rates of depreciation for taxation purposes intensively. When considering the substantial investment programme for the Republic projected for the next 5 to 10 years, it is clear that the major portion of the required long term capital will have to come from our own funds and sources. It has become extremely difficult to obtain long-term capital for the private sector, and realistic retention of profits to finance essential expansion of the availability of goods and services is now of more than normal importance.

International monetary affairs

The continued uncertainty and confusion on the international monetary front, taken together with the fact that the course of world economics is being dictated more and more by oil producers, resulted, inter alia, in a decline of more than 10% in 1974 in physical world trade. At the same time, there has been practically no progress in reforming the international monetary system. In previous statements, I gave warning that if this decline in world trade and the attendant formation of blocks, were allowed to take its course, serious consequences could result, not only for the world economy, but also in regard to the political position in the Free World.

The first essential step to be taken to combat this erosion of world trade, and thus economic growth, is to re-establish an international clearance system which will engender confidence. Clearly, gold must have an important role in an objective of this kind which must re-introduce international clearances in gold and the exchangeability of currencies under certain circumstances. In making this statement, I do not advocate a fixed monetary price for gold. I believe rather that gold as a commodity should be allowed to find its own price levels in market operations, without restrictions, and that central banks should be allowed to operate in private gold markets as they see fit. This is logical as it is the duty of the central bank of a country to attempt to maintain the intrinsic value of the country's official reserves and consequently, national savings, and if it can utilise gold or other commodities for that purpose, no politically orientated obstacles should be placed in its way. At least one country, namely France, has already recognised the realism of this approach.

In my view, the free market price for gold reached a sound, consolidated level during 1974, despite a sharp decline in industrial demand for gold, a certain degree of releasing of reserves especially in the Middle East, Russian sales, and of course the much discussed gold auction in Washington. I believe that the encouraging course of the gold price during recent years holds promise of further increases in the future.

New business

Shareholders have been informed through the press and by means of previous announcements and circulars of the large new investment recently made by your company in Union Corporation Limited. Various companies were involved during the last six months of 1974 in schemes and offers with the object of acquiring a controlling interest in this very important South African mining house. The General Mining Group also participated and full details are given in the annual report. Mainly by means of purchases in the open market, our group eventually acquired an interest of slightly less than 30% in Union Corporation and General Mining is now the major shareholder.

This matter called for a large amount of attention by management during the past year, and we are very satisfied with the result. Mutual board representation has already been arranged, and we look forward to an interesting period of co-operation between the two mining houses.

An important new development in the operational sector during the past year was the further rationalisation of the chrome mining industry as a result of which, General Mining now controls four producing mines and through those companies has large chrome ore reserves at its disposal. The General Mining Group has become the most important producer and exporter of

chrome ore. We have been frustrated by the unsatisfactory conditions at the Lourenco Marques harbour which resulted from the constitutional changes in Mocambique, as well as the inadequate rail transport facilities owing, partially, to the bad condition of the railway line through Mocambique. These problems are being overcome and conditions are improving progressively. We are particularly grateful to the South African Railways for their positive initiative in this regard. Since the year-end chrome ore prices on world markets have improved and a satisfactory contribution to profits by this new activity is expected during the current year. In due course, South Africa could become a more important world supplier of this essential mineral, and with this in mind, active attention is being given to the long-term improvement of transport facilities and particularly ship loading facilities.

The refining of metals is a specific policy objective of the General Mining Group, and as part of this strategy, an agreement was concluded during the past year with Union Carbide Corporation of the United States for the erection of a ferrochrome plant in South Africa. Construction of the plant at Steelpoort in the Eastern Transvaal has already commenced. The estimated cost of the plant is R35 million, and it is expected that the production of 120 000 tons of charge chrome per year will earn foreign exchange of the order of R40 million annually. This undertaking flows naturally from our chrome ore mining activities and our metal refining policy. General Mining has great expectations regarding its new association with Union Carbide which is a leading producer of ferro-alloys in the world, and which will also provide technical support to the new company which is known as Tubatse Ferrochrome (Pty) Limited.

An additional important new business transaction concluded during the year resulted in the acquisition by a subsidiary, Superocla Limited, of the concrete pipe manufacturing interests of Hume Limited, valued at approximately R4 million. At present Superocla has no less than 15 factories throughout South Africa. This distribution of activities gives the company a sounder base in the market and provides good opportunities for rationalisation. Superocla also has an agreement with Turner and Newall Limited covering the joint establishment of an additional asbestos cement pipe plant at a cost of approximately R6 million.

Expansion of the other existing activities of the General Mining Group is dealt with separately under relevant headings.

Gold and uranium

The most significant development has been the material increase in the price of gold, which has given us the opportunity to improve Black wages substantially. Increased productivity has, however, not kept up with the substantial increase in the wage bill. We find that this fact, together with increased cost of stores and materials, means that our mines are still highly sensitive to the price of gold.

Black underground labour supply has also been severely curtailed during the year. Unrest and rioting amongst Black workers in the industry has been an unfortunate feature of events. In the circumstances it is quite clear to us that increased productivity, reduced costs, an improvement in the supply of, and the stability and care of our Black labour force is of fundamental importance, and action along these lines is in progress.

As far as increased productivity is concerned, it is our policy to improve the systems already proved in present operations in the first instance, and then to adapt and introduce other systems and machines which have proved successful elsewhere in the world. In order to make the best use of the systems and the machines involved, and to ensure more job satisfaction for all our employees, we are busy improving environmental conditions, training and communication.

The price of uranium on world markets has increased significantly during the year and re-negotiation of existing contracts is in progress at present.

Coal

My previous remarks, on the need for a high volume of investment, apply in particular to the coal industry.

If one considers the needs of the local market, led by Escom, Sasol II and Iscor, plus other industrial and domestic demand, it is clear that we as a country are already committed to a doubling of the existing local production of some 65 million tons by 1985. If one adds to this an allowance for export contracts already negotiated and to be negotiated, one arrives at a required national investment in the coal mining sector of the order of R1 000 million within less than ten years. A substantial proportion of this amount will come from semi-state sources, e.g. Iscor, Sasol and Escom, but this, nevertheless, leaves an amount much greater than the present total value of the industry to be found by the private sector. On normal economic principles a realistic domestic price structure is essential to attract this capital, as the industry has to date not been profitable enough to build up big cash reserves.

Corporation Limited

Report by the Chairman — Dr. W. B. Coetzer

Mail
1975

To be read with the annual financial statements for 1974



Dr W B Coetzer

The days of labour intensive mining are over, and an expansion of this order will create a demand for a substantial increase in the skilled labour force employed in the industry. The opportunities created for all types of labour are to be sincerely welcomed, but both the industry and the Government must recognise the need for a massive training programme to increase the general level of skills.

Overseas interest in South African coal is very strong and many interesting projects are being talked about or are, in fact, in various stages of negotiation. Bearing in mind the order of expansion to which the country is already committed, both in respect of labour and capital, it is probably as well to realise that there is a definite limit to expansion. Our group is, therefore, concentrating its attention on those projects in which purely financial considerations are supported by considerations of national interest.

Base minerals

In the annual report mention has been made of the prospects for base metals and minerals under circumstances prevailing at the beginning of 1975. Rail and shipping problems were seen as factors militating against steady growth. Since then, various measures instituted by the S.A.R. and H. and others to combat these problems are showing signs of effectiveness.

The stainless steel and aluminium industries have, however, experienced drastic set-backs, and the markets for manganese and fluorspar have weakened. In the case of manganese, this condition is expected to be of short duration, while excessive stocks of fluorspar could cause the weakened conditions regarding this product to continue into 1976.

A very gradual strengthening of the copper price is predicted for 1975, while the unprecedented stability of the asbestos market continues firmly and shows no signs of any weakening in either the medium or longer term.

In regard to chrome, I have nothing to add to the comments made above.

Investigations in furtherance of growth and opportunities for mineral beneficiation in the Base Minerals division are constantly being undertaken.

Exploration

In accordance with the company's policy, mineral exploration is being continued on an extensive scale. Details of the nature of these activities and of the potentially viable ore deposits already discovered, are given in the annual report.

In regard to the company's activities in the Southern Free State, I wish to emphasize that this is a regional reconnaissance investigation in its early stage. Options over an extensive target area have been consolidated and geophysical surveys are being carried out in the area. The objective is to utilise this information, as well as strategically placed boreholes in the systematic interpretation of the deeper-seated geological structure below the thick layer of Karoo formations covering this area. There is no proof at this stage of any geological formations of economic significance.

Industries and trade

On the whole, the industries and trading activities of the Group produced reasonable results despite difficult economic conditions during the year under review.

Since the year-end, the production and turnover of all the companies concerned, has been maintained at least at the levels of 1974, and in regard to the near future, further growth and satisfactory results are foreseen.

Capitalisation

The new investment in Union Corporation was financed largely out of the proceeds of a new loan of U.S. \$85 million arranged in Europe and taken up through a consortium of banks led by Morgan Grenfell & Co Limited. This loan is repayable in equal half-yearly instalments of U.S. \$17 000 000 commencing on December 12, 1977. Full details are given in the annual report.

A rights offer was made to shareholders on April 10, 1975 on the basis of 12 new shares for every 100 shares held at R32 per share. This issue which is fully under-

written by Federale Mynbou Beperk, will provide the company with additional capital funds of R20 286 000.

Prospects for 1975

There are a number of factors which materially influence the company's business. The tendency of the gold price during the coming year is probably one of the most important. In addition, the availability of sufficient Black labour on the gold mines is an important factor. The gold price is beyond our control but we believe that in order to overcome the labour problem satisfactory progress is being made in regard to rationalisation and better utilisation of labour.

One of the other most important considerations is the inflation tendency. Production costs have increased alarmingly during the past year and the continued high rate of inflation is cause for much concern.

Although the tendency of world prices for base minerals is a material factor in our profit expectations, the prices of most of the minerals in which the Group specialises are at present somewhat higher than during the previous year, and we do not expect any significant decreases during the coming year. The limiting factor in this regard is, however, the availability of adequate rail transport and port loading facilities. As far as its industrial interests are concerned, the group is more specifically active in basic trading which is less susceptible to short-term economic changes. Factors which cause concern, however, are the sharp increases in costs of replacement and expansion of production facilities as well as the large increase in working capital requirements resulting mainly from the higher costs, owing to inflation, of replacement stocks and debtors. Nevertheless, an improved contribution by industrial subsidiaries to the profit for 1975, is expected. In the case of coal, the full extent of our commitments in respect of expansion as well as the possible contributions by foreign sources of finance should be determined during the year. Thereafter, a suitable long-term financing programme must be formulated.

Subject to the reservations mentioned above, and notwithstanding the additional shares due to be issued, we nevertheless expect satisfactory growth in earnings for 1975. As stated in the prospectus, it is expected that the dividend for 1975 will be at least 210c per share.

Directorate and Personnel

In conclusion I would like, personally and on behalf of my co-directors, to express appreciation of the dedicated service rendered by management and the administrative and technical personnel during the past year. Our appreciation is also extended to the management and personnel of mining, industrial and other companies associated with the group.

To my co-directors, my sincere thanks for their sustained support and co-operation. Special mention should be made of Mr H. N. Hart who retired on February 18, 1975. Mr Hart had served on the General Mining Board since August 15, 1961. The valuable service rendered by him to your company over the years is highly appreciated.

Messrs G. Clark, A. D. Croad, E. Pavitt and J. L. van den Berg have been appointed to the board since the year-end. In terms of the Articles of Association, these appointments are to be confirmed at the annual general meeting on June 5, 1975.

W. B. COETZER

Chairman

Johannesburg

May 9, 1975



Genmin hopes over long-term encouraging

210

STAR
9/5/75

Mac Thain

Although General Mining, in common with other mining houses, is faced with problems arising from current economic conditions, it should have no difficulty in paying 210c in dividends this year and the group's longer-term prospects are encouraging.

With its substantial stake in gold mining — increased with the acquisition of just short of 30 percent of Union Corporation's equity — the performance of the gold price, as pointed out by Dr W B Coetzer in his annual review, will be one of the most important factors during the current year. Another is the availability of sufficient Black labour.

The gold price is outside the control of the mining industry but action in respect of labour action to achieve higher productivity, reduced costs and an improvement in the supply of workers and the stability and care of them is in progress.

BLACK WORKERS

At the end of 1974, according to the annual report the number of Blacks in service was down to 36 500 against close on 45 000 in March. However group tonnage was maintained by better use of manpower and improvement in management. This is partly reflected in an increase in tons milled in terms of Blacks in service from 14 tons at the end of 1973 to around 16,3 tons.

With the threat of even lower complements, labour saving methods and wherever profitable mechanisation are being introduced. This called for heavy capital expenditure which rose by over 100 percent last year to R15m and it can be assumed that it will be even higher in 1975.

On the technical side, good progress is being made towards the concen-

tration of mining operations and a noteworthy achievement has been greater reduction plant efficiencies which has cut residues values a ton milled from over 0,35 g/t to below 0,32 g/t.

EXPLORATION

In the field of exploration, a departure has been made from the policy of concentrating on defined target areas with the initiation of a reconnaissance investigation south of the existing Free State goldfield.

Dr Coetzer emphasises that this work is in an early stage and its object is to obtain a systematic interpretation of the deep seated geological structure below the thick Karroo formation covering the area. This is no proof at this stage that it is underlain by any mineralisation of economic significance.

On uranium prospects, prices on world markets have increased appreciably and existing contracts are being re-negotiated.

The need for a high volume of investment in the coal industry in particular is of the greatest importance. Dr Coetzer estimates that, based on the needs of the domestic market led by Escom, Sasol II and Iscor, plus other industrial demand, South Africa is committed to doubling of existing production of 65m tons a year by 1985. Adding to this export contracts already negotiated and to be negotiated, investment in the coal mining sector of R1 000m is required within less than 10 years.

COAL

Dr Coetzer throws somewhat of a damper on some enthusiastic projections of recent overseas interest in South African coal. Bearing in mind the order of expansion to which the country is already committed both in terms of labour and capital, it should be appreciated that there is a definite limit to expansion. Genmin is thus concentrating on projects in

which purely financial considerations are supported by considerations of national interest.

Apart from the acquisition of its big stake in Union Corporation, a major development is the further rationalisation of the chrome industry, resulting in Genmin becoming the most important producer and exporter of chrome ore with large reserves at its disposal.

MOZAMBIQUE

Profits were badly hit by events in Mozambique and inadequate rail facilities to which the bad state of the line in Mozambique contributed.

These problems are now being overcome. Since the year-end world ore prices have improved. In due course, feels Dr Coetzer, this country could become a more important supplier and active consideration is being given to the long-term improvement of transport facilities and particularly ship loading ones.

On the industrial side, an important move has been the acquisition by Superocla of the concrete pipe manufacturing interests of Hume Superocla now has 15 factories, giving it a sounder base in the market and opportunities for rationalisation.

SOUTH WEST AFRICA

Exploration over the past three years has disclosed three potentially viable ore deposits whose possible economic and metallurgical exploitation will be investigated in due course. They are uranium deposits east of Swakopmund the Okasewa copper mineralisation near Witvlei in SWA and heavy mineral sands along the Zululand coast.

Coal exploration continues on a large scale for Trans-Natal and further worthwhile deposits have been located.

Prospecting in Angola has been terminated in order to make funds and staff available for more promising investigations locally.

NORTH COAST MINE REPORT 'INCORRECT'

Mercury Reporter

12/5/75

THE CHAIRMAN of the Bantu Mining Corporation, Dr. A. A. von Maltitz, yesterday denied that mining development was being planned for the Zululand coast from north of Sordwana Bay to the Mozambique border.

He was commenting on a Sunday newspaper report that development was being planned in spite of a statement recently by the Minister of Mines, Dr Piet Koornhof, that no prospecting rights had been granted between a point 12km north of Cape Vidal and the Mozambique border.

The report stated that Dr von Maltitz had confirmed that prospecting was being carried out all along the KwaZulu and Natal coasts and even in the Transkei.

Dr. von Maltitz said: "It is perfectly true there are more than 30 prospecting ventures in the Kwa-Zulu homeland.

"Only two of them are engaged in prospecting for heavy minerals in the coastal dunes near Richard's Bay. These are General Mining and the IDC"

He said the report that mining was being planned for the area between Sordwana Bay and the border was completely incorrect.

"I did not infer such a thing or give any indication of such a thing," Dr. von Maltitz said

He had checked with officials of the corporation, who "know nothing about it"

Dr. Koornhof declined to comment and referred the Mercury to Dr. von Maltitz

"He will confirm that what I have said is correct," Dr Koornhof said.

The Minister recently announced a freeze on prospecting in the ecologically unique Mapelane dune forest and said he would not grant any more heavy mineral prospecting rights from Richard's Bay to a point north of St. Lucia until 1980.

Dr. Koornhof also said he was going to appoint a small working committee to advise him on any rights along the North Coast in future

This committee will include representatives of the Natal Parks Board, the Council for the Habitat and certain Government departments

NEW MINING HOUSE MAY BE GREAT FORCE

S-TAR
12/5/75

211

Teigue Payne

The announcement by Mr Jan Haak, the former Minister of Economic Affairs, that another mining house, Transterra-Mynbou, is to seek a listing, means the emergence of a potentially great force in South African mining.

Transterra is well known in prospecting circles, but is almost unknown to the public. It has for some time been quietly accumulating large areas of concessions, mineral rights and options throughout South Africa, Rhodesia and South West Africa.

Now it is to increase its authorised share capital and apply for a listing on the Stock Exchange. It is expected that relatively few shares will initially be offered to the public.

INSTITUTIONS

The announcement shows that the company needs more capital to begin developing its prospects. Transterra was formed three years ago after the amalgamation of the mining interests of Mr Haak — mainly in the Northern Cape and South West Africa — and Mr J M Holgado — mainly in the Transvaal and Rhodesia.

Mr Haak is the chairman, and Spanish-born geologist Mr Holgado is the company's managing

director of development. About 20 percent of the company is held by the public, among them big institutions, and the listing should top this up to the required 25 percent.

Transterra has spent about R3m since its inception. It already has a successful mica operation at Phalaborwa and expects to become South Africa's biggest mica producer and a major world supplier by the year-end.

Mr Holgado told me the company's plans:

● This year it will issue some of its extra authorised capital to complete its mica plant at Phalaborwa. This will produce 1 000 tons a month, with a possibility of 3 000 tons.

RHODESIA

Also, it will open a gold mine in Rhodesia near Shabani, on the Sabi Consolidated property. This is expected to be the biggest gold mine in Rhodesia and should earn the company substantial profits. These two ventures are being designed to gain cash flow to embark on other projects.

● Next year it will develop a small, high grade fluorspar deposit in Transvaal, and open a second gold mine in South Africa. The fluorspar deposit has proven reserves of 0,25m tons of 40 percent grade and should produce 1 500 to 2 000 tons of acid cake a month.

Transterra has another fluorspar operation, but

this is large and lower grade. This could be producing within four years at a rate of 30 000 tons to 100 000 tons, with control shared by a big overseas concern.

● Beyond 1976, cash flow and capital should be enough for bigger projects, and expansion of the producing projects.

Transterra has an extensive exploration portfolio for development — a total of more than 500 000 ha of ground under its control in concessions, mineral rights and options.

PIONEER

Among these are extensive areas in Namaqualand, larger than most of the major mining houses. Mr Haak was a pioneer of the Namaqualand mining rush, and it is from here that it will derive diamonds, copper, lead and zinc. Here it can hope for big ventures.

Its other areas are for gold, mica and base minerals throughout Southern Africa, although it will be firmly based in South Africa.

Canadian coal men to visit SA

Business Reporter
12/15/78

A top-level 16-man coal technology mission, organized by the Canadian Government, will visit the Transvaal from today until May 21

The mission will include representatives from Government, provinces and

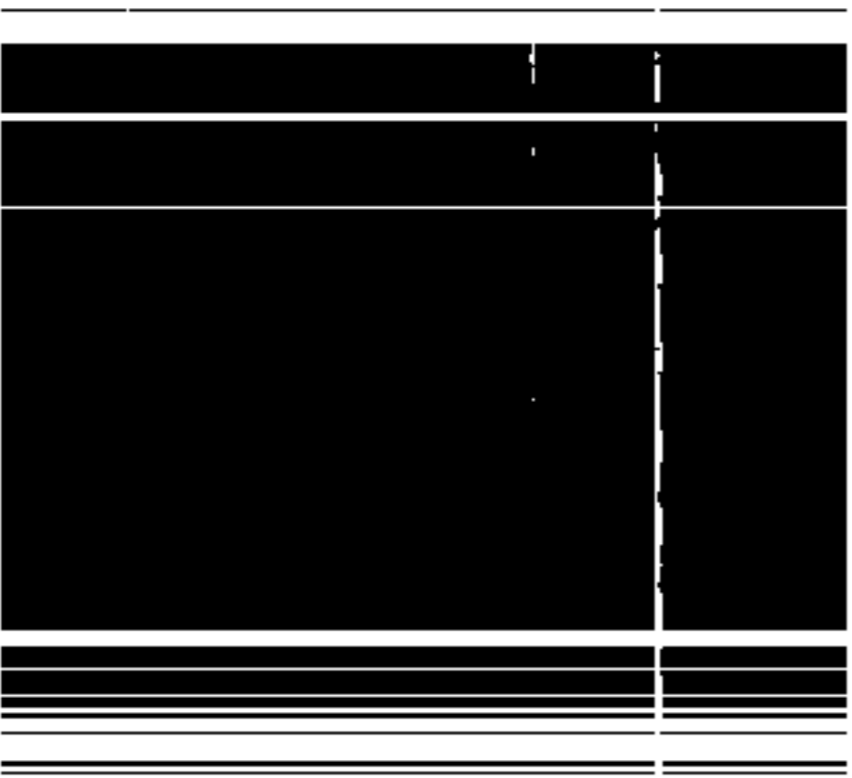
from private firms interested in coal, oil and gas, pipelines and engineering

Mr. P. J. Read, Chief Marketing and Transportation, Coal, in the Department of Energy, Mines and Resources in Ottawa, Ontario will convene the mission. The mission will hold

discussions with the Transvaal Coal Owners' Association and visit Sasol, coal gasification plants, steelworks, coal mines, the Fuel Research Institute and the Council for Scientific and Industrial Research.

Among discussion subjects will be conversion of coal to liquid or gaseous

hydrocarbons with specific reference to Canadian coals, the direct reduction of steel, production of ammonia from coal, the transport of coal slurry by pipeline, metallurgical and other process uses for coal, coal pricing policies and the extraction of oil from tar sands of northern Canada



Anglovaal minerals search ^{STAR} 16/5/75 in Cape

Own Correspondent

OUDTSHOORN — Anglovaal has taken up options of at least five farms in the southern Cape and are negotiating for further options

This follows discoveries of base minerals, such as copper, zinc and lead, in the area.

The first indication that the minerals might be present in economic quantities, came in February this year when Mr Hendrik Meiring of Warmbad, midway between Oudtshoorn and Calitzdorp, was boring for water. Mr Meiring who has already sunk 70 boreholes on his farm, found promising looking deposits which (were sent for analysis and proved to be copper and zinc

STRETCHING

Anglovaal is negotiating options on farms stretching from Gamka mountains through the Warmbaths into the Kamanassie mountains.

It is expected that they will start prospecting operations in the area during July this year.

Test holes have been sunk in the Oudtshoorn area in the search for oil, but the results were never made public.

FINANCE**Un Corp mines
reduce dividends**

UNION Corporation's two Transvaal gold mines have reduced their interim dividends.

Grootvlei is to pay 10c compared with 17c a year ago. The December final was 15c.

Marievale has declared 17c plus a capital repayment of 10c. Last June it paid 34c plus a capital repayment of 10c. The December final was 50c.

● Anglovaal group companies have declared the following interim and final dividends for the years ending December and June respectively.

Associated Manganese of South Africa — interim

30c (12,5c); Consolidated Murchison — interim 20c (30c), Hartebeesfontein Gold Mining — final 130c (110c), making 215c (160c), estimated taxed profit R32,8-million (R30,8-million), Zandpan Gold — final 21,5c making 35,7c (37,8c in 18 months ended June 1974), taxed profit R4,6-million (R4,9-million in 18 months).

Anglo Transvaal Collieries 5c unchanged final makes an unchanged 18c. Estimated loss was R6 000 (R6 000 profit). Eastern

Transvaal Consolidated Mines final 20c (16c), makes 25c (20c). Taxed profit was R1,7-million (R1,9-million).

● General Mining's Buffelsfontein has increased its final dividend to 105c making a total of 180c (160c) for the year, but South Roodepoort and West Rand Consolidated have both passed their interims.

Stilfontein has declared an interim of 16c which compares with 37,5c in December and 27,5c last June.

15/6/75 (2/10)

SA Manganese steers a different course

GERALD COMYN, the only independent member of the SA Manganese board, has resigned after 17 years' service as a director, during which he took part in directing the great expansion of the company

He was asked to resign and his resignation is connected with Amcor's take-over of Samangan — one of the best-managed companies in the mining world

Amcor's take-over has led to a large-scale overhaul of the combined Samangan's management

Fred Bamford remains chairman with Dr Jack Kearney formerly head of Amcor, as managing director and chief executive

Below Mr Bamford and the chief executive are four level appointments. Piet Streicher is chairman and general manager of Ferroveld

Dr Kearney is chairman of Metalloys and Norman Britten is group administrative and financial chief

On the same level is Mike Wilson formerly managing director of Samangan, who has become chairman and executive director of the manganese and other mining divisions

Mr Comyn told me "The board gave me two reasons for asking for my resignation

"First, the Lavino family, which I represented, formerly, had a 10 per cent interest in Samangan

"With the split in the shares and the new issue, Lavino's holding was diluted to about 7 to 8 per cent and the board considered this shareholding did not warrant a directorship

"Secondly, they felt there could be a conflict of interests for me on the board because I supply Amcor with chrome, in my capacity as managing director of Lavino SA

"So long as Samangan was not a part of Amcor there was no problem but rightly or wrongly they considered that there could be a conflict of interests. So far there has not been one

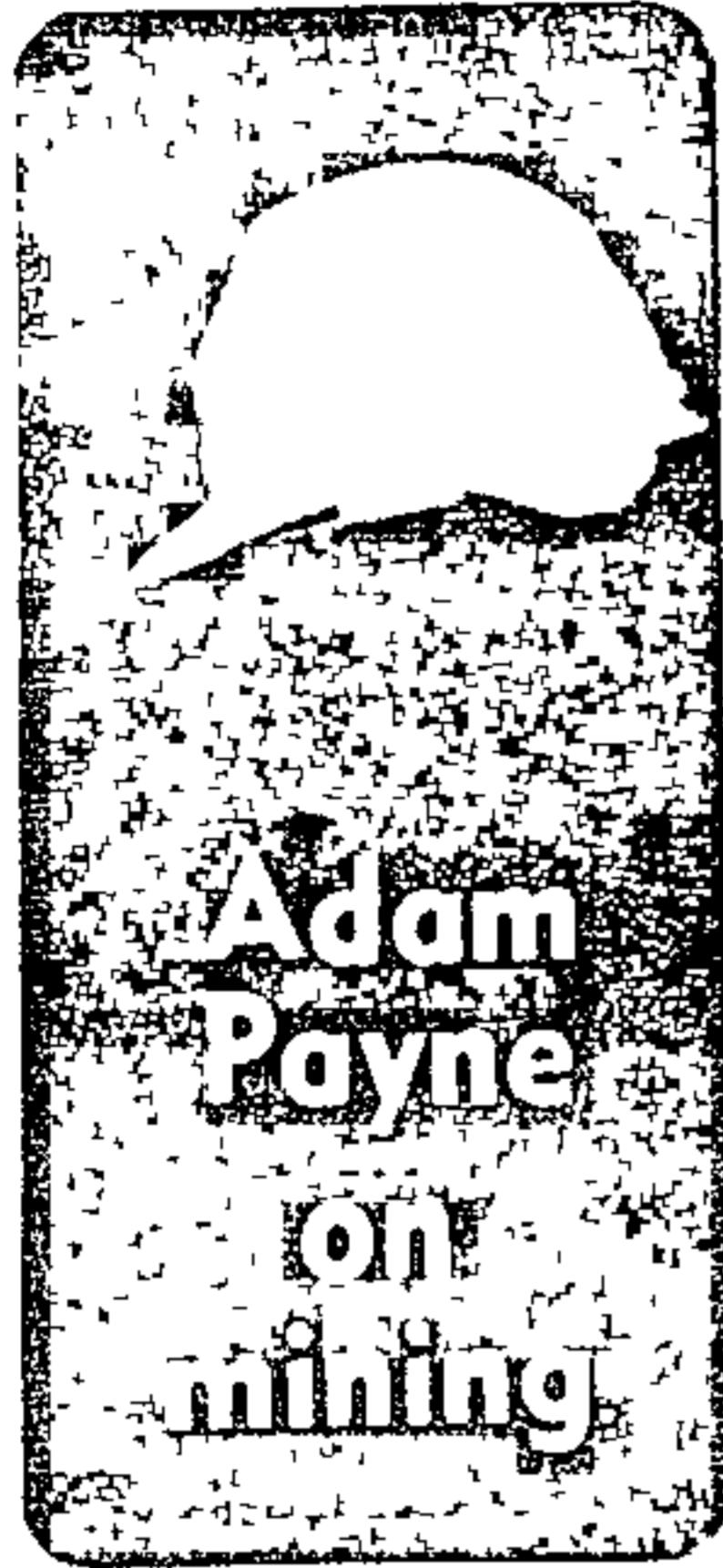
"As regards the amalgamation of Samangan and Amcor, I supported it from a business point of view. It was a much better arrangement than the one I opposed two years ago

"It was only a question of time from the point when Samangan shares were split between Amcor got complete control. The split gave a certain number of shares for allocation by the directors and some of these shares went to Amcor-Iscor."

Mr Comyn recalled that Mr Bamford was the longest-serving director on the board. He was himself the second

COMMENT: It was sad to see Samangan as a private enterprise absorbed in a State concern, but if the amalgamated organisation is still well-managed, it should continue to prosper, not only in mining but in the alloys business

The amalgamation also brings Amcor — as Samangan — back to the JSE board, with published ac-



counts for the joint concern

In recent years its activities have been shrouded under the Iscor blanket so no one knows how it has fared, except that the taxpayer has footed Iscor's heavy losses indirectly

Let us hope Dr Tommy Miller's statement at Windhoek on Iscor's planned withdrawal from private enterprise is fulfilled

However, the Samangan-Amcor amalgamation has been well received business-wise by the Stock Exchange

Charts foretell

IF YOU believe in charts you would find the results of a chart survey by a Johannesburg investment consultant on coal, other metals, and industrials heartening, but copper and gold not so good

Charts provide a useful confirmation of fundamentals and if they coincide, then the going should be good or bad as predicted

They frequently give a signal in advance of the fundamentals

This consultant's charts are done on the point and figure theory. Once a share has had long consolidation or a sideways movement, one can usually predict the upside potential by counter-cross

Some shares work excellently on this theory. One recent example was Newcastle Platberg in the coal section

The chartist has good predictions for most coal shares. Although one of Holtzreeth's top mining brokers told me he considered the section generally fully-priced because of the rapidly rising costs which will erode much of the increased profits from the coal price rise in the future

The chartist predicts 1 000c for Apex Mines, now standing at 800c. Although earnings must increase sharply, I would be doubtful about such a rise in the share price after the recent big run in Apex.

For Zungun, the chart predicts a 36 per cent rise from 220c to a possible 300c "in rapid movement"

The chartist does not like golds on chart indications. He says "It seems that they are likely to drift in the short term"

The platinum section, according to the charts, seems to be gathering strength slowly. Among the tin counters, Zaa-plaats

has given a buy signal with a predicted 18 per cent rise to 300c

The chartist is not particularly optimistic about copper and says Messina is meeting resistance around current levels

U scramble

ANGLO AMERICAN has joined the widespread search for uranium in the Karoo.

Oil companies such as Esso and BP, which prefer to be called energy companies, are among the leaders in the search

Others include three American companies, Phelps Dodge Corporation, Union Carbide and Utah International

Rio Tinto South Africa Rand Mines and Johnnies are among the South African searchers

Union Carbide has made one discovery to the west of Beaufort West, on the farm Bekkersmith

Like other deposits so far located, it is high-grade but in pod-like formations, which do not make for easy exploitation

"There has been a great rush for options," a geologist concerned with this exploration told me, "and ground has been taken up as far south as Jansenville and east to Graaff-Reinet"

Large areas have been taken by Rand Mines in the Beaufort West area and Anglo's ground is in the south

Gold: where?

JAMES CAPEL, the London stockbroker, in their newsletter received in South Africa this week, follow the line taken in this column last week on gold shares in relation to the United States auction

They say that in the short term there may be a buying opportunity if the gold share market weakens significantly ahead of the auction

As the auction is already in the gold price, there should be an improvement in the metal and the shares once this uncertainty is behind the market. This would give the traders their profit

For the longer-term investor it seems unlikely that the great weight of money needed to push the gold index to substantially higher levels will find its way into the gold market while fund managers are in the thick of the action in the world's equity markets

The gold will be sold on a Dutch auction basis all successful bidders pay the price of the lowest successful bid

This will perhaps have the effect of indicating an artificially lower price, since no one will bid above this price at which he can deal in the free market, and many will bid well below

If the new rules had applied at the auction on January 6, all successful bidders would have received their gold at about \$153 an oz — \$20 under the going market price the day before

Australia

THE SEVERE blow dealt to the Australian mining and exploration industry by the Labor Government's anti-foreign investment measures was described to me by Norman Shierlaw, a mining engineer turned stockbroker from Adelaide, during a

visit to Johannesburg

The policies contrast sharply with those in South Africa, which attract mining investment and exploration, making this country one of the best areas in the world for free enterprise

One of the troubles in Australia is that the mining industry has been unable to speak with one voice in the face of the Labor Government's vigorous anti-big business and anti-foreign investment approach

However, the tide of opposition is said to be strengthening with criticism in Australian newspapers and other media so that hopefully the Government might modify its policies although Rex Connor, the Mines Minister, is powerful and unyielding at the moment

Companies affected include some which have done tremendous work in developing iron ore and other deposits and have spent millions on exploration, such as Rio Tinto's Cons Zinc, Selection Trust, American companies and Anglo American Australia

Anglo launched its base in Melbourne with R16-million capital, but as a result of the uncertainties about foreign investment on the Australian mainland, the emphasis has shifted from exploration there to the surrounding areas in the South West Pacific

Mr Shierlaw was not enthusiastic about gold in Australia, unless a substantial rise in the price enlivens the industry

"Our gold mines will be out of business because of the astronomical rise in costs, unless a gold price rise saves them," he said

"They need a minimum of \$160 an oz to receive a 15 per cent return, and they will need more if costs continue to rise"

Deelkraal

JAMES CAPEL, of London, strongly recommends an investment in Deelkraal at current prices. The important aspect from the market point of view is that US institutions and investors are not allowed to buy a new foreign issue for a statutory 90 day period after listing, which will be September 1 for Deelkraal

Experience with Unisel showed that after a dull debut the shares with no overhead supply outperformed the sector once the American investors entered the market

Capel feels that Deel-

kraal will follow a similar pattern and will show a better relative performance in the next upswing in the gold market

I agree with this on the grounds of American buying and, because the shares are fundamentally undervalued

Nickel outlook

WAGE negotiations are continuing between International Nickel Corporation and the Canadian labour unions for a new settlement, in which the miners are asking for an increase exceeding 50 per cent

A bright aspect of the situation for South African nickel producers — the platinum mines — and for struggling Botswana RST's Selebi-Pikwe mine is that any wage increase must be reflected in the price

Nickel is the highest value export after platinum from Rustenburg and Impala, and at present is the main life-line of the Selebi-Pikwe mine

A high wage settlement would benefit South Africa and a strike could be beneficial to both Inco and South Africa

Inco is in a strong position because of its large stockpile from which it could draw to meet orders

Nickel is fortunately in a stronger position than copper because of the control exercised by Inco, which has maintained a profitable price for producers

Nobody exercises effective control over copper and Cipeco's efforts to boost the price by cutting production have yet to succeed. The metal is being sold below the costs incurred on many mines

Rio Tinto's new jet

RIO TINTO South Africa has bought the latest Hawker Siddeley business jet — the HS 125-600 — so keeping up with the times in internal communication.

The eight-seater aircraft has a top speed of more than 840 km an hour, matching that of commercial jet aircraft and a maximum range of more than 2 800 km

A Rio Tinto spokesman said the HS 125 is well suited to the company's operations, as it could fly safely to unpaved airfields and is able to take off from relatively short runways

So Rio Tinto's executives and engineers will be jetting to faraway Rossing Uranium and the closer Palabora copper mine.

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17 ANSWERED 19 Q. 1176-7
17 June 1975

Prospecting mining rights in Coloured areas

*21 Mr W G KINGWILL asked the Minister of Coloured Raceboth and Nama Relations,

(1) What was the total sum received by (a) the Coloured Development Corporation and (b) Boards of Management

ment during the financial year ended 30 September 1974 in respect of prospecting and mining royalties taxes in Coloured rural areas,

(2) what is the racial composition of the companies or racial group of the individuals to whom (a) prospecting and (b) mining rights have been granted for base minerals,

(3) (a) with how many companies has the Coloured Development Corporation contracted for the prospecting and mining of precious stones and (b) how many of these companies have (i) Coloured shareholders and (ii) commenced mining operations

The DEPUTY MINISTER OF COLOURED RIBHOOTH AND NAMA RELATIONS

(1) (a) The Corporation received no monies in respect of prospecting and mining royalties taxes for the abovementioned financial year but an amount of R621 477

(b) Information requested is not available

The following amounts reflect the 1974-75 financial years—

Prospecting lease R12 870
Mining lease R6 198

- (2) (a) 29 White, 6 Coloured
- (b) 4 White
- (3) (a) 6
- (b) (i) Nil
- (ii) 3 Companies (exploiting 4 concessions)

RDIM
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Miners get paper

Staff Reporter

THE MINING industry is setting up a newspaper for Black employees

The paper, to be called Sun, will appear every two weeks and will be sold to Black mineworkers throughout the country at a cost of 2c an issue.

Sun is an extension of a monthly picture-sheet which the Chamber of Mines has been producing for 30 years

The new newspaper represents an effort to improve communication with Black workers, a chamber spokesman said in Johannesburg yesterday. It will present information on wages and conditions of employment, as well as relevant news.

Natal Mercury
ALTHOUGH the controversy over mining operations in the Zululand coastal dunes has been muted for several weeks now, the issue is far from settled.

It seems clear from every angle that interference with coastal dunes is fraught with peril.

It is disastrous if destruction of natural vegetation is followed by inadequate measures to stabilise dunes, says Professor Trevor Steinke road sand-free.

The economic situation on the Zululand coast is quite clear. The mineral concentrations that matter occur between Richard's Bay and St. Lucia. These deposits represent the largest proven reserves of heavy minerals of this type in the world over a 2 000 hectare area

cial advantages to the country of exploiting minerals in the Mapelane area might outweigh those of undisturbed nature conservation," Mr Robertson quoted the Minister as saying.

The Minister, he says, backed this up with the ruling of the Depart-



THE threatened dunes of the Zululand coast. Can they be mined without irretrievable damage? Here NPB rangers study Lake St. Lucia.

of the University of Durban - Westville.

From south of Perth on the west coast of Australia, Dr. E. A. F. Heydorn of Durban's Aquarium personally reports very deleterious developments.

Closer to home, and perhaps on a scale we can better comprehend, many commuters from Durban's northern suburbs will bear witness to the mess which resulted when vegetation was removed on Snell Parade.

Stability now reigns along this approach to town but for a very long time, Corporation losses ~~led to loss of the main~~ 2 000-hectare area

It is estimated that during the next 20 years, R2 000 million in foreign exchange could be earned, according to Mr. M. T. de Waal, general manager of the Industrial Development Corporation of South Africa.

DISPUTE

Unfortunately, this is the area most disputed by the conservationists. The mature climax vegetation of the Mapelane Forest is said to be irreplaceable, an asset of both use and beauty.

The sensitive state of St. Lucia has been a topic for years now. Exposure of the dunes from the eastern shore and the usual swamps could tilt the balance fatally, by allowing the spread of sand inland.

On the other hand, R2 000 million is at stake, with the northern limit of the mining area ending 24km south of Mapelane, according to Mr. de Waal.

SENTENCE

This limitation of area was not always the case, says Mr. T. C. Robertson, retired chairman of the Veld Trust, writing recently in an American magazine.

He reports that in 1972, the then Minister of Planning gave a verdict that was like a death sentence on Mapelane.

"In the opinion of the Government the financing of Mines which

was "not prepared to agree to the reservation of the Mapelane area or any part thereof as a nature reserve or as a botanical garden."

If this indeed was the attitude of the authorities at the outset, then we must indeed thank the conservationists for their efforts.

The official case now rests on the claim that landscape and vegetation can be fully restored after mining operations. This process is described by Mr. de Waal.

DREDGERS

"The method of mining will be in accordance with a new technique perfected in Australia — that of using dredgers.

In the case of Richards Bay, it is proposed to build a series of dams in the dunes, 30 metres above sea level.

"Two dredgers will pump the sand from the front of the dam to a concentration plant — also floating in the dam — where the heavy minerals will be extracted in the wet and the remaining sand — 90 percent of the original quantity — pumped to the rear of the dam.

"In such a way the dam will be eaten away from one side and filled on the other, thus forming a continuous operation in the dune area without any discharge to the sea or adjoining water courses."



Mr. A.W.S. Schumann

The following is an abridged version of the address by Mr. A. W. S. Schumann, President of the Chamber of Mines of South Africa, at the 85th annual general meeting of the Chamber in Johannesburg on June 24, 1975:

The salient feature of the year under review, and of subsequent months, has been the strength of gold on world markets reflecting widespread confidence in the future of the metal and growth in investment demand. This has enabled South Africa to weather with relative equanimity a world recession of rare severity. It has also helped the mining industry to meet the twin problems of Black labour shortage and unprecedented inflation. These problems constitute a continuing challenge and the critical areas at which the main weight of our endeavours must be directed.

MINERAL PRODUCTION AND SALES

The total value of South Africa's mineral sales, including gold, in 1974 was a record R3 928 million, a rise of 38 per cent, compared with the previous year and of more than 100 per cent compared with 1972. Gold sales increased by 46 per cent in value, coal sales by 31 per cent, antimony by 56, copper by 30, nickel by 55 and manganese by 48 per cent. There were important rises in the value of sales of other minerals too. Mining, including semi-processed minerals, accounted for 68 per cent of total exports. Mining's percentage contribution to the gross domestic product was the highest since the second world war.

Mineral sales are currently affected by a downturn in demand flowing from the world recession. The indications are that in the year ahead the major trading nations will move into a new period of deflation and growth, bringing fresh stimulus to the mineral industries. This will in turn help to bring to an end the present cooling down phase in the South African economy, which should be followed by a vigorous, upward cyclical movement.

However, there will be a lag before the effects of this rising demand are felt in this country and it is unlikely that the turning point will be reached before well into 1976.

World sales of diamonds in 1974 through the Central Selling Organisation totalled R849 148 000, a decrease of 7,8 per cent from 1973. Record levels were achieved during the first half of the year and the reduction in total sales was caused by the marked deterioration in economic conditions throughout the world in the second half.

Free world platinum demand remained buoyant during most of 1974 and with total production amounting to about 2,8 million ounces, exceeded the level of 1973 by some 400 000 ounces.

The advent of the energy crisis in late 1973 and the unsettled economic conditions that followed did not adversely affect platinum demand until the end of 1974, when the requirements of the oil refining and glass fibre industries weakened significantly. Increased prices and restricted availability of petrol resulted in reduced sales and production of motor cars and as a

consequence the demand for platinum for automobile emission control devices fell to disappointing levels, especially in the latter part of 1974.

Early in 1975 further weakness developed in the demand for platinum for general industrial purposes.

Present uses for platinum remain well established and there have been no developments which suggest that the metal will be replaced in any of its traditional outlets. The long-term outlook for platinum remains encouraging.

COAL

Coal has for long been recognised as one of South Africa's strategic natural resources. One facet of this has been the undue emphasis placed by the State on the desirability of keeping the price of coal low in the interests of providing cheap energy.

The development of overseas and domestic demand for South African coal, greatly accelerated by the world-wide fuel crisis, has recently reconfirmed the truly strategic nature of the coal mining industry in South Africa. It has been estimated that production will have to be doubled in the next decade if the export potential is to be fulfilled and South Africa's increasing domestic requirements satisfied. The investment needed will be of the order of R1 000 million. If this is not forthcoming shortages must be expected to become more frequent and more severe with the possibility of disruption of the industry's supply and sales pattern.

Fortunately, the Government now acknowledges the need for the coal industry to attract its share of investment capital. The recent 35 per cent increase in the producer price of coal is an important step forward because it is based on the acceptance by the Government of new principles of price determination although it falls far short of the price required to justify the establishment of new collieries.

The Chamber of Mines and the Natal Coal Owners' Society have agreed to merge their interests from 1st July, 1975. The society has been associated with the Chamber for many years. From 1st July, the society will come under the control of the Collieries Committee of the Chamber and the committee's membership will be enlarged to cover those interests not represented by member mining groups in Johannesburg. The society will continue to maintain its identity and office in Durban, the facilities provided by the society in northern Natal will continue to operate but under the Chamber's administrative control. Considerable advantages should result for coal mining members from rationalization of services and closer association.

URANIUM

Uranium production by Chamber members in 1974 was 3 074 metric tons U₃O₈, 20 tons less than in 1973. Last year my predecessor reported evidence of a significant revival of the uranium market. Not only has the longer term demand continued to grow, with the prospect of greatly increased prices, but spot sales for prompt delivery are now being reported at about 20 dollars per lb U₃O₈. This is in the region of three times the low price at which uranium was sold only a few years ago.

GOLD

The average revenue received for gold in 1974 was R107 (\$158) per fine ounce compared with R65 (\$94) per fine ounce in the previous year, thereby boosting total working revenue from R1 768 million in 1973 to R2 558 million in 1974 or by 45 per cent.

Working costs per ton milled rose by over 25 per cent. Part of this was due to the high general inflation experienced, the consumer price index having risen by 14 per cent in the course of the year under review, and part was due to the considerable wage increases given to the labour force on the mines, and especially to Black workers. The cost of stores and services which constitute about one half of total working costs have tended to follow the general inflation rate. Labour costs, which account for the other half, rose much faster. The proportionate cost of unskilled labour, historically some 18 per cent of total costs, was last year about 23 per cent, and has continued to rise.

Capital expenditure is also increasing rapidly. Last year declared expenditure increased to R196 million compared with R106 million in the previous year. Inflation and normal expansion of existing operations account for a large part of this increase, but the expenditure also reflects the considerable efforts being made to improve the productivity of labour. New shafts are being sunk and increased hoisting capacity provided to shorten lines of communication and improve ventilation, additional refrigeration capacity is being installed, and substantial improvements are being made to surface amenities for the labour force. High levels of capital expenditure will be a feature of the years ahead, and undue inflation of such costs will add materially to the complexities of turning the country's mineral resources to the best advantage.

MONETARY ROLE AND PRICE OF GOLD

The gold price which was static at \$35 an ounce for more than 35 years, appears recently to have reached the comparative level of other commodities which were not subject to abnormal price restraint. However, this does not imply that the price of gold will now remain stationary. Far from it. Rather it suggests that the next phase in the price rise will reflect the change in value patterns that are widespread today and which will continue in the future. I expect that political events, currency uncertainties, changing world financial conditions, the continuing international debate on the role of gold in the monetary system, together with growing investment demand fired by the inflationary syndrome, will force the gold price upwards. Unfortunately, it would be too much to expect fluctuations in the price to be completely eliminated as the very nature of the metal's power in economic affairs results from the inherent tensions and contradictions prevalent all around us, and the price will move in sympathy with these events.

One of the contributory factors to the underlying strength of the gold price is the slow but steady progress that has been made towards the return of the acceptance of gold as an essential component of the international monetary system, despite so many

attempts to deny its importance.

Allied to the revival of gold in the international monetary sphere is the faith in the yellow metal which has been displayed by large sections of the public all over the world. Demand for gold as an investment medium has manifested itself in a tremendous increase in interest in gold coins in the past year, as shown by the notable success of the marketing of the Krugerrands.

The final day of 1974 brought one of the most remarkable events in the recent history of gold. The United States authorities permitted the legalization of gold ownership. Despite the excitement at the time, gold dealing in the United States has been quiet since the resumption of private trading.

Despite the present relative weakness of the gold market, as compared with the high prices seen in late 1974, there is substantial buying potential in the United States. The present situation of consolidation could quickly change. Monetary uncertainty continues unabated and an eventual revival of economic activity will almost inevitably give rise to new fears about the erosion of the purchasing power of money. The failure of the interim committee of the International Monetary Fund to reach agreement at its meeting in Paris this month on the future role of gold in the system has added to the uncertainty.

There is little doubt that the world has changed drastically in the last few years — politically, economically and socially. But gold has maintained and, indeed, enhanced its importance to mankind.

MARKETING AND PROMOTION OF GOLD

As a result of the relatively stable free market price of gold in recent months and a gradual return to the fashion colour gold, the decline in the industrial usage of gold is expected to level out and possibly give way, in the second half of the current year, to an upward trend.

The activities of the International Gold Corporation, Limited, in the year under review were designed primarily to arrest the rate of decline in the consumption of gold in jewellery. Intergold has continued to follow a policy of joint co-operation with the trade, and in 1974 the jewellery trade in Europe contributed half of the total joint promotional budget.

KRUGERRAND

International Gold Corporation, Limited, continued to market the Krugerrand gold coin on behalf of the Chamber of Mines overseas. Total Krugerrand sales amounted to about 3,2 million in 1974 and to about 2,5 million in the first five months of 1975.

However, the disappointing response of the American market in terms of Krugerrand sales so far and the recent restriction, in April 1975, on the import of the coin into the United Kingdom have, at least temporarily, considerably reduced demand for the Krugerrand. To counter this declining trend, the Chamber of Mines has launched a promotion campaign for the coin in Germany in conjunction with its two agents in that country and is planning a similar joint promotion with its three agents in the United States.

CONDITIONS OF EMPLOYMENT

In reviewing salaries and wages this year, the Chamber had much in mind the appeal by the Hon. Prime Minister, Mr. B. J. Vorster, for restraint on the part of both employer and employee. I should like to express the mining industry's appreciation of the Prime Minister's leadership in this all-important area of our national life. We accordingly endeavoured to establish new rates which would take reasonable account of changing circumstances without encouraging a new cycle of rising wages and prices.

Minimum salary scales of officials were again increased by the Chamber from the June pay month this year and mine managements have followed this up with the usual review of salaries above the minimum.

The review of wages of union men in May this year was facilitated by the decision of the Federation of Production Workers and the Federation of Mining Unions to combine again for the purpose of joint negotiations as a Council of Mining Unions. In the event agreement was quickly reached. Full details have been published.

The same quick progress was by no means forthcoming in the incredibly complex negotiations over the five-day week. The Chamber, the Groups and mine managements, in company with their employees, would wish to see a shorter working week. However, the rise in the gold price will make the introduction of a five-day week even more costly than before in terms of lost production. This is not only a question of lost profits for shareholders, but one that strikes at the wellbeing of the country, for the country is currently absolutely dependent on a high level of earnings from gold to maintain the momentum of national economic growth.

It is too much to hope that a five-day week could be introduced without some loss of production and we have sought in all earnestness to find a way of reducing this loss to an acceptable level. The concessions negotiated with the unions in 1973 helped to contain cost increases and to maintain production rates in the face of increasing labour shortages, without in any way touching the job security of union men. We would like to see a further step forward, it would be a pity if ill-founded fears were to hold up an advance of a kind that is already commonplace elsewhere in industry. One thing is clear: the potential of mining is such that we are going to need all the men we can get, White and Black, and none need fear that there will be a loss of opportunity for rewarding and life-long careers. It would be a pity then if artificial restrictions on the better use of Black labour were to stand in the way not only of the five-day week but of improved productivity and earnings for Black workers. It is only along the road of job advancement that significant progress can be made in the closing of the wage gap. At present the categories of work performed by Black and White are so far apart that even with large percentage increases at the lower levels the wage gap tends to widen.

Wage increases for Blacks have been a feature of the past two years. Wages were twice increased in 1974 and again from the current pay month. In all, wages are now more than four times those paid



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is key to the future

prior to May 1973. The previous low level of wages, imposed to a large extent by the fixed gold price, was inevitably criticized. These criticisms have been met and the real value of wages rapidly increased. There may even be criticism that the rate of increase is too fast, bearing in mind the already heavy inflationary burden. The fact is, however, that with the expansion of mining that impends, it is sound business economics to take action necessary to ensure a continuing flow of the labour on which operations will depend.

The industry has for many years had close associations with neighbouring territories in that foreign nationals have come to work on the mines in considerable numbers and have returned home with relatively substantial cash savings. Deferred pay and remittance payments to home territories during 1974 totalled R57 million. Despite the ban on the engagement of labour from Malawi, we hope that Malawian citizens will in the future again come to work on our mines. We have come to an arrangement with the Rhodesian Government which permits the engagement of 20 000 men a year. Our relationship with Mocambique, Lesotho, Botswana and Swaziland has remained satisfactory with engagements in Lesotho and Mocambique increasing quite markedly over the past few months. Mocambique tomorrow celebrates the territory's independence and thus embarks on a new phase of development with the good wishes of all the people of South Africa.

The interdependence that exists with neighbouring territories is of mutual importance but it is quite clear that we should also compete more effectively for South African labour in order to increase the proportion of South Africans employed and to channel to South African areas some of the benefits of increased wages.

Energetic steps have been taken to attract South Africans and the proportion has increased from 22 per cent at 31st March, 1974, to 32 per cent at 30th April, 1975. It is hoped that it will be possible to increase this proportion even further, and it will therefore be necessary to compete for labour with other sectors of the economy and to provide more housing accommodation for South African workers. Inevitably the bulk of mining labour will remain migratory for many years to come but it is hoped that a core of stable South African employees can be built up on longer life mines. Discussions on this subject are in progress with the Government.

We are specially interested in the prospect of attracting workers from farming areas, particularly those where there is unemployment or underemployment. We are seeking ways to achieve this without disturbing the legitimate interests of the farmer, but progress has been regrettably slow in achieving our object of agreed action to mobilize human resources that are not gainfully employed at present. We hope that the Government's decision to call a meeting of interested parties will resolve the problem.

Strikes and disturbances on mines resulted in a number of deaths during the year. While there has been no set pattern to these troubles, the great majority arose from inter-tribal clashes and not from dissatisfaction over conditions of employment. The industry is

deeply concerned about the intensity of violence that has arisen on a number of occasions. A departmental committee of inquiry into these disturbances has been appointed by the Government, and the industry has itself intensified research in this area and continues to give close attention to communication between management and workers. One new feature is the decision to set up a fortnightly newspaper for Black workers. Attention is being given as well to the part that TV can play in employee relations.

In our particular structure with high labour turnover involving citizens of eight nations, industrial relations is of the highest importance. However, some of the precedents of other industries and other societies do not necessarily apply. We are conscious of the urgent need for appropriate solutions that will help to build a stable society on the mines.

RESEARCH AND DEVELOPMENT

In accepting that gold mining is likely to continue to thrive as a major industry for many decades to come, the industry has recognized the need to address itself to the many problems of the future through a programme of research and development. While the unique problems of mining at depth continue to warrant attention, new problems which have resulted from the economic and sociological changes arising from the increase in the price of gold now demand specific attention. To meet these demands the industry has agreed to support research and development to the amount of R150 million over the next ten years.

The principal aim of the new programme is the improvement of job opportunities and working conditions through the introduction of mechanization and better methods of mine planning. It is hoped that this will result in a steady stream of improvements in gold mining technology over the next ten years which will enable the industry to keep ahead of its problems for the foreseeable future.

The giant strides in mining technology which can be foreseen will inevitably lead to rapid changes in the nature and use of manpower. Although these changes will be for the better they will bring problems of their own in their wake. Accordingly, attention is being given to monitoring the effects on the industry's manpower of the changing working conditions, the new skills required and training for them.

THE OUTLOOK

There can be no complacency about the future. However, there are important balancing factors which permit a reasoned optimism. Not the least of these is the positive acceptance by the State of the key role of mining in our economic life. South Africa offers not only remarkable potential but a highly favourable political and social environment for mining development which works to the benefit of foreign as well as South African companies. While in some other major mining countries political attitudes are serving to hamper and deter mining development, the South African Government recognizes and encourages mining development as in the national interest. The Hon the Minister of

Mines, Dr P G J Koorhof, has established a Minerals Bureau to increase knowledge of the country's mineral resources. We also noted with appreciation the modest encouragement in the Budget for those engaged in mineral beneficiation. The favourable climate should facilitate the substantial flow of capital from abroad on which expansion at projected rates will depend.

Inflation remains the arch enemy of gold mining and of mining in general. While rising sale prices have made higher wages not only possible but economically desirable on gold mines, the same is not necessarily true of other forms of mining which are subject to quite different pricing conditions and, often, intensely competitive markets. Nonetheless these mining companies are largely compelled to follow the pattern of wage rates established by the gold mines and have also to contend with the rapid inflation of the cost of goods and services. This situation emphasizes the importance of anti-inflationary measures. The Chamber supports fully the collective programme of attack on inflation on all fronts that has been developed by the Standing Advisory Committee on Inflation of the Economic Advisory Council. Not the least important is the need to counter the belief that a high level of inflation has come to stay in South Africa. Although mining costs must be expected to rise this year at almost the level of last year, we may be approaching the moment when increasing productivity will help cut back the rate of cost increase.

We may draw encouragement too from the resource and resilience that the industry has displayed in the rapidly changing circumstances of the past two years. The industry has moved away from total reliance on the low wage, labour-intensive structure imposed for many years by an artificially low price for gold, it has rapidly increased Black wages, streamlined its recruiting organization and procedures, extended its area of investment, cut back on wasteful labour practices, increased productivity. It has recognized the need for a bold programme of research and development and aims to treble its research budget. The scene is one of vigour and enterprise.

This apart, the industry is given extraordinary strength and resilience by the prospects for gold. Far from being stagnant or declining, supply and demand factors presage a rise in the price of gold in both the short and the long term. The promise is one of continuing profitability and expansion, not only for gold mining, but also for mining generally. The industry is backing its confidence in the future with massive investment in new mines and extensions. The problems of inflation and labour shortage remain formidable, but the industry possesses both the means and the will to resolve them. Chance has concentrated Africa's mineral wealth in its southern regions across the sea routes linking east and west, and made Southern Africa the economic powerhouse of the continent. The rewards that beckon are the most powerful incentive to finding solutions to the problems of this region both economic and political.

The full text of this address may be obtained from the General Manager, Chamber of Mines of South Africa, 5 Hollard Street, Johannesburg 2001.



R1 000-m spending on mines plant

UNDERGROUND equipment costing more than R1 000-million will be bought by the old and coal mines in their biggest yet mechanical expansion programme, says Dolf Schumann, technical director of General Mining.

The extent of this expansion can be gauged by the fact that the total value of equipment underground in the mines is at present worth less than R250-million.

These figures were given by Mr Schumann in his address as retiring president to the Chamber of Mines and led me to investigate how the mines are coping with the problems of expansion and rising capital costs.

The expansion has posed several problems:

- Delivery delays of up to two years on large items of equipment, such as main hoists, and delays of 18 months on reduction plant machinery.
- Costs are escalating at such a rate that in one month materials and labour were up about 2.5 per cent.

The steel price increase this month will add greatly to capital as well as mining costs, since steel is the greatest single component in all mining equipment.

One of the difficulties in undertaking large capital spending programmes, running into tens of millions

well as to such concerns as Fowler Construction and Melkor. But any transfer of shares to a private holder would, of course, have to be to the mutual benefit of Iscor and the buyer of the shares.

A total dividend of 50c has been forecast in some quarters. Is this likely?

The recent interim was 15c and the total last year was 33c. The 15c was conservative because of capital spending.

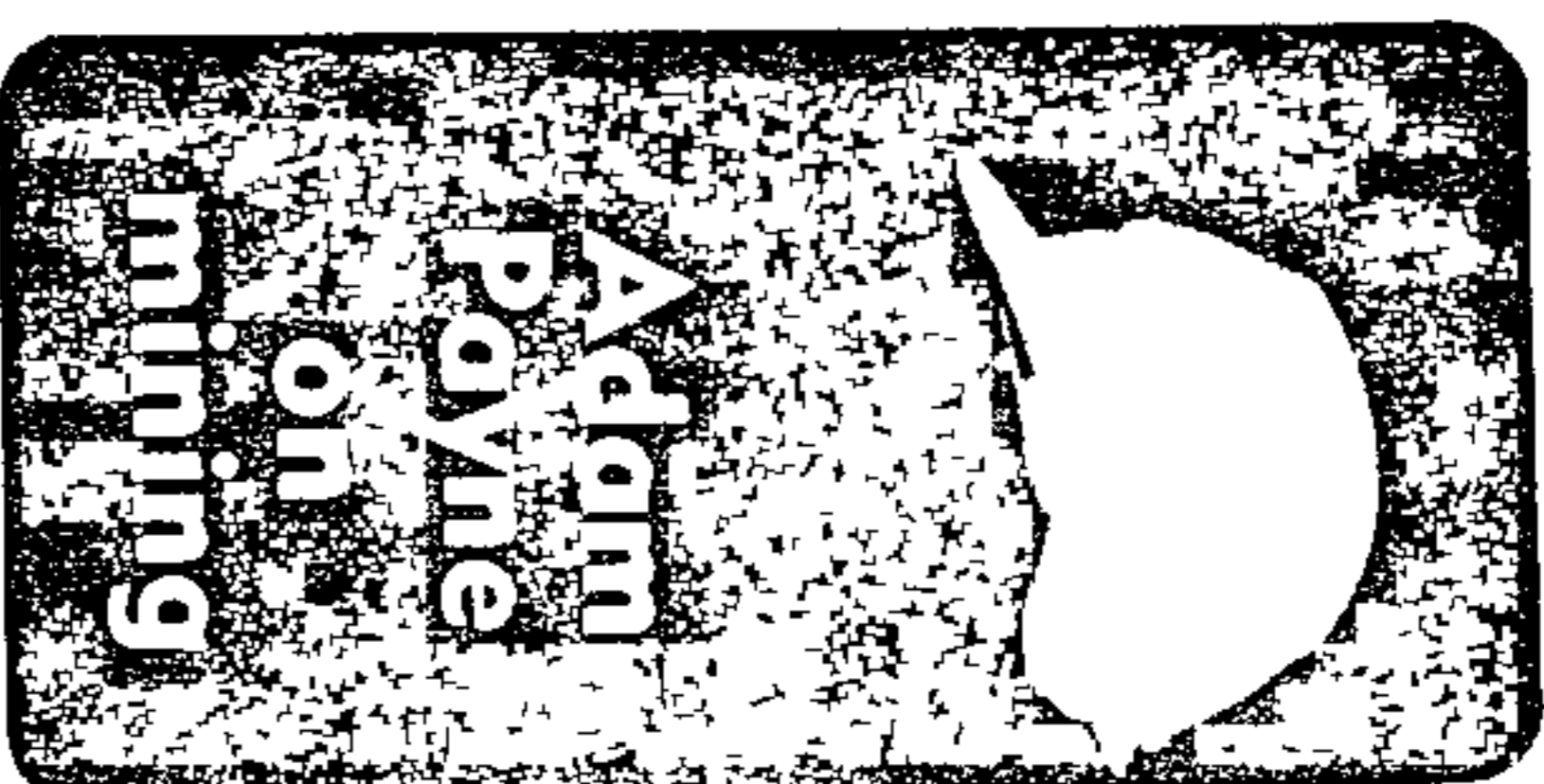
Considering the excellent interim results, a total dividend of 50c is possible. At today's share price of 715c, this would give a dividend yield of 7 per cent, which would be most satisfactory for a share with growth potential.

Under-sea titanium

PREUSSAG, a member of the AMR ocean-mining group, has asked the Mozambique Government for an exploration concession on a titanium ore deposit off the Mozambique coast.

The deposit was discovered by an ocean-mining research ship 18 months ago. It is estimated to contain 30-million tons of ilmenite, two-million tons of rutile and three-million tons of zirconium.

Thus, it contains 10 times the world's annual ilmenite and rutile production and is larger than the beach deposit near Richards Bay which Union Corporation and the IDC are planning to exploit.



downtrend seldom stops at a reasonable level.

The price is just over one-third of what it was on April 1 last year — and production is still running in excess of consumption.

USSR invitation

UNION CARBIDE, which operates chrome mines in South Africa, has through its head office in the United States, been invited with Arco to tender for building grant ferrochrome, ferromanganese and silicon plants in Russia. Their contemplated size is so great that Union Carbide feels it wiser to bid on only one plant for the time being.

Anglo American Corporation of South Africa and Rio Tinto Zinc were invited some time ago to act as consultants on a grant copper open pit operation in Russia.

Both declined. Why should they help a grant competitor — even at a colossal fee?

MTD's zinc search

MESSINA Transvaal Development which, in searching for copper, discovered a large molybdenum deposit in Namaqualand, is receiving good reports on its Irish exploration for zinc.

Ed Hunt (left) has been appointed deputy chairman of Palabora Mining Company, following his retirement as managing director of that company. He will continue as an executive director of The Rio Tinto-Zinc Corporation Limited, London, joint deputy chairman of Rio Tinto South Africa and managing director of Rössing Uranium. Al Leroy (right) a director of Palabora Mining Company and Rio Tinto South Africa, will succeed Mr Hunt as managing director of Palabora. Norman Warren is relinquishing his appointment as director of operations of Rio Tinto South Africa and will return to the United States in August.



Under the partnership agreement with Sabina, Messina can earn a 47.5 per cent interest in the property. But, even if a large, rich, zinc-lead deposit is found the great hurdle will be to obtain a favourable mining lease from the Irish Government.

Tara has been arguing with Dublin officials for two years on this subject. Government mining engineers and policy are not as enlightened there as they are in this country.

to allow adequately and with a degree of accuracy for cost increases.

Errol Drummond, director of the Steel and Engineering Industries Federation — S. A. — told me: "In many mining contracts the figure is subject to the rise in the Seftsa indexes which cover labour and materials costs

"Without this safeguard, contractors are liable to over-price their tenders for fear of being overtaken by unforeseen cost increases

"When a contract is tied to the Seftsa indexes both the contractor and the mine receive a fair deal.

"The indexes are kept up to date by constantly feeding them with data which is digested by a computer"

Nickel sales up

Mr Schumann, in addition to expressing his confidence in the gold price, made other important points on mining

● The value of nickel sales from the platinum mines and elsewhere increased in value by 55 per cent last year compared with gold's 46 per cent. Manganese sales also increased more than gold at 48 per cent.

● It is unlikely, in Mr Schumann's opinion, that

menia fact, that S.A. Manganese has, with Associated Manganese, the best and largest high-grade manganese deposits in the world.

There should always be a world market for this quality ore even in times of steel industry recession

Will staff participation in share holding strengthen the old administration? The share participation scheme brought Ancor senior staff into line with SA Manganese personnel. I do not think this will make any difference to the administration.

Are remarks by Fred Bamford about Iscor's "benign interest" to be heeded, or is he likely to follow Mr Conyn into retirement from the board?

It is most unlikely that he will follow Mr Conyn in being asked to retire, but Fred Bamford is now aged 70 and must be approaching voluntary retirement — but not for a couple of years.

Can Dr Muller be drawn out more concerning reports of Iscor divesting itself from interests in private enterprise.

It can be accepted that Dr Muller will work towards Iscor divesting itself of large holdings in private enterprise. This could apply to SA Manganese as

Pro eccl's cancelled

METALS WEEK reports that, since June last year, when the world copper price was still just over \$1 a lb, Free World copper producers have been forced to cancel, or re-think, more than 1.5-million tons a year of new mine capacity which would have been on-stream by the end of 1978.

A total of 56 per cent of announced expansions has been put into limbo by markets that have been in decline for a year.

Figures like this are probably responsible for the flurry in Botrest shares which rose from 85c on Friday, June 13, to 105c on Thursday this week.

Botrest, as a copper-nickel producer, must one day come into its own; but in my view the spurt is a bit too early because of the mine's tremendous loan burden and its losses at today's copper prices.

However, investors or speculators are looking to the future.

In the short term, the outlook for copper is still bleak. The vice-president of Miles Metals, in the United States, Dr Joseph Zimmerman, estimates that 20 per cent of producers in

Meubles prêtés par Ashbey's Galleries, 43 Church Street, Cape Town

APRES LE SPECTACLE UN COCKTAIL SERA OFFERT

DANS LA SALLE 110 DU BEATTIE BUILDING

Ce spectacle sera représenté à l'Université de Stellenbosch le mardi soir 10 juin et à l'Université du Witwatersrand le samedi soir 21 juin (réservation, pour Johannesburg, par l'intermédiaire des agences Computicket).

(Films prêtés par l'Ambassade de France en Afrique du Sud)

Entracte: 5 minutes



MR ARNOLD,
... no-stranger

Rdm 10/7/75

Top mines writer to join 'Mail'

Staff Reporter

MR EDWIN ARNOLD, the London Daily Telegraph's mining correspondent for the past six years, has been appointed Mining Editor of the Rand Daily Mail.

Mr Arnold, 39, is no stranger to South Africa, having visited the country several times to study the mining industry. He is recognised as one of the world's leading mining journalists and is highly regarded by the South African mining industry.

A mining journalist, says Mr Arnold, should avoid confusing the exciting and romantic nature of mining with the financial reality surrounding a mining share or sector.

This attitude has earned him the nickname of "Teddy Bear" on occasions. But it is, he stresses, always up to the reader to decide whether "Teddy Bear's" arguments and views are valid.

Mr Arnold arrives in Johannesburg on Sunday.

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Does it make sense?

FM 11/7/75

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Johannesburg city councillor Dr Selma Browde has called for a council commission to investigate the future of mining land.

So far, the topic has been considered by seven Commissions of Inquiry. But Browde feels the council should now analyse the detrimental effects of the present system on Johannesburg. Valuable land is blocked from development and considerable revenue is lost.

Proclaimed mining land is exempted from rates, but surface improvements and land with surface right permits are rateable. Surface rights allow all sorts of uses, some nothing to do with mining. The Turfontein race course is one example.

The council also has the right, since the 1971 Crown Mines case, to tax land which has been reserved for township development. A reservation can only be made after an application to the Government Mining Engineer, who controls all mining land. Normal township establishment procedure must then be followed.

Proclaimed mining land comprises approximately 12% of Johannesburg. When ground actually being used for mining and ground with surface right permits are subtracted, there is still a lot left. City Valuer John McCulloch says no one has done the arithmetic yet, but his guess is that it's about half.

His recently prepared map — he claims it's the only one in existence showing mining ground in Johannesburg — shows a patchwork of surface right permits and unused land.

Browde argues that only a fraction of this land will ever be used for mining, while the rest is being withheld from

Councillor Selma Browde ... fair is fair

rateability. She objects to the situation where land which will never be used for mining can be kept back from the property market until it suits the owner,

... it will be a good thing if the council could ...

How much of that land has been put into the council's hands? There is a lot of land on which surface rights are held but which has no potential. The Physical Planning Act favours depreciation and encourages more heavy industry in Johannesburg. There are also difficulties with restrictions, in building on proclaimed land.

There are other possibilities for light industrial use, like warehousing (very popular at the moment), commercial or even residential uses.

Who knows, it could become quite the thing to live on the top of a mine dump.

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French interest in SA ^{ARGUS} mining ^{17/7/75}

DURBAN. — France is interested in the rare minerals and advanced technology to be found in South Africa, a top French politician has said here.

Mr Jean-Philippe Lecat, a former minister of information in the Pompidou Government, is on a three-week tour of South Africa as head of a French Government committee studying the problem of

the world's decreasing supply of raw materials.

'Here you have interesting achievements in technology and there are many materials, such as minerals, that France would like to have,' said the 40-year-old MP.

There is a great opportunity for co-operation between France and South Africa.

PRESIDENT

He indicated a specific interest in uranium — the mineral which is a by-product from gold mining — and the operation of producing oil from coal at Sasolburg.

At the end of the tour, Mr Lecat will meet the Minister of Information, Dr C. P. Mulder, and the Minister of Mines, Dr P. G. J. Koornhof, in Pretoria.

During his two-day stay in Durban, he has met the State President, Dr N. Diederichs, and discussed the sugar industry with senior officials. He has also invited Kwa Mashu and the Tongaat Sugar Estate.

'I was very impressed with facilities at Tongaat for the different race groups,' said Mr Lecat. 'This problem of relationships between the peoples of South Africa is the subject of very important debate in France.'

On political relationships between the two countries, he would say little, except that French foreign policy was not to interfere with internal problems of other countries, but to continue trying to force closer economic links.

Gold and platinum OK—Pavitt

2/0

By ADAM PAYNE
Mining Editor
CHAIRMAN Ted Pavitt of Union Corporation, which this week announced its decision to prospect on a large scale in the north-west Cape, said yesterday he is bullish on the outlook for gold and platinum — the group's present main mining interests.

The agreement with O Okiep Copper to prospect over large tracts of mineral rights covering 500 000 ha confirms Uni corp's aim to diversify into base metals, whenever successful prospecting justifies such a move.

Points made by Mr Pavitt were:

- Gold has proved its resilience in the face of very heavy Russian selling, the American auctions and American psychological warfare, and he sees the price rising — not immediately but at least by next year, if not earlier.

- He does not expect an upturn in Western world economies until next year.

- He welcomes the five-day week on gold mines, in spite of its higher costs and says . . . "the productivity agreement gives us the tools, and we must use them".

He said: "Two things overhanging gold at the moment are the Russian sales to pay for wheat purchase, and the threat of the US auction."

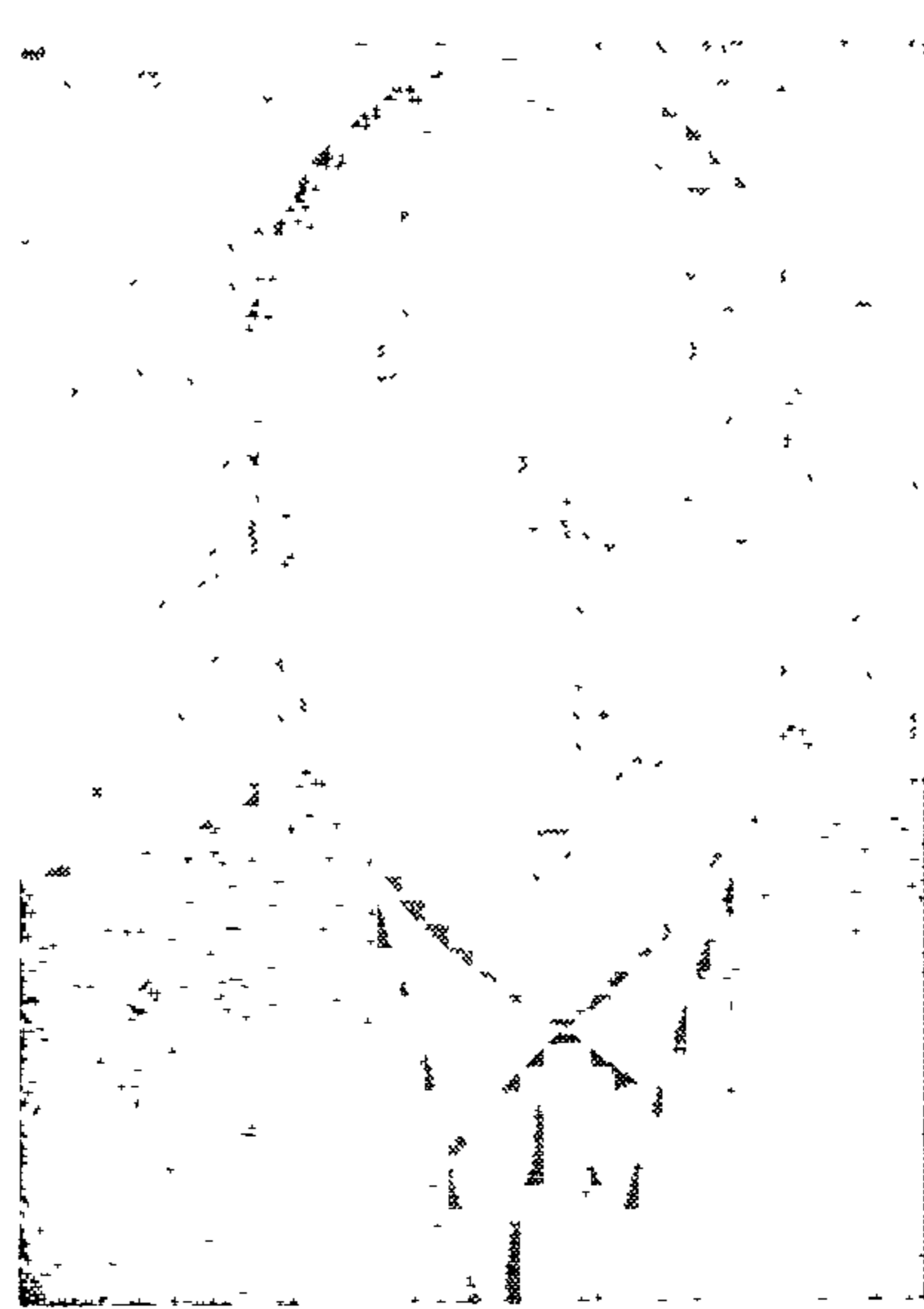
"But we in Union Corporation do not subscribe to the idea that the Russians can go on selling at the present rate, which greatly exceeds their current production."

"That is a plus factor for gold, and so is the fact that the Swiss seem determined to challenge American attempts to lower the price by auctions."

"Although these factors are bullish for gold, I do not expect an upsurge in the price this year, unless something dramatic happens such as a major currency crisis or a war in the Middle East. The latter is not impossible because of the tense situation."

"As the IMF's September meeting approaches, the gold price tends to weaken. On past occasions the IMF has failed to reach a decision on the role of gold in world monetary affairs, and this has been followed by a rise in the gold price."

"There is another big factor in the future of gold. The United States imports between 15 per



Ted Pavitt . . . Ready to extend Unicorp into base metals.

cent and 30 per cent of its oil, and this is sold at \$12.50 a barrel, while the price of oil produced in the United States is controlled at \$5 a barrel.

"This discourages any search for or development of oilfields in the United States, and there is a threat that the States will have to import more oil, so increasing inflation and hitting the economy."

As Congress has thrown out President Ford's measure to raise the price of United States oil, the country now faces the possibility of paying vastly higher sums for greater quantities of Opec oil.

"The prices of oil and gold are inevitably linked and uncertainties such as those surrounding the oil price and the currency situation are good for gold."

Our discussions went as follows:

How do you see the costs price squeeze on gold mines?

It seems that gold will be on a plateau for the time being while costs continue to rise.

Added to higher costs are those which will be incurred with the introduction of the five-day week.

The agreement has left us with the ability to maintain output and revenue but at added costs initially.

At the same time it provides a means of increasing productivity through the better use of both White and Black labour. Africans are now getting four times as much pay as they did three to four years ago and they are very responsive to good leadership.

One of our main tasks now is to develop their technical ability, qualities of leadership and initiative further.

Would the introduction of more married workers on the mines ease the situation by providing a permanent cadre of skilled men?

The industry is allowed to have 3 per cent of the African complements living on the mines with their wives and families. Understandably, this is limited to local Africans.

Until recently, only 20

has recently been stronger than we expected but palladium, which is produced in large quantities by Russia, has crashed from \$150 to \$80 an oz.

In the long term we are bullish on platinum. We accept that the platinum and palladium markets are cyclical and the world must come out of its recession. When do you expect an upturn in world economies?

Although there are encouraging signs of an end to the downturn in the United States, we do not see a marked recovery this year, but we believe economies are not going lower.

We believe that the revival will come next year. We have some worries that if the upturn occurs too quickly, the reflation will overheat economies, with resulting hyper-inflation.

The outcome would be a quick boom and a deeper trough at the other side. We hope that when the turn does come the various governments will be able to hold it and not allow it to run out of hand.

Politics plays a part in this. President Ford naturally hopes to be re-elected, but there is no way of him returning to the White House if he has 10 per cent of his population unemployed.

What is the state of play on the R200-million titanium and ilmenite project, in collaboration with the IDC, near Richards Bay?

Preliminary feasibility studies have been completed and material is being collated to be presented to the partners, Union Corporation and Quebec Iron and Titanium Corporation. A decision should be reached by the end of September.

per cent of the labour force consisted of South Africans — only a few of them locals — and employers have not been able to fill the three per cent allowance with local men.

The solution seems to be to get a higher percentage of local South Africans and more married men on the mines. This would benefit mining efficiency but whether it would be the right decision socially is debatable.

The mines must close eventually and the areas where they operate would then possibly be populated with Africans whose employment would present a problem.

The Zambian Copperbelt provides an example of a mining area which has attracted family men. Their descendants are now numbered in thousands and large numbers of them cannot find employment.

However, this is a policy problem. From the mines' viewpoint it would be better to have a larger proportion of married workers settled on the mines so that we should not be so completely dependent on changing migrant labour.

How do you view the platinum and palladium markets?

The platinum market

Frelimo co-operates with Genmin on port plant

GENERAL MINING'S negotiations on its plan to build a R4-million chrome ore loading plant at Lourenco Marques have been marked by enthusiastic co-operation from officials of the Frelimo administration.

This suggests a pragmatic approach to relations with South African companies and with the mining industry, to everybody's advantage.

The outlook is bright for a successful outcome to the negotiations with the Mozambique Railways, the South African Railways, and financiers.

The installation of the loading plant will lead to an increase in exports and in South Africa's foreign exchange earnings in a field which has great potential.

The price of chrome ore has been down for some years, but has risen at least 50 per cent over the past year.

Difficulties were, of course, encountered in shipping through Mozambique before independence on June 25, but chrome exporters are looking forward to better transport

and shipping facilities in the future.

Genmin's plan is to install a plant with a capacity to load between 1200 tons and 1800 tons an hour, thereby easing the pressure on the present much smaller facilities which will be available for other exporters.

Genmin and Transvaal Consolidated Lands both have tremendous chromite (ore) reserves, Genmin having augmented its holdings by buying Chrome Mines of South Africa from Union Corporation early last year.

R38-million plant

GENMIN is also entering the ferrochrome field by building a R38-million smelter in collaboration with Union Carbide Corporation of America at Steelport in the Eastern Transvaal. Union Carbide has the know-how, and Genmin has the chromite.

A great boost for South Africa's low-grade chromite has come from a technical breakthrough in smelting which makes it usable in the production of ferrochrome instead of much more costly high-grade chromite, traditionally supplied by Russia and Turkey.

Previously the Transvaal's low-grade ore was

at a considerable disadvantage against the high-grade material from these other sources.

This year the Russians have exported smaller quantities, and the market is extremely firm.

Tax on diamonds

THE DE BEERS agreement with the Botswana Government, giving the State a larger bite of the Orapa diamond mine's profits, indicates why De Beers and Anglo American are keen to expand in places other than Black Africa.

De Beers is searching for diamonds in Brazil and Anglo is diversifying, partly through Minorco, into fields extending from Indonesia to the United States.

African states are leaning towards State control, as occurred in Zambia, and are increasing taxation as merrily as Canada has done.

There is always a danger of killing the goose that lays the golden eggs — and this is dangerous in developing Africa, where geological exploration and new mining ventures are essential to growth.

Tweefontein colliery

THERE HAS BEEN much speculation in Tweefontein United's shares on the strength of a possible contract with Iscor for blend coking coal.

Anthony Lee, chairman, told me this week the project might not get off the ground if borehole results and samples give low yields. Nevertheless, there are strong hopes that eventually a contract will be signed resulting in the establishment of what would be virtually a new mine as well as a washery.

So far, samples from five boreholes out of 13 have been analysed.

If borehole results and sample tests are satisfactory, Iscor will use No 5 seam coal for bulk sample tests and consumption, without any major capital spending on plant by Tweefontein.

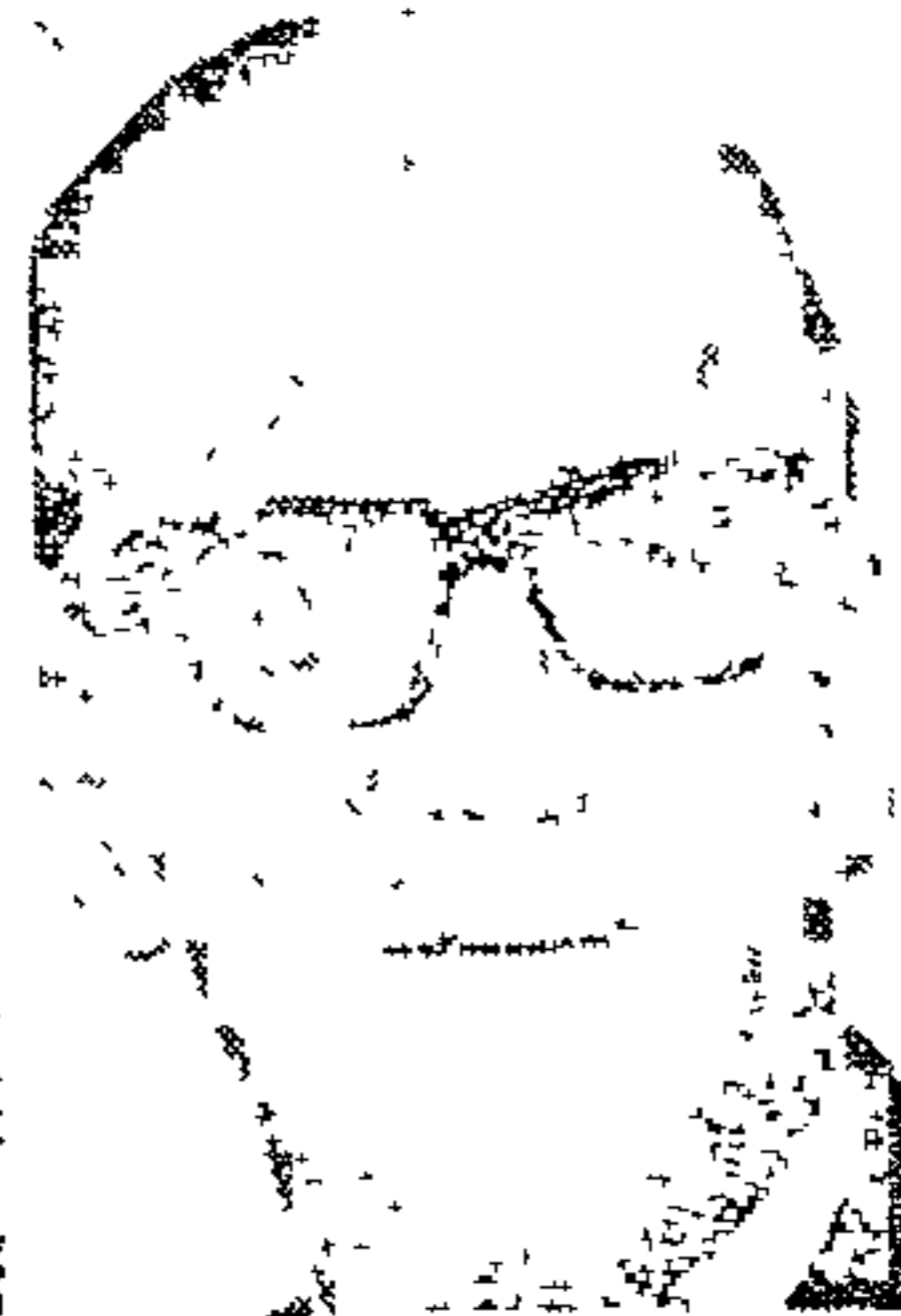
Under this temporary arrangement, coal will be supplied from about the end of the year, with Witbank Consolidated treating it to produce the blended product.

Tweefontein and Iscor should then be able to prove whether the colliery can produce a satisfactory coal — after discarding unsuitable material — at a price acceptable to Iscor.

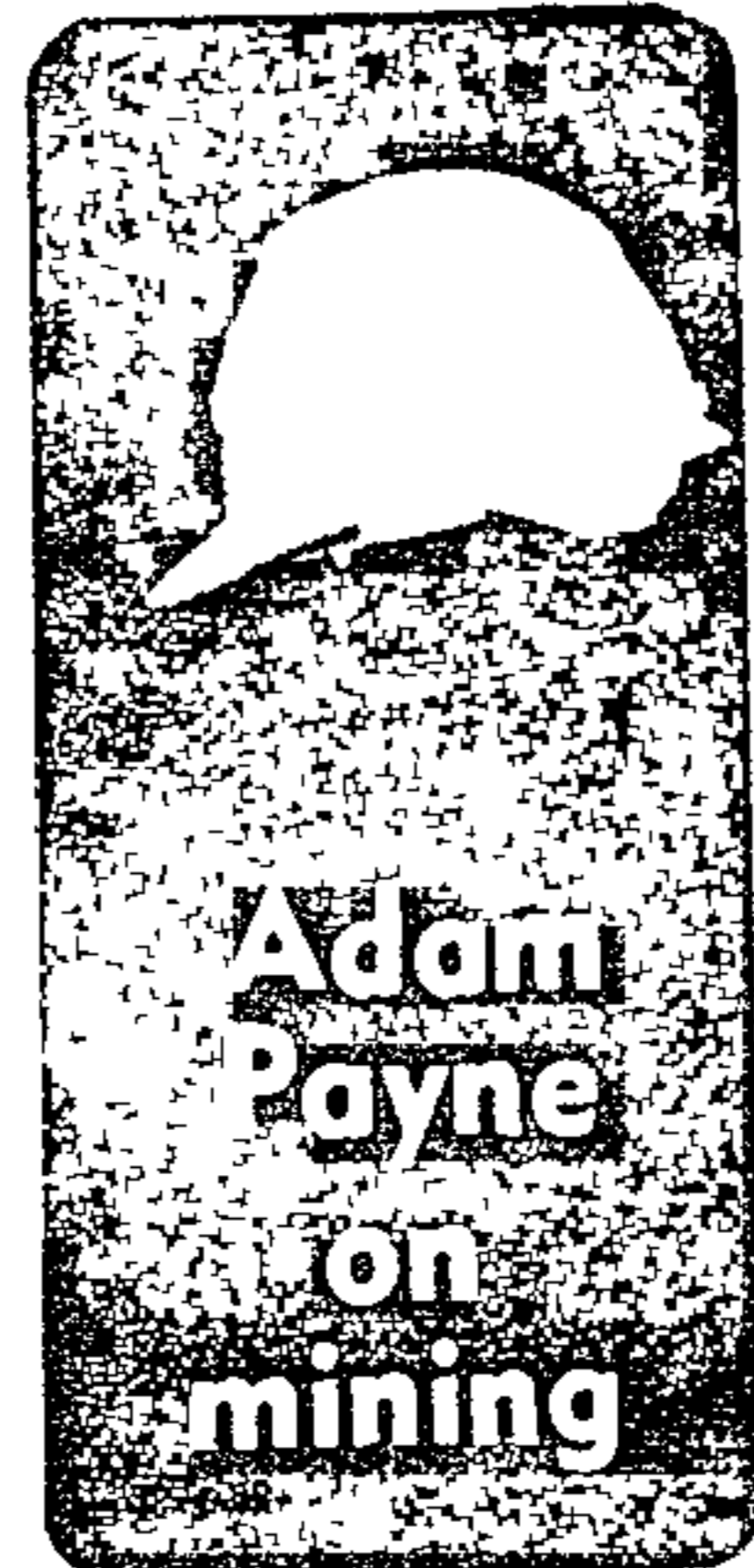
Assuming that all goes well and a decision is taken early next year on a supply contract, the mine and washery would take about two years to establish.

Dividends paid by Tweefontein in the past have more or less equated with the dividends received from the subsidiary, Coronation Syndicate, in Rhodesia.

Profits on coal have



Anthony Lee . . . Testing Tweefontein's No 5 seam.



largely been reinvested in capital equipment. That was the position up to the last interim dividend in March, when 50c (80c) was paid.

The total dividend for the year to September 30 will be down on last year because of disappointing results from Coronation's Inyati copper mine. One estimate for the final is 40c-50c, giving a total of 90c to 100c (100c).

There has been an increase in Tweefontein's profits because of the higher coal price, in spite of the fact that this was operative for only part of last quarter.

Next quarter should show better coal profits, and assuming that the five-day week is compensated in the future by the Price Controller, there should be more substantial funds than formerly from coal profits towards Tweefontein's results next year.

The copper situation could also improve next year.

In spite of the "ifs" and "maybes" qualifications about the Iscor project, I regard Tweefontein as a speculative counter worth considering because of the acute shortage of coke and blend coking coal.

The disadvantage is that more than 60 per cent of the share is at present represented by Coronation. And about 80 per cent of this year's projected dividend would be provided by Coronation.

If you consider buying

Tweefontein, you have to make your own decision whether you think a copper-gold mine in Rhodesia will suffer from political events although a greater proportion of income will come from South African coal in future especially if an Iscor contract is clinched.

Mining financials

JAMES CAPEL, the London stockbroker who, during the past few months, have been advising clients to buy South African mining financials, have gone on the opposite tack.

Publishing a chart of these shares, they say: "The index on the London Stock Exchange has now penetrated the long term 60-day moving average, and we believe that there must be a very good chance that it will have a meaningful setback."

"Since January, 1973, there was only one occasion, namely in January, 1975, that selling would have been wrong once the 60-day moving average had been penetrated."

They have sold their mining financial shares on these considerations.

Coinciding with this recommendation a South African broker has issued a useful guide to mining financials which shows that the upsurge in metal markets and steady gold market generally caused net asset values to rise by about 10 per cent.

They add: "We consider that in the short to medium term metal-industrial counters will continue to rise, and this can result in those mining financials with a more general investment portfolio outperforming those totally reliant on gold."

Shares with the highest gold content are Amgold, 90 per cent, and GFS, 85 per cent.

Johnnies, which has grown strongly recently, is widely diversified, with 31 per cent in gold, 11 per cent in platinum, 11 per cent in diamonds, 12 per cent in other metals and 35 per cent in industrials.

Johnnies' income should benefit on payment of a dividend from Randfontein, but growth will be slightly retarded until the platinum market picks up.

Union Corporation is also well diversified, with 57 per cent in gold, 10 per cent in platinum, 10 per cent in financial mining, 6 per cent in other metals and 17 per cent in industrials. By contrast U C Investments has 70 per cent in gold.

While Anglo American has 47 per cent in gold Anglovaal has only 4 per cent and Rand Selection 57 per cent.

Having touched on some of the shares in the survey I would suggest that any investors who like mining financials should consider Johnnies and Geduld, if London selling forces their prices back to lower levels, as suggested by Capels.

But, generally, I prefer direct investment in mining, leaving the mining financials to the institutions.

Cons Murchison

THE QUARTERLY report by Consolidated Murchison was disappointing — as was to be expected because of the lower demand for antimony in batteries, and for flame proof material.

But for those looking for a recovery situation, Consolidated Murchison should be included in the list.

As the world's largest antimony producer it is in a unique position but like the copper and platinum mines it is looking for an upturn in world economies to boost antimony demand and price.

The present price of £1200 to £1370 a ton in Europe, for 99.6 per cent regulus antimony, is higher than the low of 1971, after allowing for a 15 per cent a year inflation rate, but it is half the price ruling this time last year.

Cons Murchison's last annual report showed a healthy position with R14 472-million in non-distributable reserves but chairman Ronnie Wilton warned that dividends are unlikely to be maintained.

Now it all depends on that elusive world economic recovery — and then Cons Murchison should march ahead.

These are early days for stock market action in the share, but if you believe the American economy is recovering, then you should anticipate a rise of between 100c and 200c in Cons Murchison when the recovery is certain.

This could take about six months, and will not occur until people are satisfied that antimony sales and price will rise.

New shaft opens way to Loraine's ore

SHAFT SINKERS (PTY) and the management of Anglovaal's Loraine gold mine last night celebrated the last blast in No 4 ventilation shaft, costing about R3-million, the commissioning of which will be a big step in increasing production and productivity at this large mine.

The shaft has been sunk to provide more air to the richest part of the mine at No 3 shaft — the former Riebeeck mine. It will make mining conditions more tolerable than formerly and allow a speed-up of development, particularly on the Basal Reef.

Loraine has a great deal going for it if you believe, as leaders of the mining industry do, that the gold price will move ahead of the rise in costs next year if not this year.

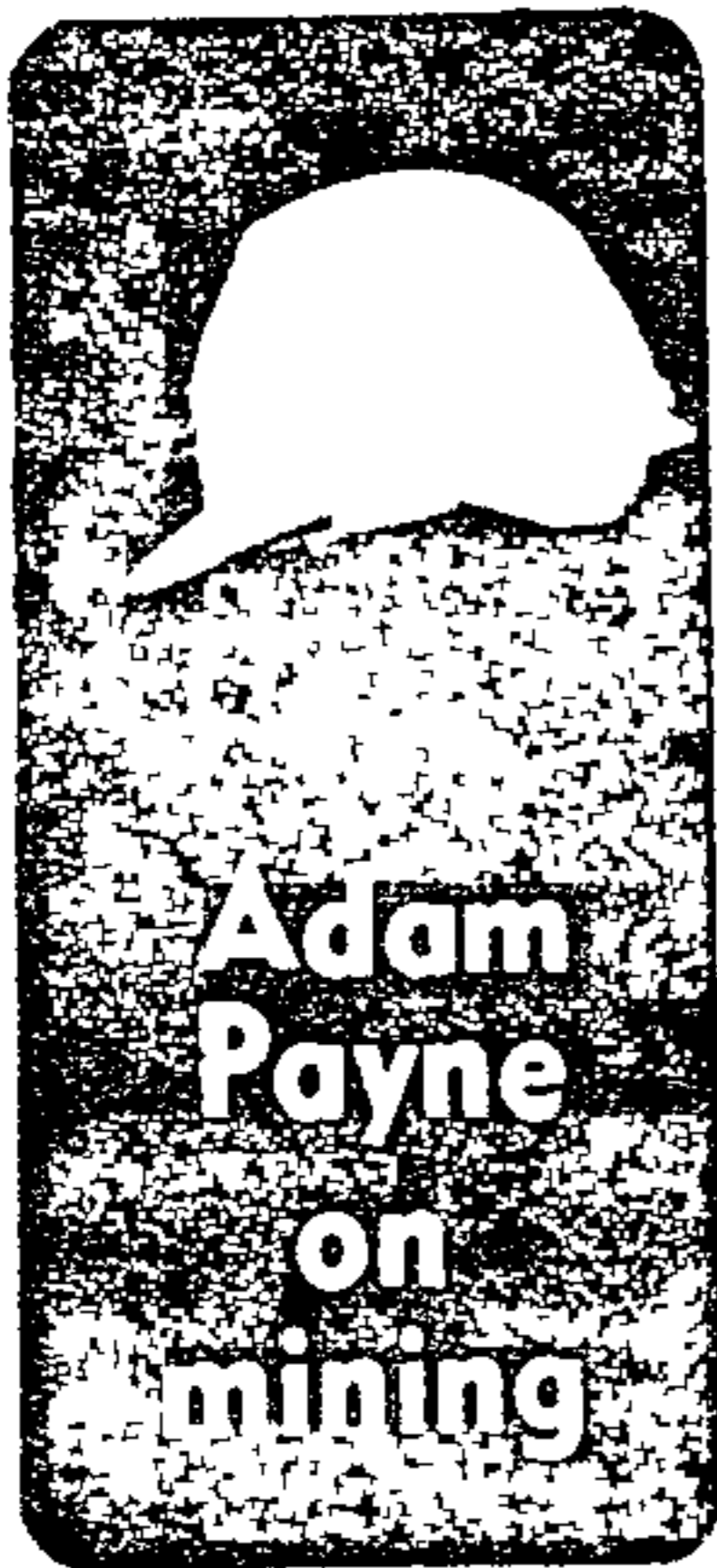
It is a low-grade, long-life mine with vast potential tonnages of ore. But on the mining side it has a great deal of faulting which increases working costs. These are already high at R20,76 a ton but the expansion now being undertaken should enable the mine to counter the effects of further rises.

Expansion at the mine is aimed at increasing tonnage from 100 000 a month at present to 130 000 in the first stage by the end of next year and then to 200 000 by early 1979.

However, the chairman has pointed out that the second stage is dependent on the gold price, the rate of cost escalation and expected percentage payability. These factors — if they are sufficiently adverse — could lead to changes in this programme.

Work is well advanced on the first stage, with the sinking of No 4 shaft and additions to the mill storage and milling capacity.

If all goes well with the completion of the second stage in three and a half years' time the mine will double production at an estimated cost of R34-million, plus escalation, which



is good value in these days of high capital costs.

Thus Loraine will be a front runner if the gold price rises well. From 1979, with luck, it should have its capital spending programme behind it and large tonnages coming up from the three main shafts. It also has uranium potential although no plant is installed. Its sales of uranium oxide are from slimes treated at the Harmony plant.

From a mining viewpoint, Loraine is one of the most interesting gold mines among South Africa's big gold producers because for the first time sub-level stoping is being employed to exploit large blocks of Elsburg ore

which would otherwise be unmineable by normal stoping methods.

With sub-level stoping a miner can double his tonnage, working in much safer conditions because the drilling and charging up is done away from the area where the ore collapses into ore passes as in block caving.

One area is being worked in this manner, yielding about 10 000 tons a month, and a second is to be opened.

The manager, Paul Wheeler, tells me sub-level stoping is being adopted because several layers of reef interspersed with waste rock, are too close to be worked in separate narrow stopes and too far spread overall for one high, conventional stope.

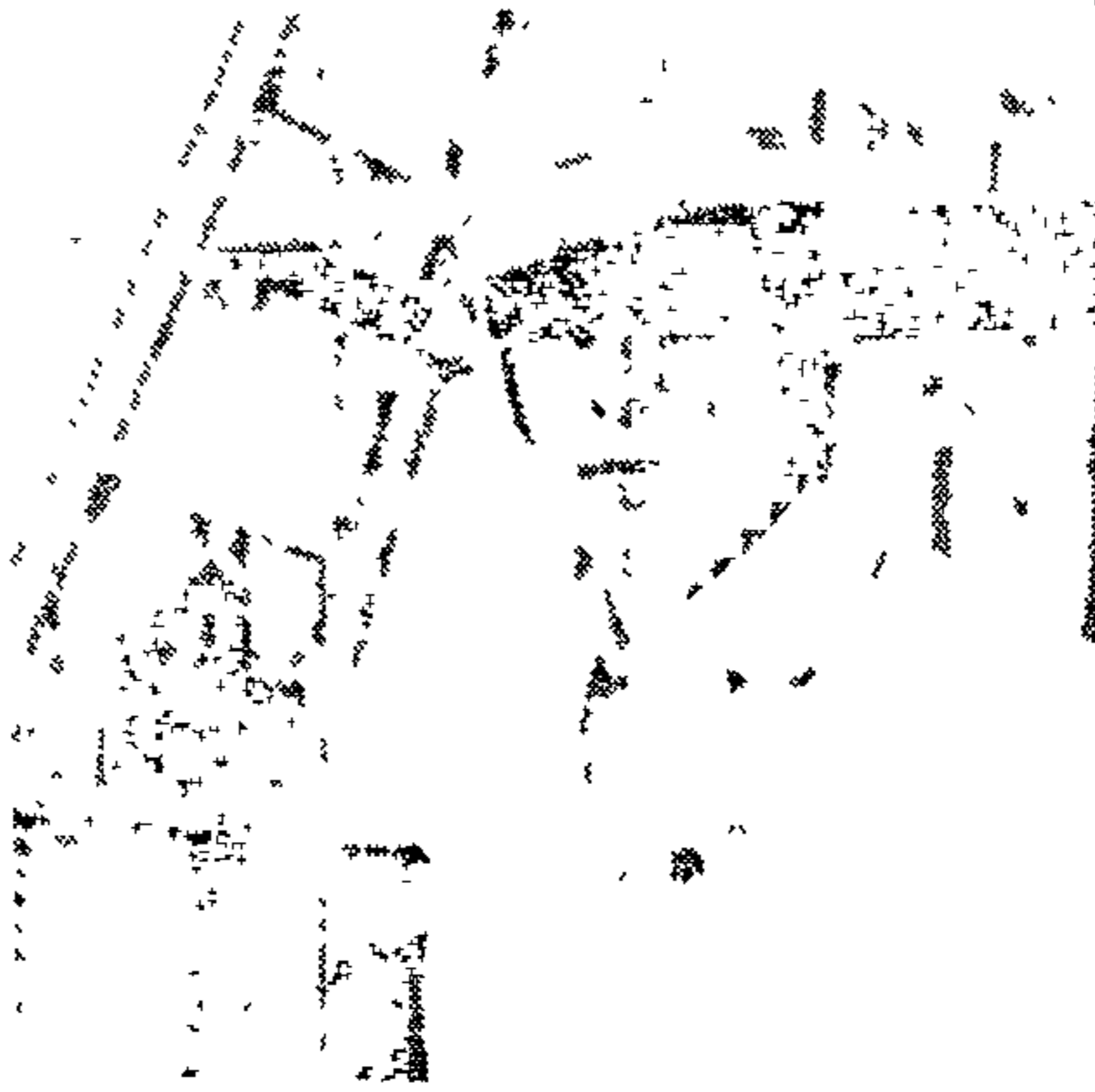
Mining challenge

GEOLOGICALLY, the mine presents a great challenge to the management and the miners because its reefs form a giant trough with almost vertical sides in places, and a horizontal bottom.

The reefs are so faulted in the trough that they vary in elevation from crosscut to crosscut.

The ore body plunges to the north and with a high heat gradient there is a call for more ventilation than has been available up to the present.

The reefs run north-south on strike and the opening of No 4 ventilation shaft in the No 3 shaft area will enable the mine to exploit the Basal Reef to the east



Hans Quisser, master sinker . . . Last blast at Loraine's No 4 shaft.

Until now the mine has exploited mainly the Elsburg reefs but the higher gold price brings into play large tonnages of Basal, most of it at greater depth.

Sinking is about to begin on another ventilation shaft, as part of the second stage of the expansion programme. This is further north near No 2 shaft where values are not as high as at No 3 shaft.

Still further north is the mine's No 1 shaft — the first to be opened by Loraine when Anglo American managed it. Values decline again at this shaft but the chairman, Wilf Thomas, has explained that the expansion is planned to result in economies of scale which will assist in checking cost rises and bring large areas of ore into play.

So overall the picture is one of expansion extending over reefs stretching for 12 km. One disadvantage of this extended area is that the ore must be carried by rail from No 2 and No 3 shafts to the reduction plant at No 1 shaft.

The mining lease area is large with sufficient ore for 25 years, unless the gold price crashes.

This area could be enlarged by the purchase of parts of Leclusa and Bandon farms. Although these have not been drilled they could provide an area for further mining by Loraine, if boreholes show an extension of the reefs as expected.

Ore reserves already developed on the basis of a \$127 gold price totalled a healthy 9,44-million tons at the end of September 1974.

There is a great deal of development to be done, concurrently with the opening of No 4 shaft, and this will add to working costs but will provide the reefs — and the profits — that will be mined at, the

end of next year when the milling rate reaches 130 000 tons a month.

On a visit to the mine I was impressed with the general progress in the expansion programmes, which include extensions to the mill and storage capacity so that continuous milling can be carried out.

Profits fell in the March quarter because of a continuing fall in tonnage milled, and again last quarter tonnage was hit by breakdowns in the crusher plant and a shortage of Black Labour.

Better quarter

LABOUR supply has improved from 77 per cent to about 92 per cent of complement but a proportion of the men are still being trained. However, tonnage this quarter should be considerably above last quarter's 88 000 a month.

The opening of No. 4 shaft, and with it the provision of better ventilation, should improve productivity.

High temperatures because of inadequate ventilation have been a severe handicap at Loraine and the lowering of the temperature by one degree C should give an improvement of at least 5 per cent in productivity.

The chairman, Mr Thomas, told shareholders in his last review that the programme of financing expansion over five years will necessitate a limitation of dividends until additional profits flow from the increased scale of operations.

In the meantime, the company will withhold considerable sums to finance the expansion.

Obviously, it will endeavour to maintain last year's 12c dividend in the year to September 30, 1975, in spite of the bad quarters last December

and March Earnings in the past four quarters, after capital spending, have been 15c a share.

The share price at 400c provides a dividend yield of only 3 per cent, discounting future increased production and a rise in the gold price. But if there is a good rise in the bullion level this optimism should be justified.

General investment advice is against low grade mines in the short-term. On taking a longer view investors should not overlook Loraine, while bearing in mind possible constraints which could be brought about by a disappointing performance of the gold price.

Its low yield of 3 per cent is a deterrent but if one regards it as giving birth to virtually a new mine, this present yield is acceptable because Loraine is a mine for tomorrow.

R21-m shaft sinking

THE last blast celebration at Loraine's No 4 shaft spotlights the work of Shaft Sinkers, whose activities spread from Bolivia to Canada, Britain and Australia.

In South Africa, the company has been sinking eight shafts in the 18 months to July 31 at a cost of about R21-million.

These are spread from Loraine to Cooke No 2 man and ventilation shafts at Randfontein, Athens shaft at Cons Murchison Spud shaft at Rustenburg, Union section; the new shaft alongside the big hole at Koffiefontein and the Kloof sub-vertical shaft.

The eighth shaft is the tertiary at Western Deep, which will be the third lift of a shaft system reaching a depth of 3 787 m — the deepest in the world.

The sinkers have reached bottom and are equipping the shaft in temperatures as high as 47 degrees C or 136 degrees F.

Work on the Spud shaft at Rustenburg, including raise boring, will result in a highly productive unit being constructed by the year-end.

It will be the first shaft of its kind completely equipped with ore pass systems during the sinking operation and will be ready for development.

On the Cooke No 2 shaft system at Randfontein, 61 000 pockets of cement have been used in sealing off water in the surrounding rock system.

Since December 1963 Shaft Sinkers have sunk 52 km of shafts at a cost approaching R100-million.

Apart from mine shafts, their tasks have included tunnelling at Cabora Bassa. Bassa hydro-electric power plant on the Zambesi and 29 km of tunnelling on the Orange-Fish river scheme.

Huge cut in uranium costs on the cards

SUN TIMES
(Bus T.) By ADAM PAYNE 10/8/75
Mining Editor

METALLURGICAL advances, equaling in economic importance the announcement this week on improved platinum refining, are possible in uranium oxide production.

Atomic Energy Board scientists at the National Institute for Metallurgy and metallurgists working for Anglo American Corporation and other mining houses are engaged in experiments with technologies which, if successful, will heavily cut down capital and working costs in uranium production.

Because these projects are promising, and decisions — for or against — will not be possible for about a year, new multi-million rand uranium plants are unlikely to be launched in the next year, even if financial planning is well advanced.

Companies that are expected to undertake uranium expansion programmes are Randfontein and Southvaal, both of which have high uranium values in their reefs.

A further new uranium producer will be Afrikander Lease, in the Klerksdorp area, whose mine will treat uranium primarily and gold as a by-product.

If the experiments on improved processes are successful, not only will extraction be more efficient but capital costs will be about two-thirds of those now incurred on conventional filtration systems.

Experiments are taking place on alternative processes and with different sections of the technology. High-pressure, high-temperature leaching is one aspect of the trials. With this process extraction rates of more than 90 per cent are expected compared with 75 per cent now accepted on some mines.

Anglo American Corporation's metallurgists did considerable research on these processes 18 years ago and were making good headway when the uranium market slumped and the experiments were discontinued.

Now that the price of uranium oxide has risen from \$6 a lb to \$20 a lb experiments have been resumed among the mining houses.

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No to mine share plan

From Ormande Pollok *MERCURY*
Political Correspondent *3/9/75*

EAST LONDON — Foreign companies exploiting mineral finds by opening mines in South Africa were requested by the Government to get local partners, the Minister of Mines, Dr. Piet Koornhof, said yesterday.

At the same time he turned down a resolution at the National Party's Cape congress that foreign companies developing new mining areas be compelled to give South Africans a 30 per cent share holding.

He stressed that South Africa needed foreign investment for development and it should be

careful not to harm its good name as a stable, honourable and trustworthy country.

He said that recently three companies had developed mines in South Africa. They had been asked by the Government to establish local partners and without exception they had done so

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Mining and the Rand

R.S. "Bill" Lawrence became President of the Chamber of Mines in June. The former chairman of Rand Mines, Lawrence has largely administrative background, and becomes President during a period of expansion . . . and some uncertainty for the industry.

FM What was your reaction to devaluation?

In our house, Rand Mines, we are primarily producers of export minerals (gold, coal and chromite) I think all of us were happy that there will now be more rands than before. But there is the other side of the coin — inflation — which is going to try us very sorely unless we are able to take steps to minimise its effects.

Is this devaluation good for the industry?

Well, to the extent that anything that improves your earnings is good, it is. But it's not a thing a country can go on doing for any length of time.

If increased earnings are a plus what are the negatives in the devaluation?

The increased costs of imported capital is certainly a negative factor. Fortunately we're not as dependent upon imports of mining equipment as we were.

How will this affect the industry's capital investment programme?

No two mines are alike. The mines that could support themselves happily on a gold price of \$50/oz will earn that much more.

The mines that were in trouble at \$135/oz will now live at \$160/oz — which was the rand equivalent after devaluation. Certain mines will unquestionably look at their capital programmes very carefully now.

Others will now say "We've got this much more, we've got the green light, we can go ahead." With mines varying from a needed gold price of around \$190 down to \$42 for profitability, capital programmes depend on individual circumstances.

What are the long-term prospects of the industry with a gold price at \$135 or below?

Well, there is a price which will not support life and a price which will. It varies from mine to mine depending on its age, grade, capital, equipment, etc. At a \$135/oz there were some mines which would seriously have to consider their future operations, both as to scale and grade and other factors.

Given that the mines suddenly stand to gain R500m in extra earnings, does this give the unions a stronger hand in demanding more wages?

I would expect the unions to be responsible and heed the requests that have been made for reason in wage demands. At this time I have no reason

to think otherwise. We do our negotiations with them annually and were not due for another negotiation until early next year.

Does the devaluation give the industry an added imperative to increase productivity?

Well, everything we buy — from the services of people, to equipment, and food for our people — is under pressure. And they're all caught up in the spiral. We've got to support every possible measure that will slow this spiral down, and in the process we've got to see to our own housekeeping, within the industry and within each productive unit. We may well have used unskilled labour in a wasteful fashion in the past, this is one of the things we're looking at. We may also have been wasteful in the use of stores and material.

What else should government do to contain inflation?

We wholeheartedly support the government appeal.

Should such measures as a wage freeze be made mandatory by force of law?

Experience elsewhere in the world has shown that this doesn't work. The best thing — if it can possibly be made to work — is voluntary restraint on prices, profits and wages.

If, for example, we have higher food prices soon — which will affect Blacks specifically those who are South African — will this give further impetus for increases in Black wages?

It might well do so. When we consider Black wages we first of all consider the ideal of giving a fair day's pay for a fair day's work. I'm sure in circumstances where we have runaway inflation we would take into consideration a further element.

Does the industry presently pay a "fair day's pay"?

On balance I would say it does.

How do we stand on the five-day week?



I would expect the unions to be responsible

They have a lot of money in production but it's difficult to make progress, but it's difficult to make progress. I wouldn't be helping the negotiators if I were to say anything. Other than that we, as an industry, have long since accepted the concept of a five-day week. We're now seeking a route that is acceptable to both parties.

In the case of gold, we said that it should be an arrangement that would cause the least possible loss of production. This is why we asked for concessions from the unions; trying to cut the loss in production.

The coal mines are different in as much as they can't accept a loss of production. In the national interest production must be maintained at present levels. Negotiations continue and I'm hopeful that we'll find a solution both parties can live with.

How much of the lower gold production is attributable to shortage of Black labour?

A fair amount of the drop is attributable to a shortage of labour, although some mines have no shortage of labour and these are not suffering in production. **What percentage of labour requirements have you now reached?**

As an industry, we have now a fraction over 90% of our underground requirements.

These are the revised requirements, presumably. What percentage are we in terms of last year's requirements?

Well, as you know, we decided that we could cope with 90% of what we had previously set as our requirements. So it would be 90% of 90%.

What is the labour situation at present, especially for the new mines?

We think we know where the Black labour is that would come to the mining industry. We would simply go there and seek it, given a reasonable lead time.

There is no shortage of White labour.

It's not all that bad, says Anglo's gold chief

By ADAM PAYNE
Mining Editor

WHEN the gold price was at its lowest this week — \$128.75 an oz — Dennis Etheredge, head of Anglo American Corporation's gold division and chairman of several mines in the Transvaal and Free State, sounded a steadying and reassuring note to those who view the situation with gloom and concern.

He expressed his firm belief that there will be a turn-round in the gold price and said he believed:

- The 800 t of IMF gold which it is proposed should be sold to aid developing countries is unlikely to be placed on the free market. It is more likely to be absorbed in private transactions;

- The gold price has dropped not on heavy selling and large volume but on a lack of buyers, with speculators and investors waiting for the market to show it has bottomed out before returning to it
- He does not see the market climbing as fast as it has fallen but he is satisfied that it will rise again.

Fluctuations

In a question and answer interview, Mr Etheredge said:

Q. Do you expect violent fluctuations in the gold price or do you see it stabilising?

People who have been dealing in other metals are accustomed to fluctuations. For the gold mining industry these fluctuations are a new experience. We have only three and a half years experience in this game and it is only the second time we have had a really rapid fall in the price.

In June, on a tour of Europe, Japan and Australia I saw the main dealers in the gold world and none of them forecast a floor price below \$160. Even they, as people closest to the market, have been proved wrong, which shows how hard it is to forecast the price of a metal which is both a commodity and a currency asset.

Assurance

Do you subscribe to the view that American moves on gold have been carried out to shake out speculators?

I cannot believe that it is in the interest of the United States to force the price down too drastically. The American Secretary for Finance, William Simon, assured delegates to the IMF that this was not their policy and the IMF deal is aimed at providing a way

to make funds available to underdeveloped countries. The lower the price, the less funds there will be.

Do you think the Americans are really concerned about the underdeveloped countries? Are they not more concerned with demonetising gold and establishing the ascendancy of the dollar and SDRs?

Their Congress would not provide enough aid. This is a way round that problem, whereby the aid is provided through the disposal of the gold. The one-sixth of the IMF's funds which is to be sold has dropped its value by one-fifth and that could hardly be welcomed by the IMF and the underdeveloped countries.

The one-sixth is only 2 per cent of world gold stocks held by the central banks and the IMF — is such a low percentage significant when sold on the market?

Not the case

Two per cent sound insignificant but implies that all world gold is marketable. This is not the case. It is equivalent to one year of South African production — 800 t — which is a great deal of gold and at the right price it will provide tremendous aid for the developing countries.

It does not seem to me that America — and certainly not France and other countries which have extensive gold reserves would want a lower price than that ruling when the IMF plan was put forward.

Why has the price been falling?

In my view it can be ascribed to fears by ordinary investors and institutions. They are worried by the "overhang" of possible IMF sales and have misread the situation by not understanding that this gold cannot be sold for at least 18 months.

Problem

The IMF plan does not get ratified until January and this ratification depends on a much more difficult problem — floating or fixed exchange rates. Member states have to approve the plan and then the IMF articles will have to be amended.

This will be a complex procedure. Only after all these hurdles have been cleared can the gold be sold — and it will be in everybody's interests to get as high a price as possible.

The speculative and investment sector of the market, which was responsible for forcing the price to nearly \$200 an oz, has recently withdrawn to a large extent. Is not this an ominous sign for the gold market and price?

People in the market will take a view that at a particular price gold will be worth buying. Once the

Dennis Etheredge

bottom has been reached and the market has turned there will be buying.

At the moment the situation is too fluid to forecast the price.

The unsettling effects of the IMF plan have coincided with a strengthening of the dollar and the possibility that in the short-term inflation is under control in the Western world.

Therefore people who are holding gold with marginal profits are likely to take the view that it is worth selling, to go into dollars or other currencies with chances of returning to gold later.

Fixed

Is there any real justification for believing that the gold price must go up again?

I think there is. The fact that it stood for 34 years at a fixed price while other commodities moved up in real terms leads us to believe that gold is now underpriced.

On the bullion markets, however, in the absence of buyers it does not need a great deal of gold to be offered for sale to push the price down. It does not mean that gold is flooding on to the market.

Our opinion is that there is marginal disinvestment and speculative selling, with few buyers. As a result the price has fallen. There has not been a heavy volume of sales.

State aid

In view of the low gold price, even after devaluation, the marginal mines will find it difficult to make profits as costs increase. Do you approve of State aid being continued?

I favour the continuance of State assistance because I believe that even if it may take a year or two years to keep marginal mines going, with a view to profitable production later, this will be well worth doing.

If the price remains at low levels a number of mines will be forced to close if they do not receive State aid. A mine should only qualify for State assistance if the authorities are satisfied that it will have a reasonable life after the price has improved.

If a mine has only about two years of ore left, it is doubtful whether it would be worth assisting. If it has reserves of, say, 10 years of ore at a higher price, then it should be assisted over a period of unprofitability.

The Government's devaluation of the rand was carried out to arrest the run on the rand to assist the gold mining industry after the gold price slump — presumably you favour the action?

In the short term the devaluation is of critical importance. In the end the inflation flowing from devaluation will be hard on the mines as well as on industries and the man-in-the-street.

We shall get the early benefits of devaluation but then inflation will catch up, and the long term effects of devaluation are usually harmful.

Costs

Anglo American recently announced it would spend above R490-million in the gold sector over five years. How will devaluation affect capital and working costs?

Working cost will be hit less than capital costs because they are heavily dependent on labour and a great proportion of the stores are made in South Africa. The import content in working costs is not great.

The import content bears much more heavily on capital expenditure, because the mines are continually importing machinery and equipment from abroad.

Our management and technical staffs are looking at every item of capital expenditure to see what should continue, what should be cut out and where work should go ahead more slowly.

This is a big exercise with a long process of scrutiny of various programmes. It will take time before decisions are made on various projects.

The net result is likely to be that we shall trim the capital expenditure programme.

Red gold sales: more to come?

By CLIFFORD GERMAN

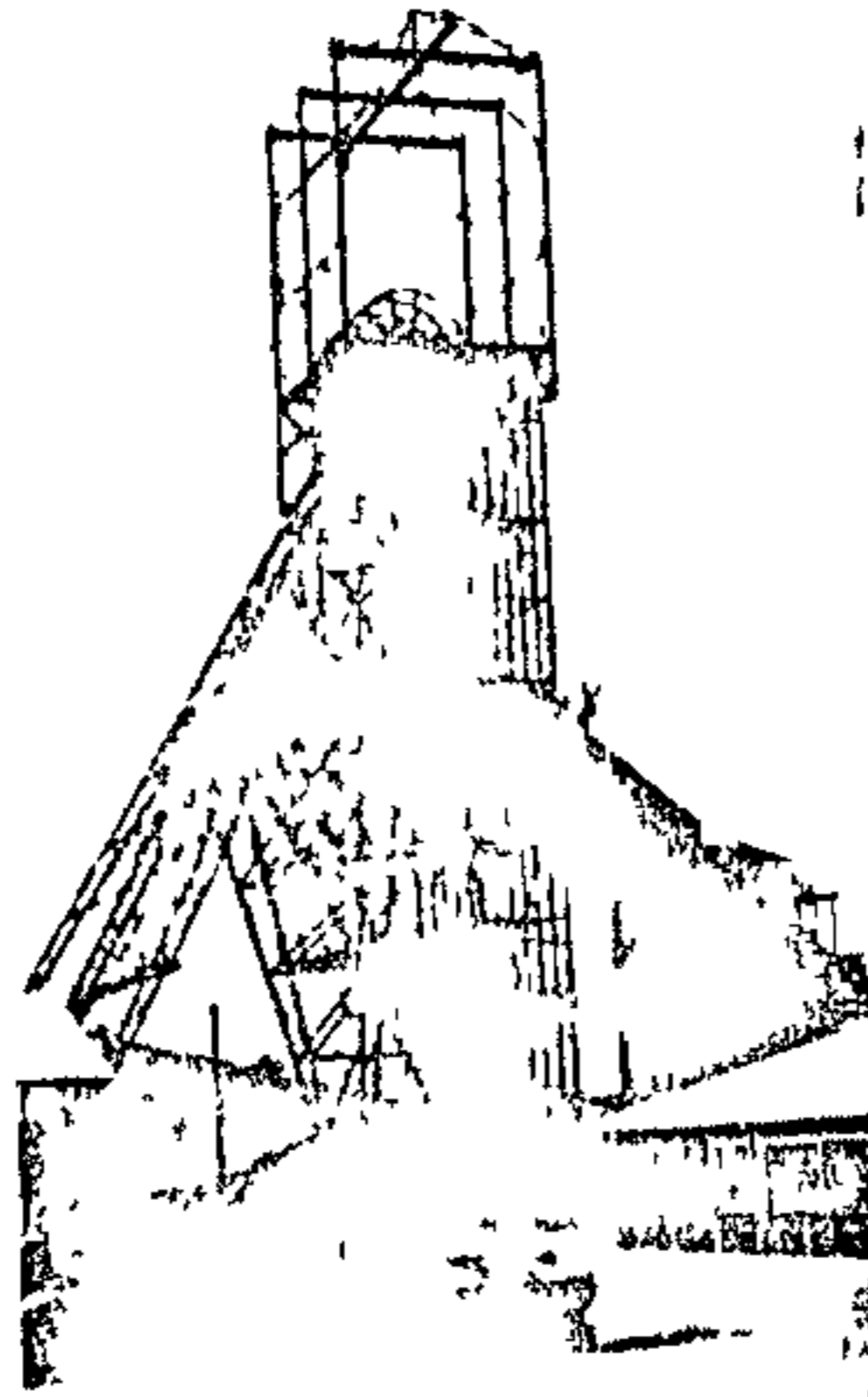
LONDON. — The Soviet Union's credit rating has fallen sharply on the international capital market as a result of the steep fall in the value of Russian gold reserves this year, according to City of London experts.

The difficulty of finding credit to pay for an estimated shortfall of 40 million tons of grain as well as ambitious capital

spending projects means the Soviet Union may have to sell more gold to meet its financial commitments in the next few months.

Inevitably the prospect of more Soviet gold being offered on the world market is liable to depress the commercial gold market still further and reduce the value of Russia's collateral yet again.

features



GOLD MINES: Anglo the Culprit?

Over the past couple of years there have been a number of committees set up in various SRCs to expose the "shameful horror" of the South African gold mines. These committees usually directed their fire at that most capitalist of all firms - Anglo-American - with the same proud feeling that David had when searching for stones to blot out Goliath.

One major problem with these committees is that few people on them have worked on a gold mine. This is because a type of CATCH - 22 situation exists whereby if you work on a mine the chances are that you like it there and thus won't feel strongly about the conditions, whereas if you feel strongly about the conditions the chances are that since you are not an Engineer Miner you won't be working on a mine.

There is thus a large area where conditions are unknown since PRO people don't release them and tourists don't see them and consequently no body worries about it. The aim of this article is to enlighten some people as to what exactly happens on Gold mines and who the culprits, if any, are.

To get the layout the mines in the Carltonville area that are of any importance are as follows: Western Deep levels, Kloof West, Driefontein East, Driefontein, Ithabon, Doornfontein, Western Areas and one other whose name I forget. The two richest are East and West Driefontein followed by Western deep levels. It is important to note that of these mines Anglo American owns four (Western deeps, Doornfontein, Western Areas and one other) the rest being owned by Goldfields of South Africa. It is important to grasp this point - Anglo American does not have the richest mine in South Africa and does not have a mining monopoly in Carltonville.

If a black rises to the position of a five star 'boss boy' he can get R130. Anglo American now calls its boss boys 'team leaders' but this has not been taken up by other mines. All blacks get food and accommodation. On Goldfields mines the black compound has five to a room and concrete or iron bunks. Anglo American Mines have iron bunks. Accommodation for whites, in the single quarters comes at R50.00 per month for room and all meals. If a white is married, he gets a house at a rent of R30.00 per month with 1000 gallons of water free per month as well as a thousand units of electricity.

To discuss the actual mining, imagine if you cut a very thick slice of bread and put butter in the middle, making a sandwich. Now tilt the bread at 45 degrees. Make it a million times bigger, put it in the ground, and if the butter were gold (with rising prices this could well be so) then you've got the Carltonville Goldfields. The gold reef is about six inches thick and to get it out you remove a large slice of rock, crush it, process it and then melt it. The slice that you remove underground forms a gallery about four feet high supported by stacks of logs. This is called a stope (the gallery not the logs).

It is hard to explain why but there are two types of mining. One type involves blasting as many stopes at a time as possible and consequently a large amount of rock blasted while the other type involves blasting two stopes only and blasting back towards the shaft.

Any economist will tell you that the former is more productive while any miner will tell you that the latter is far safer. Anglo American works on the safer 'two stopes' principle while Gold Fields does not. You can thus see that the more gold, less safe principle applies here.

This ultimately, is the rotten kernel of Gold mining. Human life is weighed against getting gold out. A developer (a person who blasts tunnels) is paid on an incentive basis rather than a fixed rate. If he blasts seventy feet a day he will get a bonus for every foot over the minimum footage. The same applies for shaft sinkers. The result is that speed means money, but it also means carelessness and sometimes unnecessary deaths. Not only this but quite often it does not mean the death of the developer himself but of his work gang. I have personally seen a miner mark out the rock to be drilled and then retire to safety while the rock was 'talking' (a sound made by increasing rock pressure) above the heads of his work party.

Don't get the idea that all miners are like this. But some are.

The safety regulations on the mine are very rigid but a mine is a very big place and consequently the regulations can be ignored without too much fear of being caught. For example, after a blast, a developer should wait one hour to let the dust settle. Some don't, they send in the work gang to hose down after thirty minutes. Ultimately some of the gang will get typhus - a disease of the lungs.

If the stoper was caught doing this, he would lose his job - but then again, it is very hard to catch him.

There is a very callous attitude towards death on the mines. "Some kaffir walked into a power line" or "some silly bugger fell down the shaft". Admittedly, the regulations and emphasis on safety are so strict that a person who is killed has more often

An ambulance stalled on a level crossing. A train hit it and killed the passengers and the attendant. When I asked what happened, I was told "The train and the ambulance had a race to the level crossing, man. The result was a tie."

Finally, one would hope that someone is trying to improve things - to push up wages, to make compounds better to really enforce safety regulations.

Someone is. Apart from various people on the mines themselves, one company is really trying. That company is Anglo American. Of all the mining houses it alone seems to be really making an effort in this direction.

Don't get the idea that I say this because I particularly like that company. In reality it is really the best rat in a bunch of rats and I am not connected to them in any way. The fact that they are trying cannot be disputed and as such, the various Davids could do no better than to look for different giants than the most popular one.

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Heunis offers State aid to ore processors

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RDM 2/10/75

By CHRIS CAIRNCROSS
Industrial Editor

PORT ELIZABETH.—The Government has devised a new export incentive scheme designed to stimulate increased activity in the processing of the country's large store-house of minerals and ores for export.

This was announced by the Minister of Economic Affairs, Mr Chris Heunis, in a speech read out for him by Mr P. J. Theron, Secretary for Industries, at a banquet last night marking the close of the Federated chamber of Industries' annual executive council meeting.

Mr Heunis, who is ill, said the scheme is the result of recommendations of a committee appointed recently by the Economic Advisory Council.

The export scheme goes into immediate effect and will last for five years.

Mr Heunis said that while it is clear little or no help is required from those corporations already processing minerals for export, there are other industries which, being only marginally profitable, may need help to develop their productivity to the great advantage of the economy.

He said prospective processors of local minerals for export may now apply to the Department of Industries and other authorities for assistance.

Mr Heunis outlines the following forms of assistance:

- The rebate of 25 per cent on the prime bank lending rate applicable under the export promotion scheme may be extended to exports classified under the processed minerals category.

- At the present prime rate this concession amounts to a non-taxable subsidy equal to about 1.25 per cent of the value of the annual exports of processed minerals.

- Loans by the Industrial Development Corporation for part of the capital requirements of a processor at "attractive" rates, with a minimum of 6 per cent against a normal rate of 12 per cent.

- The higher the portion of

the product exported the lower will be the rate of interest.

- Beneficiation allowance in terms of the Income Tax Act to a maximum of 20 per cent of the cost of equipment, and a maximum of 15 per cent of beneficiation plants.

Mr Heunis said these allowances may be granted in addition to allowances normally available to manufacturing and mining undertakings, and in addition to any tax concessions for which the operation concerned may qualify in terms of the decentralisation scheme.

- A rebate of up to 20 per cent on the cost of electric power.

- In cases where railage costs are an important

factor and adversely affect the possibilities of export, railage rebates will be allowed on the transport of the main raw materials to the processing plant, and of the products to the coast.

Mr Heunis said that as a general criterion it will normally be a requirement that there should be a substantial input of local raw materials, of about not less than 50 per cent.

"Processing should also be real — say an added value of at least 100 per cent."

flotation and milling processes.

"Assistance in terms of the processing scheme will, therefore, not be available to undertakings based on production principally for the domestic market," he said.

"If they should need support to operate on this market, the traditional channels of assistance by means of customs tariff protection and the normal facilities of the IDC are available."

Mr Heunis said that those companies producing mainly for the domestic market but having surpluses which they wish to export, could qualify for assistance in terms of the existing export promotion scheme.

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Safmarine, Iscor in joint iron ore venture

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AN ORE-CARRYING shipping fleet is to be built up by Safmarine and Iscor for the R500-million iron ore project at Saldanha. They have formed a joint company to acquire the first two ships.

This is disclosed in Safmarine's annual report.

A new 165 000 ton ship to be named Sishen, for bulk ore has been ordered from Japan and is due for delivery in 1977. The 154 000 ton Vanguard, in which Safmarine holds a 50 per cent interest, will join Sishen as the nucleus

of South Africa's ore carrying fleet.

The report says the project should result in material savings of foreign exchange as the freight element is large for ore cargoes.

The use of these ships should bring a satisfactory return.

CONTROLLING

Safmarine will be the controlling shareholder for the purpose of taking up certain shipping rights secured by Iscor in its sales contracts.

The directors say the past financial year has been mixed. The bulk division experienced favourable conditions for most of the year, but freight

rates have since declined in line with the present slackness of world demand.

However, there are now signs that rates may become firmer as a result of world agricultural imbalances.

The oil tanker market continues to be severely overtonnaged and many large tankers are being laid up for lack of remunerative employment.

The corporation intends to form a new company to take over the entire operations of three companies, two of which are already subsidiaries — Aero Marine and Manica. The other is Freight Service Holdings.

The new group will be strong financially and able to provide facilities economically. It should be able to compete effectively in the highly competitive fields of ship-agency and related activities.

Taxed profit in the year ended June rose to R20.4-million (R16.2-million) equivalent to earnings a share of 69 (62c).

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See also HOMERANDS - KwaZulu

VITN NO fanfare of rumpets the Industrial Development Corporation, Union Corporation and Quebec Iron and Titanium are on the brink of making one of the greatest — if not the greatest — mining decisions yet taken in South Africa.

The IDC's annual report briefly referred to the R250-million heavy minerals project north of Richards Bay. This received small coverage in the daily Press because the decision to embark on it has still to be taken.

I learn, however, that these corporations are seriously considering going ahead with the project and that a decision can be expected shortly.

If so, it will be a mining landmark for several reasons, including these:

- The rate of mining will be greater than previously envisaged on any project in South Africa.

- The dredging capacity will be up to 96,000 t a day when the mine and plant are in full production.

Scientific

- Rehabilitation of the countryside after this mining will be scientifically undertaken by an agronomist and an ecologist assisted by horticulturists and consultants. The area will be left covered in vegetation without unsightly dumps or pits.

The products will be: rutile at 75 000 t a year; zircon at 150 000 t; titanium slag at 600 000 t and low manganese pig iron at 320 000 t.

There are several firsts in this project. It will be the first mining enterprise in South Africa employing dredging techniques.

It will employ an African labour force of about 600, who will be housed in townships with their families. They will travel daily to work by company transport.

This is a welcome departure from the usual employment of migratory, single labour.

Although the area will not be in Bantu Trust land, royalties will be paid to the Bantu Mining Corporation, which acts for the Bantu Trust.

Recovery

The decision to incorporate this coastal strip in part of the Richards Bay White area, while providing inland areas to KwaZulu in exchange, was made before the mineral sands project was envisaged.

On the production side this enterprise should earn about

Vast proj

embarrassment but the production of this pig iron will be achieved by a unique Quebec process developed after 25 years' work.

The proposed mining area is 17 km long and between 2 km and 3 km wide. It is inland from the beach and the base of the sands containing the heavy minerals is about 25 m above sea level.

Two ponds will be built by earth-moving machinery. The dredges and a floating primary recovery plant will be sited in the ponds. The concentrate from the floating plant will be pumped ashore and will then be transported 10 km inland to the main concentrator.

The ilmenite, which in the past has sometimes been unsaleable in Australia, will be converted to titania slag and low manganese pig iron in the smelter.

Provided the project gets the go-ahead, Union Corporation will hold 25 per cent of the equity, IDC 25 per cent and Quebec Iron and Titanium 50 per cent.

Two companies have been incorporated for the project: Tisand (Pty) for the mining and separation activities and Richards Bay Iron and Titanium (Pty) for the smelter operation.

Tisand is controlled by Union Corporation and IDC jointly, whereas Quebec Iron and Titanium will control Richards Bay Iron and Titanium.

Satisfied

The rutile produced by the recovery process is used mainly for the chloride route in the production of white titanium dioxide, which is used in paint.

Zircon is used in ceramics, refractories and in foundry moulding sand, and the titanium slag will go to pigment production on the sulphate and chloride routes.

One of the most significant features of the project is the attention being paid to the rehabilitation of the mining area.

Consultants with Australian experience have been appointed. The plan is to stockpile top-soil and use it with fertiliser for replanting grass shrubs and trees on land

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Inflation: *the 28/10/75* 'Mining a target'

East Rand Bureau

The mining industry is particularly vulnerable to inflation, says the Minister of Mines, Dr Koornhof.

This was because it mainly had to compete on world markets where it could not control prices.

Speaking at the annual banquet of the Germiston Chamber of Commerce last night he said:

"As a large consumer of goods essential for production and a large employer, it (the mining industry) is in the position where, on the one hand, it has to accept higher prices for goods and higher labour costs brought about by inflation."

On the other hand, it was unable to offset these rising production costs by increasing prices for its products.

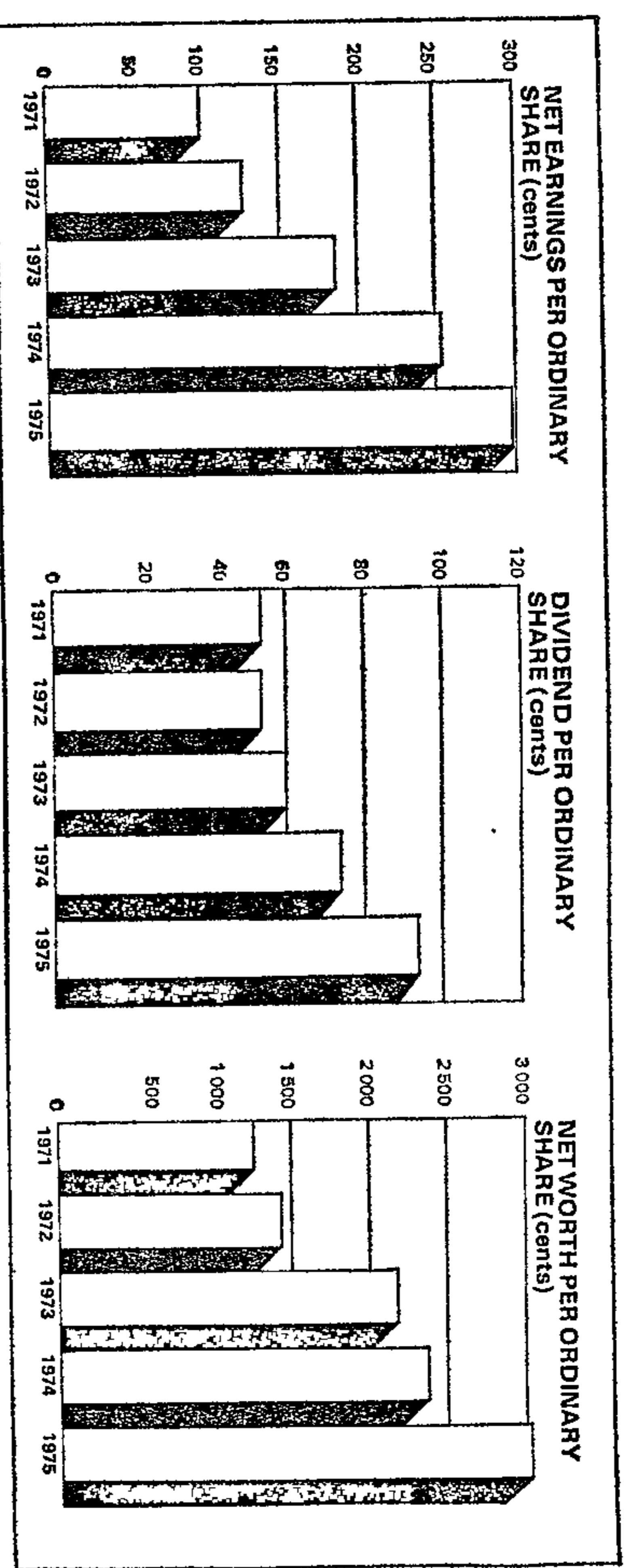
In fact, he said, it sometimes had to put up with declining prices and rising costs.

It stood to reason that it was impossible to absorb all price rises, particularly in the short term, and that "unbridled inflation holds very great dangers for the industry."

A factor which could not be overlooked when considering South Africa's position in "these difficult times" was the proud record of ingenuity, capability and reliability of the people.

One of South Africa's strongest weapons in the fight against inflation and economic disruption was that the country was blessed with one of the strongest and most energetic labour forces in the world.

Record Group profits; improved earnings and dividends expected — Mr Basil E. Hersov



	Company 1974	Company 1975	Consolidated 1974	Consolidated 1975
Profit after taxation	R7 044 000	R5 377 000	R26 659 000	R25 071 000
Dividends paid	R4 417 000	R3 455 000	R4 359 000	R3 455 000
Earnings per ordinary share*	156 cents	124 cents	296 cents	253 cents
Dividends per ordinary share	95 cents	75 cents	95 cents	75 cents
Investments				
Listed.				
Book value	R29 344 000	R28 523 000	R32 119 000	R23 026 000
Market value	R86 775 000	R78 674 000	R108 975 000	R63 476 000
Unlisted:				
Book value	R11 320 000	R10 770 000	R18 536 000	R10 797 000

*Note Earnings per share exclude the results of mining subsidiaries and extraordinary items

Financial results

The consolidated taxed profit for the year ended 30 June 1975 attributable to members was R12 855 000, an increase of 20 per cent on last year's R10 729 000. Net earnings per ordinary share increased by 17 per cent to 296 cents per share. The increased earnings this year were mainly attributable to higher dividend income from the Group's mining investments and to the inclusion of six months' results of Middle Waterstrand (Western Areas) Limited ("Midwits") which became a subsidiary on 1 January 1975. As at 30 June, the net asset value per ordinary share was 3 001 cents per share (1974 - 2 375 cents per share).

The Company's own earnings were 156 cents per share, an increase of 26 per cent on last year's 124 cents per share and the ordinary dividend was increased by 27 per cent from 75 cents to 95 cents per share.

Investments

During the year under review there was an increase in the market value of the listed shares in the Company's portfolio which at the year-end was worth R86 775 000, compared to R78 674 000 at the end of the previous financial year. The book value of the listed shares was R29 344 000 and the book value of unlisted investments

a cost of R25 per share, aggregating R8 870 000. Assmang was formed in 1935, has been exporting manganese ore since that time and iron ore since 1960. Currently it is exporting about 800 000 tons of iron ore and 2 000 000 tons of manganese ore annually through Port Elizabeth and the completion of the Sishen-Saldanha line will make possible further development of Assmang's iron and manganese ore deposits in the north-western Cape. The recent financial results of Assmang and its subsidiary, Ferroloys Limited, which produces and exports ferro-alloys, are currently at record levels.

The considerable fall during the year in the London Metal Exchange copper price from about £380 per ton to about £600 per ton resulted in a reduction of Prieska Copper Mines' working profit from R11 840 000 to R1 258 000 and, after taking into account interest payments, there was a deficit of R1 711 000 for the year. Current copper prices in real terms are at levels that have not prevailed for many years and it is too early to say whether or not there is yet a rising trend. The prices received by Prieska for its zinc remained fairly stable throughout the year.

The increase in Atok's production to a rate equivalent to 40 000 ozs of platinum group metals annually was adversely affected by delays in the supply and commissioning of plant and equipment and the planned milling rate was only achieved in May 1975. The market survey, to which I referred last year, was updated during the year and studies into the further development of the mine continue. Platinum and palladium prices retreated during the year as Western economies felt the full blast of a major world recession. Palladium in particular suffered and it now appears that the previous high prices for this metal might have driven consumers in certain key areas to new technologies. Recently there has been an increase in the producer price for platinum from \$155 to \$170 an ounce.

The rise of the gold price witnessed in recent years has been followed by a drastic fall which has been tempered to some extent by the recent devaluation of the Rand. This, coupled with considerable rises in mining costs flowing from inflation, is leading to a serious situation for mines with lower grade ores. The Lorraine gold mine recently announced a modification of the expansion programme mentioned in my review last year, and the future of Village Main Reef gold mine under present conditions is very uncertain. Efforts are constantly being made on our mines to counteract the unfavourable factors mentioned above and it is gratifying to report considerable progress recently in improved training and utilisation of our mine personnel, leading to increased productivity and cost reductions.

The mineral exploration activities of the Group are at a higher level than for many years. Base mineral exploration is in progress in all four provinces of the Republic, with special emphasis on the Transvaal and Cape Province, where several potentially interesting prospects are being examined. Investigations of gold prospects are in progress in the Eastern Transvaal and the Orange Free State, while coal occurrences are also receiving considerable attention.

Members are aware that the Anglovaal Laboratory has made many valuable contributions to the mining industry, particularly in the area of mineral beneficiation and recoveries. Arising from Anglovaal's involvement in platinum mining through Atok's, research covering all aspects of the refining processes after the smelter stage was undertaken. This has already resulted in the development of a completely new patented process for refining the platinum group metals which brings about a significant reduction in the process time for the production of refined metals. At the same time, work in the leaching and refining of copper and nickel from a smelter waste is continuing and some final patent applications in this area have already been lodged.

Industrial interests

Trading conditions in industry generally during the past year were difficult, with raw material costs in some cases more than doubled and decisions regarding stock levels largely influenced by market uncertainty. At the same time, industry was faced with the need to modernise and extend plant to cope with increased volumes and the need to provide the greatly increased working capital for the expanded operations. These changes, coupled with inflationary increases in wages and most other costs, made budgets and estimates unrealistic. Generally speaking, however, the industrial companies in the Group adapted to these changes in the environment in a responsible and satisfactory manner and were in many instances able to continue to increase profits.

Despite these problems and the major setbacks suffered by James Brown & Hamer Limited and T. W. Becker & Company Limited, which are dealt with in the Director's report, consolidated pre-tax profit of Anglo-Transvaal Industries Limited and its subsidiaries for the year ended 30 June 1975 was maintained at approximately the same level as the previous year. The higher incidence of taxation was offset by the reduced interest of the outside shareholders, and taxed profit attributable to the ordinary shareholders of Anglo-Transvaal Industries totalled R9 632 000 compared with R9 885 000 in the previous year. Although the company is budgeting for increased profits, the extent of the improvement will depend on trading conditions during the current year.

The Government is considering measures to curb inflation and, although the Group fully shares the Government's concern with inflation, it is hoped that the authorities will recognise business realities in the application of any measures taken and not sacrifice long-term viability for short-term expediency which would only be of temporary benefit to consumers. It is imperative, if employment opportunities are to be created and shareholders are to receive a fair return on their investment, that companies be permitted profit margins adequate to provide the funds for the modernisation and expansion of their plants and also for their increased working capital requirements.

Conclusion

The results for the year under review were ahead of our plans. However, inflationary trends during the current year continue to concern all our companies and this, coupled with product prices falling behind, presents the greatest challenge that management has had to face for some years. The impact and effect of the recent devaluation and its implications on our Group companies has yet to be fully assessed, but initial reactions are that although there will be immediate benefits to Group companies exporting minerals and products, it will increase inflation, diminish the hoped-for improvement in trading conditions and thus affect overall profitability. The diversified structure of the Anglovaal Group continues to constitute a basic strength in that its income is derived from both the international demand for gold and uranium, copper and zinc, manganese and iron, platinum and antimony, as well as the demand within South Africa for the wide range of products and services produced by its Group companies. Depending on the prices received for our products, the availability of raw materials and our ability to keep ahead of the unusually rapid changes in economic conditions, we are budgeting for increased earnings and dividends during this financial year.

Basil Hersov

CONT

Extracts from the Directors' report

Sunday Times Business
November 21975

Financial

The Company earned a profit after taxation of R7 044 000 compared with R5 377 000 in 1974 and its net earnings per ordinary share rose to 156 cents (1974 - 124 cents), of which 95 cents (1974 - 75 cents) were declared as dividends. Consolidated profit after taxation attributable to members increased by R2 126 000 to R12 855 000. The consolidated after-tax profit of the industrial subsidiaries was lower than for the previous year due mainly to the shipbuilding losses incurred by James Brown & Hamner Limited, the lower profits of T. W. Becker & Company Limited and to the higher incidence of taxation resulting from lower tax allowances received this year.

The profit after taxation attributable to members of the Company was earned from the following classes of business:

	Consolidated	Company		
	1975	1974	1975	1974
	%	%	%	%
Gold and uranium	29	24	45	44
Other minerals and metals	15	11	24	21
Food and packaging	18	20	11	14
Building and allied industries	3	7	4	6
Engineering	10	15	6	9
Other industrial interests	20	20	5	5
Financial	5	3	5	1

Mining investments

Middle Witwatersrand (Western Areas) Limited ("Midwits"), the mining investment and exploration company, became a subsidiary of Anglo-Transvaal Consolidated Investment Company, Limited on 1 January 1975 and has changed its financial year end to 30 June. The consolidated profit, after tax, of Midwits for the eighteen months ended 30 June 1975 was R8 209 000, compared with R3 495 000 for the twelve months ended 31 December 1973. Included in these figures were net profits on realisation of investments of R1 006 000 (1973 - R854 000). Ordinary dividends aggregating 42 cents (1973 - 12 cents) per share were paid for the eighteen months' period and dividends were paid on the 8 per cent "A" and "B" preference shares. Exploratory expenditure amounted to R407 000 (1973 - R312 000). The market values of the listed investments of Midwits and its subsidiaries Roodepan Main Reef Mines Limited, Tramid Investments (Proprietary) Limited and Harmony Lands and Minerals Limited at 30 June 1975 were R67 956 000 (book value R16 106 000), compared with R58 057 000 (book value R14 471 000) at 31 December 1973.

Despite a lower tonnage throughput, a reduction in grade and a considerable increase in costs, the higher gold prices received by

Hartbeestfontein Gold Mining Company Limited resulted in taxed profit for the year ended 30 June 1975 of R33 650 000 (1974 - R30 399 000). With inflationary pressures still strong and with sharp increases in the gold price less likely than during the past two or three years, the present dividend of 215 cents (1974 - 100 cents) per share is unlikely to be maintained.

Zandpan Gold Mining Company Limited's future prospects remain directly dependent on those of Hartbeestfontein Gold Mining Company Limited by virtue of its holding of 2 200 000 shares in Hartbeestfontein. These shares, with a market value of R71 500 000 on 30 June 1975, constitute the company's principal asset and investment. Profits for the year amounted to R4 686 000 and dividends totalling R4 655 000 were declared, equivalent to 35.75 cents per share, which compares with 37.8 cents per share for the eighteen months ended 30 June 1974.

Because of the substantially higher gold revenue, profit at Lorraine Gold Mines Limited for the financial year ended 30 September 1974 rose to R12 967 000 (1973 - R4 403 000). During the year, there was a considerable reduction in the supply of black labour and efforts were made to attract a larger percentage of South African blacks by means of improved job opportunities and higher wages.

In September 1975, due to an unprecedented rise in working costs, the reduced rate of growth in the gold price and shortages of black employees, a reduced dividend of 6 cents (1974 - 12 cents) was declared. The prospects of working the "B" and Basal reefs on a large scale have also diminished and as more selective mining may be necessary this could lead to a reduction in the planned rate of increase of tonnage milled. It was therefore decided that a more conservative programme for the expansion scheme would be adopted. Although the completion of No. 4 and 5 shafts as previously planned is still envisaged, the new milling plant at No. 3 shaft will be deferred until a clearer picture on the gold price and cost trends emerges and more development values on "B" and Basal reefs are to hand. The ultimate monthly milling target of 200 000 tons may have to be modified, but it is still expected that a milling rate of 130 000 tons per month will be reached by the end of 1976.

Operations at Eastern Transvaal Consolidated Mines Limited for the year ended 30 June 1975 resulted in a working profit before taxation of R3 362 000 (1974 - R3 644 000). Although a higher gold price was received by the mine, the additional revenue - when compared with the previous year - was more than offset by the rise in working costs arising from the substantial wage increases granted to all employees as well as to the higher cost of stores and services. An increased dividend of 25 cents (1974 - 20 cents) per share was paid.

Because of reductions in tonnage milled and recovery grade, and substantial cost increases, Village Main Reef Gold Mining Company (1934) Limited sustained a working loss of R263 000

for the year ended 30 June 1975 (1974 - profit R473 000). The final taxed profit was R345 000 after taking into account financial assistance from the State, non-mining income and compensation received for the expropriation of freehold land. No dividend was declared.

Operations at Rand Leases (Vogelstruisfontein) Gold Mining Company Limited continue to be confined to building maintenance, caretaking, grassing of dumps and pollution prevention. Income for the year exceeded expenditure by R45 000 but this included R133 000 from the sale of freehold property. The effects of inflation, particularly on the cost of plant and equipment, have worsened the chances of re-opening the mine and unless conditions change materially, no consideration can be given to this possibility.

As anticipated last year, lower copper prices and higher working costs had a marked effect on the results achieved by Prileksa Copper Mines (Proprietary) Limited. The working profit for the year to 30 June 1975 dropped to R1 256 000, compared with R11 840 000 in the previous financial year. After transferring R1 000 000 from the price fluctuation reserve created last year and taking into account interest payments of R3 091 000, the company incurred a loss of R1 711 000 (1974 - profit R8 985 000), which has been set off against the general reserve. The balance of R2 179 000 standing to the credit of this account has been transferred to non-distributable reserves, representing as it does investment in fixed assets. Revenue from copper concentrates and sales of blister copper and electrolytic copper wirebars at an average price of £594 per ton (1974 - £952) contributed 52 per cent of total revenue, while zinc concentrates and zinc metal sales at an average price of £335 per ton (1974 - £293) accounted for 45 per cent of total revenue. The production and sales of pyrite, which commenced during the year under review, and the sale of lead concentrates, provided useful contributions to revenue.

Atok Platinum Mines (Proprietary) Limited experienced delays in reaching its new planned rate of production equivalent to 40 000 ozs. of platinum group metals annually. The vertical shaft has now been commissioned and the mine's production capability will be further enhanced and costs reduced when the changeover from diesel generated power to Escorn power is effected in a few months' time. As a result of the greatly increased rate of inflation which took place in South Africa during the construction of the expanded facility, the capital cost of plant extensions escalated from approximately R2 200 000 to R3 200 000. With lower prices prevailing through much of the year for the eight metals produced by Atok, revenue receipts did not reach planned levels and with increased costs, Atok has experienced liquidity problems. These have now been met by restructuring the capital and obtaining additional overdraft facilities. The loan by Africa Triangle Mining, Prospecting & Development Company (Proprietary) Limited of R2 654 309 will be converted into equity capital. In addition, shareholders will

provide a further R530 000 by way of additional equity in order to fund the exercise of an option of 90.93 per cent of the mineral rights of the farm Diamant No. 422 K.S. district Lydenburg. This farm adjoins the farm Middelput No. 420 K.S. over which a mining lease is held by Atok and on which mining operations are conducted. During the past year, a market survey previously conducted on a world-wide basis was updated. Studies into the further development of the company's mineral assets continue.

The consolidated profit before taxation for the year ended 31 December 1974 of The Associated Manganeese Mines of South Africa Limited and its main subsidiary Ferrelloys Limited, was R10 061 000 (1973 - R5 802 000) and dividends totalling 41 cents per share (1973 - 30 cents) were paid. The demand for all the company's products remained firm and prices for these products, especially in the latter half of that year, improved considerably. The sales outlook for the current year remains encouraging and the consolidated profit before taxation for the six months to 30 June 1975 amounted to R10 826 000. An increased interim dividend of 30 cents per share (1974 - 12.5 cents) was declared. Negotiations with United States Steel Corporation ("U.S. Steel") announced by the company on 28 February 1975 were finalised on 18 September 1975. Agreements reached provide for the company to sell to U.S. Steel 3 000 000 tons of iron ore annually for a period of 15 years.

Resulting from the strong demand and sharply improved prices for anthony during 1974, the after-tax profit earned by Consolidated Murchison Limited during the year ended 31 December 1974 rose to R11 784 000 (1973 - R5 007 000) and dividends totalling 130 cents (1973 - 37.5 cents) per share were paid. Since the beginning of 1975, however, the market for anthony has weakened considerably and the pre-tax profit for the six months ended 30 June 1975 was R3 250 000. A reduced interim dividend of 20 cents (1974 - 30 cents) per share was declared.

The investment of Anglo-Transvaal Collieries Limited in Witbank Colliery Limited ("Witbank") was substantially the same as in the previous year. As the company's income is dependent on its investment in Witbank, and as the dividend paid on Witbank ordinary shares did not exceed 23 cents per share, in terms of the Scheme of Arrangement with Witbank no dividend was received by the company from Witbank. The preference dividend of 6 per cent and an unchanged ordinary dividend aggregating 10 cents per share were paid from distributable reserves.

Industrial investments

Anglo-Transvaal Industries Limited and its subsidiary companies achieved a turnover of R344 000 000 (1974 - R282 000 000), the increase being due partly to inflation and partly to volume increases. The group earned a pre-tax profit R27 683 000 for the year ended 30 June 1975 (1974 - R28 295 000), the decrease being due to reduced profits at T. W.

Sunday Times
November 12 1975



Extracts from the Directors' report (continued)

Beckett & Company Limited and the shipbuilding losses of R3 500 000 at James Brown & Hamer Limited. Taxation of R10 178 000 (1974 - R8 644 000) was at a higher effective rate than for the previous year, but the effect on shareholders' earnings was offset by the reduction in the outside shareholders' interests from R9 435 000 in 1974 to R7 778 000 in the 1975 financial year. Taxed earnings attributable to ordinary shareholders were R9 632 000 (1974 - R9 885 000) and earnings were reduced from 78 cents per share to 70 cents per share. The company's taxed profit increased from R2 781 000 to R3 396 000, equivalent to 23 cents per share, due primarily to increased dividends from subsidiary companies. Ordinary dividend payments increased from 14 cents to 16 cents.

The consolidated pre-tax profit of **South Atlantic Corporation Limited** and its subsidiary companies for the year ended 30 June 1975 was R14 524 000 (1974 - R16 310 000). After providing for taxation and the interests of outside shareholders, the consolidated taxed profit was R5 773 000 (1974 - R7 475 000). The reasons for this downturn in profit were the setbacks suffered by two of the companies in the group, namely James Brown & Hamer Limited and T W Beckett & Company Limited. The company nevertheless increased its ordinary dividend from 12 cents to 14 cents per share.

A satisfactory year of operations under difficult conditions is reflected in a 17 per cent increase in the consolidated after-tax profits of **Irvin & Johnson Limited** to R5 820 000. The ordinary dividend was increased to 7 cents (1974 - 5.5 cents) per share from earnings of 20 cents (1974 - 17 cents) per share. Both the tonnage of fish caught by the trawling fleet and trading conditions in the market gave cause for optimism during the first half of the year, but in later months catches dropped significantly and it also became increasingly difficult to maintain profit margins on the company's products because of the combined effects of competition and consumer resistance. Sales of vegetables throughout the year were disappointing, some supplies being limited by bad weather, but this was partly offset by good sales of the main franchise product, Rainbow chicken.

The consolidated taxed profit of **T. W. Beckett & Company Limited** for the year ended 30 June 1975 of R915 000 was substantially lower than the taxed earnings of R1 806 000 for the previous year. This reduction in profit arose from the difficult trading conditions encountered during the year. Market conditions have recently shown signs of improvement and provided this trend is maintained, it is anticipated that the company will improve its profits in the current year. The company paid a dividend of 11 cents (1974 - 10.5 cents) per share.

A continuation of the depressed prices for fish meal in world markets, which became evident in 1974, was responsible for a drop in **Concentra Limited's** turnover during the past financial year. Nevertheless, lower raw material costs and effective control of production expenses enabled the company to maintain its after-tax profit at R224 000 (1974 - R227 000) and pay a dividend of R200 000 (1974 - R150 000). No improvement in overseas prices is yet in sight and the results for the coming year will be dependent to a greater extent on reasonable prices and good demand in the local market.

The results of **Globe Engineering Works Limited** and its subsidiaries, **James Brown & Hamer Limited** and **Shipwrights and Engineers Holdings Limited**, are largely dependent on their activities in the marine engineering field. After-tax consolidated profits of the Globe group of companies for the year ended 30 June 1975 at R2 302 000 were R2 455 000 lower than the previous year. Firstly, there was a sharp reduction in ship repair work on offer in the Cape Town docks as a result of the cutback in tanker traffic using the Cape sea routes, which led to a reduction in **Globe Engineering Works Limited's** after-tax profits from R3 054 000 to R2 517 000. Secondly, the results of the Durban-based subsidiary **James Brown & Hamer Limited** were affected by losses on shipbuilding contracts aggregating R3 500 000, partially offset by a credit of R503 000 being the reversal of claims raised in previous years. On the positive side, **James Brown & Hamer Limited's** ship-repair division has had a highly successful year while the Vereeniging-based subsidiary, **Broderick Investments Limited**, recorded a small improvement in consolidated profit after tax. **Shipwrights and Engineers Holdings Limited**, due largely to improvements in the boat-building operations, recorded a marginally increased profit despite being adversely affected in its shipwrighting operations by the general reduction in available work. It is not expected that there will be any dramatic improvement in the availability of ship-repair work in South African ports during the coming year, but the Globe group is nevertheless budgeting for increased profits, particularly as the losses arising from the fixed-price contracts referred to above have all been provided for in the financial statements to 30 June 1975. **Globe** declared an unchanged dividend of 25 cents per share.

Demand for glass containers - the main product of **Consolidated Glass Works Limited** - remained strong throughout the year and turnover rose by 37 per cent to R66 000 000. Sales volume increases accounted for 11 per cent and higher selling prices for the balance. Due to exceptional and mainly imported cost escalations, not fully recovered in increased selling prices, and to a higher incidence of taxation, consolidated taxed profits improved by only 6 per cent to R2 640 000, equivalent to earnings of 43 cents (1974 - 40 cents) per share. With the group's heavy commitments in respect of capital expenditure and working capital requirements, the dividend was maintained at 19 cents per share. Although the economy is not as buoyant as it was at this time last year, the company is budgeting for a modest increase in sales and profits, the latter flowing from productivity improvements envisaged for the forthcoming year.

Marked escalations in steel prices and wages during the year necessitated substantial price increases for the fasteners produced by **National Bolts Limited**. The increased selling prices, together with a marginal rise in sales volumes, increased turnover by 26 per cent to R31 000 000. The commissioning of new plant and equip-

ment during the year enabled production rates to be improved materially and, with full plant utilisation for most of the year, profit levels increased. With a lower incidence of taxation, the consolidated earnings for ordinary shareholders improved to R1 717 000, equivalent to 35 cents (1974 - 23 cents) per share. Increased working capital requirements flowing from the high rate of inflation necessitated additional profit retentions and an ordinary dividend of 14 cents (1974 - 12 cents) per share was declared.

In a year of high activity and considerable inflation, the turnover of **Steelmetals Limited**, which is an engineering supplier and contractor, rose by 27 per cent to R25 000 000. All divisions participated in this increase and, with rigid control of costs and a slightly reduced incidence of taxation, consolidated taxed profits increased by 46 per cent to R1 852 000, equivalent to earnings of 87 cents per share. Increased working capital requirements necessitated a continued high rate of profit retention and the dividend was raised by 43 per cent to 25 cents per share.

Claude Neon Lights (S.A.) Limited continued to enjoy an increased demand for its products, despite tight money conditions and high interest rates, and consolidated taxed profit increased to R462 000 (1974 - R428 000). The ordinary dividend was increased to 4.5 cents (1974 - 4.0 cents) per share.

Denver Metal Works (Proprietary) Limited - which produces non-ferrous castings, extrusions and stampings - experienced mixed market conditions during the year. Demand for bronze products, supplied primarily to the mining industry, remained at a high level, but brass and copper sales declined significantly in line with the marked downturn in the building industry and generally depressed conditions in export markets. The reduced throughput, together with continued cost escalations, resulted in a drop in consolidated taxed profits from R646 000 in 1974 to R358 000 in 1975.

The consolidated taxed profit of **Petrocol Limited** and its subsidiaries for the year was R227 000 (1974 - R468 000). The market for road binders was affected by the exceptionally wet weather in all parts of the country at various times of the year, and by abnormal increases in the price of bitumen following the 1973 oil crisis. Provided operations are not affected by inclement weather, it is anticipated that profits will increase.

There was a dramatic downturn in the commodity markets served by **E. I. Rogoff Limited** and its subsidiaries, which operate as indent and sales agents, but the effects of this were largely offset by the full order book brought forward from the previous year. Consolidated taxed profit fell from R696 000 in 1974 to R551 000 in the year ended 30 June 1975, due mainly to the sale of 50 per cent of the company's interest in **E. I. Rogoff Chemicals (Proprietary) Limited**. Dividend income from this investment amounted to R110 000, compared to the R263 000 contribution by this former subsidiary to the consolidated taxed profit in the previous year. In addition, two new trading divisions, which were established during the year, had not reached profitability by the year end. The dividend was increased by 8 cents to 25 cents per share.

The large quantity of imported worsted cloth brought into the local market at low prices during 1974 caused a drop in demand and profitability at **South African Fine Worsteds (Proprietary) Limited** for the first half of the financial year. However, this trend was successfully countered by the company's entry into the broader worsted market of leisurewear and trouserings which, together with higher mill efficiencies, resulted in a satisfactory recovery to give an after-tax profit for the year of R697 000 (1974 - R984 000). The 1974 profit of R984 000 was free of tax as the company had an assessed loss. Forward orders for the coming year indicate that a modest improvement in profits may be expected.

The volume of crude oil processed at the refinery of **Satmar Limited** in the past year was again restricted by the international oil companies to the agreed minimum quantity of 116 000 kilolitres, due to the reduced rate of demand for petroleum products in the country and a consequent surplus of capacity at their coastal refineries. Profit on refining declined, but improvements in other income and lower taxation resulted in a better taxed profit of R233 000 (1974 - R225 000). Throughput in the current year will continue at the minimum contractual level until 30 June 1976, when the agreement with the major oil companies will terminate. No alternative projects have yet been found to enable refining operations to be continued after that date and in the absence of any profitable use for the company's facilities in their present form, its assets will be sold to the best advantage of shareholders.

Cement and lime

The **Anglo-Alpha Cement Limited** group recorded an after-tax profit for the year ended 30 June 1975 of R5 347 000, compared with R5 677 000 in the previous year. Turnover rose by R35 000 000 to R115 000 000 due to the full consolidation of the group's ready-mixed concrete interests for the first time. The decline in business activity, coupled with a season of exceptionally heavy rainfall, reduced the level of demand from the construction industry and sales volumes fell slightly below those achieved last year. Besides the depressed sales position, the decline in profitability is attributable to higher interest charges on increased borrowings, severe production cost increases and the additional amount set aside for the replacement of fixed assets resulting from the alarming increase in the replacement cost of plant.

The country's future cement supply is being jeopardised by the artificial constraints of price control. This results in an inadequate return which inhibits the producers from expanding capacity in line with the anticipated growth in the market. Rapid cost escalations and low returns forced a curtailment of the expansion of **Dudfield** and, due to the strain which would otherwise be placed on the company's capital resources and liquidity, only that portion already committed will be proceeded with.

30 September 1975

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

REGISTERED OFFICE:
ANGLOVAAL HOUSE, 56 MAIN STREET, JOHANNESBURG

LONDON SECRETARIES:
ANGLO-TRANSVAAL TRUSTEES LIMITED,
295 REGENT STREET, LONDON W1R 8ST

*The Annual General Meeting of the Company will be held at 09h30 on 21 November, 1975
at the registered office of the company.*



STAR

5/11/75

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JOHANNESBURG CONSOLIDATED INVESTMENT

COMPANY, LIMITED

Chairman's Review by Sir Albert Robinson

The Annual General Meeting of the Company will
be held in Johannesburg on 11th November, 1975 at 12 noon

The reports and accounts for the year ended 30th June, 1975 have been in the hands of members for some time. From these it will be seen that Johannes, despite a number of setbacks due in the main to adverse international trading conditions, had a most satisfactory and profitable year. The development of our new mining and metallurgical projects has proceeded satisfactorily. The Oribase copper mine and the Shangani nickel mine are virtually on schedule and this reflects great credit on all those responsible for their planning and management.

Financial results

The investment income from the group increased by 8% from R24,4m to R26,1m and trading profits increased from R7,2m to R15,4m. Profits after tax attributable to shareholders increased from R22,0m to R28,9m, while dividends declared increased from 135c per share to 165c per share. The trading profits included the operations of Tavistock Collieries Limited for the first time as well as the operations of Lemnags for a full year. Member, I recall, at some time ago Phoenix Colliery became a wholly-owned subsidiary of the Tavistock Group, and thus we acquired a considerable stake in Tavistock. Since then Johannes has steadily acquired more shares with the result that Tavistock became a subsidiary on 21st May, 1975.

The growth in group dividends was less than anticipated, due mainly to the downturn in the economies of the western world. In fact we received reduced dividends from many of our mining interests, the exception being the income from gold. This showed a very healthy improvement from R4,8m to R8,5m, although it should be remembered that the Randfontein Estates Gold Mining Company, Witwatersrand, Limited, in which we have a substantial investment, has yet to resume dividend payments. Investments in gold mining companies at 30th June, 1975 accounted for 37% of the market value of our total portfolio.

I referred last year to the continuing trend of concentrating our resources into operations in which Johannes plays a management role and that consequently the profits earned in changing these investments should not be regarded as a regular source of income. We have earned sharedealing profits again for this reason, but I must repeat my previous warning that they cannot be regarded as being necessarily recurrent.

Loans

Investments made by the Group during the year again exceeded the normal cash flow, and in common with all mining companies we are experiencing serious escalation to our capital programmes. To assist in meeting our commitments, and to repay some of our shorter term loans which are due for redemption, we raised a \$37m Eurodollar loan early in 1975 and negotiated a further \$33m Eurodollar loan in October. Your Board does not consider the present borrowings to be excessive in relation to the assets of the Company. Furthermore there are potentially substantial rewards to be earned from the new business that is being financed in part by these funds.

Exploration

Johannes considers that its principal area of activity lies in searching for and bringing new mining and beneficiation ventures to production. Some years ago we stepped up expenditure on exploration and research into mineral processing. As a direct result we have two new mines currently being commissioned, a ferrochrome facility in the initial stages of development and several additional prospects under investigation. In the next year or two our expenditure on exploration may decrease somewhat in order to conserve our resources, but our philosophy remains unchanged. We believe that the prosperity of a country lies in the successful development of its natural resources. In the past mineral deposits tended to be looked upon as the feed stock for highly skilled craftsmen of the developed nations to fashion into consumer goods for the whole world. Mechanised production lines which require less skilled labour and the improving skills of local labour together with the provision of power and the environment are shifting the emphasis to the areas in which the raw materials are found. South Africa has shown how a mineral based economy can expand dramatically if it is expertly managed and private enterprise is permitted to play the dominant role in its development.

There are however a number of problems that confront us. Firstly the capital costs of developing newly discovered mineral resources are escalating at an alarming rate due to the current severity of inflationary pressures. Secondly it is often necessary to establish a major facility to ensure viability through economies of scale, thus increasing the demand for capital. Furthermore it must be remembered that, no matter how skilful the exploration team, it cannot determine in advance the precise quality of the orebody it discovers. Because of the difficulties in forecasting future escalation rates it usually proves necessary to increase the capital provision to complete the development of the project. All this has to be viewed against the unvaluable fact that there is no longer a cheap long term capital market available to the mining industry.

Despite these problems we see our future continuing to be linked in the main with mineral extraction and beneficiation. We have developed a valuable expertise over the past 80 years and this will continue to be employed in finding new opportunities for the further expansion of our business.

The economic outlook

I referred in my review last year to the deteriorating economic conditions in the western world and Japan and to the fact that these conditions had as yet not made their full impact upon South Africa. Since then, the rate of inflation in South Africa has seriously increased and international commodity prices have fallen substantially, thus putting pressure on our balance of payments, and more recently because of the sudden weakness of gold, forcing a second and larger devaluation of the Rand.

Despite the present uncertainties there are signs of a possible recovery in the United States which, if so, will spread to other industrial countries and to South

Africa. However, this can only be expected, at the earliest, in the second half of 1976. In the meantime South Africa must adopt strong and sustained anti-inflationary policies. I welcome the Government's announced intention to combat that major part of inflation which is manifestly of our own making. It must not falter in its determination, because inflation is still the most serious single issue confronting the South African economy. Though imported inflation has been a problem, enough evidence points to local factors being the prime causes of the rise in domestic price levels over the past few years. Here I have in mind particularly excessive Government spending and the rate at which the money supply has been allowed to rise and accommodate increased prices and wages which are not necessarily connected with higher production. I am aware of the fact that there is a limit to which labour can be exhorted to increase productivity in order to ease inflationary pressures. However there still remains an urgent need for the Government and other organised bodies to make better use of all available human resources. The most effective means of doing this would be to eliminate restrictive employment barriers. There can be little doubt that a great blow would be struck against inflation were it possible to eliminate the many restrictions that still hamper the efficient use of black labour. Not only would there be enormous gains from the development of skills and increases in motivation but the resultant growth in black incomes would so expand our domestic markets as to magnify the scope for applying greater economies of scale in our manufacturing industry. However, the greatest benefit would also be the most immediate. Easing restrictions would result in an improvement of the technological skills of blacks as well as whites. This would be the key to a dramatic increase in productivity in the foreseeable future.

There are considerable difficulties in trying to steer a middle course between a high rate of economic growth on the one hand and the need to reduce inflation on the other. There are of course political attractions in allowing the country's economic policy to err in favour of rapid growth by spending in excess of available resources and financing such expenditure by increasing the money supply. In the circumstances at present obtaining in South Africa the adoption of such a policy would be a serious mistake and this view seems to have been accepted by the Government. It is most important to bear in mind that high rates of inflation made a major socio-political impact upon the black population in Natal some two years ago. A rapid upswing from present levels would run the risk of precipitating in the foreseeable future much bigger social, political and economic problems than have been witnessed to date. It is therefore to be hoped that the financial policy of the Government will result in a slower return to higher levels of economic growth. In view of the continuing economic uncertainties Johannes will examine its new business opportunities with a critical eye. We shall in future set more severe hurdles in terms of the return on capital, the payback period, the level of risks involved and we will compare with considerable care the anticipated costs of our new ventures with those of other producers in the industry.

The mining industry

The mining industry is undergoing a process of change from labour intensity to capital intensity. It was right and proper a decade or two ago to give employment, however humble, to a large part of the available unskilled black labour force in Southern Africa. The industry was often criticised for the low wages paid to these employees, but these conditions arose from the lack of employment opportunities elsewhere and above all from the fixed price of gold. With the material rise in the price of gold the mines' conditions of employment for the black labour force were rapidly and significantly improved. In so doing the need was recognised to be competitive with the rest of industry. Whilst increasing the wages for black labour the mines have also established improved training and educational facilities and a proper hierarchy of jobs in order to provide greater incentives. The shortage of labour early in 1975 assisted in generating improved productivity as expressed in tons milled per person employed. However, I am concerned that certain adverse circumstances could place a brake upon the outstanding progress achieved since 1973. These are the continuing rapid escalation of operating costs, the even greater escalation of capital costs and the current uncertainty surrounding the price of gold. The industry's objectives of achieving a steady and significant improvement in wages and other conditions of employment for all its workers may well be jeopardised if the price of gold does not increase steadily during the next two years.

As increased productivity will contribute notably towards countervailing rising costs, our Group mines and our industries are attempting to make better use of their labour. So far the application of industrial engineering techniques such as method study, work measurement, incentive schemes, planned maintenance and operational research, have proved to be most successful. However, these techniques in isolation are not a panacea for productivity improvements if not supported by training, mechanism and applied research. Accordingly our mines have embarked on method improvement programmes on a wide scale and these include experiments with varying types of modern equipment.

There is no doubt that it is within our capability to contain many of the costs and to improve the efficiency of production. But of course, for lower grade mines, in particular, the gold price will ultimately decide their future viability. It is to be hoped that, with the settlement in principle of the five day week dispute, a major new advance in productivity can be achieved. In this age of détente, which is aimed at bringing about a relaxation of racial tensions, South Africa's premier industry, the mining industry, must provide enlightened leadership. This goes for employers as well as the white employees. Johannes once again declares itself ready to support any sensible agreements which have as their purpose the continued advancement of the interests of white mine workers to whom we owe so much, as well as those of black workers upon whose goodwill and co-operation our future as an industry depends.

STAR

5/11/75

(210)

Ferrochrome facility

I referred earlier to a ferrochrome facility in the initial stages of development. After much negotiation and bulk testing we believe that we have a production method which will become increasingly competitive. The new ferrochrome facility, the development of which is being undertaken by a company formed for the purpose, Consolidated Metallurgical Industries Limited, will be established at Lydenburg in the Eastern Transvaal, where preliminary earth works are in progress. Exhaustive tests have shown that the pelletising process initiated in the group's Minerals Processing Research Laboratory will perform satisfactorily and more cheaply using South African powdered fuel, than the oil fired process which is presently in use in Japan. However the Japanese technology will be of immense importance to the project and suitable arrangements have been made with Showa Denko K.K. to utilise the experience they have gained in commercial production at their plants in Japan. The capital cost of the undertaking, which is designed to produce 120 000 tons of ferrochrome per annum is estimated at R42,7m. The plant has been designed with a high degree of mechanised operation in mind. Initial production is expected early in 1977 and negotiations for the sale of a major production of the output have been concluded.

Allowing for working capital, Consolidated Metallurgical Industries is expected to require R50m to reach the stage where the operation will be self-financing. Of this amount R25m will be in the form of shareholders' funds in which Johnnies' initial participation will be 53% and the remainder is being obtained in long and medium term loans, export credit facilities and short term borrowings.

Outlook for the coming year

If the current lower price of gold continues we cannot expect to maintain last year's level of dividend income. Indeed we cannot expect a major improvement in investment income until the current worldwide recession gives way to increased business activity and a renewal of confidence. However, I have no doubt about our potential for continuing growth and also for maintaining a dividend pattern that will give satisfaction to our shareholders.

Directorate

The retirement of Mr. W. D. Wilson from the Board of Directors has been announced. I wish to express our sincere appreciation to Mr. Wilson for the wise and helpful contribution he made as a member of the Board over the past six years. We take this opportunity to wish him a long and happy retirement. Mr. G. C. Fletcher, who is an executive director of Anglo American Corporation of South Africa Limited, has been appointed to fill the vacancy. I would like to extend a warm welcome to him. His wide business experience will, I know, be of immense value to us.

It gives me great pleasure once again to thank all our staff and employees for their efforts during a most difficult year and to express my appreciation for their continued devotion and loyalty.

Johannesburg
3rd November 1975

R.D.M. 13/11/75

Koornhof gives uranium plant details

Staff Reporter

A DECISION on the size of the uranium enrichment plant to be built in South Africa would be made in 1978, the Minister of Mines, Dr Piet Koornhof, said in Pretoria yesterday.

The decision would be made in the light of the enrichment situation in the free world, the extent of enrichment contracts, and the prevailing economic conditions, he said.

It was envisaged that the plant would come into operation in 1984 with full production in 1986.

Expenditure during the years 1975 to 1978 would be relatively small.

Dr Koornhof stressed that the project was solely directed to the peaceful applications of nuclear energy, and was undertaken not only in the interests of South Africa, but also in the interests of the world community.

The Government was prepared to subject the plant to a system of guarantees, inclusive of inspections.

This was provided the system did not interfere with the operation of the plant, and did not create the danger for South Africa that sensitive details of its process could leak out and be misused.

"I should like to stress again that South Africa is prepared to share the benefits from its enrichment process with friendly countries, subject to conditions which will protect South Africa's interests."

WELCOMED

Foreign participation in the development and construction phases would, therefore, be welcomed.

This would make it a multinational venture for the benefit of all parties.

It was expected that the construction of the rest of the pilot enrichment uranium plant at Pelindaba would be completed early next year, and the whole plant would be brought into production during 1976.

Feasibility studies by the Uranium Enrichment Corporation, first on its own and later with foreign concerns, showed that a commercial plant based on the South African process would be competitive with all enrichment processes already in use or in an advanced stage of development in the free world.

This was especially important for South Africa. Since the energy crisis, most countries had expanded their nuclear power programmes considerably, and estimates were that nuclear power would be responsible for about 50 per cent of electricity generating capacity of the free world by the end of the century.

This would bring about an ever-increasing demand for uranium, particularly in the enriched form.

It was clear that South Africa, as one of the few large uranium providers in the free world, could make an extremely important contribution to relieving the world's energy problem.

By marketing at least part of its enriched uranium, South Africa would be able to extend this contribution significantly.

"There can, therefore, be no doubt that South Africa must develop its enrichment programme further," Dr Koornhof

(1) 210

(2) Energy

(3) 65

~~TOP~~
210

HAYSARD NO. 13

7 APRIL 1976

906

Audio/visual

To be used
show my
such as a
videotape?

in written report
Mining concerns in Bantu Homelands (906)
Mr. M. VADLIL asked the
Minister of Bantu Administration and De-
velopment

(a) How many mining concerns are at
present in operation in each Bantu home-
land (b) how many Whites and Bantu,
actively, are employed in mining in
each homeland

The MINISTER OF BANTU ADMINIS-
TRATION AND DEVELOPMENT

(a) and (b)

	Number of Mining concerns	Whites		Bantu	
Basotho (swana)	30	1023	58 845		
Gezinkulu	4	7	103		
IsiZulu	12	10	60		
Lebowa	17	460	10 293		
Venda	3	39	425		

answer for your
question been decided?

be playing at home or
is the meeting room
suitable to you?

suitable as a meeting
your audience and as
suitable for your subject?

right size for the
audience expected?

Will anyone be able to see?
Is there a dais or platform?

Is there enough room for the
proper positioning of one or
more projection screens?

(c) Will everyone be able to hear?
Will you need to use a microphone?
Is there a public address system
already installed? Will there be
any distracting noises and can
these be silenced during your
presentation?

(f) Can the room be darkened easily?
Are there sufficient power supplies
for any projected visuals or
recorded sound?

Visuals:

(a) What equipment will you have at
your disposal? Will there be an
experienced projectionist
available?

(b) Are there any suitable visuals or
other aids (e.g. films, videotapes,
sound tapes, slides, etc.) already
available?

(c) What facilities are there for
obtaining or making others you
may need?

Budget

Has a budget already been prepared?
If so, how much money has been
allowed for?

~~10~~
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HANSARA NO. 13

Mineral Production in the homelands 906

(70) Mr G H WADDFIL asked the Minister of Bantu Administration and Development

What was the value of mineral production in each of the homelands in 1974 and 1975, respectively

The MINISTER OF BANTU ADMINISTRATION AND DEVELOPMENT

	1974	1975
Dorhouthatsvana	R12 031 242	R18 049 145
Great Karoo	R5 400 007	R5 804 410
Lesotho	R66 700 000	R1 187 513
Transkei	R19 258 032	R17 215 167
Transvaal	R16 029	R11 776

Cost of executive time in preparation and presentation?

Cost of purchase, hire, or manufacture of materials and equipment?

Hire of accommodation and any special assistance?

Travelling expenses?

Compare your two lists of circumstances. If you feel too restricted negotiate with the organizers so that you can achieve your objective.

2. PLANNING THE PRESENTATION.

2.1 Constructing your plan:

Two methods for planning your talk:

VERTICAL PLAN and HORIZONTAL PLAN

2.1.1 The Vertical Plan

- 1) Take a sheet of paper. Think about your subject. Jot down 20 to 30 words associated with it.
- 2) Working on a 5 minute talk, ring the three words you think are the most important on your list.
- 3) What do these words say to you? What specifically do you want your audience to think and do at the end of your talk? Now, write the aim of your talk in one short sentence.
- 4) Write your aim at the top of a clean sheet of paper.
The Body
- 5) Leave about six lines for the introduction. Write your three main points down leaving a few lines in between each.
- 6) Go through your list of ideas again. Underline those points that support your three main points.
- 7) Write two sub points under each main point.
- 8) At this stage you should refer to books, interview specialists, check figures and statistics, find quotations, set examples or demonstrations. Your talk should be an expression of your own ideas on the subject, backed by outside opinion.

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Jo'burg mining to end

STAR
15/4/26

Mac Thain

All underground mining operations are likely to cease in the Johannesburg municipal area towards the end of the year.

Government assistance to Crown Mines and City Deep is being withdrawn at the end of September and Village Main may be in the same position in due course.

Crown and City Deep are subsidiaries of Rand Mines Properties of the Barlow Rand Group, and the third old gold mine — Cons Main Reef — stopped operations in August last year.

The announcement on State aid comes as no surprise for the revision of the scheme has been under consideration by the authorities for some time.

Although no official announcement on the future of the two mines has yet been made, it is unlikely that mining will continue after assistance ceases, unless there is a very substantial increase in the gold price.

All three metropolitan undertakings own old dumps which could be re-treated but the viability of this is considered in the balance under present economic conditions.

The freehold rights of the three Rand Mines properties will be developed by Rand Mines Properties. Those of Village Main are small, but will probably be handled by Anglo-Transvaal.

28/4/76
**Homeland
mining
STAR
output**

THE ASSEMBLY — Mining production in five homelands more than doubled last year from R33 426 990 to R68 247 311, over 1974, according to figures released by the Minister of Bantu Administration, Mr. M. C. Botha, yesterday

Replying to Mr Gordon Waddell (PRP, Johannesburg North) he said the breakdown for last year was — Bophuthatswana R18 949 145, Gazankulu R580 410, kwaZulu R1 487 513, Lebowa R47 215 467 and Venda R14 776 — Sapa

(1) 101
(2) 210

Anglo broadens the base

Despite lower bullion and base metal prices, depressed industrial conditions and restricted lines of development capital, Anglo American's annual report for the year to end-December 1975 (published this week) is anything but pessimistic

And it's hats-off to those within the group who have campaigned for greater disclosure. For the first time, the schedule of listed and unlisted investments details the actual shareholding in each concern. Moreover, as an improvement on last year's corporate structural diagram of inter-group tie-ups, the latest drawing details the percentage relationships, complete with cross-holdings

Notwithstanding the growth inhibitors listed above, net profits advanced nearly 12% to R84,4m and the total payout was boosted by 4c to 33c. Combined interests under the group's control rose to R5 300m (R4 600m), the book value of quoted and unquoted holdings rose by a net R69m to nearly R519m and the combined market and directors' valuation of investments topped R1 233m, producing a net worth of 874c (923c)

It is significant that while the value of gold investments was pared to 41% (59%) during the year, the income from this sector increased to 47% (44%) of total investment income. To a lesser extent, diamond, industrial and financial interests — accounting for 41% (30%) of

the total value of investments — also proved worthwhile holdings by contributing 43% (39%) of total investment income

Within certain sectors of group activity there are now positive signs that improved conditions will prevail throughout the current year. The directors' report relates that "in 1975, for the first time in five years, jewellery and industrial demand (for gold) showed signs of a strong recovery". And the indications of "industrial demand improving and interest in gold in the Far and Middle East emerging strongly for the first time in years" augurs well for gold's future. To the extent that uranium recovery goes hand-in-glove with gold extraction, and that the market for U_3O_8 has shown steady improvement over the past 18 months, there is an added bonanza for certain of the group's bullion producers

Judging by recent base metal market advances, Anglo's copper, nickel, potash, tin, wolfram and zinc interests may prove especially bright spots in the current year. For Minorco in particular (in which the group's direct and indirect interest runs to over 40%), an upturn in copper prices could have a dramatic effect — not the least being a return to profitability and dividends (complete with externalisation permission) from Zambian copper producers. Obviously, an improved metal market is also good for Engelhard (a major Minorco holding) whose fortunes are directly tied to metal demand

By all accounts, the formation late last year of Amcoal — an umbrella under which various group-managed coal mines have been gathered — looks to have been well timed. International demand for coal, having dipped in mid and late 1975, is now showing modest signs of returning to a growth pattern

Diamonds, of course, continued to play an important role in the group's income picture (see De Beers article) and throughout the balance of the group's range of interests there were meaningful improvements to growth. Rand Selection seems to have got over its digestive problems with the old Schlesinger group, Amaprop, while it may be a couple of years away from making spectacular profits, appears to have turned the corner, and Highveld Steel looks to be headed for a record year after a long uphill battle

It goes without saying that exploration and research holds the key to future expansion for the group, the sharp rise from R4,4m to R7,3m in prospecting

costs for the year must be an indication of things to come. Research and drilling programmes already underway in Fiji, New Zealand, Rhodesia, South and South West Africa will continue, while

(1) AID
(2) Ownership + Control



Harry Oppenheimer . . . brighter year for Anglo

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Anglo American Corporation

Profit rises by 12 per cent to R85 million

Urgent need for adaptation and change on national level in the whole field of race relations — MR H F OPPENHEIMER

The year 1975 was a very difficult one and the upswing in the South African economy which had been expected to occur early in 1976 is still not under way. In the circumstances it is satisfactory that the Corporation's net profit should have risen by 12 per cent to R84,7 million and that it was possible to raise the dividend by four cents to 33 cents a share. Equally significant is the fact that during the year we embarked upon a number of important new projects which will ensure the continued growth of the Group.

GOLD

In our gold division the Elandsrand Gold Mining Company raised R60 million by a rights issue and at the end of 1975 began full scale sinking of the main shaft. This new deep level mine is due to come into production in 1981. At Free State Saaiplaas a major expansion is in progress involving the sinking of a new shaft system that will reach full operating capacity in 1981. In addition the Group is establishing two metallurgical facilities each with treatment capacities of approximately 1.5 million tons a month. The first which is a joint undertaking by our Orange Free State mines will produce uranium sulphuric acid and additional gold from both current residues and reclaimed slimes in conjunction with the existing uranium plant of President Brand. The entire complex should be in full production early in 1977. A year later we plan to commission the second plant, which will recover gold, uranium and sulphur from old slimes dams on the East Rand. At no less than six Group mines — President Steyn, President Brand, Western Holdings, Free State Geduld, Freddie's and Vaal Reefs — expansion plans are in hand or have recently been completed. All this represents capital expenditure of the order of R700 million and obviously reflects our confidence in gold which has not been impaired by the current weakness in the price following the International Monetary Fund's decision to auction 25 million ounces of gold over the next four years. We regard it as significant that the fall in price should have been accompanied by a strong recovery in demand for gold for jewellery and other industrial purposes and that gold is again being hoarded on a substantial scale in the Middle East and Asia. Apart from relatively small sales by the United States, the major industrial countries have shown no desire to reduce their reserve holdings of gold and countries that have run into balance of payments difficulties have preferred to use gold as collateral rather than part with it. Plainly gold still retains its broad attraction and in one form or another will continue to have a part to play in the monetary system.

DIAMONDS

During 1975 diamond sales gradually recovered from the severe setback that occurred in the last half of 1974. Sales by the Central Selling Organisation in the first half of 1975 were 13 per cent higher than in the second half of 1974 and increased by a further 23 per cent in the second half of the year. Since then demand has continued to improve. The market for small diamonds is strong and for the first time since the beginning of 1974 there has been a revival in demand for the larger sizes of stones. The De Beers Company's dividend was increased by three cents to 28 cents a share in respect of 1975 and the outlook for the current year is favourable. The maintenance of price stability at a difficult time and the subsequent recovery are largely attributable to the operations of the Central Selling Organisation whose established policy of

holding diamonds in stock during periods of reduced demand is of particular value to the producing countries making it possible for them to maintain their own production and earnings.

COPPER

In this respect the diamond industry presents a sharp contrast to copper where an excess of production which relatively was by no means larger than in diamonds caused the price to fall catastrophically with serious consequences for developing countries such as Zambia and Zaïre. It is not possible to predict when the copper market will show a material and sustained improvement but it would appear that the de-stocking by consumers which had intensified the depression came to an end at the beginning of 1976. In the last three months the price has improved appreciably. The London quotation — after allowing for the depreciation of the pound — rising by more than 30 per cent to about £830 a ton. Welcome as this is, a great deal more is required before copper prices reach the level at which new mines can be successfully opened up and adequate future supplies can be assured. It is significant that even now stocks of copper on the London Metal Exchange are very high and more than double the peak reached during the previous recession in 1972.

INTERNATIONAL INTERESTS

The low copper price, the effects of the Angolan civil war and the situation in Rhodesia and Mozambique combined with an exceptionally high rate of inflation resulting in severe balance of payments difficulties and a financial crisis in Zaïre made it impossible to conclude satisfactory financial arrangements for the copper/cobalt project at Tenke Fungurume in the Shaba region. Development was being undertaken by an international consortium in which our Group together with Charter Consolidated has a 28 per cent interest. In January of this year work on the project was suspended with the approval of the government of Zaïre until a new financial package can be negotiated. In the meantime alternative plans are being studied which might enable Tenke Fungurume to be brought to production though on a somewhat smaller scale initially than had been envisaged. There is no doubt that this deposit is of exceptional merit — indeed it is probably the most attractive undeveloped copper orebody known at present — and we remain convinced that our investment in it will eventually prove profitable. Nonetheless the suspension of operations is a serious setback, it not only delays the start of production but significantly increases the capital cost. The future of the project is under active examination and discussion, though it will be some months before definite conclusions can be reached.

The recession in copper also affected Minerals and Resources Corporation (Minorco) our Bermuda based affiliate. Through Zambia Copper Investments Minorco

has a large interest in the Zambian copper industry which for most of the past year was operating at a loss. Furthermore Inspiration Consolidated Copper in which Minorco has a 12 per cent interest (and Hudson Bay Mining and Smelting an 18 per cent interest) was obliged to reduce its quarterly dividends in the second half of 1975 and has not paid a dividend this year. Inspiration has large though comparatively low grade ore reserves in Arizona with considerable possibilities for development in relation to the United States domestic market and I regard this investment as potentially very valuable. In spite of considerable marketing and operational difficulties which have not yet been resolved Trend International, through which Minorco holds its interest in the Indonesian oil fields has declared an initial dividend and US\$1.73 million will accrue to Minorco in the current financial year to 30th June. Minorco has a major investment amounting to some 30 per cent, in Engelhard Minerals and Chemicals which achieved a record after-tax profit of \$114.7 million in 1975 and increased its dividend by 10 cents to 80 cents a share. Approximately 85 per cent of the profit was attributable to the Philipp Brothers division, which showed remarkable flexibility in sustaining the earnings of its international trading business during a period of rapid change and serious economic dislocation. The Minerals and Chemicals and Engelhard Industries divisions also improved their results, and all three are well placed to expand their business as world conditions improve.

COAL

In coal mining the major new development was the merger of eight operating collieries of the Group in the Transvaal into the Vereeniging Estates now Anglo American Coal Corporation (Amco) Amco is one of the world's largest privately owned coal producers and we are confident that with its broad spread of interests and financial standing it will be capable of playing a leading role in the expansion of the coal mining industry in South Africa. It is currently responsible for the output of about 20 million tons of coal a year and has in hand a very large expansion programme to provide for the rapidly increasing needs of the Electricity Supply Commission and the prospective growth in both domestic and export markets. Coal mining as an earner of profits and of foreign exchange is becoming of greater importance to South Africa, and could make a still greater contribution if the Government chooses to accept the recommendation of the commission that it appointed, under the chairmanship of Dr A.J. Petrick to enquire into the country's coal resources. The commission concluded that the entire price control system should be reviewed, and the price substantially increased in order to make possible the much needed expansion in productive capacity and the introduction of mining and conservation

‘ To my mind South Africa should strive in every way to enable our non-sharing, non-participating majority to share in the opportunities and participate in the decision-making of the free enterprise system ’

practices that would have the effect of extending the life of our reserves

INDUSTRY

Despite the slow down in the South African economy, our industrial interests have on the whole done well. Highveld Steel and Vanadium Corporation increased its production and income substantially during the year to 30th June 1975 and paid a higher dividend. The outlook for the current year is favourable, and we are budgeting for a further improvement in earnings. It is particularly satisfactory that after a quiet period, export demand for the company's steel and vanadium should be showing with 5.6 per cent in 1974 and 5.5 per cent in 1973, whereas Government consumption (including defence expenditure) rose by 14.1 per cent compared with 11.4 per cent in 1974 and three per cent in 1973. Obviously it was Government expenditure and not private consumption that lay at the root of the overspending. The situation was of course aggravated by the fall in the price of gold. Receipts from the sale of gold were only marginally lower than in 1974 but expenditure was geared to substantially higher expectations. In 1973 receipts from gold rose by R608 million and in 1974 by R796 million and this trend was apparently expected to continue.

In his budget this year the Minister of Finance has made a commendable effort to slow down the growth of government expenditure and to finance the country's needs in a non-inflationary way. His ability to do so however is limited by the ever increasing needs of defence. Plainly adequate provision for the country's safety must be an absolute priority and the defence appropriation for this year - which was almost 40 per cent higher than in 1975 - will be generally accepted as necessary. Nevertheless the economic growth required for our prosperity and indeed for our social and political stability is hardly reconcilable with such rapidly increasing defence expenditure. The conclusion seems inescapable that the improvement of relations with our African neighbour states is more than a political and military need - it is also an economic necessity. It is encouraging therefore to see that the Angolan civil war, with all the implications for South Africa, has not deflected the Government from its policy of conciliation and detente, though it may very well have made its implementation more difficult.

DISCRIMINATION

The developments in Angola and Mozambique pose problems for South Africa, not only in regard to external relations and defence but to its internal policies also. It cannot have been surprising that a substantial part of our Black population should have sympathised with the aspirations of the peoples of Angola and Mozambique to free themselves from Portuguese rule. What is striking and disturbing is that they should apparently have shown an almost complete indifference to the implications of the decisive role played by communist troops and advisers in Angola, to the fact that Mozambique is being organised as a full communist state and that there is a strong possibility that the same may be true of Angola. South Africa, although it has a substantial element of state controlled industry in its mixed economy, has always been strongly oriented towards the free enterprise system and depends for its economic strength on a powerful dynamic and imaginative private sector. In the long run that system is not going to be successfully defended and developed in South Africa unless a large proportion of the people, particularly those with leadership potential, see it as offering them more than any of the alternatives. At present the vast majority of the Whites and a substantial proportion of the Blacks favour the free enterprise system, but there are many Blacks who denied the opportunity to participate in the decision making processes and share equitably in the benefits that the development of our natural resources has produced, tend to identify it with a political and social establishment which they regard as unjust and oppressive. Nor is this surprising. For the Whites, despite some unwarranted encroachment by the State, our economic system is associated with freedom. Whites are free within reason to start businesses and to develop them in whatever way they deem fit. They can move freely from one occupation to another. They can participate in recognised negotiating machinery which protects their interests. They can own properties, borrow on them and improve them. They are reasonably free from frustrating, arbitrary and humiliating bureaucratic control and generally speaking their educational, economic and social circumstances permit them to develop as individuals to the best of their ability.

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

	1975 R000's	1974 R000's	1973 R000's
Issued ordinary capital and reserves	439 422	388 834	345 349
Listed investments			
Book value	353 857	293 978	351 167
Market value	997 842	1 057 818	1 113 943
Unlisted investments			
Book value	164 968	155 732	117 416
Directors valuation	235 246	218 785	*
Investment income	81 194	73 298	51 017
Equity earnings	84 428	75 460	57 954
per share	64.1 cents	57.4 cents	44.6 cents
Dividends on ordinary shares	43 449	38 100	31 176
per share	33 cents	29 cents	24 cents
Number of issued ordinary shares	131 672 300	131 387 300	129 889 300

* Not available

Blacks on the contrary, are subject to all kinds of restraints in the establishment of businesses and enterprises in movement, in the organisation of collective bargaining and in the ownership of property. Discriminatory legislation and excessive bureaucratic control impinge on important areas of their daily lives preventing them from participating in the opportunities for and the rewards of ability and hard work. Educational facilities, living conditions, security and transport facilities are all markedly inferior to those available to Whites. The fact is that the Blacks are not truly part of our free enterprise system at all. For those of us who believe, as I do, that this system offers far greater potential for developing the wealth of South Africa and far greater scope, freedom and opportunity for the individual than any other, the situation is alarming. To my mind South Africa, particularly its commerce and industry, which depend fundamentally on the continued existence of free enterprise, should strive in every way to enable our non-sharing, non-participating majority to share in the opportunities and participate in the decision making of the system. Clear and unmistakable evidence of a major move in this direction would also be of very considerable significance abroad, without it our Government's external policy of conciliation and detente can scarcely hope to succeed.

There are a number of forces present in the South promising signs of revival. The flat product expansion now estimated to cost R80 million is on schedule and will further increase the product range and profits of Highveld Saw Mills also sharply increased its profits in 1975 and the earnings of Board International rose by no less than 58 per cent to R15.2 million. The Mondi Paper Company's earnings at R8.4 million were R2.4 million less than in 1974 but this was largely attributable to pre-production expenses incurred on the new No. 3 highspeed paper machine which is due to come to production in the last quarter of this year. Here again there are indications both in South Africa and overseas of an improvement in demand. AE & CI reported a 21 per cent increase in net earnings to R29.2 million and increased its dividend by one cent to 18 cents a share. The company is carrying out the largest expansion programme in its history which when completed will greatly increase its profitability and scope. All in all our industrial interests have not only produced better profits and dividends but have proceeded with plans for expansion that will be of major significance for the future.

SOUTH AFRICAN ECONOMY

It is difficult to predict when an improvement in the South African economy will take place. The very severe budget that has recently been introduced is bound to restrict domestic consumption and private investment still further. The recovery when it comes will in all probability be export led and fortunately as I indicated when discussing our industrial and diamond interests there are already signs of an improved demand for some South African products overseas. In 1975 South Africa continued to spend much more abroad than it earned with the result that the deficit on current account almost doubled from R860 million to R1 616 million. Private consumption last year rose by only 3.1 per cent compared African situation which ought to give impetus to such a move. The Government has stated in unequivocal terms that it is opposed to racial discrimination. In the years ahead such acute shortages of skilled manpower are anticipated that it seems evident that the main impediment

to the continued growth of the South African economy will be our human - and financial - resources, not lack of viable projects. Yet rapid growth is essential if Black aspirations are to be provided for without undue threat to White security. Some steps towards the removal of restraints and greater participation by Blacks have been taken already but they are far too limited and tentative to meet the needs of the situation.

It would be foolish to pretend that it will not be enormously difficult to evolve means whereby the Black people of South Africa can participate in decision making at all levels and share equitably in the opportunities and wealth of our country. Even if policy was focussed conscientiously on these matters immediately the objectives could not be achieved for many years to come and unorthodox and imaginative approaches would be needed in the meantime. Nevertheless the attempt must be made and the experience of others confronted by similar situations indicates that provided it is genuine and determined, very significant progress can be made in a much shorter time than at first seems likely.

LABOUR POLICIES

Fortunately the real earnings of Black workers have continued to improve, particularly in the mining industry. Overall the real increase last year, excluding the agricultural sector, is estimated at 10.6 per cent, excluding the mining industry the increase was 2.1 per cent and in mining as a whole it was as high as 44 per cent. In considering these figures it must be borne in mind that until recently wages in the mines were far lower than in manufacturing industry and that even now this disparity has not been fully eliminated. There have been no serious outbreaks of industrial unrest amongst the Black employees of our Group since January 1975 when the disturbances were not directly connected with conditions on the mines but were associated with the Lesotho Government's introduction of a compulsory scheme of deferred pay for its citizens. There is no doubt that the improvement in industrial relations is largely due to better pay and the other measures we have been taking. It would be most unwise, however, to assume that there is no further danger of trouble or that nothing more remains to be done. Another very welcome consequence of the rise in wages has been the remarkable increase in the number of South African Blacks coming to work on the mines. On the gold mines of our Group where the proportion of South African Blacks has been higher than in the industry as a whole, South Africans constituted 29 per cent of the Black workforce of 111 000 at the end of February 1974. Two years later when the workforce had increased to 120 000 the proportion from South Africa had risen to more than 44 per cent.

Since the formation of the Corporation's manpower resources division early in 1975 a great deal of work has been done in developing Group policies in this field. Particularly pleasing is the growing co-operation between head office and Group companies in the implementation of these policies which while they may be researched and worked out at head office cannot be successfully adopted without the sympathetic understanding and involvement of the operating management. Perhaps the most widespread achievement of the past year has been the implementation of a uniform system of job evaluation and the development of new pay structures in all our mines and in most of our industrial companies. There has also been considerable progress in the establishment of briefing groups and committees for downward and up

STAR 29/6/76



Mr. R. S. Lawrence

Mining has performed well in face of critical problems

The following is an abridged version of the address by Mr. R. S. Lawrence, President of the Chamber of Mines of South Africa, at the 86th annual general meeting of the Chamber in Johannesburg on June 29, 1976:

The world, which has been passing through a prolonged recession, is only now beginning to move hesitantly towards recovery. South Africa continues in the trough of the business cycle and 1976 will undoubtedly prove to have been, like 1975, a year of low economic growth. In the mining industry the critical problems have been those of falling prices, especially of gold, platinum and copper, of exceptionally high rates of increase in working costs and of a shortfall of Black labour. In facing these very considerable difficulties the mining industry has performed well and, without minimizing the political problems of Southern Africa, there are grounds for optimism. Progress made during the period under review should contribute to building a stable platform for future growth and renewed prosperity.

SALES

The total value of South Africa's mineral sales, including gold, in 1975 exceeded R4 000 million for the first time, an increase of 5.2 per cent, compared with the previous year. The value of exports of asbestos, chrome, coal, fluorspar, manganese, nickel and vanadium all increased substantially. Demand for mineral products is already showing signs of expansion with the rise in industrial production levels that is under way world-wide.

COAL

The inflationary forces in the economy, coupled with the impact of wage increases for Black employees, resulted in average costs per ton of coal sold in 1975 being some 35 per cent higher than in 1974. Thus, while the total value of sales of coal jumped from R200 million in 1974 to R316 million in 1975, only modest progress was made towards the achievement of more realistic returns on capital employed in the industry.

The coal industry therefore welcomes the recent announcement by the Minister of Mines, Mr S P Botha, that he intends to give earnest consideration to the industry's problems in the light of the report of the Petrick Commission which investigated the country's coal reserves.

URANIUM

An improvement in the world market for uranium first became evident two years ago. Since then demand has steadily overtaken supply and uranium prices have improved substantially. The relatively low output by Chamber members in 1975 of 2 809 metric tons of U₃O₈ should not be taken to imply that the industry is not adapting itself to take advantage of the opportunities which the expected growth in the world's uranium requirements are likely to offer. In the years immediately ahead, a steady increase in uranium output can be expected to a level at least the same as that which was attained in the peak production years of the late 1950s, that is approximately 6 000 metric tons per annum.

GOLD

Working revenue, boosted by devaluation, showed a slight increase, rising from R2 558 million in 1974 to R2 564 million in 1975. However, working costs rose by 27 per cent. Gold mines spent R778 million on stores and materials produced mainly in South Africa. Some 370 000 employees received R611 million in salaries and wages which were substantially increased during the year, bringing direct and indirect benefits to many people in Southern Africa.

Working profit (before tax) declined by 16 per cent as a consequence of the increase in working costs. Estimated tax and State's share of profits declined from R813 million in 1974 to R629 million in 1975. Dividends paid to the large number of investors in South Africa and abroad fell from R565 million in 1974 to R520 million in 1975.

Assistance received by gold mines, members of the Chamber, in terms of the State Assistance scheme amounted to R17.8 million in 1975 compared with R1 million in 1974. The mines receiving this assistance produced 59 406 kilograms of gold worth about R213 million.

PRICE OF GOLD

Estimates of purchases of gold by investors, both in bullion and coin form, on world markets fell to 403 metric tons in 1975 compared with 800 tons in 1974. However, demand for gold for jewellery and other industrial uses increased markedly from 454 tons to 721 tons. Figures for the first quarter of this year suggest that this trend is gathering momentum. Moreover, steady demand from investors and hoarders in the Far East has begun again and there are signs of increasing sales in the Middle East and the United States.

This increased spread of demand has given a basic strength to the market so that it should respond favourably to the revival of investor interest which may well result from recent monetary events.

At the first International Monetary Fund gold auction on June 2, 1976, the Fund offered 780 000 ounces and received bids for 2 368 000 ounces at prices ranging up to \$134 an ounce. The Fund accepted a common price of \$126 for the total amount offered.

The price obtained and the extent of the over subscription for the available gold are a positive indication both of a strong demand for gold and of support by certain central banks for the gold sale, thereby establishing a monetary demand for gold. The demand potential revealed should largely dispel the uncertainty amongst investors which has beset the gold market since the initial announcement of the auction last August.

Indirect purchases by central banks indicate that they consider gold an essential reserve asset and imply a tacit rejection of the demonetization philosophy propagated by the United States. This view is substantiated by the free use now being made of gold at market-related prices as collateral for international loans.

LABOUR

Labour relations were dominated by the negotiations on the five-day week. Unlike the Mine Workers' Union, the Federation of Mining Unions, representing

artisans, felt unable to make any significant contribution in terms of the more productive use of labour to offset the production losses inherent in a change to a shorter working week. At the same time the Federation showed that it was aware of the need to avoid forcing change that could damage the economy in the present period of financial stringency. The Federation accordingly withdrew its request for a five-day week. The full implications of this decision are the subject of urgent detailed examination within the industry.

Adjustments were made to the wages and salaries of employees in terms of the Anti-Inflation Manifesto to which the Chamber is a signatory. I am glad to have this opportunity to acknowledge the contribution of our employees who recognised the need for restraint in the national interest.

A major feature of the past year has been the extent to which South African Blacks have come to work in the mining industry. At the end of 1974, 25 per cent of our Black labour force came from South Africa and this proportion has now increased to 43 per cent. The Mine Labour Organisations have undertaken an intensive recruiting and publicity campaign in all South African areas and this activity continues with the objective of ensuring that at least 50 per cent of our labour comes from South Africa.

I should like to take this opportunity to express the good wishes of the mining industry to the Transkei which becomes an independent state later this year. We have a long history of happy relations with the peoples of that territory and look forward to continued association to our mutual benefit in the future.

Increased wages for its Black employees have made the industry more competitive in the local labour market, and we hope that recently introduced incentives will enable us to ensure greater stability within the migratory pattern. This pattern of employment has been with us for many years and while a number of mines that are able to do so are increasing the proportion of South African workers housed on mine property, the nature of the industry is such that we will inevitably have to work within the migratory system for many years to come.

The Mine Labour Organisations will continue to act as employment agencies and to pay deferred pay and remittances to individual mine employees and their families in home territories. These payments last year totalled R97 million.

SAFETY

Mines that are members of the Chamber spend on the average more than R60 million a year in the promotion of safety. Most of the money is spent on first aid and safety training, safety education and information, protective clothing and safety devices and equipment, and contributions towards research into safety in mines. As a result, the accident rate on mines in South Africa compares favourably with mines elsewhere in the world.

I believe that the continued efforts of safety experts and engineers, and research into mining methods and the mining environment, will bring about at least further improvements and possibly major changes for the better in the years to come.

RESEARCH

The scale of the mining industry's research and development programme has been more than trebled in the past two years. The main objective continues to be the development of environmental control measures and mechanized stoping methods to achieve safer and less arduous working conditions and greater productivity.

During the past 18 months the resources of more than 20 major international manufacturers of mining and other equipment have been enlisted in support of the industry's research effort and experimental work is being carried out in more than ten gold mines.

INFLATION

The containment of domestic price rises is imperative in order to render local goods more competitive internationally, and the Chamber has been a willing participant in the programme of action set forth in the Anti-Inflation Manifesto. It has continued with its programme of sustained action to increase productivity, and it has, with the co-operation of employees, adhered to the limitation on wage and salary increases. It has maintained a close watch over the prices of mining supplies and successfully resisted price increases in a number of items. Fortunately, commerce and industry generally, including the suppliers of mining equipment, have responded to the appeal to combat inflation, so that there has been a greater tendency to absorb costs with a resultant easing of cost pressures.

It would be a pity if the passing on of cost increases were only to be temporarily deferred. Such action could

have a disastrous effect on the cost of mining supplies and on the economy as a whole. I would accordingly appeal to commerce and industry not to approach the mining industry with requests for large price increases on the expiry of the Manifesto.

OUTLOOK

The year was overshadowed by the Angolan War which increased tensions in Southern Africa. However, there are signs that international reassessment of the situation has led to an increased awareness of South Africa's inherent strength and stability. Russia's intervention revealed her appreciation of the strategic importance of the sub-continent in the world power struggle and served to focus attention anew on the significance of South Africa's mineral wealth and on her geographical position across the East-West seaways. It is to be hoped that this will result in reappraisal in the West and a stiffening in resistance to Russian intervention in Africa's affairs. Recent unrest among South African Blacks has underlined the gravity of the problems that confront the statesmen of Southern Africa and will surely emphasize to all concerned the vital importance of peaceful solutions.

On the eastern and north-eastern borders of South Africa, Mozambique in its first year of independence has proceeded with the establishment of a wholly Marxist administration. Mozambique nationals continue to seek employment in South Africa's mining industry, despite some administrative holdups, and constitute a large part of the mine labour force. The big increase in the flow of labour from the South African homelands is correcting the former

undue dependence on foreign sources but the industry will continue to offer employment to foreign nationals on a substantial scale.

Availability of manpower will remain a critical area for Southern Africa for many years to come. All races should increasingly share in the rewards and opportunities that economic growth of the region will bring, and the highest priority must be accorded to ensuring that the flow of qualified men and women from high schools matches the opportunities that will be opened to them. Thus, the key to the future is an imaginative programme of education and training for the peoples of Southern Africa. Even in South Africa there is no prospect at all of the White group on its own continuing to meet the country's entire needs of skilled and professional labour.

Today the mining industry's faith in its future is underlined by the huge sums that are being invested in new mining enterprise. At existing gold mines very large capital sums already spent on expansion should result in a substantial increase in mill throughput and reverse the declining level in gold production experienced in recent years. Gold mining apart, the extensive mining development on hand will mean further stimulus of local industry and increase in foreign exchange earnings. When the present period of consolidation has passed, I expect mining to be once again the leader in the revival of our economy.

The full text of this address may be obtained from the General Manager, Chamber of Mines of South Africa, 5 Holland Street, Johannesburg, 2001.

1975 GOLD MINES REVENUE* R2670 MILLION

WHERE IT WENT



SA vital to West in 'minerals war'

30/7/76 STAR.

LONDON — The West is heavily dependent on regular supplies of minerals from Southern Africa, according to a recent meeting of international mining experts

Their assessments underline the significance of recent events in the region — growing Black militancy in South Africa and Rhodesia and the turn to the left of newly

independent Angola and Mozambique

At the meeting in Swaziland last month, Mr A S Dlamini of the Swaziland Geological Survey reported that the region was rich in vital minerals — uranium, chrome, manganese, copper, coal, vanadium, platinum and diamonds

One expert said South Africa could overtake Canada as the West's second biggest uranium exporter

Another pointed to American dependence on Southern Africa for chrome

The expert assessments were published in a report of the meeting by the independent, London-based Foreign Affairs Research Institute

There does not appear to be an alternative chrome source to feed growing needs of the industrialised Western Nations

The report comes at a

time when the United States Secretary of State, Dr Henry Kissinger, has promised Black African nations that he will try to get Congress to repeal the Byrd Amendment, under which the United States imports Rhodesian chrome ore for strategic purposes

Dr Peter Janke, of the Institute for the Study of Conflict, in London, said 10.76 percent of the current non-communist production of uranium came from South Africa

BALANCE

"In 10 years reliable estimates show South Africa replacing Canada as the non-communist world's second largest producer of uranium."

The paper claimed that Russia sought control over certain strategic minerals as part of the world balance of power struggle.

Apart from Southern Africa, the United States has to import its chrome from Russia

Without peace and security in Southern Africa, the West could be denied these vitally needed minerals, the paper added — Sapa-Reuter.

ON THE BRINK OF RUIN

By NIGEL BRUCE and IAN MORGAN
MR JAN HAAK, former Cabinet Minister, leading business man and director of Iscor, is believed to be facing personal financial ruin.

Friends in the Santam insurance company this week abandoned as hopeless plans to rescue his mining company, Transerra Mynbou, which cannot pay its debts.

Apart from sinking most of his own fortune into Transerra, Mr Haak personally and through a family trust guaranteed debts of R4,6 million.

In meeting these guarantees, it seems likely that Mr Haak will lose all his assets, including his luxury house in Bellville, Cape. Even the trusts set up for his children may be jeopardised.

If his estate is sequestered he will have to resign his 60 directorships, which means that directors' fees, which form a sizeable part of his income, will cease.

Santam's top financial brains spent two days searching in vain for a way to bridge the gap of more than R5-million between Transerra's assets and liabilities.

Rescue plans foundered because they were not acceptable to some of Transerra's biggest creditors, which include Barclays and Rembrandt. Another creditor is Spes Bona, the development bank set up specifically to help Coloured business men.

Mr Haak, the chairman, and the managing director, Mr Jose Holgado, a Spaniard, applied for Transerra's

Haak could lose all in mining crash



JAN HAAK
Guaranteed debts

voluntary liquidation three weeks ago. A provisional winding-up order was granted.

According to their application, Mr Haak, the Haak Trust and Mr Holgado hold 75 per cent of the company's shares. The rest are held by 323 others, including members of the public.

The application for liquidation said the company had run out of working capital and had been unable to borrow more.

Most creditors, whose loans were repayable on de-

mand, were demanding payment because the company could not pay interest. It was also behind in payment of salaries and wages.

Most of Transerra's capital equipment was leased. Because some lease payments were in arrears, the leases in question had been cancelled and the equipment repossessed.

The application contained unaudited balance sheets showing that on June 30, 1975, the company's assets of R8,2-million exceeded liabilities by R6,4-million. An accumulated loss of R78 507 was recorded.

By December of that year assets had risen to R9,1-million and the excess of assets over liabilities was R6,6-million. The accumulated loss was R309 743.

Assets

On July 12 this year, assets were shown as exceeding liabilities by R4,7-million while the accumulated loss had risen to R500 000.

These balance-sheets do not show the company's considerable obligations under leasing agreements, which bring total liabilities to R7-million.

Creditors and Santam obviously disagree with the balance-sheet value. Transerra placed on its main mining assets.

Had they not done so, banks and financial institutions would presumably not have turned down options to convert certain loans into equity capital.

Head of Coloured bank quits over R152 000 loan

By NORMAN WEST

MR HANNES Verster, general manager of the Spes Bona Bank — set up by the Government to help Coloured business men — has resigned over its controversial R152 000 loan to Transerra.

The assistant general manager, Mr Jan Buys, has also resigned, although I understand his resignation was not directly connected with the Haak affair.

The resignations came after the board met on Friday to discuss the loan. Members of the board and employees were told not to talk to the Press.

All inquiries were referred to Mr M. J. Pentz, general manager of the Coloured Development Corporation, who refused to comment.

Earlier in the week, Mr Verster said the loan to Transerra came from "surplus funds" and in no way affected money available for loans to Coloured people. Little of the R152 000 had

come from the Coloured community. White municipalities and White companies also invested in the bank.

Mr Sonny Leon, the Labour Party leader, yesterday joined Mr Colin Eglon of the PRP in calling for a full inquiry into the loan.

He said that although he was against an apartheid organisation like the Spes Bona Bank, it had no right to lend money for any projects except those that would advance the interest of the Coloured people.

However, Mr Andre van Heerden, Coloured Development Corporation liaison officer, said there was no legal bar to prevent the bank from doing business with anyone. The Haak loan was quite above board.

The loan — reported in the Sunday Times last week — caused a furore among the Cape Town Coloured community.

Treasure trove that nobody else wanted

TRANSTERRA was formed in 1972 after the amalgamation of mining interests held by Mr Haak — mainly in the Northern Cape and South West Africa — and Mr Jose Holgado, whose interests were mainly in the Transvaal and Rhodesia.

By June 30, 1975, an impressive array of exploration companies had been assembled.

Mr Haak cast his net wide, maintaining that the group's spread of interests would help cushion it against fluctuations in the price of any one metal.

The mining activities had one common factor — Transerra was either developing other groups'

abandoned mines or treating their surplus material. Pride of Transterra's assets was the Sabi gold mine near Shabani in Rhodesia. It was bought in 1972 as an 8-km-long block of old shallow workings and claims, some of which had lain dormant since the turn of the century.

Mr Haak was confident that Transterra could succeed where others had failed. The others included Anglo American, which abandoned the mine after spending hundreds of thousands of rands in testing, and before that the Rhodesian Mines Minister Mr Ian Dillon.

Mr Haak's confidence was based on geological exploration of more ground obtained north and south of the mine which disclosed high-grade deposits.

R50 000

needed

But somehow Sabi never managed to come on stream.

It came close, though. As late as last week Johannesburg mining consultants J. B. Mudd & Partners said the mine needed only a further cash injection of R50 000 to work 5 000 tons a month and bring in a monthly working profit of R40 000.

Equipment at the mine is said to be intact and Rhodesia seemingly out of creditors' reach for the time being.

The Transterra subsidiary, Ceramic Milling, is unique within the group. It is the only company actually producing something — treated mica.

Ceramic acquires the mica from Palamin, processes it at the rate of 350 tons a month at its mill at Gravelotte in the north-eastern Transvaal and at one stage was expected to make a net income of R500 000 a year.

Transterra has an option to buy the Onganja copper deposits 65 km from Windhoek, which have been worked on and off for years.

Mr Holgado had claimed Onganja has proven reserves of 500 000 tons and could bring in an initial monthly income of R50 000.

Transterra has a fluor-spar deposit at Hartebeespoort and another fluor-spar option to be shared with a big overseas concern.

Possibly the best known of Transterra's mining leases is the gold mine at Madibi, near Mafeking.

important question is what these as in structure and function do for ests, needs, and aspirations of figures 1 and 13 suggest the relationship between what happens in politics and society, and in the international environment. The structural-functional difference between the Soviet and British can be seen in the patterns of power in the top leadership of the Communist party and the party on throughout society allow much variation of human behavior in the and bureaucracy in the Soviet Union than in Great Britain. Since we important roles in adjudication, action of behavior may be arbitrary, but reference to the law. The Soviet uses these penetrative and institutions and processes to extract economic and human resources. British can But the Soviet leader-also more equally distribute income opportunity than the British can. Yet political competitiveness, freedom of on and communication, and independence of the courts make that political

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*Performance
Political Systems*

12

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The Study of Comparative Politics

Mine property rates: ^{1/9/76} more cuts ^{STAR.} feared

Johannesburg City Council will ask the Province to ensure the municipality continues to receive the meagre property rates it obtains from the mines. The council last night decided against asking for

a commission of inquiry to increase rates on mining ground

It fears the government would further cut the R845 000 now paid by mines, in order to relieve the burden on gold mining

This sum is paid in

terms of a 1971 Appellate Division judgment against Crown Mines Ltd

Mr Gerrit Bornman, MPC (NP) proposed an amendment, accepted by the council, that the terms of the Crown Mines case be incorporated in the new Rating Ordinance, if the provincial council agrees

Letters: ^{1/9/76} granted

FIN MAIL 29/10/76

① 51
② 210

③ 189

SAMUEL OSBORN (SOUTH AFRICA)

Coal's for growth

Head office in Denver's Main Reef Road is unpretentious, a not unfitting image perhaps for a company whose 64.8% parent comes from Britain's steel city, Sheffield

But displayed along one wall of reception are the framed citations showing that Samuel Osborn (SA) has long been one of this country's top companies. That it has, is not surprising.

Profits and earnings haven't stopped growing in the years since 1967, and in the five years ended September 1975, the pre-tax profit figure has risen by an annually compounded 29.7%, with earnings growth exceeding that figure at 32%. Dividends over the five years have gone from 12.8c to the 1975 total of 32.5c.

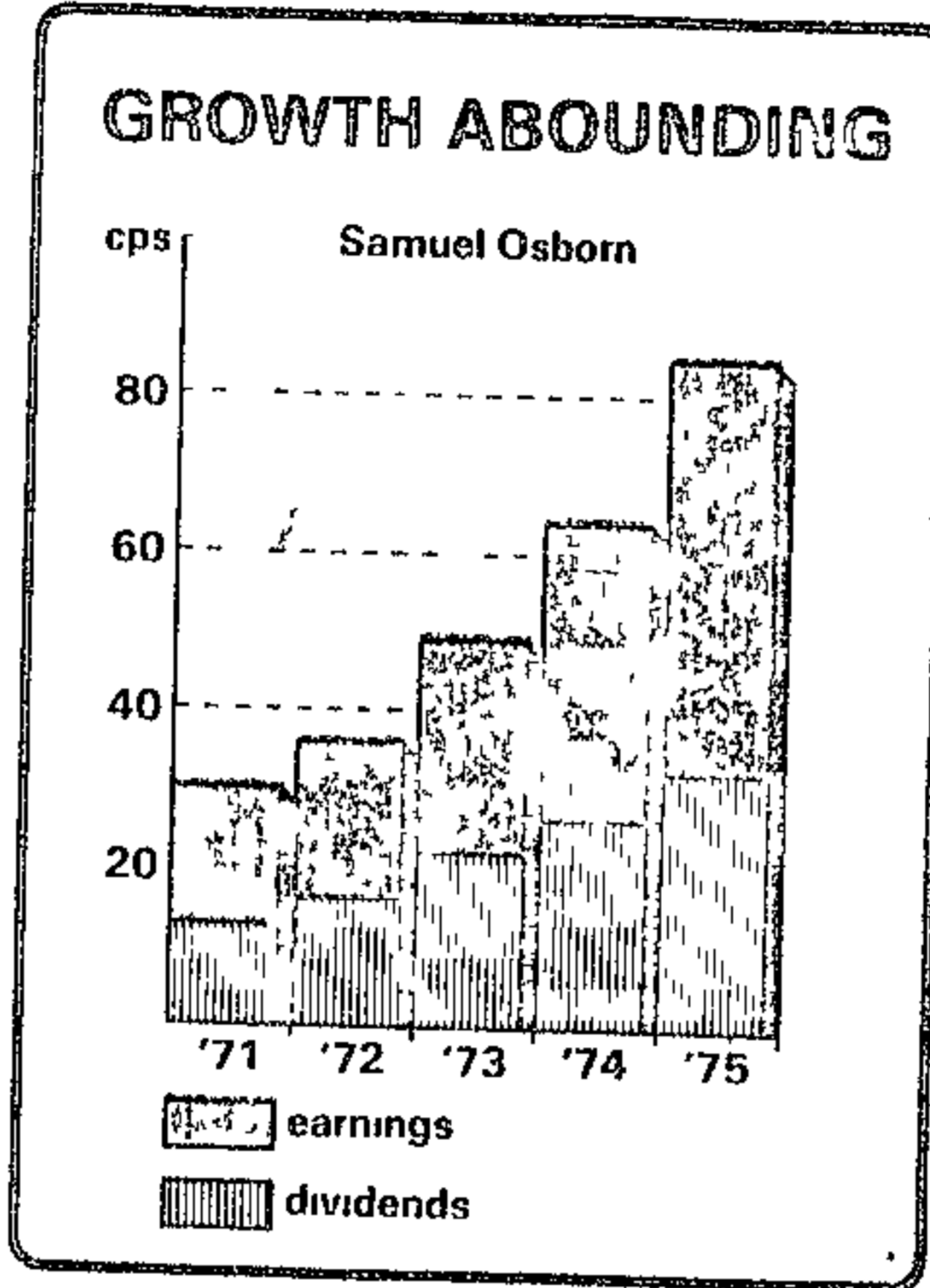
It's a record which most engineering companies in SA can only envy, and it finds its reflection in the JSE price of the shares, currently 450c and only marginally below the year's 490c high.

True, the shares are exceedingly tightly held and are comparatively rarely dealt in, but the current (historic) dividend yield of 7.2% is among the three or four lowest in the JSF engineering sector, and about 27.5% below the sectoral average.

In the latest half-year for which figures are available, to March 31, earnings went still further ahead to 41c (33c) or by 24%, though, as might have been expected, margins were under pressure, with turnover up by just under 50% at R13m.

The company's history is one basically of association with the SA mining industry. It manufactures and supplies crushing, screening and milling equipment for the quarrying, mining, coal and cement industries. And though the parent is British, a great deal of know-how is American via, for example, the association with the McNally Pittsburg Manufacturing Corporation, of Pittsburg, Kansas, whose strength lies in the engineering of coal preparation plants.

As coal begins to figure even more prominently in our economy — new mines to feed Eskom and Sasol II, for example — the company obviously aims



to be on hand to offer the equipment required, such as crushers, breakers and washers, and feeders. The fact that the US-association figures so largely is linked basically to the fact that conditions in SA mines are much more akin to those of the US than of Europe.

However, Samos has other strings to its bow, most notably machine cutting tools, where it makes and sells, via the Maritzburg-based Somta Tools, high-speed cutting tools, including twist drills, reamers, and milling cutters. This operation began back in 1955, and was a first in SA. Customers here are primarily in engineering, and while the industry is strategic in a sense, the company has to import all its tool steel since none of the required quality is locally manufactured.

Overall, and fortunately, the import content of Samos' products is not all that high, though the commitment for import deposits is nevertheless, companywise, significant, though MD Henry Snow points out that stocks are being cut back wherever possible.

The company has built up a sizeable

export market — though it won't quantify it — shipping to a wide range of countries which include the more machine tool sophisticated economies like the US, Australia, Canada, and West Germany.

The overall SA economic recession has, of course, hit the local market for the company's tools and the industry is one which, in any case, tends to be cyclical the world over. So offset is being sought in exports, with some success partly thanks to overseas economic revivals.

The company's engineering base has also brought it into contact with the building industry, the aluminium department distributing, and modestly manufacturing, aluminium extrusions, shop-fitting systems and shopfitters' hardware, fittings, other bits and pieces. This grew out of a similar venture in producing such products from stainless steel, though the price of that material made substitution by aluminium inevitable. Some stainless steel, in the form of drawn sections, is still handled, however.

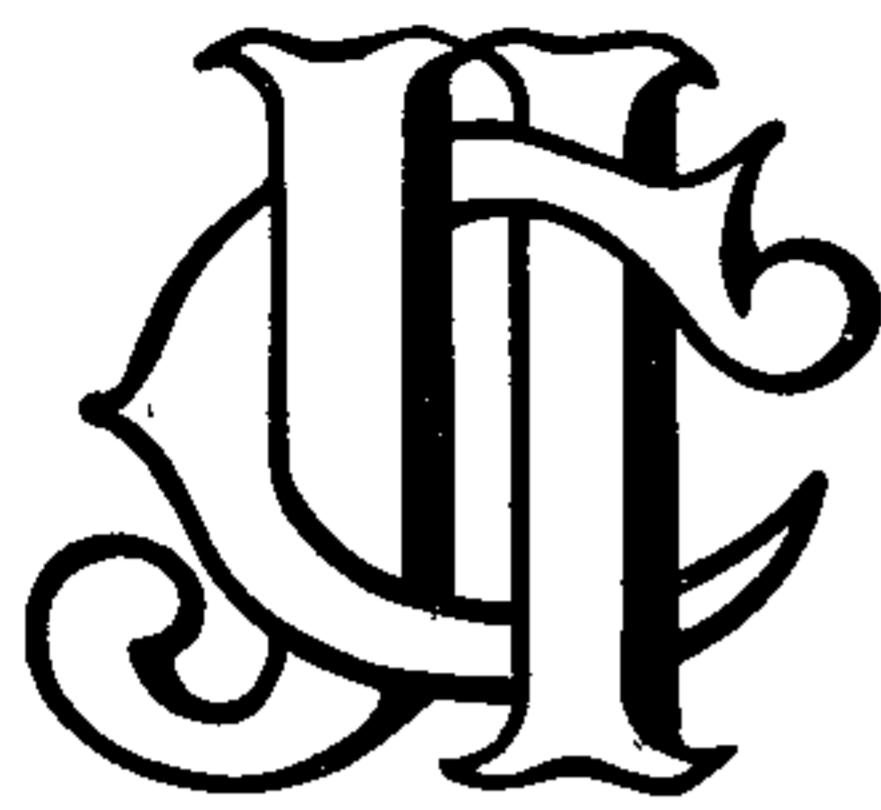
It would not be too surprising if this sector of the business suffered somewhat in 1975-76, if only because of the building industry downturn, but, as has become more evident in recent months, there has been a decided trend towards the refurbishing of existing outlets rather than the establishment of new shops, to offer some compensation for Samos.

The company has a 75% stake in Osborn Nu-Way Heating Plants, making and distributing a wide range of industrial oil, gas, and coal combustion equipment which would appear to have prospered, despite the rising cost of fuel oil. Gas burners were inevitably inhibited by the minimal increase in SA gas supplies, and though it has taken rather longer than expected to get the coal-burning side off the ground, the emphasis on coal in the country ought obviously to benefit the organisation.

Because of its comparatively wide range of products, it's virtually impossible to compare the company, save on the broadest of grounds, with any other JSE-listed concern. There is a degree of competition on the mining equipment side with EL Bateman and with the Fraser & Chalmers division of Mitchell Cotts, but on the other hand both these companies will, and do, buy on tender from Samos. Competition, in fact, comes much more from local unlisted and overseas companies, and there's little doubt that it's hot enough.

ALL SYSTEMS GO

Year to end September	Return on capital employed	Pre-tax profit R 000	Earnings		Net Assets
			Earned	Paid	
1971	29.0	1 428	30	12.8	205
1972	26.2	1 652	36	16.0	225
1973	31.3	2 241	49	22.0	262
1974	34.8	2 587	64	26.5	303
1975	37.4	3 451	85	32.5	361



Johannesburg Consolidated Investment Company, Limited

FIN. MAIL
29/10/76

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Chairman's Review by Sir Albert Robinson

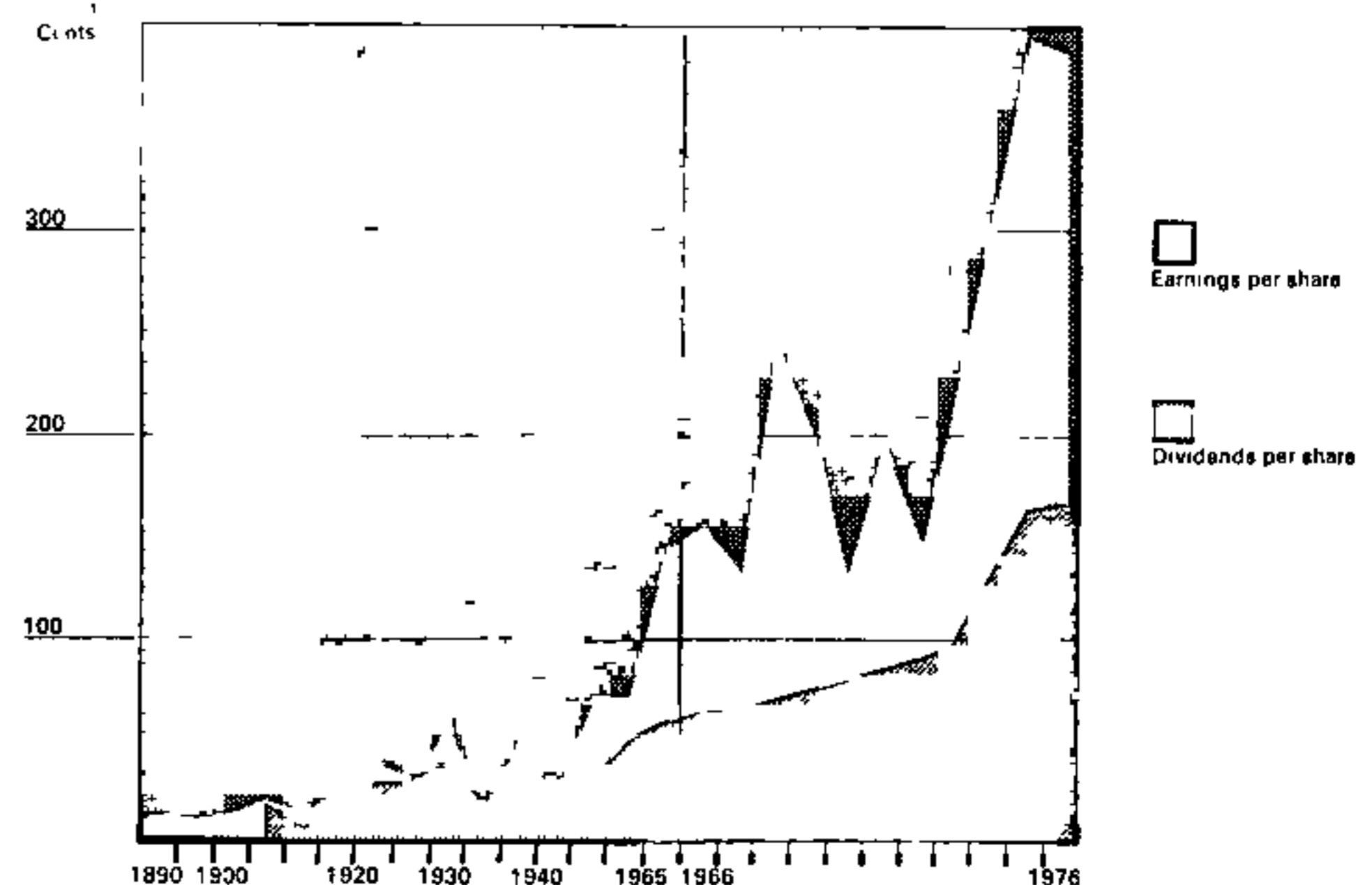
The Annual General Meeting of the Company will be held in Johannesburg on 9th November, 1976 at 12 noon

Shareholders will have seen from the reports and accounts for the year ended 30 June 1976 that, as forecast in my Statement a year ago, we did not quite achieve the level of dividend income that was earned in 1975, largely due to lower distributions from our gold and platinum investments. The Group investment income fell from R26.1m to R25.1m, a drop of 4%, but the trading profits of our mining and industrial subsidiaries increased by 44% from R15.4m to R22.2m. The performance of our coal mining and industrial subsidiaries was very satisfactory and their contribution to Group profits, after provision for depreciation interest taxation and minority interests amounted to R6.6m or 25% of total attributable earnings reflecting their increasing importance to us. The profit after tax attributable to ordinary shareholders was R26.2m which compared favourably with the profit of R27.5m achieved in 1975. In the difficult economic circumstances that have prevailed during the past year, the importance of Johnnies' broad spread of investments has been clearly demonstrated. As this is likely to stand us in good stead in the current financial year, your Board felt it appropriate to increase the dividend from 165 cents to 170 cents per share.

Many of our interests relate to either export industries or investments overseas. There have been some encouraging indications of a recovery of business activity in the United States of America. If this trend is maintained, and if it spreads to Europe and Japan, then we can look forward to improved results. However, I must emphasise that we shall continue to be confronted with serious problems, such as the weakness in the gold market, fluctuating platinum prices, the continued high rates of inflation and the unsettling political events in Southern Africa. So it will not be until well into 1977 that a more accurate picture will emerge of the earnings potential for the current financial year. I have referred before to our policy of concentrating our resources in operations in which we play a management role. This policy will be continued during the current year. Following the rationalisation of the holding companies of Rustenburg Platinum Mines Limited we have, since the end of the financial year, increased our investment in Rustenburg by acquiring an additional interest in exchange for certain shares in our liquid portfolio. This means that our capacity to make sharedealing profits, which amounted to R3.0m during the year under review will be reduced. I should remind you, however, that sharedealing profits have always been

considered by your Board to be a redeployment of assets rather than profits available for distribution as dividends. Consequently a diminution in sharedealing profits should not have an adverse effect on the Company's dividend policy. Investments, largely in Otjase, Shangani and Consolidated Metallurgical Industries, which are our three major new projects, together with payments in respect of various other commitments, again exceeded the normal cash flow. However, our net current assets at the end of the year improved by R8.5m largely as a result of having received the proceeds, after the rand devaluation in September 1975, of the \$33m Eurodollar loan mentioned in my statement last year. During the current year normal cash flow should exceed our investment requirements, but after the redemption of the balance of the preference shares and after provision for the repayment of the first tranche of the \$37m Eurodollar loan, our cash position may deteriorate slightly. No further long term borrowings are expected to be required in respect of present commitments.

Financial statistics





Chairman's Review - continued

Exploration

Some seven years ago Johnnies decided to increase significantly the tempo of its activities in the fields of prospecting and mineral research. As a result of these efforts we have two new mines which have come into production, a ferro chrome facility expected to start production within a few months and some interesting projects in the pilot plant stage. These have been substantial achievements and augur well for the future of the Company. The financing of this work at a time of currency fluctuations and a severe economic depression in the western world has, however, placed a considerable strain on our resources. We have spent some R30m on prospecting since 1970, and the development expenditure on the three projects to which I have referred totalled, at 30 June 1976, R103m of which R65m, representing 63% of the finance required, has been provided by this Company in the form of equity, loans and guarantees for bank loans.

When we embarked on this programme in 1969-1970 the possibility of double digit inflation in the major countries of the West was not even considered and the process of political change was barely beginning to gather the momentum it has acquired in more recent times. In the light of current circumstances we intend to concentrate our immediate efforts on bringing the existing new ventures to the profit making stage, and whilst we shall continue with our prospecting and research, it will be on a somewhat reduced scale. Quite apart from the above considerations the new ventures in question are straining our technical and manpower resources to the full and the expansion of the Randfontein Estates gold mine to bring into production its uranium reserves will place a further strain upon these resources. We are therefore planning to engage the services of an international engineering company to provide additional personnel who will work in conjunction with the JCI technical divisions responsible for this project. These arrangements should enable us to continue to manage our capital projects with the efficiency we expect and as expeditiously as possible.

The development of the mineral resources of Southern Africa has traditionally been the entrepreneurial activity of the South African mining houses. In former times it was customary to raise money for new mining companies from public subscriptions. Active stock markets provided the medium for the realisation of part of the investment which was ploughed back into further prospecting and new mines.

It is becoming apparent that the burden of maintaining and expanding the mineral development of Southern Africa is rapidly making the traditional approach by the South African mining houses far more difficult to achieve. The reasons are threefold: technical, economic and political.

Technical factors

For every new mineral deposit discovered there is one less for the prospector to find, moreover, it goes without saying that the easy ones are found first. The cost of seeking new base metal ore bodies under cover of younger geological deposits increases rapidly. The knowledge that a substantial expenditure is required to develop such a mine makes it imperative to reduce the risk of these ventures by spending more funds on costly diamond drilling to establish with greater definition the necessary quantum of ore reserves.

For various reasons there is less and less ground available for prospecting, what ground is available is often remote, and this in itself complicates the logistics of mounting a prospecting programme. Prospecting methods become more sophisticated and the use of geochemical and geophysical techniques has accentuated the natural reluctance to abandon any ground before it has been thoroughly examined. And all this is happening at a time when the owners of mineral rights are becoming more disinclined to consider option periods even as long as five years. These factors are

contributing to the rapidly rising costs of prospecting and the evaluation of mineral deposits.

Economic factors

The traditional income of mining finance houses consists of dividends from investments which have already been subject to tax and are therefore not taxable in their own hands. Consequently, unlike operating mining companies, they cannot enjoy the benefit of having prospecting expenditure allowed as a cost for tax purposes unless taxable profits are generated by other activities.

Inflation has had a major adverse effect upon the cost of prospecting, thus increasing the cash drain on our resources. Over and above the impact on the cost of prospecting, inflation has had an even greater impact on the cost of developing a new mining project. These capital costs, together with low commodity prices that have prevailed in recent times, make it difficult to attract capital from the public unless the project in question is clearly extremely promising and is therefore likely to attract risk capital. As a result the mining finance houses are often forced to take the major entrepreneurial risk in the development of new ore deposits as well as the original prospecting risk. If non-resident partners can be found, they are usually more interested in the procurement of the metal or product as a raw material for their own business and therefore, generally speaking, prefer to accept a relatively small part of the risk capital.

Political

The growth of nationalism and the continued establishment of newly independent countries in Southern Africa, as in other parts of the world, have created difficulties for the mining finance houses which seek to operate across international boundaries. Governments, particularly of the lesser developed countries, fear that foreign companies will exploit mineral resources for their own profit without employing, training and developing local skills and contributing to the overall betterment of the community. Furthermore, it often happens that traditional transport routes are affected by changing political relationships. This is particularly serious in the case of landlocked countries. Even where governments have achieved internal economic stability the conditions set for foreign companies to prospect and to operate mines are often too severe to justify the expenditure as contemplated. Thus both suffer the country's economic development is restricted and the mining house's skills are not put to full use in the development of the human and mineral resources of the countries concerned.

The mining finance houses will have to adapt to the new nationalisms in Southern Africa. The trend must be towards managing and developing new projects in partnership with the new governments or the local public and towards the mobilisation of new sources of capital funds for such projects with adequate guarantees whenever possible. Alternatively, development finance should be raised increasingly from international agencies, as these organisations provide in themselves a guarantee against policies that might be contemplated by unreasonable governments. We shall continue to train and to improve the opportunities for our employees wherever our business may be situated. At the same time we will be in the forefront of the search for new sources of capital as and when required. Above all, we shall endeavour to foster good relations with the various governments concerned so that we may contribute to the further development of Southern Africa, in which area we have played a significant role for the past eighty-seven years.

The mining industry

Shareholders will expect me to comment on the problems facing the mining industry and more particularly the gold mines. Of prime

Chairman's Review - continued

price is the gold price which has fallen from \$143 per ounce when I made my Statement last year to some \$116 as I write. Not only has this had an adverse effect on South Africa's balance of payments, depressing the role of the economy, but it has threatened the profitability of a large number of gold mines, some of which have given notice of closure despite the financial support that has been made available to the industry through the Government's Assistance scheme to marginal gold mines. Because the drop in the gold price is due to a marked extent to the programme of sales by the International Monetary Fund, low gold prices are likely to continue for a considerable period. At the same time working costs on the mines have risen - the figure for the June quarter this year was R19,06 per ounce compared with R16,40 for the corresponding quarter a year ago - an increase of 16,2%.

The trend continues for another year or more against the background of falling gold prices the impact on the South African economy will be extremely serious. It is to be hoped that the demand by the Western world for South Africa's base metals and minerals will accelerate and that the hesitant recovery in metal prices other than gold that have occurred so far this year will rise at higher levels. Of course, the increased demand for and rising prices of uranium will be of great assistance to those gold mines that are rich enough to have uranium deposits.

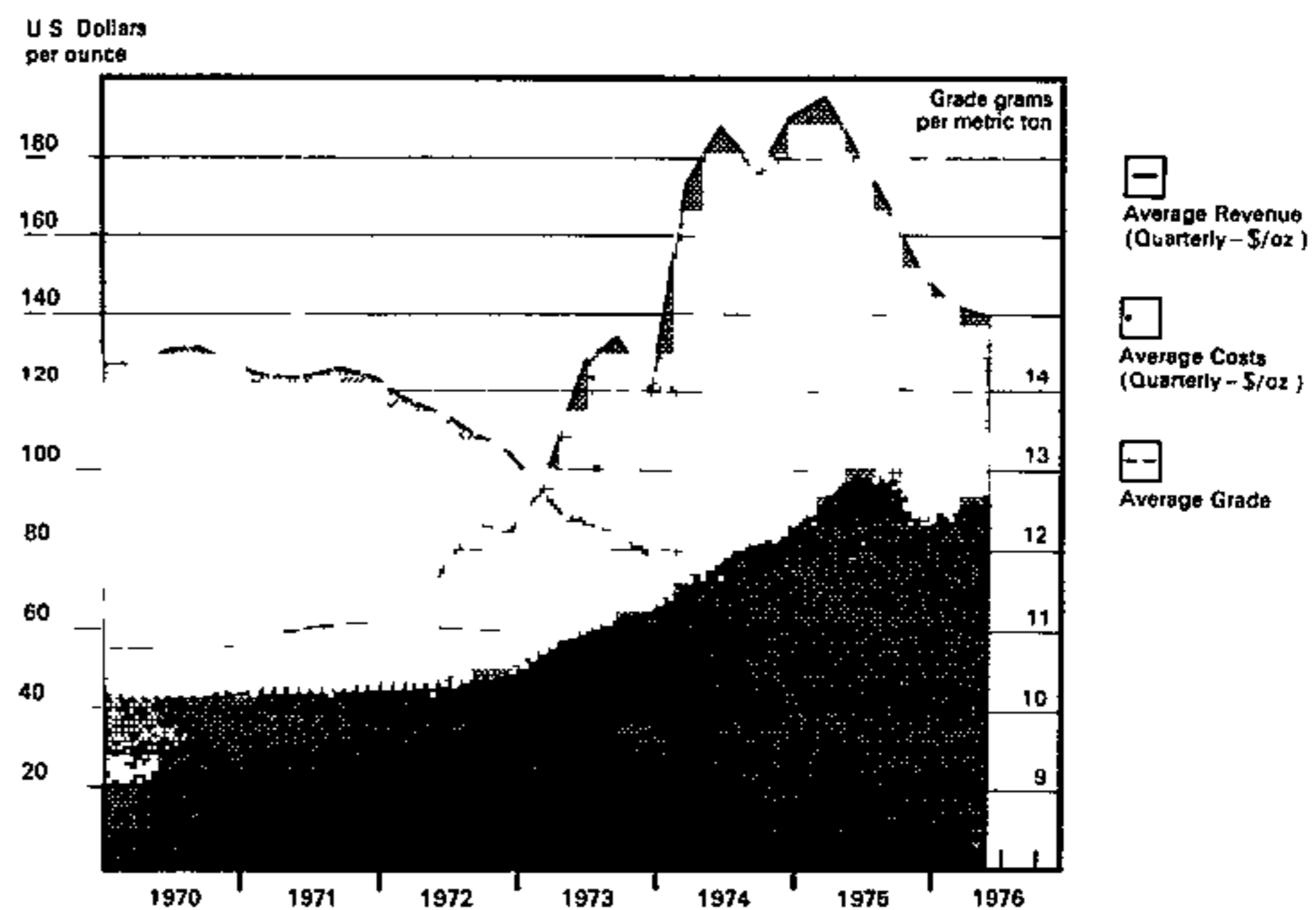
One particularly worrying factor is that the average grade of ore mined by the industry has fallen each quarter since the September quarter of 1971. This was understandable while rising gold prices enabled lower grade ore to be mined profitably. It will prove a very much more difficult task to reverse the trend, but this is what must be done where possible now that the industry is faced with a lower gold price and continually rising costs. In this sombre background it is a matter of considerable satisfaction that the industry has reached a compromise agreement with the Mine Workers' Union in respect of the dispute arising out of their request for a 4% increase in working week.

In regard to productivity I would like to comment on the subject of productivity over the five year period of falling grades of ore milled, productivity for the industry in terms of tons milled per month per employee has only risen from 15,5 to 16,4 despite the most strenuous efforts to increase efficiency through research, training and mechanisation. After cognizance has been taken of the decline in grade the number of ounces produced each month per employee has decreased from 6,54 to 4,78. At a gold price of \$116, the average monthly per capita production of gold by employees of all races in the industry is worth R482, each employee consumes goods and services to the value of approximately R168, and receives in remuneration some R150. These figures speak for themselves - if all workers are to enjoy a reasonable standard of living, including improved levels of remuneration, the industry is to maintain its status in the South African economy, it is essential that the Chamber of Mines and the white unions must further their efforts to ensure increased productivity, and they should plan together to ensure the steady advancement of the black worker. Overall we must aim at achieving the best possible race relations on the mines and we must encourage goodwill amongst employees of all races and encourage the best means of ensuring continuing harmony in the industry. This Company fully recognises its responsibility in this regard and its Group mines efforts to improve the productivity of both black and white workers are continuing and some success has been achieved. The work measurement techniques to optimise the use of labour that we were heavily dependent on manual labour we have mechanised and conventional equipment where possible and at the same time investments with more sophisticated equipment have in general yielded encouraging results.

From the problems directly related to the mining industry, there are serious problems facing South African business as a whole - the high

rate of inflation, increased taxation, high Government spending, balance of payments and, above all, political uncertainties. South Africa's leaders of all races are faced with the challenge of negotiating an accelerated process of peaceful change within the country. One can only hope that the policies adopted by the Government will be constructive and bold, thereby mobilising internal as well as international support for a new and stable order in Southern Africa.

Gold Mining Industry Revenue, Costs and Grade



Directorate and staff

At the financial year end, Mr P. R. Wilton retired as an Executive Director and a member of the Chairman's Advisory Committee on grounds of ill health. He remains a member of the Board. I would like to express my gratitude and admiration for his forty-one years of loyal Group Service and I trust that in his retirement, he will be fully restored to good health. Two of our executive directors, Mr F. J. L. Wells and Mr P. A. von Wielligh, completed forty years service with the Company during the past year. I wish to thank them for their distinguished roles in the Company's affairs and I hope we shall have the benefit of their services for many years to come.

It gives me great pleasure once again to thank all staff and employees for their outstanding efforts during a difficult year and to express my appreciation for their continued devotion and loyalty.

Johannesburg
October 19th, 1976



RANDFONTEIN ESTATES GOLD MINING COMPANY, WITWATERSRAND, LIMITED.

Directorate: B A Smith (*Chairman*), V F Blane, A A Hazell (British), J C Linde,
P F Retief, D H Stevenson, F J L Wells, B J Jackson (British)
Alternatives C E Bayvel, B P Gilbertson, M A Madeyski, B K Martus, C D Beynon

Notice of General Meeting to be held on 17th November, 1976

Shareholders will recall that they were advised in a company announcement dated 5th August 1976, that the Board felt confident that the Nuclear Fuels Corporation of South Africa (NUFCOR) would be able to conclude a suitable contract or contracts for the sale of the company's future uranium production

An integral part of these negotiations which are well advanced has been the provision of suitable loan finance as a pre-requisite to any decision to commence the company's expansion programme and the stage has now been reached where in order to reach finality it is necessary for shareholders to increase the company's borrowing powers, which are at present limited to £8 million

Notice of general meeting

Notice is accordingly hereby given that a general meeting of members of The Randfontein Estates Gold Mining Company, (Witwatersrand), Limited will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, on Wednesday, 17th November 1976, at 12 noon, for the purpose of considering, and if deemed fit, passing with or without modification the following resolution as a special resolution to increase the borrowing powers of the company

THAT Article 59 of the company's Articles of Association be and is hereby amended by deletion of the words 'Eight Million Pounds (£8 000 000)' and the substitution therefor of the following words 'One Hundred and Forty Million Rand (R140 000 000)'

The reasons for proposing the amendment to Article 59 is that the present restriction on the company's borrowing powers, limiting the aggregate amount owing at any one time to Eight Million Pounds (£8 000 000) inadequately provides for its future financial requirements inherent in the planned expansion programme

The effect of the resolution is that the Board will be able to enter into a uranium sales agreement which will, inter alia, provide loan finance on very favourable terms thus permitting the funding of a relatively large proportion of the planned expansion programme without affecting the company's ability to meet its other loan commitments and without placing the immediate burden of the whole programme on funds generated internally

The Board does not at this stage envisage increasing its loan commitments to the extent and magnitude referred to in the resolution above but considers that it should cater for a certain degree of flexibility as regards the company's borrowing powers.

A member entitled to attend and to vote at the meeting is entitled to appoint one or more proxies to attend and speak and vote in his stead. A proxy need not be a member of the company. Proxy forms must be completed and despatched to the registered office of the company so as to reach that office not later than 24 hours before the time appointed for the holding of the meeting, or to the office of the London secretaries of the company — Barnato Brothers Ltd, 99 Bishopsgate, London, EC2M 3XE — so as to reach that office by 12 noon on Monday, 15th November, 1976

By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
Per C A I CLARKE

Head Office & Registered Office
Consolidated Building
Corner Fox & Harrison Streets
P O Box 590
Johannesburg 2000

London Office
Barnato Brothers Limited
99 Bishopsgate
London
EC2M 3XE

27th October 1976



ANGLOVAAL *Chairman's review*

Urgent business action needed on urban black community problems – Mr Basil E. Hersov

Since 16 June 1976 there has been civil unrest in many parts of South Africa and these events are a cause for deep concern. The general business atmosphere is one of pessimism as a result of a combination of circumstances which include the radical drop in the gold price during the last year, the continuing high rate of inflation, a serious worsening of the balance of payments, generally lower economic activity in almost all sectors, increasing defence expenditure, and the serious unrest in the townships.

This gloom, which pervades the atmosphere of business in South Africa today, obscures the strengths which, over the years, have been and still are inherent in our South African economy. We have mineral resources of great magnitude. The country can feed itself. There is relatively low dependence on oil for power needs. Management resources are available and there are sophisticated capital and money markets. There is, in addition, the great potential earning and spending power of the majority of the population. Having recognised these strengths, it must also be accepted that assets of any sort are only of value if they can be put to effective use. Our strengths are potential ones dependent on us, South Africans, transforming them into real wealth for all our peoples. This is the challenge that faces both government and private enterprise – a complex one certainly, but with a rich reward to strive for, in contrast to many less fortunate nations of the world.

The growing feeling of crisis has surely reached the stage where private enterprise must re-examine its role in society and question to what extent the scope of its activities should be extended in order to protect the economic structures that have been built up over the years.

Business interests must ask themselves, more than ever before, to what extent their particular areas of expertise can be put to use to improve effectively the environment and opportunities of the urban black population. In doing this, business will be weighing short-term expenditures against the longer term rewards of helping to ensure greater possibilities for stability and growth in our society.

No single business or group of businesses can do these things effectively on any meaningful scale. The business community as a whole, however, has a responsibility to develop a climate and a sense of urgency where concerted efforts in this direction will become not only possible but a necessary part of business practice.

These, I believe, are the challenges we businessmen in South Africa today face and we must not delay positive action in this area. While continuing training and other activities in this sphere within our own companies, our Group is ready to co-operate with other businesses and government authorities in mounting practical, constructive programmes to assist in improving standards of housing, education and other amenities in the townships so as to enhance the quality of life and the earning capacity of the residents. Our mining and industrial enterprises will continue to grow in the future only if the business environment is one of stability, catering for the welfare of all our peoples.

Financial results

The consolidated taxed profit for the year ended 30 June 1976 attributable to members was R13 800 000 compared with R12 855 000 last year and net earnings per ordinary share rose to 318 cents per share. The Company's own earnings were 172 cents per share, an increase of 10,3 per cent on last year's 156 cents per share and the ordinary dividend was increased by 10,5 per cent from 95 cents to 105 cents per share. As at 30 June the net asset value per ordinary share was 2 855 cents per share (1975 – 3 001 cents per share).

The slower growth in the consolidated profit was mainly attributable to the difficult trading conditions and inflationary increases in wages and other costs experienced by the industrial companies and the lower gold price coupled with considerable rises in mining costs resulting in lower dividends being received from gold mining investments.

Investments

During the year under review there was a decrease in the market value of the listed shares in the Company's portfolio which at the year end was worth R76 356 000 compared with R86 775 000 at the end of the previous financial year. The book value of the listed shares was R32 379 000 and the book value of unlisted investments R12 616 000. Since the end of the financial year there has been a further drop in the share prices on the Johannesburg Stock Exchange and as at the date of this review the market value of these listed shares is R70 140 000. On the basis of listed shares at market value and unlisted shares at book value, the combined portfolio of this Company and all its financial subsidiaries, including Middle Witwatersrand (Western Areas) Limited, on 5 October 1976 had a value of R96 328 000.

Prospects

One of the major problems facing South African industry continues to be inflation and its effects on the economy. Monetary and fiscal controls have led to a reduced money supply and a consequent increase in the cost of borrowed money. Industry's profitability will be severely affected by this coming at a time when additional funds for working capital will be needed not as a result of any significant increase in business but rather of the effects of inflation. In this unstable economic climate the achievement of a steady growth in earnings becomes increasingly difficult and brings with it a major danger that if inflation is not brought under control rapidly significant increases in unemployment will occur which could accentuate the dangers of unrest in the country. These factors, together with the unpredictable and currently low price of gold all adversely affect the country's balance of payments and must bring reductions in government expenditure and a further slowing down of industrial activity. In all these circumstances a confident forecast of the Group's future profitability would be extremely unwise. We are however, planning for increased profits and dividends while appreciating that the attainment of these may be more than usually difficult.

Basil Hersov



TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY, LIMITED (T.C.L.)

(Incorporated in the Republic of South Africa)

PROFIT ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 30TH SEPTEMBER, 1976 AND DECLARATION OF FINAL DIVIDEND

FINANCIAL RESULTS

The audited consolidated results of T.C.L. and its subsidiaries for the year ended 30th September, 1976 are given below together with the results for the previous financial year

	Notes	Year ended 30th September	
		1976	1975
Turnover	1	(R 000) R73 794	(R 000) R41 540
Consolidated profit before taxation	2	R26 969	R15 102
Taxation		10 214	3 543
Normal, Deferred		2 818 7 396	885 2 658
Consolidated profit after taxation		R16 755	R11 559
Less Profit attributable to outside share- holders in subsidiary companies		3 369	1 576
Interest of members of T.C.L.		R13 386	R9 983
Shares in issue		7 304 838	7 304 838
Earnings per share		183 2c	136 7c
Dividends per share		75,0c	65,0c
No 73 interim of 23 cents paid			
No 74 final of 52,0 cents			

Notes

- 1 Turnover is the revenue derived from the coal, chrome and timber operations of the subsidiary companies
- 2 The consolidated profit after tax includes investment realisation amounting to R212 000 (1975 — R709 000) equivalent to 2,9 cents per share (1975 — 9,7 cents per share) for the year
- 3 The major increase in taxation has been caused by a change in the composition of the profits, dividends which are not subject to tax have fallen whereas royalties and the earnings of the coal and chrome subsidiaries have increased. The rate of normal taxation applicable to the company and its subsidiaries has been increased from 41 cents to 43 cents in the Rand

FINAL DIVIDEND NO 74

A final dividend of 52,0 cents per share has been declared in terms of the Dividend Notice published herewith

GENERAL

Copies of this report will be despatched to all registered shareholders from the office of the transfer secretaries in Johannesburg and of the United Kingdom registrars and transfer agents as soon as possible. The company's annual financial statements will be posted at the end of November, 1976

For and on behalf of the Board

A C PETERSEN (*Chairman*) | *Directors*
A M ROSHOLT

Registered Office
15th Floor, 63 Fox Street
Johannesburg 2001

28th October 1976

DECLARATION OF DIVIDEND NO 74

NOTICE IS HEREBY GIVEN that Dividend No 74 of 52 0 cents per share has been declared in South African currency as a final dividend in respect of the year ended 30th September, 1976 payable to members registered in the books of the company at the close of business on 26th November, 1976 and to persons presenting the appropriate coupons detached from bearer share warrants

The register of members will be closed from 27th November to 5th December, 1976 inclusive, and dividend warrants will be posted to shareholders on or about 4th January, 1977

Where applicable non-resident shareholders tax of 15 per cent will be deducted from the dividend

The full conditions of payment of this dividend may be inspected at or obtained from the Johannesburg or the United Kingdom offices of the company

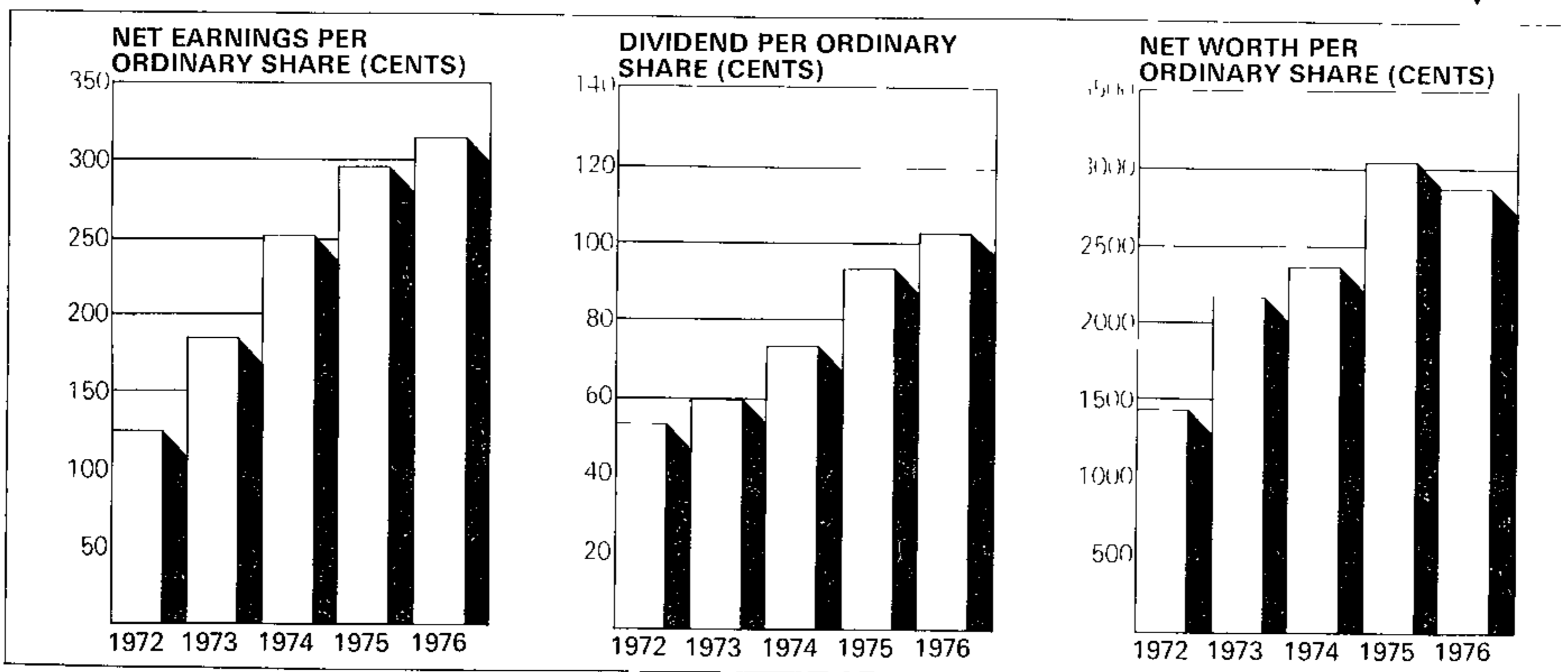
By order of the board
RAND MINES LIMITED
Secretaries
per M B DUNDERDALE

Transfer Secretaries
Rand Registrars Limited
Devonshire House, 49 Jorissen Street
Braamfontein Johannesburg 2001

United Kingdom Registrars and Transfer Agents
Charter Consolidated Limited
Kent House, Station Road
Ashford Kent TN23 1QB
England

P O Box 31719
Braamfontein 2017, South Africa

28th October, 1976



	Company		Consolidated	
	1976	1975	1976	1975
Profit after taxation	R7 727 000	R7 044 000	R27 764 000	R26 659 000
Dividends paid	R4 848 000	R4 417 000	R4 767 000	R4 359 000
Earnings per ordinary share*	172 cents	156 cents	318 cents	296 cents
Dividends per ordinary share	105 cents	95 cents	105 cents	95 cents
Investments				
Listed				
Book value	R32 379 000	R29 344 000	R34 393 000	R32 119 000
Market value	R76 356 000	R86 775 000	R84 200 000	R108 975 000
Unlisted				
Book value	R12 616 000	R11 320 000	R20 669 000	R18 536 000

*Note: Earnings per share exclude the results of mining subsidiaries and extraordinary items.

Extracts from the Directors' report

The Company earned a profit after taxation of R7 727 000 compared with R7 044 000 for the 1975 financial year and its net earnings per share rose to 172 cents (1975 - 156 cents), of which 105 cents (1975 - 95 cents) were declared as dividends. Consolidated profit after taxation attributable to members increased by R945 000 to R13 800 000 despite difficult trading conditions which were encountered in most sectors of the economy in which Group companies operate.

Although most companies recorded higher profits, the consolidated profit of the industrial subsidiaries was adversely affected by further shipbuilding losses incurred by James Brown & Hamer Limited, by the loss recorded by E. I. Rogoff Limited and the reduced profits of Irwin & Johnson Limited.

The Company's interest in the profits of its mining subsidiaries are not included in the consolidation. The improvement in these results over those for last year was due to the profit of Prieska Copper Mines (Pty) Limited which amounted to R6 501 000 (1975 - R1 711 000 loss) and was mainly attributable to the rand devaluation, the increase in zinc concentrate production and, to a lesser extent, the marginally higher prices of copper and zinc.

The profit after taxation attributable to members was earned from the following classes of business:

	Consolidated		Company	
	1976	1975	1976	1975
Gold and uranium	30	29	46	45
Other minerals and metals	18	15	29	24
Food and packaging	24	18	12	11
Building and allied industries	3	3	2	4
Engineering	9	10	5	6
Other industrial interests	15	20	5	5
Financial	1	5	1	5

Investments

During the year the Company subscribed for 2 092 000 6 per cent loan notes of 50 cents each, at par, in Prieska Copper Mines (Pty) Limited and converted its portion of the loan to Atok Platinum Mines (Pty) Limited ceded to it by Africa Triangle Mining, Prospecting & Development Company (Pty) Limited, into 2 477 243 ordinary shares of 50 cents each, at par, in Atok and subscribed for a further 494 702 ordinary shares at par, in that company. Anglo-Transvaal Industries Limited increased its shareholding in Claude Neon Lights (S.A.) Limited from 46 per cent to 51 per cent. Since the end of the financial year the Company and

(JWT) 3306/FM2



Extracts from the Directors' report (continued)

subsidiaries have increased their holding in Zandpan Gold Mining Company Limited by acquiring a further 1 429 000 shares in that company

Mining investments

Middle Witwatersrand (Western Areas) Limited

Mining exploration, finance and investment company

	Twelve months ended 30 June 1976 R000	Eighteen months ended 30 June 1975 R000
From consolidated financial statements		
Turnover	5 064	9 233
Profit after taxation	4 282	8 209
Earnings per ordinary share		
- including profit on realisation of investments	43 cents*	86 cents*
- excluding profit on realisation of investments	40 cents*	75 cents*
Dividend per ordinary share	35 cents	42 cents
Listed investments		
- book value	16 440	16 106
- market value	44 374	67 956
Unlisted investments		
- book value	8 296	7 192
Exploratory expenditure	435	367

*Based on average number of ordinary shares in issue during the period

The decrease in profit was attributable mainly to lower dividends received from gold mining shares as well as to reduced profits on realisation of investments

Hartebeestfontein Gold Mining Company Limited

Gold and uranium producer

	Year ended 30 June 1976 R000	Year ended 30 June 1975 R000
Turnover	117 256	117 049
Profit after taxation	28 493	33 650*
Expenditure on fixed assets	7 564	8 261
Earnings per share	185 cents	225 cents*
Dividends per share	190 cents	215 cents

*Before extraordinary items

Increased working costs and higher tax rates were responsible for a reduction in distributable profit and dividends were correspondingly lower at 190 cents per share. Uranium profit improved and the contribution from this source for the year was equivalent to about 10 cents per share. Over the past three years there has been a considerable increase in payments to the mine's black employees, one of the results of this has been a reduction in the average contract period and this has adversely affected labour stability and productivity. The focus of mining operations is moving steadily westwards and to serve this area the mine is engaged in providing additional shafts all of which should be completed within three years. Capital expenditure on these shafts and ancillary facilities and improved living amenities for black employees is expected to total about R9 000 000 during this financial year.

Zandpan Gold Mining Company Limited

Investment company

	Year ended 30 June 1976 R000	Year ended 30 June 1975 R000
Turnover	4 212	4 772
Profit (no tax payable)	4 002	4 686
Earnings per share	30,73 cents	35,98 cents
Dividends per share	31,25 cents	35,75 cents
Listed investments		
- book value	21 115	21 157
- market value	37 615	71 770

Zandpan Gold Mining Company Limited's future prospects remain

directly dependent on those of Hartebeestfontein Gold Mining Company Limited by virtue of its holding of 2 200 000 shares in Hartebeestfontein. These shares had a market value of R37 400 000 at 30 June 1976 and constitute the company's principal asset and investment.

Loraine Gold Mines Limited

Gold producer

	9 months to 30 June 1976 (unaudited) R000	Year ended 30 September 1975 R000
Turnover	18 846	32 849
Profit (no tax payable)	887	8 876*
Expenditure on fixed assets	4 668	8 130
Earnings per share	—	3 cents*
Dividend per share	—	6 cents

*Before extraordinary items

Operations were adversely affected by a shortage of black labour and lower than expected stope values. Resulting from the lower milling rates and recovery grades, continuing cost escalation and the lower gold price, it was necessary to curtail further the expansion programme initiated in 1974, to conserve funds. It was therefore decided to stop the sinking of No. 5 Ventilation Shaft at the depth of 1 123 metres from surface where a holing can be effected with the mine's 37th level. Thereafter, sinking by raiseboring and slipping between levels can be done in stages and will depend on the availability of funds. A saving of R2 000 000 in planned capital expenditure to September 1977 is expected to be achieved by this step. The effect of the curtailments will be to limit milling capacity at this stage to about 135 000 tons per month. In March 1976 the company reached agreement in principle (subject to shareholders' consent) to acquire from Free State Development and Investment Corporation Limited the mineral rights over 800 claims on the farms Bandon 345 and Leclusa 70 in exchange for the allotment at par of 300 000 of the company's ordinary shares.

Eastern Transvaal Consolidated Mines Limited

Gold mining, farming and forestry

	Year ended 30 June 1976 R000	Year ended 30 June 1975 R000
Turnover	7 755	7 840
Profit after taxation	1 633	1 650*
Expenditure on fixed assets	505	310
Earnings per share	26 cents	31 cents*
Dividends per share	25 cents	25 cents

*Before extraordinary items

Profit before taxation was approximately R1 000 000 less than in the previous year, due to a 20 per cent increase in working costs. However, because of the effects of higher capital expenditure on the gold mining taxation formula, the profit after taxation was virtually the same as the previous year. If working costs continue to rise at about the same rate during the current year as they did in the previous year and the gold price remains at the current low levels financial assistance in terms of the Gold Mines Assistance Act of 1968 will be sought from the State.

Village Main Reef Gold Mining Company (1934) Limited

Gold mine

	Year ended 30 June 1976 R000	Year ended 30 June 1975 R000
Turnover	2 441	3 185
Profit after taxation	25	233

During the year underground development work was severely curtailed and mining was confined to higher grade areas. After notification by the State that the company would cease to be classified as an assisted gold mine with effect from 1 July 1976, the necessary plans were made to cease underground mining operations by that date. Operations are now, for all practical purposes, limited to clean-up activities.

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Prieska Copper Mines (Proprietary) Limited
 Producer of copper, zinc and pyrite concentrates

	Year ended 30 June	
	1976	1975
	R000	R000
Turnover	47 180	29 603
Working profit	12 239	1 335
Expenditure on fixed assets	2 115	2 890

Notwithstanding that average prices for copper and zinc were only marginally higher during the year, Prieska's results were the best to date. The principal reasons for this were the rand devaluation in September last year and the increase in zinc concentrate production. Revenue from sales of zinc concentrates and metal thus became the main (56,5 per cent) contributor to total revenue. Interest and loan payments, unrealised foreign exchange losses on dollar loans and capital expenditure absorbed a large part of the working profit and R2 179 000 was transferred to general reserve.

Plans for mining the deeper levels of the orebody are being formulated and prospect drilling from underground to define the further extent of the orebody is in progress. Estimates of the unescalated cost of providing a system for mining the deeper parts of the orebody lie between R9 000 000 and R13 000 000, to be spent over five years. About R2 000 000 of such estimated costs will be spent in the current year, during which total capital expenditure could be between R5 000 000 and R7 000 000. Although the copper price has increased significantly since March in sterling terms, the current price level, allowing for the weakening of sterling and continued western world cost inflation, is not yet at a level which will ensure a satisfactory return. Furthermore, the large stock of copper overhanging the market is expected to have a dampening influence on the price of copper.

Atok Platinum Mines (Proprietary) Limited
 Producer of platinum group metals

	Year ended 30 June	
	1976	1975
	R000	R000
Turnover	4 363	2 407
Working loss	318	155
Expenditure on fixed assets	875	1 737

Weak demand and low metal prices was the pattern of trading conditions for all metals produced by the company so that the year's results were disappointing. Black labour shortages at the mine during the last few months of 1975 affected mine production and brought additional pressure on the company's liquidity. Arrangements for additional credit from the major shareholders have been made.

The impact of continued working cost escalation and low metal prices is being closely watched.

The Associated Manganese Mines of South Africa Limited
 Producer of manganese and iron ores and manganese and chrome alloys

	6 months to	Year ended
	30 June 1976	31 December
From consolidated financial statements	(unaudited)	1975
	R000	R000
Turnover	42 783	61 811
Profit after taxation	9 533	11 552
Earnings per ordinary share	234 cents	329 cents
Dividend per ordinary share	30 cents	90 cents

The tonnage of manganese ore despatched from the company's mines during 1975 of 1 821 000 tons was about the same as in the previous year, but iron ore railed was some 150 000 tons less. Despatches of ferro-alloy products from the company's subsidiary, **Feralloys Limited**, were somewhat lower during 1975 than in 1974. Monthly despatches of iron ore and ferro-alloy products since the beginning of 1976 are, on average, better than in the previous year. Capital expenditure on the 1976

manganese ore programme is estimated at R3 000 000. As negotiations for the use of the port and rail facilities of the Sishen Saldanha project are still in progress, it is not yet possible to assess this year's capital requirements to increase iron ore production. Due to the rapid escalation of costs the expansion programme at Feralloys Limited, originally estimated at R10 000 000 is now expected to cost approximately R15 000 000, of which R10 000 000 will be incurred during 1976.

Consolidated Murchison Limited
 Producer of antimony concentrates

	6 months to	Year ended
	30 June 1976	31 December
	(unaudited)	1975
	R000	R000
Turnover	12 715	18 292
Profit after taxation	4 592	6 044*
Expenditure on fixed assets	840	2 731
Earnings per share	90 cents	80 cents
Dividend per share	50 cents	80 cents

*Before extraordinary items

In the final quarter of 1975 and during the first two quarters of 1976 demand for antimony concentrates improved considerably, compared with the first three quarters of 1975. Unaudited pre-tax profit for the period ended 30 June 1976 was R7 001 000 and an improved interim dividend of 50 cents was declared. Prospecting of the antimony line is continuing.

Anglo-Transvaal Collieries Limited
 Investment company

Anglo-Transvaal Collieries Limited maintained its 17 per cent equity interest in Witbank Colliery Limited (Witbank). The preference dividend of 6 per cent and an unchanged ordinary dividend aggregating 10 cents per share were paid during the year. The company renounced a portion of its rights to subscribe for 13,5 per cent convertible notes in Witbank in favour of its ordinary shareholders and raised funds to take up in its own name the balance of the rights not so renounced. 40 000 of these notes will be held until the rights of the ordinary and preference shareholders of the company to participate in the Witbank notes have been determined by a final Court order.

Industrial investments

Anglo-Transvaal Industries Limited
 Industrial investment and finance company

	Year ended 30 June	
	1976	1975
From consolidated financial statements	R000	R000
Turnover	394 364	344 495
Profit after taxation	17 948*	17 505*
Earnings per ordinary share	73 cents*	67 cents*
Dividend per ordinary share	18 cents	16 cents

*Before extraordinary items

Difficult trading conditions were encountered in most sectors of the economy in which group companies operate. The consolidated pre-tax profits for the year ended 30 June 1976 of R28 959 000, which includes the results of Claude Neon Lights (SA) Limited from 24 May 1976 when it became a subsidiary, were 5 per cent higher than the profits for the previous year. Most Group companies achieved better performances. The company's taxed profit, excluding a surplus on the realisation of investments, increased by R400 000 to R3 813 000, equivalent to 26 cents per share (1975 - 23 cents), mainly as a result of increased dividend income. The ordinary dividend was increased from 16 cents to 18 cents per share.



Extracts from the Directors' report (continued)

South Atlantic Corporation Limited Industrial holding company

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	205 615	187 230
Profit after taxation	7 244	9 399
Earnings per ordinary share	32 cents	44 cents
Dividend per ordinary share	16 cents	14 cents

As a result of higher dividends from subsidiaries, the taxed profit increased by R281 000 to R2 660 000 and the ordinary dividend was raised from 14 to 16 cents per share. This has been a difficult year for all its subsidiary companies, the main problems being continued inflation and the uncertainties of the cost and supply of raw materials. In absolute terms overall cost increases of the group were greater than increases in turnover. After providing for taxation at the increased company rates, the interests of the outside shareholders, a transfer to non-distributable reserves and preference dividends, the profit attributable to ordinary shareholders totalled R3 992 000 (1975 - R5 560 000).

The activities of its principal subsidiaries, Irvin & Johnson Limited, T. W. Beckett & Company Limited, Concentra Limited and Globe Engineering Works Limited are reviewed below.

Irvin & Johnson Limited

Trawler operators, fish and frozen food processors and distributors

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	128 305	108 062
Profit after taxation	4 816	5 820
Earnings per ordinary share	16 cents	20 cents
Dividend per ordinary share	7.5 cents	7 cents

The reduced profit was due mainly to lower fish catches, pressure on selling prices and higher costs. Projected increases in turnover and planned capital expenditure during the current year will require the raising of additional loans and this may present difficulties in the light of conditions prevailing in the economy. The recent announcements by the United States of America and other countries of their intention to extend territorial waters to 320 km will give the government support in its endeavour to adopt a similar policy for South Africa, but fish catches will only improve if the measures taken by government to protect fish resources are effectively applied.

T. W. Beckett and Company Limited

Packers and distributors of tea and coffee

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	33 655	28 097
Profit after taxation	1 698*	915*
Earnings per ordinary share	28 cents*	15 cents*
Dividend per ordinary share	13 cents	11 cents

*Before extraordinary items

Under the difficult circumstances of continually increasing raw material and other costs and resistance to escalating prices for tea and coffee products, the company performed successfully. The total mass of products sold during the year increased by 10.5 per cent and sales value rose by 20 per cent. Further cost increases of raw tea and coffee must be expected during the coming year but, despite this, provided that the importation of these raw materials is not interrupted the prospects for the company are bright.

Concentra Limited

Fishmeal processing

A shortage of raw material for most of the year resulted in a drop in production and sales and consequent reduction in the profit after taxation to R172 000 (1975 - R224 000). In recent weeks there has been an improvement in the export price of white fishmeal and it is expected that the profitability will be maintained, provided raw material supplies are adequate to maintain throughput.

Globe Engineering Works Limited

Marine and general engineering and allied trades

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Profit after taxation	209*	2 302*
Earnings per ordinary share	8 cents*	59 cents*
Dividend per ordinary share	20 cents	25 cents

*Before extraordinary items

The operations of the company and its subsidiaries, James Brown & Hamer Limited and Shipwrights and Engineers Holdings Limited are heavily concentrated in marine engineering. The level of work on offer in the ports in which these companies operate has been adversely affected by a number of factors, notably the reopening of the Suez Canal, the depressed economies of the industrialised countries and more recently, the expansion of containerisation. Although promising new areas for diversification are being developed, it will be difficult to replace the loss of business in the marine engineering field. In these circumstances a lower level of profit was to be expected but the consolidated results for the year were also affected by the need to reduce the value of the shipbuilding work in progress of James Brown & Hamer by an additional R2 800 000 (1975 - R3 500 000) due to continuing inflation and difficulties experienced in the construction of the John Ross salvage tug. The heavy engineering subsidiary, Broderick Investments Limited, for the first time in its history, achieved a pre-tax profit in excess of R1 000 000. Provided the latest assessment of the shipbuilding losses of James Brown & Hamer proves to be reasonably accurate and there is no further downturn in the level of ship repairs in Durban and Cape Town, there should be a marked improvement in the profitability of the Globe group.

Consolidated Glass Works Limited

Manufacturers of glass and plastic containers and glass consumer products

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	75 400	66 300
Profit after taxation	3 842*	2 640*
Earnings per share	62 cents*	43 cents*
Dividend per share	22 cents	19 cents

*Before extraordinary items

Group turnover increased by 14 per cent in spite of a reduced demand for glass containers. This increase, together with productivity improvements and cost containments resulted in a higher operating profit and with the incidence of taxation being reduced by capital expenditure allowances, taxed profits rose substantially. The forward order position is weak for all products. Although strenuous efforts will continue to be made towards further productivity improvements in all operating sectors, demand may reduce further should additional constraints be imposed on the economy. In this event it will be difficult for the company to maintain last year's results.

National Bolts Limited

Manufacturers of industrial fasteners

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	37 459	31 357
Profit after taxation	2 541	1 724
Earnings per ordinary share	53 cents	35 cents
Dividend per ordinary share	15 cents	14 cents

Group turnover increased by 19 per cent in mixed market conditions where a further downturn in demand for standard fasteners was offset by an accelerated demand for non-standards. Much of the latter was catered for by new equipment commissioned for that production during the year and sections of all plants ran at below capacity. The rigid control of costs, long production runs on non-standard fasteners and improved efficiencies contributed to the higher profit. The accelerated delivery

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of non-standard fasteners during the year has drastically reduced outstanding orders for these products. Demand for all other fasteners is currently at a very low level and all plants are in a virtual hand-to-mouth situation. With no sign of an improvement in the general economy it is at this stage, unlikely that profits for the current financial year will attain the level of the past year's achievement.

Steelmetsals Limited

Machine tool merchants, engineering suppliers and contractors

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	33 906	25 008
Profit after taxation	1 956	1 852
Earnings per share	92 cents	87 cents
Dividend per share	27,5 cents	25 cents

Demand for capital equipment weakened during the year but the market for non-capital goods remained firm. With continued inflation and the closure of certain large contracts, group turnover increased by 35 per cent but, with higher taxation at the new company rates, taxed profit only rose by 6 per cent. The current year has opened with a reduced outstanding order book of R14 000 000 (1975 - R22 000 000). No short-term improvement is anticipated in demand for heavy capital equipment but further penetration will be pursued in the non-capital goods market. With two major contracts scheduled for closure and, in the absence of additional constraints being imposed on the economy, profits for the current year should be of the order of the past year's results.

Claude Neon Lights (S A) Limited

Manufacturers and lessors of advertising signs and lessors of industrial plant and equipment

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Profit after taxation	562	462
Earnings per ordinary share	10 cents	8 cents
Dividend per ordinary share	5,0 cents	4,5 cents

The company had another successful year, exceeding for the first time in its history, a pre-tax profit of R1 000 000. During the year the company strengthened its leading position in the sign industry by acquiring the sign rental contracts of President Neon Sign Company (Pty) Limited.

Denver Metal Works (Pty) Limited

Manufacturers of non-ferrous products

Demand for the non-ferrous castings, extrusions and stampings produced by the company improved generally during the year. The consequent greater throughput and higher production efficiencies together with rigid cost control, resulted in consolidated taxed profits increasing from the depressed level of R358 000 in 1975 to R1 224 000 in 1976. There has recently been a fall off in orders for certain product lines and, if this persists, results for the current year could be adversely affected.

Petrocol Limited

Producers of road surfacing products and chemicals

The return to profitability of the company's operations in South Africa and the fact that there were tax losses brought forward which reduced the company's charge for taxation is largely responsible for the improvement for the year in the consolidated taxed profit of R367 000 (1975 - R227 000). The market for road binders, which was already depressed as a result of rising prices and limited purchase budgets, has been further hit by the restrictions on public spending. Consumption is expected to be lower in the coming year and profits from this source will be difficult to maintain despite improvements in productivity.

E I Rogoff Limited

Indent sales agents and distributors

The results of the company, which passed its dividend, were seriously affected by losses in its catering equipment and paper divisions and by the depressed conditions in the commodity markets in which it operates. In addition no dividend income (1975 - R110 000) was received during the year from the investment in E I Rogoff Chemicals (Pty) Limited due to a change in the dividend declaration date of that company. A consolidated loss after taxation of R259 000 (1975 - R551 000 profit) was recorded. In the present climate of stringent import controls, trading conditions are expected to deteriorate but a programme to rationalise the group's operations will result in a substantial reduction of overheads and a return to profitability.

South African Fine Worsteds (Pty) Limited

Manufacturers of fine quality worsted cloth for men's outerwear

Further penetration into the market for worsted cloth enabled the company to operate at full capacity throughout the year, resulting in higher efficiencies and an improved after-tax profit of R839 000 (1975 - R697 000). In anticipation of a continuing increase in demand, additional spinning equipment was installed towards the end of the year and more weaving looms are being bought to phase into production as required. The future is viewed with confidence.

Satmar Limited

Petroleum refinery

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Profit after taxation	279	233
Earnings per share	10 cents	8 cents
Dividend per share	42,75 cents	8,25 cents

The refining agreements with five international oil companies terminated on 30 June 1976 and operations ceased on that date. As no alternative uses have been found for the refinery, the assets of the company will be realised to the best advantage of its shareholders.

Cement and lime

Anglo-Alpha Cement Limited

Cement, stone and lime producer

From consolidated financial statements	Year ended 30 June	
	1976 R000	1975 R000
Turnover	134 272	114 783
Profit after taxation	8 532	7 849
Earnings per share	21 cents	18,3 cents
Dividend per share	11 cents	9,5 cents

The economic recession resulted in a severe downturn in the building industry, and declining demand was evident in many of the group's operations. However, a more favourable product mix in some operations contributed to the increase in consolidated turnover. Cement sales volumes declined by 4,3 per cent despite the fact that local demand increased by 2,8 per cent, due to abnormally high exports in the previous year which were not repeated during the period under review. Lime despatches, mainly as a result of extensive investment in new capacity at Ouplaas over the last three years, increased substantially. The second lime kiln at Union Lime's new plant was commissioned during March of this year and the company now has sufficient capacity to meet the demand for its products. Prospects for the current year must be judged on the one hand against the downward trend in the construction industry which is expected to continue until at least mid-1977, and on the other hand, against the demonstrated ability to carry out rationalisation and cost improvements. Management is budgeting at least to maintain profits, provided the market does not decline below expectation.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

REGISTERED OFFICE
ANGLOVAAL HOUSE, 56 MAIN STREET, JOHANNESBURG

LONDON SECRETARIES
ANGLO-TRANSVAAL TRUSTEES LIMITED, 295 REGENT STREET, LONDON W1R 8ST

The Annual General Meeting of the Company will be held at 09h30 on 26 November, 1976
at the registered office of the Company

(JWT) 3306/FM6



The Imperial Cold Storage and Supply Company, Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT 1976

The unaudited results of the group for the six months ended 31st August 1976 were as follows

	6 months ended 1976	31st August 1975
	R	R
Group profit before tax	4 744 000	4 117 000
Tax	1 832 000	1 593 000
Group profit after tax	2 912 000	2 524 000
Profit attributable to outside shareholders	466 000	322 000
Profit attributable to shareholders of the Imperial Cold Storage & Supply Co Ltd	2 446 000	2 202 000

As the income of the holding company consists mainly of interest and dividends derived from subsidiary companies in the group separate figures are not given for the holding company

The interim figures for 1975 have been restated to comply with accounting decisions incorporated in the financial statements of the preceding year

The national economy has continued to experience rises in prices and costs whereas consumer demand is falling off. It is often said that in recession food sales are affected less than those of other products. This has been the case during the trading period under review with red meat, poultry and fish where better availability and moderate price increases actually resulted in improved turnover and trading profits. But the opposite has been the case in the dairy industry especially in the industrial milk sector. Here continued over production resulted in a progressive accumulation of stocks of butter, cheese, condensed milk and milk powder.

FINANCE

The directors are proceeding with proposals to raise additional finance largely to meet the essential capital expenditure referred to in the latest chairman's review. Shareholders will be advised of the full details shortly.

CAPITAL COMMITMENTS

The aggregate of capital commitments authorised by the directors amounts to R12 110 000 (1975 R10 282 000) of which R3 406 000 (1975 R1 475 000) had been contracted for as at 31st August 1976.

DIVIDENDS

An interim dividend of 3 (three) cents per share (1975 3c) has been declared on the company's ordinary shares payable on 10th December 1976 to shareholders registered on 12th November 1976.

I J D WENTZEL Chairman
F J VAN BILJON Managing Director



Trans-Natal Coal Corporation Limited

(Incorporated in the Republic of South Africa)

Declaration of Dividend

NOTICE IS HEREBY GIVEN that an interim dividend no 28 of 7 cents per share for the year ending 30 June 1977 be and is hereby declared payable to holders of ordinary shares registered in the books of the company at the close of business on 12 November 1976.

The register of ordinary shareholders will be closed from 13 November 1976 to 18 November 1976, both days inclusive.

No instructions involving a change of the office of payment will be accepted after 12 November 1976.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 31 January 1977, or on the first day thereafter on which a rate of exchange is available.

Non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Dividend warrants will be posted by the transfer secretaries mentioned below, on or about 10 February 1977.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

Note

The declaration is being made a month earlier than usual in order to avoid a separate listing on the Johannesburg Stock Exchange in respect of the new shares currently being offered to shareholders.

By order of the board
GENERAL MINING AND FINANCE
CORPORATION LIMITED

Secretaries
per J P R KLUE
Companies Secretary

Head office
6 Hollard Street, Johannesburg 2001
(P O Box 61820 Marshalltown, Transvaal 2107)

London Office
Princes House, 95 Gresham Street
London EC2V 7EN

Transfer Secretaries

South Africa
Consolidated Share Registrars Limited
62 Marshall Street, Johannesburg 2001
(P O Box 61051, Marshalltown, Transvaal, 2107)

United Kingdom
Charter Consolidated Limited
P O Box 102, Charter House
Park Street, Ashford
Kent, TN24 8EQ, England

2 November 1976

Corruption probe at gold mine

Allegations of corruption at Western Deep Levels gold mine, near Carletonville, are being investigated by Johannesburg Commercial Branch police

Brigadier P A van Zyl, head of the branch, would disclose no further details when confirming the investigation today.

A spokesman for the Anglo American Corporation confirmed a senior official at the mine had been dismissed

But he would not disclose whether the official's dismissal was connected with the corruption allegations.

Carletonville police would not comment on the investigation.

It is believed the investigation involves a considerable sum of money

Police would not say how far the investigation had progressed.

① 210
② ~~236~~

Barlow Rand

*FIX MAIL
19/11/76*

The Barlow Rand preliminary results showing an 11% growth in earnings to 72c have on the whole been favourably received. Management has demonstrated that, despite tough trading conditions, it has been able to increase both profits and margins across its widely diversified interests

By deconsolidating the 59% subsidiary, TC Land, a clearer view of the trading operations can be obtained. Here, an 18% increase at the pre-tax level on a 13% turnover rise translates into 0,5% increase in margins to 11,5%. Though this might look small, it is significant in a group with a turnover of R1 000m.

No doubt the concentration on asset and cash management has made an important contribution to keeping costs in check and I expect the balance sheet, due in early December, to show Barlow to be in good financial shape.

However, the rate of growth of non-mining profits appears to have slowed somewhat in the second half, despite a strong export performance by Middelburg Steel and three boom months of television sales. Steel distribution (Robor) and building materials (Federated Timbers) must have felt the pinch in the second half.

At the group pre-tax level, a strong



Barlow's Barlow . . . counting on coal this year

performance by TC Land helped push profits up 26% to R141m. The group is fortunate in these times to have a major area of investment from which it can expect extremely rapid growth. In the past year, TC Land contributed approximately 11% of the net attributable profits and in the current year this could increase to 18%.

Although TC Land posted a 34% increase in earnings over the past year, the big push should come through in the current year as its 70% subsidiary Witbank Colls will reap the benefits of the coal price rise for a full year. Witbank should generate profit in the region of R30m in the current year compared to R13,6m in the year ended September 30.

Flood of insurance claims follows tremor

Cape Times
10/12/76

WELKOM — Claims totalling millions of rands have been streaming into insurance firms at this Free State mining town which was rocked by an earth tremor on Wednesday

The tremor flattened a six-storey apartment block and caused considerable damage to other flat buildings and office and business premises

Because of the building trade holidays, which begin today and last a month, those affected by the tremor will have to wait till then before their premises can be repaired. Only emergency work such as the safeguarding of walls and replacing broken window-panes will be done

A spokesman for one of Welkom's largest insurance companies, Mr J Wium, said insurers would first have to establish from the seismological division of the Department of Mines whether the tremor had been due to mining activities or natural causes, before any claims could be considered

If the tremor was caused by mining activities no claims would be met

Meanwhile in Johannesburg Dr Piet Pienaar, consulting geologist for Anglo American Corporation, gold and uranium division, said yesterday that the tremor was almost certainly the result of geological phenomena and was not caused by mining activities — Sapa

ADM H 12/76
Anglo sets

**up own
 probe on
 Welkom**

THE Anglo American Corporation has asked the Bernard Price Institute to carry out an independent investigation into the tremor which rocked Welkom on Wednesday.

A corporation spokesman announced in Johannesburg yesterday that an institute team would travel to Welkom this weekend to begin its study. The institute is a geophysical research unit attached to the University of the Witwatersrand.

Meanwhile Anglo American rock mechanics experts were continuing their own investigations which began immediately after the first tremor was felt, reports Sapa.

Mr Dennis Etheredge, head of Anglo American's gold division, said the investigation hoped to establish beyond doubt whether mining activities or natural causes were responsible.

This could settle possible disputes between mining houses and insurance companies over liability for claims totalling millions of rands, writes a Rand Daily Mail reporter.

In Welkom a relief fund for people who suffered loss or damage to property in the tremor was announced by the Mayor, Mr W. J. Bester, who also announced that the Department of Social Welfare and Pensions has offered aid to Welkom from a previous disaster fund for the Eastern Free State, reports Sapa.

The tremor, which tumbled a six-storey block of flats and seriously damaged other buildings and homes caused damage provisionally estimated at about R12-million.

As workers continued mopping-up operations yesterday, reports were received of new cracks in walls and floors of some buildings. Existing cracks which appeared after the tremor were reported yesterday to be larger.

Glaziers were still working day and night to restore damaged windows.

According to Mr R. Richards, of the Master Builders' Association, builders will be given special permission to effect essential repairs during the holidays.

But work on buildings where people were not in danger would have to stand over, he said.

The Administrator of the Free State, Mr A. C. van Wyk, arrived in Welkom yesterday to visit the disaster area.

A Rand Daily Mail reporter writes that Welkom was returning to normal yesterday although two light tremors in the early hours of the morning grimly reminded people of Wednesday's disaster.

To many — used to numerous earth shocks caused by mining activities — the tremors a few hours apart went by unnoticed.

Several cases of looting have meanwhile been reported to police who were yesterday still keeping a close watch on the town.

Many people, who evacuated businesses, homes and flats after the tremor, moved back yesterday.

All blocks of flats have been inspected by municipal engineers and officials. Apart from one building, all were found safe.

Mr D. J. Maritz, deputy chief of civil defence, said all people who were left homeless have been given accommodation.

He asked people who stayed in the block of flats, Tempest Hof, which collapsed to contact the town council. Most of the building's tenants have not yet come forward.

Mr Maritz praised the public's reaction to the tremor. Donations, tinned food, blankets and clothing have been streaming into the municipal offices.

Attempts were being made yesterday by people who lived in Tempest Hof to ensure that the building is demolished section by section so that some of their property and possessions can be retrieved.

Explosives ^{DD}
near mine ^{16/12/70}

JOHANNESBURG —
Police have found a large
quantity of dynamite and
fuses hidden near a
mineshaft here

A police spokesman said
40 sticks of dynamite, 20
delayed action fuses and
two other detonators had
been found near a Crown
Mines shaft. Two
mineworkers have been
detained — SAPA



FIM MAIL

31/12/76

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Chairmen's statements for Anglo American Corporation Group's O.F.S. gold mining companies

The following are extracts from the annual statements by the chairman, Mr D A Etheredge and Mr D B Hoffe for the year ended 30th September 1976

There is some evidence that inflation in South Africa, which continues at unacceptably high levels, is being brought slowly under control. The Orange Free State gold mines of the Anglo American Corporation Group recorded an increase in costs per ton milled of about 18 per cent this year, compared with 22 per cent in 1975 and 32 per cent in 1974. At President Brand the rate of increase has been held to 16 per cent.

Whilst the decline in the inflationary trend is encouraging, account also must be taken of the lower gold prices prevailing during the financial year and the reduction in profit margins that has resulted. Consequently, all capital projects have been re-examined critically and those that are not vital to production maintenance have been deferred. In addition, still greater emphasis is being given to efforts to contain operating cost increases.

GOLD PRICE

During the period under review an almost uninterrupted downward trend developed in the price of gold. It fell from \$145, the level prevailing in October 1975, to \$103 in August this year before recovering sharply to fluctuate around current levels.

The interaction of a number of market factors explains this price pattern. This year the supply of new gold to world markets by the Republic, other Western world producers and the USSR is expected to exceed the 1975 figure. In addition to these traditional sources of bullion, the International Monetary Fund will have auctioned slightly more than 120 tons of gold over the last six months of 1976, and the first tranche of the 25 million ounces of restitution gold will be made available to members in the near future. At least a portion of this first tranche of 6.4 million ounces might find its way onto world markets.

Through broadly the same time span of the last 15 months there has been an ebb in inflationary pressures in almost all the major industrial nations. This has led to the return to favour of bond and stock markets while gold's competitive appeal as a non-yielding hedge asset was diminished. As this situation developed, the investment demand for gold, a characteristic of the markets in 1973 and 1974, particularly in Western Europe, not only dried up but became an additional source of supply as investors shortened or liquidated their positions in physical bullion. Over this period too, the significant recovery of the US dollar has had a restraining influence on the price of gold.

On the other hand, with the decline in the price of gold has come a welcome resurgence of industrial demand in the more developed countries and renewed offtake in the Middle and Far East. The demand pattern this year is reminiscent of that of the early seventies.

It is estimated that manufacturing and industrial offtake this year will total over 1 000 tons, excluding coin, against Western world production of some 940 tons. The European jewellery industry, according to preliminary forecasts by International Gold Corporation, could absorb over 65 per cent more gold than it did in 1975. In the United States, carat jewellery manufacturers may use as much as 80 tons of gold this year — an increase of some 25 per cent.

Demand in the Middle and Far East, which virtually disappeared as the gold price climbed through 1973 and 1974, has returned. It seems likely that over 550 tons of gold will pass through the markets in these two broad geographical areas this year.

Despite the general decline of investment demand from the high levels of 1973 and 1974, the Krugerrand will retain its international position as the largest selling bullion coin. It appears likely that the quantity of

gold used in minting coins world-wide this year is expected to be lower than the 221 tons absorbed in 1975 and it is estimated that some 100 tons of SA gold production will be used to strike Krugerrand. In September, International Gold Corporation launched a substantial Krugerrand promotion campaign in the United States. It is too early to assess the overall impact of this campaign, but preliminary reports are encouraging.

Because of the satisfactory level of industrial and hoarding demand this year, the market so far has managed to absorb Western world production, Russian and IMF sales as well as disinvestment gold. Provided no major additional supply of gold emerges, we see little reason for the gold price again to decline to the \$100 level as occurred towards the end of August.

It must be recognised, however, that the role of the international monetary authorities is crucial to the price pattern we can expect in the period ahead. Central bank intervention in the first four IMF auctions was relatively insignificant. The general erosion of confidence that resulted gave further impetus to the downward drift in prices. This lack of confidence was restored partly by the announcement made by the nine member countries of the EEC early in September, that a change in the technique of the IMF gold sales was to be sought. This was an important manifestation of the vested political and economic interest in limiting the weakness in the gold price. Adoption of the revised IMF articles, which should take place around mid-1977, might lead also to a more active involvement by monetary authorities.

We are confident that the downward trend in the gold price has been reversed, although current production and official sales would seem capable of limiting runaway upward movement for the time being. However, in today's world we cannot disregard the possibility of a revival of inflation or a major political or economic crisis. Should any of these occur it could give rise, once again, to real and sustained investment demand and prices significantly above those currently prevailing.

LABOUR

Events in the past year have caused an increasing degree of political instability in the sub-continent. In Mozambique and Angola independence from the metropolitan power has been consolidated under leftist regimes. In Rhodesia and South West Africa consultations are taking place which may lead, eventually, to majority-based governments. It cannot be considered surprising that these radical changes in neighbouring states should have contributed to the rising expectations of many black South Africans. These were given voice and expression by prolonged outbreaks of violence in black townships, principally in the urban areas of the Witwatersrand and the Cape peninsula. Tragically, considerable loss of life and individual suffering accompanied these disorders. We must consider it fortunate that this unrest, which continues sporadically, did not extend to the mining communities, indeed, it may be significant that the mining industry has experienced one of its more peaceful periods in recent years. It would be irresponsible, however, to adopt a complacent attitude in the face of such disturbed conditions in the sub-continent and in the Republic itself. We are acutely conscious of the grave deficiencies of the migratory labour system which is a feature of black employment in South African industry, notably the mines, and which has been the object of attack for many years and for good reasons. However, even if it were possible to phase out migratory labour and create a permanent labour force this would not be within the current financial capacity of the industry as a whole to contemplate, other than over many years. An obvious area for more immediate action is in the provision of married accommodation for senior employees who occupy key positions. Discussions with

Government whose attitude has become more pragmatic, are at an advanced stage. However, the cost of a comprehensive house-building programme of the magnitude required will be very great. The present capital investment necessary to provide a single man with hostel accommodation is R2 000. By comparison a married housing unit will cost up to R8 000 depending upon service requirements. Of necessity, progress will be slow so as to avoid over-extending the company's cash resources.

During the year the system of briefing groups for downward communications, to which we attach much importance, was introduced on all the Orange Free State mines of the Group and satisfactory results have been achieved. However we have been cognisant of the real need that exists also to provide employees with an efficient, upward communications channel. To this end and with the participation of black employees, Consultative Committees have been introduced through which elected representatives may bring the views of employees to the attention of management. Initially, these committees were used mainly as forums for the expression of grievances but lately many positive proposals have been brought forward which have resulted in beneficial changes in work practices. We are sure that as these committees become established and accepted so they will play an increasingly significant role in the better management of our mines.

This year, with the concurrence of the various employee organisations which subscribed to the Anti-inflation Manifesto, wage increases for whites were limited to 9,5 per cent. This was less than the increase in the cost of living and its acceptance by the employees concerned should not pass without commendation. Further wage and related fringe benefit increases were awarded to black employees in June. These involved higher basic wages, improved leave privileges and inducements to employees to return to the same mines. The package represents an overall increase of the order of 19 per cent. At 250 cents a shift, the minimum underground novice rate is now 90 cents a shift higher than was the case in December 1974 — an increase of 56 per cent in 18 months. The gold mining industry's black wage bill, excluding fringe benefits and associated services is presently about R420 million a year.

We reported last year that the industry had reached agreement with the Mine Workers Union to introduce a five-day working week contingent upon the satisfactory conclusion of talks with other employee organisations. In the event, the engineering unions withdrew from the negotiations and the Mine Workers Union was advised that the status quo would prevail. The Union reacted by declaring a dispute, though a Conciliation Board was appointed it was not possible to reach agreement. Strike action was then threatened and after further negotiations the Chamber of Mines agreed to introduce an 11-shift fortnight from 1st April 1977, this will go some way towards meeting the Union's position. Meanwhile, the Government rightly viewed these developments with concern and the Minister of Mines, The Hon S P Botha, subsequently appointed a Commission of Inquiry to investigate and report on the implications and the effect of the proposed 11-shift fortnight and the five-day week on the industry and the economy. In these circumstances it would be inappropriate for us to comment on the issues involved, particularly the potential losses in production, these are matters as grave as any faced by the industry in the past.

During the year under review, contracting companies involved in the construction of various important projects encountered difficulties in recruiting skilled labour in the job categories filled by whites. The mining companies themselves were, generally, only slightly below strength but their situation was aggravated by the increased demands of military training and service and in the circumstances in which South Africa finds itself we must expect this to continue. The mining industry, more so than any other, is chained by the restrictive practices of job reservation and the closed shop agreements of the past with white labour unions. Their effect is to preclude black South Africans from developing and utilising greater skills and the policy perpetuates the frustrations of black people. It will restrict the growth of the economy and it will erode even further international investor confidence. It becomes increasingly apparent that a profound change of heart and attitude on the part of white South Africans is essential.

The gold mining industry continues to expend considerable effort and large capital budgets on the application of new technologies to its underground operations. Change and adaption have become urgent requirements as our mines increase in depth and as heat and pressure

problems intensify. Mechanisation is essential if the adverse environmental conditions associated with depth are to be overcome. Until they are, it will become progressively more difficult to attract and hold the high quality black and white manpower on which the industry will come increasingly to rely.

RESEARCH AND DEVELOPMENT

Research efforts aimed at improving labour productivity and concentrating mining operations continue. Raise boring has expanded and is integrated fully with shaft sinking. Ultimately this allows earlier access to ore reserves and therefore, improves cash flows and profitability. Test results on boxhole boring, a technique which will reduce the overall development work and time needed to gain access to stoping faces, are most encouraging. Another important experiment, filling mined-out stopes with waste to replace costly timber supports, confirms that it is feasible technically. Among the benefits will be improved climatic and ground conditions at the working faces and the elimination of the fire hazard, a matter of grave concern to the industry.

Feasibility and pilot studies continue on other projects. Trials are being conducted at Vaal Reefs, a mine within the Group, on a mechanised stoping system evolved by the Chamber of Mines research team. Though it requires further development and assessment, its successful application could have far-reaching benefits. We believe it has the capacity to increase dramatically the present rate of stope face advance and to improve stope labour productivity. Also, labour will be conserved by the resultant increase in the concentration of mining operations.

JOINT METALLURGICAL COMPLEX

A project of particular importance concerns the construction of a major metallurgical plant complex for the production of uranium, sulphuric acid and additional gold from the current arisings and reclaimed slimes of the Group's Orange Free State gold mines. Demand for uranium continues to be encouraging and its potential contribution to the success of the scheme assumes increasing importance. There are now more than forty countries around the world committed to using nuclear energy and the uranium to be produced in the Orange Free State will not only help meet this projected growth in world demand but should become also a significant foreign exchange and profits earner. The project is being developed as a joint venture in which each company shares equitably in the benefits that will arise. Various elements of the complex have been sited on different mines to take advantage either of existing facilities, geographical convenience or high grades of uranium or sulphur. A cardinal principle is that the highest grades of slimes, preferably in the form of current arisings, will be treated first. It is expected that the dividend flow of the participating mines from normal operations will be undisturbed by this project as after tax capital expenditure is being financed by way of an interest-free consumer loan. The allocation of this loan between participants is based on various factors, principally their assessed uranium production potential. In some cases, portions of the loan have accrued to companies which do not have extensive capital expenditure commitments to the joint venture, consequently, arrangements have been entered into to allow surplus funds to be made available, at commercial rates of interest, to those mines providing plants. They, in turn, will levy service charges on material processed through their plants at appropriate rates. The method of refunding the consumer loan by the joint venture is geared to the supply of uranium over a four and a half-year period.

The annual reports and chairmen's statements may be obtained from Consolidated Share Registrars Limited 62 Marshall Street Johannesburg 2001

ANNUAL GENERAL MEETINGS

The annual general meetings of members followed by general meetings, will be held at 44 Main Street Johannesburg on Thursday 27th January 1977 at the following times

Free State Geduld Mines Limited 09h10 Western Holdings Limited 09h45
Welkom Gold Mining Company Limited 10h20 Free State Saarplaas Gold Mining
Company Limited 11h05
President Brand Gold Mining Company Limited 11h40 President Steyn Gold Mining
Company Limited 12h15

Mines probe report ready, says commission chairman

Tribune Reporter *5/11 6/27/77*

THE INTERIM REPORT of the commission of inquiry into the possible introduction of a five-day working week in the mining industry of South Africa was completed yesterday, said the chairman of the commission, Prof Dig Franzsen.

He said the report was completed within the six-month period laid down in the commission's terms of reference. It must still be translated and will be submitted to the Minister of Mines in three weeks.

Fin. Mail
14/1/77

Watching the bullion price

Gold went briefly under \$130 on Tuesday, causing hearts to skip and numerous JSE golds to tumble, before recovering to just above the "psychological barrier" on Wednesday and dragging a good number of Tuesday's casualties back up again. Gold and golds were running parallel again, the brokers, suitably bronzed, were back from the beaches, and life had returned to normal.

Normality, these days meaning, of course, a very thin market badly overhung by political paranoia and very uncertain about which way to go.

The RDM golds index dropped from 169,2 to 164,5 (2,7%) from Monday to Tuesday before gathering itself and moving back to 166,1 on Wednesday. Chief victims of the fall were the marginals, Village dropping from 24c to 20c, Venters from 220c to 160c, Grootvlei from 128c to 105c and Marievale from 117c to 95c from Tuesday to Tuesday. On Wednesday, Grootvlei recovered to 112c, Marievale to 110c and Venterspost to 170c. Village, Welkom and Simmers stayed down.

Industrials continued their quiet advance of the past four weeks, only more hesitantly this time, the RDM 100 improving minutely from 186,0 to 186,3. The most interesting event of the week in industrials was a non-event — motors did not fall in the wake of the swingeing 4c petrol price increase.

The RDM motors index actually improved on the week, moving from 91,5 to 94,9, which seems to indicate that the fuel price increase, as big as it was, had been anticipated and discounted. Curries

	Current	Week ago	Month ago	Year ago
RDM 100	186,6	184,9	178,7	213,6
% change on		0,9	4,4	12,7
P E ratio	3,0	3,0	2,8	4,4
Div yield	12,2	12,4	12,5	8,6
UK FT Ind	358,6	360,6	333,7	384,6
% change on		0,6	7,5	6,8
P E ratio	7,5	7,6	7,1	9,6
Div yield	6,2	6,2	6,5	5,5
US Dow Jones	976,7	987,9	974,2	890,8
% change on		-1,1	0,3	9,6
P E ratio*	11,3	11,4	11,3	12,9
Div yield*	3,7	3,7	3,7	3,6
Gold price (in US \$ on London)	129,1	135,8	135,2	139,3
% change on		-4,9	-4,5	7,3
Chicago Gold Futures	130,1	135,8	135,5	139,5
% change on		-4,2	-4,0	-6,7
Krugerrand † (Rand)				
Public selling price	129,6	135,9	135,7	130,5
% change on		-4,6	-4,5	0,7
Johannesburg dealer's average selling price	155,9	157,0	154,0	145,6
% change on		0,7	1,2	7,1

* Standard & Poor index
† Public buying price is 10% below subject to negotiation

moved up from 205c to 230c, while Bus Bodies retreated from 150c to 134c. The market still does not think much of prospects for motors, though, for the sector's average dividend yield is 12,8%.

Again, there was a shortage of good industrial scrip but again none of the many institutions on the look-out for it was prepared to chase prices, so few deals were clinched. The thinness of the market and the tightness with which industrials were held was indicated by quite significant price changes even on small transactions.

Steelmets, for instance, moved 25c (14%) to 200c on a deal involving less than 1 000 shares, South West African Fisheries improved 20c (9%) to 250c on a 1 000 share deal while C J Fuchs hardened 10c (8%) to 130c when 4 000 shares changed hands.

Coals had a good week, the RDM index improving from xx to xx from Wednesday to Wednesday. Chief gainer was Apex, which advanced from 1 600c to 1 725c. Tavistock put on 100c to 2 350c. Trans Natal was heaviest coal counter traded with 121 000 changing hands, but the price remained steady at 210c.

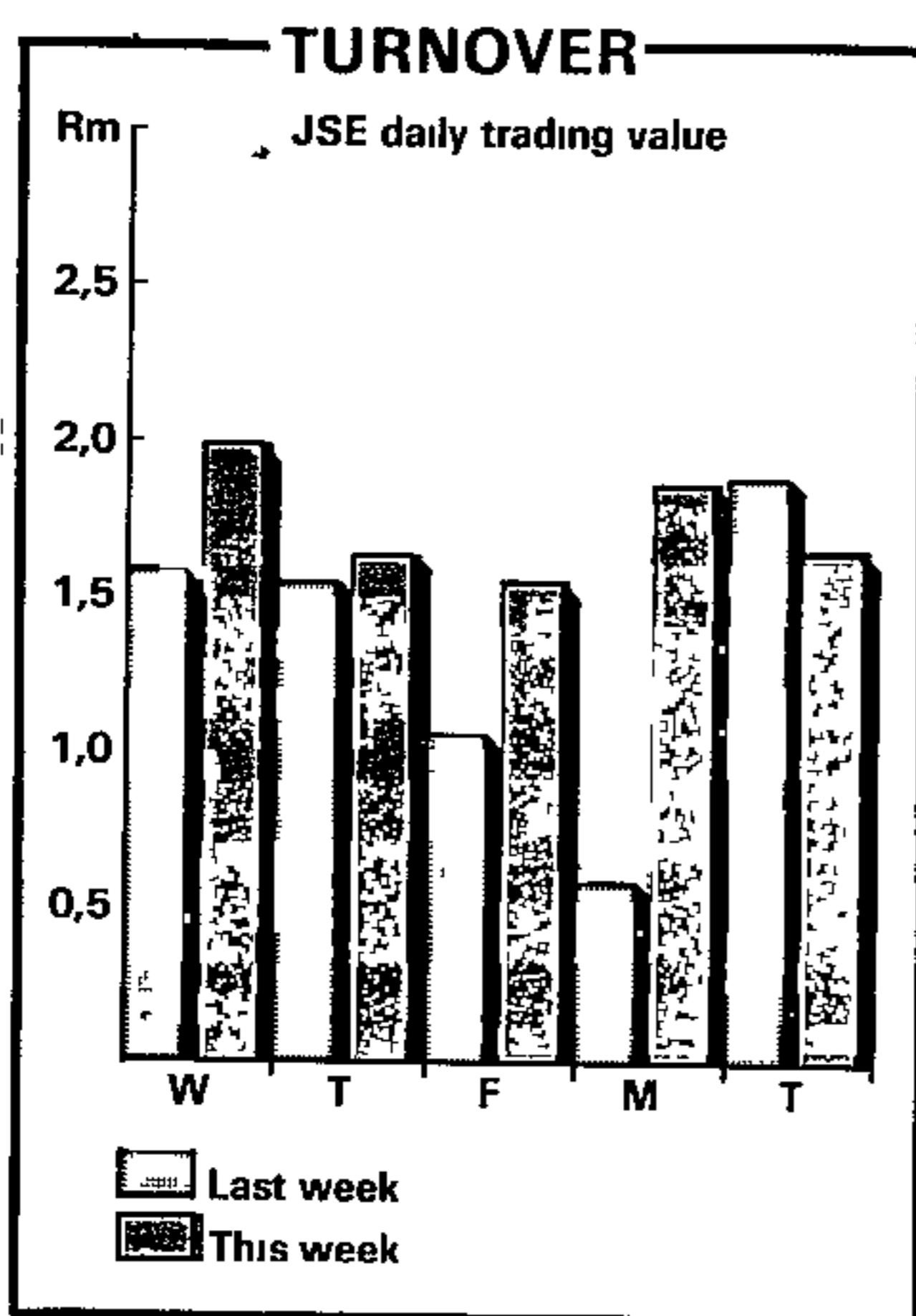
Natal Ammonium was suspended at 820c following a bid approach from Kangra, one of Graham Beck's private companies. Taking Nat Ammo's two years life at its existing mine, plus its cash and Amcoal stake and dumps, any successful offer will have to be at least 1 000c per share and gain the approval of Trans Natal, with 38% of Nat Ammo. It looks as if Nat Ammo's Boschkrans anthracite deposit will not now be

developed as Beck has other anthracite reserves of his own which will be exploited in conjunction with Nat Ammo.

Diamonds hardly moved. Coppers improved, Minorco, for example, hardening from 275c to 320c (16,4%). Tins were being pushed hard by at least one influential broking firm and all three counters moved up — Rooiberg from 700c to 720c, Union Tin from 48c to 58c and Zaaiplaats from 295c to 320c.

There was some activity in property, with Gold Fields Properties improving 15% from 78c to 90c and Herbert Porter strengthening from 50c to 57c (14%).

David Carte



	Share Price	Change cents	% Change on week
LEADERS			
E Dagga	31	7	29
T&I	105	15	17
GF Prop	93	18	19
Minorco	320	45	16
Herbert Porter	57	7	14
SteelMetals	200	25	14
Vereeniging Ref	250	30	14
SWA Fisheries	250	20	9
C J Fuchs	130	10	8
Apex	1 725	125	8
LAGGARDS			
Simmers	25	13	34
Venters	170	50	23
Welkom	250	55	18
Village	20	4	17
Hofman	45	7	13
Grootvlei	112	16	12

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Rand Mines

RAM 17/11/77

spend R16m

on hostels

TWO of the most modern hostel complexes on South African gold mines will soon open their doors to about 6 000 Black workers according to a statement by the Rand Mines group.

Developed at a cost of R16-million, the hostels form part of a Rand Mines programme to provide better accommodation facilities for Black workers.

The bigger of the two hostel complexes is being built at the group's Harmony Gold Mine in the Free State at a cost of more than R10 million —
Sapa

Anglo merger speculation Share deal suspended

18/11/27 JFC
Harold Fridjhon

Trading in the shares of the R1 200m Anglo American Corporation and its associated company, the R700m Rand Selection Corporation, was suspended on world stock exchanges this morning.

The companies gave no reason for this surprise move — merely promising a statement as soon as possible — but market speculation is that the two giant mining and financial companies are to be merged in what would be the biggest deal in South Africa's financial history.

Both in Johannesburg and in London, brokers are of the opinion that the terms of the merger will be two Anglo American shares for one Rand Selection.

Although the companies' officials are tight-lipped today, according to John Cavill in London, Rand Selections have risen in price, from 400p to 450p during the past few days on "knowledgeable buying" coming from "Cape sources."

London uses the phrase "Cape sources" to describe South African buying. At the time of the suspension Anglo Americans were priced at 410c and

transacts at 785c in Johannesburg

Best value

Conjecture that the deal would be on a two-for-one basis seems very feasible. Apart from the close pattern of the share prices the net asset value of Anglos is 875c compared with 1439c for Rand Selection.

The London stock brokers, James Capel & Company, commented to John Cavill this morning "The deal would make sense, with Randsel on such a big discount to asset value."

"It would beef up Anglo's earnings considerably if the cross-holdings were cancelled out."

"Anglo holds 17 percent of Randsel which in turn holds nine percent of Anglo."

Apart from the obvious mechanical advantages one large giant company has considerably more muscle than two separate companies.

One of the results of the deal is that the Anglo American Investment Trust which is the group's company in which De Beers' shares are held would become a subsidiary as the joint holding would amount to 52 percent.

Merger effect

The merger would not affect the status of other major financial companies in the group.

In London news of the suspension had a quick impact on Charter Consolidated which is tipped as a candidate for rationalisation in the Anglo empire.

The share rose 5p to 137p.

In Johannesburg the Charter price gained 3c to 330c on a buyer's price.

S' Roodepoort trims loss on ^{Cap Times} production cut 18/1/77

Own Correspondent

JOHANNESBURG. — South Roodepoort's production cut to 16 000 tonnes a month from 28 000 tonnes has helped to trim the loss for the December quarter to R188 000 compared with R303 000 on the three months to September

The quarterly report has been issued in advance as shareholders will be asked to consider the offer of R1 a share by Randfontein Estates on January 24

The directors say in the quarterly report that output was cut to reduce the negative cash flow that has been in evidence and to keep the bank overdraft as low as possible. At year end, the overdraft was R560 000 compared with earlier expectations of R1m.

In the past quarter, the improved results were

achieved by increasing the grade to 5,45 g/t from 4,87 g/t, aided by the higher average gold price received. This more than offset a 8,16 percent rise in costs from R22,54 a tonne to R24,38 a tonne.

The cut in production resulted in the working loss declining to R373 000 against R 610 000, which supplemented by State aid of R216 000 (R319 000) and sundry revenue of R31 000 (R12 000) left a loss of R188 000.

In support of the Randfontein offer, the directors say that if operations were to be continued, labour complements would have to be increased and development started in the upper levels of the Gauff shaft zone to provide the stoping connections.

(210)
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Cape Times 19/11/77
**Long-term sales
pact for uranium**

JOHANNESBURG. — The financing of a large part of the expansion programme — which has already started — will be through interest-free loans totalling 103,8 million United States dollars (R90m), which will be made available in three equal instalments

The buyers are also to provide R90 million of the estimated R145m needed for the two-year expansion programme to increase the company's mining and treatment facilities for gold and uranium to a level of 250 000 tons milled per month.

An announcement said Nufcor (the Nuclear Fuels Corporation of SA), acting as Randfontein's agent, had formally entered into the agreements.

Apart from the guaranteed base price, Randfontein will get a market-related price if world market prices during the contract period exceed the escalated base price

The first has already been received, and the others will be drawn down on or before July 1 this year and July 1 next year.

The loan is repayable over an extended period.

In terms of the requirements of the SA Atomic Energy Board, the company is not permitted to disclose the identity of the purchasers or certain other details of the sales agreements, as being against the interests of the uranium industry. — Sapa

19/1/57
Merger
News
news
today

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Colin Campbell

Anglo American and Rand Selection have almost finished discussing a planned merger. An official statement is expected late this afternoon.

Shares of the two companies were suspended from international stock exchanges suddenly yesterday.

No reasons were given, but it was common currency that Anglo planned a merger with its sister company.

Anglo American shares have not previously been suspended, highlighting the significance of the talks.

The stock market was obviously alive to the merger suggestions, and Randsel's share price marched up on Monday.

Analysts are suggesting the merger terms will be two shares in Anglo for one share in Rand Selection. Anglo was quoted at 410c and Randsel at 785c at the time of suspension.

Cape Times 19/11/77

West Plat sales soar but so do costs

Own Correspondent

JOHANNESBURG. — A 17,6 percent rise in sales of platinum group metals in the quarter ended December resulted in the working profit at Western Platinum increasing to R599 000 compared with R569 000 in the September period.

This improved sales performance was, however, partly offset by a 20 percent rise in the cost of sales to R4 995 000 from R4 184 000. Sales totalled R5 594 000 compared with R4 753 000.

During the quarter, the tonnage milled fell to 289 000 tonnes from 336 000 tonnes with the result that nickel and copper production were lower.

The estimate of recoverable platinum from matte was lower at 560 kg compared with 667 kg while palladium fell to 240 kg from 286 kg. Precious metal production was 133 kg (158 kg), copper production 220 tonnes (256 tonnes) and nickel 356 tonnes (432 tonnes).

The other Lonrho Coronation Syndicate also experienced a tough quarter. Gold Production at Arturus, Mashona Kop, Mazoe, Muriel and Inyati mines fell to 531 kg compared with 602 kg previously.

At Arturus tonnage milled fell to 23 000 tonnes (25 000 tonnes) which together with the rise in costs resulted in profits falling to R116 000 from R154 000.

Mashona Kop was able to cut costs substantially by R3,79 a tonne and this helped boost profits to R34 000 from R1 000 on the increased tonnage milled.

Mazoe maintained production and costs at near last quarter levels and the higher gold price pushed profits to R103 000 from R19 000.

Gold production at Muriel was lower at 149 kg compared with 173 kg and profits accordingly fell to R230 000 from R344 000.

Copper producer Inyati was the main problem in the group. Production was barely changed at 1 111 tonnes (1 124 tonnes) but in spite of a cut in operating costs, a loss of R224 000 was suffered compared with a profit of R32 000 in September.

Operating profits accordingly plunged 66 percent to R151 000 from R447 000 which, after other

TODAY'S GOLD MINING QUARTERLIES

income and interest paid, left taxed profits at R128 000 against R393 000.

The chairman of Inyati, Mr Syd Newman, has already warned that unless the copper price rose to around £1 000 a tonne, the mine would have a short remaining life.

Profits for the holding company, Coronation Syndicate, were marginally higher at R43 000 against R40 000.

Duker's quarterly report, which will incorporate results from Tweefontein and Witbank Consolidated is expected to be released in a few days.

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FINANCE

ARGUS 20/1/77

Soaring uranium price is forecast

LONDON. — The price of uranium could reach about 77 dollars a pound (in 1977 dollars) by 1985 and will probably be no lower than 54 dollars, says the Rocky Mountain Energy Company of Denver, Colorado.

This view is expressed in a paper prepared for a uranium conference in London. The current price is about 40 dollars a pound.

The company says planning for expansion of nuclear power continues determinedly, in spite of numerous difficulties.

Even with a continued slippage in projections of nuclear capacity by 1985, United States yellowcake (uranium oxide) requirements over the next 10 years will be significant.

THREE TIMES

By 1985 operational nuclear capacity will require an annual production of 39 000 tons — about three times the present production.

The cumulative demand for 1975—85 is estimated at about 200 000 tons and nearly 1-million tons will be needed for the reactor life of nuclear generating capacity in operation by 1985.

The company adds

'This kind of growth in nuclear reactor capacity puts near-term pressures on the uranium industry to expand mining and milling capacity and long-term pressure to find more uranium and increase the reserve base.'

— Reuter.

Footnote: Randfontein, a uranium-gold mining company, announced this week that it would spend R145-million in expanding its uranium production. This follows an announcement three weeks ago by Vaal Reefs, also a uranium-gold mining company, that it was spending R60-million on doubling its uranium treatment capacity.

R10-m EARNED

FOR WR CONS

ARG 45 20/1/77

SALES of uranium earned almost R10-million for West Rand Consolidated in the December quarter against R1,2-million previously.

Output was stepped up in the uranium section, lowering gold tonnage milled by 18 000 tons. The higher gold price, however, gave working revenue of R4,2-million, a rise of R267 000.

The mine had a taxed profit of R2,9-million (R791 000 loss) in spite of refunding R3,1-million State aid.

Uranium also earned Buffelsfontein R2,7-million and taxed profit rose to R5,2-million (R4,1-million). St. Iustfontein's earnings of R1,6-million were up R322 000.

● Net profit from Union Corporation's seven gold mines fell almost 8 percent to R15,1-million (R16,4-million) in the December quarter. All mines were hit by labour shortages.

Working revenue was about 2 percent higher at R61,8-million although production fell 4 percent to 18 507 kg.

Earnings include St Helena R8-million (R8,9-million), Kinross R1,8-

million (R2,5-million), Bracken R1-million (R1,2-million), Winkelhaak R2,9-million (R2,7-million), Marievale R444 000 (R165-000), Grootvlei R604 000 (R236 000), Leslie R178-000 (R501 000)

Tom Hood



A good thing —

Mr O

Cape Times 20/1/77

JOHANNESBURG. — Anglo American chairman, Mr Oppenheimer, said it was only right that Rand Selection undertook a rights issue to put it "in a thoroughly sound cash position" before the proposed amalgamation with Anglo.

He told a press conference that Rand Selection had R50 million short-term borrowings from Anglo as well as the R30 million cumulative redeemable preference shares.

The merger would not change the basic nature of the two companies and in the longer term it would be a good thing if the insurance interests of Rand Selection were under the control of the parent company.

Nothing had been finalized but at this early stage it was expected the ratio would be 200 Anglos for 100 Rand Selection shares "unless something extraordinary happens before the release of the formal offer". — *Reuters*

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Oppenheimer outlines huge Anglo deal ^{2/11/77} Rjm

By DON ROBERTSON
Mining Editor
MR HARRY Oppenheimer,
chairman of Anglo American
yesterday gave an
outline of its planned
acquisition of Rand Selec-
tion for an estimated R420-
million.

The deal—if sharehold-
ers agree—will be the big-
gest in the 90-year history
of the Johannesburg Stock
Exchange, exceeding by
far the takeover of Union

Corporation by General
Mining two years ago

The combined assets of
the amalgamated group
will exceed R1 500-million
and will further strength-
en Anglo's image

Mr Oppenheimer told a
Press conference the deal
was proposed not merely
to increase Anglo's size,
but to make it more com-
petitive

© See Page 12

F. M. 21/1/77

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Natal Ammonium Collieries (1946) Limited

(Incorporated in the Republic of South Africa)

Shareholders are advised that an offer was made by Kangra Holdings (Pty) Limited, acting for itself and Belgium Bunkering and Stevedoring Company SA (a foreign company) on 12 January, 1977 to the undermentioned shareholders in Natal Ammonium Collieries

	<i>Number of Natal Ammonium shares held</i>
Trans-Natal Coal Corporation Limited	284 220 shares
General Mining and Finance Corp Limited	65 900 shares
Sentrust Limited & subsidiaries	60 400 shares
Total shareholding	410 520 shares

This total shareholding of 410 520 shares is equivalent to 55,86 per cent of the total issued capital of Natal Ammonium, i.e. 734 880 shares

The current situation at the company's Mount Ngwibi mine is that mining and dump recovery operations can be expected to continue for between 2 to 3 years with some tapering off of output during the latter part of the period. A replacement anthracite mine is urgently necessary, but at our only available anthracite deposit, Boschkrans, it is anticipated that a replacement mine would cost not less than R25 million and that product quality and thus selling prices would not be as high as at the present mine. Kangra Holdings (Pty) Limited on the other hand have a deposit which can be developed more economically and can make use of existing Natal Ammonium assets

In the circumstances the shareholders listed above have accepted the offer, (which as stated below will also be made to all other shareholders of Natal Ammonium) and will transfer their respective Natal Ammonium shares to Kangra Holdings (Pty) Limited and Belgium Bunkering and Stevedoring Company on 1 February 1977

The terms of the Kangra offer can be summarised as follows -

- Natal Ammonium will make the following special distributions to shareholders registered at close of business on 28 January 1977
- | | <i>cents
per share</i> |
|--|----------------------------|
| (a) A cash dividend of | 302 |
| (b) A distribution of shares in Anglo American Coal Corporation Limited (Amcoal) in the ratio of 36 Amcoal shares for every 100 Natal Ammonium shares held. At the Stock Exchange price of 760 cents per share ruling on 12 January 1977 this is equivalent to a value per Natal Ammonium share of | 273 |
| Value of special distributions | 575 |
| 2 Kangra/Belgium Bunkering will then offer to purchase the balance of the ex-distribution shares (324 360 shares) not held by the accepting shareholders listed above at | 500 |
| Total value per Natal Ammonium Share | 1 075 |
- The existing directors will submit their resignations as from the end of January, 1977, and the offer further requires the cancellation, with effect from the close of business on 31 January 1977 and without any compensation therefor, of all the administrative, technical, secretarial, buying, engineering and other similar agreements entered into by Natal Ammonium and each of its subsidiaries

4 Time is important in the transaction, and the directors of Natal Ammonium are required to today declare those special distributions. A formal dividend notice therefore accompanies this announcement. Documentation of the Kangra/Belgium Bunkering offer will be completed and posted to other Natal Ammonium shareholders as soon as possible. Natal Ammonium's listing on the Johannesburg Stock Exchange was suspended at the company's request on 12 January 1977. Application will be made for re-instatement on 14 January 1977. The documentation covering Kangra/Belgium Bunkering offer to purchase the balance of the ex-distribution shares not held by the accepting shareholders is subject to the approval of the Johannesburg Stock Exchange

GENERAL MINING AND FINANCE CORPORATION LIMITED
Managers and Secretaries

per J P R KLUE
Companies Secretary
6 Hollard Street
Johannesburg

13 January 1977

DECLARATION OF SPECIAL DIVIDENDS

NOTICE IS HEREBY GIVEN that the following dividends have been declared payable to shareholders registered in the books of the company at the close of business on 28 January 1977

- in specie of, 36 Anglo American Coal Corporation Limited ("Amcoal") shares for every 100 ordinary shares in Natal Ammonium
- cash, 302 cents per share

Transfer of the Amcoal shares and payment of the cash dividend will be effected on or before 15 February 1977

The distribution of Amcoal shares in respect of holdings or balances of holdings of less than 100 Natal Ammonium shares will be calculated proportionately in accordance with a pre-determined schedule

By order of the board

GENERAL MINING AND FINANCE CORPORATION LIMITED
Secretaries

per J P R KLUE
Companies Secretary

Head office

6 Hollard Street
Johannesburg, 2001
(P O Box 61820, Marshalltown, Transvaal 2107)

Transfer Secretaries

Turquands Barton Mayhew Ryder & Co.,
6th Floor
Carlton Centre
Commissioner Street
Johannesburg, 2001

13 January 1977.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1976



All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 13 062 920 shares of 50 cents each

Operating results

		Quarter ended		12 months
		31 Dec 1976	30 Sept 1976	to 31 Dec 1976
Stilfontein Ore milled	(t)	480 000	507 000	1 893 000
Gold produced —				
Stilfontein ore	(kg)	4 344,119	4 355,445	16 428,513
Yield—Stilfontein ore	(g/t)	9,05	8,59	8,68
Working revenue per ton milled	(R)	30,60	26,74	29,11
Working cost per ton milled	(R)	29,09	27,01	27,89
Income/(Loss) per ton milled	(R)	1,51	(0,27)	1,22

Financial (R'000)

Working revenue	(gold)	14 687	13 558	55 109
Working costs	(gold)	13 963	13 693	52 789
Income/(Loss)	(gold)	724	(135)	2 320
State aid		847	982	2 904
Income on sale of acid		23	20	76
Income at mine		1 594	867	5 300
Net additional revenue		165	838	1 245
Less interest		38	37	153

Income before taxation and State's share of income		1 721	1 668	6 392
Taxation and State's share of Income		64	333	479

Income after taxation and State's share of Income		1 657	1 335	5 913
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Capital expenditure		430	360	1 985
Trade investments		12	—	Cr 24
Dividends declared		1 437	—	2 874
cents per share		11	—	22
Loan repayments		109	—	217
Loan balance outstanding		1 215	1 324	1 215
Loan levies		3	15	22

Development

Advanced	(m)	4 672	4 977	19 663
Sampling results	Sampled (m)	1 203	1 086	4 392
Channel width	(cm)	15	18	17
Average value	(cm g/t)	1 370	1 272	1 282

Payable				
Metres	(m)	777	750	2 802
Percentage		64,6	69,1	63,8
Channel width	(cm)	14	16	15
Value	(g/t)	133,6	106,4	115,8
	(cm g/t)	1 924	1 670	1 783

Development Summary

for the three months ended 31 December 1976

Area	Payable metres	Per-centage payable	Channel width cm	Value g/t	cm g/t
Toni Shaft	—	—	—	—	—
Margaret Shaft	—	—	—	—	—
Scott Shaft	396	78,6	16	131,6	2 106
Ventersdorp Contact Reef	—	—	—	—	—
E S V Shaft	381	67,2	13	134,5	1 735
Totals	777	64,6	14	133,6	1 924

Ore Reserves at 31 December 1976

	West sub-Incline	Toni Shaft-area	Margaret Shaft area	Scott Shaft area	East sub-Vertical area	Total mine
Tons	209 000	7 000	313 000	1 631 000	1 027 000	3 187 000
Stope width cm	120	120	120	120	120	120
value						
g/t	16,43	18,48	11,65	13,18	14,20	13,58
cm g/t	1 972	2 218	1 398	1 582	1 704	1 630

Included in above ore reserves are 331 000 tons at a value of 12,03 g/t classified as unavailable for the year 1977

PRODUCTION

Gold production was maintained during the quarter despite the lower tonnage milled by improving the level of waste elimination

The higher price received for gold assisted in lifting the gold income by R859 000 for the quarter

WORKING COSTS

The increase in unit working costs is due in part to the lower mill throughput following the higher waste sorting rate

CAPITAL

The main capital expenditure was in respect of underground refrigeration and development headings into the Eastern zone of the mine

There are commitments for capital expenditure totalling R289 265

On behalf of the board

J C FRITZ
D G MALAN } Directors



BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 11 000 000 shares of R1 each

Operating results	Quarter ended		6 months
	31 Dec. 1976	30 Sept 1976	ended 31 Dec. 1976
Gold			
Ore milled (t)	776 000	780 000	1 556 000
Ore milled by Stilfontein (t)	38 000	35 000	73 000
Ore milled — Total (t)	814 000	815 000	1 629 000
Gold produced (kg)	7 143,795	6 919,657	1 406,3452
Gold produced by Stilfontein (kg)	344,205	319,416	663,621
Gold produced — Total (kg)	7 488,000	7 239,073	14 727,073
Yield (g/t)	9,21	8,87	9,04
Yield by Stilfontein (g/t)	9,06	9,13	9,09
Yield — Total (g/t)	9,20	8,88	9,04
Working revenue per ton milled (R)	29,89	28,09	28,99
Working cost per ton milled (R)	22,76	22,38	22,57
Income per ton milled (R)	7,13	5,71	6,42

Uranium			
Pulp treated (t)	776 000	771 000	1 547 000
Oxide produced (kg)	178 500	150 500	329 000
Yield per ton (kg/t)	0,230	0,195	0,213

Financial (R'000)			
Working revenue (gold)	24 328	22 895	47 223
Working costs (gold)	18 527	18 236	36 763
Income (gold)	5 801	4 659	10 460
Income/(Loss) on uranium production	2 566	(194)	2 372
Income on sale of pyrite	51	94	145
Income on sale of acid	20	21	41
Income at mine	8 438	4 580	13 018
Net additional revenue	246	320	566
Less interest	2	2	4
Income before taxation and State's share of Income	8 682	4 898	13 580
Taxation and State's share of Income	3 418	712	4 130
Income after taxation and State's share of Income	5 264	4 186	9 450
Capital expenditure Gold	1 587	2 100	3 687
Uranium and acid	242	115	357
Trade investments	8	—	8
Dividends: declared	4 400	—	4 400
cents per share	40	—	40
Loan repayments	—	—	—
Loan balance outstanding	29	29	29
Loan levies	366	80	446

Development			
Advanced (m)	16 967	17 115	34 082
Sampling results: Sampled (m)	1 557	1 389	2 946
Channel width (cm)	113	113	113
Average value:			
Gold (cm.g/t)	1 525	1 719	1 616
Uranium (cm.kg/t)	54,37	48,56	51,63
Payable:			
Metres (m)	879	669	1 548
Percentage	56,5	48,2	52,5

Channel width (cm)	106	99	103
Value gold (g/t)	19,37	26,99	22,48
(cm g/t)	2 048	2 668	2 316
Value uranium (kg/t)	0,622	0,609	0,615
(cm kg/t)	65,77	60,20	63,36

Development Summary

for the three months ended 31 December 1976

Area	Payable metres	Per-centage Payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Pioneer Secondary	168	50,9	100	17,65	1 767	0,434	43,40
Lucas Block	183	84,7	90	21,28	1 914	0,794	71,47
Southern Shaft	306	54,8	101	21,35	2 159	0,775	78 33
Orangia Shaft	111	52,9	112	17,80	1 990	0 456	50 96
South Vaal	111	45,7	147	16,66	2 448	0 479	70 41
Totals	879	56,5	106	19 37	2 048	0,622	65,77

Gold recovered for the quarter increased by 224 kilograms and uranium oxide produced was 28 000 kilograms higher at an incremental increase in working costs

PRODUCTION (GOLD)

The total tonnage milled was 1 000 tons lower at 814 000 tons which included 38 000 tons milled at Stilfontein. A total of 14 000 tons was drawn from the Eastern Shaft stockpile.

The improvement in recovery and the higher price received for gold, resulted in an increase of R1 433 000 in gold working revenue and an increase of R1 142 000 in gold income.

PRODUCTION (URANIUM)

An increase in tonnage treated and a further improvement in yield combined to raise the output and following an increase in sale during the quarter, the working income increased by R2 760 000.

CAPITAL

The main capital expenditure was on underground refrigeration, access development into the Eastern Zone, preparatory work for the new Strathmore shaft, pumping arrangements at the Southern shaft and modifications to the uranium plant.

There are commitments for capital expenditure totalling R2 168 000, the estimated capital expenditure for the remainder of the financial year is R4 278 000.

On behalf of the board,
J C FRITZ }
D J THERON } Directors

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital 4 250 000 shares of R1 each
25 000 deferred shares of R2 each

Operating Results	Quarter ended		12 months to
	31 Dec. 1976	30 Sept 1976	31 Dec 1976
Gold Section			
Ore milled ex underground (t)	234 823	252 362	1 039 422
Ore milled ex surface dumps (t)	10 177	18 638	127 042
Total ore milled (t)	245 000	271 000	1 166 464
Gold produced (kg)	1 097,371	1 070,991	4 414,094
Yield (g/t)	4,48	3,95	3,78
Uranium Section			
Ore to Stockpile (t)	—	—	—
Gold			
Ore milled ex underground (t)	193 000	176 000	629 536
Ore milled ex stockpile (t)	—	—	—
Total ore milled (t)	193 000	176 000	629 536
Gold produced (kg)	185,629	208,009	803,345
Yield (g/t)	0,96	1,18	1,28
Uranium			
Tons treated (t)	192 330	178 480	622 680
Uranium produced (kg)	56 374	43 065	147 478
Yield (kg/t)	0,293	0,241	0,237
Financial (R'000)			
Working revenue (gold)	4 290	4 023	17 884
Net revenue (uranium)	9 910	1 214	13 390
Net revenue/(Loss) (acid and pyrite)	6	(48)	8
Total revenue	14 206	5 189	31 282
*Working Costs			
Underground operations	7 903	8 095	30 041
Per ton milled (R/ton)	18,47	18,90	18,00
Surface	64	110	683
Per ton milled (R/ton)	6,29	5,93	5,38
Total Working Costs	7 967	8 205	30 724
Total per ton milled (R/ton)	18,19	18,36	17,11
Income/(Loss)	6 239	(3 016)	558
State aid/(refundable)	(3 181)	2 173	1 620
Net additional revenue	75	52	287
Income/(loss) before taxation	3 133	(791)	2 465
Taxation	151	—	128
Income/(loss) after taxation	2 982	(791)	2 337
*Excludes uranium treatment costs			
Capital expenditure	494	182	830
Dividends declared			
Ordinary amount	212	—	424
Cents per share	5	—	10
Deferred Amount	71	—	142
Rand per share	2,83	—	5,66
Development			
Advanced (m)	3 059	2 640	10 622
Gold Section			
Advanced (m)	1 497	1 636	6 903
Sampling results Sampled (m)	302	446	1 755
Channel width (cm)	82	61	77
Average value (cm g/t)	999	1 149	1 004
Payable			
Metres (m)	26	60	346
Percentage	8,5	13,5	19,7
Channel width (cm)	73	68	86
Value (g/t)	32,54	52,16	27,80
(cm g/t)	2 370	3 522	2 381
Uranium Section			
Advanced (m)	1 562	1 004	3 719
Sampling results Sampled (m)	474	248	1 048
Channel width (cm)	55	55	60
Average value uranium (cm kg/t)	71,60	40,97	50,62
gold (cm g/t)	134	440	300

Payable				
Metres (m)	52	40	144	
Percentage	11,1	16,4	13,7	
Channel width (cm)	78	68	63	
Value Uranium (kg/t)	2,262	1,452	1,646	
(cm kg/t)	175,67	98,65	104,06	
gold (g/t)	3,20	26,89	17,79	
(cm g/t)	249	1 826	1 124	

Development Summary

for the three months ended 31 December 1976

Reef	Payable metres	Per-centage payable	Channel width cm	Value g/t	cm g/t
Main Reef	9	17,6	52	44,80	2 330
South Reef	—	—	—	—	—
Livingstone Reef	—	—	—	—	—
Kimberley Reef	17	6,6	84	28,41	2 392
Ventersdorp Contact Reef	—	—	—	—	—
Totals	26	8,5	73	32,54	2 370

Uranium Section

Reef	Payable metres	Per-centage payable	Channel width cm	Uranium kg/t	cm kg/t	Gold g/t	cm g/t
White Reef	—	—	—	—	—	—	—
Monarch Reef	—	—	—	—	—	—	—
Upper Monarch Reef Zone 2	40	14,1	76	2 482	189,18	3,15	240
Upper Monarch Reef Zone 4	12	25,8	82	1,577	130,07	3,36	277
Other Reefs	—	—	—	—	—	—	—
Totals	52	11,1	78	2,262	175,67	3 20	249

Ore Reserves at 31 December 1976

Gold Section	Main Reef	South Reef	Livingstone Reef	Kimberley Reef	Ventersdorp Contact Reef	Total
Tons	330 000	—	—	80 000	—	410 000
Stope width cm	132	—	—	117	—	129
Value g/t	8,78	—	—	9,97	—	9,01
cm g/t	1 161	—	—	1 168	—	1 162

Not included in the above total are 147 000 tons at a value of 9 34 g/t classified as unavailable

Uranium Section	White Reef	Monarch Reef	Upper Monarch Zone 2	Upper Monarch Zone 4	Total
Tons	139 500	345 000	341 000	97 500	923 000
Stope width cm	80	79	86	113	80
Value Gold g/t	4,8	1,1	0,8	1,1	1,56
cm g/t	385	85	73	129	132
Uranium kg/t	0 560	0 804	0,914	0 709	0,798
cm kg/t	44,81	63 61	78 63	79,78	67,34

Not included in the above total are 519 000 tons at a value of 0 812 kg/t classified as unavailable

Gold production was 27 kilograms higher for the quarter while uranium oxide produced increased by 13 000 kilograms with an overall reduction in working costs

PRODUCTION (GOLD)

The tonnage milled from underground was 18 000 tons less than in the previous quarter in line with the programme to increase output from the uranium section, and reduce operations on the gold section. An improvement in recovery and the higher gold price enhanced the working revenue from gold production by R267 000 to R4 290 000

PRODUCTION (URANIUM)

Tonnage treated increased by 14 000 tons and recovery grade improved further to 0,293 kg/ton

WORKING INCOME

The substantial increase in working income was occasioned by a Special Sale of Uranium ex stockpile

It is expected that additional small quantities of uranium oxide will become available for sale from time to time from production over and above current commitments

CAPITAL EXPENDITURE

The main capital expenditure was related to the re-commissioning of the Monarch Shaft below 22 level to facilitate the exploitation of the Bird Reefs at deeper levels, and further expenditure on the refurbishing of two acid plants

There are commitments for capital expenditure totalling R7 153

On behalf of the board,
J C FRITZ }
W B COETZER } Directors

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital — 1 420 663 shares of 56 cents each

Operating results

		Quarter ended		6 months
		31 Dec 1976	30 Sept 1976	ended 31 Dec 1976
Ore milled	(t)	47 000	83 500	130 500
Gold produced	(kg)	255,971	406,488	662,459
Yield	(g/t)	5,45	4,87	5,07
Working revenue per ton milled	(R)	16,45	15,23	15,67
Working cost per ton milled	(R)	24,38	22,54	23,20
Loss per ton milled	(R)	7,93	7,31	7,53

Financial (R'000)

Working revenue	773	1 272	2 045
Working costs	1 146	1 882	3 028
Loss	373	610	983
State aid	216	319	535
Net additional expenditure	31	12	43
Loss before taxation	188	303	491
Taxation	—	—	—
Loss after taxation	188	303	491
Capital expenditure	—	11	11
Dividends declared	—	—	—
per share (cents)	—	—	—

Development

Advanced	(m)	118	804	922
Sampling results	Sampled (m)	44	237	281
Channel width	(cm)	99	88	89
Average value	(cm g/t)	549	587	581

Payable

Metres	(m)	—	26	26
Percentage		—	10,8	9,1
Channel width	(cm)	—	61	61
Value	(g/t)	—	15,63	15,63
	(cm g/t)	—	952	952

Development Summary

for the three months ended 31 December 1976

Reef	Payable metres	Per-centage payable	Channel width cm	Value g/t	cm g/t
Ventersdorp Contact Reef	—	—	—	—	—
Kimberley Reef	—	—	—	—	—
Totals	—	—	—	—	—

PRODUCTION

As planned, production was decreased to an average of 16 000 tons milled per month to reduce the working loss. The major source of tonnage was from the Kimberley Reef Horizon in the Gauff shaft area, supplemented by small tonnages from Ventersdorp Contact Reef in the Saxon shaft section.

The White and Black labour complements have been scaled down to match the lower production target and development operations were severely curtailed. As a result, working costs were substantially reduced.

On behalf of the board,

J C FRITZ }
D G MALAN } *Directors*

NOTES

- (a) Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.
- (b) All financial figures are subject to audit.

Secretaries

General Mining and Finance Corporation Limited
6 Hollard Street, Johannesburg

Registered office

General Mining Building, 6 Hollard Street
P O Box 61827, Marshalltown 2107

19 January 1977

A ^{star selling} rush for uranium?

Pretoria Bureau

The start of a possible "uranium rush" in the Karoo begins at 8 am on March 7

For that is when the Department of Mines' geological survey in Visagie Street will release information showing zones of abnormally high radioactivity in the Southern Karoo.

Areas of high radioactivity indicate the pos-

sible presence of radioactive minerals such as the highly sought after uranium

A search for this metal in the Karoo is already under way and this new data could intensify competition

As uranium is an essential ingredient in atomic power stations and atom bombs, and is in limited supply in the world, it can be mined at great profit.

~~Star 2/1/77~~
**Miners' lack
faith in
Bureau'**

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85
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Political Staff

THE ASSEMBLY —
Miners have a lack of faith in the Bureau for Occupational Diseases and this is causing considerable concern.

In the Bureau's report for 1975/76, just tabled in Parliament, this is described as an unhealthy state of affairs, both for the bureau and the miners.

While having existed for a considerable time, the situation persists "partly because of exaggerated stories and propaganda which have so moulded public opinion that many miners regard the Bureau as an enemy, and partly because of the Bureau's failure to disseminate information."

COMPENSATION

Many miners, probably most of those with long service, believe they are entitled to medical compensation. If they do not receive it, they think it is due to incompetence of the Bureau staff, or even to deliberate obstruction.

One of the main misconceptions, regarded as responsible for lack of faith in the bureau, is that conditions underground are such that anyone with more than 25 years, service must suffer from a disease caused by his work.

'Five-day plan by March'

By CLIVE EMDON
Labour Correspondent

BY MID-MARCH all of the 16 000 members of the Mine Workers Union — except for about 300 — will be working to a new five-day week formula, Mr Arrie Paulus, general secretary, said yesterday. The 300-odd are men responsible for cage transport who will continue working six days a week on most mines.

But since September about three-quarters of MWU members have already been working to the five-day formula. They either work a five-day

21/1/77
week or an 11-shift fortnight, representing a 5½ day week.

On the De Beers Diamond Mine in Kimberley MWU members work a five-day week, so do copper-miners at Messina.

At the Premier Diamond Mine miners will work an 11-shift fortnight for the next two years and then switch to a five-day week.

The 11-shift fortnight will apply to all mines in the Chamber of Mines agreement from mid-March.

Mr Paulus said as a re-

sult of this week's meeting of his union's general council the MWU will table new wage demands at a meeting on Wednesday of the Council of Mining Unions.

Asked about discussions this week on the penetration of Blacks into mining Mr Paulus said the union was trying to meet the Minister of Mines.

"We made concessions to the Chamber of Mines in our five-day week negotiations and we are satisfied that the White miner will still be boss in his working place", Mr Paulus said.

4 1/2

Dentists See HEALTH & DISEASE - Dentists

Disablement grants See { SOCIAL SECURITY - Unemployment Insurance
SOCIAL SECURITY - Workmen's Compensation

See also { INDUSTRIAL ACCIDENTS & HEALTH
MINING - Accidents

Diseases See HEALTH & DISEASE both general and specific, e.g. HEALTH & DISEASE - Alcoholism

FIN MAIL 11/2/77 (210)

WE CAN MAKE IT WITH MINERALS

Gold's long-term future as SA's biggest earner of foreign exchange is hardly assured. Geologists hint that by the year 2000 there'll be a further significant decrease in production. The emphasis needs to shift now to exploit more meaningfully SA's other vast mineral resources.

This can be done, says Bill van Rensburg, energy economics professor at RAU (Randse Afrikaanse Universiteit). He prognosticates that, given the right momentum in terms of exploitation and processing, foreign earnings from minerals like chrome, lead, zinc, vanadium, coal, iron ore and manganese, and their processed products like the ferro alloys and special steels,

could overtake those of gold within 10 to 15 years.

The Chamber of Mines calculated, for example, that the tonnage of SA's mineral exports would increase from 1970's 9m t to 90m t by 1990. Mining statistics for 1975 show that mineral exports, excluding gold, added up to R792,2m. This could go to above R1 000m in five years (1975 gold sales totalled R2 560m).

The mineral processed products could be very big in export earnings. SA's present annual production of ferro chrome, for example, could increase from its present 260 000 t to over 900 000 t within five years. The Minerals Bureau quotes as examples of

1980 figures for the value of processed minerals: Ferro-alloys R500m, Titanium crude R100m, Stainless steel R28m.

A spokesman from the Witwatersrand University geology department confirms that "we're only now starting to scratch the surface of SA's untapped storehouses of wealth."

Van Rensburg estimates that in the case of chrome, SA probably has at least 75% of total world reserves, Rhodesia 23%. "Apart from the USSR, we are probably the only country that has most of the necessary raw materials to produce a wide variety of ferro alloys and special steels, for example."

At the moment, the US imports about 15% of its mineral raw materials, Europe about 75%, Japan 90%. The US imports 86% of its asbestos, 91% of its chrome, 88% of the platinum group metals, 56% of its antimony, 99% of its manganese.

In 1972 the US mineral balance of payments (including fuels) deficit was \$6bn, in 1973 \$8bn, 1974 about \$24bn and 1975 \$22bn — slightly down as result of the economic downturn. It's stated that 40 000 lb of new mineral materials (including fuels) are required annually for each US citizen.

Studies show that only three countries — Australia, Canada and SA — can supply the US with most of its mineral deficiencies (excluding fuel). At the moment, says Van Rensburg, we have not adequately exploited this vast market. Our exports of minerals and their processed products to the US are relatively small. To optimise the exploitation you need to find the

WHAT WE PRODUCE*

* SA's role in Western world and world mineral supply, estimated as a percentage of total Western world and total world production, 1975

Commodity	Western world rank	% Western world production	World rank	% World production
Platinum group metals	1	86	1	49
Gold	1	74	1	59
Vanadium (metal content)	1	58	1	46
Chrome ore	1	41	2	26
Manganese ore	1	41	2	24
Antimony (metal content)	1	31	1	21
Diamonds ¹	2	20	3	16
Asbestos	2	19	3	10
Uranium (U ₃ O ₈)	3	13	3 ²	13 ²
Fluorspar	5	6	8	5
Coal (bituminous)	6	5	9	2
Nickel (metal content)	6	4	7	3
Phosphate rock	8	2	10	2
Tin (metal content)	9	1	11	1
Copper	10	3	12	2
Iron ore	10	2	12	1
Zinc (metal content)	13	2	18	1
Lead (metal content)	31	0,05	41	0,03

¹Industrial diamonds ²Western world only

FOREIGN TRADE

PUBLIC SECTOR - State Enterprise

File general surveys and comparative material here. Include also reports on drop-out rates and literacy levels. For training, employment and remuneration of teaching staff see TEACHERS

EDUCATION - General

- FOREIGN FIRMS IN S.A. - General
- FOREIGN FIRMS IN S.A. - British
- FOREIGN FIRMS IN S.A. - U.S.
- FOREIGN FIRMS IN S.A. - German
- FOREIGN FIRMS IN S.A. - French
- FOREIGN FIRMS IN S.A. - Dutch
- FOREIGN FIRMS IN S.A. - Japanese
- FOREIGN FIRMS IN S.A. - Swiss
- FOREIGN FIRMS IN S.A. - Australian

File homelands material specifically.

minerals, mine them, process them and sell them."

Traditionally, SA is very strong on finding and mining. Currently vast new "astronomic reserves" of lead and zinc are being opened up in the northern Cape; chrome in the eastern and western Bushveld, manganese at Sishen and Postmasburg, iron ore at Sishen.

The big need now, says Van Rensburg, is to increase the mineral processing operations. The answers to the problem of raising the huge capital funds required, lies in increased joint ventures with overseas companies. The technical skills brought in by these groups and the easier entry that would follow into tightly competitive international markets, would be an added advantage. But the Soweto riots and the current political scenario have caused overseas companies to adopt a "wait and see" policy before entering into what obviously is a lucrative market in the long-term.

Infrastructure and power specifically geared to developing the mineral industry would cost R1 000m a year initially but would tail off. Van Rensburg guesstimates that another R1 000m a year would be needed for the mining and processing operations required to get the minerals to the desired stages for export.

The Sishen-Saldanha and Richards Bay complexes can already provide the basis for the necessary infrastructure. Saldanha is particularly promising, with big deposits of copper, lead and zinc in the northern Cape. Lead and zinc have sulphur as a by-product,

so possibilities open up for producing fertilisers. And around Saldanha there are large limestone and phosphate deposits.

Saldanha, as Van Rensburg sees it, can be developed into a major mineral processing centre "with very little government subsidy."

"You start by creating an export channel for minerals. Then comes a copper refinery, a lead smelter, a zinc refinery, a steel semis plant, a cement

plant. With the comparative cost advantages we still have in terms of electric power and labour costs, Saldanha could also process concentrates coming from other countries. From a strategic point of view we could become almost indispensable to the Western world. Similarly, on the east coast, Richards Bay offers opportunities as an export channel and mineral processing centre.

Light at the tunnel's end?

HOW WE COMPARE*

*SA's mineral reserves in relation to world reserves (1975), table supplied by the Dept of Mines, Minerals Bureau

Mineral	Volume (metric tonnes)	As percentage of world reserves†	Rank in world reserves
Antimony (metal)	300 000	7	3
Asbestos	8 500 000	10	5
Baddeleyite (zirconium oxide)	very large	large	1
Chrome ore (300m depth)	3 096 830 000	80+	1
Coal (mineable 300 m depth)	32 223 000 000	2	6
Copper (metal)	6 400 000	2	10
Diamonds	50 000 000♦	7	2
	carats		
Fluorspar (average 25% calcium fluoride)	190 000 000	45+	1
Gold (metal)	16 500	60+	1
Iron ore (60% iron)	9 500 000 000	5	6
Lead (metal)	6 157 000	4	5
Manganese ore	3 000 000 000	50+	1
Nickel (metal 600 m depth)	5 830 000	10	3
Platinum group metals (metal 600 m depth)	30 646	85+	1
Titanium (Titanium oxide)	14 000 000‡	5	8
Uranium (metal)	276 000†	15▲	2
Vanadium (metal 30 m depth)	7 700 000	50+	1
Vermiculite	73 000 000●	41	2
Zinc (metal)	12 067 000	9	4

† Compared with world reserves figures published by the United States Bureau of Mines, 1976

‡ Mine reserves only. Total resources could amount to 700 Mt

§ Annual report 1975, Atomic Energy Board

▲ Free world only, U₃O₈ at 30 \$/lb

● Includes resources

♦Diamonds — includes gem and industrial diamonds

or such areas, removals of people and resettlement of white, coloured, and Asian people.

See also

HOUSING AND HOSTELS

SERVICES AND AMENITIES FOR BLACKS

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Anglo — signs of mining's tougher times

FIN MAIL
25/2/77

Although no further arguments in favour of the Anglo/RSL merger are advanced in either Anglo's own preliminary report, or in the joint statement announcing that agreement in principle for the merger has now been formalised, the financial numbers that have been emerging from the stream of Anglo group profit statements provide cogent enough reasons

The need to establish one large, clearly defined, and unborrowed corporate platform, from which to launch the group's own extensive new mining ventures is now more pressing than ever. Traditional cash sources are drying up and the political and economic handicaps of raising fresh equity and loan capital in down-line companies have become increasingly real over the past year or two, though Amcoal's present funding arrangements show that good projects can always get money

The gold mines' own working capital balances have been run down as revenues from the less than buoyant gold price of the past two years, expansion programmes currently in train, and sharply rising costs have squeezed the industry's surplus funds. Over the past two years, the gold mines have experienced a net reduction of R60m of net current asset balances.

The effect on Anglo itself has been a severe reduction in money available from associated companies for on-lending. At December this amounted to R287m, a reduction of 28% on the previous year's level and the lowest for four years. This doesn't just mean that the total amount of captive funds available to the group has been curtailed, but that the scope of, and thus profitability, of Anglo's own in-house banking operation is reduced.

The two major sources of Anglo's income are highlighted in the table, dividend income on the one hand and net interest, fees and other income less administration costs on the other. Both had until last year doubled since the beginning of the decade. More recently, interest and fee income has been out-pacing dividend income growth. Thus, the 23% drop to R19,2m from the former source over the past year gives rise to some concern over Anglo's ability to generate ever-increasing profits.

No doubt a rise in the already massive (but undisclosed) cost of administering 44 Main Street and the outbuildings has

aggravated the decline. An improving trend in the gold price could help in the current year, but clearly management will have to take a tougher stance towards head office costs, while future developments could be concentrated mainly on projects which the group manages so as to increase fee income. Or what is more irreverently termed the front-end load.

Quite apart from these sums on call from associates, there has been a severe decline in the group's own cash resources. Cash and debtors together only totalled R101m, a reduction of nearly 60% from last year's figure of

R243m. Only once in the whole of the Seventies has there been a lower figure (in 1971). The ravages of past mistakes, such as the R20m written off against Tenke-Fungurume in the past year, the dubious management contracts bought from the Schlesingers and ongoing problems at Botrest have clearly sapped even the vast resources of Anglo.

Although dividend income from investments was up 7,4% at R87,2m, it should be borne in mind that there is a time lag before good results — and thus dividends — filter through the intermediary companies up to Anglo itself. At this stage, I would suggest that the group will find it difficult to show any meaningful increase from this source in the current year.

The merging of Anglo and RSL seems to kill three birds with one stone. First it buries the ill-fated RSL, it provides the platform required to ensure that the group can develop new business, and then it transfers some of De Beers' cash to where it is required rather more pressingly than in De Beers itself.

The R80m of new equity capital that will flow into the merged group by way of the RSL rights issue will indeed be welcome, if only to wipe out RSL's debts. But still, the merged group will not have a surfeit of cash.

Thus the merger should increasingly be seen as the Anglo group clearing the decks to handle its own sizeable expansion commitments in gold, coal and uranium ahead of what could be a period of increasing political and thus financial pressure from the outside world. These pressures are forcing the mining houses to fund projects such as Elandsrand virtually in-house.

If Anglo is being forced by such considerations to consolidate its own posi-



Harry Oppenheimer . . . a sharper eye on new projects

ANGLO IN THE SEVENTIES

	1970	1971	1972	1973	1974	1975	1976
	R'000						
Dividend Income	39 213	40 906	44 679	51 017	73 298	81 194	87 181
Net interest, fees and other less admin expenses	12 299	13 611	13 343	17 773	22 599	24 938	19 230
Prospecting costs	5 440	6 160	3 544	3 538	4 445	7 260	9 497
Loans from associates	182 262	210 038	235 594	316 139	392 738	399 250	287 050
Loans to associates	125 420	165 547	144 175	173 791	232 531	256 564	290 351
Debtors and cash	112 876	98 769	165 886	261 125	256 238	243 166	101 220

UCI depends more on mining

UC Investments should be able to maintain profits in the current year, despite difficulties. Much depends on the ability to reduce the rate of inflation to contain increases in working costs, says Mr Ted Pavitt in his chairman's review.

Arising from Union Corporation's restructuring, UCI's share portfolio has greater emphasis and depends more on mining investments than in the past.

Mr Pavitt's view on gold, written in the early part of this month, was that the actions of the IMF were likely to inhibit any significant increase in the price over the next year or two. Hopefully, it would continue to be traded above 130 dollars during 1977 — which should allow most mines in which the company has invested to match current dividend distributions.

UCI is substantially involved in the Evander mines. Both Kinross and Winkelhaak have long lives ahead. Bracken however, is considered unlikely to produce for more than another three years as development results do not indicate any useful addition to ore reserves. At a gold price around 130 dollars this is also so for Leslie — but a high price could extend its life and consequently an application for State Aid is being sought.

Opportunities to turn coal rights to account in

the Evander area seem to be closer and, arising out of the agreement between Union Corporation, Clydesdale and Trans-Natal, UCI will have a worthwhile stake in the joint area.



The company's liquidity position is satisfactory. Funds are available to take advantage of new investment opportunities that may arise this year.

Trust Bank Growth Fund wrote-off its investment in 14 000 shares in Trans-Terra Mynbou, the company controlled by Mr Jan Haak, according to the annual report. At December 31 80

percent of the fund's portfolio was in industrial equities, with a market value of R17,8m. Cash resources were R3,2m, equivalent to 14,4 percent of which R1,1m was available for dividends and R2,1m for investment.

Attributable profit of Lonrho for the last quarter of 1976 was £8,6m against £6,9m for the 1975 period, before extraordinary items.

Prima Industrial's profit for the six months to December was R141 000 against R146 000 for the 1975 period. Turnover rose 13,32 percent, but completion of old orders where no adequate escalation clause applied cut profits.

AECl sales jump 19 pc

JOHANNESBURG — AECl group sales in 1976 jumped by 18,9 percent to R456,4 million, boosting pre-tax profits by R6,2 million to R59 million. Attributable profits rose by R3,1 million to R32,3 million.

Earnings per share were down from 33,5c to 30,6c in view of the additional shares issued during the year.

The final dividend has been cut by 2,5c to 9c to leave total distribution for the year unchanged at 18c.

The directors say the 10 percent increase in the volume of sales followed increased sales in all business sectors except agriculture.

Profit margins were lower in 1975 because of the Inti Inflation Manifesto and adverse trading conditions in the building and motor industries. In addition, output from the Modderfontein nitrogen complex was insufficient to meet local demand in full.

This again resulted in the need for some imports on which, by arrangement with the Government, no profits were earned. The operation of the plant continued to improve, however. The complex project was progressing satisfactorily.

Explosives

AECl's lucrative position as sole supplier of explosives to the mining industry is being challenged by a Braamfontein firm which is planning to invest around R20 million in a chain of plants producing a new explosive which it claims will eventually replace dynamite.

The company, National Process Industries, has already interested several mining houses in its product, Tovex water gels, the chairman Mr. Oliver Hill, said yesterday.

However, a spokesman for AECl, which has a 10 year contract with the Chamber of Mines to supply all the explosives needs of its members, said the group had been producing explosives of this type for five years.

— (Sapa.)

Unicorp shares now trade at a 42 pc discount

15/2/76

Colin Campbell

Union Corporation, the mining house in which General Mining has a 50,1 percent stake, is trading at a 42,6 percent discount to its net worth of 679c a share.

As expected, Unicorp has clipped its total dividend for the year from 42c to 36c a share to bring its cover up from 1,4 to 1,8 times. The house says the decision has been taken in view of the working capital requirements of the industrial subsidiaries.

The mark of consolidation is clear from today's announcement. The group balance sheet shows total assets of R429,68m, partly reflecting the consolidation of Geduld, African Coasters, Darling & Hodgson, Evelyn Haddon, Kohler Bros, Sappi and Carlton Paper Corporation.

In view of the consolidation moves, the 1976 results defy a true comparison with results of a year earlier — but for the record, net earnings turn out at 64c on a higher issued capital compared with 60c last year.

The twin pillars of gold and industry has always had a play in determining Unicorn's direction, but in view of the vast consolidation moves made last year, industrial interests are likely to play a greater role in future.

But, a detailed analysis of where Unicorp is going will have to wait publication of the chairman's annual statement — due towards month's end.

The dip in investment income — down from R32,56m to R24,69m — is partly because figures now exclude dividends from subsidiaries, but also reflects lower gold mining payments.

HANDSOME

Not unexpectedly, gold mines shipped in R6m less at just over R10m, and the contribution from base metal interests was lower. But there was an increase in platinum income, notably from Impala.

Market value of listed investments still shows a handsome surplus over book cost — R212,65m over R76,04m. The board's valuation on unlisted investments has risen from R90m to R96m while book value has decreased marginally.

Now that General Mining has a 50,1 percent stake in Unicorp, today's results should make an impressive impact on Genmin's own figures.

Unicorp shares yield 9,23 percent.

General Mining's R32m burden

18/3/77
JTA

Colin Campbell

General Mining's famous battle for control of Union Corporation continues to leave Genmin with a heavy debt burden. In the year ended December, interest paid on borrowed funds was R32,3m — or 20 percent of gross income.

Of this, roughly R17,4m is attributable to Genmin's own loan indebtedness, and R14,9m arises from consolidation of Union Corporation.

Net earnings of the R712m corporation turn out at 415c a share for the year ended December. For the record — because previous results are not comparable — Genmin reported net earnings of 440c. Had 1975 results been pro-rated, net earnings would have been around 431c a share. The dividend is held at 210c, but is payable on the higher capital — up from 5,8m to 8,3m shares.

The short-term strains of having acquired a controlling stake in Union Corporation are also evident from the charge against profits of the possible loss should Genmin sell foreign assets to repay the overseas loan.

Over the past two years, Genmin has provided the

equivalent of 84c a share for possible losses. Its overseas loan is repayable in five half-year instalments starting December 1977, though presumably some repayments have already been made but Genmin's debt is probably still in the R800 region.

Net profits have also been struck after providing for exploration and development costs which have been charged above the line.

Should the security rand discount improve, Genmin will be able to write back part of the 84c a share provision which it has made, so there is something possibly to look forward to.

With full benefits of Union Corporation yet to come, Genmin remains a promising medium to long term holding.

Spotlight on low-grade mines

By ADAM PAYNE

THE gold price recovery has spotlighted the prospects of low-grade mines. The loss-sustaining Free State Saaplaas is one of the more difficult to judge because of its uranium content.

Saaplaas recorded a loss of R1 116 000 for the six months to December last, because it was dependent only on gold when the price to the mines averaged \$113 and \$122.3 in the two quarters.

Before the strong rise in the gold price, independent forecasts suggested that Saaplaas, even with a low gold price, would be handsomely saved by uranium sales and that the recent losses would be converted to high profits.

While future uranium profits are important these are not likely to be as high as some forecasters have suggested.

On the gold side, my estimate is that the critical level is a price received of \$130 an oz.

On this basis, as soon as the price exceeded \$130 — as it now has — Saaplaas, with its uranium income at contract prices, should have either begun making a profit or been close to doing so.

The uranium contracts on which Saaplaas sales will be made were, I am told, negotiated about two years ago, when both the spot and contract prices were much lower than they now are.

Mr Denis Etheredge, chairman of Saaplaas, has confirmed that a spot sale was made in the last quarter of 1976. This realised a profit of R5-million, which has not yet been reported but will be reflected in

this year's first quarter results. The disclosure of this profit, led to the wrong assumption that it was earned from one quarter's production.

The material must in fact have been the product of seven months uranium recovery from Saaplaas slimes at the President Brand plant. Production started at that plant in June and the sale was made in December.

The production rate at that time was much lower than the present rate at the president Brand plant, which is working up to its rated capacity of 18 000 tons a month.

One can assume that the spot sale was made at a much higher

price than the contract price for future supplies.

One estimate of the contract price to be received by Saaplaas suggested that it could be in the region of \$25 — \$30 a lb.

But when the price was negotiated two years ago, the level of contracts was nearer \$15 a lb.

Assuming that it was \$15, this would not be the net price to Saaplaas since it is committed to repayments of the consumer finance. This was used to build the flotation plants, acid plant, and calcine plant and to expand the President Brand uranium plant. These are all parts of the joint metallurgical project

Saaplaas's share of the R34-million consumer loan is 54 per cent, based on a similar production entitlement. It will therefore be responsible for repaying 54 per cent of the consumer finance over the period of the contract — 1977 to 1981.

It is difficult to make estimates of production, costs and profits without knowing the recovery efficiency and the price, but making a broad estimate of the results, based on a price in the region of \$15 a lb, my guess is that the uranium profits will be nearer R10-million a year than the much higher figures already suggested.

EDM 21/3/77

On the other hand, there are more than three-quarters of areas are at school. These

GENMIN

FIN MAIL

25/3/77

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Not all that geared

A first inspection of the balance sheet of the new look General Mining, cum its beneficial 45.6% interest in the consolidated Union Corporation reveals an animal rather less geared than might have been imagined, considering that also consolidated are all Union Corporation's industrial interests' assets and liabilities, and the liability arising from the cash portion of the Union Corp acquisition.

On the basis of total shareholders' funds, including minority interests, net assets are R760m, with R175m of loan capital and R33m of deferred tax taking capital employed up to R968m including surpluses of market value over cost of investments.

A look at the real gearing of the top company will have to await the annual report, but the ordinary shareholders of Genmin are far more highly-g geared as their equity is worth R379m against the capital employed of about R850m as at end-December. The increase in the asset value of 15% from 3 963c to 4 558c was largely the acquisition effect of Union Corporation, though Genmin's own coal and asbestos interests must



Genmin's De Villiers all eyes on Langer Heinrich

have gone a long way to offsetting the decline in values from gold.

The maintenance of the final dividend at 120c, to give an unchanged 210c for the year, has cemented the confidence of many of Genmin's more enthusiastic followers, particularly after the reduced payment from Union Corp. Again, it is difficult to assess the true quality of earnings because of the various consolidations and the divisional breakdown to be supplied in the annual report will be an essential guide.

There is no doubting, however, that the group is highly geared to a recovery in the gold price. The average figure received by group mines was about \$119 in the past year and a maintenance of the price at the current levels in excess of \$150 will do much to restore profit fortunes.

Federale Mynbou's results are also put out in consolidated form so it is difficult to see what its liquidity is when viewed as an investment company. However, most of the R74.5m cash from the rights issue has been used to take up Genmin's shares. But by looking at the difference between Fedmyn's and Genmin's current assets and liabilities, it can be established that Fedmyn has approximately R12m of extra liquidity.

With Genmin at a price of 2 700c this values Fedmyn's 62.7% interest at 482c a share, which, plus another 40c for other liquid assets, gives a net worth of about 522c for Fedmyn taking underlying market values. Fedmyn has recently attracted active buying support and at 430c the discount is still 18% compared with Genmin.

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THE ROOIBERG MINERALS DEVELOPMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Natal Mercury
29/3/77

CHAIRMAN'S REVIEW

The profit from tin mining for the year was R4 305 000 compared with the profit of R4 662 000 for the previous financial period, which was the eighteen months ended December 1975. Interest and sundry revenue amounted to R234 000 and taxation absorbed R1 469 000, so that the net profit after taxation was R3 070 000. The unappropriated profit brought forward was R92 000. An amount of R1 704 000 was transferred to a non-distributable reserve to cover expenditure on fixed and other assets. Dividends of 20 and 40 cents per share were declared during the year which absorbed R1 245 000 leaving an amount of R213 000 to be carried forward.

In my last review I referred to the disappointing results from "A" mine. There was a further deterioration in results from "A" mine during 1976. The grade of ore fell from 0,76 to 0,53 per cent tin and average monthly production was only 59 tons of tin in concentrates compared with an average of 90 tons per month for the previous financial period. This, however, was offset by an improvement in results from "C" mine, where the grade of ore increased, from 66 tons of tin to 101 tons in the same period. While the tonnage of tin produced and sold remained basically the same, there was a substantial increase in the average net revenue per ton of tin in concentrates from R4 287 to R5 426 due to the higher prices of tin which prevailed. Cost of sales increased from R2 644 to R3 186 per ton of tin and the gross profit from R1 643 to R2 240 per ton of tin sold.

The improvement in the financial results is therefore attributable to the fact that the return to the mine per ton of tin sold increased at a faster rate than the cost per ton of tin sold. At the beginning of the year the South African equivalent of the LME price was R5 500 per ton. It then increased to R7 600 per ton in July. The price then weakened in the following quarter but finished the year strongly at R7 700 per ton. Since the year end the price has risen still further reaching R9 211 on 11 March. The buffer stocks of the International Tin Council have been exhausted and during the foreseeable future the price of tin may be expected to remain high, but the recent upward trend may well be checked by the resumption of sales by the GSA, although the release of tin from the U.S. stockpiles has still to be authorised by Congress. In the absence of further sales by the GSA there is a prospect of a continuing excess of demand for consumption over current supply.

The rate of mining during the year was 40 500 tons per month which was about the same as the previous period. Total working expenses increased from R10,70 to R12,71 per ton mined. Higher salaries and wages accounted for R1,25 of this increase of R2,01 and power and stores for the remainder. Salaries and wages have increased in line with the mining industry as a whole. Power costs at the end of the year were 50 per cent higher than they were at the beginning and a further 25 per cent increase came into effect in January 1977. Stores costs continued to increase with the general rate of inflation.

Expenditure on fixed assets for 1976 amounted to R963 000, a substantial proportion of which was incurred on Vellefontein. There have been further delays in bringing Vellefontein to production due to the intersection of water-bearing fissures in the bottom of the shaft. It is estimated that total capital expenditure in 1977 at all the company's mines will be of the order of R1,5 million.

Development was concentrated in "A" and "C" mines with only a limited amount of work being undertaken in "B" mine and Vellefontein. Underground drilling at "A" mine was partially successful in locating ore but the hopes of locating patches of very rich tin mineralization which for years was the mainstay of "A" mine's production were not realised. A programme of surface drilling on "A" mine has outlined a new medium grade stoping area close to surface which may be open-castable. The good grade ore at "C" mine came from the northern area, the opening up of which made steady progress.

Shareholders are referred to the technical advisers' report for a more comprehensive account of the technical operations of the company.

Metallurgical work continued in connection with technical problems which could arise in a tin smelting operation based on the concentrates produced at Rooiberg.

The company and the Mine Workers' Union in February 1977 agreed to co-operate in working an eleven-shift fortnight for members of the Mine Workers' Union on the Rooiberg mine from the April 1977 pay month. To facilitate a high level of production the Mine Workers' Union has agreed to changes in work practice with immediate effect. In turn the company agreed to improvements in fringe benefits. Most of the changes and fringe benefits formed part of the "package" negotiated between the Chamber of Mines and the Mine Workers' Union last year. However, the Mine Workers' Union has agreed to modifications in the changes of work practice to make them applicable to the mining conditions at Rooiberg. The eleven-shift fortnight arrangements, when introduced, will give members of the Union every other Saturday off. However, they may volunteer to work on their Saturday off on an overtime basis.

The outlook for 1977 depends very much on the tin price. The production of tin will depend on the availability of ore from "A" and "C" mines as Vellefontein is unlikely to come to production in 1977. It is inevitable that working costs will increase not only with the general rate of inflation, but also because it is deemed prudent to increase the rate of development to locate new ore. If, as is likely, production remains at current levels, any improvement in the financial results will depend on revenue outstripping the inevitable cost increases.

During the past two financial periods a sum of approximately R500 000 has been transferred to a non-distributable reserve in excess of the sums strictly required to finance expenditure on fixed and other assets during that period. In the event of a deterioration in the financial results this amount could be utilised to ensure the completion of the planned capital expenditure programme.

On behalf of the board I express the appreciation of the services rendered by the consulting engineer, Mr B. Moore, by Mr G. C. Clatworthy, the mine manager, who moved to another position within the Group, by the present mine manager, Mr B. T. Hosking, and the staff at the mine and head office.

R. A. Hope
Chairman

Johannesburg
17 March 1977



UNION TIN MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The profit for 1976 was R1 029 000 compared with R750 000 for the previous financial period, which was the eighteen months ended December 1975. An amount of R100 000 was paid to the G.F. Dust and Water Control and Surface Restoration Fund and, after the deduction of R394 000 for taxation, the profit after tax was R535 000 compared with R527 000 for the previous financial period. The unappropriated profit brought forward was R59 000. An amount of R130 000 was transferred to a non-distributable reserve to finance capital expenditure and an increase in working capital. Two dividends of 5 and 10 cents per share were declared which absorbed R360 000 in total, leaving an amount of R104 000 to carry forward to the next year.

The average rate of production and sales was marginally higher than that of the previous financial period, but the average net revenue per ton of tin sold increased by R937 to R4 621 due to the higher prices of tin which prevailed. The average cost per ton of tin sold increased by R150 to R2 816 with the result that profits on tin sales increased by R837 to R1 805 per ton or R948 000 in total. After taking account of copper sales and other sundry revenues, total gross profit amounted to R1 029 000 as quoted above.

While the company has earned considerably higher profits than any other year in its history, it is important that members do not lose sight of the fact that the mine is approaching the end of its life. Mining operations will continue throughout 1977, but even if underground operations are maintained at current levels and production from the gravity plant is the same as that of 1976, there will be a fall in production from the flotation plant as it is expected that reclamation from the old dumps will cease as the dumps will be exhausted during the first half of the year. A recent test, however, has shown that it is possible to retreat the current tailings dam at a modest profit if the tin price remains at its present level and material from this dam will replace the reclamation from the old dump as additional feed to the flotation plant, but as this will be a retreatment of material that has all passed through the flotation plant once before, a fall-off in tin production is inevitable.

The outlook for the tin price is good. During 1976 the rand equivalent of the price rose from R5 432 in January to R7 696 per ton at the end of the year. The price increased further in January 1977 following the announcement that stocks of the buffer stock manager of the International Tin Council were exhausted and the price as at the 11 March was R9 211 per ton. Further price increases might be limited by the resumption of sales from United States government stockpiles, but this has yet to be authorised by Congress. It is likely, however, that higher tin prices will compensate for lower production and it is expected that the mine will continue to make good profits throughout 1977.

The outlook thereafter is uncertain. At the last annual general meeting a member raised the question of bringing the copper mineralisation to account. This is not a viable proposition and the continued existence of the mine depends on its tin reserves. Underground ore is now very limited. The old workings will be re-examined in the light of the tin price now prevailing but it is unlikely that underground operations will continue for the whole of 1978. However, if the tin price remains high the retreatment of the current tailings dam could continue after the cessation of underground operations. While every effort will be made to keep the mine going, it is obviously not in the interests of members to delay closure if operations are unprofitable.

A feature of the operations at Union Tin is the mine's outstanding safety record and on behalf of the board I express appreciation of the services rendered by the consulting engineer, Mr B. Moore, the manager, Mr S. J. M. Caddy, and the staff on the mine and at head office.

M. B. Forsyth
Chairman

Johannesburg
17 March 1977



VOGELSTRUISBULT METAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Natal Mercury

29/3/77

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CHAIRMAN'S REVIEW

The consolidated income from investments increased from R1 510 000 in 1975 to R1 651 000 in 1976. Other revenue increased from R104 000 to R112 000. The write-off against investments was R74 000 as compared with R223 000 in 1975. Dividends were increased by one cent per share to 7,5 cents per share absorbing R1 150 000, an amount of R400 000 was transferred to investment reserve and unappropriated profits carried forward remained virtually unchanged at R101 000.

During the year Kila Products Limited successfully bid for the whole of the issued capital of The South West Africa Company, Limited and this had the effect of increasing the group's holding in Kila.

The group's portfolio based on market prices and directors' valuations and investment income is analysed below by commodities:

	Value Percentage	Investment Income Per cent
Zinc	33	49
Tin	17	24
Coal	43	13
Copper	4	3
Gold/Uranium	1	1
Other	2	10
Total	100	100

The consolidated income statement indicates that income from investments increased by R141 000, but this understates the increase by R42 000 because an adjustment in regard to NRST for 1975 was brought to account in 1976. The increase is attributable mainly to higher dividends from tin mining companies, although there were small increases in the dividends received from all other classifications of companies other than the zinc and copper companies.

In July 1976 the South African controlled price of coal was increased by about 50 per cent which increased the revenue of Apex Mines Limited from sales of steam coal and of No. 5 seam coal to Highveld. In April exports of steam coal and low ash coal commenced from Richards Bay and simultaneously the price of low ash coal sold to Iscor increased to the export price. As a result the profits of Apex increased by approximately 190 per cent but even this seemingly satisfactory outcome is disappointing because mechanical and other difficulties at the colliery restricted production and sales. No effort is being spared to enable the colliery to achieve its full potential during the current year.

Zincor experienced production difficulties during the year which restricted output somewhat but, because of a reduction in consumption of zinc in the Republic, sales decreased in 1976 whereas Zincor had planned to meet an increased demand. As a result the company closed the year with increased stocks of raw materials and finished products. The financing of these stocks is a burden and before the end of last year export markets were sought. A small tonnage of zinc was exported in 1976 (in addition to the 5 000 tons of zinc returned under a toll agreement) and further export contracts for more than 10 per cent of the company's estimated 1977 production have been concluded for delivery during the year which will relieve the stock position. The producer

price of zinc remained unchanged at \$795 per ton throughout 1976 but the underlying weakness in the zinc market particularly during the second half of the year was reflected in lower LME zinc prices.

The tin companies produced at approximately the same rate as during the previous period but, despite increased working costs, profitability was higher because of higher tin prices. It is now expected that underground operations at Union Tin will continue throughout 1977 and encouraging results have been obtained from a trial retreatment of the new dump at the mine At Rooberg, tin production is expected to be maintained at approximately the 1976 level and a further increase in profits is expected because of higher tin prices.

Tin has had an eventful year. Prices were low at the beginning of 1976 despite the application of export restrictions. Since then such restrictions have been removed and there have been two periods of sustained price increases; the first lasting from February to July and the second began in December 1976 after a period of relative price stability. When the tin price first approached £6 000 per ton towards the end of January 1977 the market indicated some scepticism about its persistence by quoting three months tin at lower prices, but more recently three months tin prices have reverted to levels above the spot prices.

The demand for tin for consumption in 1977 is still running ahead of available supplies of metal. The I.T.C. buffer stock has been exhausted and the legislative procedure to make tin available from the U.S.A. strategic stockpile has been initiated. This will in any event take time and it is expected that high prices will persist for some months at least.

Evidence as to the prospects of a general recovery in world economic activity are equivocal and they will remain so until there is an upturn in the depressed steel industries in the major countries. The outlook in the short term for increased demand for major metals and minerals must remain in some doubt. Prospects for steam coal and uranium as sources of energy alternative to oil remain good even though the oil producing countries are beginning to show restraint in their pricing policies. Nonetheless coal stocks in Europe and elsewhere are high and in some areas the demand for imports of steam coal have slackened as a result of the wasteful burning of coking coal to absorb locally mined coal which is surplus to the steel industry's reduced requirements.

The company's free resources have been built up in recent years to nearly R900 000, in the hopes that a suitable new investment opportunity would arise. If this does not materialise during the next few months, this amount would be made available for investment through the market.

There are solid grounds for expecting the company's investment income to increase further in the future. At this stage there is no certainty that there will be an increase during the current year which would support a further increase in the dividend declaration.

R. A. Hope
Chairman

Johannesburg
10 March 1977



APEX MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

During 1976 the profit on coal mining amounted to R5 675 000 to which must be added other coal mining revenue of R994 000, profit on sales of land of R91 000 and sundry revenue of R12 000. After taking account of interest paid of R689 000, the net profit amounted to R6 083 000 as compared with a net profit of R2 114 000 in 1975. Unappropriated profit of R21 000 was brought forward from 1975, dividends totalling 35 cents per share, as compared with 30 cents per share in 1975, absorbed R692 000, an amount of R5 361 000 was transferred to non-distributable reserve in respect of expenditure on fixed and other assets, and unappropriated profits of R51 000 were carried forward to the current year.

During the last three years the increase in fixed assets at the mine has totalled R12,4 million which, even allowing for inflation, stands in marked contrast with the R7,4 million fixed assets previously accumulated at the Greenside colliery since its inception. This expenditure has largely been in connection with the mechanisation of all mining operations on Nos. 2 and 4 seams, the expansion of operations on No. 5 seam, the building of a new washery to produce low ash coal and on overland conveyors and rapid loading facilities for the export of coal.

Against this background and taking account of the large increase in the controlled price of coal in July 1976 the operation at the colliery and the increase in the working profit during the year can only be regarded as disappointing. The technical advisers in their report deal at some length with the mechanical and mining problems which were encountered during the year. In addition it must frankly be stated that the human resources and ancillary facilities required for such a major transformation of the colliery's operations were originally underestimated. Shorthandedness was particularly acute in the engineering and coal washing sections.

A white complement of 270 has now been agreed to. This represents an increase of 82 on the approved complement of only two years ago. Rapid strides have and are being made not only to recruit the additional men required but also to ensure that both new and existing employees are properly trained particularly to maintain the highly complicated equipment introduced on to the colliery during recent years.

To attract the calibre of man required, proper housing is essential and during the year 47 additional houses were occupied. Of these only 6 were on the colliery property and the balance were either leased or purchased in Witbank. Apart from the fourteen houses at present under construction on the mine property, arrangements are being made to acquire the balance of the houses required in Witbank.

The decision to house a substantial proportion of the company's employees in Witbank is not regarded as irreversible. If at a later date it is found possible and desirable to provide additional housing on the colliery property, I am confident that the houses in Witbank will find a ready market.

The task facing the management at the colliery is not an easy one but I am confident that, with the human and mechanical resources which are being placed at its disposal, the production, sales and financial results of the company will rapidly improve from the second quarter of this year onwards.

The capital expenditure in 1977 is estimated to be approximately R4,5 million, and in addition a loan of R1,5 million has to be repaid on 31 December 1977, nevertheless I shall be disappointed if it should not prove possible to make a further increase in the dividend which will be considered in December.

On behalf of the board I have pleasure in expressing appreciation of the services rendered to the company by the consulting engineer, Mr. E. L. Atkinson, the former mine manager, Mr. B. T. Hosking, who has been transferred to another position in the group, the new mine manager, Mr. G. C. Clatworthy, the staff at the colliery and head office and to The Transvaal Coal Owners Association which markets the company's steam and low ash coal.

R. A. Hope
Chairman

Johannesburg
17 March 1977

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Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Declaration of Dividend and Interim Report

DIVIDEND

DIVIDEND NO 48 of 2,5 cents per share South African currency, has been declared payable to members registered in the books of the company at the close of business on 15th April, 1977

The dividend is declared subject to conditions which can be inspected at or obtained from the company's Johannesburg office or from the office of the London Secretaries (Barnato Brothers Limited of 99 Bishopsgate, corner Bishopsgate and Wormwood Streets, London EC2M 3XE)

Subject to the said conditions payments by the London Secretaries will be made in United Kingdom currency at the rate of exchange quoted by the company's bankers on 2nd May, 1977 provided that in the event of the company's bankers being unable to quote such a rate of exchange on that day, then the currency of the Republic shall be converted at the rate of exchange quoted by the company's bankers on the next succeeding day on which such a rate is quoted

Dividend warrants will be posted either from the Johannesburg office or the office of the London Secretaries as appropriate, on 12th May 1977

South African Non-Resident Shareholders' Tax at the rate of 15% and United Kingdom Income Tax will be deducted from the dividend where applicable

The Share Transfer Books and Register of Members will be closed from 16th to 24th April, 1977, both days inclusive

INTERIM REPORT

The estimated consolidated financial results for the six months to 28th February, 1977, together with comparable figures are set out below

	Half Year 28 2 77 R000	Half Year 29 2 76 R000	Year ended 31 8 76 R000
Profit from sales of metals including dividends from the Matthey Rustenburg Refiners group	23 700	28 000	53 200
Deduct Provision for possible losses on foreign loans	4 100	5 000	9 100
Net interest paid	1 700	1 700	3 300
	2 400	3 300	5 800
Profit before taxation	19 600	23 000	44 100
Deduct Taxation and State's share of profits	1 000	4 300	7 200
Profit after taxation	18 600	18 700	36 900
Deduct Dividend declared	3 100	3 000	12 300
Available for transfer to reserves	15 500	15 700	24 600

FINANCIAL RESULTS

On-mine capital expenditure for the six months to 28th February, 1977 amounting to R13 3m has resulted in the comparatively low provision for taxation and State's share of profits for this period as such expenditure is allowed as a deduction for tax purposes. Capital expenditure for the second half of the current financial year will be considerably less than this figure

As at the 28th February 1977 commitments in respect of uncompleted contracts and the acquisition of mineral rights amounted to approximately R5 7 m

At last month's Annual General Meeting the Chairman stated that consideration is being given to the introduction of a charge in the income statement to provide for major items of renewals and replacements of capital expenditure. This investigation is not yet complete. Consequently appropriations for these items of capital expenditure continue to be made from profits after tax

MARKET

On the 1st November 1976 Rustenburg's published price of platinum was reduced from \$180 to \$162 per troy ounce. The Free Market price which had fallen from the range \$16 to \$166 in mid-November to \$13 to \$13 in early January recovered in mid-January and on the 25th March 1977 was in the range \$159 to \$169

Although the company's total sales of platinum reached a higher level in February than in the preceding months it is not yet possible to determine whether this improvement in demand which resulted from a moderate increase in the level of purchases by industrial customers will be sustained

Rustenburg's deliveries of platinum and palladium for use by the Ford Motor Company have been lower during the period under review than for the corresponding period in the 1976 financial year. This has occurred as a result of the strike at Ford in September and October last year as well as the closure of some of the Ford plants during the extreme weather conditions in January and February this year

The lower level of demand for platinum by the Japanese jewellery industry, referred to in the Chairman's Review of 2nd February has not yet improved and seems to be the result of a decrease in disposable income in that country

Rustenburg's published price of palladium was raised from \$55 to \$60 per ounce on the 21st January 1977 and the published price of rhodium was raised from \$100 to \$150 per ounce on the 1st March 1977

PROSPECTS FOR SIX MONTHS ENDING 31st AUGUST, 1977

If the prices for platinum and the by-product metals do not increase from the present levels and if there are continuing increases in costs as have occurred in recent months the Board is concerned that profits for the second half of this financial year may be below those for the first half

For and on behalf of the board,
ALBERT ROBINSON *Directors*
K W MAXWELL

Head Office and Registered Office
Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg 2001
P O Box 590 Johannesburg 2000

29th March, 1977

W Western Areas Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

**A member of the
Johannesburg Consolidated Investment
Group of Companies**

Chairman's Review by P. A. von Wielligh

The annual general meeting of the company will be held in the board room, Consolidated Building, corner Fox and Harrison Streets, Johannesburg, at 9 15 a.m., on Friday, 6th May, 1977

Operations for the year under Review

As considerable progress has now been made towards the attainment of rationalisation benefits made possible by the merger of the operations of the Elsburg Gold Mining Company Limited with those of your company, all of your company's mining operations were placed under the control and direction of a general manager, as from 1st January, 1977

In order to facilitate the transition of what have hitherto been two independent sections into a more flexible and productive whole, the sectional terminology, "Western Areas" and "Elsburg" has been discarded in favour of "North" and "South" respectively, to which I will refer in this statement.

Underground operations were again significantly affected by fluctuations in the supply of Black labour and by the reduction in the average duration of individual work contracts. The heavy influx of labour early in the year placed abnormal strains on the training and acclimatisation facilities and procedures at the mine and consequently benefits in terms of increased production lagged behind.

Towards the year-end an equally heavy exodus of labour took place, which also adversely affected production, particularly from the more labour intensive areas of your mine. Although active steps are being taken to overcome these excessive fluctuations in the availability of migratory labour, the pattern in the short term appears likely to be

repeated. Management consequently must take cognisance of this factor in its forward planning. An encouraging aspect of labour recruitment has been the increased number of South African nationals entering the mining industry, thereby reducing its reliance on foreign labour.

Production

Mill throughput increased from 3 447 000 tons in 1975 to 3 585 000 tons at a recovery grade of 6.37 grams per ton. A slight reduction in the recovery grade was in accordance with the company's declared policy of gaining the greatest long-term advantage from the expected future increases in the gold price by the adoption of a method of exploitation which optimises extraction from a multiple reef orebody.

Gold production amounted to 22 844 kilograms (1975 - 22 582 kilograms) for which an average price of R3 345 per kilogram, equivalent to nearly US \$120 per ounce (1975 - \$132 per ounce) was received. The slight increase in gold production was thus more than offset by the drop in revenue per ounce received and gross revenue declined from R83 830 000 in 1975 to R76 747 000 in 1976.

The upward spiral in working costs was reflected in an increase of some 10,7% in unit costs per ton milled. Of particular note was the significant increase in the total cost of services, mainly power, up by some 49% on 1975 and labour costs which once again reflected the annual round of wage increases granted by the mining industry at mid-year.



Western Areas Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

Chairman's Review - continued

The effect of lower revenue and higher working costs has been to halve the working profit in the year under review. The after-tax profit was reduced by R14 775 000, to R15 317 000. After providing for expenditure on capital account amounting to R9 486 000, available profit for the year was reduced to R5 831 000 (1975 - R21 564 000) which is equivalent to 14.5 cents per unit of stock.

Development

A total of 33 308 metres was advanced in 1976, which included development required to provide additional ore reserves for the planned expansion of production. However, lower gold prices received during the year, together with increases in working costs have resulted in the exclusion of a number of ore reserve blocks previously considered to be economic. In consequence, there was a reduction in the aggregate tonnage of payable ore reserves available at the year-end. Additional development necessary to restore the situation and to provide adequate flexibility in the planning of mining operations will be necessary in 1977.

Progress in the twin haulages south on 50 level towards the position of the planned SV 3 sub-vertical shaft continues to be slow and only 82 metres were advanced during the year. The mine has completed the installation of adequate precautionary measures to enable it to handle any possible inrush of water from the numerous water-bearing fissures being encountered in these haulages. Consultants of international repute have been engaged to advise on the best methods of overcoming these obstacles. Each water-bearing fissure intersected has to be cementated under pressure and further advances are made only under rigid diamond drill hole cover.

Very little progress was made during the year in the provision of an umbrella-type cover over that part of the mine abandoned due to an inrush of water in 1972. The disruption of mining operations caused by a fire in February, 1976 resulted in a stoppage of all development in the area. When access was re-established the severity of the seasonal labour shortage precluded the resumption of development. The whole concept is being subjected to a further technological investigation which will include an evaluation of the results achieved to date. The outcome of this investigation may necessitate some modification to the project.

Possible westward extensions to the Venterdorp Contact Reef horizon beyond the present Mining Lease boundary continue to be explored by development on 50

and 56 levels and the results although erratic are generally favourable. At the deeper levels served by the South Shaft, development on this horizon within the Mining Lease area continues and limited stoping has commenced.

Exploration of the Middle Eijsburg Reefs by means of boreholes drilled downwards from current working levels has commenced and the results of seven completed holes have been evaluated. Uranium values are encouraging but no economic gold intersections have been made. If this programme of drilling proves the existence of an economic block of gold and uranium ore on a horizon below those currently being exploited, the life of your company's mining operations could be significantly longer and more profitable.

Ore Reserves

The current determination of payable ore reserves has been related to a pay limit calculated on the basis of an average gold price of R3 635 per kilogram being received during 1977 (equivalent to U.S. \$130 per ounce) at current exchange rates. These reserves total 8 073 000 tons at an estimated average recovery grade of 8.6 grams per ton. The effect on ore reserves of an increase or decrease in the gold price is reflected in the table which appears on page 26 of the annual report.

Underground Fires

Three fires occurred in the North Shaft area during 1976. The fire which broke out in February had serious repercussions, inasmuch as operations were disrupted for a period of six months, resulting in an estimated production loss of 95 000 tons. An insurance settlement amounting to R1 072 000 in respect of the consequent loss of profits was received.

Another major fire broke out in the North Shaft area on 27th January, 1977 seriously disrupting operations to the extent that no ore could be mined from the North Shaft from that date until 17th February, 1977. Employees not required in fire fighting operations at the North Shaft were transferred to the South Shaft, which was not directly affected by the fire and every effort was made to increase gold production from that area. Although it is impossible at this stage to determine finally the total loss of production and to assess the amount of our insurance claim, the matter will be settled with our insurers as soon as possible.

Future Operations

As soon as conditions underground are restored to normal it is planned to increase the tonnage milled at the two plants to 370 000 tons per month. Maintenance of this rate of production is dependent upon an adequate supply of labour. The rate of development required to add to ore reserves and to give additional flexibility to mining operations, must at least be maintained at the current level. As a result of problems caused by the continued incidence of and contact with water-bearing fissures, mining opera-



Western Areas Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

Chairman's Review - continued

tions at the SV3 Shaft, which were scheduled to start in 1978, will be delayed and it now appears that such operations will commence in 1979. The necessary preparations for these shaft sinking operations are proceeding at a slower rate than was originally planned.

Housing

Additional housing for senior Black employees is desirable for the attainment of a stable working force on the mine and it is intended to build 82 houses in 1977. Numerous improvements have already been made to the hostels housing single employees and additional facilities have been provided. The tarring of access roads to the married quarters for Black employees at both the North and South Shafts has been completed. The road at Hillshaven township has also been tarred and a further six houses are under construction.

Capital Expenditure

The net expenditure on mining assets in 1976 totalled R8 955 000 which sum included an amount of R1 300 000 paid to The Randfontein Estates Gold Mining Company, Witwatersrand, Limited in respect of two secondhand winding plants, of 4 000 horsepower and 5 000 horsepower, which were acquired from that company some ten years previously. The other major items of expenditure were incurred in respect of expansion development and underground equipment (R1 390 000), reduction plant extensions (R2 275 000), additional training and acclimatisation facilities (R830 000), underground refrigeration plant (R835 000) and development and equipment for the SV3 Shaft (R675 000). Expenditure in 1977 is estimated to be some R6,0m and includes the installation of the underground refrigeration plant (R530 000), underground expansion development and equipment (R1 115 000), development and equipment for the SV3 Shaft (R1 480 000), training and acclimatisation (R1 090 000), reduction plant extensions (R675 000) and shaft pump chambers and equipment (R400 000). In view of the present marginal profitability of the mine, every effort will be made to reduce and/or postpone all but the most essential expenditure.

Finance

The \$3m Eurodollar loan was duly repaid in May, 1976. The balance of unredeemed capital expenditure and allowances was reduced to R48 000 by the year-end and con-

sequently no State's share of profits was payable in 1976. However, the provision for normal taxation and loan levy payable amounted to R2 338 000. The loan of R5,5m made by National Finance Corporation is repayable in three instalments during 1977 and provided that current estimates of revenue, working costs and capital expenditure prove to be substantially correct, your company will be able to meet this commitment from its cash resources.

Dividends

The total declaration amounted to 15 cents per unit of stock in 1976, compared with 52 cents per stock unit in 1975. This sharp reduction from the level of 1975 was due to the lower revenue received from gold sales, the increased cost of operations and to the necessarily high level of capital expenditure. Uncertainty regarding the future gold price, the extent of working cost increases, the probable effects of some form of implementation of the compromise agreement reached with the Mine Workers Union in respect of a shortened working week and the availability of an adequate labour force throughout the year, make any meaningful forecast of results for 1977 very difficult.

Acknowledgements

The past year has been a particularly difficult one as a result of the fires and the shortage of labour experienced and the mine managers and staff must be commended for their efforts in maintaining production.

In conclusion, I wish to record the board's appreciation of the excellent services rendered throughout the year by the two mine managers, Messrs J Coetsee and C S Stott, their staff, the consulting engineers and the technical and secretarial staffs at head office.

Johannesburg
16th March, 1977

Elsburg Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

The annual general meeting of the company will be held in the board room, Consolidated Building, corner Fox and Harrison Streets, Johannesburg, at 10.15 a.m., on Friday, 6th May, 1977.

The Board of Directors of the abovementioned Company draws attention to the Review by the Chairman of Western Areas Gold Mining Company Limited, the text of which is published above.

FIN MAIL 1/4/77 (210)



THE ROOIBERG MINERALS DEVELOPMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The profit from tin mining for the year was R4 305 000 compared with the profit of R4 662 000 for the previous financial period which was the eighteen months ended December 1975. Interest and sundry revenue amounted to R234 000 and taxation absorbed R1 469 000, so that the net profit after taxation was R3 070 000. The unappropriated profit brought forward was R92 000. An amount of R1 704 000 was transferred to a non-distributable reserve to cover expenditure on fixed and other assets. Dividends of 20 and 40 cents per share were declared during the year which absorbed R1 245 000 leaving an amount of R213 000 to be carried forward.

In my last review I referred to the disappointing results from "A" mine. There was a further deterioration in results from "A" mine during 1976. The grade of ore fell from 0.76 to 0.53 per cent tin and average monthly production was only 59 tons of tin in concentrates compared with an average of 90 tons per month for the previous financial period. This, however, was offset by an improvement in results from "C" mine, where the grade of ore increased, from 66 tons of tin to 101 tons in the same period. While the tonnage of tin produced and sold remained basically the same, there was a substantial increase in the average net revenue per ton of tin in concentrates from R4 287 to R5 426 due to the higher prices of tin which prevailed. Cost of sales increased from R2 644 to R3 186 per ton of tin and the gross profit from R1 643 to R2 240 per ton of tin sold.

The improvement in the financial results is therefore attributable to the fact that the return to the mine per ton of tin sold increased at a faster rate than the cost per ton of tin sold. At the beginning of the year the South African equivalent of the LME price was R5 500 per ton. It then increased to R7 600 per ton in July. The price then weakened in the following quarter but finished the year strongly at R7 700 per ton. Since the year end the price has risen still further reaching R9 211 on 11 March. The buffer stocks of the International Tin Council have been exhausted and during the foreseeable future the price of tin may be expected to remain high, but the recent upward trend may well be checked by the resumption of sales by the GSA, although the release of tin from the U.S. stockpiles has still to be authorised by Congress. In the absence of further sales by the GSA there is a prospect of a continuing excess of demand for consumption over current supply.

The rate of mining during the year was 40 500 tons per month which was about the same as the previous period. Total working expenses increased from R10,70 to R12,71 per ton mined. Higher salaries and wages accounted for R1 25 of this increase of R2,01 and power and stores for the remainder. Salaries and wages have increased in line with the mining industry as a whole. Power costs at the end of the year were 50 per cent higher than they were at the beginning and a further 25 per cent increase came into effect in January 1977. Stores costs continued to increase with the general rate of inflation.

Expenditure on fixed assets for 1976 amounted to R963 000, a substantial proportion of which was incurred on Vellefontein. There have been further delays in bringing Vellefontein to production due to the intersection of water-bearing fissures in the bottom of the shaft. It is estimated that total capital expenditure in 1977 at all the company's mines will be of the order of R1,5 million.

Development was concentrated in "A" and "C" mines with only a limited amount of work being undertaken in "B" mine and Vellefontein. Underground drilling at "A" mine was partially successful in locating ore but the hopes of locating patches of very rich tin mineralization which for years was the mainstay of "A" mine's production were not realised. A programme of surface drilling on "A" mine has outlined a new medium grade stoping area close to surface which may be open castable. The good grade ore at "C" mine came from the northern area the opening up of which made steady progress.

Shareholders are referred to the technical advisers' report for a more comprehensive account of the technical operations of the company.

Metallurgical work continued in connection with technical problems which could arise in a tin smelting operation based on the concentrates produced at Rooiberg.

The company and the Mine Workers' Union in February 1977 agreed to co-operate in working an eleven-shift fortnight for members of the Mine Workers' Union on the Rooiberg mine from the April 1977 pay month. To facilitate a high level of production the Mine Workers' Union has agreed to changes in work practice with immediate effect. In turn the company agreed to improvements in fringe benefits. Most of the changes and fringe benefits formed part of the package negotiated between the Chamber of Mines and the Mine Workers' Union last year. However the Mine Workers' Union has agreed to modifications in the changes of work practice to make them applicable to the mining conditions at Rooiberg. The eleven-shift fortnight arrangements, when introduced, will give members of the Union every other Saturday off. However they may volunteer to work on their Saturday off on an overtime basis.

The outlook for 1977 depends very much on the tin price. The production of tin will depend on the availability of ore from "A" and "C" mines as Vellefontein is unlikely to come to production in 1977. It is inevitable that working costs will increase not only with the general rate of inflation but also because it is deemed prudent to increase the rate of development to locate new ore. If, as is likely, production remains at current levels, any improvement in the financial results will depend on revenue outstripping the inevitable cost increases.

During the past two financial periods a sum of approximately R500 000 has been transferred to a non-distributable reserve in excess of the sums strictly required to finance expenditure on fixed and other assets during that period. In the event of a deterioration in the financial results this amount could be utilised to ensure the completion of the planned capital expenditure programme.

On behalf of the board I express the appreciation of the services rendered by the consulting engineer Mr B Moore by Mr G C Clatworthy, the mine manager, who moved to another position within the Group by the present mine manager, Mr B T Hosking, and the staff at the mine and head office.

R A Hope
Chairman

Johannesburg
17 March 1977

A MEMBER OF THE GOLD FIELDS GROUP



UNION TIN MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The profit for 1976 was R1 029 000 compared with R750 000 for the previous financial period, which was the eighteen months ended December 1975. An amount of R100 000 was paid to the G F Dust and Water Control and Surface Restoration Fund and, after the deduction of R394 000 for taxation, the profit after tax was R535 000 compared with R527 000 for the previous financial period. The unappropriated profit brought forward was R59 000. An amount of R130 000 was transferred to a non-distributable reserve to finance capital expenditure and an increase in working capital. Two dividends of 5 and 10 cents per share were declared which absorbed R360 000 in total, leaving an amount of R104 000 to carry forward to the next year.

The average rate of production and sales was marginally higher than that of the previous financial period, but the average net revenue per ton of tin sold increased by R987 to R4 621 due to the higher prices of tin which prevailed. The average cost per ton of tin sold increased by R150 to R2 816 with the result that profits on tin sales increased by R837 to R1 805 per ton or R948 000 in total. After taking account of copper sales and other sundry revenues, total gross profit amounted to R1 029 000 as quoted above.

While the company has earned considerably higher profits than any other year in its history, it is important that members do not lose sight of the fact that the mine is approaching the end of its life. Mining operations will continue throughout 1977, but even if underground operations are maintained at current levels and production from the gravity plant is the same as that of 1976, there will be a fall in production from the flotation plant as it is expected that reclamation from the old dumps will cease as the dumps will be exhausted during the first half of the year. A recent test however, has shown that it is possible to retreat the current tailings dam at a modest profit if the tin price remains at its present level and material from this dam will replace the reclamation from the old dump as additional feed to the flotation plant, but as this will be a retreatment of material that has all passed through the flotation plant once before, a fall-off in tin production is inevitable.

The outlook for the tin price is good. During 1976 the rand equivalent of the price rose from R5 432 in January to R7 696 per ton at the end of the year. The price increased further in January 1977 following the announcement that stocks of the buffer stock manager of the International Tin Council were exhausted and the price as at the 11 March was R9 211 per ton. Further price increases might be limited by the resumption of sales from United States government stockpiles but this has yet to be authorised by Congress. It is likely, however, that higher tin prices will compensate for lower production and it is expected that the mine will continue to make good profits throughout 1977.

The outlook thereafter is uncertain. At the last annual general meeting a member raised the question of bringing the copper mineralisation to account. This is not a viable proposition and the continued existence of the mine depends on its tin reserves. Underground ore is now very limited. The old workings will be re-examined in the light of the tin price now prevailing but it is unlikely that underground operations will continue for the whole of 1978. However if the tin price remains high the retreatment of the current tailings dam could continue after the cessation of underground operations. While every effort will be made to keep the mine going, it is obviously not in the interests of members to delay closure if operations are unprofitable.

A feature of the operations at Union Tin is the mine's outstanding safety record and on behalf of the board I express appreciation of the services rendered by the consulting engineer, Mr B Moore, the manager, Mr S J M Caddy, and the staff on the mine and at head office.

M B Forsyth
Chairman

Johannesburg
17 March 1977

A MEMBER OF THE GOLD FIELDS GROUP



VOGELSTRUISBULT METAL HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The consolidated income from investments increased from R1 510 000 in 1975 to R1 651 000 in 1976. Other revenue increased from R104 000 to R112 000. The write-off against investments was R74 000 as compared with R223 000 in 1975. Dividends were increased by one cent per share to 7,5 cents per share absorbing R1 150 000, an amount of R400 000 was transferred to investment reserve and unappropriated profits carried forward remained virtually unchanged at R101 000.

During the year Kilm Products Limited successfully bid for the whole of the issued capital of The South West Africa Company Limited and this had the effect of increasing the group's holding in Kilm.

The group's portfolio based on market prices and directors' valuations and investment income is analysed below by commodities:

	Value Percentage	Investment Income Per cent
Zinc	33	49
Tin	17	24
Coal	43	13
Copper	4	3
Gold/Uranium	1	1
Other	2	10
Total	100	100

The consolidated income statement indicates that income from investments increased by R141 000, but this understates the increase by R42 000 because an adjustment in regard to NRST for 1975 was brought to account in 1976. The increase is attributable mainly to higher dividends from tin mining companies, although there were small increases in the dividends received from all other classifications of companies other than the zinc and copper companies.

In July 1976 the South African controlled price of coal was increased by about 50 per cent which increased the revenue of Apex Mines Limited from sales of steam coal and of No 5 seam coal to Highveld. In April exports of steam coal and low ash coal commenced from Richards Bay and simultaneously the price of low ash coal sold to Iscor increased to the export price. As a result the profits of Apex increased by approximately 190 per cent but even this seemingly satisfactory outcome is disappointing because mechanical and other difficulties at the colliery restricted production and sales. No effort is being spared to enable the colliery to achieve its full potential during the current year.

Zincor experienced production difficulties during the year which restricted output somewhat but, because of a reduction in consumption of zinc in the Republic, sales decreased in 1976 whereas Zincor had planned to meet an increased demand. As a result the company closed the year with increased stocks of raw materials and finished products. The financing of these stocks is a burden and before the end of last year export markets were sought. A small tonnage of zinc was exported in 1976 (in addition to the 5 000 tons of zinc returned under a toll agreement) and further export contracts for more than 10 per cent of the company's estimated 1977 production have been concluded for delivery during the year which will relieve the stock position. The producer

price of zinc remained unchanged at \$795 per ton throughout 1976 but the underlying weakness in the zinc market particularly during the second half of the year was reflected in lower LME zinc prices.

The tin companies produced at approximately the same rate as during the previous period but, despite increased working costs, profitability was higher because of higher tin prices. It is now expected that underground operations at Union Tin will continue throughout 1977 and encouraging results have been obtained from a trial retreatment of the new dump at the mine. At Rooiberg, tin production is expected to be maintained at approximately the 1976 level and a further increase in profits is expected because of higher tin prices.

Tin has had an eventful year. Prices were low at the beginning of 1976 despite the application of export restrictions. Since then such restrictions have been removed and there have been two periods of sustained price increases: the first lasting from February to July and the second began in December 1976 after a period of relative price stability. When the tin price first approached £6 000 per ton towards the end of January 1977 the market indicated some scepticism about its persistence by quoting three months tin at lower prices, but more recently three months tin prices have reverted to levels above the spot prices.

The demand for tin for consumption in 1977 is still running ahead of available supplies of metal. The ITC buffer stock has been exhausted and the legislative procedure to make tin available from the U.S.A. strategic stockpile has been initiated. This will in any event take time and it is expected that high prices will persist for some months at least.

Evidence as to the prospects of a general recovery in world economic activity are equivocal and they will remain so until there is an upturn in the depressed steel industries in the major countries. The outlook in the short term for increased demand for major metals and minerals must remain in some doubt. Prospects for steam coal and uranium as sources of energy alternative to oil remain good even though the oil producing countries are beginning to show restraint in their pricing policies. Nonetheless coal stocks in Europe and elsewhere are high and in some areas the demand for imports of steam coal have slackened as a result of the wasteful burning of coking coal to absorb locally mined coal which is surplus to the steel industry's reduced requirements.

The company's free resources have been built up in recent years to nearly R900 000, in the hopes that a suitable new investment opportunity would arise. If this does not materialise during the next few months, this amount would be made available for investment through the market.

There are solid grounds for expecting the company's investment income to increase further in the future. At this stage there is no certainty that there will be an increase during the current year which would support a further increase in the dividend declaration.

R A Hope
Chairman

Johannesburg
10 March 1977

A MEMBER OF THE GOLD FIELDS GROUP



APEX MINES LIMITED

(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

During 1976 the profit on coal mining amounted to R5 675 000 to which must be added other coal mining revenue of R994 000, profit on sales of land of R91 000 and sundry revenue of R12 000. After taking account of interest paid of R689 000, the net profit amounted to R6 083 000 as compared with a net profit of R2 114 000 in 1975. Unappropriated profit of R21 000 was brought forward from 1975 dividends totalling 35 cents per share, as compared with 30 cents per share in 1975 absorbed R692 000, an amount of R5 361 000 was transferred to non-distributable reserve in respect of expenditure on fixed and other assets and unappropriated profits of R51 000 were carried forward to the current year.

During the last three years the increase in fixed assets at the mine has totalled R12,4 million which even allowing for inflation stands in marked contrast with the R7,4 million fixed assets previously accumulated at the Greenside colliery since its inception. This expenditure has largely been in connection with the mechanisation of all mining operations on Nos 2 and 4 seams, the expansion of operations on No 5 seam, the building of a new washery to produce low ash coal and on overland conveyors and rapid loading facilities for the export of coal.

Against this background and taking account of the large increase in the controlled price of coal in July 1976 the operation at the colliery and the increase in the working profit during the year can only be regarded as disappointing. The technical advisers in their report deal at some length with the mechanical and mining problems which were encountered during the year. In addition it must frankly be stated that the human resources and ancillary facilities required for such a major transformation of the colliery's operations were originally underestimated. Shorthandedness was particularly acute in the engineering and coal washing sections.

A white complement of 270 has now been agreed to. This represents an increase of 82 on the approved complement of only two years ago. Rapid strides have and are being made not only to recruit the additional men required but also to ensure that both new and existing employees are properly trained particularly to maintain the highly complicated equipment introduced on to the colliery during recent years.

To attract the calibre of man required proper housing is essential and during the year 47 additional houses were occupied. Of these only 6 were on the colliery property and the balance were either leased or purchased in Witbank. Apart from the fourteen houses at present under construction on the mine property, arrangements are being made to acquire the balance of the houses required in Witbank.

The decision to house a substantial proportion of the company's employees in Witbank is not regarded as irreversible. If at a later date it is found possible and desirable to provide additional housing on the colliery property I am confident that the houses in Witbank will find a ready market.

The task facing the management at the colliery is not an easy one but I am confident that with the human and mechanical resources which are being placed at its disposal, the production sales and financial results of the company will rapidly improve from the second quarter of this year onwards.

The capital expenditure in 1977 is estimated to be approximately R4 5 million, and in addition a loan of R1 5 million has to be repaid on 31 December 1977 nevertheless I shall be disappointed if it should not prove possible to make a further increase in the dividend which will be considered in December.

On behalf of the board I have pleasure in expressing appreciation of the services rendered to the company by the consulting engineer, Mr E L Atkinson the former mine manager, Mr B T Hosking, who has been transferred to another position in the group, the new mine manager, Mr G C Clatworthy, the staff at the colliery and head office and to The Transvaal Coal Owners Association which markets the company's steam and low ash coal.

R A Hope
Chairman

Johannesburg
17 March 1977

A MEMBER OF THE GOLD FIELDS GROUP

Rates move on mines

By CHRIS FREIMOND

THE Government may be asked soon to allow rates to be levied on mining land. This would ease the growing burden on property owners.

The proposal was made last year by the Roodepoort Town Council. Yesterday it was taken a stage further when the Council of Reef Municipalities referred the matter to the Transvaal Municipal Association for debate.

An approach to the Government could follow.

Roodepoort's town treasurer, Mr J Venter, told yesterday's meeting that 25 per cent of the Roodepoort municipal area consisted of mining ground on which no rates were paid.

In some cases the mining companies left land undeveloped after mining operations had ceased, but still paid no rates.

When all adjoining land was developed, the companies applied for the cancellation of the surface

permit and developed the land for their own profit.

Mr Gerrit Bornman, of Johannesburg, said that development of the adjoining land would have been properly planned. Problems would be created if the mining land was suddenly developed. A long-term programme was needed.

A copy of a memorandum compiled by the Roodepoort Town Council has been sent to the Transvaal Municipal Association.

RDM 6/5/79

RDM
US/??

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GENERAL MINING

27/5/77

A period of consolidation

The strong phase of earnings growth which characterised the early Seventies for General Mining has given way to static performance over the past three years, though since 1974 the group's total assets employed have risen from R30m to R1020m. At first sight it looks like a classic case of business empire building where the name of the game is to maximise assets controlled rather than the distributable earnings generated from them.

At second sight, too, Genmin shareholders might well think that the pursuit of Union Corporation has been more justified in terms of the former than the latter objective. The total cost to Genmin of its 45.5% shareholding in Union Corp has never been spelt out. But it has involved an \$80m loan and an increase of 41% in Genmin's issued share capital, from 5.8m to 8.2m, plus undisclosed sales of other assets, mainly gold shares. Devaluation and widening of the securities rand discount have added greatly to the total cost of the \$ loan, though the coupon, at Libor, has been below SA interest rates.

Union Corp shares are now down to 310c, valuing Genmin's beneficial stake at R86m. Although the average purchase price is obscure, what is certain is that Genmin paid far above the current Union Corp price. For instance, the 12.2m shares acquired from Federale Mynbou and associates last year were at 585c. On a 36c Union Corp dividend they generate R4.4m for Genmin, but Genmin is paying out over R5m, based on its 210c dividend, on the shares it issued to Fedmyn in return.

Though it is water under the bridge, had Genmin failed to acquire Union Corp, the strong performance of its coal, asbestos and gold/uranium interests would have ensured substantial earnings and dividend growth over the past three years.

But mining houses are rarely up for auction, the would be buyer has to deal when the "For Sale" notice goes up, not

	Quoted Investments		Attributable Income	Funds	Fwd	Net Assets
	Book value	Market value				
1972	57.6	113.4	10.0	247	70	2760
1973	60.3	189.5	14.3	274	70	6400
1974	120.6	308.9	22.5	439	70	7400
1975	136.4	212.5	26.0	443	70	4041
1976	190.9	262.8	34.5	494	70	2593

necessarily at a time of his own choosing. Whether for business or political reasons, or both, Genmin now has an asset base which enables it to contemplate large new projects. This no doubt appealed to management and the controlling shareholders more strongly than the alternative of being a smaller but more profitable group.

The combined structure has been simplified over the past year, and barring a move by Genmin to buy out the Union Corp minority, now looks more or less complete. The effect of Genmin's consolidation of Union Corp and Union Corp's consolidation, via the Geduld deal, of all its major industrial interests, should ensure that earnings flow through more smoothly to the top company. This does not improve Genmin's ability to pay dividends, but it does reflect more accurately the earnings power of the group.

Except for the paper and packaging side and for pooling of the two houses' coal interests in the Evander area, there has been little visible rationalisation between Genmin and Union Corp. Some closer integration must be likely, especially in obvious areas of overlap such as gold, as it could go some way to justify the acquisition for Genmin. It is surprising that so little has happened up to now, as potential cost savings should be very large.

This year, Genmin's ability to generate higher earnings looks limited across the board by the present economic climate and weak metal prices overseas. The group has reached the size and spread now where a fine performance, by say the coal division, has little impact on

the global results.

But new projects are another matter. Apart from Union Corp's own exploration programme (FM April 8) where a number of projects "are moving into the exploitation stage", Genmin has several interesting ventures which should begin to contribute to profits over the next two to three years.

This year, with total output projected at 50 000 t of charge chrome, the new 51% owned Tubatse facility will have little effect on Genmin's earnings. At full production of 120 000 t/year of 55% chrome content, which will be achieved by end 1977, current prices of US 40c/lb contained chrome indicate annual sales of just over R50m.

Assuming that ore deliveries are on an arms-length basis, costs per ton for charge chrome are estimated approximately as follows: ore R70, power R42, coal and flux R20, labour and materials R25, railage to Maputo R19, and shipping R58 — for a total of some R28m per year.

With a capital cost of R50m and an approximate 2:1 debt/equity split, interest charges will run at some R3.5m while annual depreciation charges will be in the region of R4.5m. Taking into account export allowances, tax should amount to around R5m and Genmin's 51% share of profits amounts to some R4.5m or 55c per share before allowing for capital redemption.

But an even bigger winner could be the Langer Heinrich in SWA, though with the obvious political qualifications. In the latest Genmin chairman's statement, Wim de Villiers says technical investigations show that "a profitable mining undertaking can be established". Outsiders believe the mine will probably be in production before 1980.

A local broking firm believes that Langer Heinrich will produce about 6m lbs/year of uranium oxide, or roughly half the rated capacity of nearby Rossing. At long-term contract prices now being struck at around \$30, this would mean annual revenue of R155m for Langer Heinrich. But the deposit, which

	1975 Shareholders				1976 Shareholders			
	Income Rm	%	Interest Rm	%	Income Rm	%	Interest Rm	%
Gold and uranium	16.3	40.9	102.4	30.7	11.4	20.4	124.7	26.6
Platinum	0.6	1.3	19.3	5.9	4.5	8.0	44.1	9.4
Coal	4.1	10.3	26.2	7.9	6.1	10.9	62.1	13.3
Base metals and processing	6.2	15.6	42.8	12.8	5.9	10.8	65.5	18.3
Commerce and industry	6.1	15.3	69.4	20.8	15.8	28.3	94.3	20.2
Financial	2.1	5.3	39.5	11.9	5.7	10.2	29.0	6.2
Property and other	4.5	11.3	33.5	10.1	6.6	11.6	27.9	6.0
Totals	39.8		333.1		55.9		467.6	

Outcry over 'spiteful' attack on Mr O

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OPPENHEIMER
... no comment

THE PRIME MINISTER should explain exactly where he stands with his question in Parliament this week about "where Mr Oppenheimer stands", opposition spokesmen said yesterday.

They did not think Mr Vorster's question was the start of a "witch-hunt" against extra-parliamentary supporters of the liberal opposition, but rather an "act of spitefulness".

"It is obvious that Mr Vorster's remarks were inspired by Mr Oppenheimer acting as host to the American UN Ambassador Mr Andrew Young in Johannesburg last week," said PRP chairman Mr Colin Eglin.

During the special debate on his Vienna talks with US Vice-president Walter Mondale, Mr Vorster suddenly deviated from the pattern of his speech to say that the chairman of the Anglo American Corporation, Mr Harry Oppenheimer, should tell South Africa "where he stands".

Mr Vorster said that if ultimately South Africa had to stand alone in its fight against Soviet imperialism, he knew where most South Africans stood.

"I wish to say again that I do not know where the Progressive Reform Party stands in this respect," Mr Vorster said.

He advised the PRP to put

By WIM VAN VOLSEM

this question to "its spiritual father", Mr Oppenheimer.

"I want to say to Mr Oppenheimer that the time has come for you to say where you stand and what you are playing at," the Prime Minister said.

But Mr Oppenheimer did not wish to respond. A spokesman for Anglo American told the Express yesterday "The chairman does not wish to comment."

Mrs Helen Suzman, PRP MP for Houghton, told me "It is clear that Mr Oppenheimer's contribution to this country is considerable indeed."

"It was very inappropriate for the Prime Minister to make insinuations about Mr Oppenheimer. It is Mr Vorster's policy and not that of Mr Oppenheimer which has resulted in South Africa's complete isolation from the Western world."

Mrs Suzman thought Mr Vorster's questions about Mr Oppenheimer were "truly spiteful remarks made on the spur of the moment."

Just after the Prime Minister had addressed his question to Mr Oppenheimer, Mr Colin Eglin got up in the House of Assembly and said Mr Vorster's "sinister reference" was unfortunate.

He also stressed Mr Oppenheimer's contribution to the SA economy was "more

than any other South African's".

Mr Vorster interjected "I made no sinister reference whatsoever. I merely asked a question." He did not want to take the matter further.

Mr Eglin said yesterday it was obvious the Prime Minister's reference to Mr Oppenheimer did not form an integrated part of his speech on the Vienna talks.

"It certainly had a sinister ring about it. It is not the kind of remark one would expect from a Prime Minister engaged in a serious debate on US-SA relations," he said.

Mr Harry Schwarz, PRP MP for Yeoville, said yesterday everybody knew where Mr Oppenheimer stood.

"I think he is a patriotic South African who does not agree with the Government's racial policies and wants to bring about peaceful change in the country," he said.

Mr Derick de Villiers, United Party MP for Von Brandis, issued the following statement.

"The Prime Minister said he had made no sinister allegation but had simply asked a question. It is a question Mr Oppenheimer should easily be able to answer, for the ultimate ability of South Africa to grow out of its present difficulties depends far more on those who actively develop its economic strength than on those whose policies impede it."

MINING - GENERAL

JUNE 1977

The image shows a large grid of 12 columns and 12 rows. The grid is mostly empty, with some faint markings and a vertical line on the right side. The grid is composed of dashed lines. The rightmost column contains some faint, illegible markings, possibly a scale or a list of items. The overall appearance is that of a blank ledger or a form for recording data.

Ergo: countdown

FIN MAIL

10/6/77

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According to a confidential technical appraisal which Anglo has circulated to leading fund managers in the past week, the group's Ergo project will break even with gold at \$30. Anglo is sounding out institutional opinion ahead of the public offer of Ergo shares in the next two to three weeks and I understand the response has been favourable. When the public offer comes, I expect a big scramble for stock, and if the gold price is strong, Ergo will be a great success.

The document confirms that yields from the Ergo plant will be higher than originally forecast in January 1976. Gold output will be 225 000 oz (209 000 oz), uranium oxide 200t (180t) and sulphuric acid 530 000t (300 000t plus 180 000t of pyrite). This adds about R4.5m to revenue to make, by my reckoning, about R47m with gold at \$140; the beauty of the Ergo process is that this marginal revenue is all profit. It will raise total profit about 25% over earlier expectations, to about R21.5m again with gold at \$140.

By-product revenue, as the table shows, is the key to Ergo's low breakeven point in terms of gold, which means that at present prices Ergo's profit would be 225 000 oz sold x \$110, or R21.5m.

ERGO BREAKEVEN POINT

Revenue from:	Rm
Gold 225 000 oz x R26 (\$30)	5.9
Uranium oxide† 440 000 lb x R24 (\$28)	10.7
Sulphuric acid 460 000 t* x R18.50	8.6
	25.2
Total annual working cost:	
18m/t x R1.40	25.2
*70 000 t will be used internally at Ergo.	
†Taking lowest contracted delivery prices.	

Ergo will pay a dividend in its financial year to March 1979 and unless the gold price goes well above \$140, it will have a long tax holiday. Capital expenditure on the project will be R137m, all of which is redeemable before tax. In addition, I learn, Ergo will qualify for the 10% capital allowance applied to new mines such as Randfontein, by which the unredeemed portion of capital expenditure is increased 10% at the end of each financial year.

Depending on how quickly profits build up, this allowance could be worth well over R50m to Ergo in additional tax offset. Once the company is into tax, however, probably not for at least five or six years, it will be at the standard rate for new gold mines of $Y=60 - \frac{480}{X}$. Equivalent to about 50% Ergo will not have any liability for lease payments.

Unfortunately, the details in my possession do not quite extend to the all important one of issue price. But I believe Anglo expects a premium of about R45m over expenditure on the project, suggesting the issue price will put a tag of about R180m on Ergo. Details will remain secret until the last moment, but the sort of numbers being juggled in 44 Main St will probably involve the issue of 40m-50m shares at a price between 360c-450c.

The latest revenue breakdown suggests that the split between the products will be gold 59%, uranium 23% and acid 18%. So the market will rate Ergo essentially as a gold share. Apart from the issue price, the interesting question is what yield the share will rate once initial dealings are over.

Anglo expects to issue the shares on a 10% yield on the dividend for the year to March 1979, and the dividend will rise in the early years. I expect the shares to move quickly onto a yield basis of about 6%-7%. Ergo will be a prime institutional stock and will appeal to many funds, and individuals, who want a gold share without the problems of labour and excessive cost escalation, or the risks of deep level mining, and with an exceptionally low breakeven point in terms of gold.

Ergo's gold production will be small ranking it about No 25 in SA somewhere between Bracken and Venter post. But it will be about No 15 in profit terms, about the same as Kloof, while its cost per ton will be a good R7 below the lowest in the industry. Its uranium recovery will be very low at about 10 gm/ton. For comparison, Southvaal's uranium grade last quarter was 210 gm/t. So some capital expenditure probably lies ahead of Ergo in an attempt to raise uranium recovery.

Details on the existing in house Ergo shareholdings are limited. Amgold shows 200 shares, or 20% of Ergo, but Anglo Rand Selection and De Beers do not show their holding. Sallies rights issue document last October disclosed that Nicky Oppenheimer "has an indirect partial interest" in 38 Ergo shares, presumably 3.8%. Anglo companies will probably want to keep a high proportion of the Ergo share capital. Even so, there should be enough in public hands to ensure a lively market.

Richard Rolfe

* Blacks outnumbers

46% of Black farm employees
about one quarter of
It will be noted from

Source

Race group	Whites	Coloureds	Asiatics	Blacks	TOTAL
Eastern Cape	300	370	7	44	48
Cape Province	00	00	00	00	00

Table 1: No of regular farm labourers in the Eastern Cape Province and South Africa, 1973.

The total number of farm employees in the Eastern Cape Province where Coloureds are in the majority table gives an indication of the size of the labour force in relation to the Cape Province and South Africa. This contrasts with most of the 8% Coloureds. 9% Coloureds of which 90% were Blacks with the remainder 10% Coloureds. This contrasts with most of the 8% Coloureds. 9% Coloureds of which 90% were Blacks with the remainder 10% Coloureds.

Can Johnnies see it through?

FIN. MAIL 17/6/77

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Johnnies' current financial strains may well have brought it a step nearer to becoming Anglo's "platinum division", a sobriquet it has long enjoyed among 44 Main St insiders.

The collapse in commodity prices couldn't have come at a worse time for JCI. With three new projects, 67%-owned Otjihase copper mine near Windhoek, the 49%-owned Shangani nickel mine in Rhodesia and the 53%-owned CMI ferrochrome project in the Eastern Transvaal, all still in the nursery stage, the additional funding requirements are straining an already overgeared balance sheet.

At the same time, JCI is being faced with a refinancing problem of its existing debt, though I am assured that it has the overdraft facilities to handle it. At the end of the month R10m of preference shares must be repaid to Anglo and around R26m of group debt falls due over the next 12 months or so.

Overgeared

At the last available balance sheet, the group debt amounted to R128m, of which R81m was in the top company plus R38m of guarantees, mainly for subsidiaries. Thus debt attributable to ordinary shareholders was in the region of R120m. Further calls from CMI, the repayment of the prefs and the funding of losses at Otjihase and Shangani will have ensured a further substantial increase since then. Against this shareholders funds must be close to R300m, but market capitalisation at R145m can now hardly be more than the debt attributable to it.

These new projects are proving a severe drain on cash flow. Otjihase is a running sore. Although technically only 67% owned, I understand that the minority shareholder, FVB, is no longer providing any fresh funding. And as the gearing is a hairy 7:1, virtually all the losses have to be funded by JCI. At the current copper price of around £750, Otjihase must be costing the house around R750 000 a month or R9m on an annualised basis.

Earlier this year, Shangani raised R\$9m to stockpile nickel production and with the stocks still not moving, the time could be approaching when shareholders will have to put up more cash.

In the year to June 1976, earnings of R22,7m flowed through to the top company and its financial subsidiaries. The dividend cost R12,1m leaving retentions of R10,6m. This year income will have been boosted by the increased payments from Randfontein and Tavistock, which



Harry Oppenheimer . . . time to pounce on JCI?

are worth an extra R2,6m, and good increases from the diamond trading companies

But the new projects drain, given the high level of gearing in the house, must make the conservation of cash flow a priority. When the board meets to decide the final dividend these factors must weigh heavily and it would not surprise me, given that there is no tangible evidence of an upswing in commodity markets, if the final dividend is not maintained at last year's level of 130c.

The problems now facing JCI highlight the necessity of having a large ungeared platform from which to launch new projects. The equity base of JCI was simply inadequate in relationship to the size of the three new projects coming on stream and allowed no leeway for errors. With Otjihase already turned sour, and Shangani facing financial problems, executives must be praying that CMI does not run into any snags.

Big is beautiful

Implicit in the Anglo-RSL merger was the recognition on Anglo's side that an expansion of its equity base was required just to handle its planned in-house expansions through a period of political uncertainty and consequently less reliable finance sources, while from RSL's side, its size was too small for participation in today's mining projects. There is an obvious message for JCI.

Another product of this merger was the revelation for the first time of the full Anglo group holding in JCI. In the process, 41% out of the 49% holding was

concentrated into Anglo, distancing De Beers from JCI's interests in the diamond trading companies and thus from the clutches of the US anti-trust laws.

Could disclosure of the JCI holding pave the way for the eventual merger of Johnnies with Anglo itself?

This possibility is repeatedly denied at 44 Main Street. But the logic is now overwhelming, especially with JCI having weakened its own defensive position by over-reaching itself. What could be more rational than to put prime JCI investments Tavistock and Randfontein respectively into Amcoal and Amgold — especially as their dividends are rising strongly?

Meanwhile, JCI's share price looks to be on the way down and at 2 050c (down 125c on the week) is still relatively overpriced compared to Anglo. *Richard Stuart*

'Grave issues' spark call for mining change

Labour Reporter

The powerful mining industry today called for change to meet the "grave issues" facing South Africa.

ECHOED

Mr Plumbridge's call was echoed by the chairman of Rand Mines, Mr A C Petersen, who said

"Our industry's voice should be heard loudly and clearly in all the major problems and decisions facing our country

"Let us make certain that future historians never record that at this crucial period in South African history its major industry was guilty of ostrich behaviour"

The chamber, through its non-controversial attitude had, in certain circumstances, become identified with some of the worst among practices and policies which were unacceptable to enlightened thought abroad, he said

This impression had to be changed. To achieve this the chamber had to speak for all mining operations in South Africa

The industry's long term aim had to be to wipe out work restrictions and job reservation, and to convince white employees that this was to their advantage

Until that was achieved the limitations on blacks obliged employers to improve black wages even where the overall policy restricted wage increases, Mr Petersen said

He congratulated the industry on the labour peace it enjoyed during the period of disturbances and tensions elsewhere, and spoke of "a greater feeling of confidence" in management among blacks

● Uranium output rising again—Page 25.

The calls came at the annual meeting of the Chamber of Mines, traditionally a reserved and non-controversial occasion

In his presidential address, Mr R A Plumbridge advocated:

- The lifting of restrictions and curbs to enable people of all races to participate equally in the open market place

- Full use of human resources

- Change wherever and whenever necessary

Mr Plumbridge also said it was hard to over-emphasise the importance of the task of the recently announced commission of inquiry into all labour legislation

"Grave issues face the country which, if not resolved, will react increasingly upon the mining scene," he warned after referring to township disturbances and mounting political tensions on the subcontinent which "weakened investor confidence."

CRITICAL

Labour productivity was of critical importance in combating inflation which threatened to make mineral industries less viable in world markets

The efficient operation of the free-enterprise system required a willingness to bring about change wherever and whenever necessary. That was especially true at this time

"There is no more vital task, therefore, than to lift restrictions and curbs on the economic system to enable people of all races to participate in the open market place," Mr Plumbridge concluded



87th Annual General Meeting of The Chamber of Mines of South Africa

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RAND DAILY MAIL

22/6/77



Mr R A Plumbridge

Call for lifting of economic curbs in South Africa

The following is an abridged version of the address by Mr. R. A. Plumbridge, President of the Chamber of Mines of South Africa, at the 87th annual general meeting of the Chamber in Johannesburg on June 21, 1977:

The past year was one of unusual difficulty for the mining industry which had to contend with deepening recession in South Africa, fluctuations in commodity prices, a continuing high rate of escalation in working costs and rapid rises and falls in the availability of Black labour. The year was marked, too, by disturbances in Black townships in South Africa and by mounting political tensions in Southern Africa as a whole which weakened investor confidence and, together with world-wide competition for available investment finance, led to a fall in the inflow of foreign capital which has persisted in 1977. The mining industry is so inherently strong that, despite these difficulties, the broad picture remains one of progress, but grave issues face the country which, if not resolved, will react increasingly upon the mining scene.

It was fortunate for South Africa that when the gold mining industry was experiencing severe difficulties as a result of the plunge in the gold price, the quantity and value of other mining exports increased, in many cases substantially, above those of 1975. The total value of South African mineral sales reached a new peak of R4 469 million compared with R4 134 million in 1975, an increase of 8,1 per cent. Sales of minerals other than gold totalled R2 088 million compared with R1 574 million in 1975, a rise of 32,7 per cent.

To alleviate domestic coal shortages the Government last year accepted that the formula for coal pricing should be modified in an effort to encourage coal producers to install new capacity at existing mines. In agreeing to the modified formula the Government required the coal producers to undertake that they would maintain and expand their productive capacity in order to cater for the full requirements of the internal market over the next five years. The coal producers have embarked on the necessary programme of capital expenditure to be able to meet this requirement. Expenditure on new coal mines and extensions to existing mines in the next three to five years announced to date exceeds R1 000 million.

The increase in the controlled price of bituminous coal announced in July and the application of the revised formula should permit a more realistic expansion of production from existing collieries in the short term. Nevertheless, price control on coal on the domestic market as it now operates still inhibits orderly development of the coal mining industry and it is imperative that the authorities move towards the removal of this restriction as soon as possible.

For the first time in the past five years, production of uranium has increased, not fallen. Compared with the previous year, the rise was about 11 per cent. This is the

beginning of what I believe will be a substantial upswing, for it arises only from the first steps taken by our producers to make fuller use of their present production plants. It does not as yet include any of the additional production which will in due course come from the new installations now being constructed or planned.

We expect that within two to three years we will again have attained our former peak annual production of approximately 6 000 metric tons.

GOLD

Working revenue of gold mines declined from R2 564 million in 1975 to R2 365 million, a fall of 7,7 per cent, owing to a drop from R3 589 per kg (\$148 an ounce) to R3 336 a kg (\$119 an ounce) in the average gold price received by the industry in the two years under consideration.

Working costs per ton milled increased by 15,5 per cent in 1976 compared with the previous year. This constituted a sharp reduction in the 26,8 per cent escalation in 1975 compared with 1974, but working costs remain unacceptably high. The industry continues to do all in its power to reduce the rate of increase but this has been made even more difficult than before by substantial increases in administered prices such as steel, electricity and rail tariffs, and of rises in indirect taxes.

The amendments to the Articles of Agreement of the International Monetary Fund proposed at Jamaica in January 1976 are currently in the process of ratification by members of the Fund and are expected to be officially approved towards the end of this year. An event of great importance to gold producers was the announcement in February 1977 by the Hon the Minister of Finance, Senator Owen Horwood, that following ratification the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

The new arrangements will replace those which have operated since March 1968 when the two-tier gold price system came into being. In terms of these arrangements producers are paid the official price for all gold delivered to the Reserve Bank. Subsequently the Bank distributes to producers, on an agreed basis, the additional revenue derived from such gold as is sold on the free market. The inevitable consequence of this arrangement is that the producers receive no premium on gold which is used by the Bank in international transactions at the official price or which is placed to reserves.

For a number of years the Chamber has advocated to the relevant authorities that producers should be paid the free market price on delivery and therefore the announcement by the Minister of Finance is warmly welcomed by the industry. The new arrangement will relieve the industry of any obligations in regard to official gold transactions. However the industry is disappointed that it will not share in the benefits to be derived from the proposed revaluation of the gold reserves which are to accrue solely to the State.

THE GOLD MARKET

The major event in the gold market was the commencement of regular gold auctions by the International Monetary Fund on 2nd June, 1976. In anticipation of the auctions the gold price had been depressed from the levels which had prevailed prior to the original announcement of the Fund's intentions. However, the market was able to absorb the quantities sold in the first two auctions without too much difficulty. Thereafter the gold price declined rapidly to reach a low of \$103,05 an ounce on 31st August as it became apparent that the market was unable to absorb the Fund's offerings at realistic prices during a period of seasonal weakness in demand.

During this critical period for the gold mining industry the Chamber held a series of discussions with the International Monetary Fund and other interested parties in an endeavour to bring about a more flexible and realistic approach to the Fund's disposal programme. The frank interchange of ideas has, I am sure, enabled all concerned to gain a greater appreciation of the problems associated with the programme and its implications for one of the largest sectors of the free world's mining industry which in the South African context is one of the biggest employers of Black unskilled labour in Southern Africa.

While a number of sensible changes have been made to the Fund's auction system, the Chamber remains convinced that a more flexible approach to the quantities sold from time to time is vital to market stability and the interests of those who benefit from the profits derived from the sales. It must be accepted that the price of gold will fluctuate from time to time due to normal supply/demand considerations and in particular during the course of any period of 12 months there are seasonal factors which affect demand. Commercial logic and normal stockpile disposal practice dictate that disposals should be increased during periods of market strength and decreased or even suspended during periods of weakness. There is little doubt that the market can absorb the Fund's annual sales in addition to newly mined gold and that a flexible sales programme can add stability to the market.

It is to be hoped that this concept will be acknowledged by the Fund without a repetition of last year's events which had a traumatic effect on gold producers all around the world.

Ratification of the amendments to the Articles of Agreement of the IMF will formally eliminate the statutory monetary functions of gold. The new amendments do, however, permit the remobilization of official gold holdings by allowing central banks to buy and sell gold freely.

It seems reasonable to conclude that gold will continue to play an important role in future as an international asset and that the number of countries and their populations with an interest in the use of gold as a monetary asset will increase.

During 1976 there was a dramatic increase in the demand for gold jewellery in the Middle East. Although part of this is associated with the traditional hoarding philosophy of that region there can be no doubt that the improved financial position of the population has had a major part to play. In Europe a similar but relatively less spectacular increase took place in jewellery demand and it is clear that the Chamber's marketing arm, the International Gold Corporation, which was established in 1971, has played an important promotional role.

LABOUR

In circumstances of a deepening recession, high unemployment and inflation rates, the Chamber has not at this time made any changes to the basic wages and conditions of employment of the employees of the industry. The Government has adopted the stance that increases should not be granted this year and has led the way by declining to do so for civil servants and employees of public corporations. In asking its employees to accept restraints in the light of economic difficulties facing the country and the industry, the Chamber has been able to point to the fact that increases granted to employees over the past five years have substantially exceeded the increase in the Consumer Price Index.

In his Presidential address a year ago, my predecessor, Mr R S Lawrence, stated the objective of ensuring that at least 50 per cent of Black employees came from South Africa and Transkei. This target has been exceeded. This is a result of the more competitive wages paid and the improved conditions on mines, the general economic situation in the country and the enhanced recruiting effort which has been mounted by the industry.

This success is not in conflict with the desire of the industry to continue to engage workers in all countries from which men have traditionally come to work on the mines. In particular, prolonged discussions have taken place with the objective of facilitating the re-engagement of experienced Malawi mine-workers who have expressed a desire to return to employment on the gold mines.

An important administrative development is the pending amalgamation of the Chamber's two labour organisations which will in future operate as The Employment Bureau of Africa Limited — "TEBA".

The increased wages paid on the mines have created further opportunities for Black employees to save and during the year savings or remittances paid out by TEBA in home territories exceeded R100 million.

THE SOUTH AFRICAN ECONOMY

Despite a steady improvement on current account over the past year, the deterioration in the capital account has precipitated a steep decline in our overall payments position and forced the authorities to make substantial compensatory borrowings, as well as a further gold swap, in order to protect the level of gross gold

and foreign exchange reserves. In the prevailing circumstances South Africa has had to rely more heavily on its own sources of capital which has precluded the possibility of economic recovery for the present and made it necessary for the economy to "sweat out" a third year of recession.

A significant improvement in the country's net gold and foreign exchange reserves to a level sufficient to finance increased imports arising from an economic upswing is imperative before the authorities can attempt to introduce significant stimulatory measures in the economy. To attain this goal an enhanced export effort, especially by the manufacturing sector, rather than a concentration on import replacement must be the immediate aim. In addition, the cost-raising effects, especially on export industries, of tariff protection should be reviewed and protection should only be granted to those industries that can clearly prove that they will, within a limited period, be competitive in both price and quality with imported products, thereby enhancing the export capability of such industries.

A major contribution to South Africa's export effort should come from endeavours to curb the cost of infra-structural facilities, especially transportation costs, and to reduce the level of domestic inflation to below international rates to ensure that terms of trade are in our favour. We must take care that a significant portion of our vast wealth of mineral reserves is not rendered unviable by high costs of extraction. The Chamber, therefore, fully supports the continuation of the medium and long-term measures of the Anti-Inflation Manifesto aimed, inter alia, at increasing productivity, raising educational levels, ensuring that the growth in money supply under existing inflationary conditions does not increase excessively in relation to the actual or expected increase in the gross domestic product and streamlining expenditure on long-term capital projects.

The tendency of prices not to fall, whatever the economic conditions, indicates that a closer examination should be made of the whole system of price control currently implemented in South Africa with the object of returning price determination to competitive market forces for as many products as possible.

The reduced flow of foreign investment to South Africa has emphasised the need to make the best possible use of South Africa's own resources. Matters which should receive urgent attention in this regard include ensuring that available scarce capital resources are directed towards the most productive areas, which requires that the present obligatory investment of funds by financial institutions in the public sector should be replaced as soon as possible by competitive bidding for funds by public sector organisations. Additionally, the capital intensive nature of the economy, which has contributed significantly to South Africa's high import propensity should be reduced as far as is feasible by introducing measures and incentives to encourage labour intensive industrialisation and therefore

reduce current levels of unemployment, and the geographical and occupational restrictions on the mobility of labour should be eased. It is hard to over-emphasize the importance of the task of the recently-announced Commission of Inquiry into all labour legislation. The Commission is required to make recommendations to the Government with the aim of adapting industrial legislation to changing needs, eliminating current problems in the labour field and laying the basis for sounder labour relations in the future.

THE OUTLOOK

The level of export earnings this year will depend to an important extent on the pace of economic revival in the major industrialized economies, and, particularly for metals such as chrome, manganese, vanadium and iron ore, on the performance of the world steel industry. Despite the recent decision of the major countries at their economic summit meeting in London to seek reasonable growth, it is not easy to forecast the likely course of events. Economic growth could well continue to be relatively slow with concomitant effects on the demand for industrial raw materials.

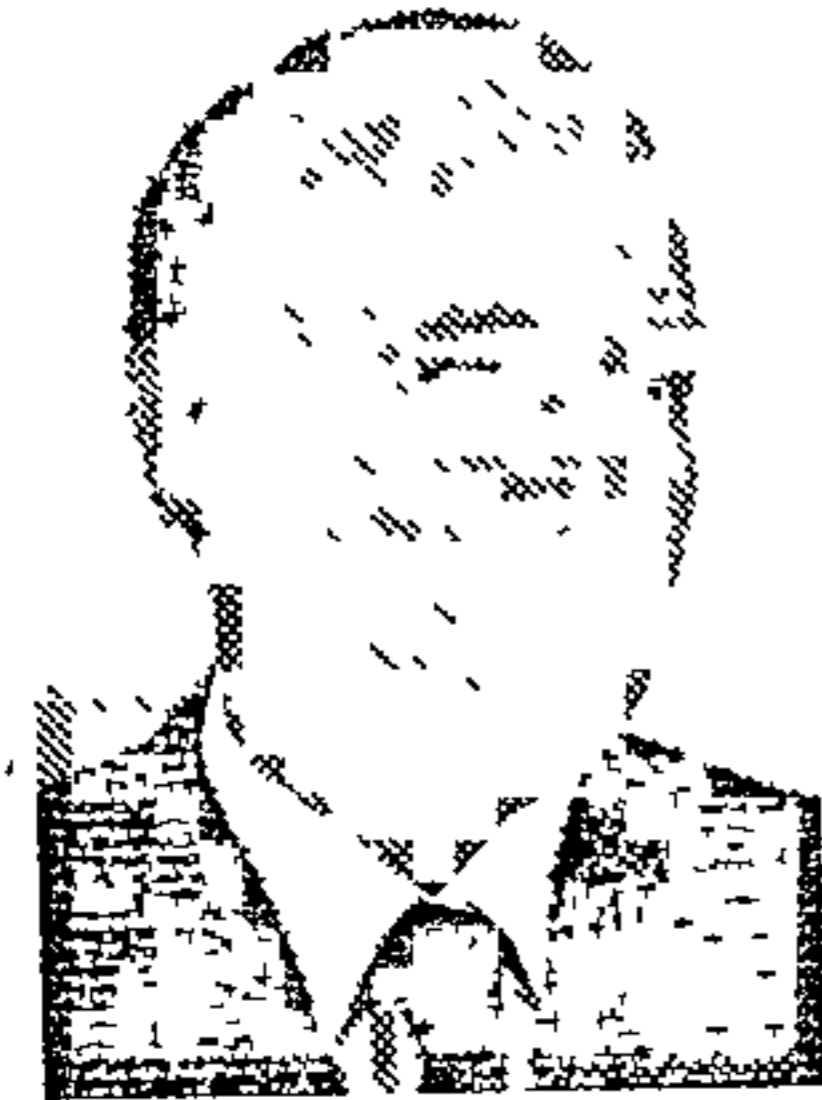
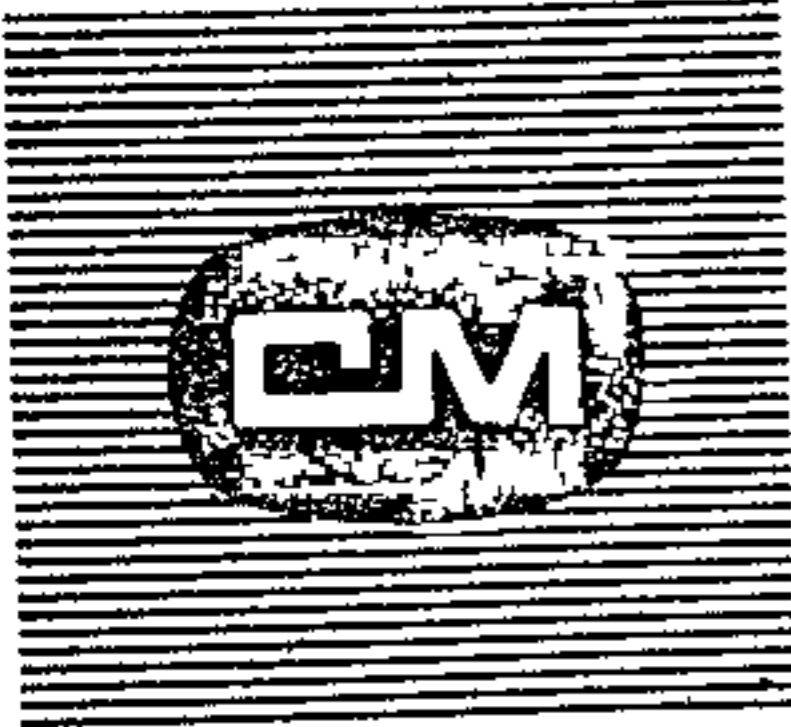
Meanwhile, the mining industry continues to contend with a rate of increase in working costs which although less than in recent years, is nevertheless well in excess of the rate of increase of the Consumer Price Index. South Africa's participation in a world recovery will depend initially on export-led growth generated primarily through mineral exports, and it is essential therefore that everything possible be done to maintain the competitive position of the mineral industries. A very serious note of warning must be sounded that unless stern efforts are made to curb the inflationary pressures in the South African economy, the mineral industries will become increasingly less viable in competitive world markets.

Of critical importance in the combating of inflation is improvement in the productivity of labour. Endeavours on this front require a significant breakthrough which will depend upon employing fully the human resources of the country.

History teaches that the free enterprise system is the only route by which such major economic objectives can be reached and that the efficient operation of the system requires a willingness to bring about change wherever and whenever necessary. This is especially true of South Africa at this time, bearing in mind our special position in Africa.

There is no more vital task, therefore, than to lift restrictions and curbs on the economic system to enable people of all races to participate equally in the open market place.

The full text of this address may be obtained from the General Manager, Chamber of Mines of South Africa, 5 Holland Street, Johannesburg, 2001.



Mr R A Plumbridge

22/6/77 (210)
87th Annual General Meeting of The Chamber of Mines of South Africa

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The amendments to the Articles of Agreement of the International Monetary Fund proposed at Jamaica in January 1976 are currently in the process of ratification by members of the Fund and are expected to be officially approved towards the end of this year. An event of great importance to gold producers was the announcement in February 1977 by the Hon the Minister of Finance, Senator Owen Horwood, that following ratification the South African Reserve Bank would revalue its gold reserves at a market related price and pay producers the market price immediately on delivery of gold.

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For a number of years the Chamber has advocated to the relevant authorities that producers should be paid the free market price on delivery and therefore the announcement by the Minister of Finance is warmly welcomed by the industry. The new arrangement will relieve the industry of any obligations in regard to official gold transactions. However the industry is disappointed that it will not share in the benefits to be derived from the proposed revaluation of the gold reserves which are to accrue solely to the State.

THE GOLD MARKET

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During this critical period for the gold mining industry the Chamber held a series of discussions with the International Monetary Fund and other interested parties in an endeavour to bring about a more flexible and realistic approach to the Fund's disposal programme. The frank interchange of ideas has, I am sure, enabled all concerned to gain a greater appreciation of the problems associated with the programme and its implications for one of the largest sectors of the free world's mining industry which in the South African context is one of the biggest employers of Black unskilled labour in Southern Africa.

While a number of sensible changes have been made to the Fund's auction system, the Chamber remains convinced that a more flexible approach to the quantities sold from time to time is vital to market stability and the interests of those who benefit from the profits derived from the sales. It must be accepted that the price of gold will fluctuate from time to time due to normal supply demand considerations and in particular during the course of any period of 12 months there are seasonal factors which affect demand. Commercial logic and normal stockpile disposal practice dictate that disposals should be increased during periods of market strength and decreased or even suspended during periods of weakness. There is little doubt that the market can absorb the Fund's annual sales in addition to newly mined gold and that a flexible sales programme can add stability to the market.

It is to be hoped that this concept will be acknowledged by the Fund without a repetition of last year's events which had a traumatic effect on gold producers all around the world.

Ratification of the amendments to the Articles of Agreement of the IMF will formally eliminate the statutory monetary functions of gold. The new amendments do, however, permit the remobilization of official gold holdings by allowing central banks to buy and sell gold freely.

It seems reasonable to conclude that gold will continue to play an important role in future as an international asset and that the number of countries and their populations with an interest in the use of gold as a monetary asset will increase.

During 1976 there was a dramatic increase in the demand for gold jewellery in the Middle East. Although part of this is associated with the traditional hoarding philosophy of that region there can be no doubt that the improved financial position of the population has had a major part to play. In Europe a similar but relatively less spectacular increase took place in jewellery demand and it is clear that the Chamber's marketing arm, the International Gold Corporation, which was established in 1971, has played an important promotional role.

LABOUR

In circumstances of a deepening recession, high unemployment and inflation rates, the Chamber has not at this time made any changes to the basic wages and conditions of employment of the employees of the industry. The Government has adopted the stance that increases should not be granted this year and has led the way by declining to do so for civil servants and employees of public corporations. In asking its employees to accept restraints in the light of economic difficulties facing the country and the industry, the Chamber has been able to point to the fact that increases granted to employees over the past five years have substantially exceeded the increase in the Consumer Price Index.

In his Presidential address a year ago, my predecessor, Mr R S Lawrence, stated the objective of ensuring that at least 50 per cent of Black employees came from South Africa and Transkei. This target has been exceeded. This is a result of the more competitive wages paid and the improved conditions on mines, the general economic situation in the country and the enhanced recruiting effort which has been mounted by the industry. This success is not in conflict with the desire of the industry to continue to engage workers in all countries from which men have traditionally come to work on the mines. In particular, prolonged discussions have taken place with the objective of facilitating the re-engagement of experienced Malawi mine-workers who have expressed a desire to return to employment on the gold mines.

An important administrative development is the pending amalgamation of the Chamber's two labour organisations which will in future operate as The Employment Bureau of Africa Limited — TEBA.

The increased wages paid on the mines have created further opportunities for Black employees to save and during the year savings or remittances paid out by TEBA in home territories exceeded R100 million.

THE SOUTH AFRICAN ECONOMY

Despite a steady improvement on current account over the past year, the deterioration in the capital account has precipitated a steep decline in our overall payments position and forced the authorities to make substantial compensatory borrowings as well as a further gold swap in order to protect the level of gross gold

and foreign exchange reserves. In the prevailing circumstances South Africa has had to rely more heavily on its own sources of capital which has precluded the possibility of economic recovery for the present and made it necessary for the economy to "sweat out" a third year of recession.

A significant improvement in the country's net gold and foreign exchange reserves to a level sufficient to finance increased imports arising from an economic upswing is imperative before the authorities can attempt to introduce significant stimulatory measures in the economy. To attain this goal an enhanced export effort, especially by the manufacturing sector, rather than a concentration on import replacement must be the immediate aim. In addition, the cost-raising effects, especially on export industries, of tariff protection should be reviewed and protection should only be granted to those industries that can clearly prove that they will, within a limited period, be competitive in both price and quality with imported products, thereby enhancing the export capability of such industries.

A major contribution to South Africa's export effort should come from endeavours to curb the cost of infra-structural facilities, especially transportation costs, and to reduce the level of domestic inflation to below international rates to ensure that terms of trade are in our favour. We must take care that a significant portion of our vast wealth of mineral reserves is not rendered unviable by high costs of extraction. The Chamber, therefore, fully supports the continuation of the medium and long-term measures of the Anti-Inflation Manifesto aimed, inter alia, at increasing productivity, raising educational levels, ensuring that the growth in money supply under existing inflationary conditions does not increase excessively in relation to the actual or expected increase in the gross domestic product and streamlining expenditure on long-term capital projects.

The tendency of prices not to fall, whatever the economic conditions, indicates that a closer examination should be made of the whole system of price control currently implemented in South Africa with the object of returning price determination to competitive market forces for as many products as possible.

The reduced flow of foreign investment to South Africa has emphasised the need to make the best possible use of South Africa's own resources. Matters which should receive urgent attention in this regard include ensuring that available scarce capital resources are directed towards the most productive areas which require that the present obligatory investment of funds by financial institutions in the public sector should be replaced as soon as possible by competitive bidding for funds by public sector organisations. Additionally the capital intensive nature of the economy, which has contributed significantly to South Africa's high import propensity should be reduced as far as is feasible by introducing measures and incentives to encourage labour intensive industrialisation and therefore

reduce current levels of unemployment, and the geographical and occupational restrictions on the mobility of labour should be eased. It is hard to over-emphasize the importance of the task of the recently-announced Commission of Inquiry into all labour legislation. The Commission is required to make recommendations to the Government with the aim of adapting industrial legislation to changing needs, eliminating current problems in the labour field and laying the basis for sounder labour relations in the future.

THE OUTLOOK

The level of export earnings this year will depend to an important extent on the pace of economic revival in the major industrialized economies, and, particularly for metals such as chrome, manganese, vanadium and iron ore, on the performance of the world steel industry. Despite the recent decision of the major countries at their economic summit meeting in London to seek reasonable growth, it is not easy to forecast the likely course of events. Economic growth could well continue to be relatively slow with concomitant effects on the demand for industrial raw materials.

Meanwhile, the mining industry continues to contend with a rate of increase in working costs which although less than in recent years, is nevertheless well in excess of the rate of increase of the Consumer Price Index. South Africa's participation in a world recovery will depend initially on export-led growth generated primarily through mineral exports, and it is essential therefore that everything possible be done to maintain the competitive position of the mineral industries. A very serious note of warning must be sounded that unless stern efforts are made to curb the inflationary pressures in the South African economy, the mineral industries will become increasingly less viable in competitive world markets.

Of critical importance in the combating of inflation is improvement in the productivity of labour. Endeavours on this front require a significant breakthrough which will depend upon employing fully the human resources of the country.

History teaches that the free enterprise system is the only route by which such major economic objectives can be reached and that the efficient operation of the system requires a willingness to bring about change wherever and whenever necessary. This is especially true of South Africa at this time bearing in mind our special position in Africa.

There is no more vital task therefore than to lift restrictions and curbs on the economic system to enable people of all races to participate equally in the open market place.

The full text of this address may be obtained from the General Manager Chamber of Mines of South Africa, 5 Holland Street, Johannesburg 2001.

22/6/77 (210) D.D.

Industry is a big money spinner for mines

THE BOND between mining and the manufacturing industry is a marriage of convenience which reflects the nature of the South African economy

Mining houses, recognising the wasting nature of their principal assets, and also looking for ways to utilise the funds generated by their mining activities, have a long history of involvement with industry

But as with so many marriages of convenience, these unions have sometimes ended in divorce

Those still in the big league are General Mining & Finance (turnover of industrial interests R400-million), Union Corporation (R500-million), Anglo American (R320-million through AMIC) and Anglo-Transvaal Consolidated Investments (R400-million through Anglo Transvaal Industries plus R38-million through Anglo-Alpha Cement)

Now that General Mining has taken over Union Corporation, this pairing is clearly the giant of the league

Two others of significance are Johannesburg Consolidated Investments and Messina

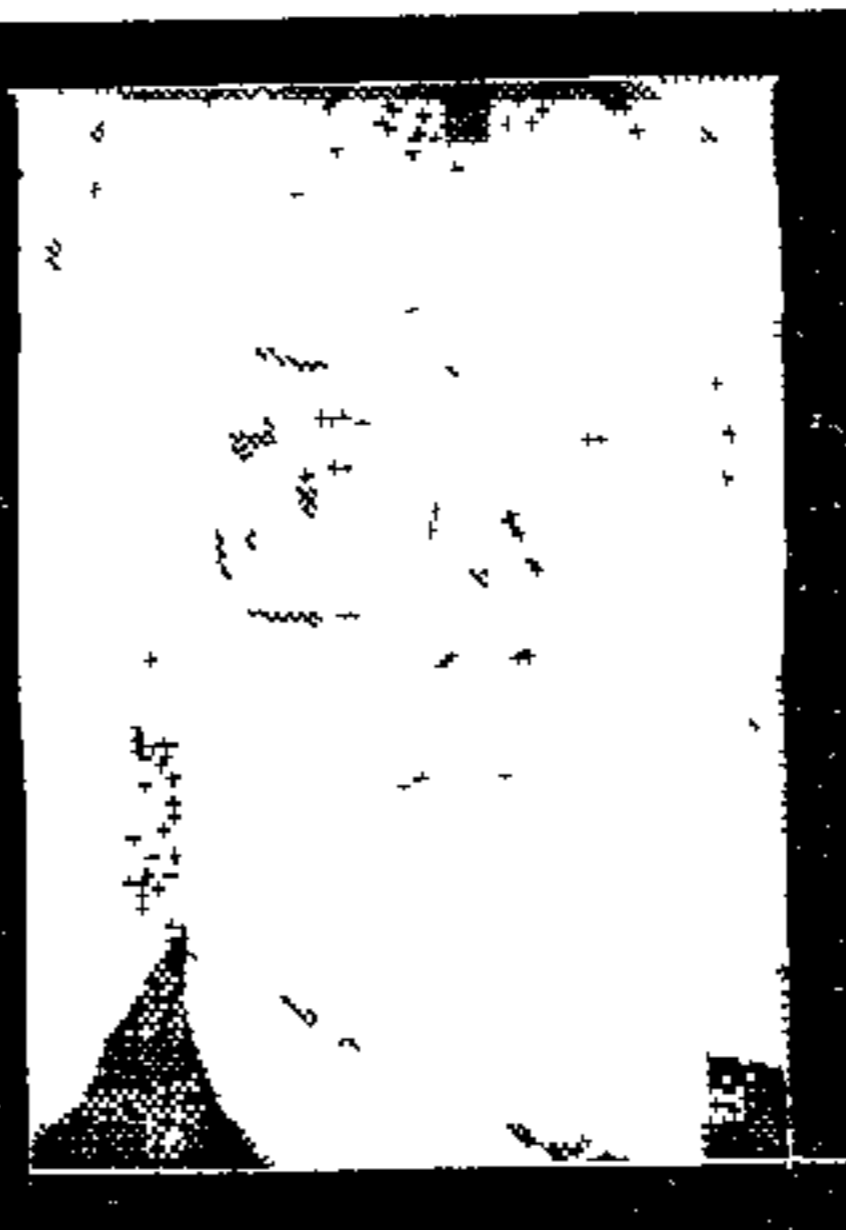
The net asset value of Johnnies' industrial interests last year topped R110-million, which was 26 per cent of the group total

Industrial investments contributed 25 per cent of the income of the parent company and its wholly-owned subsidiaries

However, only 20 per cent of Johnnies' industrial interests are managed by the company, the rest being classified as portfolio investments

The biggest of the managed investments is

IN THE last of his series about the industrial investments of the major mining houses, Industrial Editor Tony Koenderman concludes that the bond between mining and manufacturing is a marriage of convenience — which has sometimes ended in divorce.



Lenning Holdings, the engineering group, which last year achieved sales of R58-million. Others are Steelbrite (steel furniture), Andcor Holdings (ceiling and partitioning), Louw's Creek Timber, and Associated Industrial Chemicals

Major portfolio investments are a 20 per cent stake in South African Breweries, Argus Printing & Publishing (18 per cent), Johnson Matthey (25 per cent), Mondi Paper (14 per cent) and Toyota South Africa (15 per cent)

Messina (Transvaal) Development started life, and still is, a major copper mining company, but now earns more from industry (53 per cent) than from mining (47 per cent)

Of the 53 per cent, motor industry investments accounted for 29 per cent, television and radio for 17 per cent, and engineering for 6 per cent

the country's oldest mining houses. Rand Mines now contributes nearly 10 per cent of the R1-billion plus turnover of the huge industrial conglomerate

There is no question that mining and manufacturing activities slot in well with each other

But at the same time they require a distinctly different managerial and entrepreneurial approach, and it is where mining groups have failed to realise this that diversification has gone sour on them

Those that have succeeded have done so by allowing their industrial interests a great deal of autonomy in the day-to-day running of their businesses

The mining business tends to build up a rigid army-type control structure, and is not concerned with the problems and foibles of the consumer market

Anglo American dealt with this by staying largely in industrial areas which were closely related to mining activities, and General Mining, after getting in too deep in a broad spread of investments, has been divesting itself of many of them

The mining houses today don't believe in spreading themselves too thinly, and all are committed to the concept of growth flowing naturally from their existing industrial base rather than from a mad flurry of continued acquisitions

In general, their industrial companies are performing a little better than industry as a whole

But their holdings have a distinctly blue chip look about them, offering an image of solid conservatism nicely touched off with a dash of entrepreneurial flair

- (3) (a) and (b) only
 (4) (b) and (c) only
 (5) (b) and (d) only

MAC THAIN looks at an area holding minerals worth R440 000m

The Bushveld Complex, mind-blowing treasures

(210)

Modern industrial activity leans heavily upon adequate supplies of a relatively few and scarce metals and minerals. And the bulk of them are provided by South Africa whose reserves outstrip those of the rest of the world.

This tiny fraction of the earth's surface — some 60 000 sq km — is the economically mineralised portion of a unique geological formation, the Bushveld Igneous Complex, which sweeps in a broad arc across the Central Transvaal. It is only in very recent years that its vast potential mineral wealth started to be recognised.

Under the leadership of Professor Gerhard Gruenewald, the University of Pretoria's Institute of Geological Research has made great strides in putting together the formation's jigsaw. Through a National Institute for Metallurgy a startling picture merges of the magnitude of the complex's wealth and of its significance, for industrialised countries of the Western world.

Conservative estimates

Since records were started, the reefs of the Witwatersrand series have been exploited to produce some R30 000m worth of gold and possibly a similar amount will be forthcoming in the years ahead.

Locked in the limited area in the Bushveld on conservative estimates are industrial metals and minerals worth R440 000m represented by massive reserves which in the case of at least three of them represent a high percentage of known world resources outside of the Communist bloc.

Best known, and at present the largest money spinner, are the platinum group metals (PGM) of the Merensky horizon in the Rustenburg area. No official figures are published, but it's guesstimated that current earnings run at some R250m a year.

The Pretoria team — taking 1200m below surface as mineable depth without refrigeration — comes to the conclusion that reef reserves amount to some 3300m tons containing 583m ounces of platinum group metals, currently being recovered at the rate of 4,25m ounces a year.

No increase in production

Associated with this are estimated to be 2,65m tons of copper and 4,3m tons nickel recoverable as by-products.

Exploitation of the Merensky reef in the Rustenburg area represents virtually the entire primary PGM production of the western world at 55 percent of total offtake, with Russia supplying 31 percent of total production.

Other supplies come virtually entirely as a by-product of nickel opera-

tions in Canada, and production cannot be stepped up to meet rising demand.

In terms of available reserves, those contained in the Merensky reef constitute 86 percent of the total for the world, with those of Russia placed at 13 percent and one percent scattered among other countries.

Outside of the single reef mined at present, there are very substantial amounts of PGM in other bands making up the horizon. One is the UG2 chromite-rich layer below the Merensky reef. This is being looked at tentatively by Rustenburg Platinum and the Bantu Investment Corporation.

Pretoria's estimate is that it contains 1000 ounces of PGM. Should a way be found to beneficiate the chromite content, it is suggested that this layer could eventually emerge as the most substantial economic mineral occurrence of the entire complex.

To the east, in the Potgietersrus area where

they are put at 2400m tons, representing 75 percent of world reserves at present, and probably 10 times of this down to 1200m.

An ironical aspect of the situation is that sanctions against Rhodesian chrome spurred technical advances here in the production of ferrochrome, which has almost entirely replaced metallurgical chrome from there and Turkey in the production of stainless steels.

One of the consequences of this was that the much publicised US repeal of the Byrd Amendment was nothing more than a gesture to placate Third World UN members as it was common cause that no imports of Rhodesian chrome had taken place for a considerable time.

Furthermore, Rhodesian ore production had become increasingly oriented towards the manufacture of ferrochrome.

South African exports of chrome ore can be expected to show appre-

BIC suite of rocks is the largest fluorspar province in the world. Total proven reserves are estimated at 116m tons with a content of 25 percent calcium fluoride. Recent investigations point to the final figure being substantially higher.

World resources of high-grade material are calculated to be 172m tons at the low end of estimates and 340m tons at the high end.

As to how long these resources will last, the Institute puts forward an estimate based on the unlikely growth rate of 10 percent per annum that they should last 70 years.

Taking a more realistic one of five or three percent, the availability of these resources emerges as for about 140 or 200 years, respectively.

However, these estimates do not take in the vast additional sources, especially of chromite and vanadiferous iron ore not taking mining operations below the depths used in its calculations.



By 1980 South Africa could be providing 40 percent of the Western world's demand for ferrochrome derived from the chromite ores of the Bushveld Igneous Complex. The latest entry into this field is the General Mining-Union Carbide Tubatse smelter with a planned capacity of 120 000 tons a year. The picture shows part of the storage yard from where ferrochrome goes by rail to Maputo or Durban for export.

platinum mining first started, is the Platreef with a high enough nickel content to support a primary producer of this metal with PGM as the by-product. Estimated content is 14,7m tons of nickel, 7,3m tons of copper and 400m ounces of PGM.

The platinum market is in the doldrums at the present time but once a worldwide industrial recovery gets underway, demand will rise sharply and this can only be met from South Africa in consequence of the PGM's unique properties as chemical catalysts.

Since the end of World War 2, stainless steels have played an increasing role in industrial technology, and its production depends upon alloying steel with chrome.

Current South African production is around 2,6m tons, representing 30 percent of world output of chrome ore, with 28 percent being accounted for by Third World countries and 32 percent by the USSR.

Estimated reserve figures are startling. Down to a depth of 300 m

able growth once the world economy gets moving again, but those of ferrochrome should rise much faster. One estimate is that they will rise to around 40 percent of total world consumption by 1980.

The chrome industry is concentrated in the hands of General Mining, Rand Mines and Johnnies.

In addition to stainless steels, high-strength steels are playing an increasing role in modern technologies and vital to their production is vanadium. There are immense amounts of this contained in the magnetic iron ores of the complex and exploited by Union Carbide and Highveld Steel.

Exports — equivalent to 41 percent of world consumption — are running at some 8 000 tons worth R50m a year, and these are expected to rise steadily in the long-term.

The Pretoria group places reserves down to a depth of only 30 m from surface at 17m tons which is equivalent to 96 percent of known world reserves.

Also contained in the

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Principal investments are motor industry market leader Datsun-Nissan (100 per cent), Steelmobile Engineering (Datsun's stamping, tool making and container manufacturing offshoot), Electra Television and Appliancee (68 per cent) and Premier Metal (83 per cent)

Group profits from industry last year were R19-million, compared with R17-million from mining

Other mining companies' interests in industry in South Africa are generally small, though Consolidated Goldfields, for example, the British parent company of GFSA, has substantial industrial interests in other parts of the world

Charter Consolidated also has a spread of industrial and commercial interests in South Africa and abroad

And in a reversal of the pattern so far described, Barlows a few years ago took over Rand Mines, one of

the country's oldest mining houses Rand Mines now contributes nearly 10 per cent of the R1-billion plus turnover of the huge industrial conglomerate

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Star 28-6-77

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1977 mineral exports may pass R2 000m

Foreign exchange earnings from industrial metal and mineral exports this year could well top the R2 000m mark judging by preliminary statistics for January—April, despite the depressed state of the main commodity markets.

Cumulative total of the main export items, but excluding the value of beneficiated materials such as ferrochrome and ferromanganese, for the four months, was over R473m against R306m for the corresponding period of 1976. If these levels are maintained, the value of all exports could prove to be some 50 percent greater than the 1976 figure of R1 667m, and getting near to the anticipated contribution of gold.

The big spurt has come through the commissioning of Saldanha Bay and Richards Bay. In consequence, iron ore exports rose in value from R7,4m in the 1976 period to R53,5m. That of bituminous coal was R49m greater at R58m.

The third highest improvement was recorded by sales of "miscellaneous materials," made up of platinum group metals and uranium. As the platinum market has been flat

for months now, the increase of R31m to R158,4m must have come from uranium sales by way of contract and "spot" sales from stockpiles.

The world copper price has not performed well but export receipts for the four months at R45,6m are R17m up on last year's figure.

Chrome also did well, with exports of chrome ore and sands having risen from R9,7m to R19m. Local sales were also higher for conversion into ferrochrome. Nickel brought in R24m against R15,5m.

Manganese ore receipts were some R2m up at R33,7m and those from vanadium little changed at R16m.

Asbestos continued to ride high during the period to bring in R36,7m — R11,5m more than in the first four months of 1976 and the value of fluorspar sales rose from R3,3m to R4,8m.

availability of domestic and foreign interest rates and credit will influence the demands for and supplies of foreign capital.

A further influence on the money base, again ceteris paribus, is the government's fiscal deficit. The difference, over any

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Randfontein uranium deal at R46-m a year

ROM 7/77 (210)

By DON ROBERTSON--
Mining Editor
RANDFONTEIN Estate's uranium supply contract with the French Atomic Energy Commission will be worth R46-million a year when deliveries start in 1980

It was revealed in London yesterday that the French commission is behind the financing of the R90-million expansion programme at Randfontein which began last August

The programme involves Randfontein's Cooke gold and uranium metallurgical complex and the refurbishing of the Millsite plant. Treatment capacity will be raised to 350 000 tons a month

Speculation has been rife since the announcement last August as to which country was supplying the interest-free consumer finance, but in line with the industry's tight-lipped policy on anything about uranium, nothing was forthcoming

The London report clears up this point and gives further information

The supply contract calls for the delivery of 900 tons of uranium oxide a year for 10 years. This will take the mine's total output

The negotiated price is R23,30 a lb, or \$26,80, and while this is slightly below the current contractual price of about \$30 a lb, it is thought to be reasonable considering the interest-free loan

At current prices, the contract is worth R46-million a year. This represents the minimum guaranteed price, but the contract allows for escalation based on the index of average South African mining costs for gold and uranium as published by the Chamber of Mines

The total amount of the consumer finance is \$103 800 000, or R90-million. The last Randfontein annual report showed that the first tranche of R30-million was received in January this year. It was the call of the second tranche this month that sparked the London report. The third tranche is due in July, 1978

The Cooke plant is due for completion in April 1978, but deliveries to France will not begin until 1980 when repayment of the loans will begin and will be related to deliveries

All South African uranium sales are negotiated through the Nuclear Fuels Corporation which was instrumental in arranging the French finance for this project

The Cooke plant will be particularly efficient and will use the world's largest belt filters. Initial estimates suggest that treatment costs will be as low as \$2,50 a lb, leaving a substantial profit

The Millsite plant is due to come on stream soon and will treat accumulated slimes for uranium. Production will be stockpiled until deliveries begin

An aspect of the contract is that it was negotiated in con-

junction with the Atomic Energy Board and carries the right, subject to certain provisos, to supply overseas customers with enriched uranium once the South African enrichment plant is in operation in 1985

Randfontein's life is estimated at about 20 years, but there is the possibility of sinking a third shaft in the southern area where gold values fall but uranium values rise

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much in the way of detail of drilling results. But unless interesting results had been discovered in the early stages it is unlikely that such a concentrated drilling programme would be being mounted.

In addition Union Corp is reported to have been raising money by selling non strategic investments through the market, possibly in anticipation of development in the OFS Disposals include Blue Circle, Barlows, SAB and a big slice of the old Geduld portfolio.

Unisel, where payability is high and drilling indicated a mill yield of 12.9 g/t, was established on the basis of 27 bore hole deflections to the Basal reef and 19 to the Leader reef zone at depths between 1 100m — 2 100m. So there remains quite a bit of work to be done in the new area. But with the number of drills operating Union Corp should be in a position to make a further announcement soon.

Jim Jones

UNION CORP What's up in the Free State?

Recent drilling activity in the Orange Free State, 15-20 km south of St Helena, has occasioned heavy dealings in Union Corp shares and a sharp rise in the price (see chart)

Having visited the site earlier this week, I can disclose that the drills are now operating on the farms shown on the map, nine for Union Corp and three for Anglo. At least one option hunter is also active in the area.

The concentration of drills and the obvious anxiety of the houses to tie up options are indications that this is a discovery of major importance. My investigations suggest this could be the first entirely new gold field found since Evander in the Fifties.

From the concentration of drills a number of conclusions can be drawn.

First, the programme has gone well beyond the wild catting stage. In the hard Free State rock formations, a normal rate of drilling progress is about 250m per month. To obtain geological information, the mining houses sink a hole, often over a period of 10 months to a year, and then evaluate the results before deciding on the next phase.

This suggests that initial results are sufficiently encouraging for, in Union Corp's case, nine holes to be sunk at a cost of anything up to R300 000 per hole

before the cost of any deflections.

Second, the entry of Anglo into the fray bears all the hallmarks of fierce competition for the prime areas.

Anglo and Union Corp have frequently vied for mineral rights in the past. Union Corp, after all, made the original strike in the Free State, but Anglo ended up with seven mines to Union Corp's two. Union Corp had much of what is now Vaal Reefs South, but Anglo got the mine.

Union Corp is reluctant to discuss this programme, but its informal statement to the *Rand Daily Mail* last Thursday said: "For many years Union Corporation has been carrying out drilling and evaluation programmes for gold and uranium in a number of areas. This exploration is continuing. At this time no decision has been reached to go ahead with the development of a new mine."

The statement is consistent with the details I have established, but does not fully convey what I believe to be the significance of the overall drilling programme in this new area, nor does it have the force of an officially published statement.

Finally, the concentration of drills suggests that the strike is relatively shallow. If it were deep, there would be no great hurry with the drilling programme. It would cost too much and deep level mines — such as Deelkraal — are unattractive at present because of high capital costs and the long lead period.

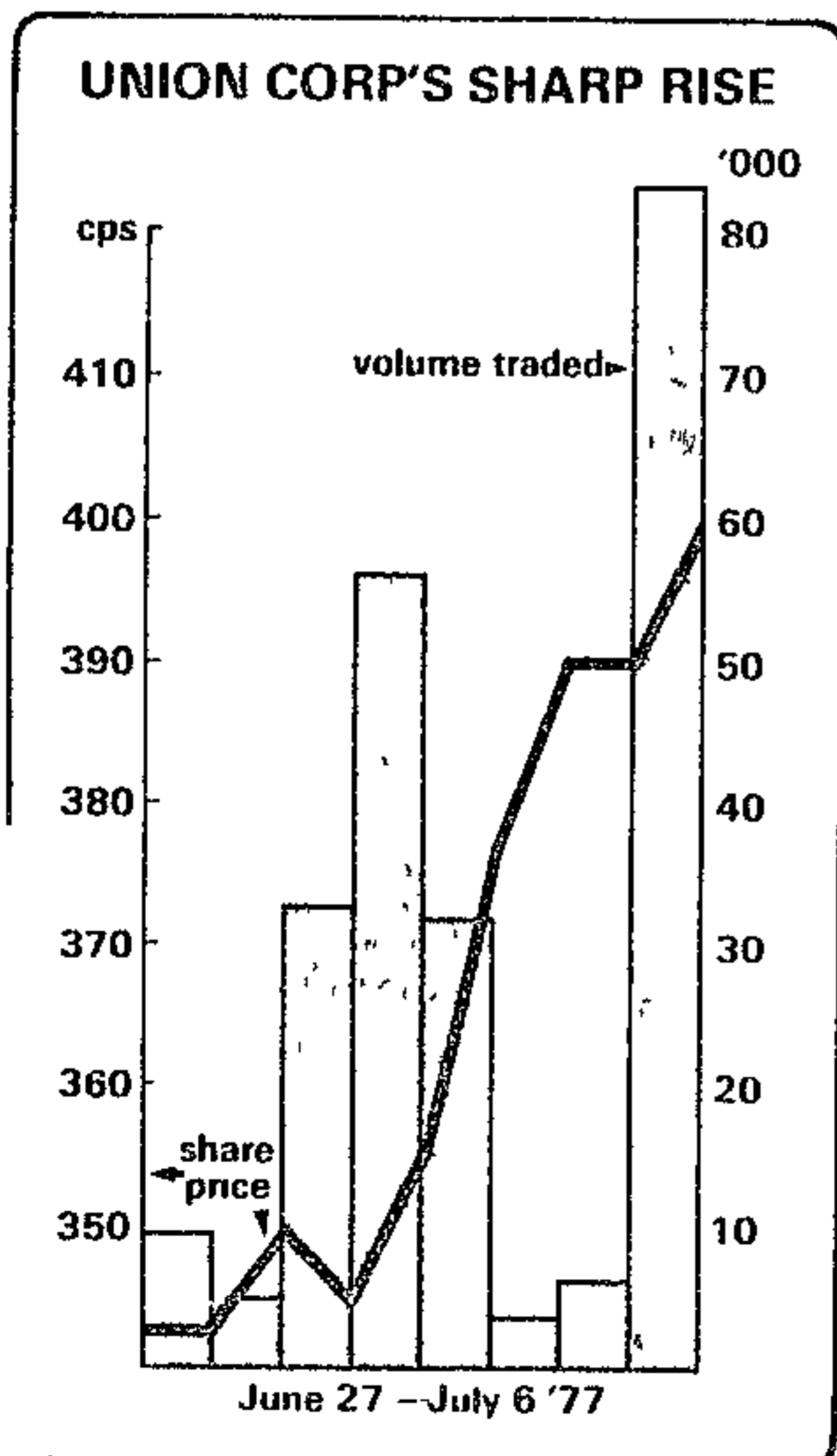
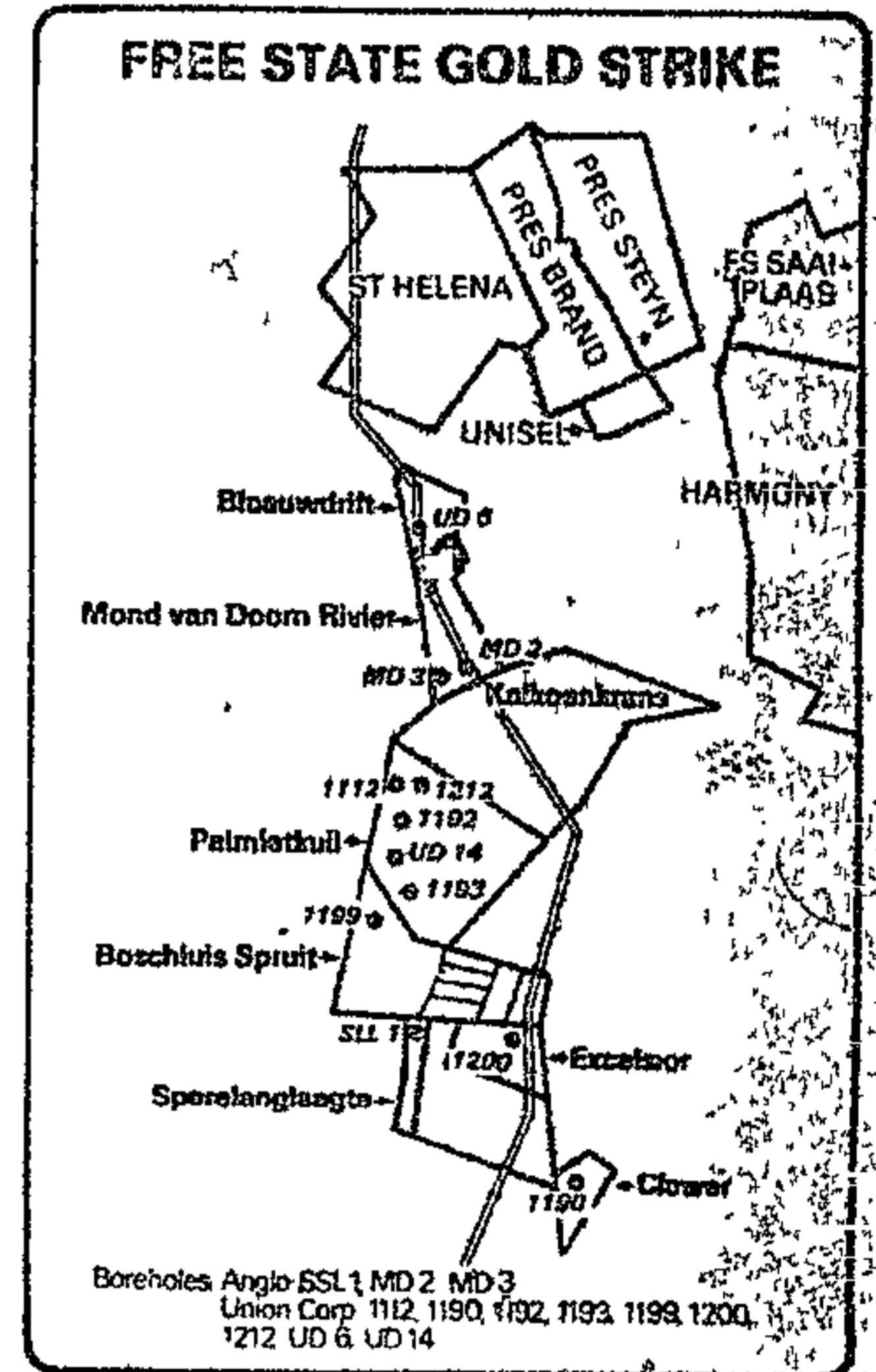
In fact, the field now under investigation is shallow. Main activity is centred on Palmietkuil, where borehole 1193 has intersected what appears to be a major upthrow block of the Basal reef horizon on two deflections at around 1 100m. A third deflection is currently being drilled and has reached a depth of 870m with four more deflections planned.

Borehole 1 192 intersected Basal reef at just less than 1 400m in its first deflection and drilling of the second deflection is currently at 1 260m. Boreholes 1 117 and 1 212 are at 500m and 385m respectively, but are expected to intersect the reef at around 1 400m. A fifth hole on the farm, to be drilled by Umdrilling's No 14 machine will start in the next week or so.

On Boschuis Spruit borehole 1 199 has reached 370m and the reef is being looked for at around 1 200m.

The limit of the upthrow block appears to lie somewhere to the south of Excelsior. Union Corp has drilled several holes

on the farm No 1 200 is currently at a depth of 845m and is expected to intersect reef at around 1 400m. On Clewer, borehole 1 190 is stuck at 343m as the driller is having trouble with his casings.



But from what I can gather, the Clewer drill is merely being used to prove the limit of the Basal reef.

In the south there could be problems with depth. On Sperlenglaagte Anglo's SLL 1 borehole is currently at a depth of 1 428m and still in lava after over 400m of dyke and lava. It looks as though the Basal reef here is at a depth of around 1 850m but the picture is still unclear.

What is clear is that six deflections from SLL 1 intersected three Elsburg reefs over 40m at depths of around 820m. Apparently radiometric analysis of the cores indicated that the reefs only have marginal interest as far as uranium is concerned.

To the north the geological picture is unclear. On Blaauwdrift, the UD6 drill is being held up by shattered ground at 370m and the likely depth of the Basal reef is somewhat uncertain.

But on Mond van Doorn Rivier Anglo's MD2 borehole is currently at 1 895m and on its seventh deflection after intersecting Basal reef on the first six deflections at around 2 250m MD3 on the same farm is only at 1 457m and has yet to intersect reef.

Union Corp is reluctant to reveal

RA RDM 12/7/77 (219)

Superdrill gives miners

MINING RDM 12/7/77
REPORTER

for 120 km from Johannesburg a new "superdrill" for coal mines has successfully been tested which can reach trapped men with a rescue hole penetrating relatively rapidly through some of the hardest rock on earth.

Developed for the Chamber of Mines of South

Africa by Ingersoll-Rand of the United States, the drill penetrated very hard dolerite rock at a rate of 3.7 metres an hour, the hole narrowing from a width of 762 mm at the top to 636 mm at the bottom — which is sufficiently wide to extract even hefty miners with ease.

Never before has man drilled

led so large a hole in such hard rock so quickly.

The new drill can reach practically any point in any of the more than 40 coal mines which contributed towards its R2,75-million cost, because it is designed to penetrate 250 metres and none of these mines extends deeper than 274 metres.

While not of practical use to South Africa's gold mines, which are the deepest mines in the world, reaching down as much as 3 962 metres, the Chamber's new drill may prove the answer to rescue efforts in underground mines in most other parts of the world where mining is conducted at more conven-

hope

tional depths

Unlike other drills which have been used in the few surface-conducted mine rescue attempts made in the past, the DHD-130 drill (more commonly called the "T5" because it is mounted on an Ingersoll-Rand T5 Drillmaster truck unit) is a percussion drill.

Instead of boring through the earth in spiral fashion it has a bit, faced with dozens of carbontungsten tips, which hammers away at the rock like a jackhammer, delivering 700 powerful blows of 2 700 feet lbs each, a minute.

This disintegrates the rock which is blown upwards and out of the hole by air exhausted from the drill.

Powering this largest diameter drill in the world is the world's largest mobile air compressor, a Whisperized Spiro-flo. It is the only one in existence and was designed and built specially for the Chamber's giant drill.

The South African drill was developed by Ingersoll-Rand from experience gained on the trans-Alaskan pipeline project for which the company in 1974 designed similar but smaller drills to help put down holes through rock-hard frozen tundra.

The new "superdrill" would be of little use without the massive support system which the Chamber of Mines has developed for it.

This includes a smaller Ingersoll T4 drill for putting down probe holes to initially locate trapped miners, six 25-ton trailers for transporting the drilling rods and the steel pipes for casing the holes, a 40-ton mobile crane, a workshop truck with welding and other equipment, a front-end loader for site clearing, radio communication equipment, and a specially-designed capsule and a parachute-type harness with which to extricate survivors.

The rescue unit is permanently housed in fire-station fashion at the Chamber of Mines Colliery

Training College at Witbank and can be on the road to the scene of a mining disaster within minutes of receiving a call.

Although weighing more than 37 tons, the big T5 drill can travel at 50 km/h and more and so is able to be on-site and drilling at the most distant colliery from Witbank within eight hours of being summoned.

In practice, the smaller T4 drill would reach the site first and begin putting down probe holes to locate any trapped miners. Should they not be located by the time the big drill arrives, it can assist in the search because it is also equipped to sink probe holes.

The vital probes can be put down particularly speedily — going through the hardest rock at a rate of 9.1 metres an hour and well over double this rate when softer rock is encountered.

During the tests at Springfield Colliery in the past few days the T4 drill sunk a 165 mm hole more than 195 metres in 24 hours.

Once the men are located with the aid of microphones, cameras and lights lowered through the probe hole, food, water, air, medical supplies and even music can be supplied to keep them going while the T5 begins drilling the escape hole.

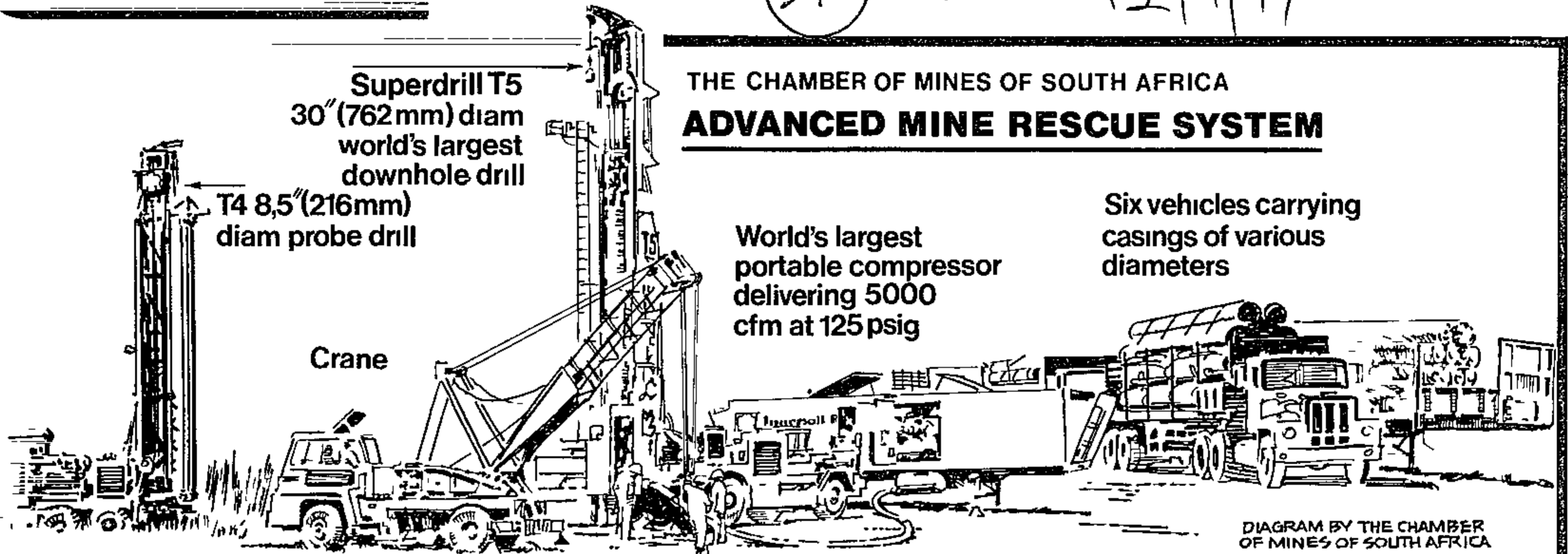
The T5 would normally begin drilling a 762 mm diameter hole to the depth of 21.3 metres, casing this to provide support for the hole through the soft overburden and then continuing drilling with a 635 mm bit.

Should, however, clay or other weak strata or excessive water be encountered requiring the hole to be cased again, this can be done and the hole continued with a drill bit providing a 559 mm hole.

If this hole has to be further cased it permits a final hole of 483 mm in diameter, which is considered to be just about the minimum width needed to extricate a man.

• See Page 16

210 RDM 12/7/77

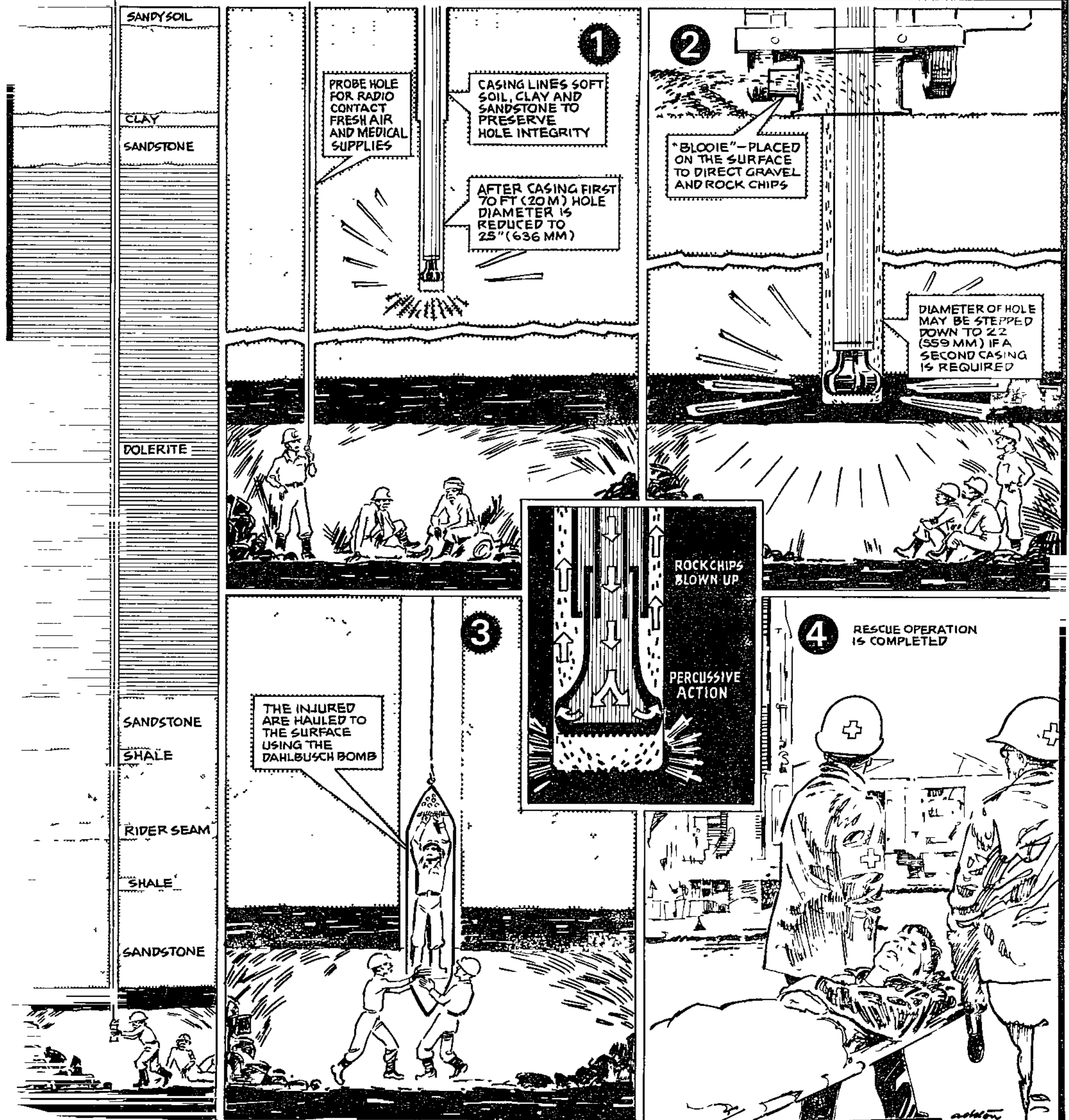


THE CHAMBER OF MINES OF SOUTH AFRICA ADVANCED MINE RESCUE SYSTEM

World's largest portable compressor delivering 5000 cfm at 125 psig

Six vehicles carrying casings of various diameters

DIAGRAM BY THE CHAMBER OF MINES OF SOUTH AFRICA



A Mercury 13/7/27

Trading active

JOHANNESBURG

Gold shares firmed on the stock market yesterday on U.S. demand and in line with the higher bullion price, dealers said.

Trading was active and sizeable gains were seen across the board. Heavyweights rose by up to 150 cents and medium and light-weight issues gained up to 35 cents.

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Hollard Street report

Randfontein rose 150 cents to 4475, W. Holdings 100 to 2175. Of the 44 trades on the board, 33 were marked firmer, two easier and nine unchanged.

Mining financials advanced in line with producers and showed gains of up to 75 cents. Coppers were a shade easier but platinums were slightly harder. Asbestos shares were firm.

Dealers noted manganese share Samanco was suspended about noon at the request of the company, after moving up to 780 (750) yesterday morning. Elsewhere, De Beers was 10 cents higher at 472 on New York demand.

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NEWSPAPER

Natal Mercury 14/7/77

Gefco betters its profits

JOHANNESBURG — The Griqualand Exploration and Finance Company and Msauli Asbes, the asbestos mining companies in the General Mining group, showed net profit after tax of respectively R3,2 million and R1,8 million for the quarter ended June 30, the company announced here yesterday.

Gefco improved its quarterly profit from R2 044 000 (March 31) to R3 290 000, bringing profit for the financial year to date up to R5 334 000 compared with R2 782 000 in the first six months of the previous financial year.

Msauli's quarterly profit moved up from R1 363 000 to R1 817 000 to total R3 180 000 for the first six months this year, compared with R2 631 000 in last year's first half year.

Gefco's operating profit amounted to R4 101 000 (R2 720 000) to total R6 821 000 (R3 452 000) for the first half-year.

Msauli sold fibre to the tune of R5 220 000 (R4 106 000) to total R9 326 000 (R7 178 000) worth of sales to date this financial year.

Gefco has had a capital expenditure of R634 000 (R500 000) to total R1 134 000 for the first six months compared with R1 318 000 during this period last year. Prospecting amounted to R132 000 (R95 000) totalling R227 000 (R228 000) for the first half year.

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FM 15th July 1977

(210)

General Mining Group



ASBESTOS MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1977

Both Companies are incorporated in the Republic of South Africa

The Griqualand Exploration and Finance Company Limited

Issued Capital — R597 500 in 11 950 000 shares of 5 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 30 6 77	Quarter ended 31,3 77	Financial year to date	Previous Financial year to date
Operating results				
Development — metres	1 265	1 247	2 512	1 045
Ore milled — tons	200 000	168 000	368 000	210 000
Fibre produced — tons	18 124	17 197	35 321	24 753
Percentage fibre recovered	9,1	10,2	9,6	11,8
Revenue per ton	R518,9	R515,4	R517,5	R420,5
Production costs per ton	R235,7	R228,0	R232,0	R222,6
Selling costs per ton	R91,2	R86,2	R89,2	R64,4
Financial results	R'000	R'000	R'000	R'000
Operating profit	4 001	2 579	6 580	3 157
Profit after tax from non-mining subsidiaries	100	141	241	295
Add Interest received — net	4 101	2 720	6 821	3 452
	106	52	158	80
Profit before taxation	4 207	2 772	6 979	3 532
Provision for taxation	917	728	1 645	750
Net profit after taxation	3 290	2 044	5 334	2 782
Capital expenditure	634	500	1 134	1 318
Prospecting expenditure	132	95	227	228
Loan levy	156	94	250	106

Notes

- Consolidated results are given as information relating to the company only could be misleading
- Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year
- Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers
- Interim dividend No 52 of 120 cents per share was declared on 1 June 1977
- A special resolution subdividing the existing 2 390 000 shares of 25 cents each into 11 950 000 shares of five cents each with effect from 13 June 1977 was registered on 23 May 1977

On behalf of the board
C H WALTERS
W T P MOSTERT | Directors

Johannesburg
13 July 1977

Msauli Asbes Beperk

Issued Capital R3 225 600 in 6 451 200 shares of 50 cents each

UNAUDITED CONSOLIDATED RESULTS OF THE GROUP

	Quarter ended 30 6 77	Quarter ended 31 3 77	Financial year to date	Previous Financial year to date
Operating results				
Development — metres	1 808	1 013	2 821	3 209
Ore milled — tons	255 000	237 000	492 000	323 000
Fibre produced — tons	25 334	25 270	50 604	44 042
Percentage fibre recovered	9,9	10,7	10,3	13,6
Revenue per ton	R221,6	R210,4	R216,5	R172,2
Production costs per ton	R61,8	R58,8	R60,3	R51,3
Selling costs per ton	R56,8	R51,9	R54,6	R43,0
Financial results	R'000	R'000	R'000	R'000
Sales of fibre	5 220	4 106	9 326	7 178
Less Cost of sales	2 671	2 100	4 771	3 817
Operating profit	2 549	2 006	4 555	3 361
Less Royalties	120	78	198	114
	2 429	1 928	4 357	3 247
Less Interest and sundries	2	5	7	58
Profit before taxation	2 427	1 923	4 350	3 189
Provision for taxation	610	560	1 170	558
Net profit after taxation	1 817	1 363	3 180	2 631
Capital expenditure	589	308	897	1 228
Prospecting expenditure	7	—	7	—
Loan levy	84	79	163	58

Notes

- Consolidated results are given as information relating to the company only could be misleading
- Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year
- Interim dividend No 35 of 25 cents per share was declared on 1 June 1977

On behalf of the board
C H WALTERS
W T P MOSTERT | Directors

Johannesburg
13 July 1977

Registered offices of both companies General Mining Building 6 Hollard Street, Johannesburg, 2001

17 1 Astor Mercury 15/7/77 (210)

Shares ease

JOHANNESBURG

Gold shares were firmer on balance on the stock market yesterday, in line with the bigger bull on the bur afternoon trading was extremely quiet, due to the closure of the New York market, dealers said.

Some shares eased on lack of interest and P. Steyn shed 10 cents to 930 while Blyvoors lost five to 510. Randfontein was 25 cents up at 4525 and Western Deep rose



10 at 1120. Of the 34 trades on the board, 16 were up and eight down.

In mining financials, which generally held earlier gains, Johnnies was 30 cents higher at 2050.

Coppers and platinum were easier and Mo sina lost five cents to 210. Asbestos shares were also easier, where Gefco was five cents down at 425 after trading at 440 earlier.

Elsewhere, De Beer lost nine cents to 466 on lack of interest. The industrial market was quiet, and dealers noted little demand for stock in the afternoon. Prices were mixed towards the close after holding steady during the day — (Sapa.)

U. Mercury

16/7/27

Golds mixed

JOHANNESBURG
GOLD shares were mixed on the stock market after an easier opening, with some prices advancing towards the close on U.S. interest, dealers said.

Among those to gain were W. R. Cons, up five cents to 210, Doorns, five cents up at 305, and Durban Deep, which rose five cents to 275.

AF Lease gained 25 cents to 625 on local speculative interest in its uranium prospects. Wes

210

Hollard Street report

Dries lost 25 cents to 2 600 and Randfontein shed 25 cents to 4 500.

Of the 41 trades on the board, 17 fell and 11 were higher. Mining financials were quiet and little changed.

Coppers declined and platinums were narrowly mixed. Tin share Roolberg gained 60 cents to 800. Asbestos counters were easier and Msauli lost 20 cents to 360.

Elsewhere, De Beers gained four cents to 470 on renewed U.S. interest, dealers said. Coal shares were softer with Tavistock down 25 cents to 2 075.

The industrial market was mixed, with some prices retreating on profit-taking towards the close — (Sapa.)

relations on 3 nearby farms. as a man for 16 per month. They had moved to the present farm because of some difficulty with the previous one. She has friends and

and perm a fa Bva WORL and val Vyk dop of Far

Impressive week for Holland Street gains

JOHANNESBURG. The Johannesburg Stock Exchange closed with a gain of 125c in the Rand, while the main index, the All Share Index, was up 100c. The Rand rose to 100c from 87c on the previous day.

In addition, most industrial sectors showed gains with interest rates rising outside the usual 10 readers. Gold shares opened lower yesterday but rose better as New York came in later in the day. The best gains of the week were confined to the smaller counters which have local support.

De Beers was on the uptrend again yesterday as New York demand came in. The counter gained 20c to 470c on the week. Coppers were weaker because of uncertainty in the American market.

The whole mining finance board looked strong with the exception of Anglo, which came off the top yesterday on profit taking, to close unchanged at 402c on the week.

Platinum shares were generally down the week with Anglo and Wit Combines down 75c. Gold fields, Transvaal and Victoria Falls, showed small gains.

In London, the market was quiet in quiet trading. The government's economic policy was much in line with expectations but the market was somewhat reserved on the day.

In Salisbury, the stock market closed on a weak note. Deals were done in the RAL at 200c. The All Share Index was up 100c.

Ernest Simon, 17, works full time at R7 per week in the co-op farm, unless another farmer buys him out for life. children and will probably be in debt to the farmer (and tied to the Citrusdal. He owes the farmer R100 towards the education of his on contract to do roadwork, stayed to do odd-jobs, then came to is with his parents. Previously had been a miner. He came to Pletberg school in Queenstown and stay with their mother-in-law. One child wife works in the kitchen for R11 per month. Three children are at John Simon is Basuto born and has worked on the farm since 1953. His born, watched him grow into middle age, and nothing has changed.

She married a worker on the farm. She says conditions on the farm have Citrusdal for R10 per week, the others are not yet old enough to work. 8 children died of measles and now she has had 8 more. One works in a year in her youth when she worked at a hotel in Morreesburg. The first Katrina Miller, born 1910, has been on the farm all her life except for in Paarl, but has only once been outside the valley herself. doesn't know the district. She has relations on a farm near Ceres and better on the farm she's on than on the Clamwilliam side of town, but

Ontleders verskil oor Ergo

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Deur VIC DE KLERK

NA 'n volle week van ontleding is van die land se voorste beleggingsontleders van mynbou-aandele nog nie seker wat die regte prys vir Ergo se aandele moet wees nie. Die meeste stem egter saam dat die openingsprys op die Beurs heelwat hoër kan wees as die uitgifte-prys van 350c per aandeel.

Vandeesweek se mooi verbetering in die goudprys, asook die besluit van Amerika om op 'n reuseskaal voort te gaan met die aanwending van kernkrag, maak die aandeel nóg meer aantreklik as 'n week gelede.

Ander ontleders wys weer daarop dat effekterand nie gebruik mag word om vir die aandele aansoek te doen nie en dat die buiteland eers ná notering van die aandele op die Johannesburgse Beurs kopers kan wees.

Danksy die huidige diskonto van meer as 35 persent op effekterand, beteken dit dat die buitelanders ongeveer 470c vir die aandele kan bestaal om dit maar net op 'n gelyke grondslag met die plaaslike uitgifteprys van 350c te bring

De Beers

Ontleders wys egter ook daarop dat Anglo selde met so 'n projek oor die lang termyn 'n belang van meer as 30 persent behou. Op die oomblik is sy belang meer as 66 persent en hulle verwag dus dat Anglo van die begin af verkopers van die aandele sal wees. Sy Stalmaat, De Beers, het 'n belang van 12 persent in Ergo.

Indien Anglo wel betrokke raak in die stryd om Samancor, sal hy sekerlik kan doen met 'n klompie ekstra kontant

wat beteken dat die aandeel nie teen 'n groot premie op die Beurs sal open nie

Die makelaar se aannames was 'n styging van 10 persent per jaar in die goudprys, terwyl mynkostes met 12,5 persent per jaar styg. Die prys van uraan behoort volgens hom teen 'n ietwat vinniger koers te styg, maar dié van swael weer stadiger sodat die styging in die randinkom-

ste van die myn ongeveer 10 persent per jaar is

Sake-RAPPORT voel nogtans dar daar 'n hele klomp gunstige faktore is wat almal daarop dui dat die aandeel se openingsprys heelwat meer kan wees as die werklike intrinsieke waarde van die aandeel en volstaan by verlede week se voorpelling dat die aandeel teen ongeveer 500c sal open.

Die meeste beleggingsontleders voel egter dat die dividendvoorsigtig van Ergo nie so wonderlik is nie Baie gaan in die toekoms afhang van die prys van swael omdat dit byna net so 'n groot inkomste gaan lewer soos die goud wat herwin word

Een makelaar voorspel die volgende dividende vir Ergo Vir 1978 geen. 1979, 25c, 1980, 50c, 1981, 75c, en 1982, 55c, en daarna tot in 1999, 45c per aandeel per jaar As hierdie dividende terug verdiskonteer word teen 12 persent, gee dit 'n waarde van ongeveer 350c

Ou VRIENDE NOG DAAR I



DR. ANTON RUPERT, voorsitter van Rembrandt gerugte loop sterk dat sy groep kan help om die knoop deur te hak



DR. TOM MULLER, voorsitter van Yskor het aandeel ter waarde van R100 miljoen om te verkoop

Genmin nie alleen

Deur VIC DE KLERK

GENERAL Mining is beslis besig met onderhandelinge om beheer oor Suid-Afrika se grootste mangaangroep, Samancor, te verkry. Die kans is ook baie goed dat hy die knoop hier kan deurbak. Maar dan sal hy dit nie alleen kan doen nie en hy het die hulp van sy „vriende” baie nodig.

Hierdie feite is vandeeweek deur Sake-RAPPORT vasgestel ná die opeikorting van die aandeel van Samancor se bevestiging dat Yskor daarin belang stel om van sy belang in Samancor ontslae te raak.

Daar is egter 'n groot geheimhouding oor wie saam met General Mining in die transaksie is. Die moontlikheid van 'n sterk Amerikaanse vennoot word genoem. Terselfdertyd is daar ook kenners wat glo dat die „vriende” wat help het met die oornam van Union Corporation weer hierby betrokke kan wees.

Die naam van dr. Anton Rupert se Rembrandt word genoem en daar word gesê dat die Samancor-transaksie 'n voortsetting is van die plan van dr. Rupert om 'n groter vastrapplek in die mynbou te kry. Dit het begin met die groot belang wat Rembrandt in Federale Mynbou gekry het vir kontant.

Anglo

Die moontlikheid word ook genoem dat Rembrandt hierdeur baie sterker beheer in Federale Mynbou en daardeur in General Mining kan kry.

Maar die onbekende faktor is Anglo American. In beurskringe word gesê dat as Anglo nie deel van enige konsortium is wat beheer oor Samancor verkry nie, hy beslis nie sal stil sit en toesien dat iemand anders dit sonder slag of stoot kry nie.

Samancor word allerweë as 'n prima-maatskappy beskou met 'n baie goeie wins- en groeipotensiaal.

Dan is daar natuurlik ook nog die ander alternatief dat Anglo en General Mining weer soos in die Mainstraat-Beleggings saam in die transaksie kan wees.

Dit bly egter 'n feit dat in enige aanbod vir Samancor daar baie kontant sal moet wees. Yskor het as die meerderheidsaandeelhouer die kontant nodig en sal nie maklik vir 'n klomp papier te vinde wees nie.

En in so 'n geval sal die Johannesburgse Effektebeurs daarop aandring dat 'n soortgelyke aanbod vir die minderheidsaandeelhouers gedoen word.

Op sy eie het General Mining nie hierdie soort kontant beskikbaar nie. Die huidige markkapitalisasie van Samancor is R220 miljoen, wat die uiteindelijke waarde van 'n aanbod kan wees.

Slegs die Anglo American-groep kan op sy eie so 'n groot aanbod doen. Vrydag was daar volop gerugte dat hy wel aan so iets werk. Behalwe Anglo en De Beers se kontantbronne in Suid-Afrika, is buitelandse geld vir hom ook nog taamlik maklik beskikbaar, wat die verdere voordeel van die diskonto op effekterand inhoud.

Buiten Anglo kan Goudvelde seker ook alleen so 'n

transaksie doen, maar die mynhuis het 'n duidelike voorkeur vir goudmyne en dit is onwaarskynlik dat hy met so 'n groot sprong sal diversifiseer, veral ná sy huidige planne in Noordwes-Kaapland.

Dit laat die General Mining-groep saam met sy vriende as die enigste ander vryer.

Sanlam hou 36 persent van die aandeel in Federale Mynbou wat op sy beurt weer vir General Mining beheer. Maar dit is te betwyfel of Sanlam op die oomblik vreeslik baie kontant het. Vir eers het die hoer voorgeskrewe bate vereistes 'n groot hap uit die versekeringsmaatskappy se kontantvloei geneem. Sanlam moet in elk geval 'n hele klompie kontant behou om om te sien na die eiendomsbelange van 'n hele aantal maatskappye waarin hy 'n groot belang het.

Dit is te betwyfel of Sanlam op die oomblik meer as R20 miljoen kan bydra tot die kontantdeel van die aankoop van Samancor.

FVB, wat 'n belang van sowat 10 persent in Federale Mynbou het, se kontantposisie laat ook nie so iets toe nie. Die maatskappy het in elk geval 'n verklaarde beleid om op 'n ligte nywerheid en voedsel te konsentreer.

Rothmans

Die Rembrandt-groep het 'n belang van 25 persent in Federale Mynbou. Ná die pragwins van Rothmans International vir die afgelope jaar moet die groep veral met heelwat kontant in die buiteland sit en is hy ongetwyfeld die sterkste kandidaat om met die kontantdeel te help.

Ingeligte waarnemers verwag dat die aanbod vir Samancor deur Federale Mynbou gedoen sal word en dat dit uit 'n kontantdeel of aandeel kan bestaan. Iets soos 'n kontant-aanbod van 800c per aandeel of twee aandeel in Federale Mynbou. Teen die huidige prys van Federale Mynbou is die aandeeldeel van die aanbod 880c werd, met die gevolg dat die meeste aandeelhouers behalwe Yskor dalk die aandeel sal aanvaar.

Om te verseker dat die maatskappy genoeg kontant het vir die aanbod, word daar gepraat van die uitreiking van sowat 15 miljoen aandeel teen 450c of 500c per aandeel.

Die uitreiking van 15 miljoen aandeel op hierdie manier kan 'n inkomste van tussen R65 miljoen en R75 miljoen lewer 'n Paar ander kontantbronne kan ook help. Union Corporation het op die oomblik heelwat meer kontant as

General Mining en dan is daar nog die buitelandse vriende wat laas vir General Mining gehelp het om Union Corporation te bekom.

Die aanduiding is dat General Mining inderdaad sommige van hierdie buitelandse lenings vinniger afbetaal het as wat ooreengekom is. 'n Hele paar miljoen rand in die buiteland, wat terselfdertyd vry geld is, kan baie help om die buitelandse aandeelhouers van Samancor se belang goedkoop uit te koop.

• 'n Ander alternatief wat ook vir General Mining oorbly, is om Amkor oor te neem. Hierdie filiaal van Yskor se belang in Samancor is sowat 39 persent. Hy het ook nog ander belange soos byvoorbeeld dié in fosfaat. Dit kan dan afhang van die vertolking van die gees van die oornam van die ook nodig is om 'n soortgelyke aanbod vir die minderheidsaandeelhouers te maak.

Coal-mine assets to be sold

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EDM 22/7/77

Own Correspondent

MARITZBURG. — The assets of two Northern Natal mines will be sold following an urgent application to the Natal Supreme Court by the two provisional judicial managers.

Three prospective buyers, including Iscor and General Mining, were interested in buying the mines — Movis Coal and Saint David's Colliery at Vryheid — it was said in papers before Mr Justice Hefer.

Mr Petrus Meintjies, joint judicial manager with Mr Michael Ensor of both companies, said in an affidavit the

buyers were only prepared to determine the extent of the coalfields by boring once the court had given leave to sell the assets.

He said Movis coal had two contracts. One was the haulage of coal from Natal Anthracite colliery and the other was a verbal contract with Iscor for the delivery of coking coal.

"Both these contracts are in jeopardy as the company is unable to perform its obligations," said Mr Meintjies.

The contracts were wasting major assets which were in imminent danger of being lost, and it was imperative they be sold.

Movis coal had total assets of R2 100 000 with apparent liabilities of R1 930 000. However, commitments — including arrears on leases and hire purchase — amounted to R765 705

The sole asset of Saint David's Colliery was a mining option

He submitted that creditors and would-be buyers regard the mining operations of both companies as one.

Both companies were placed under provisional judicial management on June 24

Mr Justice Hefer granted the application for leave to sell the assets.

GOLD QUARTERLIES ...

Holding on the costs front

FIN. MAIL

22/7/77

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The general trend is to higher mill throughputs as labour shortages recede, but full potential was not met in the June quarter as the eleven-shift fortnight was introduced. It hit output to around 6% below potential and several months more are needed before the full effects can be gauged.

With the higher mill throughputs has come a general lowering of unit costs and some improvement in yields. Most mines are operating below capacity, so a steady improvement in mill throughput seems likely over the next six months, with costs being well contained.

Gold is being well supported and it looks as if the usual seasonal drop (due to the northern hemisphere holidays) will not take place and a steady strengthening looks in prospect for the rest of the year.

This points to some better dividends. There is far more cost consciousness and capex is being carefully controlled. Investment strategy over the next few months should be to concentrate on mines best able to control costs. The very high cost producers still have little to recommend them except as speculations on a runaway gold price.

Blyvoor: The new plant operated below capacity. If full capacity is reached, unit costs will be contained and earnings boosted with completion of extensions to the uranium plant. Capital expenditure should slow down and recovery grade be maintained. But if gold remains at \$140 the best that can be expected is a repeat of the 46c total dividend.

Durban Deep, ERPM: Despite major infusions of State aid, operations continue at a loss. Grade cannot be maintained unless mill throughput is slashed and mining becomes more selective. Little prospect of dividends unless the gold price takes off. Even then, capital expenditure will have to come in at a much higher rate.

Harmony: Recalculated at \$140 (\$130) available ore reserves are 11,2 Mt (11,7 Mt) grading 8,6g/t (9,5g/t) so there seems scope for a further reduction in recovery grade. No uranium sales were made during the quarter. Towards the latter half of the year the extended Virginia uranium plant should contribute. Harmony paid 25c last year, this year's total, kicking off with an interim declaration in September, should be 50c.

Doornfontein: With milling approaching full capacity, unit costs fell to R27,6/t (R30,0/t). It seems unlikely that grade will be maintained at 9g/t as overall ore reserves grade 13,6g/t (14,2g/t). Only

selected areas of Main Reef are being brought into reserves. Main Reef sampling for the year averaged 7,6g/t over 119cm compared with 11g/t over 106cm on Carbon Leader. Medium-term prospects are for a considerable decline in grade. Capex will not ease off for at least two years but if gold averages \$150 there is scope for dividends of 25c this year.

East Drie: Full production of 210 000 tpm should be reached by early 1978 if the effects of the 11-shift fortnight are overcome. Hence there's scope for further reduction in unit costs from the current R23,96/t (R24,72/t). Remaining capex for the year is R11m and if gold averages \$150 a repeat of last year's 40c final seems on the cards.

Kloof: With ledging under way on the two new longwalls all four longwalls should be in production by end-1977. Little likelihood of further increase in milling this quarter, unit costs should rise above the June quarter figure of R26,45/t (R30,73/t). Balance of authorised capex is R24,5m. Even at \$150 gold, little chance of the interim beating the 15c final.

Libanon: No problem maintaining milling rate, though grade will probably slip from the current 9,5g/t. Even so with gold at \$150, unit costs of R22,5/t (June quarter R21,14/t) and capex of R4m in the first half, a 55c interim seems possible.

Venterspost: Breakeven is now \$143/oz. If gold advances much beyond \$150, previously deferred capex will have to be considered. Though back in the dividend paying lists thanks to State aid,

a substantial increase in the gold price is needed to lift the interim above last year's 5c final.

West Drie: Mill capacity of 230 000 tpm should be reached this year, with a strong chance of unit costs being held at around R27,34/t (R27,89/t). Authorised capex is R19,8m, little prospect of major slow-down in spending this year. Grade should be held more or less steady and with gold averaging \$150, a total of at least 350c should be possible.

Deelkraal: No 2 shaft intersected reef in fairly broken ground on a combination of the VCR and Elsburg reef. Initial sampling of 16 sections around the shaft periphery graded 0,8/t over 331 cm. At least six months of development will be needed before market rumours of poor hanging wall conditions *a la* Kloof can be confirmed or not.

Randfontein: Millsite is operating at full capacity and with greater tonnages milled from Cooke No 2, grade is falling faster than expected. A start on uranium sales is scheduled for the third quarter with profits of around R3,8m in the fourth. With \$150 gold, recovery of 14,5g/t and unit costs of R21,50/t, total profit for the half year should be about R27,4m. Capex remaining is R55,5m and the second R30m tranche of the interest-free loan has been drawn. Cash balances after the first half loan draw-down and interim dividend are R36,3m, so earnings available for dividend look like being 150c in the second half. The exact dividend will probably be influenced by the house's own cash flow requirements and with the possibility of

JUNE QUARTER

	EPS after capex & loan levy		Tons milled '000		Recovery g/t	
	c					
RAND MINES						
Blyvooruitzicht.....	12,9		441	(412)	12,3	(12,1)
Durban Deep.....	13,2	loss	529	(480)	3,6	(3,8)
ERPM.....	32,3	loss	384	(313)	5,9	(6,3)
Harmony.....	18,1		1 633	(1 526)	5,2	(5,4)
GFSA						
Doornfontein.....	19,6		335	(298)	9,0	(8,4)
East Drie.....	17,2		537	(432)	21,9	(22,7)
Kloof.....	8,6		478	(346)	12,3	(12,6)
Libanon.....	41,7		393	(320)	9,5	(9,0)
Venterspost.....	9,7		307	(281)	6,0	(5,9)
Vlakfontein.....	9,0		178	(176)	3,6	(5,2)
West Drie.....	75,4		560	(501)	23,0	(23,5)
ICI						
Randfontein.....	328,4	loss	278	(244)	15,2	(17,4)
Western Area.....	2,9		879	(687)	6,0	(6,3)
ANGLOVAAL						
Hartebeestfontein.....	33,1		719	(632)	11,0	(11,3)
Lorraine.....	1,9		305	(207)	6,8	(7,0)

*Ignoring effects of interest-free loan drawdowns.

they want to use the blood. You can go mad if you do not meet with a man for a long time.

General Mining Group

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1977



All companies mentioned are incorporated in the Republic of South Africa

STILFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital—13 062 920 shares of 50 cents each

Operating results

	Quarter ended		6 months ended
	30 Jun 1977	31 Mar 1977	30 Jun 1977
Stilfontein Ore milled (t)	469 000	450 000	919 000
Gold produced — Stilfontein ore (kg)	3 905,888	4 049,124	7 955,012
Yield — Stilfontein ore (g/t)	8,33	9,00	8,66
Working revenue per ton milled (R)	32,99	34,24	33,60
Working cost per ton milled (R)	34,27	34,23	34,25
Income/(loss) per ton milled (R)	(1,28)	0,01	(0,65)

Financial (R'000)

Working revenue (gold)	15 472	15 409	30 881
Working costs (gold)	16 073	15 403	31 476
Income/(loss) (gold)	(601)	6	(595)
State aid	1 854	942	2 796
Income on sale of acid	11	16	27
Income at mine	1 264	964	2 228
Net additional revenue	151	135	286
Less interest	39	33	72
Income before taxation and State's share of Income	1 376	1 066	2 442
Taxation and State's share of Income	61	57	118
Income after taxation and State's share of Income	1 315	1 009	2 324
Capital expenditure	397	442	839
Trade investments	(18)	(1)	(19)
Dividends declared	1 437	—	1 437
cents per share	11	—	11
Loan repayments	103	—	103
Loan balance outstanding	1 112	1 215	1 112
Loan levies	9	8	17
Capital Expenditure Commitments	—	—	82 000
Capital Expenditure for remainder of year	—	—	2 353 000

Development

Advanced (m)	5 202	5 013	10 215
Sampling results Sampled (m)	810	1 242	2 052
Channel width (cm)	25	25	25

Average value gold (cm g/t)	1 187	1 141	1 159
Uranium (cm kg/t)	17,39	17,06	17,19
Payable			
Metres (m)	432	612	1 044
Percentage	53,3	49,3	50,9
Channel width (cm)	18	20	19
Value gold (g/t)	105,1	92,3	97,2
Uranium (cm kg/t)	1 881	1 856	1 866
Uranium (kg/t)	1,274	1,198	1,236
Uranium (cm kg/t)	22,81	23,96	23,49

Development Summary

for the three months ended 30 June 1977

Total Development

Reef	Metres advanced	Metres sampled	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	767	678	17	82,1	1 387	1,058	17,99
Ventersdorp Contact	—	—	—	—	—	—	—
Commonage	137	126	68	2,4	163	0,198	13,45
Livingstone	5	6	83	0,0	0	0,384	31,80
Total	909	810	25	46,7	1 187	0,696	17,39

Payable Development

Reef	Payable metres	Per-centage payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Vaal	432	63,7	18	105,1	1 881	1,274	22,81
V C R	—	—	—	—	—	—	—
Commonage	—	—	—	—	—	—	—
Livingstone	—	—	—	—	—	—	—
All Reefs	432	63,3	18	105,1	1 881	1,274	22,81

PRODUCTION

The lower average recovery grade for the quarter resulted in a decline of 143 kilograms in gold production as compared with that of the previous quarter, but the higher gold price realised raised the working revenue by R63 000. This in turn was reduced by higher working costs due mainly to an increase in Black labour strength and costs involved in the 11-day fortnight.

CAPITAL EXPENDITURE

The main capital expenditure was in respect of underground reef preparation development into the eastern zone of the mine and pumping arrangements.

On behalf of the board,

J C FRITZ
D G MALAN } Directors

General Mining Group Gold Mining Companies' Reports (continued)

BUFFELSFONTEIN GOLD MINING COMPANY LIMITED

Issued Capital — 11 000 000 shares of R1 each.

Operating results

	Quarter ended		12 months
	30 June 1977	31 March 1977	ended 30 June 1977
Gold			
Ore milled (t)	782 000	763 000	3 101 000
Ore milled by Stilfontein (t)	9 000	16 000	98 000
Ore milled — Total (t)	791 000	779 000	3 199 000
Gold produced (kg)	7 270,137	7 041,232	28 374,821
Gold produced by Stilfontein (kg)	79,672	158,753	902,046
Gold produced — Total (kg)	7 349,809	7 199,985	29 276,867
Yield (g/t)	9,30	9,23	9,15
Yield by Stilfontein (g/t)	8,85	9,92	9,20
Yield — Total (g/t)	9,29	9,24	9,15
Working revenue per ton milled (R)	35,87	33,83	31,87
Working cost per ton milled (R)	26,40	25,39	24,20
Income per ton milled (R)	9,47	8,44	7,67
Uranium			
Pulp treated (t)	774 000	763 000	3 084 000
Oxide produced (kg)	163 700	164 900	657 600
Yield per ton (kg/t)	0,211	0,216	0,213
Financial (R'000)			
Working revenue (gold)	28 371	26 357	101 951
Working costs (gold)	20 880	19 776	77 419
	7 491	6 581	24 532
Tribute agreement - Vaal Reef (Nett)	245	374	619
Income (gold)	7 736	6 955	25 151
Income on uranium production	6 043	1 851	10 266
Tribute agreement Vaal Reefs nett	11	—	11
Income on sale of pyrite	138	99	382
Income on sale of acid	22	23	86
Income at mine	13 950	8 928	35 896
Net additional revenue	433	316	1 315
Less interest	1	1	6
Income before taxation and State's share of income	14 382	9 243	37 205
Taxation and State's share of income	7 524	4 239	15 893
Income after taxation and State's share of income	6 858	5 004	21 312
Capital expenditure - Gold	1 871	1 107	6 665
Uranium and acid	72	39	468
Trade Investments	8	(5)	8
Dividends: declared	9 900	—	14 300
cents per share	90	—	130
Loan repayments	—	—	—
Loan balance outstanding	29	29	29
Loan levies	797	30	1 693
Capital Expenditure Commitments	—	—	2 536 000
Capital Expenditure for remainder of year	—	—	—
Development			
Advanced (m)	16 541	14 995	65 618
Sampling results. Sampled (m)	1 476	1 503	5 925
Channel width (cm)	113	118	114

Average value .				
Gold	(cm g/t)	1 818	1 513	1 640
Uranium	(cm kg/t)	59,43	54,26	54,24
Payable				
Metres	(m)	888	774	3 210
Percentages		60,2	51,5	54,2
Channel width	(cm)	102	108	104
Value gold	(g/t)	23,25	19,24	21,91
Value uranium	(kg/t)	0,678	0,615	0,633
	(cm kg/t)	69,11	66,21	65,64

Development Summary

for the three months ended 30 June 1977

Area	Payable metres	Per-centage Payable	Channel width cm	Gold		Uranium	
				g/t	cm g/t	kg/t	cm kg/t
Pioneer Secondary	87	43,3	102	33,78	3,395	0,735	74,98
Lucas Block	132	80,0	73	43,54	3,190	1,223	89,31
Southern Shaft	351	72,0	84	21,54	1,812	0,597	50,14
Orangia Shaft	150	50,0	125	19,47	2,436	0,564	70,56
South Vaal	168	51,9	141	16,33	2,305	0,627	88,54
Totals	888	60,2	102	23,25	2 370	0 678	69 11

Ore Reserves 30 June 1977

	Available	Unavailable	Total Mine
Tons	4 709 638	1 731 785	6 441 423
Stope width — cm	147	147	147
Value gold — g/t	13,00	16,86	14,04
cm g/t	1 913	2 476	2 065
uranium — kg/t	0,402	0,363	0,392
cm kg/t	59,20	53,30	57,61

Pay limit is related to a gold price of R3 914/Kg (\$140/oz).

PRODUCTION (GOLD)

Gold production was 150 kilograms higher than in the previous quarter following an increase of 12 000 tons milled and an improvement in recovery grade

The higher production coupled with a better gold price resulted in an increase of R2 014 000 in revenue from gold

PRODUCTION (URANIUM)

Although uranium production remained steady, the income derived from sales increased by R4,20 million due to higher prices being obtained from sales during the quarter as well as back payments on previous deliveries

WORKING COSTS

Working costs increased by R1 104 000 mainly as a result of an increase in Black labour complements, additional payments related to the new 11-day fortnight introduced during the quarter and higher cost of stores and electric power

CAPITAL EXPENDITURE

The main items were related to ancillary work at the site of the new Strathmore sub-vertical shaft, refrigeration installations and metallurgical plant

On behalf of the board,
J C FRITZ }
D J THERON } Directors

General Mining Group Gold Mining Companies' Reports (continued)

WEST RAND CONSOLIDATED MINES LIMITED

Issued Capital 4 250 000 shares of R1 each
25 000 deferred shares of R2 each

Operating results

	Quarter ended		6 months ended
	30 Jun 1977	31 Mar 1977	30 Jun 1977
Gold Section			
Ore milled ex underground (t)	168 500	186 286	354 786
Ore milled ex surface dumps (t)	—	37 714	37 714
Total ore milled (t)	168 500	224 000	392 500
Gold produced (kg)			
ex underground sources	1 056,210	882,217	1 938,427
ex surface dump	—	29,000	29,000
Total gold	1 056,210	911,217	1 967,427
Yield g/t			
ex underground sources	6,27	4,74	5,46
ex surface dump	—	0,77	0,77
Uranium Section			
Ore to Stockpile (t)	—	—	—
Gold			
Ore milled ex underground (t)	214 000	199 000	413 000
Ore milled ex stockpile (t)	—	—	—
Total ore milled (t)	214 000	199 000	413 000
Gold produced (kg)	135,790	147,783	283,573
Yield (g/t)	0,63	0,74	0,69
Uranium			
Tons treated (t)	211 400	200 800	412 200
Uranium produced (kg)	60 764	58 528	119 292
Yield (kg/t)	0,287	0,291	0,289
Financial (R'000)			
Working revenue (gold)	4 753	4 024	8 777
Net revenue (uranium)	5 603	2 720	8 323
Net revenue (acid and pyrite)	1	1	2
Total revenue	10 357	6 745	17 102
*Working Costs			
Underground operations	8 910	7 978	16 888
Per ton milled (R/ton)	23,29	20,71	22,00
Surface	—	284	284
Per ton milled (R/ton)	—	7,53	7,53
Total Working Costs	8 910	8 262	17 172
Total per ton milled (R/ton)	23,29	19,53	21,32
Income/(Loss)	1 447	(1 517)	(70)
State aid	129	1 273	1 402
State aid 1976 adjustment	463	—	463
Net additional revenue	103	123	226
Income/(Loss) before taxation	2 142	(121)	2 021
Taxation	Cr 23	—	Cr 23
Income/(Loss) after taxation	2 165	(121)	2 044
*Excludes uranium treatment costs			
Capital expenditure	391	347	738
Unlisted investments	(50)	—	(50)
Dividends declared			
Ordinary amount	128	—	128
Cents per share	3	—	3
Deferred Amount	42	—	42
Rand per share	1,70	—	1,70
Capital Expenditure Commitments	—	—	79 000
Capital Expenditure for remainder of year	—	—	638 000
Development			
Advanced (m)	3 352	3 358	6 710
Gold Section			
Advanced (m)	1 160	1 325	2 485
Sampling results Sampled (m)	393	231	624
Channel width (cm)	87	68	80
Average value (cm g/t)	1 851	1 373	1 754

Payable.

	(m)	111	263
Metres	152	111	263
Percentage	38,5	48,1	42,1
Channel width (cm)	91	78	86
Value (g/t)	32,31	27,34	30,36
(cm g/t)	2 937	2 131	2 596

Uranium Section

	(m)	2 033	4 224
Advanced	2 191	2 033	4 224
Sampling results Sampled (m)	718	663	1 381
Channel width (cm)	44	48	46
Average value uranium (cm kg/t)	55,75	71,02	63,08
gold (cm g/t)	134	152	143

Payable

	(m)	422	798
Metres	376	422	798
Percentage	62,4	63,6	57,8
Channel width (cm)	45	46	46
Value Uranium (kg/t)	1,822	2,074	1,953
gold (cm kg/t)	81,22	95,77	88,91
(g/t)	4,49	3,38	3,88
(cm g/t)	200	156	177

Development Summary

for the three months ended 30 June 1977

Gold Section

Reef	Payable metres	Per-centage payable	Channel width cm	g/t	Value cm g/t
Main Reef	48	66,7	81	27,11	2 203
South Reef	—	—	—	—	—
Livingstone Reef	—	—	—	—	—
Kimberley Reef	104	32,2	95	34,37	3 277
Ventersdorp Contact Reef	—	—	—	—	—
Totals	152	38,5	91	32,31	2 937

Uranium Section

Reef	Payable metres	Per-centage payable	Channel width cm	Uranium kg/t	Gold cm kg/t
White Reef	16	31,4	96	0,574	55,41
Monarch Reef	194	62,0	24	3,272	78,38
Upper Monarch Reef Zone 2	129	45,7	59	1,470	86,84
Upper Monarch Reef Zone 4	37	62,1	78	1,124	87,94
Other Reefs	—	—	—	—	—
Totals	376	62,4	45	1,822	81,22

PRODUCTION — (GOLD SECTION)

The tonnage milled ex underground sources declined by 17 800 tons and the supply of ore from the low-grade surface dumps was discontinued. The gold sales increased by 145 kilograms, as it was possible to be more selective in the areas mined

PRODUCTION — (URANIUM SECTION)

The increase of 2 236 kilograms of uranium oxide produced was due to the increase of 10 600 tons of ore treated

WORKING INCOME

The increase of R729 000 in gold revenue was due to a higher gold price and increased gold sales. The increase in uranium revenue of R2 883 000 reflects spot sales in addition to commitments. Revenue derived from current spot sales of uranium oxide should not be seen in an over-optimistic light as these sales have been made from the existing stockpile. The increase in working costs of R648 000 was due mainly to the higher black labour complements, electric power costs, extra cost of pumping extraneous water flowing into the mine and additional payments related to the 11-day fortnight

CAPITAL EXPENDITURE

The main capital expenditure was in respect of the recommissioning of the lower levels of the Monarch Shaft for exploitation of the Bird Reefs

On behalf of the board,
A W S SCHUMANN } Directors,
J C FRITZ

SOUTH ROODEPOORT MAIN REEF AREAS LIMITED

Issued Capital — 1 420 663 shares of 56 cents each

Results

	Quarter ended		12 months ended
	30 Jun 1977	31 Mar. 1977	30 Jun 1977
Mill tonnage milled (t)	55 000	48 500	234 000
Gold produced (kg)	281,154	284,467	1 228,081
Gold grade (g/t)	5,11	5,87	5,25
Working revenue per ton (R)	19,93	21,50	17,88
Working cost per ton milled (R)	22,04	23,34	22,96
Net cost per ton milled (R)	2,11	1,84	5,08
(R'000)			
Working revenue	1 096	1 042	4 183
Working costs	1 212	1 132	5 372
Development expenditure	116	90	1 189
Dividend paid	271	236	1 042
Additional expenditure	27	20	90
Profit/(Loss) before taxation	128	126	(237)
Profit/(Loss) after taxation	128	126	(237)
Development expenditure	23	4	31
Dividend declared per share (cents)	—	—	—
Expenditure Commitments	—	—	1000
Expenditure for year	—	—	—
Development results. Sampled (m)	589	85	1 596
Channel width (cm)	273	72	626
Value (cm g/t)	159	99	121
Value (cm g/t)	757	675	669
Development results. Sampled (m)	40	17	82
Channel width (cm)	14,8	22,9	13,2
Value (g/t)	166	109	122
Value (cm g/t)	10,75	13,65	12,02
Value (cm g/t)	1 790	1 481	1 469

Summary

the three months ended 30 June 1977

Development

	Metres advanced	Metres sampled	Channel width cm	g/t	Value cm g/t
Contact Reef	53	46	116	7,00	816
Reef	536	227	168	4,45	745
	589	273	159	4,76	757

Development

	Payable metres	Per centage payable	Channel width cm	g/t	Value cm g/t
Contact Reef	12	26,8	37	30,55	1 142
Reef	28	12,6	221	9,34	2 063
	40	14,8	166	10,75	1790

Ore Reserves at 30 June 1977

	Ventersdorp Contact Reef	Kimberley Reef	Total Mine
Lease Area			
Tons	87 600	23 800	111 200
Stope width — cm	105	151	112
Value g/t	11 23	8,08	10 56
Value cm g/t	1 182	1 220	1 188
Prospecting Area			
Tons	—	110 800	110 800
Stope width — cm	—	184	184
Value g/t	—	7 99	7 99
Value cm g/t	—	1 470	1 470
Total Mine			
Tons	87 600	134 400	222 000
Stope width cm	105	177	140
Value g/t	11 23	8 01	9 28
Value cm g/t	1 182	1 418	1 295

Pay limit is related to a gold price of R3 914/Kg (\$ 140/oz)

A total of 37 000 tons at a value of 12 8 g/t classified as unavailable is included in the mine total

PRODUCTION

It was possible during the quarter, by increased productivity, to raise the mill throughput by 6 500 tons to 55 000 tons. The kilograms of gold recovered, however, decreased slightly although a higher gold price enhanced the revenue. The increase in working costs must be viewed in conjunction with the increased mill throughput and the significant increase in development.

DEVELOPMENT

Development increased seven fold from 85 metres for the previous quarter to 589 metres this quarter. Although the payability of the Kimberley horizon is low, it is expected to improve. The increase in development rate is necessary to maintain adequate ore reserves.

CAPITAL EXPENDITURE

The capital expenditure was for the mechanisation of the Kimberley horizon in the Gauff shaft area.

On behalf of the board,

A W S SCHUMANN }
J C FRITZ } Directors

NOTES

- Development values quoted above represent actual results of sampling (no allowance having been made for any adjustments which may be or were necessary) when estimating ore reserves at the end of the financial years.
- All financial figures are subject to audit.

Secretaries

General Mining and Finance Corporation Limited
6 Hollard Street, Johannesburg

Registered office

General Mining Building, 6 Hollard Street
P O Box 61827, Marshalltown 2107

21 July 1977

Prices drift down in subdued stock market

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JOHANNESBURG — Hollard Street closed on a subdued note yesterday with prices tending to drift down across the board

Gold shares remained basically steady but there was not sufficient interest to lift counters on the firmer gold trend.

Lack of overseas interest in the internationals and, possibly, withholding of funds from Hollard Street for the Government and Ergo issues accounted for the market's uninspired performance this week

Features in the metals sector was a marked weakness in platinums and a victory for the bears in asbestos yesterday.

De Beers opened 2c higher at 470c, then fell back to 467c, 3c off on the week.

Messina and Minorco were a little firmer yesterday but Mangula and Palamin lost up to 20c on the week in coppers

Assmang maintained its uptrend to finish 75c up on the week

Lydenburg tumbled 6c yesterday, which stretched the platinum counter's

losses to between 8c and 10c for the week

Tin counters did not react to good quarterly figures

Coals were dull and the favourites were up to 25c easier on the week

Randfontein was steady yesterday and the counter maintained a lead of 150c on the week. Other winners were Freguls, Kloof, Harties and Libanon, which were up in the 30c to 40c range over the week

Pres Brand retreated 70c while West Drie came off 25c over the week

Anglo came off 2c yesterday but at 428c showed a 6c gain on the week. The Anglovaal counters, GFSA and Johnnies, lost ground as did Duiker, in spite of a 10c recovery yesterday. Unicorp shed 3c, cutting the week's gain to 13c while UCI was up 12c in sympathy

In London, banks were the main feature in the market after Midland and Lloyds reported half-yearly earnings figures. Midland gained 10p and Lloyds 2p. Natwest and

Barclays rose 5p in sympathy

Other leading equities were featureless and generally easier. Gold shares held steady at the lower levels

In Salisbury, only nine trades were marked up for the day but turnover was good in African Distillers and in National Foods

In minings, Falcon shed 5c to 310 and Mangula 5c to 155, but Wankie put on 2c to 77 and Coros 1c to 85
— DDC SAPA-AP



Busin

210
~~210~~

Anglo halts prospecting in Rhodesia

RDM 23/7/77

By DON ROBERTSON
Mining Editor

ANGLO American, in a move which could have widespread repercussions, has halted its prospecting activities in Rhodesia and has withdrawn geological staff from the field

Anglo said in Salisbury yesterday exploration had been curtailed because of the security situation which inhibited the efficient conduct of operations

The decision to withdraw will affect about 100 people in an operation which involves hundreds of thousands of dollars a year

However, a nucleus of staff has been retained, but until conditions return to normal, the geological staff will be redeployed in other parts of Southern Africa

The Rhodesian Government's Department of Geological

Surveys has also suspended mapping operations in some areas.

As part of the withdrawal, Anglo will apply to the Mining Affairs Board for the suspension of activity on 12 existing exclusive prospecting orders

Anglo's prospecting activity is carried out by a wholly-owned subsidiary, Prospecting Ventures which operates in conjunction with Minex Laboratories which does the assaying and valuing for most of the prospecting companies in Rhodesia

A large part of the prospecting is carried out in the Great Dyke area which runs through the centre of Rhodesia. The area around Mtoroshanga is the focal point of these activities where chrome, platinum and silver traces have been discovered

The prospecting programme, however, stretches from Kariba in the north to Beit Bridge in the south. De Beers has also been active in the search for diamonds

In the last annual report it was said that the search for base metals continued, particularly for nickel, copper and zinc, in spite of the limitations imposed by the security situation

Drilling for nickel in the Midlands had proved a relatively low-grade small nickel deposit. Drilling continued on the Tynan claims north-east of Salisbury, it was said

The search for copper and zinc had been intensified, with encouraging preliminary results. The drilling programme started in 1975 for lead and zinc in the Urungwe area was completed

Anglo's decision is a blow to the Rhodesian mining industry in the short term at least, as Anglo has played a significant role in opening up ventures

However, it is not likely to affect the group's current mining operations which include coal, nickel copper, iron, steel and ferro-chrome

Woolworths lifts final

By ELIZABETH ROUSE

IT SAYS much for Woolworths Holdings' management that the group has kept its profit and dividend growth record intact in the past year, although growth has understandably slowed down

Taxed profit for the year to May, 1977, is R11 860 000, up 8,7% on last year's R10 910 000. The final dividend is 0,5c higher at 9,5c, making the year's total 16c against 1976's 15c

Turnover rose by 10,8% to R139 780 000 from R126 140 000

The group has shaped well by keeping the pre-tax return on turnover at 15,2% (15,5% last year)

Current dividend yield is 6,15%, reflecting the counter's popularity

US Steel

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'being late' in

Sunday

EXPRESS

Property

EDITED
BY
TERENCE
MEYER



• Rand Mines Properties
Tony Hall, who has acted as
general manager for the last
6½ years, has now been ap-
pointed MD of the company.

Small centres mean big returns

SMALL neighbourhood shop-
ping centres in outlying
areas offer excellent returns
even in the current climate,
according to commercial
and industrial broker,
Richard Phillips.

Phillips tells the Express
that he has recently com-
pleted two such projects,
and is currently involved in a

third syndicated develop-
ment

Optimum returns, he
believes, come from small
neighbourhood centres
costing no more than around
the R500 000 mark. Returns
of up to 14% with provision
for escalation are possible,
he claims.

As such, he believes, these

small-town centres are ideal
for syndications

"A syndicate building a
neighbourhood centre in a
town like Randfontein or
Louis Trichardt could expect
a 13% — 14% return on in-
vestment with provision for
escalation," he points out

"In the South of Johan-
nesburg, an 11% — 12%
return could probably be

achieved, dropping to a
9½%—10% return in down-
town Johannesburg," he
says

Phillips points out that he
is currently involved in a
successful syndication ven-
ture in Randfontein, with a
current building cost of R104
a sq metre. The 1 300 sq
metre centre is entirely pre-
let

In eight years time, Phil-
lips believes, the building
could readily be marketed at
close on R1-m.

The lease structure
though, Phillips says, is
critical to the success of
such a project — not only to
maximise escalations, but to
minimize management
responsibility as well.

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Sun Expt
24/7/77

What length suspension?

FRIDAY afternoon's suspension of Price Forbes Sedgwick, the insurance broker, because it is involved in important negotiations, is unexceptionable in itself. Official comment is not available, but the company must be talking to a leading unlisted insurance broker — of which there are several around. To name but a few, Bowring, CIC, Glenvaal Manson, Inter City, Hosken, Lawsons, North City, Gardner Mountain the list could be prolonged indefinitely.

Speculation on which, if any, of the above is involved is pointless at this stage.

But the point I really want to make is that I hope this will not be a suspension of the duration we're experiencing with some other theoretically listed companies.

The basic reason for a suspension is to prevent shareholders from dealing to their disadvantage while negotiations which could have a material effect on the value of their investment are in progress.

But there are limits to which the JSE, or any other stock exchange, can protect investors. When suspensions become unduly prolonged, investors suffer the disability — which can be just as serious — of being unable to realise their investment at all.

Take a few current examples.

• Sand Consolidated. Suspended on March 31, before the sale of the interest in the Sandglen property. But for the cash injection this gave, Sand could

have been seriously embarrassed.

• Ovenstone Suspended on June 30 because of negotiations of an undisclosed nature, but presumably intended further to reduce the embarrassing and disastrous exposure to property investments.

• Bonuskor Suspended on July 1, because of the Vesting collapse.

• Samancor Suspended on July 12, apparently because Iscor is contemplating selling its controlling interest. Market talk is that an assortment of mining houses is currently making bids, joint bids, and counter-bids.

There may be good reasons for all these suspensions. But in some cases the time must be close approaching that shareholders are being prejudiced more by their total inability to deal than they would be by being able to deal even though important developments could be pending.

Maybe the JSE should consider a maximum time for a suspension, which would

only be extended after some hard persuasion by the company concerned, with a mandatory further statement to investors on the reason for the extension.

THE mining quarterlies on the whole were pretty fully raked over by the daily Press. For the gold mining industry, they contained no major surprises, although the introduction of the 11-shift fortnight is proving to have its drawbacks.

But what is remarkable is the weakness on Hollard Street of General Mining's two asbestos producers, Gefco and (especially) Msauli. On the face of it, there was nothing to justify this in the quarterlies, which actually seemed most encouraging.

Obviously the market remains sceptical.

Are market prices reflecting something that most of us don't know? Or is there indeed trouble ahead?

WOOLWORTHS is the Old Father Thames of SA retailers, in its unobtrusive

Michael Coulson looks at Hollard Street

way, it just keeps rolling along, with a steady but virtually uninterrupted record of growing earnings and dividends.

Results for the year to May have just been published: sales up 11%, pretax profit 9%, and net earnings 8%. The annual dividend is up 1c, to 16c a share, from earnings of 40,8c (1976 37,7c). The group may lack the glamour of some of its more publicity-conscious competitors, and at 260c the yield pattern may be well below average, but short of a holocaust it's difficult to imagine that investors will go far wrong in Woolworths on a long-term view.

Sallies could be worth a look

Sunday Times
Business Times
24/7/77

BEHIND the intense interest being generated in investment circles by Anglo American's Ergo project, is another less certain but equally fascinating stock which has attracted some good buying over the last couple of weeks.

South African Land & Exploration Company was brought into production in 1938, and since then has produced 42-million tons of ore yielding 313 tons of gold. However, last year Sallies ran out of payable ore and this famous old mine was forced to close down its underground operations.

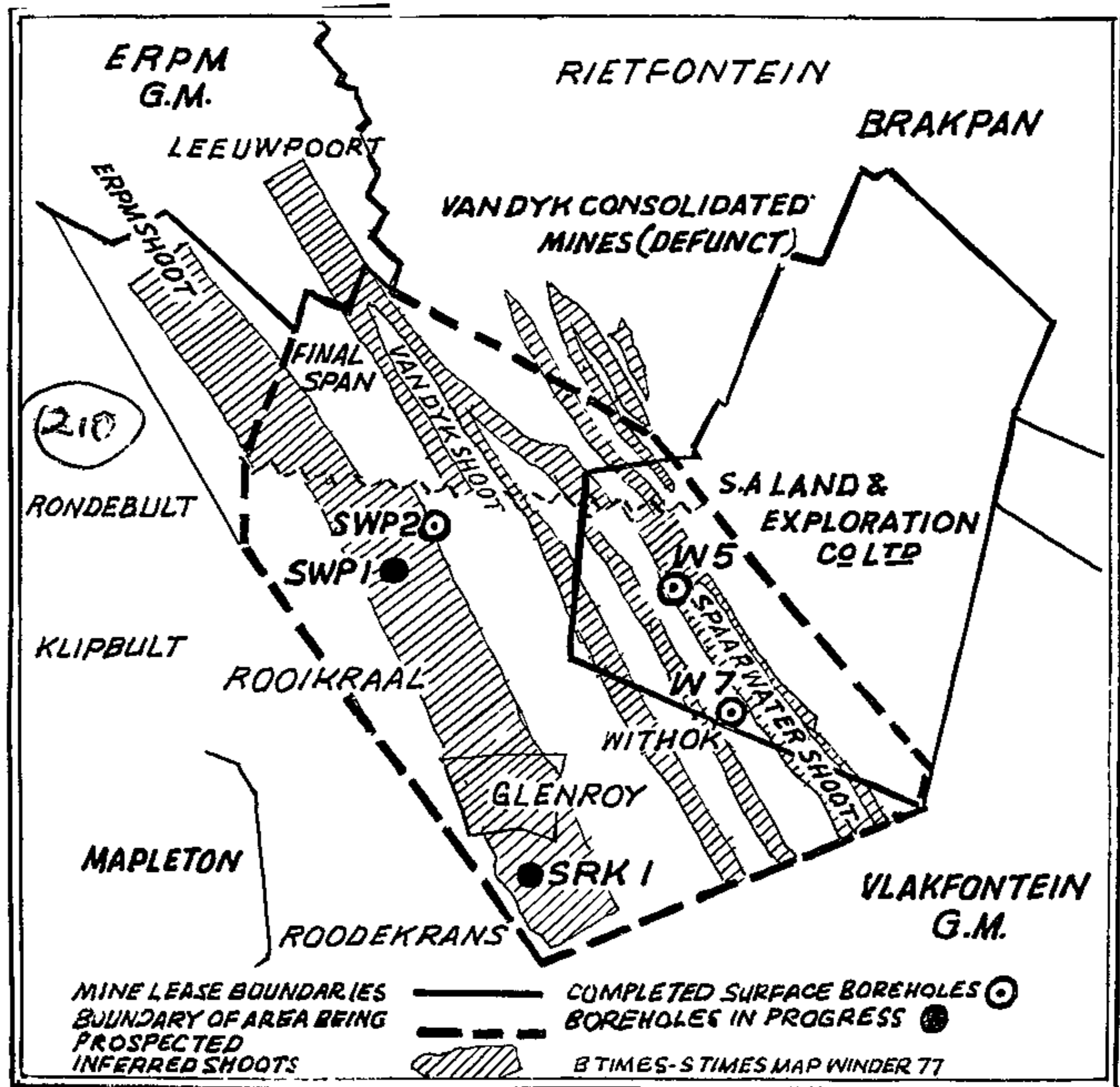
Since then the mine has been able to keep up its milling rate by treating rock dumps. This operation could continue for another couple of years, depending on the gold price and the grade obtained from rock dumps.

Far more important to shareholders is an extensive drilling operation on a large area south of the old mine.

In a rights issue document last October, which raised just under R2-million for drilling, it was stated that "the block under investigation is one of the largest unexplored regions on the East Rand, covering approximately 6 800 hectares."

The entire drilling programme is scheduled to cost over R8-million. But, significantly, the "implementation of each succeeding stage" will be dependent upon an assessment of the drilling results obtained up to that time. So far the drilling has been going on for more than two years.

That is not to say the drillers at Sallies have struck it rich. One analyst I spoke to was quite emphatic that a new mine would not be developed because the uranium and gold bearing ore intersected lies at depths of about 2 200 metres. But although this would raise working costs, it would not necessarily stop a new mine being developed if the gold and uranium values were high enough.



tract across Sallies' land some 1 500 metres above the same shoot at neighbouring ERP M.

It seems Sallies at 65c is best viewed as an "all" or "something" situation.

If the drilling programme

proves fruitless, Sallies could continue to treat dumps for another couple of years and then close down completely. Should this happen shareholders could receive between 65c and 75c a share in break-up values.

But obviously Anglo American has not continued its drilling programme for nothing and it is encouraging that Sallies is surrounded by mines where large quantities of gold have been found.

As can be seen from the map of the area, two boreholes, W5 and W7, have already been completed and the results published. These show that values as high as 4 503 cm grams per ton of gold and 0,68 kg-ton of uranium were intersected on the Spaarwater shoot, with some other encouraging values on W7.

But the key to the area is the projected ERP M shoot which has now been drilled for some nine months and should be close to yielding results. One of the top gold analysts in Johannesburg told me this week that if the ERP M shoot did have good values, the ore would not be as difficult to mine as ERP M because the shoot faults upwards putting the

Miners' bravery award DD 26/7/77 (210)

JOHANNESBURG — The Chamber of Mines award for outstanding bravery, an inscribed gold watch, is to be awarded to two mineworkers at Durban Roodepoort Deep gold mine on Thursday for their heroism in saving the life of their supervisor last December

Mr Kedukanetswe Angatu, a 23-year-old team leader from Botswana,

and Mr Antonio Muchanga, 24, a team leader from Mozambique, had escaped to safety after pressure bursts at Durban Deep had brought down parts of the rock ceiling and smashed the supports.

They realised their supervisor, Mr Willem Spangenberg, was still trapped and they returned to the highly dangerous

area and searched until they heard his voice under the rubble.

Risking their own lives, they spent 45 minutes uncovering Mr Spangenberg from the rubble and took him to safety.

The presentation will be made by Mr L van den Bosch, president of the Chamber of Mines. — DDC.

Most active stocks ^{D.D} 27/7/77

(211)

JOHANNESBURG -- The volume of shares traded on the Johannesburg Stock Exchange yesterday was 874 316, valued at R1 080 576, compared with 899 935 shares (R2 249 549) on Monday. The number of securities active yesterday was 237. The five most active stocks were SA Brews, Afr Pers De Beers, Mar Prod and Rusplat. The most active stocks in each section (showing highest sale of the day, lowest sale, and volume of shares traded) were

RM Props 220 220 1 300 Property Trusts Fedfund 98 98 500.

INDUSTRIALS

Beverages SA Brews 98 95 82 172, Oude M 42 42 6 500
 Building M and R 183 183 8 564, Blucirc 143 143 8 504 Chemicals, AECI 200 200 2 056, Fedmis 120 120 500 Clothing Veka 8,5pc cp 50 50 1 000 Dubin 43 43 500, Rex True 350 350 500 Fishing Mar Prod 160 160 33 850, Wilbarz 54 53 2 300 Food Tig Oats 795 795 7 177, Prem Mil 680 680 3 005 Footwear Edworks A 45 45 1 000, n Canvas 200 200 145 Furniture Tedalex 74 73 9 600, Russel 100 100 3 200 Iron, Steel, Howden 70 70 15 800, Hiveld 150 150 5 600 Motor: Dunlop 120 120 800, Tolgate 165 165 319 Paper, Pulp Redpak 265 265 26 588, Met Box 220 220 10 000 Pharmaceutical Adcock new 900 890 1 500 Twins 48 48 1 000 Printing Afr pers 50 48 45 100, CNA 140 140 500 Stores, Scotshr 550 550 2 000, Wolworth 265 265 600 Sugar: Illovo 150 150 20 700, Tongaat 260 260 1 119 Textiles Romatex 105 105 2 865 Tobacco Remb Beh 195 190 10 840, Remgro 285 285 3 200 Retailers Griffon 41 41 1 000, Empisal 28 28 1 000, Trust Bank 35 35 9 8812, Nedbank 175 175 9 490 — SAPA

MINING

Coal Trns Nil 245 245 18 800, Clydsdl 185 185 3 900 Diamonds De Beers 477 473 36 116, Tr Trove 18 16 19 900 Gold: E Dagg 27 27 13 000, Grootvl 116 115 7 500 Copper Messina 205 202 5 900, palamin 875 875 500 Platinum Rusplat 103 103 32 875, Lyd Plat 82 82 1 700 Tin Unitin 61 61 4 000, Zaiplat 335 330 1 400 Other Msauli 370 355 5 400, Gef new 390 390 4 000

FINANCIALS

Mining, Amcoal 850 850 11 000, Anglos 438 435 8 100 Industrial Protea 79 77 23 800, Unisec 99 99 14 012, Barlows 293 290 12 112, Lonrho 153 149 11 048 Investment Trusts Fugit 63 63 1 000, Un and Lond 205 205 940 Insurance Gardian 137 135 9 650, Liberty 900 900 300 Property: Hofman 17 17 6 000,

Most active stocks *D.D 28/7/77* (212)

JOHANNESBURG — The volume of shares traded on the Johannesburg Stock Exchange yesterday was 807 678, valued at R1 904 971, compared with 874 318 shares (R18 805 76) on Tuesday. The number of securities active yesterday was 247. The five most active stocks were Svenmil, Protea, Rusplat, SA Brews and Afr Pers.

The most active stocks in each section (showing highest sale of the day, lowest sale, and volume of shares traded) were

MINING

Coal: Trans Ntl 250 245 21 468, Trans Ntl 13,25 CD 465 460 6 500
 Diamonds: De Beers 475 473 10 830, Tr Trove 18 18 6 000 Gold: Leslie 39 39 15 700, Doorns 310 305 10 400
 Copper: Messina 210 205 3 130, Minorco 240 235 2 200 Platinum: Rusplat 110 104 28 247, Lydenb Plat 86 83 3 900 Tin: Unitin 63 62 6 600, Rooiberg 900 900 4 800

FINANCIAL

Mining: Amcoal 880 850 22 800, Vogels 108 105 18 800 Industrial: Svenmil 38 38 67 400, Protea 84 79 40 584, Abercom 205 200 12 740
 Mutual: Sage 130 130 507 Investment Trusts: Fugit 63 63 600,

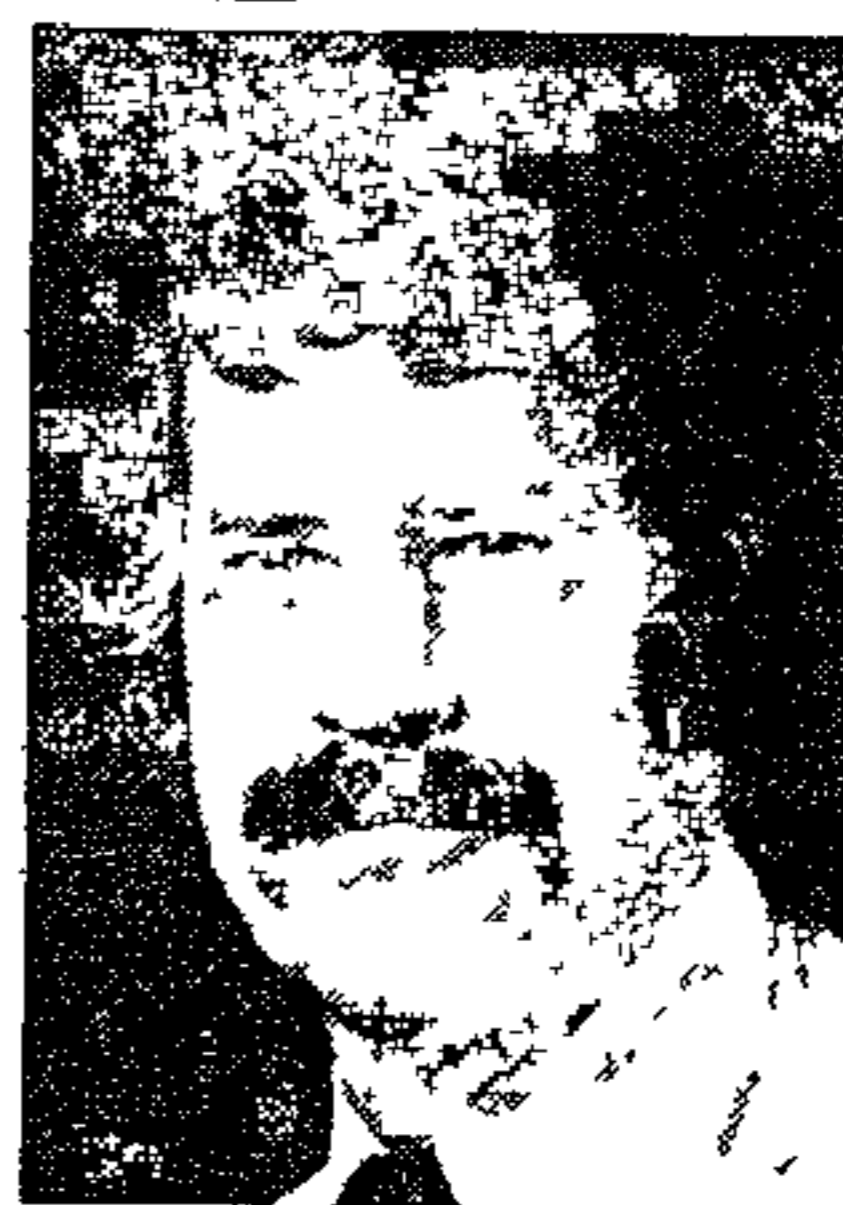
Sankor 56 56 100 Insurance: M and F 235 235 5 000, Liberty 900 900 2 798

INDUSTRIAL

Beverages: SA Brews 96 95 27 440, Oude M 42 42 3 100
 Building: Blue Circle 142 142 21 883, Schachat 60 60 8 500
 Chemicals: Triomf 130 125 5 000, Senchem 185 185 2 600. Clothing: Dublin 43 43 500, Veka 27 27 400
 Fishing: SWA Fish 215 215 600, Seasma 170 170 200 Food: I and J 55 55 53 3 600, ICS 175 175 2 160
 Footwear: Edworks A 45 45 1 000 Furniture: Russell 100 100 1 200, Afcol 80 80 1 200 Iron Steel: Fucil 72 72 21 200, Bivec 42 42 10 000
 Motor: NMI 58 58 800, Quinton-Hazell S 21 21 500 Paper: Reedpak 265 265 20 140, Metaclo 195 195 1 300 Pharmaceutical: Twins 45 45 1 700, Shulton 60 60 1 000 Printing: Afr Pers 48 48 24 100, Vaderland 14 14 6 400 Stores: Pick n Pay 1 300 1 300 1 200, Edcon 190 190 1 000 Sugar: CG Smith Sugar 565 565 1 500, Tongaat 260 260 1 000 Textiles: Romatex 105 105 260 Tobacco: Rembr Beh 200 200 7 700, Utico 52 50 1 600 Retail: Empisal 26 26 5 100 General: Trek 85 85 200 Banks: Boland 140 140 4 954, Volkskas 255 255 3 400 — SAPA

What happens when the gold runs out?

RD M
29/7/77
210



By the
'Mail's'
Mining
Editor
DON
ROBERTSON

FOR SO long gold and diamonds have been the backbone of the economy, not only as the main providers of foreign exchange but also because of the role they have played in boosting secondary industries, that it is chilling to think of a South Africa without them. And running out they are.

But the country has been blessed with an ample supply of other metals and minerals and as these are developed and won from the ground, so they will assume the part played by gold and diamonds in the past.

In 1976, metal and mineral sales, excluding gold, brought in a record R2 088 million, just short of the R2 300-million earned by gold sales. Export figures for the first six months of the current year suggest that 1977 will also establish a new record in sales.

The development of South Africa's base metal industry is still in the early stages and it is only recently that the benefits of export sales through the new ports of Saldanha and Richards Bay have been felt.

But the country again has luck on its side in that gold production is likely to put on a final spurt before reserves start to decline thus providing the necessary breathing space.

In 1976 gold production was 713 tons, unchanged from the previous year, and during the next 10 years it could rise to as much as 800 tons before tailing off quite rapidly after 1986. By the turn of the century it is likely to be only half of what it is now.

This, of course, assumes that no new goldfields are discovered, an unlikely prospect despite recent speculation to the contrary.

The increased production will come from the opening of three new mines — Deelkraal, Elandsrand, and Unisel — and from the sinking of new shafts at existing mines and the exciting new Ergo project.

A spin-off from the gold mining industry is the growing importance of uranium production, which is now considered a co-product of gold mining in many cases, rather than a by-product.

In fact, says Mr Dennis Etheredge, executive director of Anglo American, writing in *Optima* magazine, for some mines, uranium, rather than gold, could be the key to future prosperity.

Production reached 2 809 tons of uranium oxide in 1975 and 3 111 tons last year. It is estimated that if all plans to increase production reach fruition, output could be as high as 7 700 tons early in the 1980s, reaching over 8 000 tons by 1986.

This will represent much more than South Africa's requirements and the bulk

will be exported in terms of long-term contracts, many of which have already been negotiated. The potential of uranium exports is substantial, as indicated by the fact that in 1975 total profits from this source were only R18-million, but rose to R66-million last year.

Diamonds were first discovered in South Africa in 1866 and represented the beginning of the mining boom in this country. They have served the country well since that date but now there is no great potential for expanding production.

Exploration continues apace and large sums of money are being spent. However, current indications for new ore bodies are poor. It appears that South West Africa, Botswana, and Lesotho hold out the best promise.

But the excitement in the mining industry will come in the form of the development, and eventual beneficiation, of metals and minerals.

Coal exports, through the opening of the Richards Bay port, have already become a significant foreign exchange earner with monthly revenue of just short of R20-million.

Provisional export quotas of 800-million tons over a 20-year period have already been granted by the Government, representing an earnings potential of R200-million at current prices.

In the next five years there will be major expansion of the coalfields for export purposes as well as Eskom's requirements for power generation and for the domestic market. This becomes important when it is considered that the export of one million tons of steam coal grosses almost R30-million in foreign exchange.

Important to the coal mining industry is the recommendation of the Petrick Commission, which in 1976 reported on South Africa's coal resources, that the domestic price of coal should be substantially increased so that producers are encouraged to expand.

Up to now, for various economic and socio-political reasons, it has been Government policy to control the price, giving rise for several years to an anomalous situation in which the return received by collieries on a low fixed price of coal had not enabled them to finance capital expenditure from internally-generated profits. This despite the need to raise production for domestic use and evidence that the export market is an expanding one.

South Africa produces more than 85% of the Western world's platinum group metals but depends heavily on export sales. The low level of industrial demand for platinum throughout most of 1975 in the wake of world recession continued into the middle of 1976 when the United States economy began showing a healthier trend but the rate of improvement was not maintained.

Demand in western Europe has remained weak and in Japan there has been a decrease in imports compared with 1975. In the jewellery sphere, however, the demand for platinum in 1975, which was higher than in 1974, continues to

remain firm. Similarly sales of platinum and palladium for exhaust emission control devices in the automobile industry were also higher in 1976 than in the previous year and this industry is expected to need platinum for anti-pollution purposes well into the 1980s, if not beyond.

Future platinum production, therefore, appears to be closely aligned to the world economies and there are unlikely to be any major developments until the United States is well on its way to full economic recovery. Potential projects to increase production would, in any case, take a few years to come to fruition during which time production capacity will remain as it is.

South Africa's copper production in 1976 was about 197 000 tons with a sales value exceeding R171-million — this was a 17% increase over 1975 due in part to higher world market prices. Apart from developing the potential in the north-western Cape, current producers have plans only to increase existing plant and mining capacity over the next five years.

A most important base metal mining area is Sishen where there are pitiable iron ore reserves of several billion tons. So far contracts have been secured to export 17-million tons a year through another new export harbour, Saldanha Bay, on the west coast, at a price of \$15 a ton which obviously will make a significant contribution to foreign exchange earnings.

The Republic has the largest reserves of metallurgical grade manganese in the world, amounting to many billions of tons, and is at the moment the biggest exporter of the mineral. In 1976 it produced more than 5.5-million tons of ore with a sales value of R131-million.

The two major producers are South African Manganese and Associated Manganese mines, but the Anglo American Corporation will become the third when its Middelplaats mine near Kuruman in the northern Cape comes into production in mid-1979.

The capital cost of Middelplaats is estimated at R46-million and initially it is planned to produce 900 000 tons of metallurgical grade ore and 200 000 tons of ferruginous material annually, 75% of which will be exported to the United States, Japan and Europe. Expansion projects for manganese are likely to push production up to about 8.5-million in 1981.

A further area in which great expansion can be expected during the next five years is chromite.

Production, second only to that of the Soviet Union, is likely to more than double from 2.4-million tons to 5.5-million. Much of this will be used locally to produce ferro-chrome as there are two major ferro-chrome projects being developed — Tobatse near Steelport in the Eastern Transvaal which is being financed by General Mining and Finance Corporation and Union Carbide, and CMI (Consolidated Metallurgical Industries) in the Lydenburg district, in which the main partners are JCI (Johnnies), the Anglo American Corporation, and Showa Denko a Japanese industrial

organisation. It is axiomatic that South Africa can be expected to process base metals more and more — particularly chrome and manganese — as, in addition to the raw materials, it has the labour and relatively cheap power.

In terms of foreign currency, if all the proposed projects in this area of major potential growth are completed on time, earnings from base metals will double well before the five-year review period is over.

In vanadium, South Africa currently mines more than 55% of the free world's output. Production in 1976 was about 17 500 tons of vanadium pentoxide in chemicals and slag. World consumption is expected to increase at roughly 7.5% annually for the next five years and thereafter at a rate of about 6%.

This should be no problem to South Africa as there are over 200-million tons of proven titaniferous magnetite ore reserves associated with the Merensky reef of the Bushveld igneous complex in the Transvaal and this will last many years.

The plan is for production to increase at a steady rate during the next five years, maintaining its position of prime producer in the world. South Africa's largest producer is Highveld Steel and Vanadium, which alone produces some 40% of the free world's output.

The metal is another important foreign currency earner, almost all vanadium production in slag and fused vanadium pentoxide is exported and in 1976, the yield from abroad was about R50-million.

The outlook for the next five years is therefore most encouraging but in any country there are political, social and economic constraints on the development of the industrial sector. In the peculiar circumstances of South Africa the positive picture that has been painted could be altered, even drastically, by constraints which are of such a nature that they can seriously interfere with the implementation of even the best and most profitable of projects, says Mr Etheredge.

The main areas of constraint are — the gold price, a high rate of inflation, infrastructure requirements, labour stability, the shortage of skills or inadequate labour utilisation, the investment climate and the tax regime.

If these combine in our favour, as we all hope they will, the development of mineral resources in South Africa over the next five years must be spectacular.

It is, regrettably, a big "If". We may believe that the gold price will be stronger rather than weaker, that we shall come out of recession in a year or so and that this will enable the Government to meet infrastructure requirements timeously, that inflation gradually will be brought under control to a single digit and that Government will be sensible in its taxation policy and practice, but we should be less sanguine about the early return of overseas investment confidence, tranquillity on the mines, and a rapid acceleration in education, training and utilisation of black labour.

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MINES RAISE BLACKS' PAY

JOHANNESBURG — The salaries of all Black workers on gold mines and collieries will be increased about 6 percent from next month at an annual cost of nearly R30 million, the Chamber of Mines announced here yesterday.

The new minimum starting rate for a novice underground worker will be R63,50 a month, plus free board and lodging.

Rates above the minimum are set by the mining houses in a series of job categories depending on skill required and

experience. Average earnings before the increase were R102,40 a month with nice four

From 1971 to 1976, while White mine earnings almost doubled, Black earnings increased five fold. This year's increase was made

against the background of deepening economic recession and in accord with Government calls for maximum wage restraint. The statement said — Sapa

evaluation... societies the ac... children, and the sta... for some it symbolise... relationships created... emphases. Societies

women belonging to... marriage) from the... husbands, in the int...

The variations... tradition can be exa...

proposed by some Jewish authorities... based community... of longevity and early reproduction... The so called universal elements of the taboo - relating to

first degree consanguines - do no more than reflect the universality of those relationships in human societies. They stem from the facts

that women produce children of both sexes who are dependent upon them for a greater or lesser period of time and that men are needed to... these facts form the basis of the taboo.

The biological myths on the other hand are potent in that they provide, in many cases, the last rationalisation to which the morally emancipated but emotionally conditioned can comfortably cling.

From the evidence of this single case, it is legitimate to commend Needham's view (1974:67-8) that the incest taboo cannot be lifted out of society and examined cross culturally, but must be seen within the specific cultural milieu of rights over women and other scarce resources - as an aspect of a system rather than a discreet institution.

Association des Etudes Francaises en Afrique Australe... AND EARLY MARKED ADMISSIONS... TO BE RETURNED TO THE REGISTRAR, UNIVERSITY OF CAPE TOWN, PRIVATE BAG,

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not... fall to regist... te limits... I... use of... Prayer Book... sent generation... or... TO BE RETURNED TO THE REGISTRAR, UNIVERSITY OF CAPE TOWN, PRIVATE BAG,

Signature
Date

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Course of Study
Student Number

TO BE RETURNED TO THE REGISTRAR, UNIVERSITY OF CAPE TOWN, PRIVATE BAG, AND EARLY MARKED ADMISSIONS...

D. D. 30/1/77

Dollar shift scares off gold speculators

(210)

JOHANNESBURG — The unease caused by the dollar-sterling shift and its negative reaction on the gold price finally caught up with Hollard Street yesterday

Speculators got cold feet and got out of bullion and consequently gold shares before the

weekend

There has been quite a strong build-up in gold equities over the past few weeks and one broker sees the current retreat as a correction

Buyers came in at lower prices yesterday after noon but there was no stock available, which points to a solid base for the gold sector

The rest of the market remained overshadowed by the Ergo issue activities which caused a generally easier tone yesterday

De Beers continued to slide, losing 5c to 463c, but the week's loss was a minor 4c Anamint retained a lead of 25c

Palamu declined 60c over the week with Messina off 10c

Platinums ran out of steam yesterday Nevertheless Rusplat finished 8c up and Lydenburg 5c up on the week

Rooiberg gained 100c to 900c over the week but the other tins were unchanged as the tin price retreated

Coals tended to be easier yesterday but made good gains over the week Tavistock advanced 110c, AT Cols, Apex and Nat Ants were up in the 25c to 30c range and Wit Cols gained 75c

Gold heavies were down in the 50c to 75c range yesterday Randfontein, Freguls, East Drie, West Drie, Libanon and Kloof were marginally higher on the week because of previous gains

The marginals Grootvlei, Marievale and AF Lease were 5c up on the week

In Salisbury, the market continued more active in reasonable volume yesterday, with 19 counters

changing hands Murray and Roberts and Rho Cement were each up 5c to 70 and 90 respectively with buyers remaining unsatisfied, and Wankie gained 2c to 80 — DDC-SAPA

A.S. 4/8/77

Trading hampered by shortage of stock 210

JOHANNESBURG — Strong demand for gold shares, both local and overseas, caused the pace in the gold sector to quicken yesterday

The market opened quietly and their confidence was strengthened by a good gold fixing and orders in the pipelines came through

Brokers reported a shortage of stock so trading was hampered to some extent Dealers are hoping that orders will not be diverted to London.

New York held off, probably on hesitancy before the auction

Brokers expect a successful auction based on the New York Comex price for the spot month, which opened 90c up at \$147,20 against a London afternoon fixing of \$146

Trading in the uranium favourite, Randfontein was hindered by a shortage of stock Nevertheless a 15c rise put the counter at a high of R47,50 over the past 18 months

Af Lease was another feature, jumping 40c to an all-time high of 720c on both local and London demand

Wr Cons joined in the uranium advance, gaining

13c to 260c. Buffels and West Drie scored 50c gains. Harties and Vaal Reefs rose 30c while Libanon matched heavyweight Western Holdings 25c rise

South Vaal, West Deep and Welkom (on a bid) put on 20c while other gold gains were in the 10c to 15c range Evander rises were minor because of lack of stock.

Mining financials tended to be neglected, minor features being a 3c rise in Anglo to 438c and a 40c gain in Amgold Unicorp was unchanged at 410c De Beers was out of the picture for the moment, remaining at 488c

Industrial finance leaders were generally a little firmer Barlows gained 2c to 290c and Comair, Lonrho, Primrose, Protea and Unisec edged up

In London equities made fresh headway in moderate trading Hopes of a cut in minimum lending rate tomorrow continued to influence sentiment, but stock shortage accentuated the advance

In Salisbury, trading conditions again followed the same pattern with recorded sales mainly at unchanged levels in both the industrial and mining sections. — DDC-SAPARNS.

The man behind the Ergo project

A GUIDING genius behind the Anglo American Ergo slimes treatment project is 44-year-old Eddie van Vuuren, Ergo's former project manager, who now runs the metallurgical side of Vaal Reefs.

The Ergo idea, treating slimes at high volume for their gold, sulphuric acid, pyrite and other values, came to prominence some nine years ago when Mr van Vuuren, then a metallurgist at Anglo American, was looking at the possibilities of producing uranium in the Orange Free State.

"The cheapest place to look for it was in the dumps around the Free State mines," Mr van Vuuren told

me. "We had a fair idea we would find uranium, but after we tested several of the dumps we realised there was plenty of potential

"It suddenly occurred to me that we could run slimes through gold and uranium treatment plants in high volume and take out the values in the dumps."

One obstacle to this idea in the Free State was the surplus of sulphuric acid that such a scheme would produce

The difficulty then was that the market was weak and could not absorb the surplus acid production. And the project would not be viable unless the sulphuric acid it produced was sold at a profit.

Although the Free State project was put into

mothballs mainly because of the depressed uranium price, the idea that there was gold and uranium in the dumps never died.

Then in early 1973, when gold and uranium prices suddenly rose fast, Mr van Vuuren started looking at the East Rand dumps and found just what he had been looking for — good gold, uranium and sulphur values. But this time the prices of the three key commodities were significantly higher and a potential market for the sulphuric acid existed.

Mr van Vuuren went to Anglo's head office to plead his case for funds to develop a pilot scheme at SA Lands, the gold mine in the centre of the dumps.

He got his money and six months later a pilot scheme

was working at Sallies. Once it was shown that gold uranium and sulphuric acid could be produced economically from slimes, the mathematicians started working on the sums for what is now Ergo.

Technical refinements in floatation and roasting techniques were brought in from the Anglo slimes treatment schemes then in operation at Vaal Reefs. And Ergo was born.

Born and bred a Free Stater, Mr van Vuuren went to school in Koffiefontein where he gained first class distinctions in all his matric subjects.

He then went to the University of the Orange Free State where he did an MSc in chemistry. He joined Anglo American in 1958.

Behind the phenomenal issue of shares, which attracted R246-million, is the inquiring mind of a 44-year-old metallurgist. Investment Editor Jeremy Woods this week spoke to Eddie van Vuuren (above) about his vision, and how he saw it turned into a reality.

Anglo bid behind shock Iscor move?

Sunday Times (Business Times) 7/8/77

THE INSIDE story behind Friday's announcement that Iscor is not going to sell its stake in SA Manganese appears to be that Anglo American stepped in with a bid that General Mining could not or would not match.

Apparently General Mining was negotiating with Iscor to take over the fast-growing and strategic manganese and chrome producer by acquiring Iscor's 45 per cent stake in SA Manganese. Then in stepped the giant of Main Street, with a bid, which I understand, was well above market price and for 100 per cent of SA Manganese. A bid, even at market related prices, would put a price of well over R200-million on SA Manganese. The failure of both these mining groups to wrest control of SA Manganese from each other is unlikely to enhance relationships

Harry Oppenheimer... was in the market.

BY JEREMY WOODS

between Anglo and General Mining. For years both houses have been unofficial partners in a business marriage of English and Afrikaans mining interests.

When I put it to General Mining's finance director, Jan van Den Berg, that the failure of General Mining to buy SA Manganese had resulted in a clash between the two mining houses, he replied: "I cannot tell you anything at all — particularly about SA Manganese."

Mr Gordon Waddell, an executive director of Anglo American said: "The relationship between Anglo and General Mining is, so far as I understand, what it has always been — namely friendly and constructive. You must remember that we are both mining houses and as such are likely to face each other in fierce competition on occasions over the same piece of business."

But perhaps the people who received the worst deal throughout the SA Manganese saga are the minority shareholders. They have seen their shares suspended for four weeks and have not had disclosed to them the nature of the bids for their company — nor the price.

But more importantly, it has not been explained to them why Iscor, a State corporation selling the assets of SA Manganese, turned down at least one bid substantially over the market price. Dr Tom Muller has stated that it might be in the interest of Iscor to sell off some of its holdings to raise some much needed cash. Last year Iscor lost R30-million. It is estimated that this year it will lose R50-million.

The Press announcement about SA Manganese by Mr J.C. Heunis, Minister of Economic Affairs, states: "Iscor was recently approached by various parties,

Independent of each other, with a request whether the corporation would consider offers for its interest in the Samancor Company. Iscor agreed to receive and to consider such offers, without commitment to itself. It was accordingly arranged for offers to be submitted simultaneously at a predetermined date and time.

"After receipt thereof, the Iscor board carefully studied the offers, as well as the implications. In view of the magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final decision to the Government, as representative of the State, which is the only shareholder of Iscor.

"After consideration of all factors having a bearing on the matter, the Government has decided to request Iscor not to accept any of the offers and to continue maintaining its present position in Samancor."

Tom Muller... asked by State not to sell.

Gold mines' life assessed at 10 yrs

By NEIL BEHRMANN

LONDON — On the New York share market South African long-life gold mines are assessed on a life of only 10 years. According to the Mining Journal quarterly review of South African gold shares, this reflects the international view of the political situation in southern Africa.

The headline of the mining journal's leader is "political issues dominate".

Prices in New York are about 35 percent lower than South Africa — ie the securities rand discount and exchange control makes the Johannesburg market differ from international markets.

The Mining Journal says that today no investment decision can be made by non-South Africans without a serious examination of the middle-term political position. It notes, however, that one of the churches sold its gold share interests. But says "in practice, however, to withdraw investment brings hardship on all members of the community — a stable and expanding economic base is fundamental to peaceful long-term development for all races in South Africa".

Racial position

The journal says the racial situation has concerned Western "liberal" opinion for many years. But the significant development recently is that South Africa has become an important part of the East-West dialogue and might

soon become important in the North-South dialogue.

The possible threat of disturbance in South Africa has also highlighted the country's strategic importance, not only as a guardian of the Cape, but as the West's supplier of vital strategic materials such as chromium, manganese, vanadium, platinum and gold.

The journal says that Russia is the only alternative source for most of these strategic materials.

The journal maintains that in the Western capitals, the security of mineral supplies from South Africa is an important factor today in foreign policy considerations. There will be increasing pressure for change and this could create tension if hopes of overseas leaders and South Africa's blacks run ahead of Pretoria's intentions.

Yet South Africa's defence forces are the most powerful in Africa and have an effective communications system to back them up.

Considerations

From an investor's standpoint, perhaps the two prime considerations are the problems of disruption to mining production due to general disturbances (breakdowns in power supplies, communications, etc) and the cost of maintaining security forces.

"Already, there has been the five percent increase in tax

surcharge and a 10 percent increase in the loan levy, and with the recent extension of the conscription period, the cost of defence must increase further."

But the journal believes that the impact of defence costs have already been assessed in the share market and present prices reflect this position.

Similarly, the securities rand discount offsets for non-South African investors the inevitable uncertainties. "Indeed it is arguable," says the journal, "that so long as gold remains broadly in the \$140-\$150 range, the uncertainties are too heavily discounted".

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RDM 25/8/77 (210)

Minerals — a matter of survival

By ADAM PAYNE

DESPITE the ingenuity of engineers, geologists, metallurgists and scientists, there is growing concern that the earth's mineral reserves will eventually become insufficient to meet man's needs.

Saying this in his inaugural address as president of the South African Institute of Mining and Metallurgy, Mr Philip von Wielligh pleaded with organisations concerned with training mining scientists and with the mining fraternity to

ensure the future supply of minerals essential for the survival of mankind

Mr Von Wielligh, who is executive director of Johnnies and a vice-president of the Chamber of Mines, said "The known reserves are finite. Within the foreseeable future the continued supply of some strategic minerals could become critical"

Mr Von Wielligh, outlining the mining process from geological exploration and evaluation of an ore body to exploitation, said that advances made by mining

engineers over the past decade or two in the exploitation of ore bodies had been phenomenal

"The degree of mechanisation in certain sectors of the mining industry, even in South Africa, has changed the industry from being labour intensive to capital intensive,

"Progress towards a less labour intensive industry in the gold and platinum mines has been, although less spectacular, not insignificant. Over the past three years, the mines involved have been able to maintain production in spite of a reduction of about 10% in the labour force"

Discussing metallurgy, he gave examples of advances in gold and platinum recovery methods and said:

"In traditional gold extraction metallurgy, an extraction percentage of about 98% has been accepted and lived with, but the revival of the gold price in recent years has provided the necessary incentive to improve this extraction percentage

"At a gold price of \$140 an oz, an improvement of half a per cent in extraction efficiency could result in an additional R14-million revenue to the gold mining industry.

"An even greater potential exists in the platinum industry, where the gap between the actual and theoretical extraction percentages is much more significant. This problem, too, is being attacked by extraction metallurgists

In gold metallurgy advances had been made in methods of operation such as the application of Stellar filters for precipitation, continuous calciners in smelthouses, and the horizontal belt filter

"The horizontal belt filter is the most notable advance for capital savings and a remarkable improvement in efficiency. Solution recoveries exceeding 99.7% are now being obtained

"The horizontal belt filter can be applied to uranium extraction even more advantageously than to gold

extraction, in that two-stage filtration can be accomplished in one step"

Mr Von Wielligh said that in the platinum field, some success had been obtained in the use of computer-based direct digital control, particularly on two-stage milling and flotation circuits

The piece de resistance of platinum technological development had been the application of Davcra type unit flotation cells in the mill circuit, allowing the recovery of the platinum group metals as finely divided mineral particles

"Every previous attempt to replace corduroy recovery by using more modern equipment

had proved to be unsuccessful. However, the Davcra flotation process has proved to be 10% more efficient than corduroy recovery, and has at last brought this orphan operation into the modern automated era"

COMMENT. The Davcra unit has been used by Rustenburg Platinum for about four years, replacing the corduroy tables which trapped heavy minerals

The Davcra unit operates between the mills and the conventional flotation cells and is regarded as an easy method of taking off fairly rich material early in the process. It is a special type of flotation cell and is labour-saving

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e had reached 106 638 or 27.7 per cent

Unique shovel

A unique electro-hydraulic shovel for underground mining has been developed locally by Eimco of Johannesburg

In contrast to existing shovels, Eimco's Model 26 H Rockershovel does away with the need for compressed air. It also side-steps problems of providing compressed air lines and coping with frequent falls in air pressure which occur underground. In addition, Eimco claims that the hydraulic powered shovel loads at least 25% faster than the traditional compressed air shovel. All these advantages, adds Eimco, more than outweigh the 20% higher price of the Model 26 H.

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PALABORA MINING COMPANY LIMITED

AND ITS SUBSIDIARIES

DIRECTORS G A Macmillan Chairman, E W Hunt† Deputy Chairman, A J Leroy‡ Managing Director, C S Barlow, A E. Buxton*, A G Davies*, G H Edwards, T J Lighterness†, P Malozemoff‡ (Alt M J M Crichton), G R Parker, E Pavitt (Alt L W P van den Bosch), P J van Rooy, N F Warren‡ (Alt C S Macphail), R W Wright, CBE* (Alt C H Geach)
*British †Canadian ‡USA

Interim Report to Members and Debenture Holders for the six months ended 30 June 1977

UNAUDITED GROUP RESULTS	Six months to		Year 1976
	30 6 77	30 6 76	
	R000	R000	R000
Turnover	71 734	61 359	141 403
Deduct costs	50 799	39 120	91 482
Operating profit	20 935	22 239	49 921
Deduct interest (net)	1 766	1 052	2 435
Profit before taxation	19 169	21 187	47 486
Taxation and lease consideration	8 717	9 595	23 694
Net profit after taxation	10 452	11 592	23 792
Earnings per share	R0 37	R0,41	R0,84
Dividends paid			19 821
1976 Final dividend 25,0 cents per share (1975 12,5 cents)	7 079	3 539	-
1977 First interim 15 cents per share (1976 12,5 cents)	4 247	3 539	-
Capital commitments			
Approved expenditure at 30 June 1977	15 304	45 195	24 953
Contracts placed at 30 June 1977	5 249	18 337	9 523
Costs include			
Depreciation	7 446	5 687	12 097
Copper purchased from outside sources	1 217	1 138	2 183
Average CIF copper price realised (per metric ton)	R1 181	R1 061	R1 122
GROUP PRODUCTION AND SALES (metric tons)	Six months to 30 6 77	30 6 76	Year 1976
Copper			
Production (including purchased material) (Note 1)	52 903	42 740	95 664
Sales	48 919	43 626	96 305
Ore Milled	12 511 874	9 851 448	19 627 222
Average copper grade (Note 2)	0 50 %	0,59 %	0,55 %
Copper contained in purchased material	1 300	1 124	2 304
Sales of other products			
Magnetite (Note 3)	163 674	261 545	591 129
Sulphuric acid	57 214	49 126	109 093
Vermiculite	75 946	92 031	182 090

NOTES

1 The expansion of the mine and plant facilities to produce an additional 30 000 tons of copper a year was completed in March 1977. The design incorporates two autogenous grinding mills each of which measures 9,75 metres in diameter and 4,72 metres in length. They are amongst the largest mills of their kind in the world.

The mills were designed and fabricated in the United States by a company specializing in this type of equipment. Initially the mills operated satisfactorily but subsequently design and manufacturing defects began to manifest themselves in the area of the connection between the mill heads and the bearing trunnions. An independent expert, Franklin Institute Research Laboratories has been called in to examine the problem area and to check the manufacturer's design calculations and the proposed repairs. It was necessary for the two mills to be taken out of service in mid-July, 1977 pending agreement between all the parties concerned on the repair procedure to be implemented. Full discussions have now taken place and the mills are presently being modified and repaired. It is anticipated that they will be returned to service in approximately mid-September, 1977, and this will result in the loss of approximately two months' copper production from the expanded facilities which is equivalent to about 5 000 tons. In addition, the supplier of this equipment has undertaken a commitment to take whatever action is needed including, if necessary, the supply of replacement components to ensure that the mills will achieve the required life efficiency of operation.

- The average copper grade for the first six months of 1976 was higher than normal because the mine was temporarily high-graded to increase copper production so that sales commitments could be met during a planned shutdown of the smelter for maintenance in mid-year. The drop in the grade for the first six months of 1977 was due firstly to the flooding of the open-pit as a result of cyclone Emily. This temporarily prevented the mining of the higher grade ore in the centre of the orebody. In addition the cut-off grade was lowered from 0,25% Cu to 0,20% Cu as part of the plan for the expansion.
- Disruptions in the operation of the bulk-handling facility at Maputo, Mozambique for repairs is well as periodic shortages of rail trucks to transport magnetite to that port were the reasons for the drop in sales of this material during the first half of 1977.

SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries or changes in the holding in any subsidiary during the interim accounting period. The subsidiaries (all of which are wholly owned) continued their vermiculite marketing activities.

UNAUDITED RESULTS OF SUBSIDIARIES	Six months to 30 6 77	30 6 76	Year 1976
Vermiculite sales (metric tons)	75 946	92 031	182 090
Net profit after taxation (R000)	333	309	-
Dividends paid to holding company (R000)	-	71	-

Dividend No. 41

On 8 August 1977 the directors declared a second interim dividend for 1977 (Dividend No. 41) of 7,5 cents per share payable on or about 19 September 1977 to shareholders registered in the books of the company on 26 August 1977.

On behalf of the directors
G A, Macmillan
A J Leroy

Registered office
13th Floor
Unicorn House
70 Marshall Street
Johannesburg 2001
Telephone 836-1641
9 August 1977

Transfer Secretaries
Union Provident Trust
37 Sauer Street
Johannesburg 2001
Telephone 834-59

PALABORA

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Cash copper wirebars are currently trading at £673/t (R1 010) with every sign of continuing weakness. The charts show no support above £580 (R870) and unless there is a fairly sharp near-term turn around, Palabora's second half results will be well down on the first. During the first half, copper sales averaged R1 181/t on sales of 48 919 t for revenue from copper of R57,77m. Another R13,96m came from vermiculite, magnetite, sulphuric acid and sundry for a total turnover of R71,73m. Excluding depreciation and purchases of outside material, operating costs ran at R42,1m, equivalent to R3,37/t milled on the higher mill throughput of 12,5 Mt (9,8 Mt). No details of first half capex are given. But it is probably safe to assume that all available profits were absorbed. Thus, adding back depreciation of R7,45m and after the first two interims of 15c and 7,5c which absorbed R6,37m, capex looks to have been at least R12m. For the current half, earlier projections of mill throughput will be hit by repairs to the new mills and a production loss of some 5 000 t of copper is expected by the company. Mill throughput should be

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TABLE 3

Table with 2 columns: English text on the left, Afrikaans text on the right. The English text discusses copper production costs and profit projections. The Afrikaans text is a translation of the same content.

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COPPER

Back to fundamentals

Those who felt that they could ignore the copper fundamentals on hopes that US industry strikes would disrupt production, are now nursing badly burnt fingers. The fundamentals are basically that there is just too much copper around LME stocks rose again last week and are now 607 755 t On a worldwide basis, it is estimated that there is a 2 Mt overhang

With Phelps Dodge nearing a settlement, US copper industry wage negotiations are to all intents and purposes over. And for all the hopes that July and August would see a sharp decline in US copper supplies, production has hardly been dented

On the contrary, dealers reported liquidation of inventories. Hardly surprising, considering that copper users built up large stocks in anticipation of a protracted strike. Reflecting the excess of supply over demand and faltering hopes that this basic rule could be thwarted, copper prices slumped. At the end of March, three months copper peaked at £927 because of war scares in Zaire. The price declined steadily, but rallied in May as speculators and the trade bought ahead of the strike. On June 20, three months copper was £802. It is now £691, 16% down in only six weeks and 25% lower than this year's high

Once recently the American producer price was cut three cents to 65c, a pound, but it is still well above September New York prices of 54c. Producer prices are thus well out of line with the free market, but by the same token are well below the production costs at many mines. Some analysts reckon it costs a US producer 75c to produce a pound of copper and for a new venture, costs could be in the region of 90c to 100c

This appears to be the only firm bull factor on the horizon. Current prices are

detering investments in new copper mines, prices are also reducing the liquidity of the producers. Some small American operations have been closed down. And the copper market is talking about the likelihood of more shutdowns

Meanwhile, complains Rudolf Wolff, the stark oversupply situation was again brought to the attention of the market with reports that Peru's copper output will double to 410 000 t this year while Poland's refined production will grow dramatically by 1980. The general consensus in the market is that prices could slip further, but that there will be some support for three months copper around £670. Despite bearish comment, hopefully the bottom is in sight. But if the £670 is breached the next major support level on the charts is around £580

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En ce qui concerne l'aspect pecuniaire de ces visites, j'espere pouvoir organiser l'itineraire des professeurs de façon a ce que les universites hotesses n'aitent pas a financer leurs voyages d'une ville sud-africaine a l'autre; toutefois je ne pourrai vous donner d'assurance sur ce point qu'apres avoir regu votre reponse. Department of Romance Studies
Quant a la remuneration (qui restera a la discretion de votre Departement) et aux frais de sejour (nourriture et logement) ils incomberont bien sur en totalite a votre universite.
Je suis a votre disposition pour tout autre renseignement et, dans l'espoir que vous pourrez profiter du passage de nos invites en Afrique du Sud, je vous prie de croire, cher College, a l'expression de mes sentiments cordiaux et devoues.

schia m...
schia m...
schia m...
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schia m...

FM 12/8/77 (210)

fox

SAMANCOR

The rules are flexible

Once Anglo had decided to bid for Samancor, the other bidders might as well have given up the contest there and then. Because there was no way that either General Mining or Barlows could match the combined resources of Anglo and De Beers. Anglo reasoned that, once Iscor had declared its hand by entering into negotiations with General Mining, the door had been blown open, and that it was fair to assume the highest bidder would be successful.

In this case, it failed. Why? Because the government doesn't like the colour of Anglo's money? Pretoria categorically denies this.

There seems to be no doubt that Iscor is and no doubt would still like to be a willing seller and that the Anglo bid, being at least 20% better than the rival offers, was the one recommended by the board. Throughout the negotia-

tions, it must be stressed, Iscor went to great lengths to ensure that the three rival bidders were treated on an equal basis.

As I understand it, the Barlows bid was never for more than 50% of Samancor. General Mining, already deep in negotiations with Iscor when the shares were suspended on July 12, was also initially interested in control only. But this bid was revised once Anglo entered the arena, and the final offer consisted of a combination of cash and coal interests, but could still not approach Anglo's R300m (1 080c a share) offer.

The official reason government requested Iscor not to accept any bids was because of the "magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved."

What is strategic? All three bidding companies are South African, and all

have control of numerous strategic raw materials and also of most of the country's strategic industries. Clearly none could be considered more South African than the other.

As for the magnitude of the deal, presumably the larger the deal the more cash for hard-up Iscor. If Iscor was genuinely keen to divest itself of its private sector interests, then the Anglo offer, which would have given Iscor a much needed R135m cash injection, would have fitted the bill.

The next question is why Iscor was allowed to go through with the elaborate procedure of calling for bids to be submitted at a pre-determined time, and that were opened and evaluated by its merchant bankers, if its intentions weren't serious. Barlows say that it submitted its bid in "good faith", while Samancor chairman Fred Bamford remains

QUESTIONS ON SAMANCOR

What is government's view of the non-sale of Samancor? Minister of Economic Affairs Chris Heunis had this to say to the *FM* this week.

Why if Samancor was not for sale, did Iscor entertain bids for it?

I went to great lengths in my statement to make it clear that Iscor did not invite offers. Iscor was approached and could of course not do anything else but receive and, as a responsible organisation, consider these offers.

If it was not for sale for strategic purposes, does that mean the private sector is not considered suitable to control strategic assets?

You should be well aware that there are dozens of strategic industries and strategic commodities that are controlled by the private sector.

the private sector is considered suitable to own strategic assets, does this mean that Anglo American is considered an unacceptable custodian of these assets?

You should also be well aware of the fact that Anglo American with its well read and large interests in the industrial and mining sectors controls the production of many strategic commodities and minerals and is doing so without any interference from the government or any desire to restrict its operations.

Would you give a categorical denial at the reason the government requested Iscor not to accept the highest bid for Samancor, was that Anglo



Minister Heunis... waxing eloquent

American was the highest bidder?

Yes
Does the refusal to sell Samancor mean that the other private sector assets of Iscor such as Stewarts & Lloyds, Dorbyl, Usco, Afgate, Fowler and Wispeco are also not for sale?

The companies mentioned by you are not subsidiaries of Iscor. Iscor only holds an indirect and in most cases minor financial interest in those companies and insofar as they are not essential for the primary objective for which Iscor was established, there would be no objection to the sale thereof provided the offers are considered reasonable.

Iscor is a primary steel producer and it is considered essential by the primary steel industry, world-wide, to control where possible its sources of raw materials. You must be aware of the fact that United States Steel Co is holding an interest in manganese production in SA and that only last week Armco acquired an interest in an SA chrome deposit. These are the very minerals that Samancor is producing. The government can hardly be expected to take a step in the opposite direction.

If Iscor's other private sector assets are still for sale, would Anglo American be considered an acceptable purchaser?

I regard this type of question as unwarranted, deliberately provocative and unjustified.

● Heunis said he objected "most strongly to the tenor of your questions — i.e. that the government has requested Iscor not to sell its Samancor shares because Anglo American was the highest bidder. Your insinuations are rejected and resented."

After the tremendous successes of W.P. teams at Inter-Provincial tournaments last year and the discovery of new faces on the coaching

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Principaux

GENMIN'S ANSWER



The FM put the following questions to General Mining's financial director, Jan van den Berg

- Did General Mining at any time anticipate that, if it had been the highest bidder for Samancor, the State would reject its bid?
- Could there have been any objections on strategic grounds to General Mining controlling Samancor?
- Is it true that Anglo American's offer of 1 080c was at least 20% above the highest offer submitted by General Mining?

In an omnibus reply, Van den Berg stated "When we were preparing our offer and rationalisation proposals in regard to Samancor, it was made clear to us that the sellers would not be under any obligation to accept the highest offer or any set of proposals. Other than press speculation, we have no information about the details of other offers or proposals, which may not be comparable with our own proposals. We are naturally disappointed that our offer was unsuccessful. However, the matter is now closed and we do not wish to discuss it any further"

"surprised" that none of the bids were accepted

Over the past decade or more, Anglo has deliberately maintained a low profile in business matters, and has gone to extraordinary lengths to avoid a direct confrontation with government. It must now be wondering whether the restraint has been worthwhile

Anglo stood by while the other mining houses fought over Union Corporation, even though it started with a substantial foot in the door. It has also refrained from making any overt move on Johnnies while through its 49% holding in Mainstraat Beleggings, it has supplied

Federale Mynbou with a free ride for its control of General Mining.

If the vetoing of Anglo's bid really was blatant discrimination, which the minister categorically denies although the financial community has very widely interpreted it as such, then there has been a dangerous tampering with the ground rules for investment in SA. Because if this is so, then a new dimension has been added. That is, that no longer does a company have to be South African to control strategic assets, but it has also to be an acceptable South African

The people who make the rules are government. So if companies want to keep on the right side of the rules, it is now clear which side of the fence they must be on. rench

Richard Stuart

1936

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Pres ^{ADM} 25/8/77 Steyn ⁽²¹⁰⁾ to mine Video

By DON ROBERTSON
Mining Editor

THE final plans to extend President Steyn's mining area to the south have been achieved following the granting of a mining lease over the farm Video

The company has been negotiating for over a year to acquire the mineral rights over the farm from General Mining's Sentrust but the deal, although agreed to in principle, was subject to the granting of a mining lease

Having now received this, President Steyn will issue 566 400 shares to Sentrust which, at the present price of 1 000c, are worth R5 664 000

In addition, Pres Steyn will make a cash payment to Sentrust equivalent to any dividends, together with interest at 12% a year, which Sentrust would have received had these shares been issued to it in October 1975

The agreement between the two companies, however, is subject to a further and rather complicated condition

This allows Pres Steyn to mine Video until, and if General Mining establishes a mine on the farm Vermeulskraal Noord to the south of Video should this occur before December 1979, Pres Steyn will then be entitled to participate in the mining operation

Also benefiting from the granting of the lease is Lydenburg Platinum, which will receive 141 600 shares in consideration of its 25% stake in the mineral rights on Video as well as a similar dividend cash payment

Mining operations on Video will be done through the Pres Steyn No 4 shaft which is situated in the extreme south of the existing lease area, although stoping is not expected to start until 1978.

Development in the No 4 shaft area has been hampered by recent fires, although last year a start was made in sinking the sub-vertical from 75 level. This is expected to be completed in 1980

The London Mining Journal comments that with the extension to the south, the life of the mine could be termed medium. With the planned expansion of output this remains one of the more interesting gold investments although still for the patient so far as dividends are concerned

"However, prospects are not bright for the September final."

6.

to live on licensed premises outside the townships do live in the place that the licence indicates. If a man in office in the city, the licence to house workers outside should be given for the address of the company in the city. A building company for instance, it would house its workers where it is indicated that workers are licensed for. Some of these men may in fact be housed in a completely different place which is clearly an unavoidable complication.

LIVING AREAS AND TYPES OF ACCOMMODATION:

Living areas which have been delineated are Langa, Nyanga, and outside the Townships. The SAR & H are outside the boundaries of these compounds borders on Langa. They are part of the Living Areas Outside the Townships. The different types of accommodation in the townships are only noted in this chapter. The details are fully explained in the separate chapters on

Typically five types of accommodation for men living singly are provided: sets of Barracks, the North Barracks and the South Barracks; there are the Employer built dormitories. These are temporary housing but there seems at present scant chance they will be demolished in the foreseeable future. They include those built with asbestos walls and those built with brick. There are the Special Quarters of Bachelor Quarters and Four-storey flats, both of which have single or double rooms. There are the Hostels in the zones, in which live the Langa's contract workers. (See Table 1 overleaf).

There are only two types of accommodation for men living singly. These are the temporary dormitories built by employers; and the hostels. One set of hostels was built by the Board and the other was built according to the same design, both now being formally owned by the Board. (See Table 1 overleaf).

Trans-Natal plays down uranium

By ADAM PAYNE

URANIUM has been found in coal seams drilled by Trans-Natal Coal Corporation on farms in the Waterberg area, north-western Transvaal, but Trans-Natal says there is "nothing to get excited about"

Because of rumours of a uranium discovery, the shares have recently risen 50c. As there are 50-million shares in issue, this is equivalent to R25-million on a market capitalisation basis.

A Trans-Natal executive said "At this stage it would be incorrect to say if we have found anything definite. We would be hoodwinking ourselves and everybody else if we suggested this was a discovery of economic importance."

"We do not know how widespread the occurrence is. The possibilities run between it being a geological freak and something that might be economic."

"There have been occurrences of uranium with coal in the United States, but so far that uranium has not been exploited."

"It can be found in the coal and in the rock immediately adjoining the coal."

He said Trans-Natal was prospecting over several farms in the Waterberg area in a search for coking coal to supply Iscor and for bituminous coal in a sufficiently large deposit to support a power station. The search is continuing and a great deal of prospecting has still to be done.

On the subject of uranium exploration, the Atomic Energy Board, through its publication "Nuclear Active," reports that mining and exploration companies over the past eight years have steadily intensified the search for uranium in the Karoo where podlike deposits have been found by mining companies' geological teams.

Many inherent difficulties work against them, such as the apparent patchy nature of the uranium mineralisation. However, as more and more ground is surveyed, more information is being gathered by the State adding to the knowledge of the Karoo stratigraphy and the distribution of uranium there.

"It is possible that this knowledge may eventually lead to the establishment of criteria for the location of deep-seated deposits that have no surface manifestation," says "Nuclear Active."

succession of sandstone, siltstone and mudstone horizons of Permian to Triassic age

The Geological Survey is concentrating its various geological disciplines in this area of high uranium potential on geological mapping, airborne geophysical prospecting, regional stream sediment geochemistry and hydrogeochemistry.

There are also economic geology studies, the area being probed covers 660 000 sq km or about half the size of South Africa.

The Geological Survey hopes that regional mapping of the Karoo, on a scale of 1:50 000 may provide a stratigraphic setting for the uranium mineralisation.

(6)

upon presenting themselves at the Associations' Southern Rhodesia'. In addition, the W.N.L.A. Native Labour Limited (originally entered into Farmers' Union in 1943), whereby W.N.L.A. would recruit those workers recruited for the mines but remained undisturbed.^{12/} This agreement

1965 when the A.N.L.L. folded up and ceased

'competition' between the two bureaux worked, the higher wages stipulated on the latter's important determinant of the distribution of labour in Nyasaland government limitations on permissible recruitment enabled the R.N.L.S.C. to secure a growing labour force. Its maximum was periodically re-negotiated in Nyasaland a similar pattern of W.N.L.A. superi-

prevailed, the supply of R.N.L.S.C. recruits from this country being

11. South of latitude 22° S. the N.R.C. operated for the Chamber

of the establishment of the Federation in 1953, whereby Nyasaland remained firmly under the political power of Southern Rhodesian employers, who continued to dominate the Nyasaland foreign contract labour market.

Southern Rhodesia continued to place most of its reliance on the 'contract' system though the R.N.L.S.C. did build up annual recruitment

to a relatively high level. The peak was reached in 1956 with a total

of 16 234 workers. After 1958, with the onset of economic

recession in the Federation, the growth of a substantial labour surplus

in Southern Rhodesia and the adoption of a new foreign labour policy by

Southern Rhodesia, the R.N.L.S.C. contract system faced

increasing difficulties. Its annual throughput began

to fall sharply as W.N.L.A. hegemony in the contract labour market

waned as farm wages fell seriously in

1960 the Chamber of Mines (S.A.) reported that 10 per cent of all their African mine-

workers were recruited through the Chamber of Mines (S.A.).

By 1973, as may be seen in the table below, the

total number of Malawian workers alone had reached 106 638 or 27.7 per cent

of the total labour complement.

.....

210 ~~204~~
Sake-Rapport 28/8/77

YSTER-AFSETTINGE REUSAGTIG

RAMINGE oor die omvang van die geweldige reserwe hoëgraadse ystererts van Yskor in Noord-Kaapland twaalf jaar gelede, verskil nie wesenlik met omvattende boorgat-inligting wat sedertdien ingewin is nie, het Yskor bekend maak.

Dit was juis die omvangrykheid van hierdie afsettinge wat Yskor in 'n posisie gestel het om met sy nou bekende Sishen-Saldanha-plan te begin.

En behalwe die uitvoermark, is Sishen ook besig om in die grootste deel van Yskor se eie behoeftes te voorsien, met die Thabazimbi-myn in Noordwes-Transvaal as die ander bron.

Die hoëgraadse hematiethoudende afsettinge in Noord-Kaapland kom ononderbroke in die Gamagara-heuwels voor en aan die westekant hiervan oor 'n strook van 60 km by 5 tot 8 km. Sishen en Postmasburg lê onderskeidelik aan die noorde- en suidekant van hierdie heuwels

Gesink

Die totale reserwe van Yskor in hierdie gebied word op 3 888 miljoen metrieke ton geraam, teenoor die vorige raming van 4 284 miljoen kort ton. Daar is ook al voorheen verkeerdelik na hierdie syfer verwys as synde die reserwe van net die Sishen-gebied

'n Omvattende raming van die ertsreserwe vir moontlike dagmynbou in die Sishen-gebied in Oktober 1971 het op die beskikbare inligting in daardie stadium op 'n syfer van 1 340 miljoen metrieke ton gedui. Die grootste deel van die boorgat-inligting is toe van die suidelike deel gekry.

In April 1972 is groot-skaalse boorwerk in die

noordelike deel begin, terwyl die boorgate wat daarna in die suidelike deel gesink is, hoofsaaklik met die oog op korttermynbeplanning gedoen is

Bewese

Die aantal boorgate waarop die jongste inligting gegrond word, is nou byna drie keer meer as vroeër. 'n Voorlopige raming wat daarna gedoen is, dui op 'n dagmynboureserwe van 1 188 miljoen metrieke ton uit 'n totale reserwe in situ van sowat 2 630 miljoen ton. Maar omdat die boorprogram nog nie afgehandel is nie, kan hierdie syfers nog nie as finaal beskou word nie.

Die syfer van 1 188 miljoen ton bevat ook 'n baie groter deel wat nou as bewese kan bestempel word.

Wat Yskor se eiendom in die Postmasburg-gebied betref, is daar in 1976 geraam dat sowat 100 miljoen metrieke ton met dagmynbou-metodes gemyn kan word uit 'n totale reserwe van sowat 1 258 miljoen ton

Dit is voorts ook belangrik om daarop te let dat al die raminge oor die reserwe erts net van toepassing is op erts met 'n ysterinhoud van meer as 60 persent. Dit is egter algemene praktyk by Sishen om ook erts met 'n laer ysterinhoud te myn, wat dan later veredel word om 'n ysterinhoud van sowat 66 persent te hê

A bleak outlook

219 PM 2/9/77

Even among today's hard-pressed base metal miners, zinc producers are uniquely unfortunate. The depression in their industry has lasted for almost three years now and it is an open question whether all European zinc smelters will survive it. The problem goes back to the boom of 1973. Half the US zinc industry had been closed by anti pollution regulations at the turn of the decade. Consumption then rose fast and the resulting shortage drove the marginal LME zinc price to a peak of £938/t, more than three times its present level.

New smelters were urgently commissioned, but the extra capacity came on stream as the world moved into recession after the oil price increase.

Free world zinc consumption fell 8% in 1974 and another 22% in 1975 to 3.6Mt. Production was not cut back sufficiently and zinc producers held very large stocks when their markets started to recover in 1976. The recovery did them little good: consumption grew again, by 15% in 1976, but smelters returned to full capacity utilisation too soon.

Demand suddenly weakened in the autumn of 1976. Producers' stocks grew and the LME price collapsed, opening up a big gap with the European Producer Price (EPP). This forced producers to sell at discounts of up to \$100 per ton below the EPP of \$795/t. The main victims were the custom smelters in Europe, which buy their concentrates at prices related to the full producers' price and were giving away all their profit and more by granting discounts.

At the same time, they were financing growing stockpiles swelled by metal bought in fruitless attempts to support

the LME price. Reported producer stocks in mid 1977 were around 800 000 t, equal to more than two months world consumption. In addition producers are reckoned to have considerable hidden stocks, consumers hold some metal, and there are some 65 000 t in LME warehouses.

The FPP was cut to \$700/t in May. Even this price is being heavily discounted now that the LME has sunk to around £300/t (\$522) and widespread production cuts have been announced. In Europe and Japan, smelters are working at about 70% capacity and Cominco, Noranda and St Joe Minerals in North America have cut back substantially. At current prices and operating rates the financial position of some European smelters is so bad that it would not be surprising if one of them went to the wall or if their pricing system collapsed.

Medium term consumption prospects offer some hope of recovery, provided industrial output in general rises. Zinc consumption always rises and falls more violently than overall industrial production. Its major applications are in die-casting, mainly for the motor industry, and galvanising. The market for die-cast zinc has been shrinking as the drive to save weight on cars has led to the use of thinner zinc castings and the substitution of aluminium for zinc. The zinc content of an average American car has halved to around 20 kg in the last four years, but this trend has probably run its course by now.

Zinc's future as the corrosion resistant coating on galvanised steel is more promising, especially in the car industry, where higher standards of rust-proofing are being demanded. Just now, however,

the main markets for galvanised sheet are in industrial and agricultural building, which is still depressed in most areas. Zinc is also used in brass, as rolled zinc,

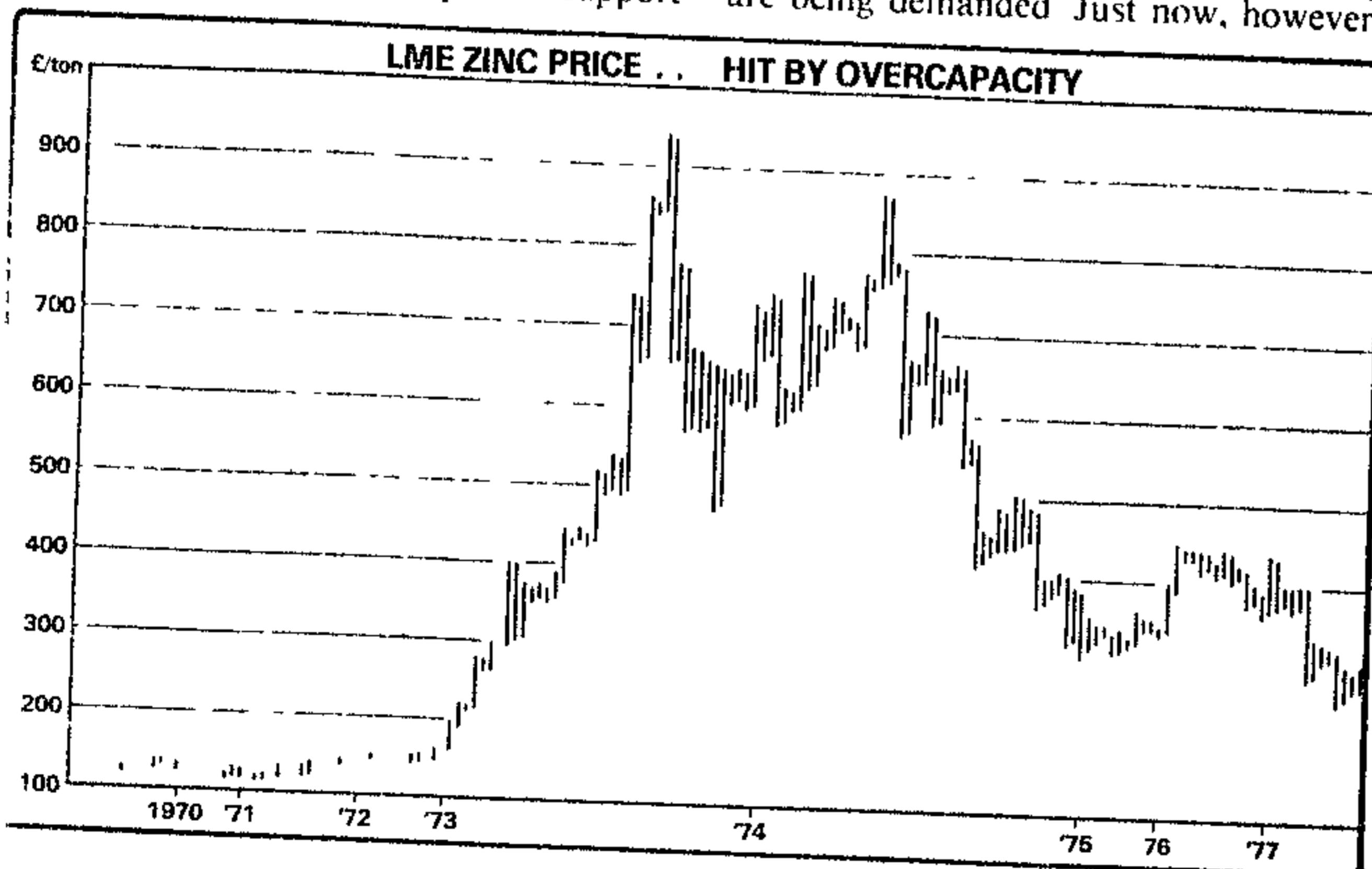
PRICE STRUCTURES

US producer price. North American zinc producers sell at their own producer price, currently 34c/t for prime Western zinc of 98% purity. The price was cut from 37c in May, but even now, at the equivalent of £431/t, it is well above prices elsewhere. The US produces about half the zinc it uses and imports the rest, but the high domestic price has attracted so much cheap foreign metal that St Joe, the biggest US zinc producer, had to cut production by 30% in June. Allegations of dumping by Europeans are rife and action has been taken against Spain, which has been subsidising zinc exports.

European producer price. To save their customers the problems of a fluctuating LME price, free world producers outside North America sell at the much more stable European Producer Price, currently \$700/t or 31.75/lb for gob (good ordinary brand, equivalent to prime Western). When the market permits, smelters charge premiums for delivery and for higher grades. When it is oversupplied these premiums disappear and discounts emerge, as now.

The EPP has been defended in the past by production cuts and LME support operations organised through an unofficial producers' cartel. This has ceased to operate for the past year for fear of reprisals from a US Justice Department investigation into zinc pricing outside the US. Quality and reliability will justify an EPP of about £50 above LME price. A larger gap will induce consumers to buy from the LME or press for discounts.

LME zinc price. Only about 5% of the zinc consumed in the free world is bought at LME prices, currently £300/t or 24c/lb. LME zinc normally comes from North Korea or Eastern Europe, which export up to 180 000 t/year to earn hard currency. Quality is unreliable and the tonnage is too small to make the LME an adequate source of supply for large consumers. Still, the LME is important as the one free market where the marginal shortages or surpluses first show up.



to make small battery cases, and in zinc oxide, a hardening agent in tyres

Mine and smelter capacity is still rising, partly because projects conceived in the last boom are still coming to fruition. The massive Tara orebody in Eire came into production this summer and is building up to an operating rate of 150 000 t of zinc in concentrates. The smaller Rubiales mine in Spain, in which Cominco and Union Corporation have stakes, is another newcomer this year, to be followed soon by the larger Aznalcollar deposit, also in Spain

In Tennessee, New Jersey Zinc and Union Miniere are building a smelter which will be fed by two new mines. Among Third World countries, Peru, Thailand and Venezuela plan to start or increase production, but the developed world is still better placed to control the zinc market than the copper market with 74% of last year's mine production and 88% of smelter production in its territories

Of the major deposits awaiting development, the largest apart from those in the north west Cape is Exxon's Cranston orebody in Wisconsin capable of producing 180 000 t of zinc and 35 000 t of copper a year but not before 1985

In the long run it is true of zinc as of copper, that its price must rise to restore current production to profitability and to make further investment possible. In the medium term however, the industry particularly the non-integrated smelters which lack the cushion of good lead profits that the lead zinc mines enjoy - faces a hard struggle to raise prices to adequate levels in the face of large surplus stocks, idle capacity and constant exports from the socialist world

aux branchages mouvants, neus inquie, Castacum, qui patrem meum enter oderat, sed Romanos quoque odit, in neige ou sable onde ou terre iuvabit, si partout ont vent les quatre vents: "Dieu est ou jusque socios punitis?"

laaE ypaadseverembrededescasaplicium lausierisenedieursSaelquemenafadspatrum ?"champs, des moissons, des cités, fruit à la branche épuisée libenter ibo ipse. Namque etiam nocte pervenire possum. nunc autem luna plena est, voyez chantez! Rubrum Marcumque comites habere?"

seus, tarruzilunn: les valles patrum tuum e rebus et hanc iveras dic: Caesar, populi fratrem, et tunc interfecerunt punit, si tu atque versus "Lubete inquit, milites que chahare voix Adhuc satis temporis ad tris excedet donec Vercobrix redierit." The following results were

polit tout, Le monde, c'est son temple. Etait si sage et le contemple!

un chahare voix, Astu fud, stoid est un. Eiusque, jomiliter ac quier vestiti, castris de et ia fleur pour respire, Ubi cojor uresserant: sed ubi ad eum locum venit in at, ad laevam versus, est. Arborea undique amita Marco et Rubria esse videbatur: Vercobrix in se obviae in obviae paven, o lud elous isseaux, des feuilles donc ad extremam silvam habere, mureux, amicus se non expli, quie. "Patruus hinc in caverna celatus est; sed haec caverna non est, sed ubi in lo ad huc, aum bene explorat. Ego igitur inter arbores procedam solus; quimini."

photo-unit's dip in for... One of the prerequisites of this study is the lord des précipices sombres

6.2 Homogeneity of vegetation within the

in la pureté divine, autem nullus erat usus

oculorum, ne Imperium in tantis emendat auctriavne accipi poterant. Ordine prope non per se, ubi seque, paxia, a confitannexa iave, alius super aliam, praecipit laborer sanoneurlechaneerucidatio fuit. Noster hic, prope in hinc, et per par, se peeserunt, vel lam per medios hos, se de Orient, dont on approchait, tingentos viros ex quattuor cohortibus amisimus.

Enivrez-vous du soir! à cette heure, où, dans l'ombre a similar evaluation for the colour prints, produced a figure of 66 per cent. Le paysage obscur, plein de formes sans nombre, was 71 per cent of great savannah and 29 per cent of forest. However, Quand le mont, dont la tête à l'horizon s'élève, If the species predictions were grouped into a single group, the interpretation

to confusion between Ergostis lehmanna and Heteropogon contortus.

TERRO'S KEER

ANGLO ^{4/9/77}

SAKE-RAPPORT

Van Ons Korrespondent

LUSAKA

DIE Anglo American Corporation het besluit om sy prospekteerspanne wat met veldwerk in Rhodesië besig is, uit die land te onttrek. Volgens 'n woordvoerder van AAC is die besluit geneem weens die verskerping van die terroristeoorlog teen die Rhodesiese regering.

Hy het bygevoeg dat die huidige toestand in Rhodesië die doeltreffendheid van prospekteerwerk erg benadeel. Die besluit van AAC raak sowat 100 geoloë in diens van die groep.

Volgens die woordvoer-

der sal die meeste van die geoloë elders in Suider-Afrika gebruik word. Hy sê dat die Rhodesiese departement van geologiese opnames ook sy bedrywighede in sekere gebiede gestaak het weens die gevaar van terroriste-aanvalle.

Anglo American Corporation, deur sy plaaslike filiaal Prospecting Ventures, was op soek na uraan, koper, nikkel en sink. Die maatskappy het alleenregte in 12 gebiede in Rhodesië en die toestemming van die owerhede sal moet verkry word alvorens bedrywighede in dié gebiede gestaak kan word.

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Test ^{RAM} mine at work ⁽²¹⁰⁾

By ADAM PAYNE

A MINE in miniature — a test mine — is operating in the foothills of the Magaliesberg.

It is used to test drill products in an environment as close to normal underground or open-cast conditions as possible.

Ore production is zero, but the knowledge accumulated makes it a valuable asset to Bort International which runs it.

It is a mine on a small scale. It has change rooms and offices, is registered with the Department of Mines and is subject to all the rules.

Situated in an area of surface quartzite, it has two adits, one of 55 metres and the other 35 metres, tunnelled into a hill.

The two main areas of activity are testing products — and comparing them with competitors — and offering the mine to companies as a training ground for managers and sales representatives.

It has some advantages over actuality.

For instance, life testing — hour after hour of running a product in simulated conditions — is easier in the test mine. Quick surface accessibility is another advantage.

Continuation in

Mineral exports head for record after good start

210
RBM 7/9/77

By DON ROBERTSON

SOUTH AFRICA'S mineral exporters have had a particularly good year to date and the value seems to be heading for a record.

However, the potential for further growth in the next 12 months will depend on economic development in the major industrialised countries.

The Standard Bank review looks at the potential for each of South Africa's minerals.

COAL: Against a background of falling international demand, particularly from the depressed steel industry, there is no good case for major price increases over the short term.

However, exports achieved their target tonnage of 1-million tons through Richards Bay in July. Unless there are cuts or cancellations of contracts, exports should build up to a level of 20-million tons a year.

Export prices have risen marginally over the past 18 months from about \$34 a ton (bituminous — Japanese contract) to \$36.12.

IRON ORE: Once the target of 15-million tons a year is reached, any further upward potential could be hampered by the slack economies of Japan, America and Western Europe.

After having risen substantially since the opening of Saldanha Bay, the value of exports fell by about 8% between May and June. The international market has weakened considerably in

recent months and price rises have been small and are unlikely to improve.

Exports are, however, cushioned to some extent by long-term contracts.

COPPER: Present prices are dangerously close to mining costs and the short-term to medium-term prospects for a stronger market are poor.

The value of exports fell by about 40% between May and June and there are indications that production levels are being lowered.

After rising to a peak of £887 in March this year, the copper price has slipped to around £650 a ton.

There are two main reasons for this. Firstly, producers have been increasing output in an effort to raise export earnings.

Secondly, world stocks have risen to an estimated 2,250 000 tons, or about 80% more than the normal historical level.

ASBESTOS: South African producers appear to have consolidated a greater share of the export market, and with conditions remaining stable, contract prices could increase at the beginning of 1978.

Average contract prices have risen by about 20% for crocidolite, of which South Africa is the only producer, and high grade chrysotile in the past year.

CHROME: The value of South Africa's exports can be expected to level off over the next 12 months with poor price prospects because of overproduction.

The recent increase in exports has been distorted because foreign buyers have been stockpiling to cushion themselves against shipment problems from Maputo. This has enabled other exporters to increase production and exports. This has resulted in an oversupply position.

ANTIMONY: The stricter United States legislation over flame-proofing should ensure a fairly stable demand. However, the fall in exports reflects the metal's diminished use in the manufacture of batteries in America.

The price has fallen from \$1.80 a lb to \$1.65 a lb this year.

TIN: In spite of considerable stockpiles in America, the medium-term outlook for price movements and further increases in exports is favourable.

The excellent performance in the tin price in the first six months of the year can largely be attributed to a rapid depletion of London Metal Exchange buffer stocks and the consequent supply shortage.

DIAMONDS: Market prospects continue to be favourable over the short term, and further price increases may be forthcoming.

URANIUM: Although stockpiles are fairly substantial, there has been a surge in demand in recent months, indicating a strong upward potential in the market.

PLATINUM: The market is battling against a background of depressed industrial demand, lower Japanese imports, the postponement of emission control standards in America for another two years and heavy Soviet selling.

MANGANESE, NICKEL, VANADIUM: Because of the depressed outlook for the steel industry over the next one to two years, export prospects remain bleak.

But outlook is clouded

210
RBM 7/9/77

By DON ROBERTSON
THE VALUE of South Africa's mineral exports, excluding gold and diamonds, rose by a remarkable 60% in the first six months of this year, but prospects for the coming months are far from bright, Standard Bank's monthly

economic review says exports to June rose to R765 500 000 compared with R478 500 000 in the first half of last year.

It says that the major contribution to the improved performance was the opening of the Richards Bay and Saldanha Bay ore ports resulting in increased exports of coal and a sixfold leap in iron-ore exports.

In addition, higher prices in the first half of this year accounted for an increase in the value of exports of chrome, copper, tin, asbestos, uranium and diamonds.

But a disturbing point is that the growth in the value of mineral exports between the first and second quarters slowed down markedly to 6% compared with 9% in the first quarter and a 34% growth in the last quarter of 1976.

"To some extent this slower growth is accounted for by the fact that metal prices rose during the last two months of 1976 and the first quarter of 1977, but have fallen steadily since mid-March this year. Since most mineral exports are subject to long-term contract prices, the recent slide in metal prices was not immediately reflected in export values," the report says.

A general state of oversupply, with relatively slow economic growth in industrialised countries which has resulted in large stockpiles, is blamed for the weakening in the metal markets.

Taking an overall view of the future, Standard Bank says although the value of mineral exports should be maintained at the current high level — particularly once coal and iron-ore export contracts are fully met — exports may grow only slowly in the period ahead in line with the poor growth in the economies of South Africa's trading partners.

But while warning that the health of the mining sector will depend heavily on export growth, the review says the potential for the various minerals differs.

(210)

Earnings rise for Genmin

N. Mercury Bus. 9/9/77

JOHANNESBURG —

General Mining's earnings per share during the six months to June 30 moved up from 230c in the first half of last year to 257c and the net asset value per share from 4 350c to 4 869c but the interim dividend was unchanged at 90c.

The pre-tax group income during the past six months improved to R54,788m compared to R35,616m at June 30, 1976. Income attributable to shareholders also increased — from R19,098m to R21,400m.

'Equity shareholders' interest increased from R224,657m to R247,429m. loan capital, from R122,262m to R177,003m and capital employed to R740,171m.

The group's assets amounted to R1 036,531m compared to R686,121m last year.

Liabilities

Current liabilities were R296,360m (R184,365m) for net assets of R740,171m (R501,756m).

African Coaster Holdings, Carlton Paper Corporation, Darling and Hodgson, Evelyn Haddon and Company, Geduld Investments, Kohler Brothers and Sappi became subsidiaries of Union Corporation during October 1976 and have been consolidated as from July 1, 1976 — (Sapa)

AFRIKANDER LEASE

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Finance for the mine

The fortunes of Afrikander Lease, the subject of adverse comment in recent weeks, seem to be recovering. The shares, down to 500c at one time, have picked up to 580c. The main reasons for the recovery are

- The end-August bear raid coincided with news from Australia of the government's decision to permit uranium mining. The Australian opposition says it will renege on contracts unless approved by a referendum. So for any prospective uranium customer, the waters have been muddied to the extent that Afrikander may well look a more reliable source of supply.

- Despite numerous predictions of a fall in uranium prices, the market is going the other way. Spot prices have improved to \$42.25/lb with some deals as high as \$47. Contract prices have firmed up by about \$2 to \$3/lb.

- Comment has been focussed on the value of the shares if Afrikander cannot develop a mine on its properties. What is the value of Tiger Oats if people stop eating? The relevant questions are: How likely is the mine to get the green light and assuming it does so, what are the shares worth?

Given the general state of the uranium

market, there is little doubt that Afrikander will get a go ahead, probably in the last quarter of 1977. I understand that financing plans have been brought to an advanced stage. The mine is "next in the queue" in SA for a contract which includes customer finance, while the speculation, so far unconfirmed, is that Japanese interests are involved.

The short term value of the shares depends largely on the size of the next rights issue, which I believe will be early in the New Year. Capital costs of bringing the mine to production will be heavy. Despite the shallow reefs, with most of the ore above 700m, surface plant and the Sherritt Gordon high temperature leaching system will not come cheap.

Even at the relatively low rate of 90 000 t/month, for uranium output of 750 t/year, capital costs will be just over R100m. But I understand this figure includes some expenditure to accommodate future expansion. So an eventual rise in tonnage, though probably of lower grade than the initial 0.7 kg/t, is already being built into the calculations.

Despite the high capital cost, it is likely that the rights issue will call for about R25m from shareholders, which compares with present market capitalisation

of R38m.

The balance of funding could come from consumer finance of R25m, a modest 25% of the total with forward purchases of uranium (R30m) and supplier credits from North America for the plant making up the total. As a shallow mine with long-term contracts, Afrikander is "bankable" and can therefore be highly geared.

In due course, the old Klerksdorp Cons and Dominion Reefs mines, which Anglo controls, could be brought into the operation. However, I understand present expansion plans beyond the 90 000 tpm level would be based on the present "area of interest", as the latest Afrikander report describes it, which is likely to become the mining lease area.

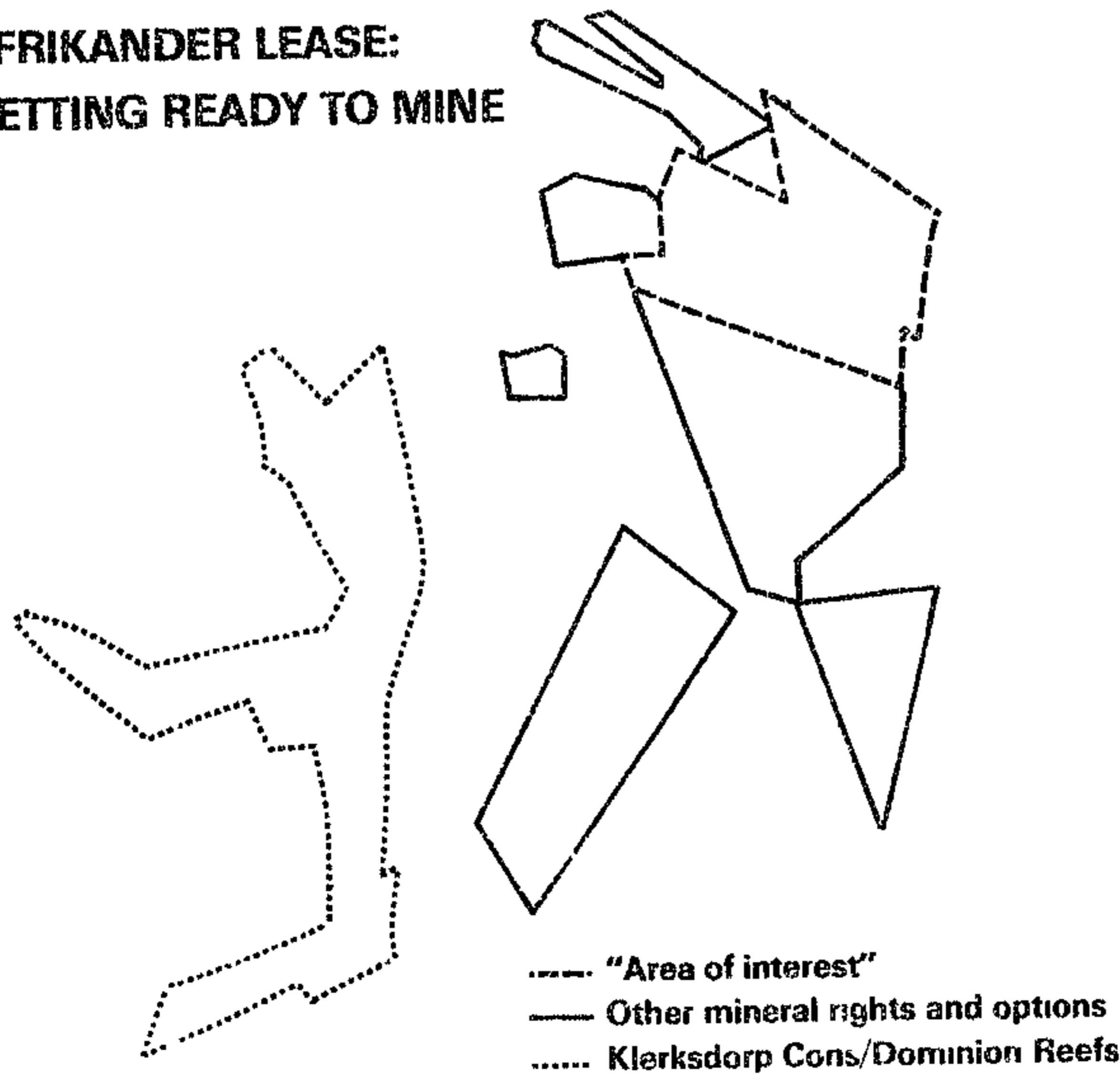
Valuation of the shares remains problematical, but on a net uranium price in line with other recent contracts and allowing for gold recovery of about 0.7 g/t, revenue would approach R50m, or R46/t. Revenue per ton at Deelkraal at the current gold price would be R43/t and Unisel's R53/t.

Afrikander is therefore comparable with these two developing mines, but its working costs will be lower. This is because it will be shallow and the Sherritt Gordon process, though expensive in capital terms, is relatively inexpensive in working cost terms.

My conclusion on the shares is that there may not be much to go for right now, though some attractive earnings estimates can be constructed and the view that dividends are seven years away is too conservative. But if anything Afrikander is marginally undervalued because fears linger on that there will be no mine at all and that the uranium boom is over. Unless the fundamentals change, a further fall would be a buying opportunity and the rights issue may provide speculative excitement, as last year's did at 210c.

Richard Rolfe

AFRIKANDER LEASE: GETTING READY TO MINE



TRUST BANK Staying put

Minority shareholders have spiked Bankorp's plans to make Trust Bank a wholly owned subsidiary. Consequently, the revised one-for-six offer will not be put to shareholders and Bankorp will have to be content with the 60% it already has in Trust.

Shareholders have decided that as the offer valued Trust at only 20c or so, it was better to stay with their investment.

US mining concerned over the future

SAN FRANCISCO. — Imports, labour layoffs and basic survival have dominated conversations of copper executives attending the annual meeting of the American Mining Congress.

In spite of the traditional optimism of miners, executives say they are unable to ignore the poor market, with its depressed prices and burgeoning supply.

Low copper prices have brought new development to a standstill. Plans of other companies on the drawing board, such as a proposed development in Panama, may have to be scrapped.

Mr H Myles Jacob, chairman of Inspiration Consolidated Copper Company, says his firm is spending as little as possible on exploration while trying to keep staff together.

The congress is working out toll arrangements now that some smelters find themselves with excess capacity after mine production cutbacks.

Newmont Mining Corporation will reduce the workforce at San Manuel, Arizona, by 600 to 3 000 employees by November 1.

One major consumer attending the congress believes tariffs may be the only way of protecting the United States industry from copper imports.

But the mining congress has not published a stand on this issue.

The congress has urged the United States Government "to seek to obtain new international rules governing state-control and subsidised production of minerals and other goods entering into world trade."

Some copper executives have questioned whether the United States Government will ever do anything about increased imports.

It is suggested a tariff would have to be large, possibly 5c a lb, to make any difference. But it is doubted whether the Administration will damage its

position in Africa by imposing a tariff aimed at such developing countries as the copper producers of Zambia and Zaire.

A better way of bailing out the industry would be a United States Government stockpile, although many producers are wary of the uses to which such a stockpile could be put.

In the absence of action from Washington, copper executives will attempt to convince foreign producers it is in their best interests to reduce production and save a valuable asset until higher prices return.

Executives say they will discuss this matter with the secretary-general of the Intergovernmental Council of Copper Exporting Countries (Cipec), Mr Sacha Gueronik, who is in San Francisco for the congress.

Some sources at the congress hope overseas production will be reduced by the lack of skilled labour — especially in Africa — the encountering of lower grade and more difficult to mine ore, and the lack of maintenance facilities.

Mr Charles Barber, Asarco Incorporated chairman, says skilled mineral resource com-

panies are reluctant to exploit deposits in developing countries with a history of expropriation.

But a delegation from Chile which attended the meeting and which is to visit a number of mines in North America, is studying means of mineral extraction to apply them to hard-rock formations at Chile's El Teniente copper mine.

Although discussions centred on the United States Government and foreign producers, much speculation was triggered by the absence of top Kennecott Copper Corporation management.

Some sources speculated that Kennecott was concluding acquisition plans or changes in its copper-producer pricing system — Reuter.

WITWATERSBURG

20/10/77

Gloom over mining industry's future

Mercury Correspondent

PRETORIA — The president of the Chamber of Mines, Mr. L. W. P. Bosch, said on Tuesday that the outlook for the country's mining industry was "not at all rosy."

He said that various problems faced the industry, in spite of South Africa's healthy holdings of minerals, including her world leadership in six key minerals.

Addressing the International Image Conference in Pretoria, Mr Bosch outlined the country's mineral reserves position and then added that he had perhaps to "shatter some of the complacency I might have been instilling."

Various factors were hampering mining, and might curtail it in the future if they were not tackled.

Chief among these factors were inflation, restrictions on the optimum use of manpower resources, the lack of educated people to provide the skilled and scientific manpower needed for an expanding industry, the shortage of foreign investment capital, the technical problems of mining hard rock at great depths and the challenge of ensuring a contented work force in a rapidly changing social and political environment.

Those things which the industry could tackle, it was attending to.

It is striving to keep down costs wherever possible and it was engaged, in the case of the gold mines, in an intensive R150 million research programme aimed at improving mining methods.

Barlows het miljoen aan kontant

(210) Rapport 13/9/77

BARLOW RAND het 'n lang pad agter die rug en spog met 'n indrukwekkende groei. Oornames en samesmeltings het in hierdie groei geen geringe rol gespeel nie. En ofskoon die roep voortaan baie langsaam aan 'n nuwe gebied sal byt, bly y steeds op die uitkyk vir meonlike oorname-kandidate.

Dit word bevestig deur verskil nie, mits daar nie 'n verdere akteruitgang is nie. Met die einde van die boekjaar het die draai, het mnr Rosholt aan Sake- 'n RAPPORT gese dat daar nog geen rede is om van hierdie verwagtinge af te kyk nie en aandeelhouders hdu minstens weer 'n oweranderde dividend van 24c verwag.

In die tussentydse verslag is ook melding gemaak van die verandering in die samestelling van Barlow Rand se wins. Hieroor sê mnr Rosholt dat dit strook met die onderverrekening van 'n Mike Rosholt in 'n RAPPORT bevestig.

BARLOW RAND, een van die land se oudste nywerheids-groepe, vier vanjaar sy 75ste verjaardag. Met die oog hierop het Sake-RAPPORT die groep se bedrywighede van nader hede van nader gaan beskou, waaraan David Meades op hierdie twee bladsye verslag doen.

Maatwerk (FCL) Chrome, in Oos-Transvaal

Mike Rosholt Optimisties

DIE huidige ekonomiese toestand in die land is steeds moeilik en die volgehoue tydperk van maatskaplike ekonomiese ontwikkeling wat ons nodig het, sal nie maklik bereik kan word in die huidige klimaat van resessie, inflasie en betalingsbalansprobleme nie. Daar is egter 'n paar goeie tekens, sê mnr Mike Rosholt, uitvoerende hoofbeamt van Barlow Rand. Die verbetering in die prys van goud en die styging in die land se uitvoerverdiens is belangrike faktore wat kan help tot 'n oplewing in die binnelandse ekonomie.

Barlow Rand is in die algemeen optimisties oor die toekoms, sê mnr Rosholt. Die groep het 'n breek basis in vervaardiging, die mynswese en verspreiding. Met sy sterk bestuursplan en sterk finansiële posisie is hy geleenthede wat hul kan voortdoen en is ook reg vir 'n oplewing in die ekonomie. Die klem van die groep se bedrywighede het oor die laaste paar jaar verskuif van verspreiding na die mynswese en vervaardiging. Hierdie beleid het die groep ook minder afhankelijk van invoer gemaak en terselfdertyd daartoe bygedra dat die groep nou een van die groot uitvoerders is wat van groot belang vir die land se ekonomie is.

Die toekomstige groei sal hoofsaaklik uit eie krag geskep word, maar daar is natuurlik ook nog altyd die moontlikhede van oornames, waaraan hiernaas ook melding van gemaak word. Maar dan moet so 'n maatskappy deur mense van integriteit en gehalte bestuur word en by die groep se bestaande spektrum van bedrywighede inpas, sê mnr Rosholt.

Uitvoer maak ma R200 miljon

BARLOW RAND behoort 'n sterk aanspraakmaker op die Staatspresident se toekennings vir uitvoerprestasie te wees en hy gaan vir 'n groot verrassing vanjaar sorg. Die groep het trolens pas die posisie bereik waar hy nou 'n netto uitvoerder is.

Barlow Rand is sedert die begin van die jare sewentig in 'n oordadige toestand verveem kwaa op te stoot en uitvoermarkte vir baie van sy produkte te ontwikkel. In die jaar tot einde September 1976 het die groep altesame R201 miljoen se goeder ingevoer. In vergelyking met die vorige jaar het die uitvoer egter 'n geweldige sprong tot R105 miljoen gemaak. Die vorige jaar was die uitvoer net R33 miljoen.

Volgens mnr Mike Rosholt, uitvoerende hoofbe-

Mynswese rol aalhoe groter

RAND MINES BEPERK is die Barlow Rand-groep se mynbouvolkmal. Met belange in die goud-, uraan-, steenkool-, chroom- en houtbedryf, is Rand Mines die groep se grootste verdieners — en wanneer die aansienlike uitbreiding wat nou beplan word, eers afgehandel is, behoort sy persentasiebydrae tot die groeipwinst nog verder te styg.

Die Transvaal Consolidated Land en Explorations maatskappy, waarvan Rand Mines 59 persent besit, het groot belange in die groep se steenkool-, chroom- en houtbedrywighede. Rand Mines administrateur elkeen van die maatskappye regstreeks.

Vanwee die energiekrisis beklemtoon die groep die ontwikkeling van sy steenkoolafdeling al meer Twee nuwe myne — Duvha en Rietspruit — word tans in gebruik geneem, teen 'n totale kapitaalkoste van meer as R400 miljoen. Duvha sal steenkool lewer aan die nuwe Ekonomiese kragstasie met dieselfde naam, terwyl Rietspruit wat saam met Shell ontwikkel word, op die ryk uitvoermark gemik is.

Die groep se totale steenkoolproduksie sal na verwagting oor die volgende vyf jaar met nagenoeg 25 miljoen metrike ton per jaar klim. Die groep se koolmyne linge word beheer deur twee bedryfsmaatskappye wat elk sowat sewentig persent deur TC Lands besit word. Een is in die Transvaal en een in Natal. Witbank Colliery is die beheermaatskappy vir die vyf koolmyne in die Witbank-streek, terwyl die Welgedacht Explorations maatskappy drie koolmyne

in Oos-Transvaal

Die mynwerkers ook nou besig om na hoër potensiaal in Barlow Rand se bedryfskategorie te speel. En dit kon ook nie in 'n beter stadium so begin ontwikkel het nie.

Met die huidige resessie in die land se ekonomie word die knyp ook sterk gevoel by Barlow Rand se filiale in die boubedryf en die wat op verbruikersgoedere soos TV-stelle, koelkassies, stowe ens ingestel is.

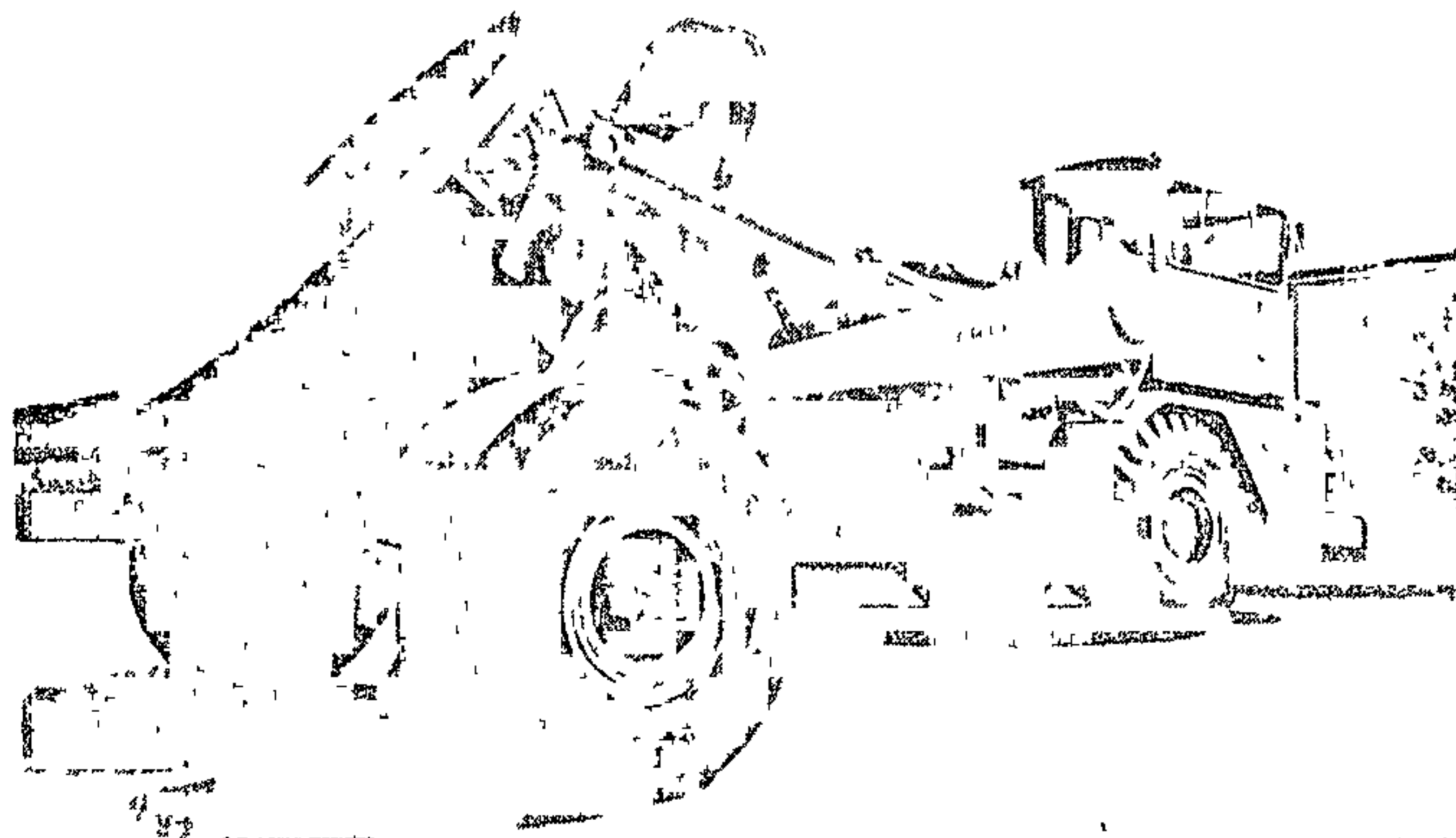
Maar sy beleggings in die mynbedryf begin nou al hoe sterker op dreef kom en gaan daarvoor sorg dat die skok aan die een kant so sag as moontlik oor die hele groep versprei word.

In die tussentydse verslag van die groep in Mei vanjaar het mnr Rosholt aangedui dat die direksie verwag dat die verdienste van die groep nie wesenlik met die van die jaar tot einde September 1976 sal

wins 20% sal toeneem. Die mynwerkers ook nou besig om na hoër potensiaal in Barlow Rand se bedryfskategorie te speel. En dit kon ook nie in 'n beter stadium so begin ontwikkel het nie.

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Die Barlow Rand-groep werk volgens vyfjaarplanninge, wat baie duidelik tot groot voordeel ingespan word. Dit was byvoorbeeld hierdie plan wat 'n jaar of drie gelede daarop gedui het dat groot bedrae kapitaal op die oomblik nodig sou wees om sekere groot projekte uit te voer.



DIE Wright-35t-starpotkarweier word plaaslik vervaardig deur Wrightech (Pty) Ltd van Benoni, 'n filiaal van Barlow Rand Bpk. Die krageenheid is 'n Caterpillar-613B-trekkerskraper met 'n gewysigde gansnek, 'n spesiale kajuit toegerus met vorentoe- en terugwysende kontroles. Verskeie van die eenhede word tans in die Staalnywerheid gebruik.

R500 MILJOEN UIT VERVAAARDIGING

BARLOW RAND is vinnig besig om in die vervaardigingssektor een van die land se heel grotes te word. Die omset van hierdie afdeling van sy bedryfskategorie was in die jaar tot einde September 1976 meer as R393 miljoen.

Maar sedertdien word Pretoria Portland Cement nou ook gekonsolideer te

op

Die groep se vervaardigingsbedryfskategorie sluit 'n magdom goedere in. Van eers is daar in die primêre sektor ferro-allooi, vlek-vrye staal, sement en kalksteen.

Kom 'n mens na die tersiêre en sekondêre gebiede, is dit onmoontlik om in die beknopte oorsig van die groep van die oorsig te kan sê.

die gebied van die elektronika is Barlow Rand nou ook besig om 'n reus te word.

Met die snelle proses van industrialisasie in Suid-Afrika na die Tweede Wêreldoorlog moes ook Barlows hom daarby aanpas. Die klem het van invoer en verspreiding geskuif na in-

delike goedere, waar die plaaslike vervaardiging by stowe en yskaste begin het. Daarna het vrieskaste, wasmasjiene, lugversorgers en selfs grassnyers gevolg.

Voor die Fuchs-oorname was Barlows reeds die grootste enkele vervaardigers van huishoudelike goedere en meer bepaald die sogenaamde witware.

ná die oorname van Barlow Rand

swaarvoerdie en Afrikaanse maatskappy kan spog plaaslike in die groep die verspreide produkte, filiaal, Rob Services is verwerker van Barlows ring verwerk reeks swa die mynbed bounywer meen. Een hulle toe o ging van Spoorwee.

Wrighte onder derdele Caterpillar maatskapp Wright-skr

Die groei ted Tim die boubed die groot hout Dan Uniply w laaghout.

Barlow belang Plascon-E grootste v verf in Su hier besig hoe sterk

In die m groep 'n e

SO lyk dit desdae by die Rietspruit-steenkoolmyn van die Barlow-Rand bou dat dit klap

OMMIVANG DOORST

alles

MET 'n omset wat vanjaar heelwat miljoen sal wees, is dit baie moeilik die hele Barlow Rand-groep se bedryf beknopte vorm te gee.

Soos reeds hier uiteengesit, is daar die mynwerkers en die sementbedryf en natuurlik die belang in eiendom.

Die verspreiding van grondwerktuigtoerusting het 'n belangrike rol in die sukses van die groep gespeel. Barlows is 50 jaar gelede aangestel as Caterpillar-agente en so doende vier hierdie afdeling ook 'n belangrike mylpaal hierdie jaar.

Barlows vervaardig en versprei ook Oshkosh-

RAPPOORT 18/9/77

Omvang oorspan

alles

MET 'n omset wat vanjaar heelwat meer as R1 000 miljoen sal wees, is dit baie moeilik om 'n oorsig van die hele Barlow Rand-groep se bedrywighede in 'n beknopte vorm te gee.

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Barlows vervaardig en versprei ook Oshkosh-

swaarvoertuie. Oshkosh is die enigste Suid-Afrikaansbesitte vragwagwaatskappy en die voertuie kan spog met die hoogste plaaslike inhoud.

Die groep is ook sterk in die verspreiding van staalprodukte, veral deur sy filiaal, Robor Robor Steel Services is weer 'n groot verwerker van staal.

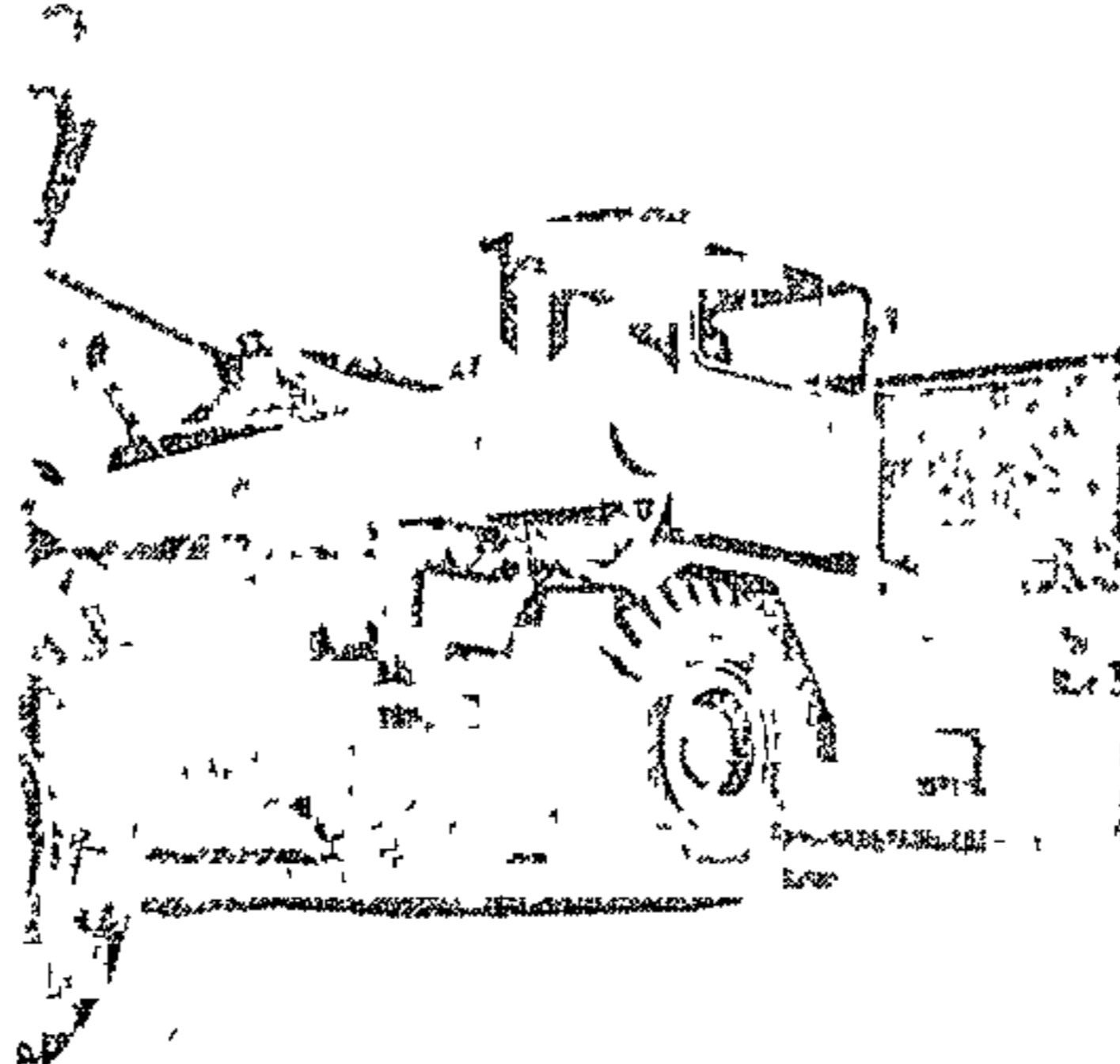
Barlows Heavy Engineering vervaardig 'n wye reeks swaar toerusting vir die mynbedryf en die landbouwerheid in die algemeen. Een afdeling spits hulle toe op die vervaardiging van spoorwaens vir die Spoorwee.

Wrightech vervaardig onder lisensie 'n reeks onderdele en bybehore vir Caterpillar-toerusting. Die maatskappy vervaardig ook Wright-skrapers.

Die groep is deur Federated Timbers baie diep in die boubedryf en is een van die groot verskaffers van hout. Dan is daar ook nog Uniply wat bordplank en laaghout vervaardig.

Barlow Rand is deur sy belang van 71 persent in Plascon-Evans Paints die grootste vervaardiger van verf in Suider-Afrika en is hier besig om sy posisie al hoe sterker te maak.

In die motorbedryf is die groep 'n groot verspreider van Ford-produkte deur sy filiale Armstrong Motors in Natal, Holmes Motors in Wes-Kaapland en Nagington Motors aan die Oos-Rand.



MILJOEN UIT VAERDIGING

Maar Barlow Rand meen dat die uitwerking van die uitvoer op die land se steenkoolreserwe, veral sover dit die kole met 'n lae asgehalte betref, relatief klein sal wees. Die groep is ook daarvan oortuig dat die land se volgende behoeftes aan buitelandse valuta baie meer gewig dra.

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naby Utrecht in Natal besit 'n aansienlike deel van die huidige produksie word uitgevoer, veral na Japan, maar ook na Europa en ander werelddele. Die nuwe uitvoerhawe, Richardsbaai, word hiervoor gebruik. Rand Mines administreer vier werkende goudmynne

Millsell Chrome Mines (Edms) en Henry Gould (Edms), albei in Wes-Transvaal. 'n Grootkase uitbreidingsprogram word beoog om die groep se chroomproduksie te verhoog tot sowat 1,8 miljoen ton per jaar volgende vyf

delike goedere, waar die plaaslike vervaardiging by stowe en yskaste begin het. Daarna het vrieskaste, wasmasjiene, lugversorgers en selfs grassnyers gevolg.

Voor die Fuchs-orname was Barlows reeds die grootste enkele vervaardigers van huishoudelike goedere en meer bepaald die sogenaamde witware. Maar ná die orname van Fuchs sal Barlow Rand meer as 55 persent van die mark vir yskaste hê, sowat 25 persent van die mark van stowe en hy sal een uit elke vyf TV-stelle in die land verkoope.

Punch se eerste halfeeu

DIT is nie net Barlows wat vanjaar rede tot feestelikeheid met sy 75ste bestansjaar in Suid-Afrika het nie. Die voorsitter, mnr C S (Punch) Barlow, vier ook sy vyftigste jaar by die groep. En min mense in Suid-Afrika kan vandag na vyftig sulke hoogs vrugbare jare terugkyk.

Punch Barlow is in 1905 in Durban gebore, waar sy vader homself na die Tweede Vryheidsoorlog gevestig en met 'n klein ingenieursaak begin het.

Die jong Barlow het sy skoolopleiding by die Clifton College in Bristol ontvang en daarna van 1923 tot 1926 aan die Universiteit van Cambridge studeer en 'n graad in ingenieurswese verwerf.

As sportman het hy ook uitgeblink en elke jaar vir die universiteit se eerste rugbyspan gespeel. Die laaste jaar was hy kaptein. By sy terugkeer in Suid-Afrika in 1927 het hy dadelik kaptein van Natal geword. Dit het hy in 1928 herhaal en toe ook in die Springbokproewe gespeel.

Punch Barlow het later 'n geesdriftige polospelersgeword en vir Transvaal en Suid-Afrika gespeel. In 1952 was hy kaptein van die Springbok-polospan.

Sy belangstelling in sport het hy behou en is vandag nog voorsitter van die River Club, 'n lid van die MCC, die Royal & Ancient Golf Club in Skotland en die enigste oorsese lid van die Cyprus Point Golf Club van Amerika. 'n Groot persoonlike slag het die jong Barlow getref toe hy nog op skool in Brittanje was. Sy vader het weens wonde gesterf wat hy in die Slag van Delville-bos in die Eerste Wêreldoorlog opgedoen het.

Maar die familie se ingenieursaak het onder die bekwame leiding van Frank Euting floreer en toe Punch na Suid-Afrika terugkeer het die groep reeds 'n tak in Johannesburg gehad. Oor die volgende vier jaar is ook na Pietermaritzburg, Kaapstad en Bloemfontein uitgebrei.

Punch Barlow het in sy eerste twee jaar by die maatskappy sy meeste tyd bestee om in besonderhede kennis oor die groep se bedryfswaardigheid op te doen. In 1929 het Euting hom na Johannesburg toe as takbestuurder gestuur.

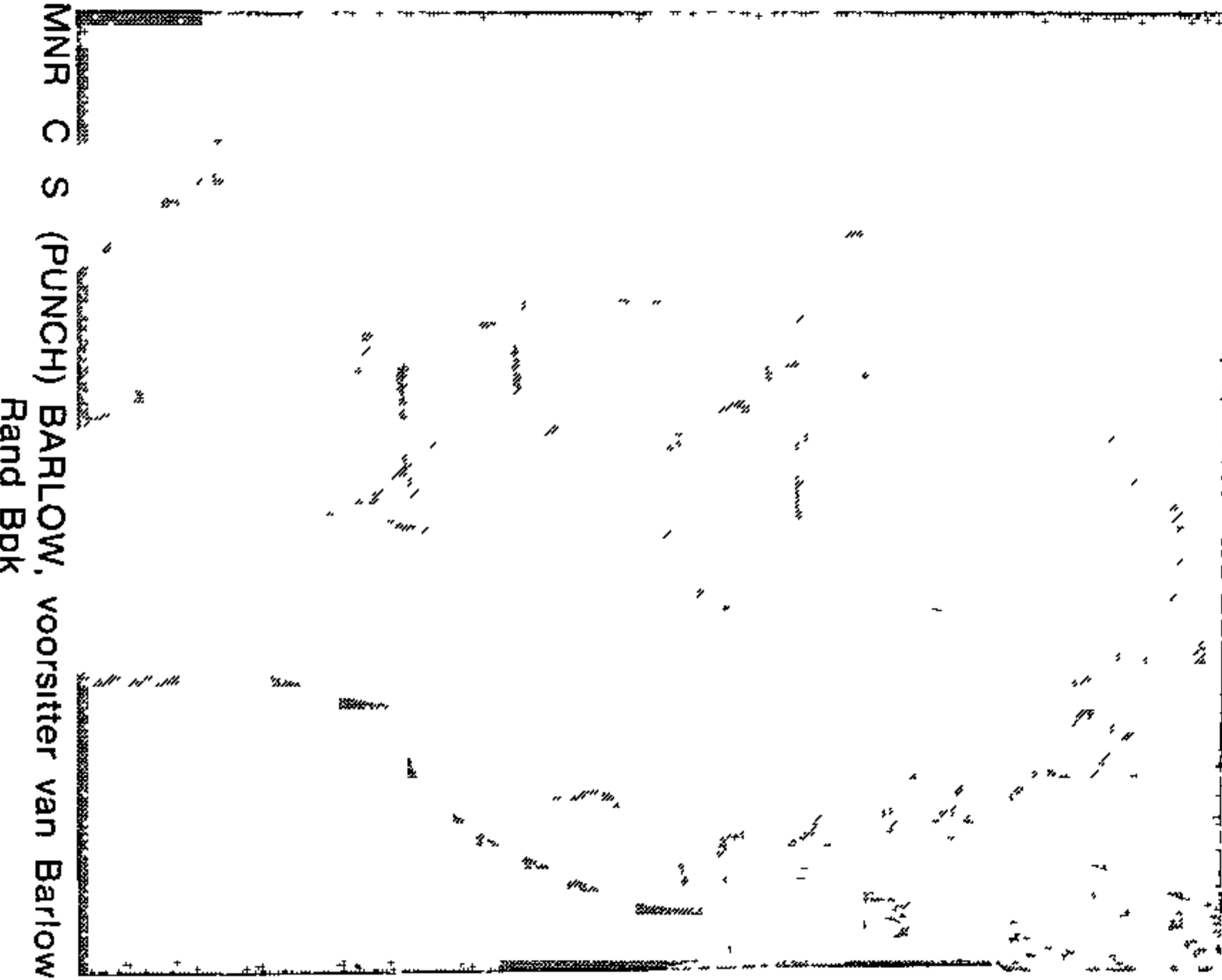
Die depressie was besig om in te tree en die 24-jarige Barlow moes moeilike tye deurgaan om tog uitendelik al die storms te weerstaan. In 1941 is die maatskappy se aandele op die Johannesburgse Effektebeurs genoteer.

Punch Barlow het hom kort na die uitbreek van die Tweede Wêreldoorlog as 'n majoor by die veiligheidstak van die Weermag aangesluit. En teen die einde van die oorlog is hy aangestel as Kontrolleur van Maasjengereedskap. Na die vredesluiting moes hy van 1945 tot 1946 die moeilike taak van voorsitter vervul van die raad wat van die oorlogsvoorraade ontlaas moes raak.

Daarna het hy in 1948 voorsitter en besturende direkteur van Barlows geword. Die maatskappy het bestendig gevorder en toe begin om in 'n toenemende mate te diversifiseer — ook na die buiteland.

Onder Punch Barlow se leiding het die maatskappy se omset gestyg van R7,2 miljoen in 1948 tot R1 067,7 miljoen verlede jaar en die wins na belasting van R833 000 tot R72,9 miljoen.

Hy is vandag 'n direkteur van sowat 500 maatskappye, is 'n lid van talloze organisasies, het 'n menigdom sake-toekennings ontvang en is ook 'n modelboer in sy vrye tyd.



MNR C S (PUNCH) BARLOW, voorsitter van Barlow Rand Bpk

Dit het alles in Durban begin

DIT is vanjaar presies 75 jaar gelede dat Ernest Barlow, vader van die huidige voorsitter, Punch Barlow, Thos Barlow & Sons gestig het. Die eerste kantoor was in twee kamers wat uitgekyk het op die binnehof van die Central-Hotel net af van Durban se Mercury-laan.

Die maatskappy het begin deur komberse in te voer sowel as ander katoenware. Teen 1907 is daar na 'n groter kantoor in Smithstraat verhuis. Die maatskappy het toe ook al begin om ingenieursvoorraade en toerusting vir die suikermeulens en steenkoolmyne te verskaf. In daardie jaar is 'n netto wins van =2 228 getoon.

Die maatskappy is in 1918 in Suid-Afrika geïnkorporeer en twee jaar later het hy sy eerste tak in Harriersonstraat, Johannesburg, geopen. Mnr Punch Barlow het, soos hiernaas gemeld is, hom in 1927 by die maatskappy aangesluit en in 1937 besturende direkteur geword. Drie jaar later is die hoofkantoor na Johannesburg verskuif.

Die maatskappy het bestendig gegroei en het in die middel van die jare vyftig begin om na verskeie ander gebiede te diversifiseer, wat onder meer die swaar ingenieurswese, staalverspreiding, die elektronika, die motorhandel en die hout- en verpakingsbedryf ingesluit het. Maar die grootste oorname in sy geskiedenis was die samestelling met Rand Mines in 1971. Die naam van die groep is toe na Barlow Rand verander.

Politiek en ekonomie nie te skei

Die manne by Barlow Rand is baie bewus oor die maatskaplik-ekonomiese verantwoordelike van die groep. Die groep is uit die aard van die saak nou by die wel en die wee van die ekonomie betrokke en het belang by feitlik elke aspek van die daaglikse samelewing.

Die groep verskaf nog boonop werk aan meer as 100 000 manne en vroue van verskillende nasionaliteite. Die welsyn, loyaliteit, kundigheid en motivering van hierdie mense is vir hom van kardinale belang met die oog op die volgehoue welslae van die groep.

Barlow Rand glo baie sterk dat dit nie langer moontlik is om die ekonomiese van die maatskaplik-politieke toneel in Suid-Afrika te skei nie. Daarom is dit ook 'n deel van die groep se beleid om sy swaart, gekleurde en Asiatiese werknemers op te gradeer en hul geteentede tot vordering binne die raamwerk van die bestaande wetgewing te verbeter.

Die groep meen ook dat dit noodsaaklik is dat sekere wettlike veranderinge aangebring word in veral sulke gebiede soos die verwydering van wetgewende en ander hindernisse tot die ekonomiese vordering van swart en gekleurde werkers. Hy meen ook dat daar voorsiening gemaak word vir regte tot onderhandelings vir die swart werkers wat gelykstande aan die van die ander rassegroepe is.

In die groep word ook baie gedoen om toesighoudende hoedanighede te ontwikkel en om opleiding in die werk by die verskillende maatskappye aan te moedig. Reelings is ook getref om swart werknemers te help om hul eie huise aan te skaf en daar is ook mediese hulp- en pensioenfonds vir al die groep se werknemers ingestel.

Die C S Barlow-Stigting is in 1975 tot stand gebring, met sy hoofdoelwit om die aanbod van geskoolde werkers in Suid-Afrika te verhoog deur die onderliggende opleiding van alle rassegroepe te steun.

'n Onlangse voorbeeld hiervan is die oprigting van 'n bedryfskool van R600 000 vir die mense van Lebowa.

Planne vir die oprigting van 'n tegniese skool in die Ciskei-tuistand is ook in 'n gevorderde stadium en behoort voor die einde van volgende jaar volkool te wees.

In die algemeen is dit die stigting se plan om eender tegniese as akademiese opleiding te verskaf. Dit is ook een van die talle gebiede waar Barlow Rand probeer om sy beskore deel by te dra tot die beste benutting van die land se menslike hulpbronne.

Op 'n heel ander gebied het Barlow Rand 'n geskiedkundige huis in Kimberley gekoop, dit geres-toureer en toe aan dié stad se McGregor-museum vir bewaring oorgehand. Die huis is Dunlue, wat in die jare na die beleg van Kimberley die woning van John Orr geword het en een van die mees elegante huise was.

Wat donasies en skenkings aan welsyn en verdienstelike projekte betref, doen die groep ook meer as sy deel. Sy amprenare staan ook hul plek in die samelewing vol en 'n mens kan maar net aan die voorbeeld dink wat Punch Barlow en Mike Rosholt stel.

Behalwe die talle ander leggame waarin hy dien, is mnr Barlow ook 'n lid van die Regering se Adviesraad oor Verdediging, terwyl mnr Mike Rosholt ook nog 'n lid van die Eerste Minis-ter se Ekonomiese Adviesraad is.

Eiendoms nou 'n krag

Deur ALPHONS DU TOIT

ONGEVEER vyf persent van die inkomste na belasting van die reise-Barlow Rand-groep is regstreeks afkomstig uit die landwyse bedryfswaardigheid van sy eiendomsfiliaal, Rand Mines Properties.

Só se mnr John Maree, die groep se uitvoerende direkteur met verantwoordelike vir eiendom. Hy dink dat dit 'n belangrike rol het aan Sake-RAPPORT gesê.

"RMP besit onontwikkelde grond van 51 553 ha, waarvan 4 632 ha aan die sentrale Witwatersrand geleë is. Deur sy filiaal, Transvaal Gold Mining Estates, besit RMP meer as 14 000 ha in Oos-Transvaal, en deur sy filiaal Theasens, 'n verdere 32 000 ha in die omgewing van Krystna.

"Dan besit RMP verskeie dorpsgebiede aan die sentrale Witwatersrand en naby Witbank, asook 'n aantal geboue, woonstelblokke, huise en pakhuise in verskillende dele van die land."

"Akkurate skatting van die waarde van die grond wat deur RMP besit word, is onbekombaar. Maar as 'n versigtige raming gemaak moet word, dan beloop die bedrag duisende miljoene rand."

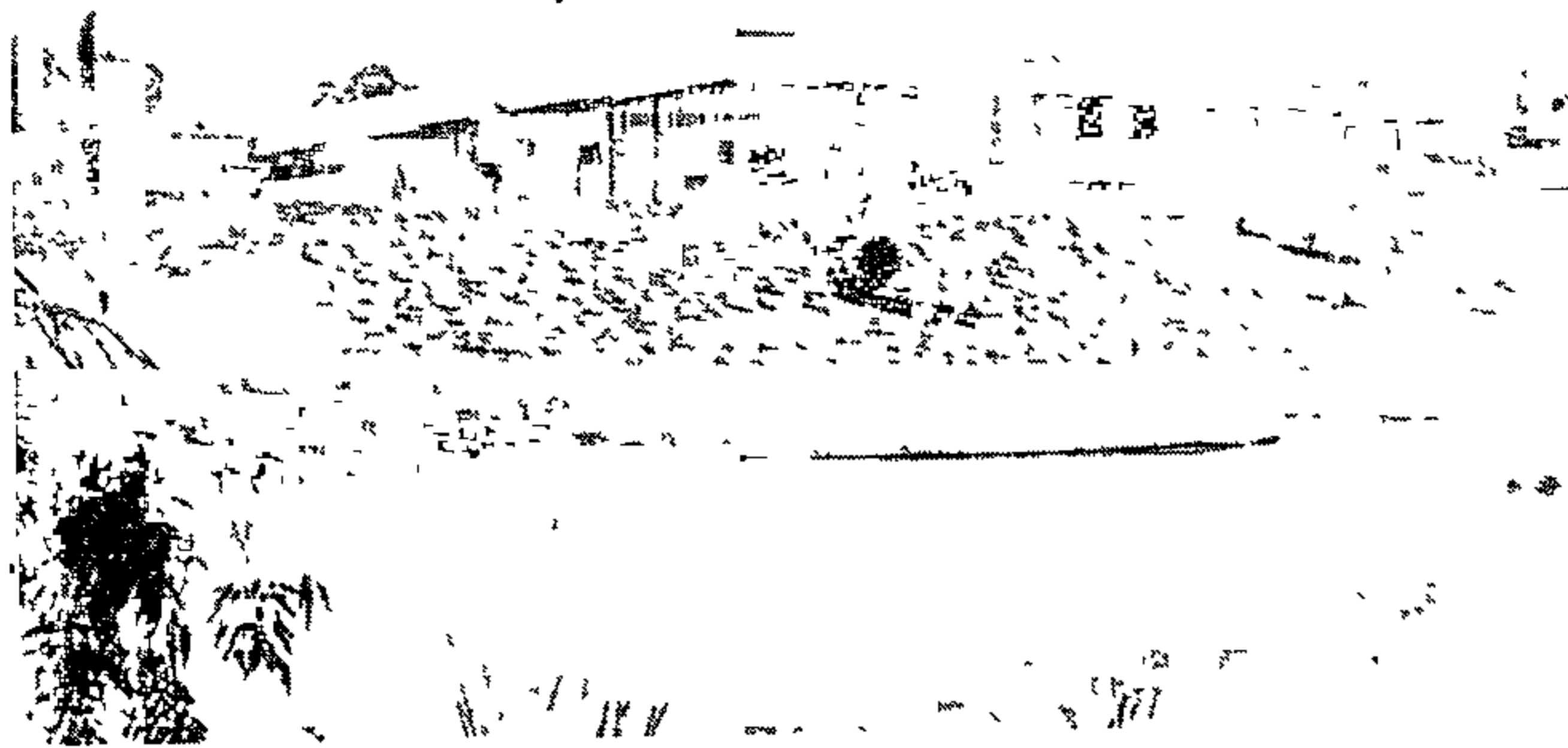
Rand Mines Properties is inderdaad die land se grootste ontwikkelaar van dorpsgebiede. En ondanks die heersende resesse wat die eiendomsmerk landwyd kwaai tref, is 1977 'n uiters bedryfswaardige jaar vir RMP.

Bouprojekte van meer as R15 miljoen is in aanbou of nader voltooiing op persele aan die sentrale Witwatersrand wat van RMP gekoop is. Behalwe van die grond wat reeds verkoop is, beskik RMP oor nog 4 600 ha waardevolle ou myngrond wat in 'n gordel van Florida-meer tot by Gerfliston strek.

En volgens RMP se besturende direkteur, mnr Tony Hall, is al die grond pragtig gelee vir feitlik enige soort ontwikkeling. Hy het aan Sake-RAPPORT gesê, "Ons besit grond wat geskik is vir residensiële-, nywerheids-, pakhuis- en selfs fabriekontwikkeling.

"En al ons grond is uiters geneelik gelee ten opsigte van spoorverbindinge en die bestaande en beplande padnetwerk." 'n Indrukwekkende kenmerk van RMP se bedryfswaardigheid is dat al die ou myn rond

SAKE Rapport - 18 September 1977



SO vertoon die splinternuwe korporatiewe hoofkantoor van die reuse-Barlow Rand-groep van maatskappye. Dit heet Barlowpark en is teen 'n koste van R5 miljoen in die dorp Sandton opgerig.

PP Cement word gekonsolideer

PRETORIA PORTLAND CEMENT het vroeër vanjaar 'n filiaal van Barlow Rand geword waarin hy 'n belang van 53 persent het en hierdie reuse-vervaardiger van sement se bedrywighede sal vanjaar die eerste keer by dié van Barlow Rand gekonsolideer word.

PPC is egter geen vreemde deling in die groep nie. Die maatskappy word sedert sy stigting in 1892 deur Rand Mines bestuur. Die PPC-groep het bestendig gegroei om in 1976 'n omset van R73,3 miljoen en 'n gekonsolideerde wins ná belasting van R11,8 miljoen te haal. Terselfdertyd is die maatskappy ook met 'n uitbreidingsprogram van R50 miljoen besig.

Barlow Rand het tot vroeër vanjaar 'n belang van 31,6 persent in PPC gehad. Maar met 'n uitruil van aandele het Northern Lime 'n volfiliaal van PPC geword en het Barlow Rand se belang toe tot meer as 50 persent gestyg.

Northern Lime is sedert die begin van die eeu 'n produsent van kalksteen en voorsien op die oomblik in meer as die helfte van die land se benodigdhede.

Sy bedrywighede word nou met die van PPC gerasionaliseer en behoort groot voordele in te hou.

Maar met die huidige insinking in die boubedryf moet PPC noodwendig 'n maer tydperk deurgaen. Die besturende direkteur van PPC, mnr G R Luyt, meen dat die binne-landse afset in volume vanjaar 10 tot 11 persent minder as verlede jaar gaan wees.

Omdat die sementbedryf kapitaalintensief is met 'n aansienlike vaste element in sy koste-struktuur, is dit dus duidelik dat die afname in die vraag 'n wesenlike uitwerking op die resultate van die groep sal hê.

Omdat die verhoging in die vermoë van 'n sementaanleg 'n langtermynsaak is, is PPC in die ongemaklike posisie dat hy ondanks 'n agteruitgang in sy finansiële posisie genoodsaak is om steeds met uitbreidings vir die toekoms voort te gaan.

Die besluit om by die Slurry-aanleg uit te brei, is in 1972 geneem toe die ekonomie baie sterk was en aanwysers op 'n volgehoue en toenemende vraag na die groep se produkte gedui het.

En op die oomblik word verdere uitbreidings beplan om te kan tred hou met die verwagte sterker vraag in die jare tagtig.

Maar intussen wend die groep alles aan om die uitvoermark te ontgin. Dit is veral die fabriek naby aan die land se hawens wat hier baie bedrywig is.

Die Slurry-aanleg het 'n vermoë van 800 000 ton per jaar, wat die PPC-groep se totale produksievermoë nou tot meer as 4 miljoen ton per jaar opstoot. Die groep voorsien ook op die oomblik in meer as 50 persent van die land se

sementbehoefte.

Die plan is om die groep se vermoë in Wes-Kaapland met 'n verdere 500 000 ton per jaar te verhoog in die tydperk 1980-'81. Die groep verskaf op die oomblik werk aan meer as 4 300 mense.

Fuchs pas goed in

SOOS verwag is, het die Barlow Rand kontant- en aandeelbod vir C J Fuchs groot ingang gevind by die Fuchs-aandeelhouers.

Tydens die algemene vergadering op 30 Augustus het aandeelhouers feitlik eenparig in die guns van die Barlow-reelingskema gestem. Op 6 September is die skema deur die hooggeragshof bekragtig en op 9 September is die Fuchs-aandele van die lys verwyder.

Daar is nogal 'n groot ooreenkoms tussen die Fuchs-groep en Barlow Rand. Albei het baie beskeie begin. Dit was 47 jaar gelede dat dr C J Fuchs, sy vrou, Emily, en 'n swart assistent in Johannesburg 'n onderneming begin het,

plant word alvorens dit vir ontwikkeling verkoop word. In die omgewing van sy Selby- en Ormonde-dorpsgebiede het RMP reeds meer as 30 000 bome en struik geplant. Vir RMP is die omgewing self 'n belangrike prioriteit.

Wat veral tref is RMP se benadering tot die vorige geskiedenis van sy eiendom. „Wat die sentrale Witwatersrand betref, is dit alles ou myngrond,” sê mnr Hall, „en vanselfsprekend is daar allerhande oudhede. Daar is byvoorbeeld die ou skagtorings van Crown Mines. Ons gaan hulle behou want hul vorm deel van die geskiedenis van die hele Witwatersrand.”

So ook word baie aandag (en heelwat geld) aan die omgewing bestee.

Derduisende bome en struik is aangeplant, die ou mynhoop is met gras bedek en alles moontlik word gedoen om die grond te herwin en te verfraai.

„Die totale vrypag-eiendomsbesit van Barlow Rand is een van die groep se belangrikste kragte,” het mnr John Maree gesê. „Vir baie jare sal eiendom 'n integrale deel uitmaak van Barlow Rand se bedrywighede.”

Mnr Maree het verduidelik dat RMP die groep se bedryfsarm is wat eiendom betref. Maar 'n ander maatskappy Hillman Brothers besit die grond en geboue wat uitsluitlik deur Barlow Rand benut word vir fabriek, kantore en pakhuisse.

wat bekend was as C J Fuchs, geregistreerde loodgieter en plaatmetaalspecialis.

Vandag het die groep 'n aanleg op 21 hektaar sowat 12 kilometer van Alberton af, waar die meeste van die groep se produkte vervaardig word.

En wanneer 'n mens na die reeks produkte kyk wat Fuchs vervaardig, is dit duidelik dat dit in talle opsigte aanvullend tot dié van Barlow Rand se bedrywighede in dieselfde gebied is.

Dié oornamie is sinvol en hou klaarblyklik groot voordele vir albei groepe in, veral op die gebied van gesamentlike tegniese kundigheid en 'n breër produktebasis.

210 RDM 3/10/77

'Minerals will see SA through'

STAFF REPORTER

SOUTH Africa's minerals will be the country's great treasure chest to see it through difficult times to come, the Minister of Mines, Mr S P Botha, said at the weekend

Addressing the Alberton Afrikaanse Sakekamer on Saturday night, Mr Botha said South Africa was a world beater in many mineral fields besides gold and diamonds

"Take chrome, for instance We have 81% of the world's total reserves We possess 90% of the western world's vanadium reserves and about 75% of the

world's platinum group minerals," he said

He said South Africa's mineral production in 1976 alone was estimated at a little more than R4-billion and had provided jobs for more than 730 000 people, paying out R1 464-million to its employees in salaries and loans

"I am certain the world cannot overlook the strategic value and importance of our mining industry Today we are self-reliant to a large degree We have now developed the ability to perfect certain processes We can benefit financially from the export of certain unique mining equipment and techniques, developed here, to the rest of the world"

Bus.

N. Mercury 5/10/77

'BUSINESS IMPROVES'

210

PRETORIA - The recession was definitely flattening-out although the economy was still in a trough, Dr. Japie Jacobs, economic adviser to the Reserve Bank, said at the FCI convention here yesterday.

Good agricultural crops, performance by the mining industries and business in the country districts could not be disregarded. One must realise there was an improvement in the business climate.

But there is not reason enough for a general reflation in the economy. Most industrial countries were against reflation because of their weak balance of payments position.

South Africa's current account in the balance of payments has swung from a deficit to a surplus. - (Sapa.)

Mineral exports tailing off

(210)
RDM 6/10/77

By DON ROBERTSON
Mining Editor

SOUTH African exports of metals and minerals appear to be slowing down in sympathy with the economic problems being encountered by the major industrialised countries.

Monthly export figures produced for the first time by the Minerals Bureau (previously the Department of Mines) show that the sales value of exports of the major minerals for July are well down on the previous month's figures.

Most important is the value of coal sales which are reported at R17 012 301 made up of R12 346 834 from bituminous coal and R4 665 467 from anthracite sales.

Previous figures for the June month were reported as R40 063 138 from bituminous coal sales of R34 208 286 and anthracite sales of R5 854 852.

The June figure, which prompted considerable comment in the industry, has, however, been corrected to only R17 970 525 from bituminous sales which brings the figure more into line with expectations.

In terms of tonnage exported, however, the June figure at 1 095 008 tons of coal was the first time that the export target of 1 000 000 tons a month was achieved. This was maintained in July when 1 021 058 tons were exported.

Lab-Expo

SOUTH AFRICA'S third Lab-Expo, featuring laboratory equipment and scientific instrumentation, will be held in Pretoria on October 11 and 12 — Sapa

Other export figures are not as encouraging. Chrome sales for July were valued at R5 021 895 compared with R7 309 439 in June while asbestos exports brought in R8 621 216 compared with R14 777 263 previously.

Diamond sales were lower at R28 304 414 compared with R37 822 418 in June. Sales under the heading miscellaneous, which includes platinum and uranium, were worth R32 043 782 against R46 867 251.

On the brighter side, copper exports brought in a much improved R15 985 074 compared with R9 956 108 in June, in spite of the lower copper price. Actual sales tonnages are not supplied, but the improvement reflects an increase in shipments, a factor which is made possible by the sought-after, high-quality Palabora product.

Iron-ore earnings continue to increase through Saldanha and were worth R17 868 650 in July compared with R15 177 596 previously. Manganese exports were almost doubled at R11 118 687 against R6 587 100. Nickel exports were barely changed at R5 847 153.

Tin, because of the rapidly rising price, is becoming increasingly significant and earned R2 053 875 in July compared with R1 399 349 in June. Vanadium exports earned R5 017 037 against R4 639 986.

The importance of South Africa's metals and minerals sales is growing and at current levels of growth, could soon overtake the value of gold exports.

In 1976, gold brought in R2 346-million. Other mineral exports earned R2 088-million.

In the first six months of this year, gold earned R1 265-million, but mineral sales were not far behind.

However, gold sales should again beat minerals exports for the top spot.

It will not be long, though, before gold output starts tailing off and exports of South Africa's strategic minerals take over as the major foreign exchange earner.

PROCLAMATIONS

by the State President of the Republic of South Africa

GG 5762
7/10/77

No R 259, 1977

APPORTIONMENT OF TRUST INCOME FROM MINING TO THE VARIOUS HOMELANDS

Under and by virtue of the powers vested in me by section 6 (2) (b) of the Bantu Homelands Constitution Act, 1971 (Act 21 of 1971), I her by determine, notwithstanding the provisions of any other law, that all moneys payable to the South African Bantu Trust constituted under section 4 (1) of the Bantu Trust and Land Act, 1936 (Act 18 of 1936), as the owner of the mineral rights of land situate in a Bantu area for which a legislative assembly has been established in terms of section 1 of the said Bantu Homelands Constitution Act, 1971, including any moneys received in respect of licences or permits to prospect or to mine on such land, shall be an additional source of Revenue for the Revenue Fund of such area.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Nineteenth day of September, One thousand Nine hundred and Seventy-seven

N DIEDERICHS, State President

By Order of the State President-in-Council:

M C BOTHA.

PROKLAMASIES

van die Staatspresident van die Republiek van Suid-Afrika

210

No R 259, 1977

TOFBEDELING VAN TRUSTINKOMSTE UIT MYNBOU AAN DIE VERSKILLENDE TUISLANDE

Kragtens die bevoegdheid my verleen by artikel 6 (2) (b) van die Grondwet van die Bantoeu-lande 1971 (Wet 21 van 1971), bepaal ek hierby, ondanks, anderluidende wetsbepalings, dat alle gelde wat betaalbaar is, aan die Suid-Afrikaanse Bantoeu-trust, ingestel by artikel 4 (1) van die Bantoeu-trust en -grond Wet, 1936 (Wet 18 van 1936), as eienaar van die mineraalregte van grond geleë in 'n Bantoeu-gebied waarvoor daar 'n wetgewende vergadering kragtens artikel 1 van genoemde Grondwet van die Bantoeu-lande, 1971, ingestel is, insluitende enige gelde wat ontvang word ten opsigte van lisensies of permitte om op bedoelde grond te prospekter of te myn, 'n bykomende bron van inkomste vir die Inkomstefonds van sodanige gebied is.

Gegee onder my Hand en die Seel van die Republiek van Suid-Afrika te Pretoria, op hede die Negenentiende dag van September Eenduisend Negenhonderd Sewe-en-sewentig

N. DIEDERICHS, Staatspresident.

Op las van die Staatspresident-in-rade:

M. C BOTHA.

Uranium and price

output doing well

RDM

2/10/77

(210)

The
in
land

obtained By ADAM PAYNE

THE price of uranium has continued to improve and output in South Africa for the first six months of this year at 1 766 tons was 20% higher than in the same time last year, says Mr Dennis Etheredge, head of Anglo American Corporation's gold and uranium division

Addressing the business outlook conference of the National Development and Management Foundation, in Johannesburg yesterday Mr Etheredge made these points

- The gold price "could well be" an average of \$150-\$170 next year

- The prospects of strong growth in sales by the gold, iron-ore, coal, uranium and diamond mining sectors suggested that in spite of slower growth in base minerals sales, the overall trend in the mining industry would continue to be one of increasing growth and higher export earnings

- Escom's funding policy, which resulted in higher tariffs, was having a damaging effect on the mining and alloy industries and new development should be funded by loans raised on capital markets through the payment of market rates of interest

Mr Etheredge said the high level of capital spending now taking place in mining — about R3 500-million between now and 1981 — was having a substantial spin-off effect in other sectors

Discussing the economic outlook, he said the South African

economy — political factors permitting — should in 1978 resume a slow upward trend in growth, with the mining industry playing a leading role through steady growth in export earnings and by providing a substantial market for capital and consumer goods

South Africa's growth potential in the context of a sub-normal international economy would depend on its success in reducing domestic inflation rates to below average world level

He attacked Escom's funding policy, saying it had increased its basic power tariffs by 65% over the past year and a further increase of about 20% was proposed for the Rand and Free State area from January

"Escom has resorted to tapping its consumers for funds. This produces the inequitable position where current consumers are forced to pay for future expansion and some of them, such as marginal mines, are unlikely to enjoy any benefits from these developments

"I believe that Escom should not be allowed to continue funding itself from captive sources. Escom's tariffs should reflect the true cost of providing electricity to consumers in different areas"

Mr Etheredge said replacement of worn-out capital stock should be provided for by depreciation at replacement cost in Escom's tariff schedule, and all capital for new develop-

ments or extensions should be obtained by loans

"The continuation of Escom's current policy of exploiting current consumers for future capital requirements will force a reconsideration of any further development in the vital field of mineral processing industries"

Apart from the rising Escom tariffs, he said sharp increases in railage tariffs and shipping rates over the past year, especially for low-bulk items, had accentuated the mining industry's major comparative disadvantage in international markets — the high proportion of costs accounted for by transport charges

If you are interested with your

is done?". Responses to the

clearly indicates that a

independent sources of infor-

and paid a visit to their firms

33% heard about a vacancy

Available Job	%
Personal visit to firm in town	23
Labour bureau in homeland	10
Firm's recruiting agency in homeland	29
	17
	21

N=93

through their friends or family. Only 17% of migrants made use of labour bureaux when enquiring about vacancies. The labour bureaux therefore play a minor role as a source of information to migrant workers in that less than 1 out of 5 migrants made use of the bureaux to gain information about employment opportunities. It is not surprising that migrant labourers want to gain their own information about their prospective employment because some employers and jobs are better than others. As a result 62% obtained independent information through friends or family.

Our second question tested the system of obtaining contracts. The results are indicated in Table 25. Seen in conjunction with the previous Table,

Grinding down FM 14/10/77

Hopes that 1977 would see a further surge in Rhodesian mining output, after a 30% increase last year to a record R312m, are fast fading. Ian Dillon the former Minister of Mines forecast early this year that mining output would hit the Rh\$250m (R338m) level in 1977. But

the sluggish world economy, the repeal of the Byrd Amendment (which allowed the US to import chrome and strategic minerals from Rhodesia) and the deteriorating security and manpower situations have put paid to that.

It now seems that there will be little if any expansion in the value of mining output this year with figures for the first seven months showing an increase of only 5.2% in value with the volume having fallen 4.3% so far this year.

Most of the country's major mining houses have announced production cutbacks or warned that these might be necessary. Rio Tinto (Rhodesia) started the ball rolling when it closed down its pilot ferrochrome smelter and put its North Dyke chrome mines on a care and maintenance basis. Lonrho's Coronation Syndicate was next, announcing that it was virtually halving its milling rate at the Inyati copper mine because of the state of the world copper market.

The Anglo group's Wankie followed with the news that it had decided to "temporarily" close down its No 4 colliery, placing it on a care and maintenance basis. Wankie said that with coal sales down some 20% in the year to August 31, it was shutting down this "highly mechanised" producer and would manage to meet market requirements from No 3 colliery and the open-cast pits, underlining the state of the coal sales, down 22%, and coke sales, halved, when compared with September 1976.

But in some ways the gloomiest note was struck by Herbert Dalton-Brown chairman of Shangani Mining Corporation in his annual review. He warns that Shangani is currently investigating what might be done to limit losses attributable to the prevailing low nickel prices. "These could involve a reduction in output or even a suspension of operations." This is bad news indeed for the Johnnies group which is heavily invested in the R32m project.

In terms of the original plans, Shangani was scheduled to produce 5 000 t of nickel in the 1977/78 financial year and 550 t of copper. Nickel output was supposed to rise slightly again in 1978/79 to 5 500 t. But faced with falling prices, rising costs and what Dalton-Brown calls a "severely restricted" market, Shangani and Rhodesia's other nickel producers — Anglo American

group's Rhodesian Nickel Corporation and Rio Tinto's Empress nickel mine — are facing a thin period.

Also announcing a cutback is Lomagundi Smelting and Mining, operating the Alaska mine with an output of 1 256 t of copper in 1976. This is part of the Merits group a Messina subsidiary and part owned by MTD Mangula, which itself is due to announce 1977 figures shortly.

It is not only output that is being hit, but the widening terrorist war has led the country's main prospecting organisation — Anglo American — to pull its men out of the field. Clearly, while an end to the war would improve the situation, the real solution lies further afield in the form of an improved international economic climate since it is the poor copper, ferrochrome and nickel markets that are doing more damage to the industry than the country's political problems.

A dance drama enacting, for example, a Roman myth.

- (iii) An illustrated talk on some topic of general interest
- (iv) A dance drama enacting, for example, a Roman myth.
- (v) Latin songs (cf. the
- (vi) You might care to choose (e.g. Romulus and Remus) and write your own piece.

- (i) Choral speaking — using selections from ancient or modern poets (e.g. Aeschylus, Ovid) — a translation of some of the
- (ii) Short dramatizations — perhaps from the Cambridge Latin
- (iii) Winnie the Pooh

While the Latin reading competition will be retained for (7.00 p.m. on Wednesday, 26th April at Star of the Sea Co kind of competition is planned for Stds. 6, 7 and 8. Each participant in these LUDI ROMANI will be allocated a total and may use this time to present one or more items. Prizes awarded for the best item and the best overall programme will be Springfield convent, and the date Wednesday, 16th As this is a new venture, a few suggestions might be helpful. Please feel free to use any of these are only suggestions.

The Teacher's Meeting will be held on 15th February, 1977 at the Teachers' Centre, 3 Station Road, Mowbray. Dr. R. Whiteford (University of Stellenbosch) and Mr. R. Whiteford (University of Cape Town) will speak on Cicero, looking at the historical political background of Rome at the time of Cicero and of the texts prescribed for the matriculation examination. As for the Schools' Meeting, this will be at Bishopscourt on 15th March at 7.30 p.m. Mrs. M. Mezzabotta will give an illustrated Hercules (30 mins.). In addition, there will be an inter-school challenge between two other teams (Cape Town) details of this competition, see the attached sheet.

This letter is to give you a preview of some of the meet

Dear

1978.

MINING INDUSTRY

Taking stock

FM 21/10/77

210

The outlook for SA's mining industry isn't "all rosy", according to Chamber of Mines president Lynn van den Bosch. Speaking at a conference at Unisa this week, he highlighted problems which "may severely curtail (the industry) if they are not tackled".

These problems, said Van den Bosch, included inflation, restrictions on the best use of manpower, the shortage of suitably skilled workers, the shortage of foreign investment capital, and the challenge of ensuring a "contented workforce" in a rapidly changing social milieu.

The industry itself had entered some of these problem areas, he continued. Steps were being taken to keep costs down where possible, and a R150m research programme aimed at improving gold mining productivity was under way.

"But the industry," Van den Bosch argued, "operates in an environment where social, political and economic factors affecting it are determined largely by government attitudes and actions, and some things can only be tackled successfully by the State, or with State backing".

One of these factors, he said, was the policy of administered price hikes (like Iscom's power tariff increases) which threatened to hit the competitiveness and profitability — and so the viability — of mining operations.

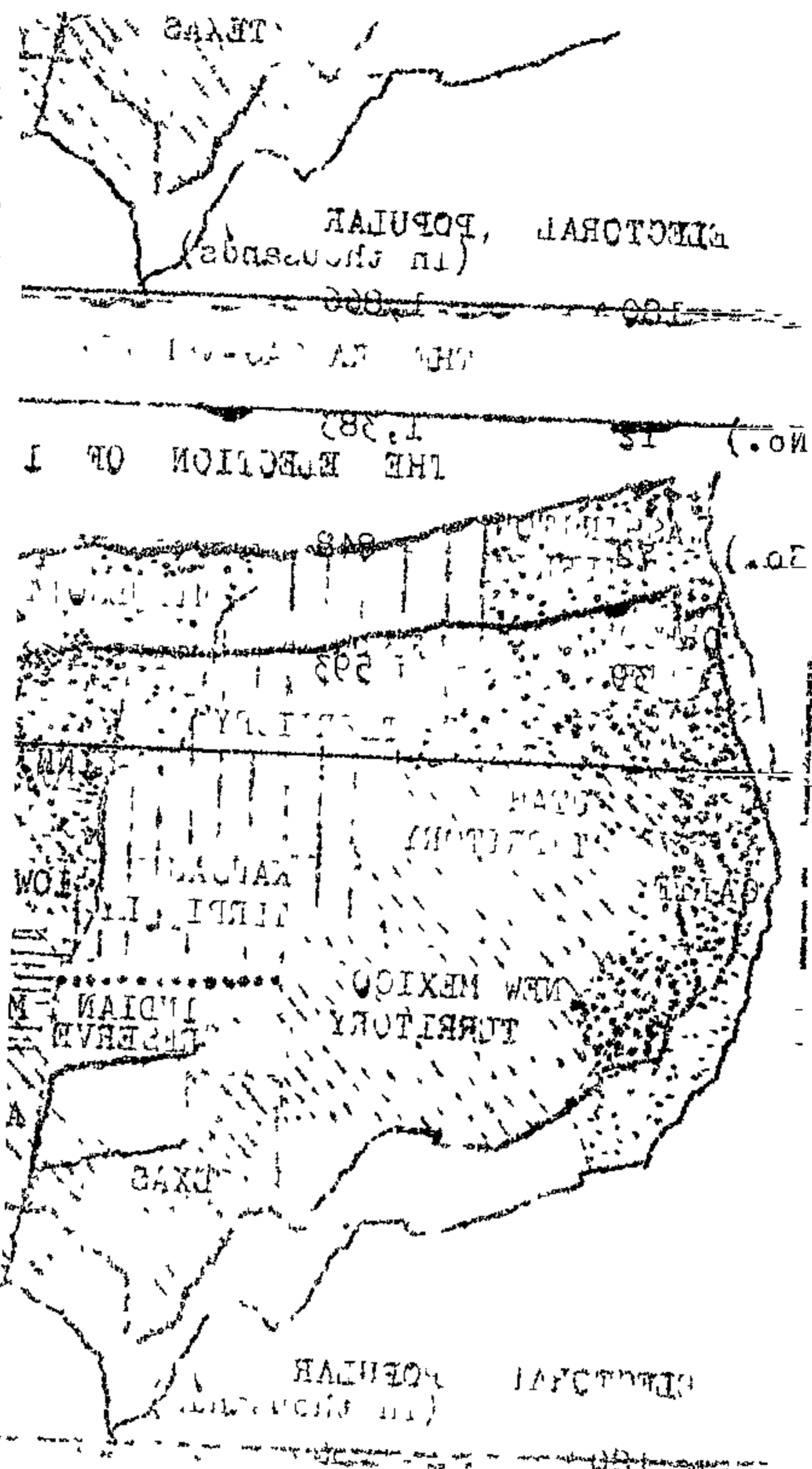
Also necessary, according to Van den Bosch, was "some adjustment" in mining taxation (around 60% of total income last year) to "maintain the attractiveness" of mining to investors both at home and abroad.

And government, he said, must also give "positive leadership" in breaking down labour restrictions and expanding the country's educational system to provide the necessary skilled and scientific manpower.

Van den Bosch saw the appointment of the Wiehahn and Rickert commissions into labour legislation and manpower as "encouraging indications" of government's awareness of problems in these areas and of the need for change. But he warned that the appointment of these commissions "must not be a substitute for decision-making by the authorities or, for that matter, the private sector".

Van den Bosch concluded by stressing the quantifiable material benefits and the goodwill that the mining industry had earned for SA. But the industry had achieved these successes "not through promotional verbiage, packaging and window dressing, but action".

"The secret of success will be not claims and promises," he stated, "but willingness to make meaningful changes, not in response to international pressure, but to meet the needs of the country for economic expansion which alone can provide the basis for development and a just, efficient and safe society".



NOTES.

May 22/1972
**Huge mine
 deal
 signed**

- a. History can only be taken after completion of either Economics I I.
- b. Latin can only be taken after the completion of one of the following languages Intensive, Ancient History & Classical Archaeology, Economics I, Economic History I, Geography I, History I, Political Anthropology I, Sociology I.
- c. The giant American mining corporation Phelps Dodge has signed an agreement with Gold Fields of SA to develop a R151 million mining project in the north-western Cape. Afrikaans en Nederlands I as a qualifying course counted as well as Afrikaans en Nederlands I as a qualifying course.
- d. The project will win copper, lead, zinc and silver from the mineral deposits in Namaqualand held by Phelps Dodge's South African subsidiary Black Mountain Mining Development Company. Maths.I and Maths.III (refer Science) can only be taken after the completion of Maths.I; and Maths.III be completed before taking Appl.Maths.III (refer Science).
- e. The American mining house has already spent R15 million on initial work. Physics I can only be taken after the completion of Physics I.
- f. In terms of the agreement signed yesterday, Phelps Dodge will retain a 49 percent interest in the project while Gold Fields together with its associated company Vogelstruisbult will buy the rest for R15-million. Mathematics I can only be taken after the completion of Mathematics I.
- g. Government & Law I can only be taken after the completion of Government & Law I.
- h. Western Europe III can only be counted as a major course east one of the following courses is included in the curriculum: Nederlands II, Economic History II, English II, French II, Hebrew II, History II, History & Appreciation of Music II, Art II, Italian II, Latin II, Philosophy II, Religious Studies.
- i. Speech & Drama can only be taken after the completion of Speech & Drama.
- j. Economics II can only be taken after the completion of an approved course in Economics II.
- k. English I admission on to English I is limited. Students will be admitted to English I when this course is required either by University regulations or by statutory requirements. All other students will be admitted on merit.
- l. Geology III can only be taken after the completion of Chemistry I and Physics I.
- m. Mathematics I can consist of either Maths. Ia and Ib, or Maths.Ia and Statistics Ia.
- n. Mathematical Statistics I can only be taken after the completion of Mathematics I, and Maths.Stats.II after completion of Maths.II.
- o. Physics II can only be taken after the completion of Mathematics I.
- p. Physiology I can only be taken after the completion of Chemistry I.
- q. Public International Law should not be taken in the first year.
- r. Roman Law I can only be taken after the completion of Matric Latin or equivalent.*
- s. Roman Law II can only be taken after the completion of Latin I, and either after the completion of, or at the same time as, Roman-Dutch Law I.
- t. Roman-Dutch Law I can only be taken after the completion of Matric Latin or equivalent, + and either after the completion of, or simultaneously with, Roman Law I.
- + An elementary Latin course is offered at the University for this purpose.
- w. Law: If you are proceeding to the LL.B.degree you are strongly advised to take Latin I and II. A working knowledge of Afrikaans is desirable. If you intend practising as an ADVOCATE, or, after having obtained the LL.B.degree, as an ATTORNEY, in the Republic or in South West Africa, you must include in your curriculum ENGLISH I AND AFRIKAANS or AFRIKAANS EN NEDERLANDS I.
- Geology II can only be taken after the completion of Chemistry I.

Aggenys in sak

SAKE-RAPPORT 23/10/77

Deur DAVID MEADES
DAAR is geen planne dat die algemene publiek ook die reg sal kry om 'n regstreekse belang in Suid-Afrika se jongste mynbou-projek, die ontwikkeling van Aggenys se skatte in Namakwaland, op te neem nie. En dit is effe jammer. Hier gaan groot geld gemaak word.

Die finale planne vir die ontwikkeling van Aggenys se lood, silwer, sink en koper is Vrydag afgehandel Al die nodige dokumente is onderteken en daar is vir die sowat R180 miljoen reelings getref om die nuwe myn vroeg in 1980 in produksie te kry

Die myn sal deur Black Mountain Mineral Development Company bedryf word, wat nou ook 'n filiaal van die Goudvelde-groep

geword het Black Mountain was voorheen 'n filiaal van die groot Amerikaanse myngroep Phelps Dodge, wat 'n belang van 49 persent in Black Mountain sal behou

Goudvelde van Suid-Afrika sal 'n belang van 49,98 persent hou en 'n ander Goudvelde-lid, Vogelspruitbult, 'n belang van 1,02 persent. Teen die huidige pryse van die onderskeie metale sal Black Mountain R50 miljoen per jaar kan verdien

Maar dit kan maklik R70 miljoen per jaar beloop wanneer produksie begin, sê mnr Adriaan Louw, voorsitter van Goudvelde Hy meen ook dat die myn binne vier tot ses jaar ná produksie sy eerste dividende sal bein betaal

Hy sê dat die publiek nie

die kans sal kry om aandeel in Black Mountain te kan opneem nie, maar dit wel deur Goudvelde of Vogels kan doen.

This is represented by plots more moderate in comparison with the other (version) which was rtzog on 27 December 1939.

a definite stippled texture of

argenteus, Heteropogon contortus

Photo image. The effect of grazing excess!

expressed in the high value of

The effect of grazing excess!

prior was taken as part of the

Roberts, Smit and Lindhorst. 1934-1948, p.76.

Again Eragrostis chloromelas

glumis and Eragrostis gummiflva and a decrease in both cover to 2-9 per cent.

there are more weedy species, such as Aristida congesta, Trichoneura grandis-

J. Kruger: President Swart, Kaapstad, 1961. Flora of Southern Africa, 1934-1948, Berkeley, 1974.

previous community due to the presence of the dwarf shrub component, Aster M. Roberts and A.E.W. Trollip: The South African Opposition

This type is represented by a dominant dwarf shrubbed community

Wilson and Thompson (eds): The Oxford History of South Africa

5.2.3 (v) Aster filifolius Eragrostis argenteus Heteropogon contortus

grazing.

The presence of Elyonurus argenteus suggests a management of selective

factor.

grey-yellow-brown (gybr), is also useful in identification as is the site

the tufted Elyonurus argenteus species. The photo image colour signature,

This type may be recognised by its very finely stippled texture caused by

per cent of the communities.

Noticably absent is Eragrostis chloromelas, which is present in over 80

commonly in these sites.

Eragrostis racemosa, Eragrostis capensis and Trichoneura grandiglumis are found

Apart from the dominant species, Themeda triandra, Setaria flabellata,

23/10/77

GF Props sitting on an atomic pile?

210

HOLLARD STREET



ONE OF the high flying stocks of this year has been Gold Fields Properties. With the exception of the asbestos twins Gefco and Msauli, I cannot think of a share that triggers so much controversy around Hollard Street.


Until the middle of last month, GF Props was viewed by the market as a rather sleepy property company with some uranium potential

A broker's circular by Peter Miller of stock broker Ivor Jones dispelled that theory. The circular sent out to some clients two days before the annual accounts were published, indicated that GF Props uranium mine at Luipaardsvlei had tremendous potential if the company re-opened it. The annual accounts when they came said no such thing. At \$30 a pound, said the chairman, there were under 2-million tons of ore that could be turned to account.

However, since that broker's circular, the turnover in GF Props shares has been enormous and the share price has risen from 130c the day after the annual accounts were published to 170c this week.

Well over 1-million shares changed hands in September alone — that's 10 per cent of the issued shares — while so

Edited by



Jeremy Woods

far this month 785 000 have been traded

There are those outside Gold Fields who put a value of R5 a share on GF Props shares if the Luipaardsvlei mine is developed

They think that GF Props could pay a dividend of between 50-75c from its first year uranium earnings. And there could well be reasonable grounds for such speculation.

A study of past accounts issued by Luipaardsvlei before it closed down and came into the GF Props fold, and of detailed maps of the mine at the Chamber of Mines, present a somewhat different picture of the mine's potential than the board of GF Props have currently been prepared, or able, to

If one accepts the findings of studies that have been

made, it seems entirely possible that Luipaardsvlei should be able to pay a dividend of about 70c in its first year of operations, perhaps 100c in its second, and dividends between these figures for the next 8-10 years.

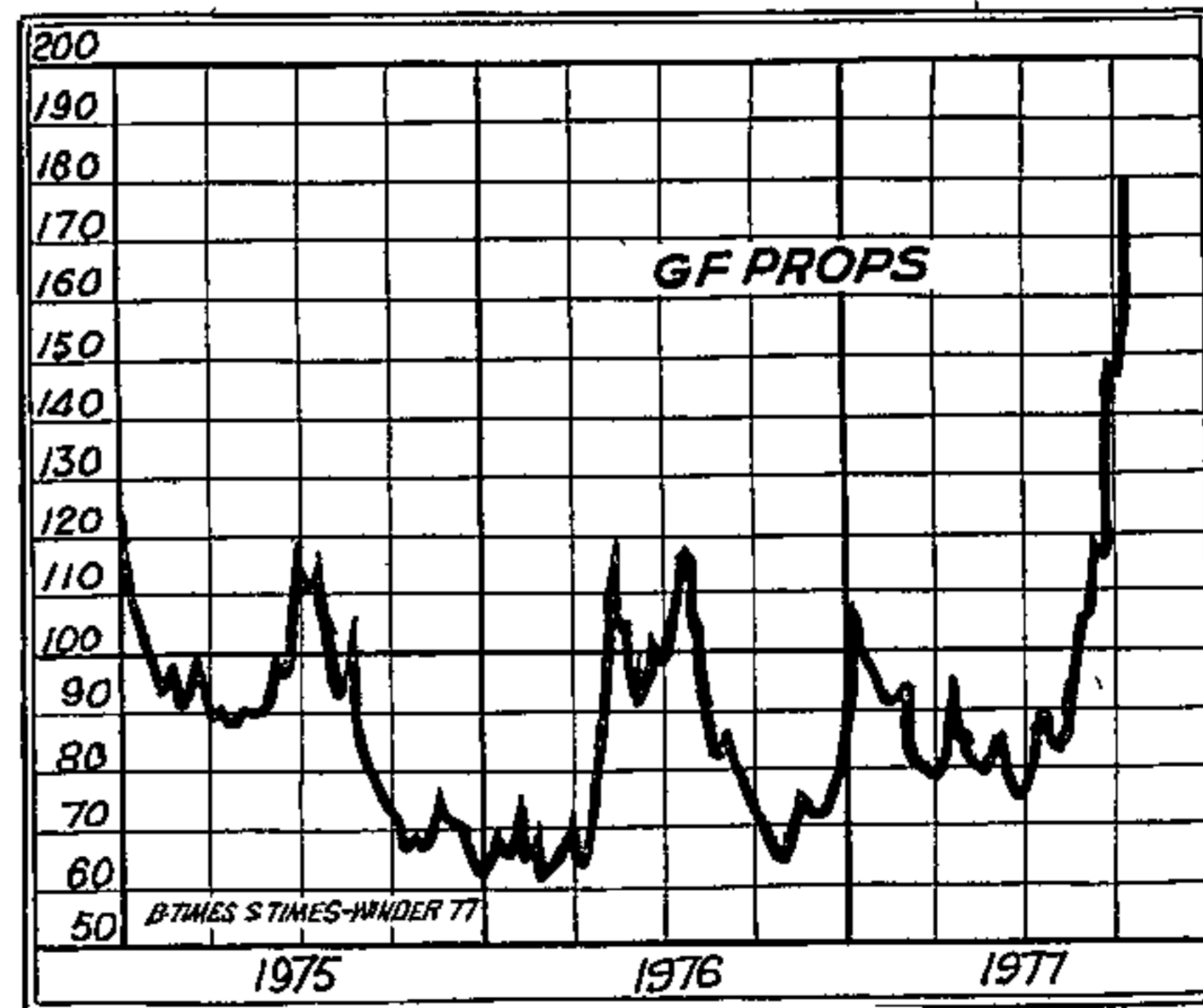
Far from GF Props' estimate that it has under 2-million tons of payable ore it hopes to turn to account, there is evidence which suggests that it has closer to 9-million tons of payable ore if one projects a reasonable rise in the price of uranium from a conservative \$30 a pound level.

If I were a shareholder who sold out at 140c after reading the chairman's "under 2-million tons" statement, and sat back to watch them whistle up to close to

R2, I might feel a little put out, although no doubt happy to realise 140c after the share had languished at under a rand for so long.

It would appear that the GF Props board is playing the Luipaardsvlei matter very close to its chest. Now there may be good reasons for this and far be it from me to criticise conservatism by a mining house. But after nine months of investigation, surely more information could have been provided for shareholders in the annual report?

If I were a shareholder in GF Props I would not sell my shares until the GF Props board see fit to make far fuller disclosures than has been the case recently.



BETALINGSBALANS

Jaarsyfers
R miljoene

BALANCE OF PAYMENTS

Annual figures
R millions

Year	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Goedere uitvoere, v a b ²	819	888	776	879	881	923	948	1 024	1 074	1 067
Netto goudproduksie	395	429	440	503	530	576	632	688	736	775
Ontvangste vir dienste	199	215	205	217	224	230	247	257	301	314
Service receipts	199	215	205	217	224	230	247	257	301	314
Goedere invoere, v a b ²	-997	-1 109	-1 126	-995	-1 124	-1 016	-1 041	-1 282	-1 577	-1 799
Merchandise imports, f o b ²	-997	-1 109	-1 126	-995	-1 124	-1 016	-1 041	-1 282	-1 577	-1 799
Betalings vir dienste	53	491	482	491	482	482	482	528	612	696
Payments for services	53	491	482	491	482	482	482	528	612	696
Total goods and services (net receipts +)	14	209	313	209	14	209	313	172	60	316
Saldo op lopende rekening	14	209	313	209	14	209	313	172	60	316
Balance on current account	14	209	313	209	14	209	313	172	60	316
Langtermynkapitaalbewegings	-12	-47	-115	-142	-50	104	-50	-50	-50	-50
Long term capital movements	-12	-47	-115	-142	-50	104	-50	-50	-50	-50
Sentrale regering en banksektor	92	-7	-21	-10	-5	26	-5	-4	-4	-4
Central government and banking sector	92	-7	-21	-10	-5	26	-5	-4	-4	-4
Operate korporasies en plaaslike owerhede	40	-41	-92	-125	-41	75	-41	-41	-41	-41
Operate corporations and local authorities	40	-41	-92	-125	-41	75	-41	-41	-41	-41
Private sektor	40	-41	-92	-125	-41	75	-41	-41	-41	-41
Private sector	40	-41	-92	-125	-41	75	-41	-41	-41	-41
Basiese saldo	88	162	198	30	162	198	30	110	-110	-212
Basic balance	88	162	198	30	162	198	30	110	-110	-212
Korttermynkapitaalbewegings nie verwant aan reserves nie ³	-68	-57	-34	56	22	144	22	22	22	144
Short term capital movements not related to reserves ³	-68	-57	-34	56	22	144	22	22	22	144
Sentrale regering en banksektor	-22	-3	6	25	21	32	21	21	21	32
Central government and banking sector	-22	-3	6	25	21	32	21	21	21	32
Operate korporasies en plaaslike owerhede	1	0	-15	-1	5	1	-1	-1	-1	1
Operate corporations and local authorities	1	0	-15	-1	5	1	-1	-1	-1	1
Private sektor	1	0	-15	-1	5	1	-1	-1	-1	1
Private sector	1	0	-15	-1	5	1	-1	-1	-1	1
Private sektor	-13	-21	26	33	-31	30	33	33	-31	30
Private sector	-13	-21	26	33	-31	30	33	33	-31	30
Private sektor	-13	-21	26	33	-31	30	33	33	-31	30
Private sector	-13	-21	26	33	-31	30	33	33	-31	30
Errors and unrecorded transactions	-34	-33	17	-1	27	81	-1	-1	-1	81
Errors and unrecorded transactions	-34	-33	17	-1	27	81	-1	-1	-1	81
Verandering in netto goud - en ander buitelandse reserves	-156	105	232	86	-88	-68	86	86	-88	-68
Change in net gold - en ander buitelandse reserves	-156	105	232	86	-88	-68	86	86	-88	-68
Verandering in bruto goud - en ander buitelandse reserves	-143	86	229	86	-89	-38	86	86	-89	-38
Change in gross gold and other foreign reserves	-143	86	229	86	-89	-38	86	86	-89	-38
STR-toekennings en waardasie aansuiwering	-	0	-	-	-	3	-	-	-	3
STR allocations and valuation adjustments	-	0	-	-	-	3	-	-	-	3
Liabilites related to reserves ³	13	-19	-3	0	-1	27	0	0	-1	27
Liabilities related to reserves ³	13	-19	-3	0	-1	27	0	0	-1	27
Verandering in bruto goud - en ander buitelandse reserves	-143	86	229	86	-89	-38	86	86	-89	-38
Change in gross gold and other foreign reserves	-143	86	229	86	-89	-38	86	86	-89	-38

Chromite exports at R60m a year

-By ADAM PAYNE
SINCE June chromite exports have been running at a rate of more than R60-million a year, with shipments of R7-million in June, R5-million in July and R5 500 000 in August.

This is a feature of the Department of Mines' returns for August, which show mineral exports generally maintained in that month by comparison with the July figures

The chrome exports indicate that shipments have been satisfactory through Maputo, where the Matola loading appliances were overhauled to expedite shipments of both Swaziland iron ore and Transvaal chrome

Manganese exports were down in August at R7 500 000 compared with R11-million in July

Nickel shipments were R1-million less at R4 800 000, tin and vanadium were unchanged

Cape blue asbestos exports rose from R6-million in July to R9 800 000 in August

Chrysotile shipments were also higher at R1 200 000 (R821 000) but amosite, produced by Cape Asbestos, was marginally down at R1 200 000 (R1 500 000)

Coal exports improved bituminous coal totalled R15 000 000 (R12 300 000) and anthracite R5 300 000 (R4 700 000)

Miscellaneous minerals, which include platinum and uranium, increased to R42-million (R32-million)

(210) RDM 24/10/77

die goud - en ander buitelandse reserves is beperk tot die buitelandse Reserwebank en kort-termynbetalings van die sentrale regering en monetêre owerhede

1 Alle tabelle in hierdie afdeling het betrekking op die Republiek van Suid-Afrika en Suidwes-Afrika
2 Gepubliseerde Doeanesyfers aangesuiwer vir betalingsbalans
3 endes

Mr. Francis Wilson SALDRU

School of Economics

University of Cape Town

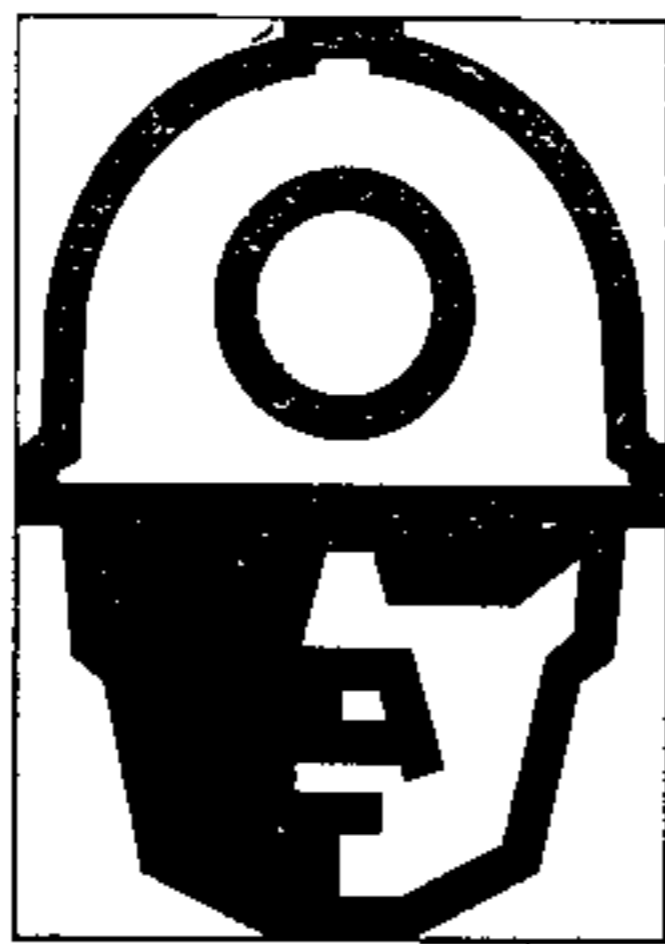
RONDEBOSCH

7700

Mining

September 30, 1977

Registered at the G.P.O. as a newspaper



210 General NEWS

3 cents

Name please!

With few exceptions the system of having only one form to complete when ordering Mining News/Die Mynblad, the MNI form, is helping to streamline the distribution of the newspapers. The exceptions are that the names of the mines are quite often forgotten on forms. This is an urgent appeal to whoever is responsible for forwarding the forms, to make doubly sure that the mine's name is inserted at the top of the form as indicated.

KRUGER COINS MYSTERY

Witchdoctor said: 'I hid it underground'

Staff Reporter

TRANSVAAL NAVIGATION — Is there gold, reputedly a small portion of the fabled "Kruger millions", buried in the underground workings? Or was it a flight of fancy of the riches-in-rags man who died recently, leaving thousands of rand cached away in odd places?

A good deal of mystery surrounds the hidden treasure claims of Jim "Sangoma" Maseko. He collapsed and died in his underground workshop last month.

Mr Maseko used to talk about the "old money", enough to fill two cupped hands, which he had buried in one of the numerous "madala" sites.

He had promised to reveal the "treasure" whereabouts to one of the supervisors, but never did so.

When he died more than R1 000 in notes was found in the pockets of the tatty clothes he wore every day. Another R1 500 was secreted in tins in various places around his workshop.

In addition he also had due his wages and a large gratuity, but none of his three wives or eight children have been traced.

The colliery made exhaustive enquiries to find them. As a last resort the Personnel Officer (Labour), Mr Robbie Robberson, was sent to Sibasa, Louis Trichardt, which was Mr Maseko's home territory.

He was traced to Mphefu Location in Vendlan.

where he was registered as a taxpayer working on the Witbank mines. But they had no home address and Mr Robberson returned without locating any of the Maseko family. The money was paid to the Bantu Affairs Commissioner to be kept in trust.

In his 27 years of unbroken service here Mr Maseko became something of a legend. He was well liked for his jovialness and dubbed "Sangoma", which means witchdoctor.

According to Mr Robberson the name was given him by Blacks who regarded him with respect and even fear, as he was reputed to have had supernatural powers.

Although he was illiterate

"sangoma" could speak Afrikaans and seven African languages — Venda (his home tongue), Sesotho, Tswana, Shangaan, Zulu, Xhosa and Sepedi.

"Sangoma" had worked for about 60 years on the mines. He did not know when he was born but said he could remember that in 1917 he was about 18 years old and was then working as an underground hauler at Hlobane in Natal.

From there he went to Ogies Coal Mine and when that closed down, moved to this colliery where records show he was engaged on April 19, 1950. He did a variety of jobs, ending up in his underground workshop where he repaired bicycles used by miners underground.

Riches in rags — Jim "Sangoma" Maseko as many knew him. (Photo by Mining News Correspondent Mame Oberholzer).

Men 'bale out' when

Staff Reporter

OPTIMUM — One of General Mining's veteran underground coal-mining men, Mr. Louis Botha, is coming across some strange "mining hazards" at his surface job at the open-cast coal workings near Hendrina in the Eastern Transvaal.

Mr Botha, the Open-cast Manager, and his men, are hassled by —

- *Bees
- *Snakes
- *Fog

"The bees," says Mr Botha, "are apparently attracted by the grease on the vehicles and bulldozers — and the dragline. Operators sometimes have to 'bale out' of their machines to get away from the fierce swarms."

"The snakes, mainly rinkhals, are also a worry. There are many of them here and the wise operator carries a snake-bite kit in his cab."

"The fog comes down frequently over Optimum property, often at about 2 a.m., making it impossible for nightshift drivers and operators to see more than a metre or so in spite of their bright headlights. We lose a lot of production time that way."

Mr Botha, like so many South Africans, is a farmer at heart and enjoys planning and carrying out the extensive restoration work

buzzed by bees

of the surface that is being done by the company after the coal has been extracted.

He says with pride that when the miners at Optimum have finished they will leave behind a pleasing, undulating forest landscape. Young trees are already growing on a part of the property where mining is already completed and the excavations have been filled in. Mr. Botha and his men

are also protecting the large guinea fowl population and the birdlife in general, as well as buck and other small wild animals there.

The open-cast staff, with the enthusiastic backing of the Manager of Optimum, Mr. Mike Fleming, and the General Mining Group, are convinced the landscape will eventually be more attractive than it was before mining began.

Servicemen:

Staff Reporter

JOHANNESBURG. — The industry has formulated rates of pay for employees who do national service.

Announcing this, the Chamber of Mines gives details of how it will apply to married and single men. Single men with short service (those with less than 12 months' service on that mine) doing 24 months' national service will be paid quarter pay for the full 24 months period.

However, to ensure that returning servicemen remain in employment, on that mine, at least for some time,

rates of pay

they will be paid one-eighth of mine pay during the period of 24 months' continuous service.

ACCOUNT

The remaining one-eighth will be credited to a special account. Of this amount one half will be paid to him in a lump sum six months after his return to employment, and the balance after a further six months' period.

Long-service men (those with more than 12 months'

service on that mine) will be paid at the rate of quarter of their pay during the period of 24 months' continuous national service.

Married men or men with dependants will get half pay, subject to the above rules for short-service and long-service men respectively.

For those undergoing 30-day training periods, service pay will be made up to mine pay for the whole period. When service pay exceeds the mine pay, there will be no make-up.



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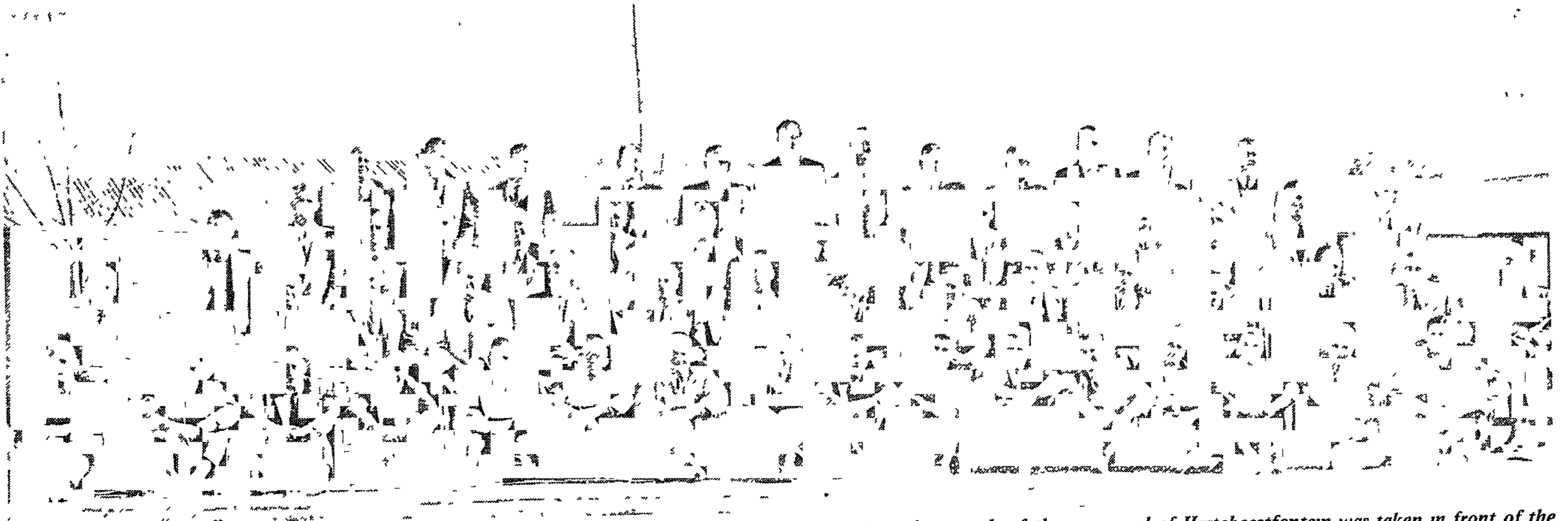
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July's Mining Advertiser 1/2



The first photograph of the personnel of Hartbeestfontein was taken in front of the general offices, at that time at No 1 shaft. Eighth from left in the second row from the front is Mr G S de Villiers, the first General Manager

For 25 years it's been hale and Harties

Staff Reporter

HARTIES — During its 25 years the mine has broken many records, set up new standards and made a gigantic contribution to the national economy — no less than R182 million has been paid into the state coffers during this period

On September 1, 1952, the first management team under Mr Gordon de Villiers, initial General Manager, started with the planning and construction of the new mine

This occasion was celebrated at the end of last month at a buffet dinner. Guests included Anglovaal VIP's, the first two General Managers, local senior personnel and personnel attached to the mine since its founding

VAAL REEF

Hartebeestfontein and the surrounding goldfields owe their existence to the discovery of the main gold-bearing reef, the Vaal Reef, according to the official history of the mine

In 1942 drilling intersected the Kimberley/Elsburg horizon and about 180 m deeper gold-bearing quartz was struck

From the beginning Harties, as the mine became known, set up records. The first one was to show a profit of 57 683 pounds in its first production month (July 1955). This was 22 months after shaft-sinking started, something that had never happened before on a gold mine

CIRCULAR

In the next month profit jumped to 72 514 pounds. It kept on rising until the company was able to declare a maiden dividend of one shilling per share, another record

The mine was the first in the area to sink circular concrete shafts and the first to construct concrete headgears

A new method was employed whereby sinking,

lining and equipping were carried out simultaneously

In October 1960, teams beat the President Steyn record by sinking No 4 Shaft 337,1 m. In January 1961 a new world record was set up when this shaft was sunk 865,63 m within three months

DEEPEST

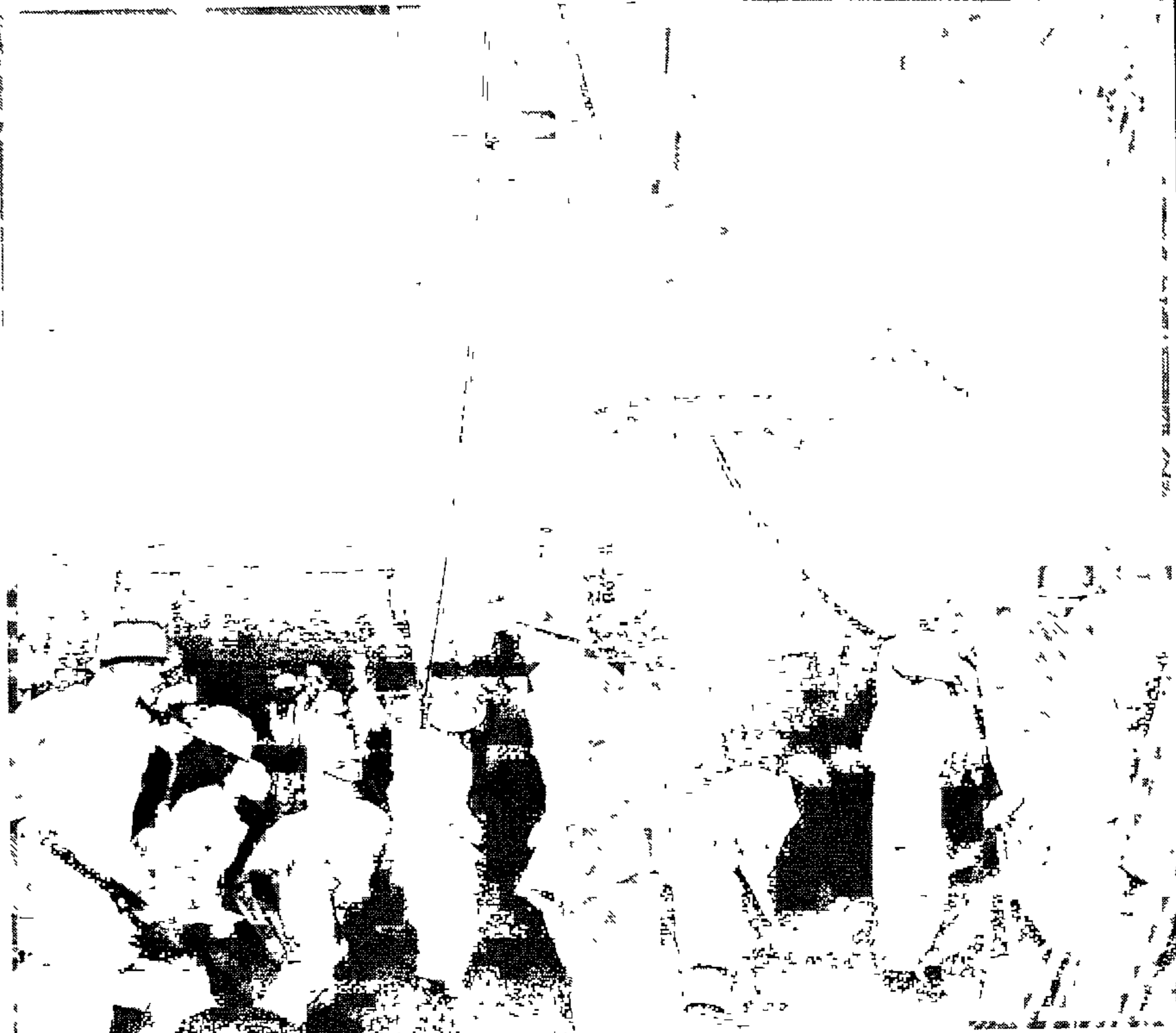
At one time the mine had the deepest single shaft in the world. Number six shaft was 2 475,7 m below surface

In July 1972 Harties became one of the largest gold mine complexes in South Africa when the operations of Zandpan, its

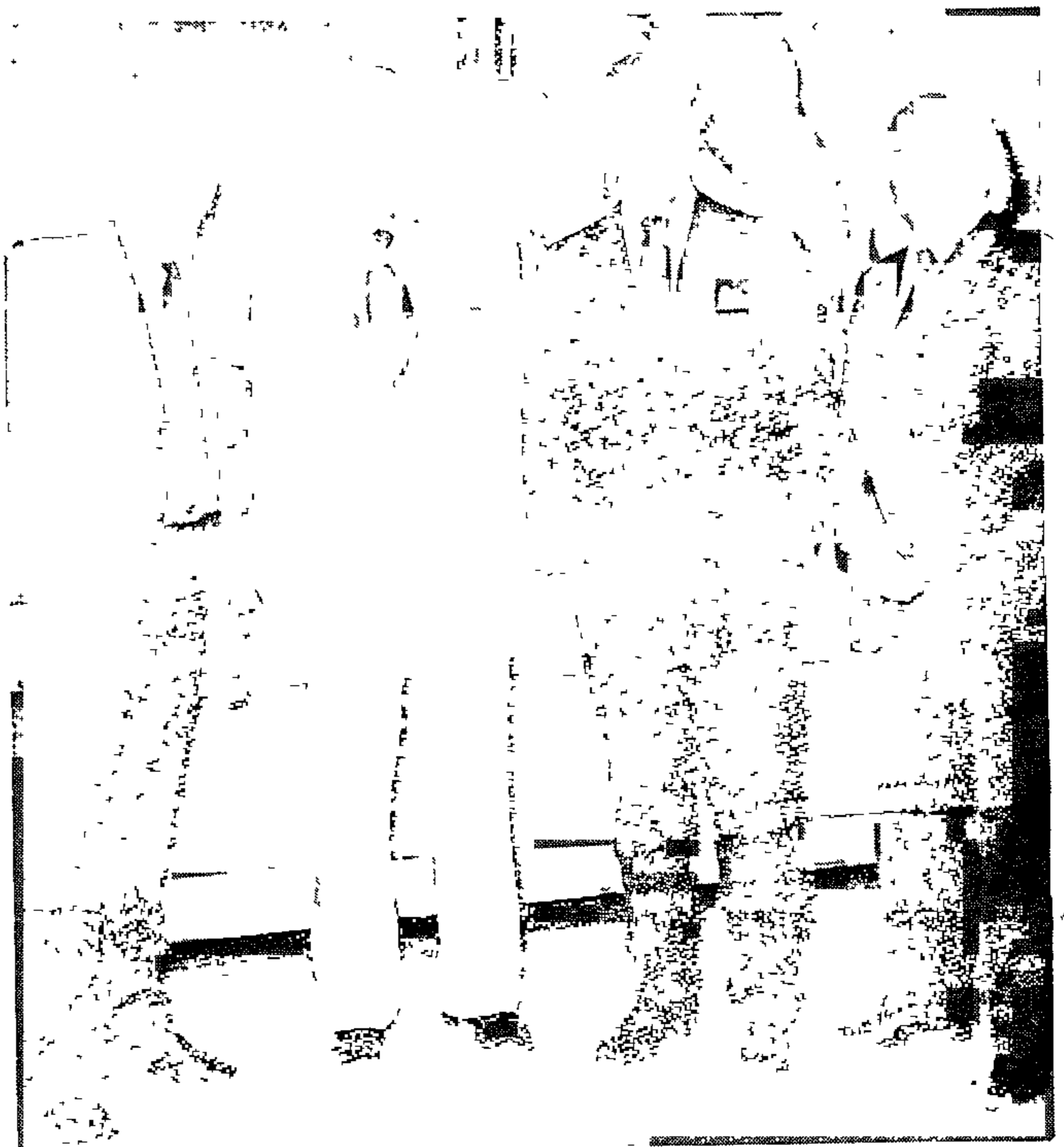
adjoining sister mine in the Anglovaal group, were amalgamated

Since it started operations, Harties has milled 39 940 000 t of ore and reclaimed 556 355 kg gold valued at R853 974 000. Running costs came to R486 007 000 and tax and the State's share of the profits to R182 123 000, which left profit of R267 614 000 after tax. Of this R148 million was paid out in dividends

At the buffet dinner function, a desk set mounted on a piece of polished ore from the mine, bearing the Harties coat of arms in gold, was presented to Chairman Basil Hersov



A record is broken sinking on Harties Number Four Shaft advanced rapidly 25 years ago



In its 25 years Harties has had three general managers. Here they are with Mr. Basil Hersov, Chairman of the mine and Managing Director of Anglovaal Fltr Messrs A.R. Louw (1969-70), G.S. de Villiers (1953-69), Basil Hersov and A.L.A. Forder (1970 to date)

Spit and polish

Staff Reporter

WESTERN HOLDINGS

— Two of the most immaculate and well preserved steam engines in the country are "Old Gert" and "Dashing Ann"

That was the opinion of the Chairman of the Industrial Railway Society, Mr F.L. Pugh of Birmingham. With other steam enthusiasts from the United Kingdom, Holland and Australia he visited the mine last month during their tour of the Republic

The purpose of the tour was to photograph and identify South African steam locomotives

"Old Gert" and "Dashing Ann", former S.A. Railways locomotives, were polished specially for the occasion. Personnel of the workshops were praised for preserving the engines in such a perfect condition

The group also visited a number of collieries

SHAFT SINKING REVOLUTIONIZED?

Drill tests in U.S.

could help S.A.

Staff Reporter

ELANDSRAND — New equipment which could revolutionize shaft-sinking in South Africa is being manufactured for tests in America

This was stated by Manager C Heever after a visit to a raise-boring company in Seattle Mr Heever said that he attended a total loss control course at Georgia University, to which all Anglo American Mine Managers have been sent, after which he had the opportunity to visit some mining and industrial companies

CONCURRENT

"What impressed me was the development of a shaft borer. The initial trial machine that will be installed during April 1978 at Atlanta is able to drill a 7,93 m shaft with the shaft lining done concurrently with the boring."

The machine has been developed for the U.S. Government for the rapid opening up of coal mines. "I had a personal look at the machine," he said, "and I can see no major

problems enveloping the basic raise boring concept which currently is successfully being practised in South Africa

"The design of the cleaning system is sound but only the test of time will tell if it can stand up to the abrasive quartzites we have here"

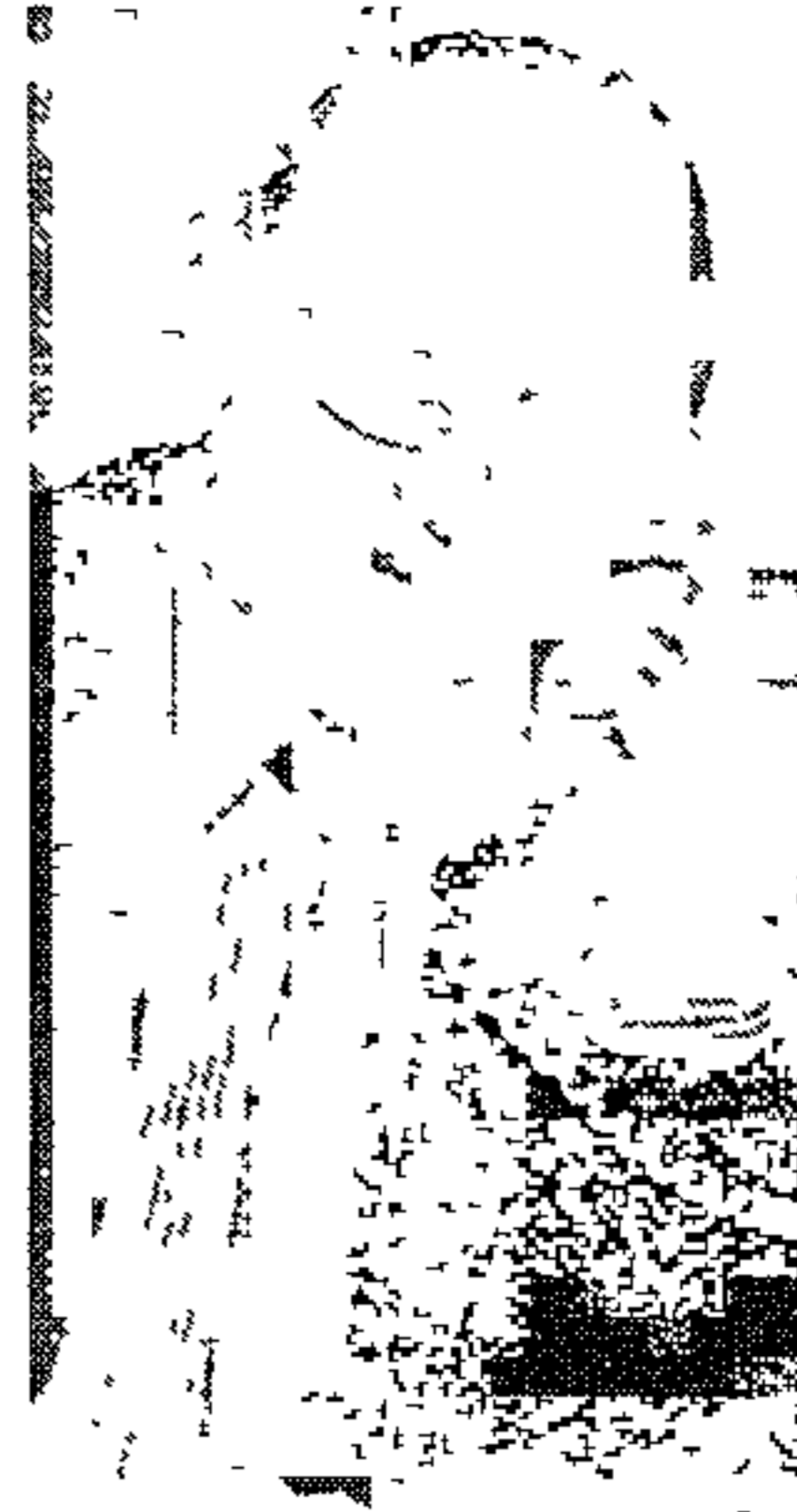
If the tests in Atlanta were successful, the concept could be introduced to South Africa with equal success

"The time saving in labour alone will have a great impact in the cost of shaft sinking

"The manufacturers, together with a team of American shaft-sinking specialists, estimate that on a continued operation they would require approximately 42 people to drill and line the shaft at similar speeds currently being achieved at Elandsrand. It would mean a utilization of only 46 per cent of total time

"The point I found interesting was the real motivation behind the mechanization of colliery shaft-sinking. It is similar to that which was given as

an objective to Elandsrand by the then Consulting Engineer, Mr WR Lawrie. It was to try to sink while developing the surface infrastructure for as much of the time as possible," Mr Heever said



Back from his overseas trip and full of new ideas... Manager Cyril Heever.

Most ever in a month

Correspondent

VAAL REEFS — The hoisting of one million tonnes of ore in one month, believed never to have been achieved by a gold mine anywhere in the world, was accomplished recently, according to a spokesman

In July, 1 021 664 t of reef and waste rock was hoisted. To prove that it was not a fluke, the million mark was again passed in August

The spokesman said that although this has been possible due to the enlarged milling capacity at the South and West gold plants, the productivity of the Black labour force since the beginning of the year was especially encouraging

There was however an inconsistency with regard to the tonnage hoisted. Every month there were about 10 000 t difference between the tonnage hoisted and calculated tonnes broken

The question now is how does this big difference arise. Although there are a number of reasons for this discrepancy, such as falls of hanging, it will help management if any practical mining man can explain why the discrepancy is so large, says the spokesman



Left: The Manetta 5012 continuous drum miner in Amcoal's Kriel mine. It has a cutting height of 3,5 m

Two records go in one month

Staff Reporter

KRIEL — The underground mine reached 91 per cent of its rated output during August with a production of 304 000 tons, the first time that production has exceeded 300 000 tons per month

This tonnage was conveyed to surface through the single incline shaft system. It is believed to be one of the highest monthly productions from a single shaft at a South African colliery

The record-breaking did not stop there. A 98-member team working in one development section with conventional cutting,

loading and shuttle-car equipment, averaged a record 4 950 tons a day and 51 tons per man per day. This represents 119 000 tons for the working month against a planned output of 95 000

By mid-1979 production from the Kriel colliery will be 6,5 million tons a year of which 4 million will come from the highly mechanised underground mine. The remaining production will come from the open-cast pit where two 3 000 ton draglines with a bucket capacity of 56 cubic metres are now being assembled

Both these units will be commissioned next year, the first in February

Four brides still 'missing'

Staff Reporter

JOHANNESBURG — "I didn't know there was money due to me," said a

rather surprised finalist of the 1975/76 "Bride of the Year" competition. She had forgotten to claim her consolation prize

She is Valerie van Zyl, who appeared among the April 1976 brides and who was one of the 11 runners-up to the winner, Gerda Prinsloo

Valerie was found to be "missing" when a check was being made to see which of the 11 brides who reached the final of the 1976/77 leg of the competition had not yet written to claim their cheques of R25 each

So last week Mining News did a bit of back-tracking. Valerie is the daughter of Randfontein Estates Boilermaker 'Arnie' Bodenstein, and he was telephoned

He too was surprised to hear she was entitled to a consolation prize. He was positive she had not known about it at the time and would contact her immediately

The next morning Valerie rang and was told to write in claiming her prize. Thus she has promised to do, and a cheque will be sent to her as soon as her letter is received

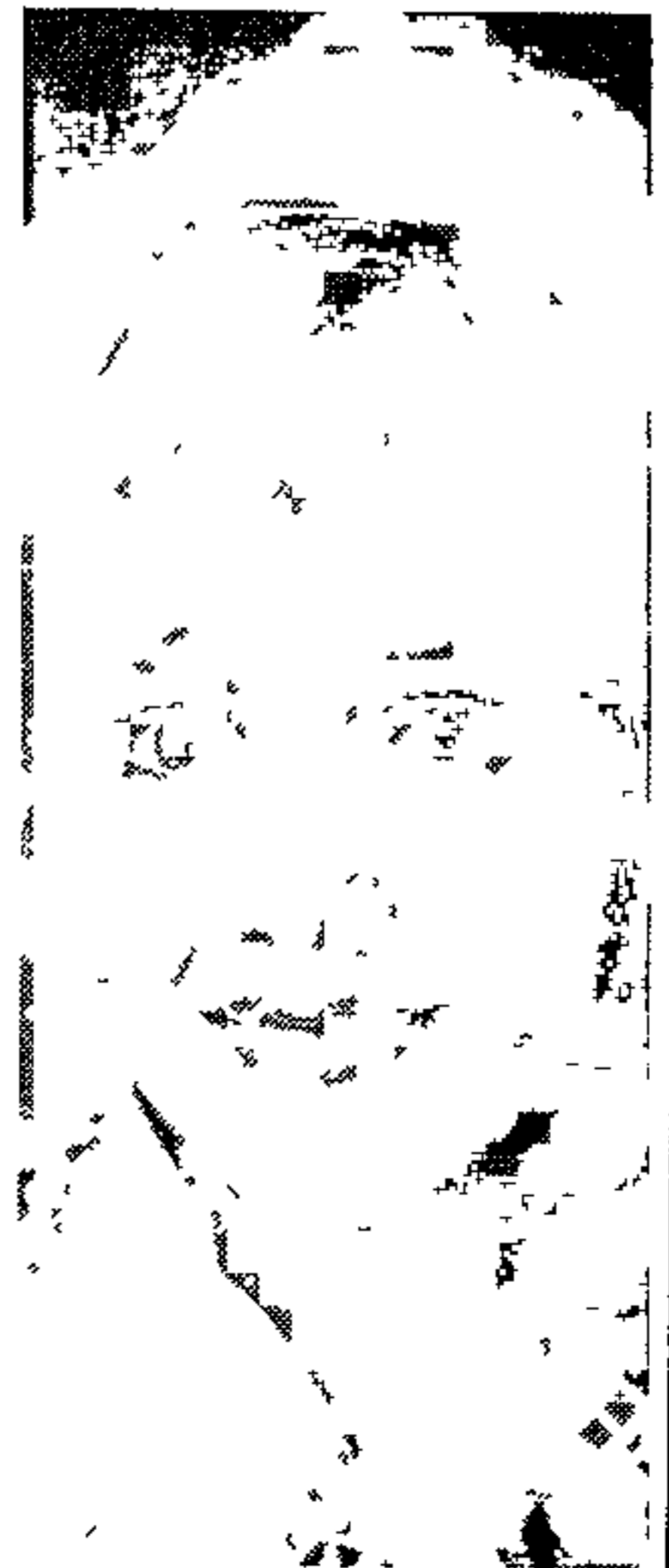
Valerie runs a hair-

dressing salon on the West Rand

The money will come in handy, she says

And this is what should be remembered by four finalists in the 1976/77 round. Despite last month's appeal, they have not claimed their R25 consolation prizes. Cheques have been drawn for the seven who have written in, and should be on their way soon

Just to jog their memories, the "missing" claimants are Wilma du Toit, Linda Coetzee, Maureen Reeve and Huldah van Wyk



Valerie van Zyl forgot her prize.

Welding flashes, lenses: beware

Staff Reporter

JOHANNESBURG — Welding flashes can cause severe eye damage to people wearing contact lenses

According to a statement by the Prevention of Accidents Committee, accidental exposure to a flash results in small erosions of an inflammatory nature on the cornea of the eyes

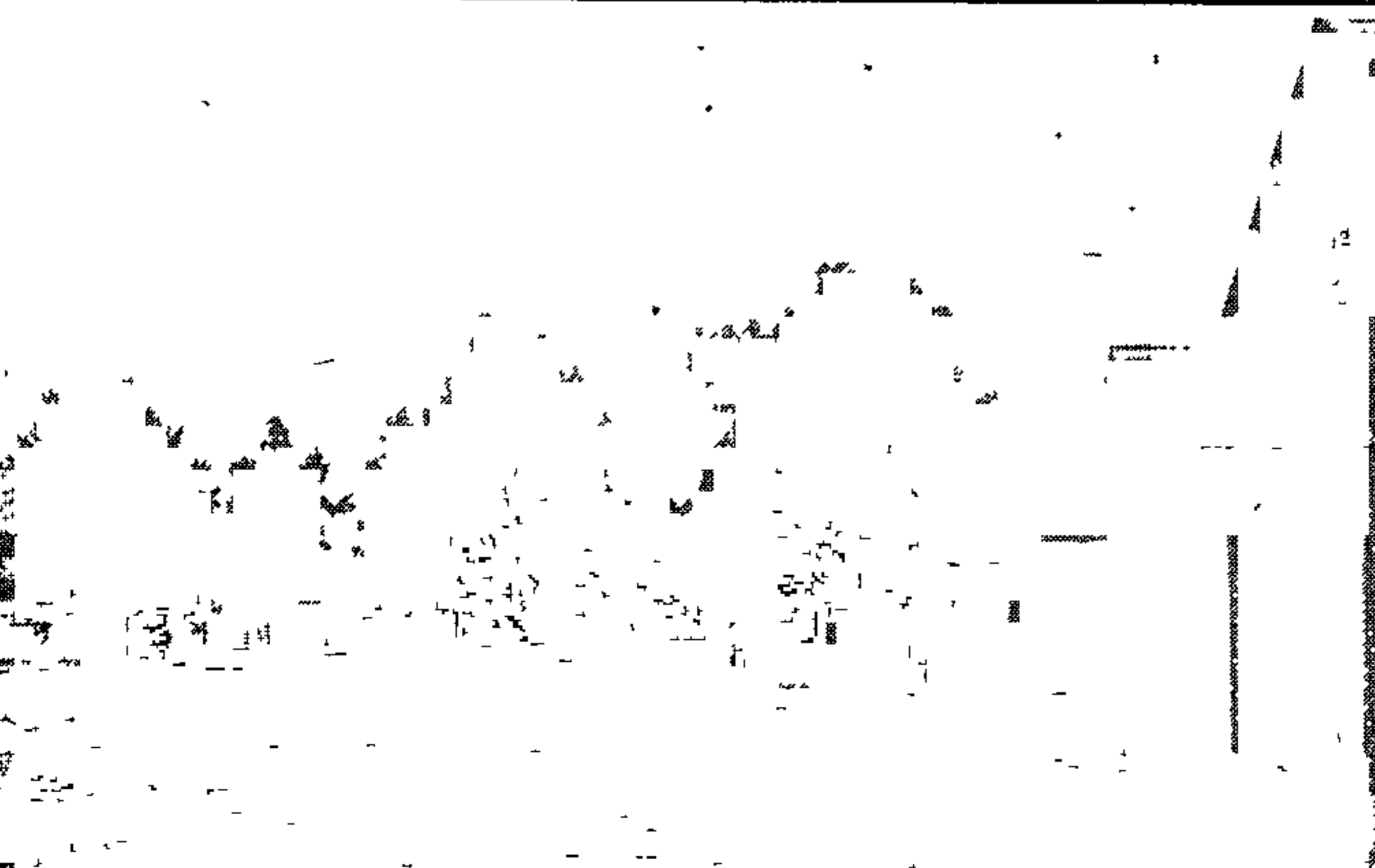
Where people are wearing contact lenses, the same inflammatory reaction occurs on the corneas behind the lenses

If the lenses are not removed immediately, inflammatory discharge will cause them to stick to the corneas and further damage will be caused when they are removed

Although this reaction takes place only after a period of hours, people wearing contact lenses should remove them immediately after exposure

Contact lenses should not be worn again for a period of seven to 10 days until the corneas have completely recovered.

Pick a pew



According to experts it is most unusual, to say the least — 16 churches of different denominations all on the same property, Randfontein Estates. "They were built at the turn of the century for the Blacks on the mine," says Mr. B. Raubenheimer, who is in charge of the grounds. Most of the churches, which can each accommodate about 200 people, are still used today by the same denominations to which they were originally donated

The reckless are soon wrecked..

Staff Reporter

DOUGLAS — The roads are being used for reckless and high-speed driving by youngsters who have ignored appeals by management to drive safely

It has reached the stage where Medical Station Superintendent Jurie Benadie is becoming concerned about the number of road accidents — and he pins it down to human error

He was called out to no less than five road acci-

dents recently. This month he was summoned to two road accidents on the property on the same night

In the first, a car with five White youths rolled on a dirt track. One occupant had to be taken to hospital with back injuries. In the second, a car

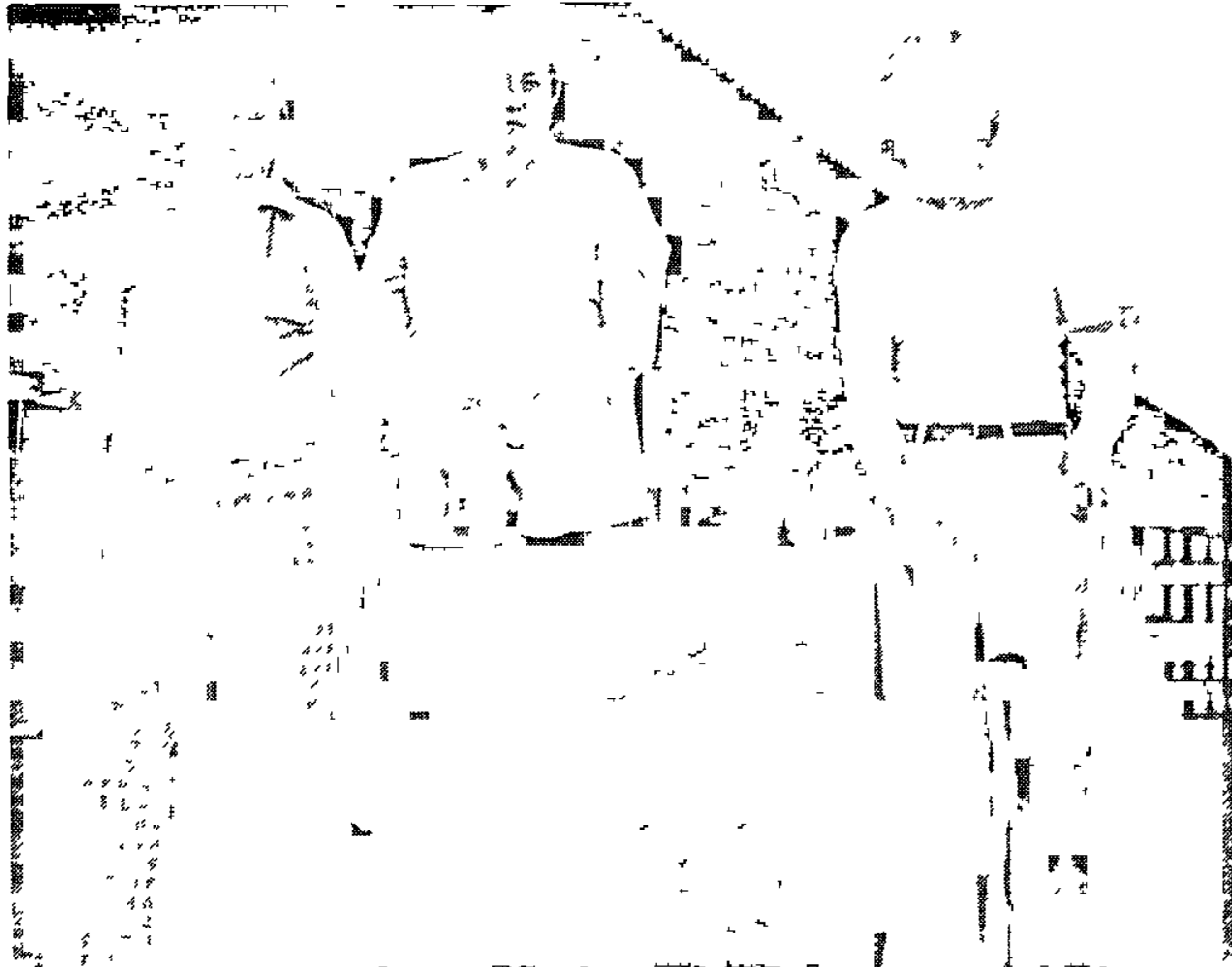
with Blacks overturned on another road. This time there were no serious injuries and the occupants were treated for shock and mild abrasions

"Most of the accidents are caused through drink and reckless driving," said Mr Benadie. "Youngsters seem to think that the

roads are race tracks. They are under the false impression that mine properties are out of the jurisdiction of the Transvaal Provincial Administration"

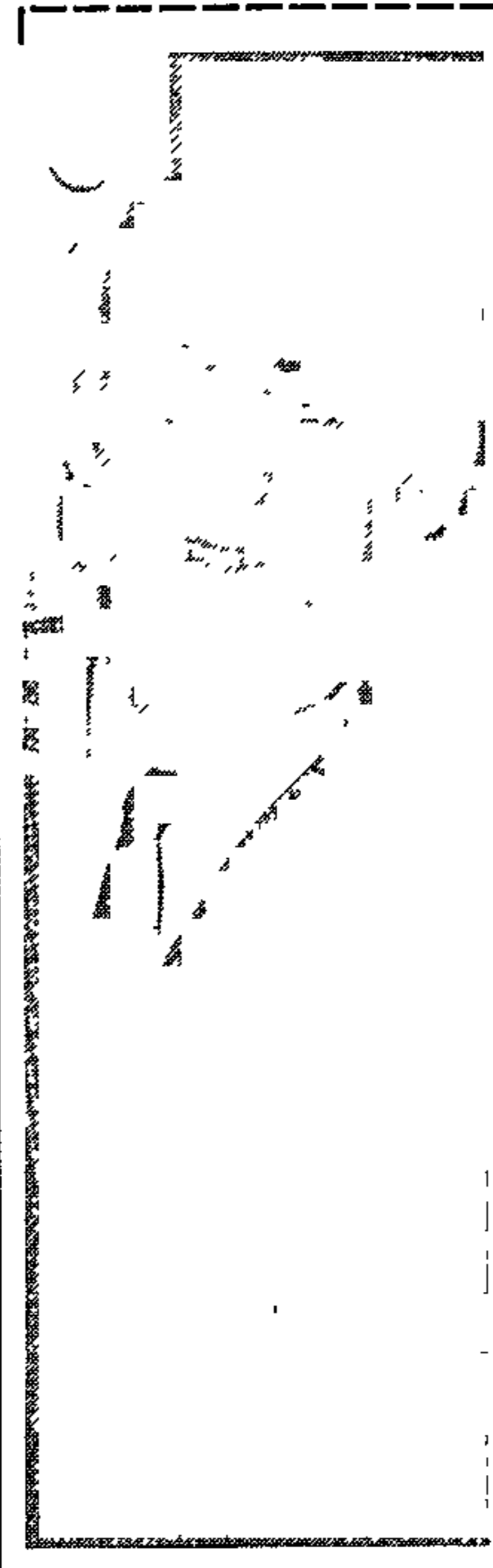
Before coming here in 1973, Mr Benadie was a member of the Virginia Roadside Rescue team for three years. He says that most road accidents should never have occurred in the first place

"Very few accidents are caused by mechanical failure. In the majority of cases humans are at fault," he said



A good dog is a trained dog . . . that is the belief of members of the new Rustenburg dog club. These three dogs posed with their masters after a training session. F.l.t.r. Messrs Hurter, Nolte and Landsberg.

Head of Libanon



Mr. O.A. Jones, previously of Vlakkfontein, is the new Manager of Libanon. He replaces Mr D.L. Starkey who was transferred to Venterspost. Mr Jones gained his B.Sc. (Mining) at the University of the Witwatersrand and then started his career at Sub Nigel. From there he went to F.S. Saaplaas, Doornfontein, S.W.A. Company and Vlakkfontein. He became Manager of Vlakkfontein on January 13 this year. He is a keen reader of non-fiction works and plays bridge and tennis. Mr Jones and his wife, Jean-Margaret, have two daughters, Terry, 16 and Lynn, 14.

New club howling success

Correspondent

RUSTENBURG — The dog club started at the end of July has proved a huge success — without any advertising it already has 30 members and 25 dogs are being moulded at the regular training sessions

The aims are to promote the welfare of dogs, to improve breeding strains and to arrange championship exhibitions in Rustenburg

The weekly obedience training sessions form an important part of the activities of the club. These are held every Thursday at 19h00 at the Rustenburg showgrounds

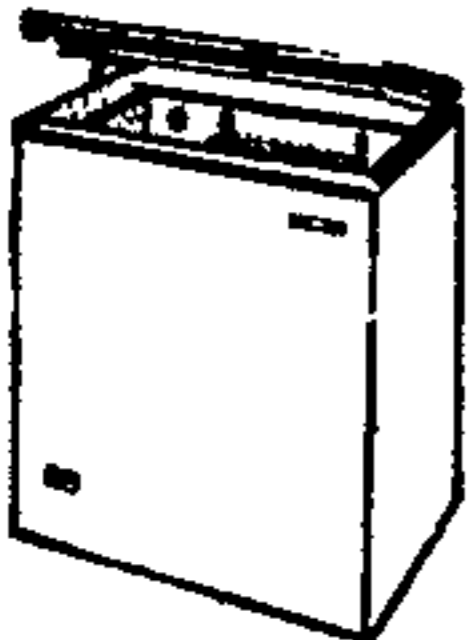
"SPECIALS"

Most of the members are industry people. The Chairman is Mr Fred Hurter, the Vice-Chairman, Mr H. Stevens of Impala and the Treasurer Mr Ronnie

Landsberg of Rustenburg Plats. Other committee members include Mr Steven van Deventer of Impala, Mr Seef Nolte of Matthey Rustenburg Refiners and Mr Gustav Behrens of Bafokeng North

The majority of the dogs are beginners, but they have already shown great improvement. They include the highly pedigreed nose-in-the-air types to "pavement specials"

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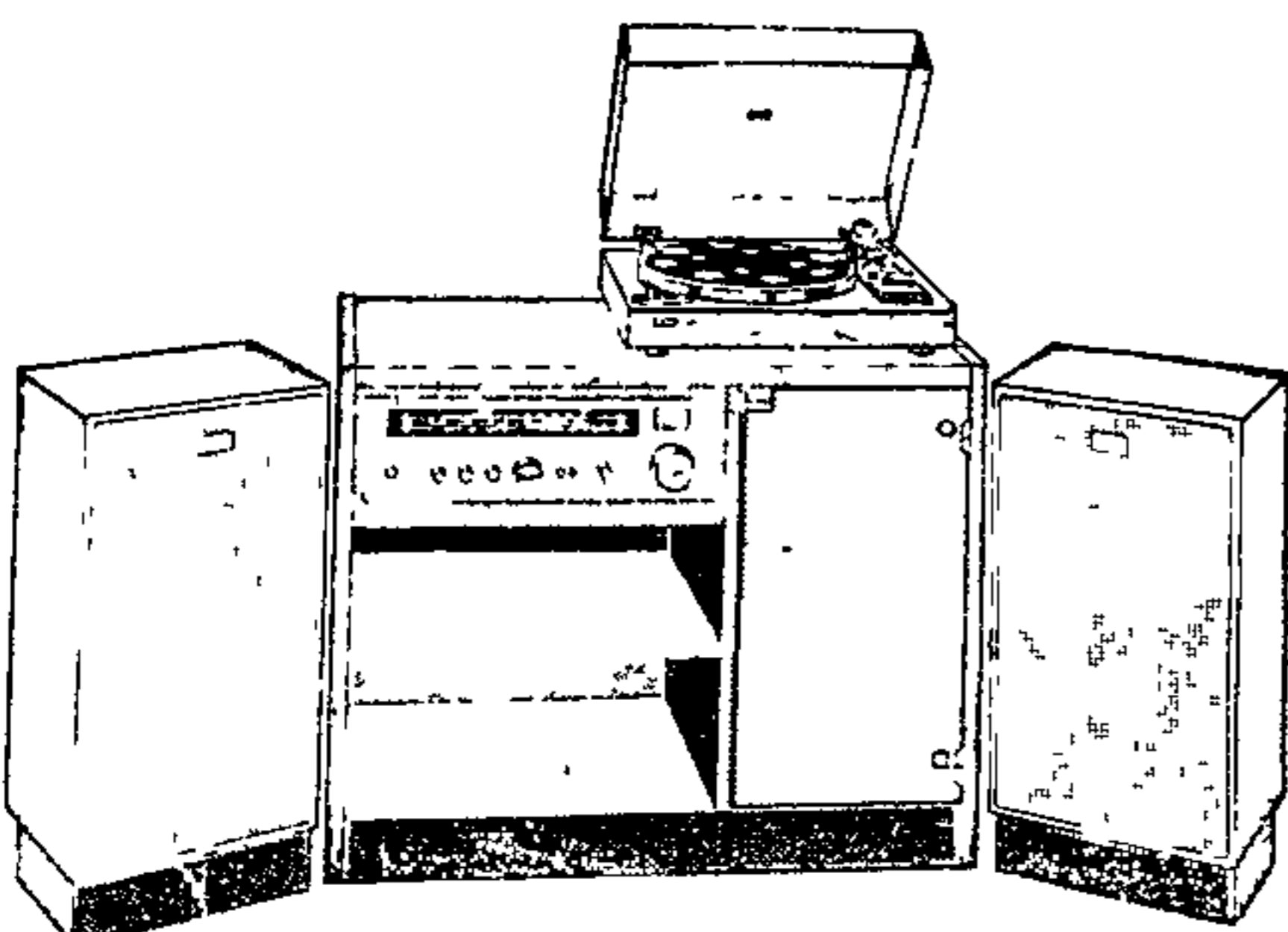
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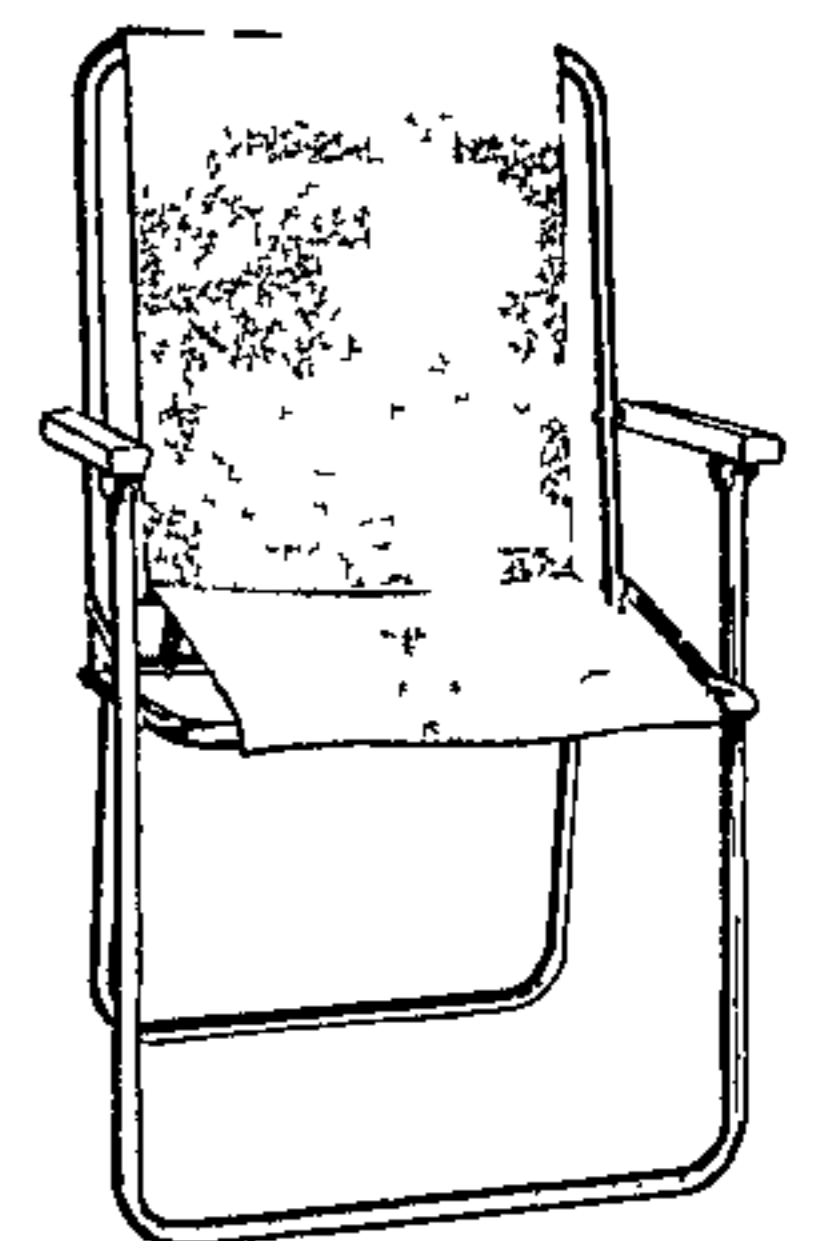
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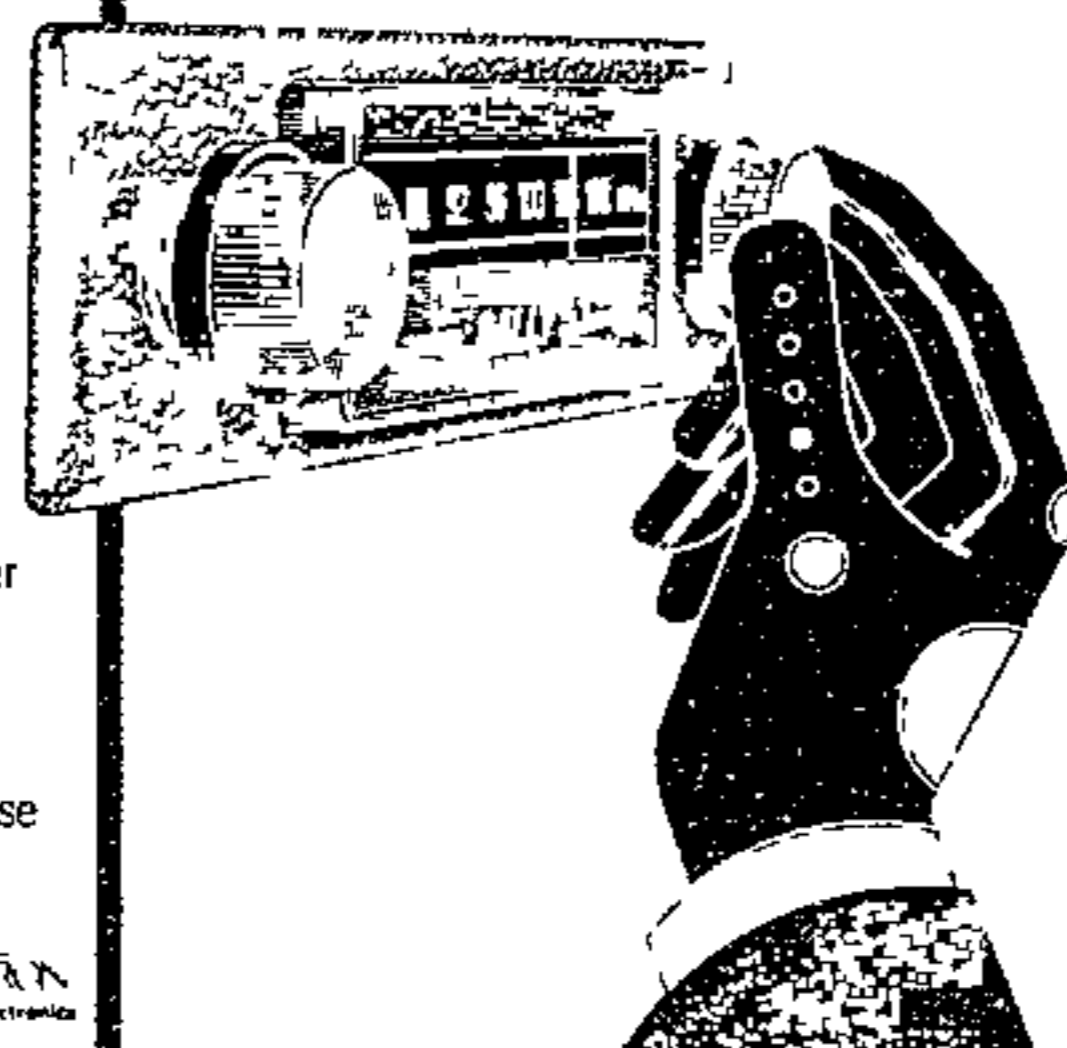
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SANYO

Extra bursaries for collieries

Staff Reporter
JOHANNESBURG — Four new bursaries would be available to employees of the coal mining industry, the Chamber of Mines announced today.

There would be an additional bursary for colliery officials, making it two per year, an additional one for union men, also now two a year, and a new scheme had been established for non-White employees whereby two bursaries would be available annually.

Eligible candidates should write to the Bursary Officer of the Chamber for information and application forms.

When writing, prospective applicants should give the Provident Fund number of their father or guardian. In the case of non-Whites they must supply the company number of their father or guardian.

Completed application forms should be in the hands of the Bursary Officer before January 13, 1978.



The Stilfontein Brass Band . winners of the Georg Gruber Trophy.

They've never blown so well

Staff Reporter

STILFONTEIN — The Stilfontein Brass Band won the "Orchestra Open" Section of the West Rand Festival of Arts in Krugersdorp this month and took the Dr Georg Gruber Trophy.

It is trained and conducted by Mr Jack Barkel, who is rated as one of the best brass instrument and band tutors in the country. Most of the band's members are attached to the industry.

For the competition, the band selected to play "The Caliph of Bagdad", the most ambitious arrangement it had yet attempted.

Other achievements were a gold medal award to Ken Davey for his performance of two trumpet concerto solos, and silver medals to Carol Barkel, Mark Weeks and Kenneth Gover who competed in the "Instrumental Trio". Gary Breytenbach obtained 86 per cent for his rendering of an euphonium solo "Rondo" by Mozart.

A shortage of funds and instruments has prevented the band from taking on the required number of new pupils.

"To keep the band at strength, a regular influx of new pupils is necessary," said the Secretary, Buffelsfontein P.M.A. Officer A Weeks. "We would welcome donations of second-hand brass instruments."

TAYLOR TRUST...

More for RAU and Wits geological research

Staff Reporter

JOHANNESBURG — A sizeable sum has accrued to the Jim and Gladys Taylor Educational Trust, which was established to enable graduates of two Rand universities to do post-graduate research.

Mrs Gladys Taylor established the Trust in memory of her husband, James Taylor, who died on October 6, 1974, at the age of 76.

Mr Taylor started his geological career as technical librarian with the Institute for Mining and Metallurgy in London. He went to Rhodesia in 1926 and for the next eight years was involved in exploration. In 1935 he joined the

Geological Staff of the Central Mining-Rand Mines Group and became Consulting Geologist in 1958. Although he was concerned with many aspects of geology his main interest lay in the dolomite and banded iron formation

of the Transvaal Supergroup in the Northern Cape. After his retirement at the end of 1963 he still retained his interest in this field and acted as Consultant to Cape Asbestos for many years.

According to the deeds of the Trust the interest of its investments was to be used for bursaries available to graduates of the University of the Witwatersrand and of the Rand Afrikaans University for post-graduate research.

The bursary is tenable anywhere in the world.

The scope of the Trust also provides for the finishing of research at the two Universities on projects which have been approved by the Board of Trustees.

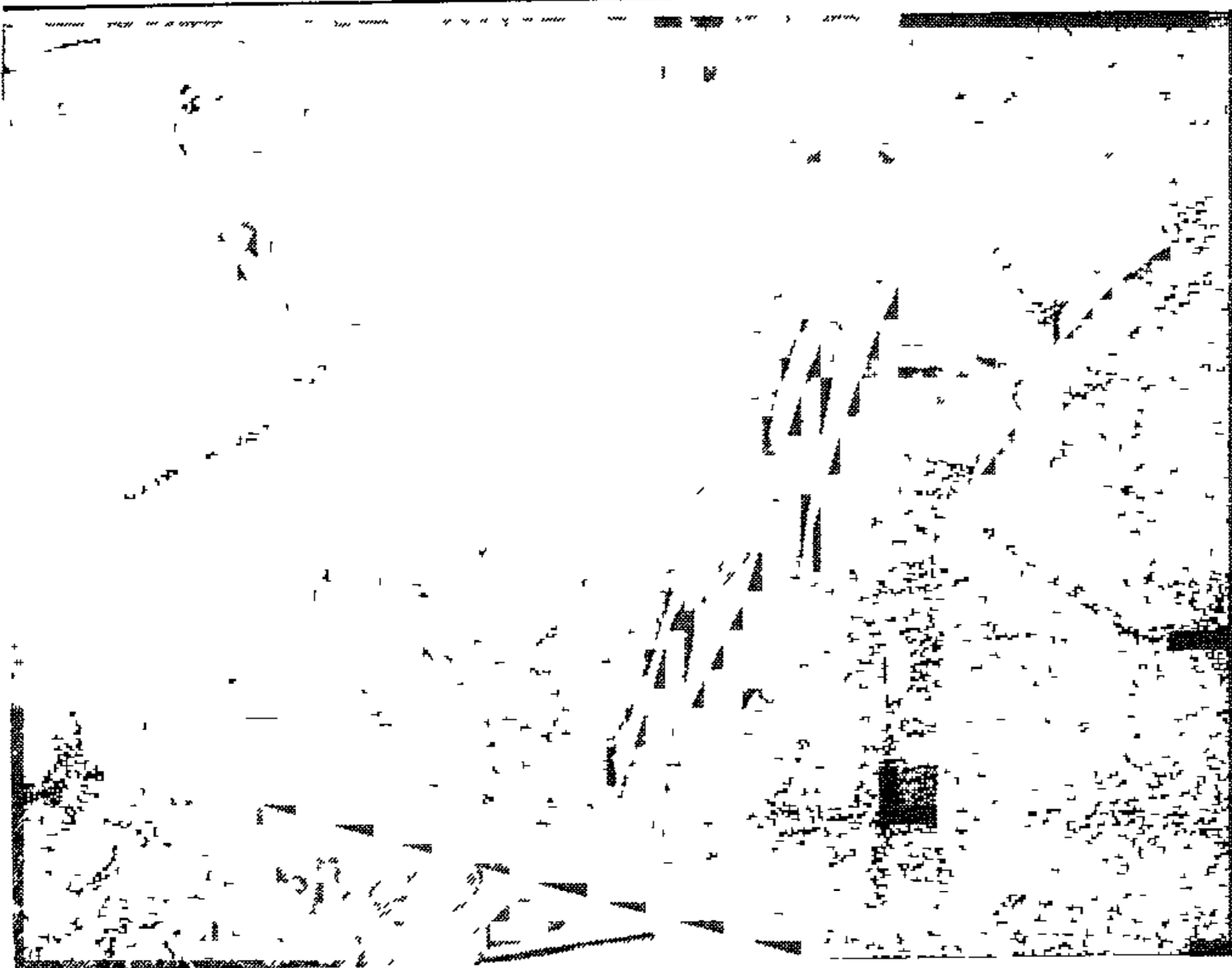
SUBSTANTIAL

Earlier this year Mrs Taylor died and left a further substantial amount to the Trust.

Application forms for bursaries available to graduates of the University of the Witwatersrand or the Rand Afrikaans University are obtainable from The Secretary, The Jim and Gladys Taylor Educational Trust, c/o Metboard Ltd, P.O. Box 61059, Marshalltown, 2107.

PREFERENCE

Although the bursaries could be awarded in any field it was the wish of Mrs Taylor that preference should be given to geological research, particularly in the fields in which Mr Taylor had interested himself.



Farewell Fred! Three of the nine managers he worked under came to bid Fred Fourie "God speed" at a specially arranged function last week. From left: Messrs. D.A. Abdinor (present Manager), Fred Fourie (seated), J.H. Morgan (Manager 1969-1976) and G. Abdinor (Manager 1946-1958).

Fitness fanatic (73) scared of going rusty

Staff Reporter

WIT NIGEL — After 43 years on the mine where he worked under nine managers, 73-year-old Lamp Room Supervisor Fred Fourie, who retired this month, is too fit to sit still.

Since becoming a physical culture enthusiast 40 years ago, he has neither drunk nor smoked. He was on friendly terms with the great musclemen of the time such as Tromp van Diggelen, Rex Ferris and Hannes Venter and enrolled for their body-building courses. And just for good measure he threw in a

Charles Atlas course as well. Even today he has a chest expansion of 122 cm. His recipe for physical fitness? Good wholesome food in moderation, fast 24 hours once a week, and exercise. Mr Fourie jogs every night and stopped weight-lifting exercises only last year.

He was a keen motorcyclist for 51 years until he sold his last bike 10 years ago. "Because of the fixed frames of the bikes and the rough roads at the time, I never sat on the saddle but absorbed all the shock with my legs."

Mr and Mrs. Fourie plan to stay on in Heidelberg where he has been of-

fered two or three jobs. "I plan to carry on working, otherwise I will get rusty. I've seen too many chaps who retired to Durban and then keeled over from just playing bowls."

'DEAD RIGHT'

During his career Mr Fourie was Chief Motor Mechanic for 21 years and in charge of the salvage yard for 21 years until he was made Lamp Room Supervisor.

"I enjoyed my career on the mine and all the managers were dead right. If I had my life over, again, I would rejoin Wit Nigel," he said.

'Maths is no sweat, really'

Staff Reporter

WESTERN HOLDINGS — In the recently held Mathematics Olympiad, Marc Jarchow was rated as one of the seven top pupils in the Free State.

A total of 3 575 pupils participated in the country-wide olympiad. He was one of 92 selected for the second round which was held this month.

NO EFFORT

Seventeen-year-old Marc, son of Mine Overseer R.D. Jarchow, is a matriculation pupil at Christam Brothers College. He also took part in the Science Olympiad for the Free State and Northeastern Cape in which he was placed in the first 60.

He entered the Olympiad because he enjoyed mathematics and did not find it an effort, he said.

Marc's hobbies are photography, squash and hockey. He plans to go to the University of the Witwatersrand next year where he will take a B.Sc. (Electrical Engineering) degree.

Marc Jarchow . . . one of the top seven mathematics pupils in the Free State.



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She has to remain emotionally aloof

Correspondent

BAFOKENG SOUTH — Mrs Marion Coetzee would have been a tough cookie to crack on those guess-your-occupation radio programmes she is one of the few women funeral un-

dertakers in the country. She says she knows of only one other woman who chose this profession in South Africa.

Mrs Coetzee, wife of Rockdrill Workshops Fitter and Turner Gert Coetzee,

has been in the business for six years. She says she would not change her job, not even for the best-paid secretarial post.

Why not? "Because I find it so interesting. In this work you see people as they really are, those surviving

next-of-kin and friends."

She does the funeral arrangements, lays out the bodies — average two a day — reserves plots in the cemetery and makes all arrangements, even to liaising with the traffic department for escorts.



Coffins are her work — they vary in price from R240 to more than R600.

Bumper crop: no effort



"I did not use any magic fertiliser! It is a freak," says Libanon Assistant Chief Sampler P M Blignaut, 42. He picked this 6,14 kg cauliflower, sufficient for 12 meals, from his garden this month. His garden is in the veld behind his house, "where I merely loosened the ground a bit."

ALOOF

Mrs Coetzee, a mother of five, says that although she has deep sympathy for the bereaved while they are with her, she wipes her mind clean when they are gone. "You have to be emotionally aloof in this type of work."

In the past most people chose to be buried, but today the tendency is towards cremation. What would she prefer? She does not like the idea of cremation, she would rather be buried.

Myrtle racing around Europe

Staff Reporter

JOHANNESBURG — Myrtle Davis, a clerk at the Chamber of Mines, and her husband, Ivan, travelled to Italy this month and

attended the Monza Grand Prix in Milan without it costing them anything.

Ivan, a machine room supervisor at a national daily newspaper, entered a

competition sponsored by an international brakelining company about a year ago.

The slogan he wrote for the competition won him the first prize.

Last month a cheque and their air tickets were handed to them at a function and they left on Wednesday, September 7.

"I am not an enthusiastic motor racing spectator, but I am very excited about the

trip," Myrtle said before their departure.

The couple extended their visit to the Continent, went to London for five days, and visited Scotland and the Lake District.

It was Myrtle and Ivan's first trip overseas. "I have never won anything before," Ivan said, "and I made the most of this opportunity."

Rules

*Photographs must be submitted within five weeks of the wedding day.

*Name the church and the date of the ceremony.

*The bride, bride-

groom or their parents must be linked with the industry — give us all the details.

*The photograph of the bride should be black and white, and as large as possible.

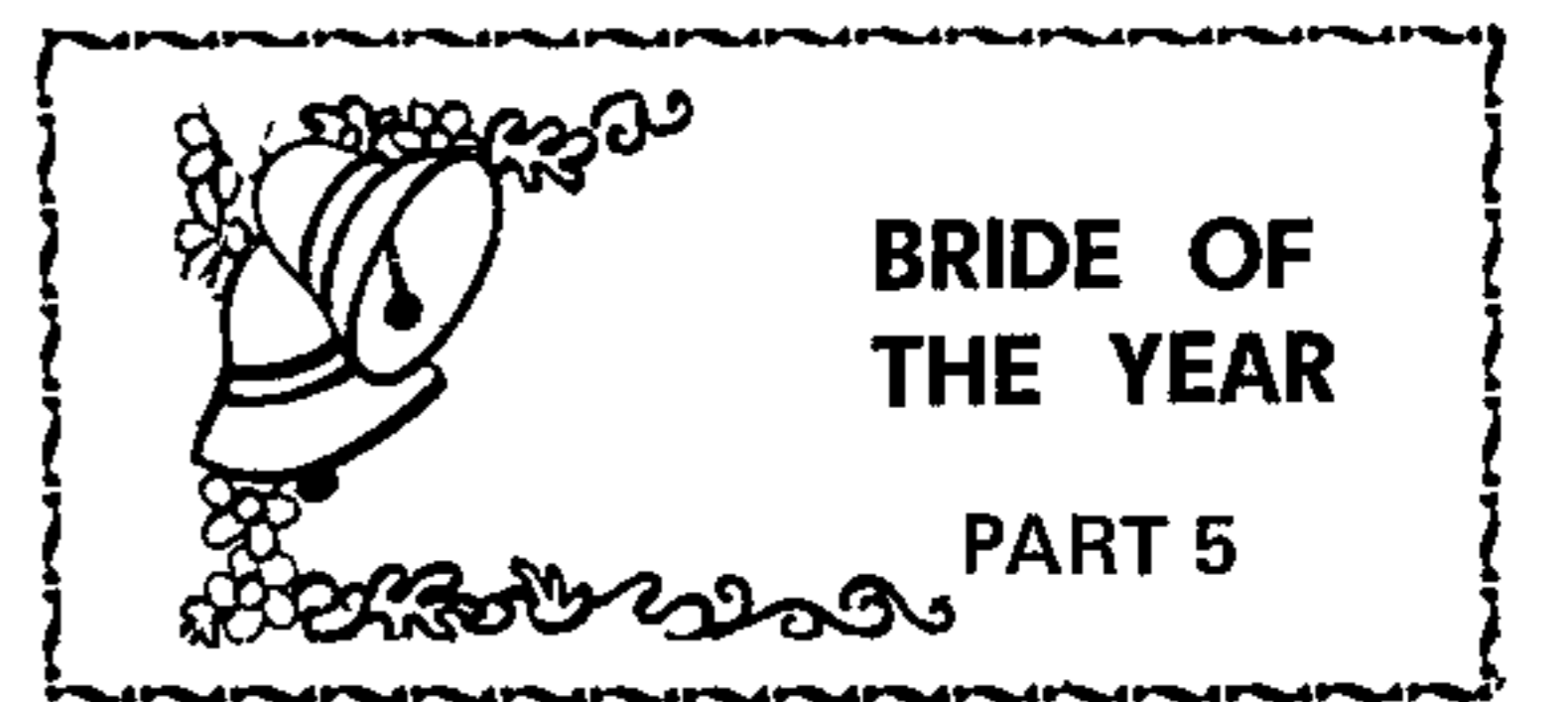
*The bride or groom must give us written permission to publish the photograph.

Another three enter for 1977/78

Below: Cathy, daughter of Mr and Mrs S.G. Hough To Buffels Personnel Officer Manie van Jaarsveld, in the N.G. Kerk, Wilkoppies



Annatjie, daughter of Venterspost Deputy Foreman Fitter and Turner H C Ackerman, and Mrs Ackerman To Gertje, son of Mr and Mrs G J. du Plessis, in the N.G. Kerk, Westonaria



Engela, daughter of F.S.G. Supervisor (Planning) Wilhe van Niekerk, and Mrs Van Niekerk. To Allan Gobey, in the N.G. Kerk, Dagbreek North

SPECIAL X-RAY CHAIR

Easy handling of patients

Staff Reporter

JOHANNESBURG — "I wish I could do for hard work underground, such as lashing, what my wife has done for the task of moving weak or bed-ridden patients around in the X-ray room"

So said Mr Derek O'Beirne, Group Industrial Engineer of Union Corporation, when talking to Mining News about a wheelchair designed by his wife, Miriam

Mrs O'Beirne is a Radiographer at Edenvale Hospital near Johannesburg

DISCOMFORT

The chair allows greater movement and control when X-rays have to be taken of patients who cannot stand on their own. "Such patients are subjected to discomfort and even danger. This results in poor X-ray photographs and places a burden on the radiographer. It wastes time

and taxes you when you have to physically support these patients," said Mrs O'Beirne in an interview

COMMODE CHAIR

"This occupied my mind for a long time and I gave a great deal of thought to how the problem could be solved. I searched for something on which patients could be seated, on which they would feel safe and could be moved with ease. A commode chair held great possibilities

"With the permission of the hospital authorities, who gave me tremendous support, they started modifying a chair in the workshop according to my specifications. The seat was changed and the back and arm rests had to be removable. A safety belt was also introduced"

The prototype was a success, but there were still a few flaws. Mrs O'Beirne discussed these with a firm which manufactures hospital equipment and asked

their assistance

The chair is now an accepted and new part of equipment which is being manufactured commercially. It is being used in other institutions in the country, including the Mines Benefit Society Hospital, Joubert Park

"I designed it to help radiographers and their patients, and my greatest reward is knowing that they are serving their purpose here and at other places"

"We are all delighted at the chair's success," said Mr O'Beirne. "My task at Union Corporation is to try to improve and simplify mining techniques, and people ask me if I helped my wife with the chair. The answer is no, it was all her own work"



Mrs O'Beirne and her modifications from commode chair to prototype (right) to final product (left).

The rhythm of 3 000 toes

RUSTENBURG — Almost 300 young dancers will participate in the Rustenburg Ballet and Music Festival, to be held on October 14 and 15 in the Paul Bodenstein hall of the Technical College

They are the pupils of seven ballet teachers in the town and district. The festival is being organised under the auspices of the College

Apart from the celebrity section in which Hollywood choreographer Wally Green

will present some of his professional tap and modern dancers, the Festival will be entirely for novice ballet dancers

The convenor, Mrs Nilea Schwartz said "We would like to make it an annual event. In this way the children will regularly have the opportunity to appear on stage"

The prizewinners will present a public concert on Saturday, October 22, in the Grenville High School hall



These are some of the designs which will be available for the forthcoming season. Clockwise: 18 kt gold and pavé set diamond dress ring with an 18 kt pavé set diamond and barked gold dress ring. A ladies watch in gold and diamonds, and 18 kt gold and diamond "shovel" pendant, and 18 kt "cham-mau" bracelet, two 18 kt gold and diamond rings

Kiss of gold on love letters



JOHANNESBURG — "Wear your jewellery anywhere — anytime," is the message of the nation-wide Gold and Diamond Collection '78. De Beers and Intergold (the International Gold Corporation) have joined nine leading South African jewellers to produce a completely new range for the forthcoming season

The fashionable super-realistic jewellery of last year is gradually being replaced by "utility" jewellery as an integral part of everyday life

More practical designs are the "in" thing Gold

shackles for sailing fanatics, gold wax seals for your love letters, magnifying lenses suspended from a chain around the neck for philatelists, and whistles of all shapes and sizes for sportsmen are becoming the height of jewellery fashion this year

The general trend is towards a delicacy of design. Earrings, especially for the pierced ears, delicate bangles featuring diamonds and pendants featuring gold and diamonds with veridite and onyx are very much in the foreground in Collection '78



For sunny days

Summer weather demands summer fashions. Here are four solutions in one package on what to wear on those hot sunny days. These super shorts, long pants, jacket and top can be made from Butterick pattern No 5457. Mix and match your colours in any moderate stretch material. Shown here is a towelling which is fun and serviceable for beach and pool. Available in sizes 8-16

Super saleslady

A glittering Pam Osborne of Rustenburg (centre). It is probably the reflection of the diamond in the 18 carat gold bracelet she has been awarded for being a super saleswoman. The glitter could become a blaze because each time Pam reaches her

sales target another diamond will be set into the R650 bracelet. Nearly 1 000 women from the Transvaal, the Free State and Natal attended the function in Johannesburg at which Pam and other top beauty preparations saleswomen received

awards. Here the company's area manager, Mrs Daphne van Wyk (second from left) holds the bracelet, surrounded by other winners: Marie Botha, Suzette le Roux (who has three diamonds on her bracelet) and Sussie Nortje



Match man against a mountain and he shrinks in stature

By Frik van Jaarsveld

PILGRIM'S REST. — About 500 km from the Golden City there is a mining area with a charm of its own. Mining has long since ceased, except-

ing for a digger or two patiently panning for gold

Yet it is an area that is just as interesting and rich as a pulsating mining centre such as Welkom — an area no longer rich in

minerals, but steeped in history and atmosphere

Research Technician Richard Cooper, three friends and I went hiking and climbing in the Pilgrim's Rest hills a few weeks back. We followed

in the footsteps of the Cousin Jacks, so to speak those colourful miners from Cornwall who sought their fortunes there in the 19th century

We used a caravan park in the vicinity as headquarters and from there followed an old rusty tramway which runs from Pilgrim's Rest to the cable terminal at Mount Jubilee

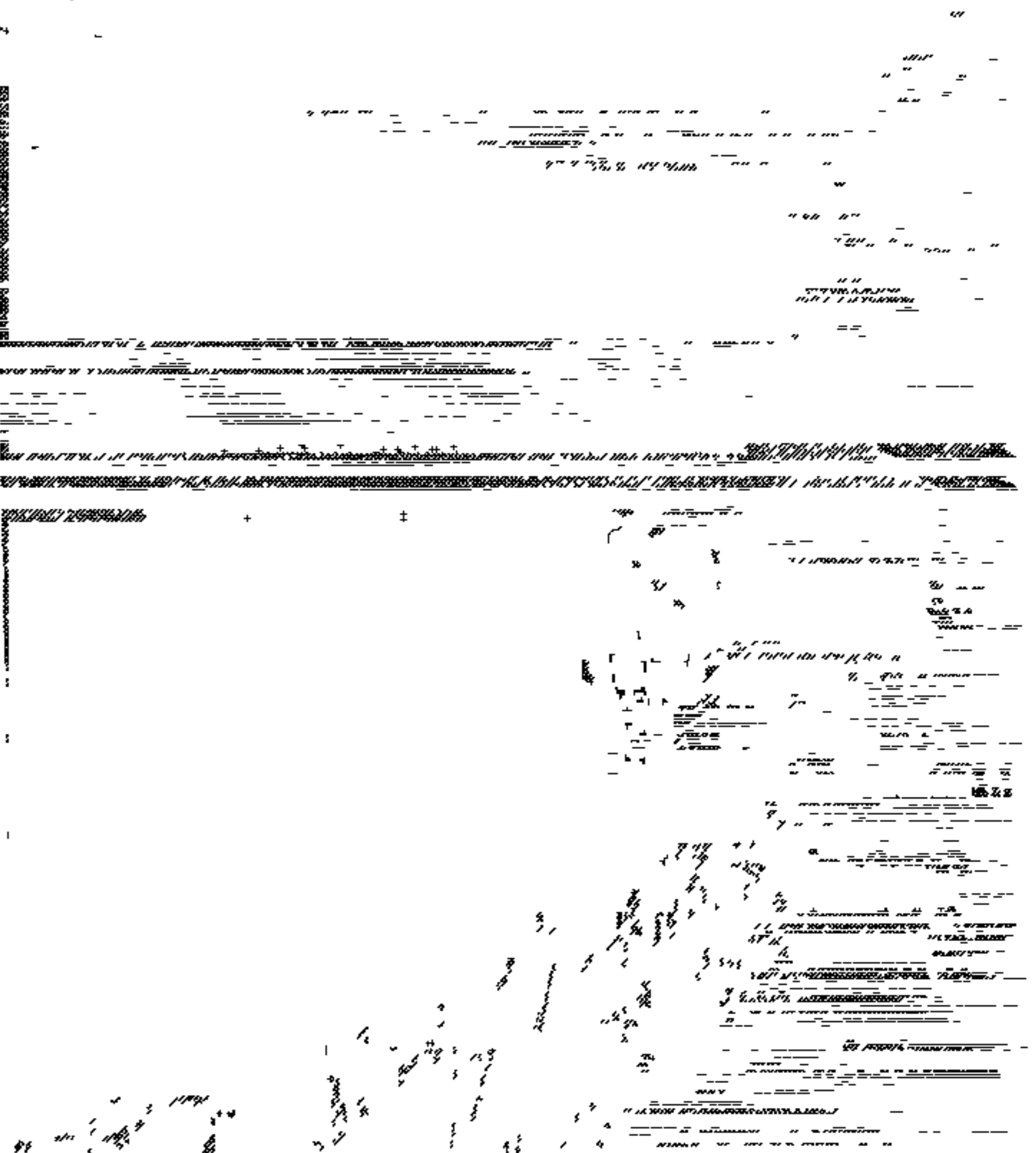
There we struggled to scale a sheer cliff 150 m high with modern climbing equipment. That the Jubilee mine people managed to erect a cableway there 90 years ago is almost unbelievable, Richard said

In our expedition through the bush we found old mining equipment, hard hats and other mementoes which we brought back

With full equipment, food and sleeping bags the five of us spent four days in the natural surroundings to discover what the area had to offer

Off the beaten track, through dense thorn bushes and over mountains

Halfway up Mount Jubilee we could go no further. We were exhausted, and each time we looked up, the top of the



cliff seemed further away

Finally — you yourself don't exactly know how — you come out on top and the world lies at your feet. You peer into the distance everything looks small, insignificant

Food had to be prepared in the evenings, a big ceremony shared by everyone. Everyone did something — veld house-keeping probably envied by any slick hotel organisation. You crawl into bed early. The wind howls around the small tent, your sleeping bag fits snugly around you and you sleep the deep sleep of a tired man

And six o'clock in the winter's morning when the sun is still just a hint over the hills, you crawl out. It's cold but a cup of hot veld coffee quickly

pulls you straight

Then everyone is in a hurry. Rucksacks are packed, boots are smeared with fat, heels and blisters are taken care of, maps are spread on the ground and the day's route is worked out

Down the river, over that koppie and then along here

And in the afternoon five little men stand insignificantly between the majestic hills. Then a clear mountain stream — we are hot from the walking — and like one man plunge stark naked into icy water. And out again just as quickly. It's too cold

Then, all too soon, we pack up for the last time back in the cab of the car. Everyone is quieter, somewhat more reflective about the greatness they witnessed. And all agreed — and we shall do it again.

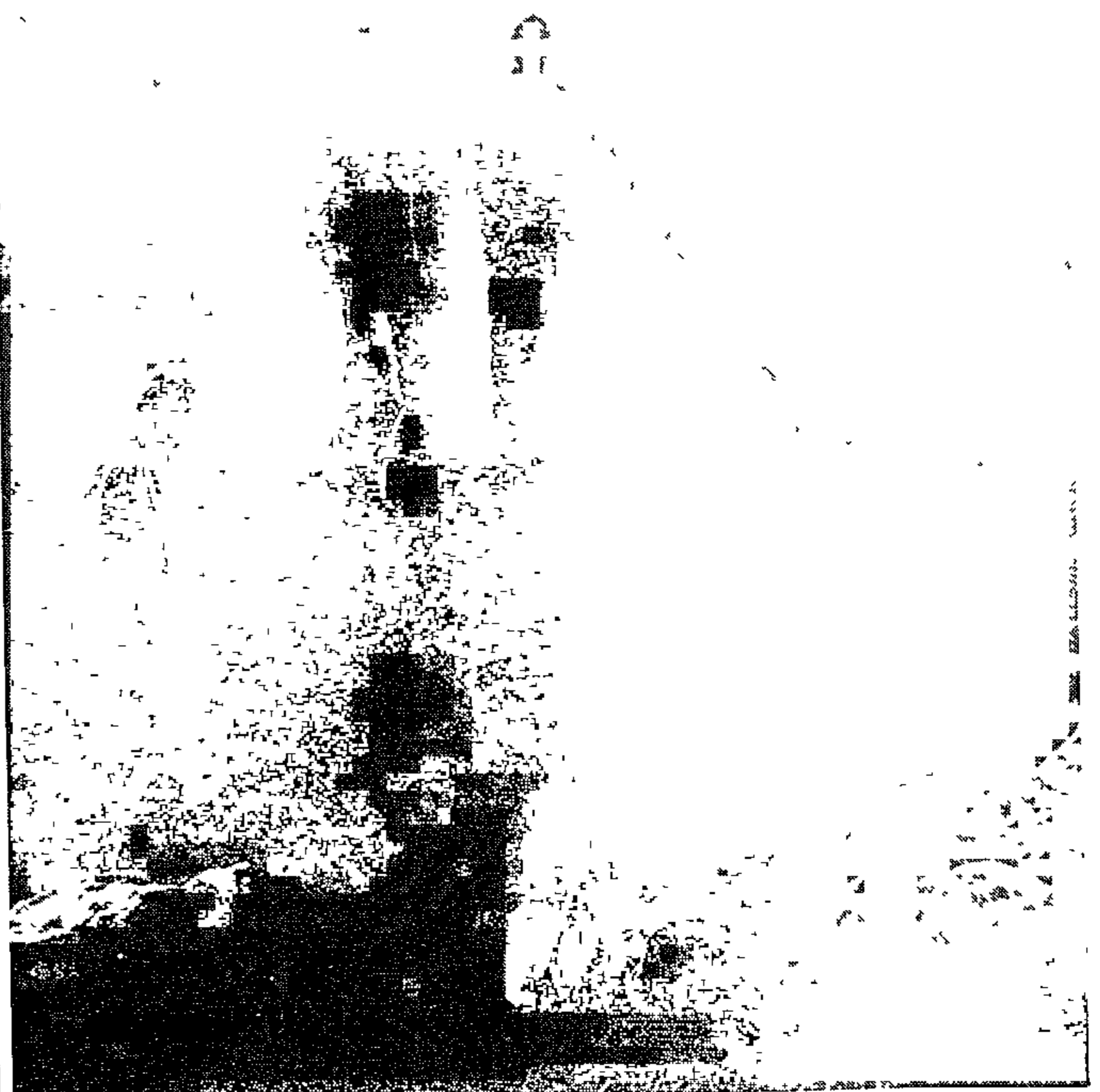


Apart from the old mines, Pilgrim's Rest is also famous for its trout streams. A fish is netted by Zach Coetzee. Soon it was frying in a pan.

A miner at heart



World famous heart surgeon Professor Chris Barnard and a French television team recently visited Harmony. Professor Barnard was directing a film on South Africa mainly for overseas consumption. Their visit to the mine was to portray the working and living conditions of Black mineworkers. After the visit the Professor remarked that it had been a valuable and enjoyable experience and that he was most impressed with the facilities for the Blacks. Here Professor Barnard discusses a technical point with Harmony Managing Director D.T. Watt (right)



The top . . . at last! With rucksacks cast aside the group relaxes on the edge of a cliff.

'Ma nature cuts you down to size...'

JOHANNESBURG — Pitting one's physical strength against the majestic grandeur of the Fish River Canyon is a humbling experience.

That was what General Mining Public Relations Manager Niel Ackermann discovered when he and two friends spent five days hiking up the Canyon last month.

"We were taken from a holiday resort, Ai-Ais, to Look-Out Point from where we had to make our own way back to Ai-Ais. That was when we realised that we only had our legs to rely on while having to contend against the forces of nature. It really cuts you down to size."

Mr Ackermann explained that what urban society took for granted became a luxury in the wilderness. With their diet consisting mainly of dehydrated vegetables and biltong, the tin of bully beef brought along by one

of his friends was a rare delicacy.

"What made perhaps the greatest impact on us was the brightness of the stars at night and the

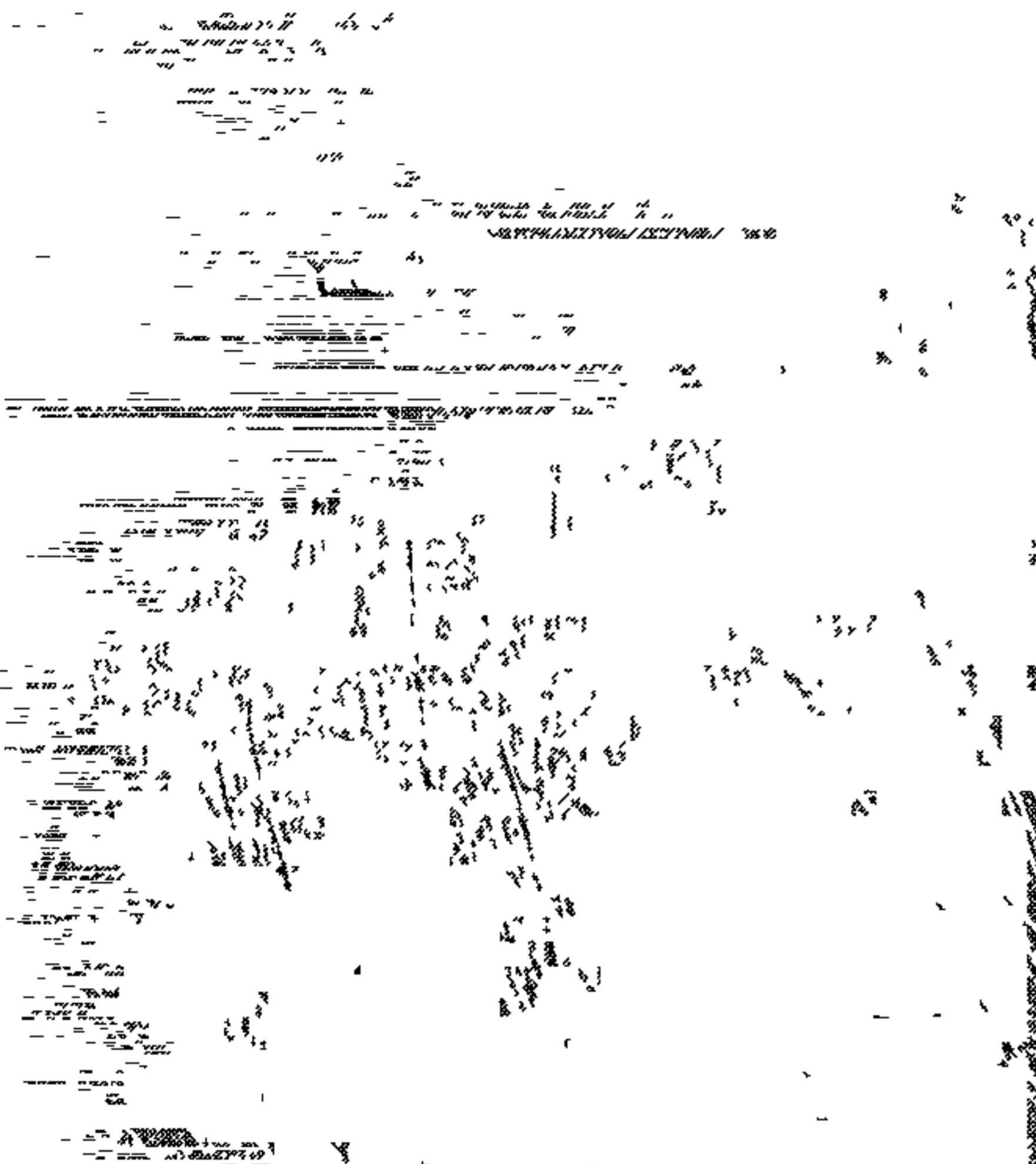
complete silence which was almost tangible."

An outdoor lover since childhood, Mr Ackermann feels that too many people today are in a rut and

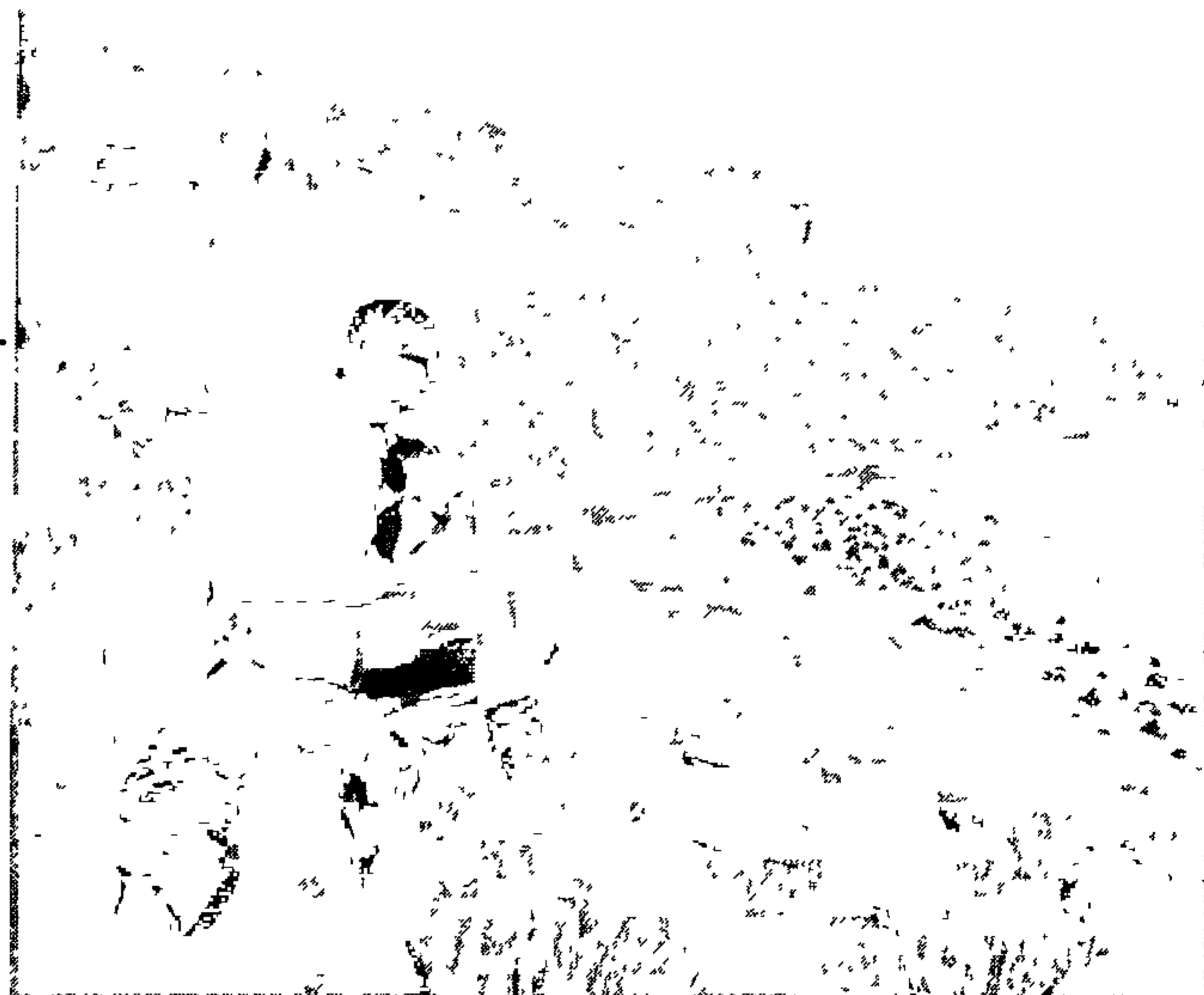
tend to spend their holidays at popular resorts where all the modern conveniences are laid on.

WELL-BEING

He discovered that getting away from civilization and living close to nature did wonders for his spiritual and mental well-being.



at the side of the mountain and a bird's-eye view of the path they had taken



Niel Ackermann . . . humbled by the majestic grandeur of the Fish River Canyon

The ups and downs of the great outdoors



small to be seen, two of the party pause on the Lisbon Falls, a scenic spectacle of the Eastern Transvaal Lowveld.

From grandpa's days to now, 300 years

Staff Reporter

RANDFONTEIN — The mining tradition of the McAdam clan is about to enter its fourth generation with a total service record which could exceed three centuries.

It all started many years ago on Sub-Nigel, Resident Engineer Duncan McAdam and his brother Mick, the Resident Engineer at Kloof, explained.

Both their paternal and maternal grandfathers were employed there, one as a Foreman Fitter and the other as a Foreman Rigger.

"My grandfather had six sons who all went into mining," Mick McAdam said. "And so did my mother's brother, who became the Chief Electrician at West Rand Cons. His daughter is married to Durban Deep

Foreman Electrician Dennis Gunn."

Their uncle Ralph on their father's side took over as Foreman Fitter on Sub-Nigel when their grandfather retired.

Both Duncan and Mick McAdam were born and grew up on West Rand Cons, where they served apprenticeships. Duncan stayed on to complete his pupillage there while Mick joined Lurpaardsvlei as a pupil engineer.

There are also a number of cousins in the industry and now the fourth generation is standing in the wings ready to enter the industry. Mick's son is studying electrical engineering at the University of the Witwatersrand and Duncan's son plans to join the Learner Officials' Training College when he completes his military training.



Mick . . .

Family to stay on for a while

Staff Reporter

DOORNFONTEIN — Amanda Uys, crack Western Transvaal athlete, lost her father in a mine accident on August 12.

Mine Overseer Martin Uys was 49.

He and a fellow worker, Mr P Seiwad, were inspecting an orepass when a rockfall occurred. Mr Seiwad was injured and Mr Uys was killed.

Mr Uys joined the industry in 1946 as a learner miner on Cons. Main Reef. He was transferred to

Doornfontein in 1969.

He was very proud of his daughter's achievements in athletics. He took a keen interest in her progress on the track as well as at school, where she is head girl.

He is survived by his wife, Ria, three children and a granddaughter.

STUDIES

The family plan to stay on in Carletonville until Amanda, who is in matric, completes her studies.



. . . and Duncan McAdam . . . the mining tradition of the clan spans four generations

Uncle Almost chases the naughty three

Hello there!

Glitterland is a country where bright diamonds lie sparkling in the sun. These shining stones or diamonds can be seen everywhere strewn over the sand.

The Glitterlanders are very fond of the sun as it enables them to spot the diamonds easily. Unfortunately the Glitterlanders are very lazy. They won't work. And they refuse to make gardens as they say that the soil is too sandy. So when they need money to buy food, they merely pick up a few diamonds and exchange them in town for whatever they need.

One day the King of Glitterland called all the people together. He explained to them that diamonds were becoming scarce, and asked them to pick up all the diamonds and put them in a big safe.

naughty three

He ordered them to work and forbade them to buy food in town with diamonds.

A HANDFUL

The King also promised them that he would see that everyone received food while they picked up the diamonds. But there were three Glitterlanders who would not listen to the King. They were Carat, Bantam and Gravel.

They decided to collect a large pile of diamonds for themselves and hide them in their own safe. For more than a month they put diamonds in their

safe. From time to time they took some diamonds to the King. This they did only because the others were doing so. The people were picking up bags full and handing them over to the King. But the three rascals each only gave a handful. They kept the rest of the diamonds for themselves.

PARSNIPS

When the other people started to make gardens, Carat, Bantam and Gravel took some of the diamonds out of the safe and went into town.

Uncle Almost was busy washing his funny little red motor car, Jalopy, when the three passed his house. They saw that Uncle Almost had a beautiful garden and they offered to buy some of his delicious parsnips. They paid him two diamonds for a large bunch and a few chickens.

BOUGHT CAR

They continued a little further and afterwards had bought so many things that they were unable to carry them. So they bought a little car for 10 diamonds. "We must be careful that

the King does not see us," Gravel said. "Oh, I don't think he will," Carat replied. "That is why we bought a black car. When we arrive in Glitterland at night, nobody will be able to see us."

They drove out of town towards sundown. Outside the town, Bantam, who was driving, stopped.

Bantam said "We can easily take all our diamonds back as soon as it's dark."

"The people will catch us," Gravel said.

"Nonsense, they are all sleeping," Bantam said. "We can easily get the diamonds in the dark."

They turned around and rode back quietly until they reached a dark street. Then they stole the diamonds back.

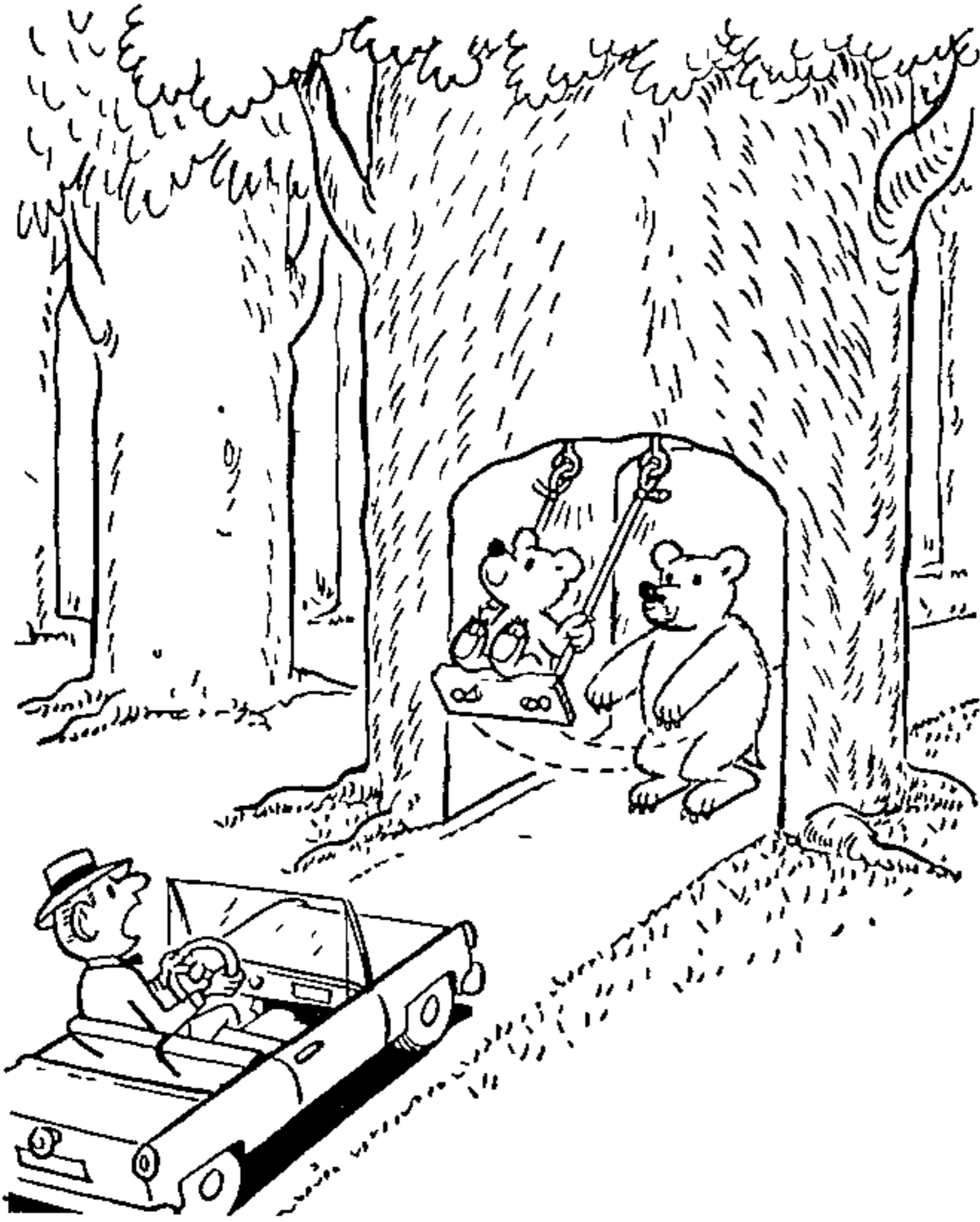
But at Uncle Almost their luck nearly ran out. He had placed the two diamonds on a small table, and went to sleep after a while he woke up suddenly.

The following morning Uncle Almost heard that Carat, Bantam and Gravel had stolen all the diamonds that they had paid to people of the town.

That made Uncle Almost very angry. While the townspeople were still standing around and talking, he jumped into Jalopy and raced off in a cloud of dust.

Next month Auntie will tell you how Uncle Almost travelled to Glitterland and what he did there.

Pieter Pretorius of 6 Princess Avenue, Flamwood, Klerksdorp 2570 sent in such a lovely drawing of



"We have been rather stupid. We paid far too many diamonds for all the things we bought," he said.

"Yes," Gravel agreed, "if we carry on like this, we soon will have no diamonds left." "Then we merely take the King's diamonds," Carat said. The other two were startled. You did not take the King's diamonds.

"Wait, I have a plan,"

He saw the three rascals creeping around the house looking for something.

As Uncle Almost got up, the floor creaked. The three were startled and ran away. Gravel saw the diamonds on the table and grabbed them. And before Uncle Almost could catch him, he disappeared into the night.

ANGRY

He could hear their car race away. He dressed quickly and ran to the garage where Jalopy was parked. He drove to the Mayor and told him what had happened. While he was there the garage owner arrived.

"The Glitterlanders stole the ten diamonds they paid for the black car," he said angrily.

Jalopy and the Prince that he wins the first prize of R6.

We have a prize of R6 and a prize of R3 for the best attempt of the colouring-in competition.

One of these days I will tell you about the time Uncle Almost visited the Land of the Bears. In the picture you see Uncle Almost with Jalopy in the Land of the Bears.

There are also two prizes of R6 and R3 for the members who guess correctly what Uncle Almost said to the little bear.

A special gift valued at R6 will go to the member who gives us two suitable names for the bears.

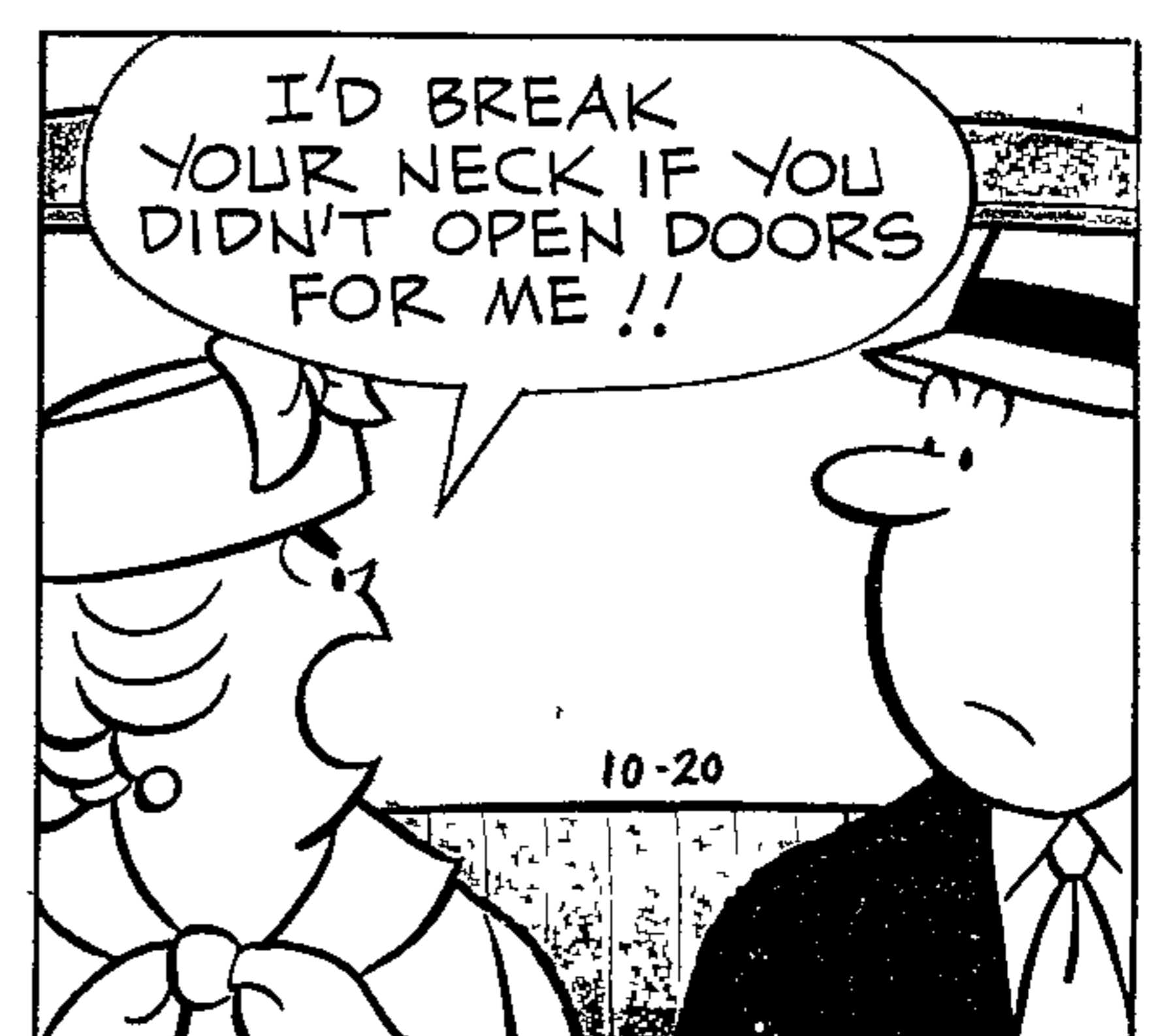
Kind regards,
Aunt Eunice.

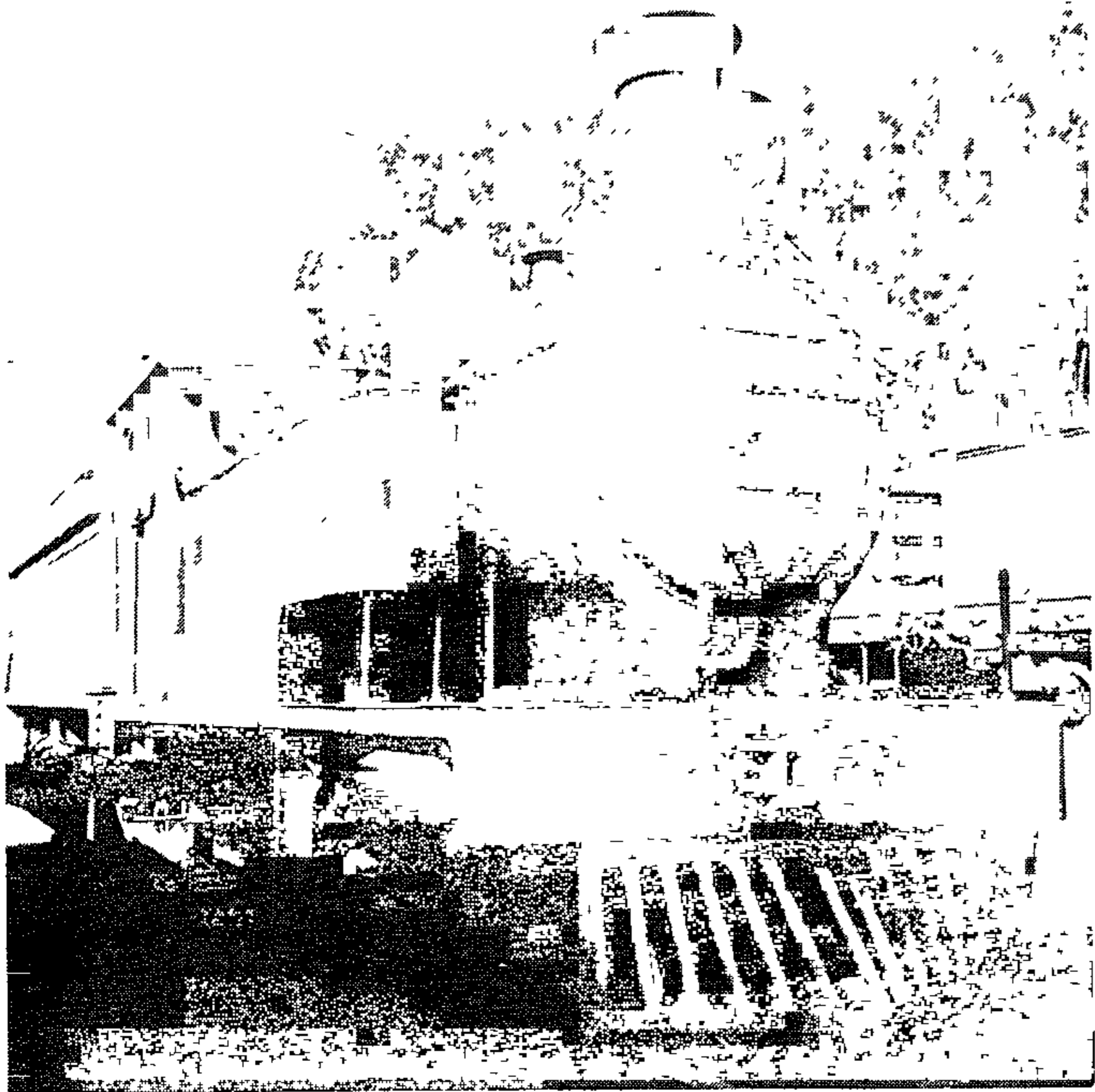
NAME _____
ADDRESS _____

AGE ... _____
Return to Aunt Eunice, Mining News
P.O. Box 61809, Marshalltown 2107

THE LITTLE WOMAN

by Don Tobin





This faithful old puffing billy of Douglas Colliery has been replaced by a streamlined new diesel loco.

Whistle blown on steam power

Staff Reporter

DOUGLAS — There's no standing in the way of progress. The latest victims of technological advance have been the "puffing billys", which for many years have hauled coal from the pithead to Vandyksdrif station. Two gleaming modern diesel units have recently been commissioned to do the job.

Their arrival is gradually pushing the faithful puffers into obsolescence.

One of these, of the type that took Winston Churchill from Witbank to Lourenco Marques after he escaped from prison during the South African War, is being

preserved for posterity.

The new diesels, known as the Class U26C, can each comfortably haul 39 fully loaded trucks of coal.

They were built in Benoni with a high content of South African manufactured components.

DRAUGHTY

Their advance is welcomed by loco drivers. The draughty cabs of the steam engine are being replaced by a sound-proof, comfortable cab equipped with efficient heating and cooling systems.

The mass of each unit of 17 m is 111 t. Even when operated in tandem they require only one driver.

WELKOM FOR THE BIRDS Is that why flamingoes go?

Staff Reporter

WESTERN HOLDINGS — "The changing and artificial ecological conditions resulting from mining activities rules out the possibility of creating permanent bird sanctuaries in the Welkom area.

Personnel Officer P B Haupt, Vice-President of the Gold Fields Zone of the Wildlife Society, was commenting on the Society's attempt to create a bird

sanctuary at Klippan.

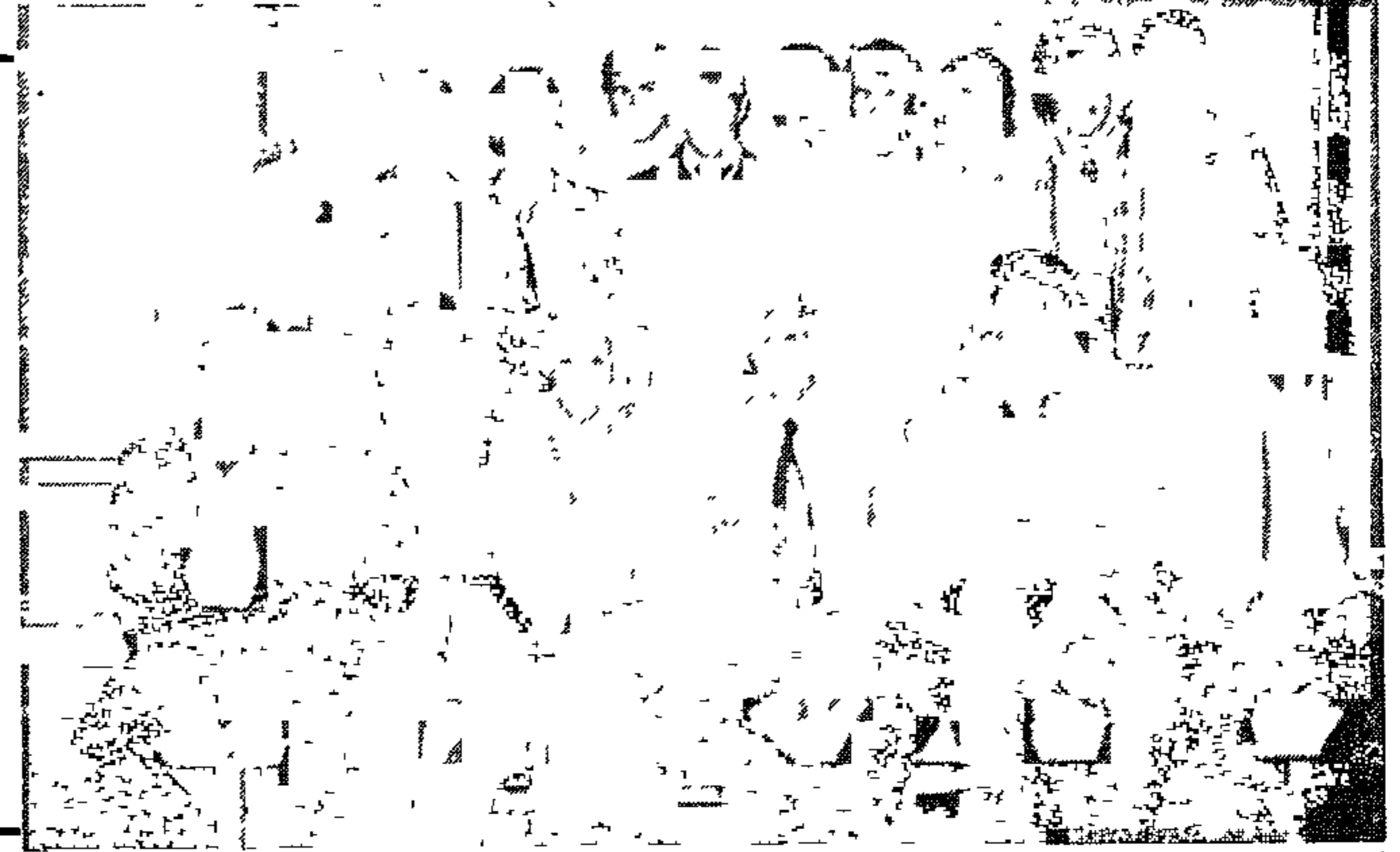
A series of stormwater drains emptying into the pan has caused the water level to rise and has completely submerged the protective fences erected by the Society earlier.

"It is impossible to make any long-term plans for sanctuaries because of such uncertainties. Mining activities could drastically reduce the water of the pan or dam or double its size in a relatively short time," Mr Haupt explained.

There has been a serious drop in the flamingo population on account of the heavy rains of the past season. This resulted in a drop in the salinity of the water which killed off much of the algae, staple food of the flamingoes. This has caused many of the birds to migrate.

The present objective of the Society was to record and report on the numbers and types of birds in the area and their movements. Mr Haupt said.

'Achievements galore'



They have attained 500 000 fatality free shifts. This group, Section 41 of Kloof Mine, has since March 1974 worked three years and six months without loss of life. "This section is known for its safety achievements," says Underground Manager W Delpert. "Shiftboss R Higgs and his team worked 9 500 accident free shifts, and two Stoppers, M C Greeff and F Rust, have had no accidents during the past six months."

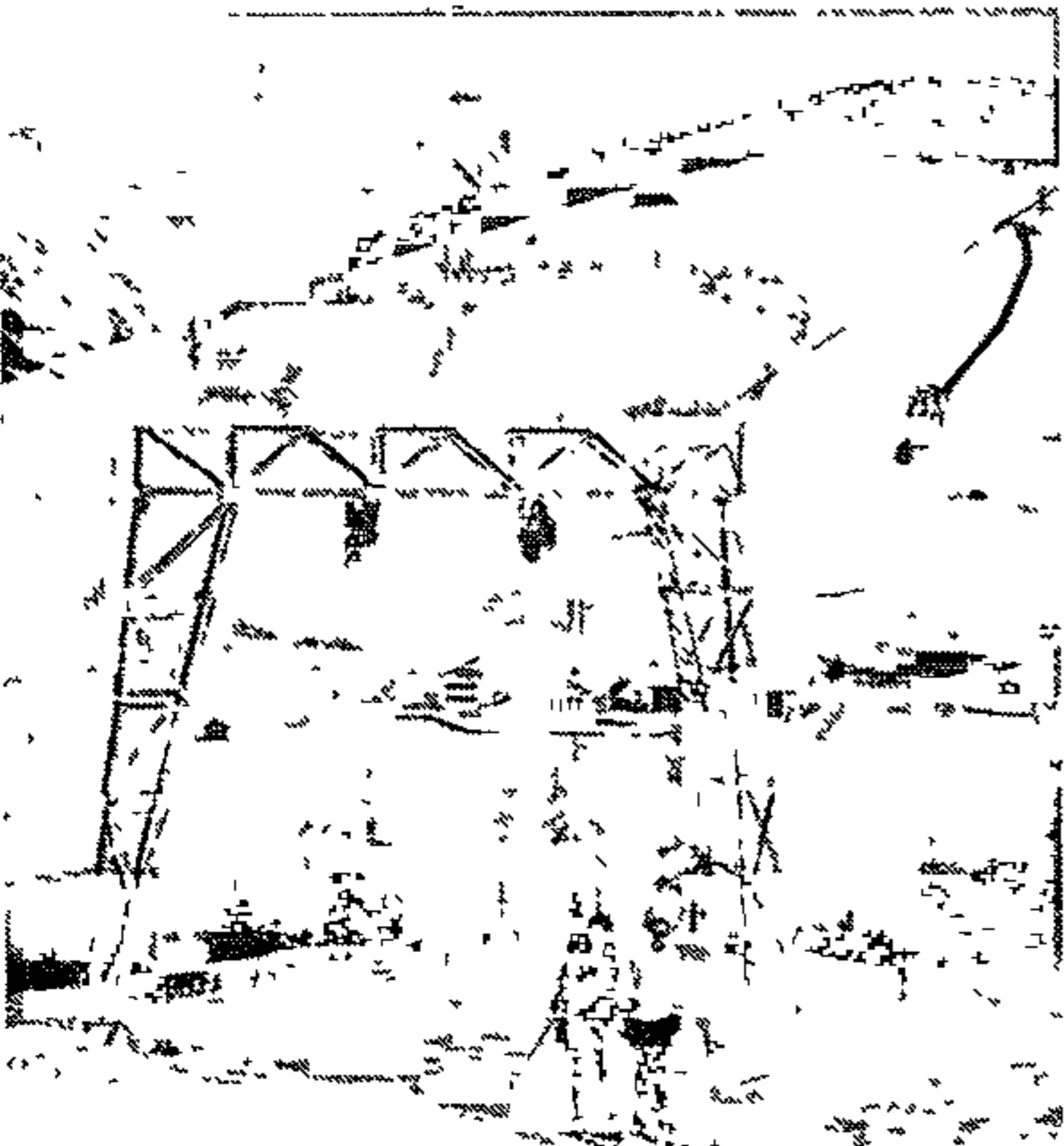
His 19th victory

When Mr. C.L. Flynn of Welkom Mine captains a first aid team, it usually wins. Last month, Mr Flynn, an Engineering Supervisor, who has been involved in surface first aid for 23 years, was again presented with the cup when his team won the competition. It was his 19th victory as captain. When he worked underground for a year in 1973-74, he captained the underground team which also won their competition. His recipe for success is simple: "I train with my team for a month before the competition," he said.



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Theatre's debt of gratitude

Staff Reporter

WELKOM — "The mining houses were largely responsible for the growth of local theatre."

Actress and director Lucille Gillwald was commenting on nearly 25 years' association with Welkom theatre. She added that nowhere in the world had she come across such generous sponsorship and practical assistance from the private sector.

Mrs Gillwald, whose late husband, Dr Frank Gillwald, was the Mines

Benefit Society specialist in Welkom, said that she regarded the Ernest Oppenheimer Theatre as her "home from home."

An active member of the Welkom Amateur Dramatic and Musical Society, Mrs Gillwald has acted in many plays.

Famous names in theatre with whom Mrs Gillwald was associated are Yvonne Bryceland, Cobus Rosseau and Taubie Kushlick.

During the past few years she has branched out as a freelance director and was responsible for a number of local productions.

Coupon

To: The Editor,
Mining News,
P.O. Box 61809,
Marshalltown, Tvl
2107

I am interested in:

*The flight to Paris/London in December/January, 1978

*The tour to Mauritius in October, 1977

Please send particulars by return post.

Please provisionally book seats

I would like to make use of the loan facilities.

NAME

ADDRESS

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(Delete where not applicable)

ON THE SPOT QUICKLY...

Red Cross is ever alert

Staff Reporter

WESTERN HOLDINGS — The earthquake last year proved that Red Cross workers and ambulances could be on the scene of a disaster within 30 minutes

"Within half an hour of the alarm being given, all the personnel were on

the spot," says Chargehand Boilermaker A F Lewarne, Regional Commissioner of the Red Cross

Mr Lewarne stated that the organisation was preparing for any eventuality, including terrorist bomb attacks "That is why I regard national first aid competitions such as the one recently held in Cape Town, as so important. We can only improve by these competitions

"Some firms, aware of their vulnerability in a bomb attack, have asked the Red Cross to lecture

the staff on first aid methods. We are also involved with the local Civil Defence unit"

Actively involved with the organisation since 1963, Mr Lewarne and his wife Joey, Commissioner of Ambulance Detachment 30, teach first aid to Black and White teenagers in the area

In addition they are concerned with providing home nursing for the aged, blood transfusion, and roadside rescue patrols along national roads during week-ends.

Fire - why it spread fast

Staff Reporter

BUFFELSFONTEIN — Tests carried out after a recent underground fire showed that polystyrene insulation on pipes had the fastest burning rate

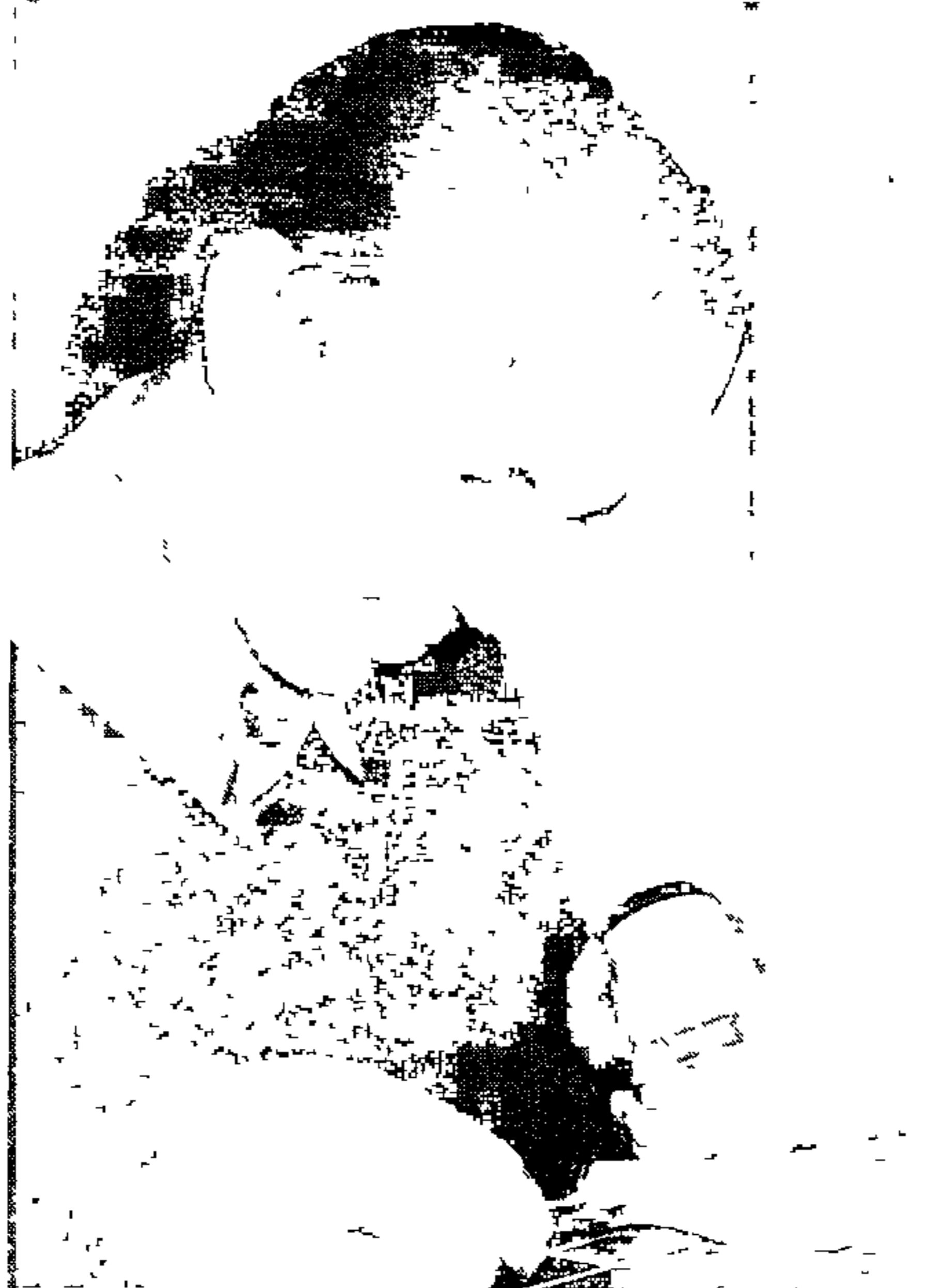
It was believed that this caused the other services to be set alight at different points which resulted in a fast-spreading fire

CHARRED

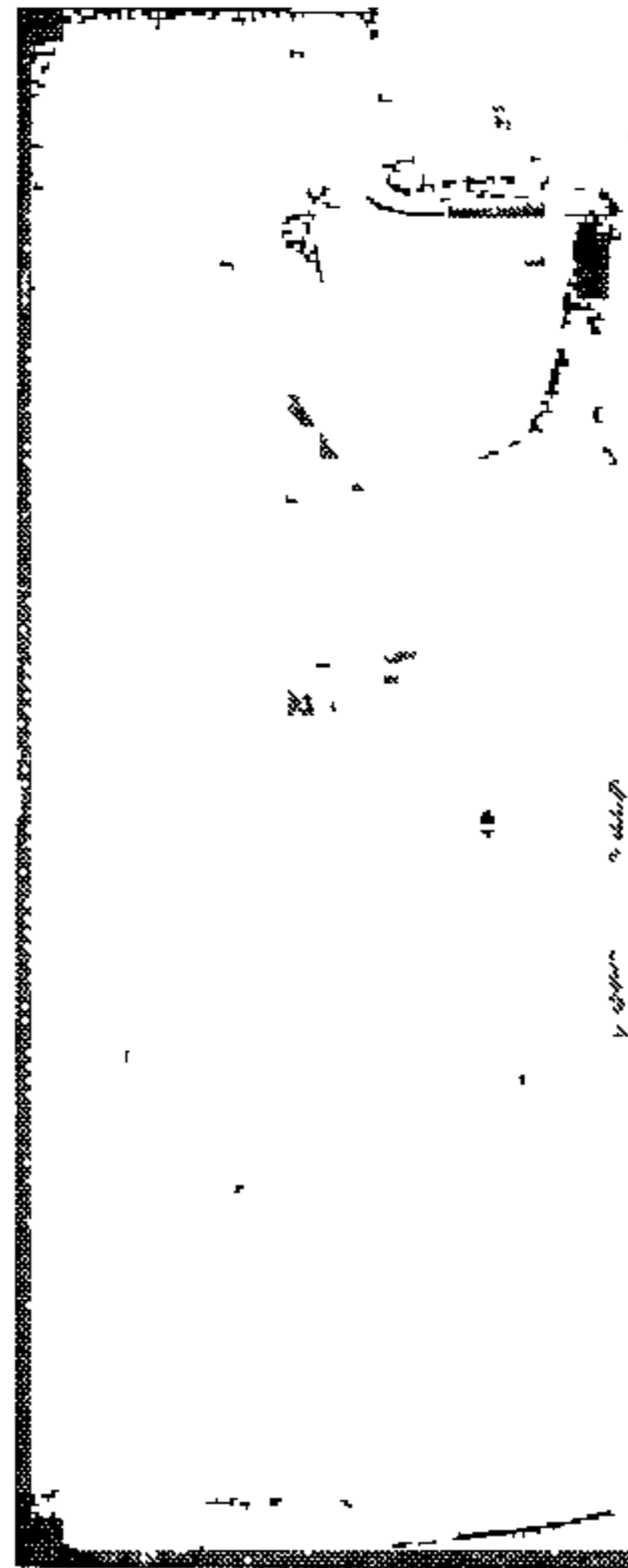
A polythelene sleeve burnt slowly during the tests and a polyurethane insulation was charred but did not burn. Here it was noted that the fire retardant which is added to the polyurethane when injected into the sleeve, had the desired effect

It has been decided to discontinue the use of polystyrene insulation in favour of polyurethane half sections treated with fire-retarding material

The fire, at 29 station, was assumed to have been caused by sparks from cutting torches which fell on an accumulation of diesel oil from a damaged feed pipe in the shaft



Hamhandedness is out when handling valuable stamps. Vic Visser carefully examines two rare stamps in his collection



Mr. Lewarne... Red Cross preparing for any eventuality

Putting their handiwork on the shelf

Staff Reporter

LORAINÉ — The recently formed art club has uncovered a great deal of latent and extremely marketable talent

Articles such as batik, leather work and art candles made by members have been bought by local novelty shops

The purpose of the club was to get as many different kinds of artists as possible under one roof where each would "do his own thing", explained Geologist Kobus Retief, who is the Chairman. It was hoped that this would result in a sort of

art colony where the more talented would be able to provide guidance to beginners

Experts would be invited from time to time to give lectures and demonstrations to members

The club, which has been given temporary accommodation in a hall on the mine, plans to hold its first exhibition early next year

"The club performs an important social function as Allanridge is rather remote from the main centres," Mr Retief said

Be selective and specialise

Correspondent

WILDEBEESTFONTEIN Stamps he loves, but there are two things that bug Vic Visser about the hobby — dealers taking new collectors for a ride, and hobbyists who help to lime the pockets of Communist and anti-South African countries

Underground Manager Vic, who has been filling his albums for about 10 years, describes stamp collecting as extremely satisfying as well as a first-rate investment

Housed in a special safe at his home are eight large albums, a collection on which he has a R15 000 price tag. Not that it is for sale, though

He spends many hours a week working on his albums, studying stamps for minute variations, corresponding with agents throughout the country and keeping abreast of things via the latest philatelic trends and publications

There are two aspects of stamp collecting about which Mr Visser feels very strongly

The one is "disgust" for dealers who charge young collectors for used stamps which they buy cheaply in bulk and which as a collection are almost worthless

Secondly, he feels that collectors should specialise in South African stamps, or in those of countries which are well-disposed towards the Republic, and not buy from Communist countries and antagonistic African states which will benefit financially

Big audience for SADF top brass

Staff Reporter

PRESIDENT STEYN — Major-General Neil Webster, Director General (Resources) of the S A Defence Force, will be the guest speaker at the 19th annual dinner of the Free State Goldfields Combined Ex-Servicemen's Association on October 22

The dinner will also celebrate the 35th anniversary of the Battle of El Alamein. It will be open to all ex-servicemen and women, serving soldiers, commandos and, for the first time, mem-

bers of the police force, their wives, and parents of serving soldiers

A wider audience was being invited, explained Mr. Joe Agrella of the Economy Department and Chairman of the Association, because General Webster was expected to deal with the border war in his speech

And as many parents in the Welkom area had sons doing border duty, it was felt that they would like to obtain first-hand knowledge of conditions there.

The dinner will be attended by more than 200

All can benefit from their ideas

Staff Reporter

JOHANNESBURG — Safety is the keynote of two ideas now being circulated in the industry. They are the brainchildren of four Vaal Reefs South men

One is the "new lock bell plus re-loading method for winder lock bell signalling systems" In ad-

dition to safety its benefits are less maintenance and simpler fault finding, and improved hoist utilization

It was devised by Electricians N Abbott, A J. Havenga and C R Taylor. They have received an award of R84 each from the mine

The second idea is a 'jack type mono-rope pulley installation', and was originated by Mining Technical Training Supervisor J J Lourens

HAND INJURIES

According to information submitted to the Chamber of Mines Ideas and Suggestions Scheme, it has led to a reduction in hand injuries, increased the overall efficiency of mine stope timber transport, reduced installation time, and reduced maintenance and operating costs

Mr Lourens has been awarded R120 by the mine. In terms of the Scheme the two ideas are being



Last delivery

The Mines Benefit Society Hospital in Johannesburg recently took delivery of the final three anaesthetic machines to complete the equipping of their seven operating theatres. The machines are made locally under licence, cost about R1 800 each, and are manufactured to the highest international standards. Here the Theatre Superintendent, Sister S.J. Tomlinson, receives the machines from Mr. D. Marriott, Managing Director of the manufacturing company.

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Peet Smith, his pigeon and gold medal

Little league winners

Sports Reporter

STILFONTEIN — One of four junior soccer teams which played in the finals of the Western Transvaal league won the trophy in its class

It was the u-10 side that won. The u-12 lost their final, the u-14 drew and there will be a playoff, and the u-16 lost 1-2.

The cup is contested annually. This year's finals were held on September 7 at Vaal Reefs.

Sports Reporter

BUFFELSFONTEIN — Western Transvaal squash players are unhappy with the result of the Bodac squash tournament held in Welkom from September 2 to 5.

Personnel Officer Mike van Zyl represented his province in the Country Districts Section of the tournament. Five matches were played and points awarded for games won.

TECHNICALITY

"At the end of the tournament we were level with Far Northern Transvaal. However, they were declared winners on a technical point because we lost our individual games against them," Mike said.

As a result the trophy

Felt decision went against them: appeal?

In this section went to Far Northern Transvaal.

The chairman of the Western Transvaal Squash Rackets Association, Dr P van der Schyff of Potchef-

stroom, is considering lodging an appeal with the South African Squash Rackets Association under whose jurisdiction the tournament falls.

Fast fliers earn him honours

Staff Reporter

WIT NIGEL — He has been the club champion for the past 14 years, he won the South African Racing Pigeon Union's gold medal last year and this year he has captured 10 of his club's 14 trophies. This is the flying record of Shiftboss Peet Smith.

He has lost count of the number of trophies and prizes he has won since he started breeding pigeons in

1956 and taking part in races. He has given many away.

The bird with which he won the gold medal for the best pigeon of the year when she was two years old, was bred by Mr Smith. "I don't often buy ad-

ditional pigeons, although I do have a few imported birds," he said.

"I enjoy all the aspects of pigeon breeding and racing but certainly one of the most enjoyable is the camaraderie and friendliness you find among fanciers.

"It does not matter whether a man is a miner or a millionaire, you are accepted as an equal when pigeons are discussed."

Mr Smith is a member of the Heidelberg Pigeon Club which is affiliated to the East Rand Racing Pigeon Federation.

With 200 valuable pigeons which are expensive to feed and to look after, Mr Smith finds the help of his wife, Neha, invaluable. Caring for the birds takes up a lot of time, and especially when he has to work irregular hours, she gives a helping hand.

He attributes his success to the quality of his pigeons and the care and the training they receive.



Boyce Harris highly rated in the Free State rugby league.

Perfect gentlemen, but lost

Sports Reporter

VAAL REEFS — They never won a game, but the Western Transvaal multi-racial soccer side was voted the best-behaved team on the field during the Currie Cup tournament in East London.

"Actually we did much better than the records show," said Transport Officer Herbie Budd, manager of the team.

"We saw good soccer and the non-Whites in our team had their initiation. All of us, Black, White and Coloured, played as a team and were accepted as such. "But I feel that our Black players should start playing with Whites at a much earlier age so that when they have to compete in major tournaments, like the Currie Cup, they will feel at ease," he said.

12 TEAMS

The Fairplay Trophy which Western Transvaal brought back, is awarded to the team showing the best conduct in all games played by the 12 sides.

Border won the Currie Cup final against Eastern Province.

Big bowls day

Sports Correspondent

RUSTENBURG — Altogether 36 clubs have entered for the Rustenburg Plats Bowling Trophy Day due to be held on October 9.

It is one of the highlights of the Western Trans-

vaal bowling calendar. The clubs are from Western, Northern, Eastern and Southern Transvaal.

The trophy will be presented to the winning team by Mrs Deleste van der Meulen, wife of General Manager WJ van der Meulen.

Boyce fast becoming just the boy

Sports Reporter

PRES BRAND — Boyce Harris' rating as a Free State rugby player must have jumped considerably after his recent selection for Country Districts against the Gazelles.

Boyce, a Shiftboss, was one of two Free State players to be selected to

play in the curtain-raiser to the World XV versus Springboks match at Loftus Versveld last month.

Country Districts lost 24-28 but Boyce felt that they were unlucky. They led 24-22 until eight minutes before the end, when the Gazelles broke through and scored a goal.

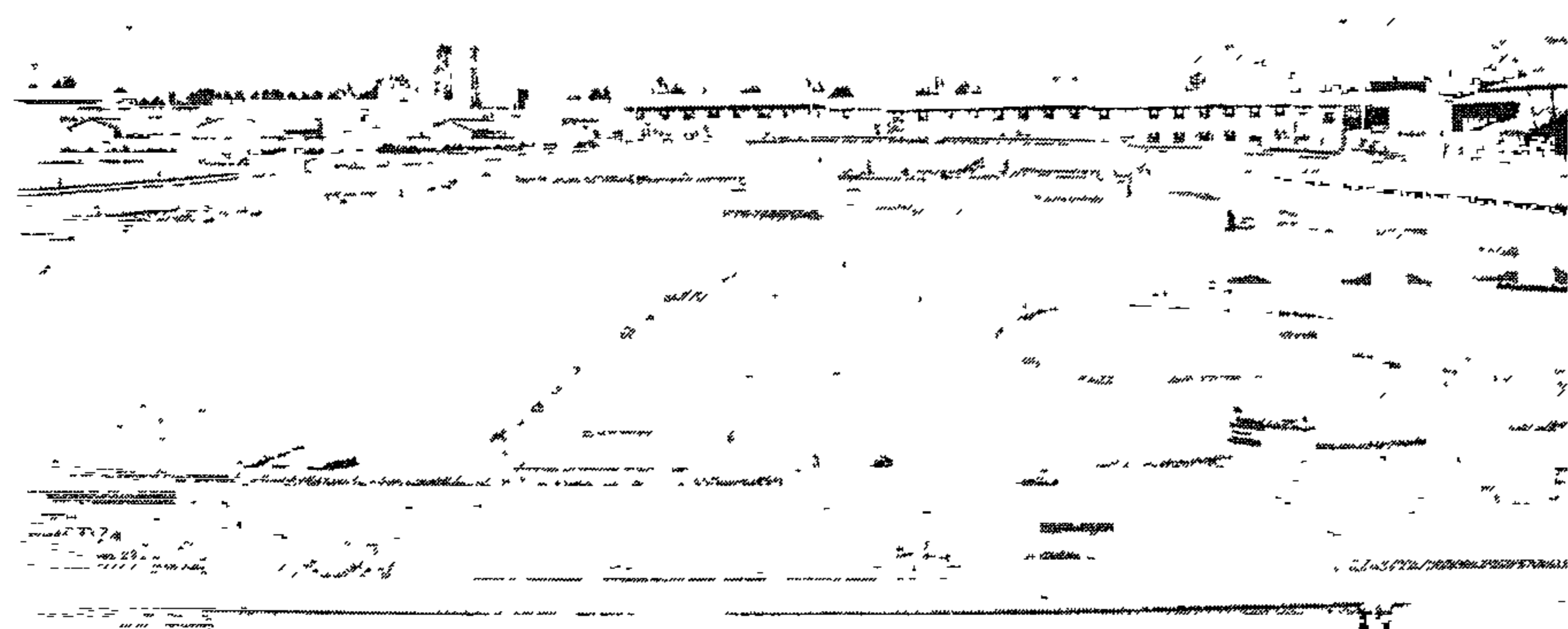
Other highlights in his rugby career were in 1966

when he played for Free State Schools in the Craven week and in 1971 when he played for Quaggas.

Boyce will be playing in both the President's Cup between President Steyn and President Brand, and in the Chairman's Cup which is contested for by all Anglo gold mines. He feels confident that President Brand should win both.

New track ready for use in 1978

The new Olympic standard athletic track at present under construction at Western Holdings will be completed in November. The eight lane track costing R500 000 would be used for multi-national tournaments, Anglo American Group Welfare Officer Lionel Andrews said. The official opening will be the multi-national tournament sponsored by Colgate in April next year.



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Kimberley's 'big guns' Blasted their way to five S.A. titles

Sports Reporter

DE BEERS — The local gun club took five SA titles and broke one national record at last month's clay pigeon shooting championships at Sasolburg

Three titles went to Training Mine Overseer Charles Westley, 47, a Springbok shottist who has represented South Africa four times. He became the overall champion with a score of 273 out of a possible

300. Joint runners-up on 264 were Johan Snyders, 20-year-old son of General Engineering Supervisor Andries Snyders, and Willie Botha of Northern Transvaal.

Charles also won the trap doubles event with 93 out of a possible 100 and the pairs, where he was partnered by outside member Tony Datnow.

The national skeet title went to Johan, who is doing military training at Bloemfontein. He set a new record of 98 out of 100, breaking the long-standing old mark by one point.

Nico van der Westhuizen, 18-year-old son of Electrician Buks van der Westhuizen, became the new South African junior champion.

This is the fourth successive year that the local gun club has produced the junior title-holder.

In 1974 it was won by Johan. He was followed by Clive Hertog and then came Charles Westley's son, Tommy.

Okay, saddle up!

Sports Reporter

WESTERN AREAS — The local equestrian club has just been affiliated to the Transvaal Horse Society. This means that riders who have been unable to take part in championships at the club because of the Society's

rules may now do so. "The Society will hold a show here on October 15 and 16. We expect a record of between 350 and 400 horses for the two days," says Keith Thoesson, Clerk in the shaft offices, who is helping to arrange the event.



Christo Bothma of Rustenburg Plats, Captain of the JCI team, proudly displays the D.C. Steyn trophy after his team had won it at Stilfontein.

80 on tees

Sports Reporter

WESTERN AREAS — For the first time in its history Waterpan Golf Club will host a Western Transvaal tournament.

"Our course has recently been completed and the nine difficult holes offer a challenge to any golfer's ability," says Mr Schultz Claasen, Senior Clerk in the Stores and one of the organisers of the tournament.

It will be held on Sunday and about 80 players from the West Rand, Randfontein, Venterspost, Blyvoor, Goldfields West and Waterpan will take part.



Brotherly love?

A gentle sparring session between the Fourie brothers to keep fit. But it's

an entirely different thing when they get into the ring, then their fighting is

for real. To prove it both sons of Bafokeng North Surveyor Eric Fourie boast cups they won as best boxers at inter-club tournaments. Nico, 10, (right) won his four months ago and last month Eric, 13, had his turn.

The agony and ecstasy of the 100-miler

Sports Reporter

JOHANNESBURG. — With 25 of the 400 laps still to run, Lionel could think of only one thing, sleep. He sneaked off for a lie-down but his seconds found him and bullied and coerced him back on the track. By the time there were only eight laps left he had revived sufficiently to finish on his own.

This experience briefly describes the agony of Pres Brand Mine Overseer Lionel de Haas, 32, one of the three industry long-distance athletes who entered last week-end's energy-sapping "100-miler" around Hector Norris Park.

The ecstasy came at the end, as it did for the other two — Kloof Shiftboss Graham Ferguson, 24, who came second, and Pres

Brand Mine Overseer Dave Francis, 38.

Theirs was the satisfaction of being among the 23 finishers out of 37 starters. This put them among the elite who have qualified for their centenarian badges by enduring all the physical hardships and hallucinations of this mind-bending race.

The blisters and the exhaustion they had expected. But some hallucinated for example, seeing hills and dips where there are none, and seeing the markers lift off the track and become "rails" penning them in, and losing all sense of direction so that their seconds have to guide them along.

Graham's time of 13 hrs 30 mins 4 secs was 1 hr 2

mins 25 secs slower than that of Geoff Deeny, the winner.

Dave finished 7th in 16 hrs 20 mins and 32 secs, and Lionel was 14th in 17 hrs 57 mins and 18 secs. "Never again!" said Dave and Lionel, of Welkom Harriers, from their stretchers after the race.

"Having run all the marathons, including the Comrades, we felt we wanted to accept this challenge as well. Having succeeded we are satisfied, but we will never try it again. This is the worst of them all."

Graham was of a different opinion. "I learnt a lot in my first attempt," he said, "and feel I can improve on my time."



Graham Ferguson leads during the early stages of the race. Behind him are Lionel de Haas (No. 9), Dave Francis (No. 7) and the winner Geoff Deeny. At the rear is Bill Danson.

Johnnies take trophy for 4th time

Sports Reporter

STILFONTEIN — JCI have won the D.C. Steyn trophy this year. They beat Union Corporation 12-4 at Strathvaal this month.

The trophy, competed for since 1960, was donated by a former head of the Department of Mining and Metallurgy of the Witwatersrand College for Advanced Technical Education. Apprentices of the six mining Groups compete for it. JCI have just won it for

the fourth time. Union Corporation won it eight times and Gold Fields once.

Other results in the finals on September 7 were:

Anglo American beat General Mining 22-0 and Anglovaal beat Gold Fields 7-4.

"The JCI-Umicorp match was the hardest

which I have seen in this series in 11 years," Mr Henk van Moerkerken, Chairman of the trophy committee, said afterwards.

"I feel that the standard of the play has improved considerably in the past two years," he stated.

"All praise to Anglo for their performance in the past year, since they re-entered the competition."

Had you blinked you would've missed it!

Sports Reporter

JOHANNESBURG — Hard-hitting Fanie van Staden pounded his way to a national record in the welterweight semi-final of the S A Open Amateur Boxing Championships here this month. He took only 11 seconds to demolish his opponent.

The way Fanie tore across the ring and into

his opponent made the opening bell sound more like the death knell of B Benade of the S A Amateur Boxing Union.

A terrific left-right combination thumped into the Black with the force of a diesel engine's pistons and kept him pinned to the corner ropes till he sagged to the canvas.

The referee didn't even bother to count and signalled Fanie to his corner,

leaving spectators dumbfounded at the slaughter that was over before anyone had fully realised what was happening.

SHORT

The Chairman of the S A Amateur Boxing Federation, Mr Frank Braun, told Mining News later that this bout was to his knowledge the shortest ever in South Africa's amateur boxing history, and possibly among the professionals as well.

"A few years back we did have a couple of cases where bouts lasted just under 20 seconds where the referee counted the opponent out. But I know of no case in this country where an opponent was outclassed in so short a time," he said.



History in the making. As Benade went down, hopelessly outclassed, the referee raised his hand to signal the end of the bout and sent Fanie back to his corner after only 11 seconds.

An explosive ten minutes

Sports Reporter

JOHANNESBURG — It took "Fighting" Fanie van Staden less than ten minutes of devastating boxing to claim his third S A Open — and eighth national — amateur boxing titles.

Fanie won his preliminary and semi-final bouts comfortably, outclassing his opponents in the first round. In the preliminary R. Joseph went out in about 30 seconds and semi-finalist B. Benade in 11 seconds.

CLINCHES

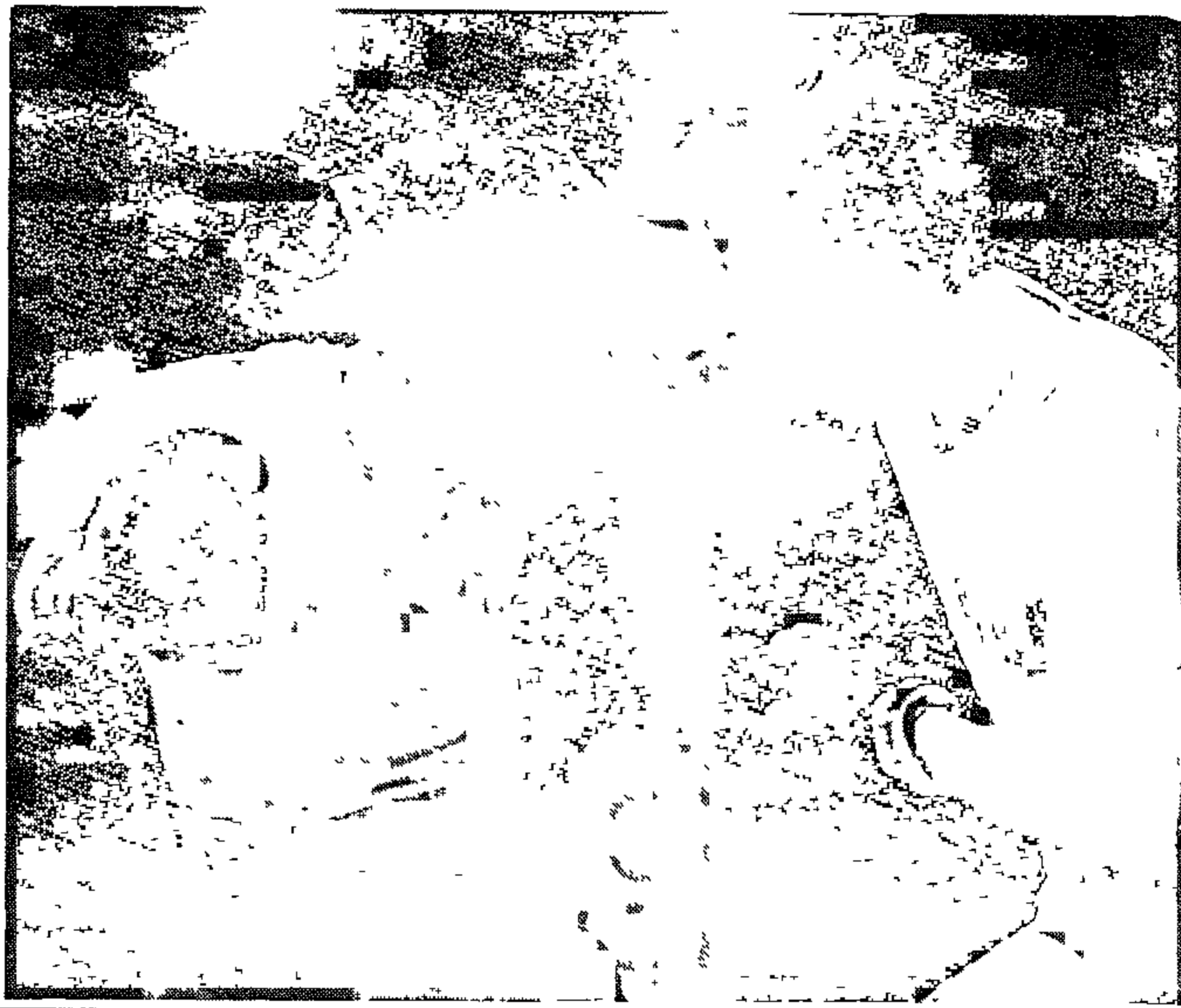
In the final he was pitted against hard-hitting Dawie du Plessis. His experience and more accurate punching gained him a points victory against an opponent

who went into frequent clinches to get out of trouble.

Fanie, 20, whose father, Mr Johannes van Staden, is with the Cementation Company on Doornfontein, was one of four industry boxers to enter. The others, all Blacks, were eliminated in the preliminaries.

As a light-welterweight he won four White national championships and two open titles. This year he moved up into the welterweight division and again won both crowns.

Right Grim-faced Fanie (left) sets Du Plessis up for a killer punch, but he refused to go down and saved himself by going into a clinch.



Two get major honour

Sports Reporter

DOORNFONTEIN — The highest award of the South African Blind Bowlers Association was made last month to two industry men. They received a badge of merit in recognition of their outstanding services.

Personnel Officer Sol Hoffman of Doornfontein and Driver Ken Woodhouse of West Driefontein received the awards from Dr Julius Sergay, the chairman of the association, at a function in Johannesburg.

Mr Hoffman's award was for 10 years of dedicated fund raising. Since 1967 he has handed R6 000 to the association.

SPORTS DAYS

"In a conversation with one of our blind telephone operators I found out that blind bowlers were battling financially to keep their heads above water," explained Sol.

Since then he has organised an annual sports day for all the people of Carletonville to gather funds for the players.

Mr Hoffman retires this month, but says he will continue to do what he can to help the players.

Mr Woodhouse, a familiar figure on Western Transvaal bowling greens, gained his badge for his long and dedicated service to the association which dates back to 1966.

In 1971 he was elected vice chairman of the Western Transvaal branch and became chairman in 1973, a position he still occupies.

Sports Star of the Month

Hope that old tackle worked, Louis

Sports Correspondent

BAFOKENG SOUTH — In a few days Louis Pieterse will arrive back from Plymouth, England, where he represented South Africa in an international sea fishing competition.

He was the only Transvaaler to be chosen for the team of four. He is basically a fresh water angler.

During March this year he took part in the South African light tackle boat championships held at Walvis Bay and won the Total Trophy. He scored most points among the fresh water anglers.

Louis, a Fitter, has been a provincial angler for the past eight years — five with Northern Transvaal which awarded him honorary colours, and three with the Transvaal Angling Union.

In addition to about 20 provincial fresh water records Louis also holds two South African marks — one salt water and one fresh water.

The secret of his success?

"My favourite rod and reel, the same equipment I bought 15 years ago for the equivalent of R3. With it I caught 18 sharks in 18 hours at Walvis Bay and I hope it will bring home the bacon from overseas," he said a few days before leaving for Plymouth.

Louis is married and has five children. He is vice chairman of the Arend Angling Club which is chaired by Miner Basil Scorgie.

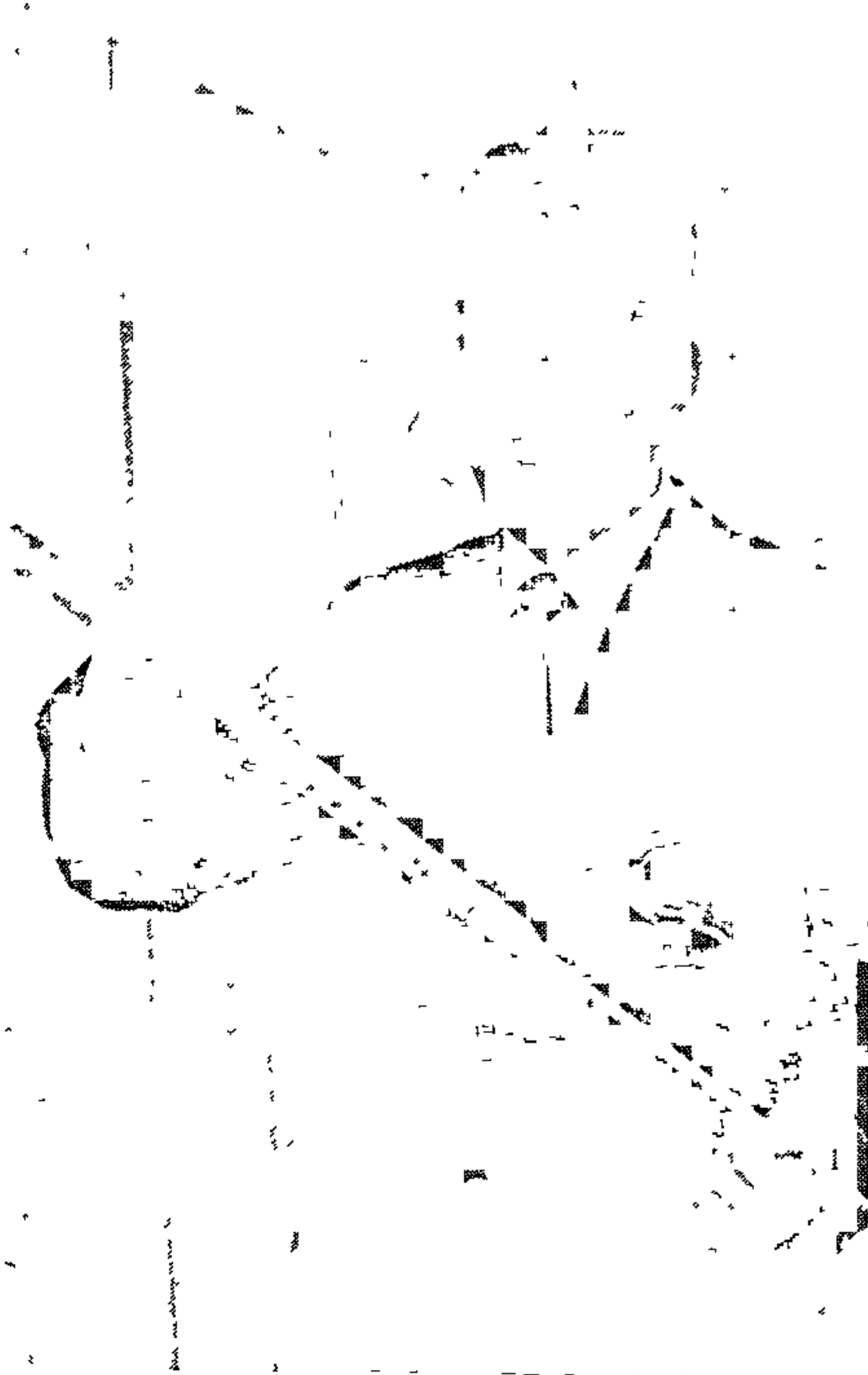
A Premier bowls victory

Sports Reporter

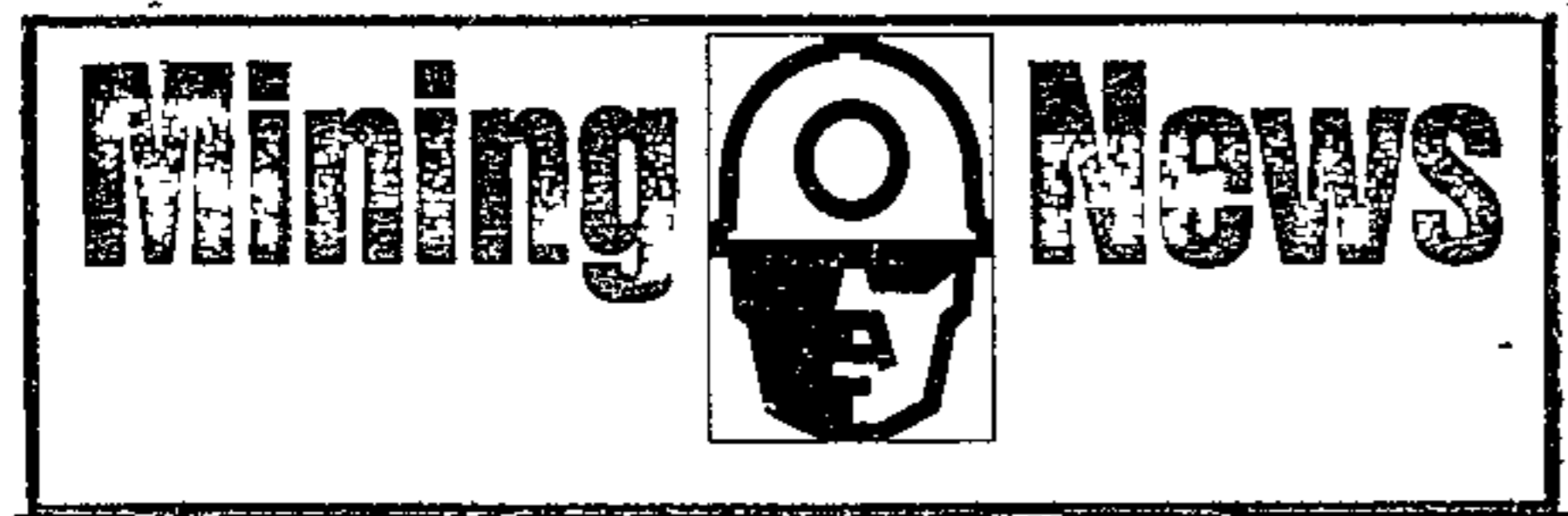
WESTERN DEEP LEVELS — Team captain George Boatwright and his 16 men from Premier Mine made a clean sweep at the annual Anglo American Hagart Cup Group bowls day.

Besides winning the team trophy they took first and second prizes in the individual fours competition.

The individual winners were skip L. Labuschagne, M.G. Naude, E. Coleman and A. Fisher — all from Premier.



Equipped with his favourite rod and reel Louis Pieterse sought honours for South Africa.



Mother gives son new lease of life



"Thats my fit son!" Anna Oberholzer with Lourens, on whom one of her kidneys was transplanted

Staff Reporter

WINKELHAAK — "We are thankful that our son again has some hope in his life," says Foreman Electrician Robbie Oberholzer

His wife, Anna, donated one of her kidneys to their son in July

Lourens, a third year student at the Pretoria Teachers Training College, became seriously ill in May last year

After a thorough examination it was discovered that his kidneys had not developed

"According to the physicians it could have been as a result of severe tonsolitis as a child," Mr Oberholzer said

In February this year Professor Johan van Wyk of the H F Verwoerd Hos-

pital in Pretoria removed Lourens' kidneys and on July 13 he received a transplant of his mother's kidney

"She recovered quickly," Robbie said "She was discharged from hospital after two weeks and is back at work, fit and healthy

"The operation was a success and the transplanted kidney is functioning well

Recently Lourens was again admitted to the hospital on account of a light fever, but we hope it is not serious.

"Our son's illness has caused us a great deal of anxiety, and we are pleased it is over His mother feels that her sacrifice was well worth it," Robbie said.

The Oberholzers have two daughters

Family life was the backbone of the 3 C's

Staff Reporter

CROWN MINES — "The mines built the Rand Mines

Group and Johannesburg and made a major contribution to the growth of South Africa

Crown, City Deep and C M R - he pointed out

"These mines over the years served the whole country of ours and brought employment and family life to many thousands"

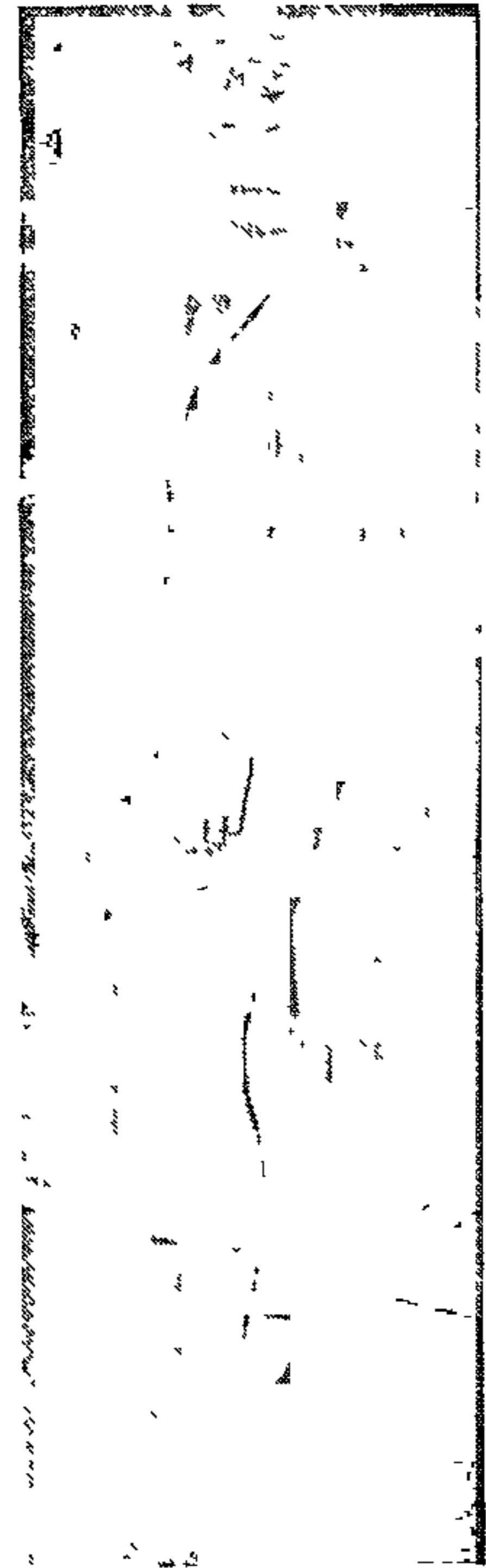
THOUSANDS

Mining life, more so than in any other sphere, was a family life and he lauded wives for the support they had given their husbands

"The total service record of the recipients was over 800 years But to it should be added the lives of the wives and children to arrive at the true figure which is a few thousand years"

"And in turn it was due to people like you, the men and their wives who supported them, that the mines became what they were," Rand Mines Chairman A C Petersen said at the presentation function last week where 20 members of staff received long service awards

The function was the more poignant as it not only marked the end of the careers of some of the recipients but also that of three very great mines -



Lithe, lissom, lovely

Cutting a fine figure at the recent Free State Body Building Contest was President Steyn Typist Hester van der Walt Hester, 28, and a mother of two, has been trimming the curves for the past two years. In that time she has lost nearly 25 kg and has reached peak fitness Although not placed in the competition, she plans to train and enter again next year to make the first four



The final function Crown veterans attended the mine's last long service award presentation this month The four recipients seen here with Rand Mines Chairman A C Petersen, himself a former Manager of the mine, spent their entire careers with Crown. F.l.t.r. Messrs J J Boshoff, F W Motto-Ros, V Macaskill, A C Petersen and W H. Orr.



Their first million!

It was "bubbly all round" as Western Plats underground staff and management celebrated 1-million fatality-free shifts on Monday It was their first million in seven years of operation The magic figure was reached at 16h00 on September 22. Mr A A Saffy, General Manager of the mine told Mining News "It took us one year and nine days" Speaking at a function held to mark the event,

Mr Saffy congratulated the entire working staff for what he referred to as "an excellent achievement that has opened my eyes to your productivity." Shiftbosses and mine engineers raised their glasses with Mr Saffy as he toasted the event, the mine and the men who had made it possible



Champagne has an extra sparkle 2 350 m underground. F.l.t.r Consulting Engineer M.A Madeyski, Sir Albert and Lady Robnson, and Charman of Western Areas P.A. von Wielligh drink a toast to the success of HECTOR.

Toast via the champers chute

Staff Reporter

WESTERN AREAS. — During a recent visit Lady Madeleine Robinson and her husband Sir Albert, Chairman of JCI, were offered a glass of champagne — 2 350 m underground

Shaft and the Training Centre, and watched a gold pour

They were then entertained to dancing in the Sir Albert Robinson Arena where Sir Albert made the presentations later

NEW SCHOOL

"The expansion of the married quarters has out-paced the schooling facilities on the mine," he said. He announced that a new school for the children of Black employees would be built

A bottle of champagne was sent down via the HECTOR chute system which is used for conveying timber to underground Sir Albert presented long service awards to 16 Blacks. He and Lady Madeleine spent the day visiting South

Can West afford sanctions?

210

ET 2/10/47

By GORDON KLING, Industrial Reporter
SUPERFICIALLY the threat of economic sanctions against South Africa has moved closer with United States support for a mandatory arms embargo, but it is unlikely that the West could afford to shut down its trade ties with the Republic.

The much-vaunted economic recovery of the industrialized countries is running out of steam. Unemployment persists and would worsen with sanctions. Billions of rands worth of investments would be lost, and there would be no ready substitute for strategic minerals supplied by South Africa.

The Western countries had a combined favourable trade balance with this country of nearly R1000 million last year, according to Department of Customs and Excise figures.

Professor Arndt Spandau, head of the department of Business Economics at the University of the Witwatersrand, yesterday pointed out that severing trade ties with South Africa would seriously aggravate unemployment problems in the West at a time when their resolution was a prime factor in social policies of the US, British and French governments.

Jobless

For example, there are 1.5 million jobless in Britain which does more than R2000 million worth of trade with South Africa each year.

The Minister of Finance, Senator Owen Horwood, has noted that the United States favourable balance of trade with the Republic has increased more than five-fold in the last ten years to R816.2 million out of total trade between the two countries of about R1800 million.

The level of unemployment in the US has been rising consistently for the past few years and has now reached double digit figures among minority population groups, particularly young blacks.

France also suffering from acute unemployment, enjoyed a favourable trade balance in its dealings here of about R96



Senator Horwood

million on two way trade of more than R400 million.

Foreign investment here is hard to gauge accurately. Britain has the largest stake. Averaging figures from the Federation of British Industry, the Department of Trade there, and the United Kingdom-South Africa Trade Association, its investment here is valued at about R4000 million — a lot to lose.

Professor Meyer Feldberg, head of the Graduate School of Business at the University of Cape Town doubts that US companies with a large exposure here would withdraw, and he points to Cuba, where US firms lost fortunes on an unsuccessful boycott, as a lesson the Americans do not want to see repeated.

The British Foreign Secretary, Dr David Owen, recently pointed out that "a universal ban on trade with South Africa would cause major problems and higher unemployment in British exporting industries, notably in the high technology and machinery sectors."

He added "Our economic links with South Africa could not disappear overnight, without causing grave dislocation to the domestic economy."

But these are not the only hardships the West would have to bear. South Africa's mineral wealth makes the avoidance of sanctions a virtual necessity. Consider the figures:

GOLD — South Africa is responsible for more than 70 percent of world production and has the greatest reserves.

DIAMONDS — 50 percent of the world's gem diamonds are mined here and in South West Africa. The country has 50 percent of world reserves and 60 percent of Western reserves.

COAL — 20 percent of the world's known reserves.

URANIUM — 16 percent of the free world's production, 25 percent of world reserves, and 30 percent of the West's reserves.

VANADIUM (used in making high grade steel) — the world's largest known source.

MANGANESE — the largest reserves and second only to Russia in production.

CHROME (stainless steel can't be made without it) — production second only to Russia and one of the only sources in the free world if Rhodesia is excluded.

PLATINUM — largest producer with 83 percent of world reserves.

FLUORSPAR (used in steel production) — largest deposits in the world.

FERROCHROME — largest producer in the world and production is being substantially increased.

LEAD, ZINC — recent discoveries in the North West Cape could make South Africa one of the world's leading producers.

The list could go on to include copper, phosphate, tin and others.

Summing up sanctions against South Africa would make the West almost entirely dependent on Russia for its steel production and gold.

BLES, N.M.
**Unicorp mines'
profits slip** (216)

JOHANNESBURG — Total profit after tax and lease consideration from Union Corporation's seven gold producers slipped by 1,9 percent in the September quarter to R13,051 million, from R13,309 million in the June quarter.

Leslie's profit jumped 173,2 percent from R97 000 to R265 000, while Marievale's rose by 32,9 percent from R346 000 to R460 000

Grootvlei's profits were 18,8 percent higher at R966 000 (R813 000) and there was a 2,7 percent rise at Bracken to R935 000 (R910 000).

St Helena, however, showed a 9,9 percent drop at R4,537 million (R5,036 million). There was a 4,8 percent fall at Winkelhaak to R3,402 million (R3,574 million) and a 1,9 percent drop at Kinross to R2,486 million (R2,533 million)

Total tonnage milled by the seven companies rose in the quarter to 2,515 million from 2,447 million in the June quarter, with gold production 2,4 percent higher at 16,926 kg (16 522kg)

Total working revenue was 1,6 percent higher at R66,013 million (R64,013 million) although revenue per kilo produced was down by 0,8 percent at R3 900 (R3 933).

Working costs were slightly lower at Bracken and Leshe, and the total was held at R38,013 million (R37,298 million). Working costs per ton milled were 0,9 percent

lower at R15,11 (R15,24).

Expenditure on shafts, plant and equipment and general expenditure in the quarter was R4,074 million, bringing the total to date to R33,922 million. — (Sapa.)

DATE: _____

LAB 1	LAB 1	LAB 2	LAB 1	LAB 1	LAB 2	LAB 2	LAB 2	LAB 2			
 <p>1/11/77 (210)</p> <h1 style="text-align: center;">Rustenburg to reduce platinum production</h1> <p style="text-align: center;">Mac Thain</p> <p>Rustenburg Platinum Mines has announced a cutback in its current production rate of some 1m ounces a year — by between 10 and 20 percent.</p> <p>The board said it regrets that 200 whites will be retrenched through wastage, and dismissals, and that the contracts of 5 000 blacks will not be renewed. "Every effort will be made to find alternative job opportunities," says a statement</p> <p>The market in platinum group metals has been in a poor state through this year and the company says that the present rate of production, and current levels of prices and sales, impose an undue and unacceptable strain upon its financial resources.</p> <p>The deduction in output will help to bring the world supply-demand situation into balance, and also result in a deferment of capital spending.</p> <p>The extent and duration of the cutback will depend upon future market developments.</p> <p>Just over a month ago, Rustenburg passed its final dividend and the directors in their interim report were not optimistic over the outlook for the current year.</p> <p>The programme for a gradual expansion of operations embarked upon early in 1976 was slowed down in the early part of this year.</p> <p>Sales volume in the year to August 31 was slightly higher than in the 1976 period and prices received higher. However, production costs rose by around 29 percent which hacked profit margins.</p> <p>It would seem that the situation has been further aggravated by a drop in demand.</p> <p>The extent and duration of the cutback will depend upon future developments in the markets</p>											
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<p>Remarks (Lab. attendant):</p> <p>Signature (Lab. attendant):</p> <p>Remarks (Technical Manager):</p> <p>Signature (Tech. Manager):</p> <p>Daily log sheets to be completed after each session and submitted to TEACHING METHODS UNIT, Room 305, Molecular Biology Building, UCT.</p> <p>Thank you.</p>											

DD 1/11/77 (210)

Selling pressure chips mining stock prices

JOHANNESBURG — Prices of mining and industrial stocks were chipped away on local selling pressure in Hollard Street yesterday.

Overseas investors remained on the sidelines in what remains a politically dominated market. Brokers are hopeful the market has discounted last week's traumatic developments for equities.

The eternally optimistic gold bugs are hoping that gold counters will be steadied by the reasonably high gold price. Gold shares were a trifle steadier in the afternoon after having been marked down in the morning but trading volume was low.

Diamonds, which are particularly vulnerable to political developments, were weak and there was little action in non-gold metals.

Wit Coals was a strong feature in otherwise lethargic coals. London-based mining financials were a few cents better against a slight downtrend in quiet mining financials.

Industrial leader losses were in the 2c to 5c range but the rest of the board was neglected.

The weak rand, which stood at the supposed

lower barrier of 75 United States cents, did not help Hollard Street either.

De Beers shed 12c to 463c and Anamint came off 75c. Palamin was steady in coppers, although the metal's price slipped and manganese counters held up.

Rusplat was off 4c to 108c with the other platinum counters static.

Wit Coals gained 75c and Welgedacht edged up 5c in coals. Cons Murch shd 5c and the asbestos shares were unchanged.

Freguls, West Deep and Vaal Reefs on a sellers' price were down 75c while Southvaal, President Steyn, Kloof, Libanon and Venters declined 20c. Other gold share losses were in the minor 5c to 10c range.

Congold firmed 13c after going ex-dividend and Charter gained 5c. Anglo was in the general fray and lost 15c to close at 455c.

Jennies shed 50c and GFSA moved down 20c while Midwits, Sentrust and UCI were off in the 5c to 10c range. Abercom, Barlows and Unisec were 2c to 3c easier and SA Brews lost 2c to 101c.

In London, the market reacted strongly to the strength of sterling on foreign exchanges

markets, with equities sharply lower over the resulting effects on company profitability and government bonds substantially higher.

Equities pared early falls by up to 6p on bear covering operations and cheap buying, dealers said. — SAPA-RNS-DDC.

Unicorp raises R25m for expansion

RDM
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By DON ROBERTSON
Mining Editor

UNION CORPORATION has raised R25-million through the issue of unsecured debentures of R1 each at par to strengthen its cash resources for the expansion of business.

The debentures carry an interest rate of 13,15% and are redeemable in eight equal instalments beginning on December 31, 1991. The yield to redemption, including the participation commission, is 13,22%.

The issue has been privately placed by Central Merchant Bank with a number of major institutions. A feature of the issue is that draws will be made in four parts beginning with R2 500 000 this month and three further draws of R7 500 000 each in February, 1978, August, 1978, and January, 1979. Subscribers to the issue are required to put down 10% of their total application with the rest due according to the draw dates.

Union Corporation appears to be paying heavily for its cash requirements although the coupon on this issue is 0,5% below that paid recently by Tongaat. It is substantially higher than the coupon on the planned Johnnies R40-million preference issue which carries an interest rate of 11,25%.

Sentrachem also came to the market this week to raise R20-million through a preference issue at a coupon rate of 11,5%.

Debenture issues generally carry a higher coupon than preference issues, but Union Corporation's decision to raise capital in this way was prompted by tax considerations. As the company has no assessed tax loss, its interest payments on debentures can be written off against tax, a situation which would not have existed had it gone for a preference issue.

The reason for the issue, however, is less clear. The company refuses to spell out exactly what the funds will be used for, but the fact that it will

be drawn over more than a year suggests that there is no major new project in the pipeline.

In addition, the group balance sheet looks fairly healthy. At December 31, 1976, cash on hand amounted to R82 896 000 while distributable and non-distributable reserves totalled R191-million.

The most likely explanation is that the funds will be used to repay and service current loan interest which absorbed R14 926 000 last year.

FERROCHROME SA holds thumbs

Ferrochrome exporters are anxiously awaiting a ruling by the US International Trade Commission on allegations by three American producers of high-carbon ferrochrome that cheap imports are disrupting their industry.

Though the complaint is not directed against any particular supplier, SA, which accounts for over a third of US ferrochrome imports, would bear the brunt of higher customs duties or restrictive quotas.

"We presented what we think was a very good case," says Pieter Streicher, chairman of the Ferro-alloy Producers' Association, who testified before the ITC three weeks ago. He notes that two similar complaints within the past 18 months were rejected by the Commission.

The South Africans' case rests on three major arguments:

- The US ferro-alloy industry does not deserve protection. Streicher asserted in his presidential address to FAPA's agm last Friday: "The curbing of the import of ferro-alloys to protect sick home industries which by no manner or means could ever be competitive, appears completely irrational".

In a paper delivered recently in Zurich, Norris McFarlane, vice-president of Airco Inc (which accounts for about 65% of US ferrochrome output) conceded that over 28% of US high carbon ferrochrome production capacity is obsolete — compared with 22% in Europe and only 10.5% in Rhodesia and SA.

- From 1973 to 1976 almost all US ferrochrome producers fared well. Even recently, Airco has prided itself on its relatively good health, despite the continuing steel industry slump.

- US imports in the first half of 1977 were abnormally high — about 16 000t (chrome content) above those in January-June 1976. This was due to stockpiling in anticipation of the cut-off of Rhodesian material in March, and of a possible US dock strike.

SA exporters are confident that US ferrochrome imports will be up to 22 000t (chrome content) lower in the second half of the year than in July-December 1976, resulting in only a marginal increase over the year as a whole. (US stainless steel output is expected to rise in 1977).

The current political climate counts against SA. There's little doubt that US producers are using the situation in SA to further their case.

Noting that as much as half the West's high carbon ferrochrome capacity could be situated in southern Africa by 1985, McFarlane argued that "the political instability suggests high risk and potential



Sorting chrome ore . . . what's the alternative?

grave circumstances if the trend to concentrate the free world's high carbon ferrochromium production in southern Africa continues

It's worth remembering though that US ferro alloy producers still can't do without SA ores

MUCH AS Western world politicians may have wished to go along with the African states move at the UN to impose wholesale trade sanctions against this country, they found themselves scuttled by the hard realities of economics.

They are in the same predicament as the self-styled anti-nuclear environmentalists, in that success on their part would be little short of disastrous for non-communist industrialised countries.

The irony of the situation is, so far as opponents of the policies pursued by the South African Government are concerned, this country is not just the largest provider of key strategic minerals for advanced industrialised economies, but controls the bulk of the known reserves of the free world.

Were these to be denied to it — either by its own volition or through the actions of communist powers — the implications for Western-type economies are far more frightening than a successful sanctions campaign could have for this country.

In archaeological parlance, the current half-century ranks as the advanced iron age based on the special irons and steels. These arise from additives to molten ferrous material to obtain a specific final product.

Two vital additives are chrome and vanadium. At present this country supplies close on one third of world demand for chrome and sits on 75 percent of free world reserves and the bulk of the balance is in Rhodesia.

As for vanadium, 40 percent of supplies come from here drawn from 98 percent of Western world reserves.

Even a more monopolistic situation exists with platinum group metals, which oil refining and much of the chemical and fertiliser industries cannot do without.

South Africa is the only Western world primary producer of these. Some 55 percent of total world output comes from our mines and 31 percent from Soviet sources. Sanctions

POLITICIANS

SCUTTLED

BY HARD

ECONOMIC

REALITIES

Johnnie
6/11/77
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against South African metals would allow the USSR to hold the West to ransom — not only in terms of price, but slap the brakes on much of industrial activity, let alone expansion.

It is a common cause that the Kremlin made a useful profit from the imposition of sanctions on Rhodesian chrome. It came on as the main buyer and sold it to the American stainless steel industry as Turkish lumpy ore at a price so high that users put the screws on Congress to pass the famous Bird Amendment, lifting the ban on Rhodesian material. This was only reversed when technical advances by this country could provide a substitute.

It is only the most naive campus Marxist who believes that Moscow is not just as keen as capitalist pigs to make a quick buck, particularly from the West. Sanctions against South Africa would reduce the Soviet balance of payments deficit. Furthermore, with a trump hand in certain essential minerals, she could play economic politics to her heart's content.

Western world users of key minerals are increasingly aware of dependence on imports from this country. In consequence, politicians' efforts to discourage investment are falling on deaf ears.

The growing trend is entering into partnerships through providing finance for new ventures in return for firm long-term delivery contracts.

This has emerged with chrome, vanadium and uranium and can be expected to expand.

In the case of uranium, judgment by remarks made by members of the Uranium Institute Council, which met in Johannesburg this week, a large free market such as exists for major metals will never come about. The council, with equal membership of producers and consumers, accumulates information to equate supply and demand on a medium to fairly long-term basis.

The lead times for building reactors and opening up new resources are much the same.

In consequence, the joint venture concept is becoming the order of the day and it seems highly likely that the uranium industry is set to join the multinational ranks.

The anti-nuclear lobby in the view of institute members, has largely had its run. No alternative fresh source of energy is on the cards before the turn of the century.

Unless nuclear programmes are pushed ahead with dogged energy, a crisis which has been delayed by the world recession, will start hitting hard early in the 1980s.

Political considerations will have to be by the board — or, in the words of one authority, the world will start along the road to death from hunger while freezing in utter darkness.

COMPLIERS
SYGERS
NIO



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Barlow Rand Limited

(Incorporated in the Republic of South Africa)

Consolidated Profit and Ordinary Dividend

The audited consolidated results for the year ended 30 September 1977 are as set out below

	Year ended 30 Sept 1977 R000's	Year ended 30 Sept 1976 R000's
Turnover	1 245 696	1 067 661
Trading profit	154 157	127 273
Income from investments	15 829	12 533
Profits on sale of shares less amounts written off	311	1 412
Profit before taxation	170 297	141 218
Taxation	62 376	50 901
Profit after taxation	107 921	90 317
Attributable to outside shareholders in subsidiaries	30 731	17 454
Consolidated net trading profit	77 190	72 863
Non-trading items	3 037	(3 536)
Consolidated net profit after non-trading items	80 227	69 327
Number of fully paid ordinary shares		
— in issue (000's)	102 367	101 325
— on which earnings per share is based (000 s)	101 929	101 315
Earnings per ordinary share		
— on consolidated net trading profit	75,7 cents	71,9 cents
— on consolidated net profit after non-trading items	78,7 cents	68,4 cents
Dividends per fully paid ordinary share	26,0 cents	24,0 cents

Generally accepted accounting practice now requires earnings per share to be measured on the consolidated net profit after non-trading items. In our view the measurement in this group should continue to be made on the consolidated net trading profit. The growth in earnings from 71,9c to 75,7c amounts to 5,3% this year (1976 11,0%) and dividend cover for the year is 2,9 (1976 3,0)

A final dividend of 19,0 cents per share has been declared. This dividend with the interim dividend of 7,0 cents per share, makes a total distribution of 26,0 cents for the year (1976 24,0 cents). The final dividend is payable to shareholders registered at the close of business on 25 November 1977 and a formal notice to this effect appears below.

The annual financial statements will be mailed to shareholders on or about 30 November 1977.

C S BARLOW (Chairman)
A M ROSHOLT (Vice Chairman and Chief Executive)

8 November 1977

CONT



Ordinary Dividend No. 96

Notice is hereby given that a dividend of 19,0 cents per share has been declared payable to shareholders registered in the ordinary share register of the company at the close of business on 25 November 1977. This dividend, together with the dividend which was declared on 13 May 1977, makes a total distribution in respect of the financial year ended 30 September 1977 of 26,0 cents per share (1976 - 24,0 cents).

The transfer books and registers of members of the company in South Africa and the United Kingdom will be closed from 26 November 1977 to 2 December 1977, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend warrants will be posted on or about 20 January 1978 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 25 November 1977.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of dividends from the United Kingdom share transfer office will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 6 January 1978.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

- (a) persons other than companies, not ordinarily resident nor carrying on business in the Republic of South Africa, and
 - (b) companies which are not South African companies,
- and the company will accordingly deduct the tax from dividends payable to shareholders whose addresses in the share register are outside the Republic of South Africa.

By order of the Board
W C WARRINER Secretary

Registered office
33 de Beer Street, Braamfontein
2001 — South Africa
(P.O. Box 4862, Johannesburg
2000 — South Africa)

8 November 1977

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Rand Daily Mail
Friday, November 11
1977



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Johannesburg Consolidated Investment Company, Limited

("JOHNNIES")

PUBLIC OFFER OF 40 000 000 FIXED AND VARIABLE RATE REDEEMABLE CUMULATIVE PREFERENCE SHARES 1983/1987 ("the preference shares") AT R1 PER SHARE

Standard Merchant Bank Limited and Union Acceptances Limited announce that Johnnies is proceeding with the abovementioned public offer of preference shares. The preference shares consist of two classes, namely fixed rate redeemable cumulative preference shares of 10 cents each and variable rate redeemable cumulative preference shares of 10 cents each, to be issued at R1 per share.

DESCRIPTION OF THE PREFERENCE SHARES

Dividends

- (a) 11,25% per annum on the issue price of the fixed rate preference shares;
- (b) 10,75% per annum, until 30 June 1978, on the issue price of the variable rate preference shares ("the initial yield"). Thereafter, for each half-yearly period ending on 30 June and 31 December in each year, the dividend will be calculated on the basis of the initial yield plus half the excess of the best overdraft rate (as defined) ruling at the commencement of business on the relevant determination date over 12,5% per annum, or minus half the excess of 12,5% over the best overdraft rate ruling at the commencement of business on the relevant determination date, as the case may be.
- The dividend on the variable rate preference shares for any half-yearly period shall be subject to a minimum rate of 9% per annum and a maximum rate of 13% per annum calculated on the issue price;
- (c) the dividends on the fixed rate preference shares and the variable rate preference shares will be due and payable half-yearly in arrear on 30 June and 31 December in each year. The first dividend payment will be made on 30 June 1978.

Redemption

The preference shares will be redeemable at par (10 cents per share) plus a premium of 90 cents per share, payable out of the share premium account of Johnnies, pro rata to the holding of each preference shareholder (rounded down to the nearest 100 preference shares), in five equal annual instalments commencing in December 1983 and terminating in December 1987 so that the following proportions of each preference shareholder's holding will be redeemed in December of each of the following years:

Period:	$\frac{1}{5}$ of the total holding in 1983	$\frac{1}{5}$ of the balance in 1984	$\frac{1}{5}$ of the balance in 1985	$\frac{1}{5}$ of the balance in 1986	and the balance remaining in 1987.
Average life:	Approximately 10 years			Approximately 8 years	

Preference Status

The preference shares will rank in priority to all other classes of shares but pari passu in all respects with each other for dividends and, in the event of a winding up of Johnnies return of capital, plus a premium of 90 cents per share.

Johnnies will not be entitled to create or issue any shares ranking, as regards rights to dividend or, on a winding-up, return of capital, in priority to or pari passu with either class of preference share without the prior written consent of the holders of at least three quarters of that class of preference share or the prior sanction of a resolution passed at a separate class meeting of the holders of that class of preference share.

COPIES OF THE PROSPECTUS

Copies of the prospectus, giving full details of the public offer, are available to the public at the following addresses from the date hereof until 2 December 1977, the closing date of the public offer

Johannesburg Consolidated Investment Company, Limited,
Consolidated Building,
Cor. Fox and Harrison Streets,
JOHANNESBURG, (2001)
P.O. Box 590, (2000)

Standard Merchant Bank Limited,
16th Floor, Standard Bank Centre,
78 Fox Street,
JOHANNESBURG, (2001)
P.O. Box 61150
Marshalltown. (2107)

the offices of Union Acceptances Limited at:

JOHANNESBURG
43rd Floor,
Carlton Centre,
Commissioner Street (2001)
P.O. Box 582 (2000)

CAPE TOWN
10th Floor,
Southern Life Building,
101 St. George's Street (8001)
P.O. Box 1677 (8000)

DURBAN
3rd Floor,
Nedbank Centre
Durban Club Place (4001)
P.O. Box 2916 (4000)

PORT ELIZABETH
Mezzanine Floor,
Nedbank Centre,
88/90 Main Street (6001)
P.O. Box 1196 (6000)

the main branches of The Standard Bank of South Africa Limited at:

CAPE TOWN
Adderley Street (8001)
P.O. Box 57 (8000)

BLOEMFONTEIN
33/5 Maitland Street (9301)
P.O. Box 513 (9300)

WINDHOEK
Standard Bank Chambers,
Kaiser Street (9100)
Private Bag 13177 (9100)

DURBAN
Cor. Smith and Gardiner
Streets (4001)
P.O. Box 946 (4000)

PORT ELIZABETH
32/36 Main Street (6001)
P.O. Box 1118 (6000)

EAST LONDON
64 Terminus Street (5201)
P.O. Box 68 (5200)

and at the offices of the Sponsoring Broker, Davis, Borkum, Hare & Co. Inc. at:

CAPE TOWN
24 Wale Street (8001)
P.O. Box 2269 (8000)

JOHANNESBURG
3rd Floor,
Bank of Lisbon and South
Africa Building,
37 Sauer Street (2001)
P.O. Box 5591 (2000)



Standard Bank
Standard Merchant Bank Limited
(Registered Merchant Bank)



Union Acceptances Limited
(Registered Merchant Bank)
A member of the Nedbank Group

Barlows can thank mining

RDM
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By HAMISH FRASER
BARLOW Rand has lifted its final dividend by 2c, which after the maintained interim, hoists the payout for the year to September 30 from 24c to 26c.

Hardly exciting perhaps, but a little better than some shareholders were expecting after the as-you-were interim and the cautionary comments at the time. And they have only the mining division to thank for the improvement.

Net taxed profit — excluding extraordinary items — rose 5,9% from R72 863 000 to R77 190 000. Pre-tax profits, reflecting the full absorption of various previously partly held subsidiaries, rose by 20,6% from R141 218 000 to R170 297 000.

The tax rate remained at about 36%, but minorities' share of taxed profit rose from R17 454 000 to R30 731 000.

Non-trading items kicked in R3 037 000 to leave shareholders with R80 227 000 for the year. Extraordinary items last year incurred a loss of R3 536 000.

Turnover rose by 16,7% from R1 067 661 000 to R1 245 696 000, which produced trading profits of R154 157 000 compared with R127 273 000 last year. Investment income rose from R12 533 000 to R15 829 000.

Although full analysis will have to await the annual report, it is obvious from these figures that Barlows traditional profit sources came under heavy pressure. The contribution from TC Lands alone should, given even a static performance from the industrial operations, have been enough to sweeten Barlows profits materially.

The consumer division in particular has had its margins attacked, and on the capital equipment front, activity has showed signs of sluggishness.

The pressure will ease only when the economy as a whole picks up, so widely spread through the economic spectrum is Barlows.

On a dividend yield of exactly 8% at the current price and

standing on an earnings multiple of 4,3, the rating hardly reflects the years of Barlows glory. But for the time being, there is little to enthuse over even on those returns.

The rationalisation of the group and the full absorption at comparatively low prices of some of its subsidiaries will pay their way one day and a double-figure earnings multiple for Barlows will, no doubt, again become accepted as natural in the market place.

Johannesburg Consolidated Investment Company, Limited

Chairman's Review by Sir Albert Robinson

The Annual General Meeting of the Company will be held in Johannesburg on 10 November, 1977 at 11.30 a.m.

Shareholders will recall that in my Statement last year I referred to the need for a recovery of business activity in the major western industrial countries and in Japan, if we were to expect an improvement in our results for the year ended 30 June, 1977. In the event, the economies of some of the countries advanced at a cautious pace whilst others showed little change. Due to increases from our coal, platinum and diamond interests, our income did increase but depressed metal prices have had a severe impact upon some of our managed investments. We have seen their profit margins squeezed by low prices on the one hand and relentless rises in costs on the other. Coupled with this pressure on profits has been the necessity to finance essential capital expenditures, interest charges and, in some cases, metal stocks.

Group investment income rose from R25,1 million last year to R26,5 million, trading profits of subsidiaries, fees and other revenues increased by R7,5 million while net expenditures were reduced by R2,2 million. Were it not for the inclusion in our accounts of R6,2 million, which was our share of Otjase's trading loss, we would have recorded the best year in our history. However, after making this deduction and also providing for tax, minority interests and preference dividends, profits attributable to ordinary shareholders increased from the previous year's

figure of R26,2 million to R27,0 million. Ordinary dividends remained unchanged at 170 cents per share absorbing R12,1 million. Of the balance, R12 million was provided as an extraordinary item against our investment of both equity and loans in Otjase. The reasons for this provision were set out in the directors' review accompanying the reports and accounts.

Base Metals

There is an excess of some 2 million tons of copper stockpiled around the world. As a result the price of copper has fallen substantially below that which is needed to keep the Otjase mine in production and to amortise its long term external loans. For a brief period early in 1977 the copper price rose to levels that led us to believe a recovery was possible and this encouraged us to continue with the provision of capital funds. During the last six months however, the decline in prices has been continuous. The stage has now been reached where it could be unwise to commit further shareholders' funds. Investigations are therefore being made to decide on what action should be taken. There are various alternatives which include the possibility of placing the mine on a care and maintenance basis.

Our other problem area is the Shangani nickel mine in Rhodesia whose affairs are being adversely affected by both economic and political factors. There is a surplus of nickel production in the world with the result that prices are tending weaker and Shangani is therefore faced with the need to finance both metal stocks and the cost of operations at the mine, while sales are limited and metal prices are low. It has therefore become apparent that some remedial action is required. Discussions are being held with interested parties which may well result in the suspension of operations. In the meantime production at the mine has been cut by some 50%

Ferrochrome

Consolidated Metallurgical Industries reached the production stage in April of this year when the first charge of ferrochrome was poured. This event took place only twenty months after the arrival on site of the first construction teams. It reflects great credit on all concerned and in particular I would mention the excellent co-operation between the technical staffs of Johnnies and the Showa Denko KK Company of Japan with whom CMI have a technical agreement. Production rates are building up steadily, there has been a minimum of teething troubles and the quality of the ferrochrome has been well within specifications.

The first shipment of ferrochrome took place in October and it is anticipated that sales will develop at an increasing rate during the 1978 calendar year, at the end of which it is expected that we shall be shipping our full planned production to customers in America, Europe and Japan.

In accordance with group policy we have created a new opportunity for Black personnel at CMI in that one of the features of this plant, which has a designed capacity of 120 000 tons of high carbon ferrochrome per annum, is that all operating jobs are manned by Black personnel, many of whom are matriculants. The plant is possibly the most sophisticated of its type in the world today and, although the technical requirements are high, the operators have responded favourably and successfully to the training programmes. The excellent working relationships between Black and White personnel reflect great credit on all concerned at the plant and augurs well for the future of this industrial complex.

Rising costs and the very great difficulty experienced in finding loan funds with which to finance its development programme have caused the Electricity Supply Commission to increase charges on several occasions during the past two years. The cost of electricity is one of the largest single items in the production of ferrochrome. I cannot stress too strongly that ESCOM's present pricing policy could well place the whole industry in jeopardy. It is essential that means be found to obtain Escom's development finance other than by the continual raising of charges.

Weak prices of ferrochrome are in line with the generally depressed state of the world's steel industry. CMI has, however, concluded various long-term sales contracts and, during the first year, while the plant is expected to operate at a loss due to the cost of building up to full production, we can nevertheless look forward with satisfaction to selling our total output in what is a most competitive market. We will not reap our just reward until the economic activity of the industrialised countries accelerates and the price for ferrochrome shows a marked improvement.

Gold and Uranium

Our main interest in gold and uranium lies in our investments in Randfontein and Western Areas. Both mines stand to gain from the recent rise in the price of gold.

Randfontein, which will produce both uranium and gold, is more than halfway through a major expansion programme, which on completion will have cost in the region of R180 million. Half of this programme is being financed by means of a US \$103.8 million loan, which was negotiated with the purchasers of the company's future uranium production and the balance is being financed out of profits. The operating profits are currently derived solely from gold sales and the maintenance of a healthy gold price during this period has assisted the financing of the project and the payment of dividends. The team involved with this expansion programme, which includes personnel from Bechtel International as well as our own staff, are to be congratulated on their performance. At this stage the project is comfortably within budget.

Production from the Western Areas' mine, which at present produces gold only, is now approaching the planned capacity of its recently enlarged treatment plants and, because the ore being treated is of a comparatively low grade, the rising price has benefited the mine's overall profitability. Meanwhile investigations are continuing to determine the economic potential of the Middle Elsburg reefs which occur below the reefs currently being exploited. At the Cooke Section of Randfontein the Middle Elsburg reefs are being mined for their combined gold and uranium content and it is possible that this could also be done at Western Areas. This would add significantly to the mine's ore reserves and its future profitability.

Platinum

One of our important interests is our investment in the platinum industry through our holding in Rustenburg Platinum Mines Limited, for whose management Johnnies is responsible.

The platinum industry has grown substantially, largely through the research and marketing efforts made by Rustenburg and its sole marketing agents, Johnson Matthey Engelhard Minerals and Chemicals in the USA. We have also conducted independent research programmes.

Johannesburg Consolidated Investment - Chairman's Review - continued

Platinum cannot automatically be sold irrespective of the quantities in which it is produced. New uses have to be found for the metal and new markets nurtured, all of which requires long and costly research and promotional effort.

As a recent example of this I cite the use of platinum in the automobile industry for catalytic converters. Initially the motor industry was opposed to the use of platinum and it required sophisticated and expensive research to satisfy the industry regarding the role which this metal could play. Today platinum is well entrenched in this field as a result of those efforts. A further example is the promotional effort being made to develop the market for platinum in the jewellery industry.

The South African platinum industry has in the past relied to a considerable extent upon an export allowance granted by the Government to help it in financing its marketing and research programmes. It was therefore with concern that we learnt that this allowance was to be withdrawn with effect from 1 January, 1978. It is hoped that the authorities will reconsider this decision when formulating the budget proposals for 1978 and representations to this effect have been made to the Ministers concerned.

On the operational side, in common with most mines in the country, the platinum mines are faced with the need for major capital expenditure programmes on new shafts and development which are designed not so much to expand as to maintain production. At the present low level of prices for platinum and associated metals, the platinum industry in South Africa is finding it increasingly difficult to finance these essential expenditures.

As far as Rustenburg is concerned, it is currently operating at low profit margins and recently it proved necessary to pass the final dividend. The future outlook remains uncertain, but in the longer term we look forward to a resurgence in demand for platinum and in this event Johnnies with its 27.5% interest in Rustenburg will benefit significantly.

Rustenburg's mines lie partly within Bophuthatswana which will become independent in December. We are confident that the changes which are bound to come about will do so in a reasonable and orderly fashion. We have established an excellent relationship with Chief Mangope and his Government and after independence we shall do everything possible to maintain and strengthen this relationship. We have noted with satisfaction recent remarks by Chief Mangope that there is no intention of nationalising the mining companies after independence.

Coal

The Tavistock group, which represents our main interest in coal production, was able to report record sales and profits, selling 3,66 million tons of coal during the financial year. However, because of the mild winter, stocks of coal are accumulating and also because of the general

economic recession in South Africa, orders from large consumers are now declining, indicating that supply is exceeding demand. I feel, however, that this is a relatively short term situation. Work is continuing at the Tavistock Colliery to open up the No 2 section which will provide a further 1.2 million tons of annual capacity.

In the longer term, with the world's increasing need for sources of energy, we expect the demand for coal to grow. Johnnies has coal reserves which could benefit from this development and we are also directing more of our exploration effort to the search for coal.

Industry

Our industrial investments, which contributed some R1.5 million to our net attributable earnings for the year, are spread widely over many sectors of industry and, while some of them are also being affected by the present economic setback and their profit margins are squeezed, we expect our income from this source to show a further increase in the coming year. South African Breweries, which is one of our two major industrial portfolio investments, largely mirrors the local economic scene and is showing steady growth in earnings. The is Johnson Matthey, which operates internationally, continues to make good progress.

Exploration

Mining is recognised as a high risk business. Johnnies has over the last decade been in the forefront of mineral exploration in Southern Africa. From this exploration arose potential opportunities which we accepted in view of the changing political scene in the area in which we operate and in the knowledge that the demands for primary metals are cyclical by nature. The development of mining projects can take many years before revenues begin to flow. When deciding to develop new mines the mining houses have to take a much longer and broader view than is the case with most other commodities. It is doubtless fortunate that we have brought two mines into production at a time of great political change and of extremely high demand for the metals produced. Nevertheless we believe that there are still opportunities for mineral exploitation in many parts of Southern Africa and for this reason Johnnies is continuing with its business of prospecting and exploration, together with its allied research and mineral processing. However, because of a need to conserve resources our operations will be on a reduced scale. In some instances we will take in partnership who will share both in the costs of such work and in the rewards which may flow.

Finance

The financial needs of the Company have been under detailed examination over the past few months. We have decided to seek additional finance of R40 million this

a Preference Share issue to supplement our normal cash flow and shareholders will be asked to approve the formalities for proceeding with this issue at an extraordinary general meeting which will follow immediately after the annual general meeting of shareholders on Thursday 10 November, 1977. The cash requirements of the Group include the repayment of our Eurodollar loans over the next three years as well as continuing commitments in respect of our new projects. The bringing to production over the past three years of two mines, together with the establishment of a ferrochrome plant, has placed a considerable strain on our resources. When the feasibility studies were made in 1973 it was anticipated that copper and nickel prices would at least keep pace with the anticipated rates of inflation and the rise in mining costs. In the event we have come into production at Otjibase and Shangani in the midst of a serious world depression. Instead of profits flowing from these mines to assist in the repayment of our loans we are now having to rely on other sources of income to meet these commitments. It is therefore prudent to raise additional medium term finance to assist in the repayment of our international debt. This will have the effect of stretching out the period during which we plan to reduce our loan indebtedness to more normal and acceptable levels and of leaving us with a margin of funds with which to take advantage of any suitable opportunities for new business should these arise.

Future Prospects

The prospects for the current year are conditioned to a very large degree by economic and political forces outside our control. The well-being of many of our companies is dependent upon the extent to which the economies of the major industrial countries grow and the extent to which this growth influences the prices of the metals which our mines produce. A major dilemma of the world today, which was highlighted at the recent annual meeting of the International Monetary Fund, is whether the industrialised countries should stimulate their economies or continue with their deflationary policies. Confidence has been seriously impaired and it is a matter of conjecture which policies will be pursued and what consequences will follow. As a counter-weight to this uncertainty and the fears of world-wide inflation that accompany it, the price of gold has risen substantially in recent months and is currently showing a remarkable firmness. The South African balance of payments position has shown a satisfactory improvement and the additional foreign exchange earnings which South Africa will derive from gold will assist considerably in helping the economy through its present recessionary phase. But the possibility of a short-term solution to the world's economic ills seems remote and the future is uncertain. Furthermore increasing anarchy and political extremism is adding to the problems

In South Africa we face other serious difficulties. Our internal policies are the subject of severe international criticism. We must not underestimate the power of governments and of pressure groups to give effect to their disapproval of these policies. The boycott of South African exports and the possibility of further selective sanctions being applied cannot be ruled out. We are entering a decisive phase in the history of South Africa - a phase in which the political future of all its peoples will be determined. It is the united wish of our friends abroad, and of the majority of our peoples at home, that peaceful and constructive solutions to our problems be found. The business community must play its part in applying pressure to encourage peaceful change, more particularly in the fields of race relations and the breaking down of discrimination. It is vital that all races should have access to the private sector without restriction. All are entitled to the benefits of the system. By this means we can develop a non-racial business society that will provide equal opportunity for all. It is from this broader economic base that longer term political policies can be framed that will help to restore South Africa's image abroad and give immense satisfaction to its peoples at home. Insofar as Johnnies is concerned it will be our policy during the next year or two to consolidate and limit the adverse effects of our investments in Otjibase and Shangani. It is also our intention to decrease our dependence upon borrowed funds and to improve our liquidity.

The year ahead will be a difficult one, but we are budgeting to achieve some improvement in our attributable earnings. This, of course, excludes any extraordinary provisions we may have to make in respect of Otjibase and Shangani.

Staff

Johnnies has recently reviewed all job levels at Head Office and has rationalised its organisational structure. As a result of this survey a uniform integrated salary pattern for the various occupational categories has been established and all employees will be rewarded at the rate for the job without discrimination regardless of race, colour, creed or sex. We believe that with the co-operation and understanding of our employees we shall succeed in developing an integrated staff that will serve Johnnies in the future in a spirit of inter-racial harmony and goodwill.

It gives me great pleasure once again to thank all staff and employees for their sustained efforts during a difficult year.

Johannesburg
28 October, 1977

Bauxite find could bust ⁽²¹⁰⁾ any sanctions

THE chance discovery of "some strange looking stones" in a drainage ditch near Maritzburg has led three men to stumble on what they believe to be massive deposits of vital aluminium-bearing bauxite ore in Natal.

The full details of their discovery were released to the Sunday Express this week by one of the men who claim they have located "enough to keep South Africa going for 25 years — probably more than 100-million tons ready for mining".

All South Africa's bauxite is at present imported from Australia in the form of refined alumina — the middle stage between the ore and aluminium. It is used extensively in the manufacture of armaments and especially in the aircraft industry. The discovery comes at a time when South Africa is threatened with sanctions.

Mr Theron Burger, a Maritzburg attorney, told me that he and his two partners Dr Martin Fey, a lecturer and soil scientist at the University of Natal, Maritzburg, and Mr Helmuth Reddinger, a prospector and amateur geologist had formed a company after finding "some strange stones in a drainage ditch" near Karkloof outside the capital.

Working on the theory that there might be other deposits on similar ground levels in Natal, they say they

'STRANGE STONES' MAY SAVE MILLIONS

By RUSSELL KAY

found further heavy deposits on Town Hill near Maritzburg and in the heavily forested area near Weza on the Transkei border.

Assay tests and further prospecting showed them deposits stretching from Weza northwards through Ixopo, Richmond, around Henley Dam and Maritzburg, at Greytown and Karkloof and on the border of KwaZulu near Nongoma. The ore was of a high grade equal to anything used overseas, said Mr Theron.

Dr Fey said yesterday he had assay tests to prove that the bauxite was equal to anything from Australia, and that it was available in quantities to warrant mining.

He refuted statements by mining companies that the deposits were uneconomical.

Mr Burger showed me signs of heavy deposits on Town Hill outside Maritzburg, and even cases where residents had built garden and retaining walls around their properties with bauxite boulders without knowing what they were.

"In most cases it looks just like ordinary dolomite or ironstone, but when tapped with a hammer it breaks open and reveals pure bauxite. It was a complete fluke that we found it. But it's a vitally strategic metal ore and should benefit South Africa just when we need it," said Mr Burger.

He said the Government was interested, and they had been assisted in their search by the Government Department of Geological Surveys. This was confirmed by the

National Director of Geological Survey in Pretoria, Dr L W van Wyk who said he was aware of the deposits and his department was "helping with prospecting and assaying tests".

Mr Burger warned, however, that farmers with small deposits on their farms haven't hit pay dirt.

"On a small scale they couldn't mine the bauxite economically."

He said some farmers who had bauxite deposits on their land were already asking "millions of rands" for their farms. This was ridiculous, but the company would consider buying the mineral and mining rights from farmers.

Mr Burger would not confirm that his company was shortly to be bought out by one of South Africa's mining houses but said negotiations were in progress.

Of the actual discovery, Mr Theron said the credit should go to Dr Fey and Mr Reddinger. They had been working in the face of heavy pessimism as earlier surveys, Government and independent, had shown that there were no worthwhile deposits of bauxite in South Africa.

"Not only did Dr Fey and Mr Reddinger discover bauxite, but they have found it where it is easily accessible and mining costs will be cut to a minimum. The mining would be done by the open-cast system where the ore is extracted at the surface and transported away in trucks.

He was aware of the environmental and ecological drawbacks to open-cast mining — and admitted that it was disastrous for the natural vegetation and landscape.

"We have run into a great deal of opposition from environmentalists, ecologists and even city councils in applying for rights to start mining. The Maritzburg council refused us rights to extract the ore from Town Hill. We believe that there is more than a million tons of bauxite ore under Town Hill."

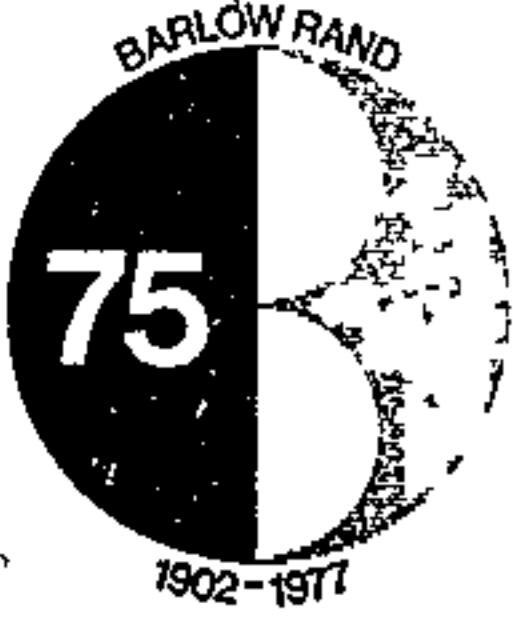


● Mr Theron Burger . . . he and his partners formed a company after "finding some strange stones"

He concluded: "We've worked hard during the past three years, sat on top of our secret, and hoped no one would discover what we were doing. We have prayed that our assay tests would come up tops, and if we finally make some money out of this then I think we deserve it."

● Australia supplies South Africa with all its aluminium. Each year the Republic imports 160 000 tons of alumina from Australia. The metal is landed in Richards Bay after the journey from Australia's Northern Territory.

The refining process of bauxite to aluminium depends on the grade of the ore — but in most cases it takes four tons of ore to produce one ton of aluminium. In the case of the Natal bauxite find the approximate 100-million tons of ore would produce 25 million tons of aluminium worth almost R28 000-million at today's prices.



BARLOW RAND LIMITED

(In die Republiek van Suid-Afrika ingelyf)

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Voorsittersverklaring

Die afgelope jaar

As 'n mens die voortgesette agteruitgang van besigheidstoestande in Suid-Afrika, met uitsondering van dié in die myn- en landbou-afdelings, in gedagte hou, is ons gekonsolideerde netto bedryfswins van R77,2-miljoen wat 'n vermeerdering van 5,9 persent bo verlede jaar se resultate beteken myns insiens soveel as wat verwag kon word. Dit was verblydend om te merk dat wins voor belasting 'n aansienlike vermeerdering van 20,6 persent van R141,2-miljoen tot R170,3-miljoen getoon het 'n Dividend van 26 sent per aandeel, vergeleke met 24 sent vir 1976, is verklaar wat 2,9 keer gedek is. Ons balansstaat toon dat ons finansies in 'n sterk posisie is.

1977 was nog 'n uiters moeilike jaar vir besigheid waarin Suid-Afrika sy derde agtereenvolgende jaar van resessie beleef het. Die verhaal in die ekonomie van ons buitelandse handelsvennote het nog stadiger plaasgevind as wat verwag is en hierdie faktor, tesame met die gebrek aan sosio-ekonomiese vordering in Suid-Afrika, asook die volgehoute politieke onbestendigheid in Rhodesie en Suidwes-Afrika, het ernstige probleme in ons buitelandse ekonomie geskep en het aanleiding gegee tot 'n algemeen laer vlak van besigheidsvertroue. Alhoewel die inflasiekoers in 'n sekere mate deur die regering se beperkende monetêre en belastingsbeleid verlaag is, is dit nog steeds hoog. Die toestand van ons reserwes is egter nog die hoofprobleem. Ofskoon die lopende rekening van ons betalingsbalans grootliks oor die afgelope jaar verbeter het, het die kapitaalrekening swak presteer en hierdeur was daar 'n opvallende verslapping in ontwikkeling in die openbare sektor. Hierdie faktor, tesame met die volgehoute resessie in baie nywerhede, het 'n skerp toename in werkloosheid onder alle rasse tot gevolg gehad en wek aansienlike kommer.

Alhoewel reële groei in mynbou en landbou plaasgevind het, was dit nie die geval in die vervaardigings-, konstruksie- en die kleinhandels-, groothandels- en motorbedrywe nie. Mynopbrengs is gehelp deur vermeerderde uitvoer van Suid-Afrika se belangrikste handelsvennote en deur verbeterde vervoer- en hawegeriewe. Elders het die langdurige resessietoestande geleidelik tot 'n verdere afname in die fisiese omvang van vervaardigingsproduksie en het 'n strawwe uitwerking op die konstruksienywerheid gehad.

Die mynbou-afdeling, en in besonder ons filiaal Transvaal Consolidated Land & Exploration Co. Ltd., het goed presteer en het sy winste grootliks vermeerder. Baie van die ander afdelings het gedurende hierdie moeilike jaar hulle resultate gehandhaaf en in sommige gevalle selfs verbeter. Die afdelings boumateriaal en duurzame gebruiksgoedere het as gevolg van 'n kwaaï vermindering in vraag en marges gely, maar het daarin geslaag om hulle kapitaal-aanwending in ooreenstemming met die laer handelsvlak te verminder. Die bestuur van hierdie maatskappye het hierdie ernstige uitdaging met welslae onder die oe gesien en hulle behoort nou goed toegerus te wees om uit 'n opwaartse neiging voordeel te trek sodra dit plaasvind 'n Spesiale woordjie van waardering kom ons werknemers in Rhodesie toe wat hulle werk met groot lojaliteit en vasberadenheid in 'n klimaat van toenemende terroriste-oorlog uitgevoer het. Die eise wat deur die militêre owerhede opgelê is, het tot gevolg gehad dat soveel soos een derde van ons manne op 'n gegewe tyd in aktiewe diens was en dat sommige manne vir drie of vier tydperke van ses weke gedurende die jaar afwesig was. Hierdeur moes die bestuur, ons werknemers en hulle vrouens en gesinne heelwat spanning verduur.

Ons groep gedenk vanjaar die vyf-en-sewentigste jaar van sy bestaan wat ons erken het deur 'n boekie uit te gee oor onself en ons geskiedenis. Dit is ook die vyftigste jaar van ons verbinding met die Caterpillar Tractor Co van die Verenigde State. Ons heg besondere waarde aan ons Caterpillar-agentskap en dit was 'n besondere genoeë om vanjaar besoek te ontvang van mnr Lee Morgan, Voorsitter van die Raad van daardie beroemde maatskappy wat baie tot ons welslae bygedra het en seer seker ook in die toekoms sal doen.

Die Omvang van Bestuursverantwoordelikheid

Afgesien van die bestuur van die maatskappy waarvan die resultate die grondslag van hierdie jaarverslag uitmaak, beklee Barlow Rand ook regstreekse bestuursverantwoordelikheid in 'n aantal verwante maatskappye. Aandeelhouders wil moontlik graag weet wat hierdie verantwoordelikheid alles behels en ek sal verwys na sommige van die hooftrekke van ons grootste groep. Sekere van die maatskappye het verskillende boekjareindes, dus verwys my syfers na die jongste boekjaar vir alle maatskappye.

Die totale aantal werknemers vir wie ons...

Jaar geeindig 30 September	R-miljoene				
	1977	1976	1975	1974	1973
Totale bates	1 106,7	812,8	706,1	563,6	441,4
Omset	1 245,7	1 067,7	921,4	726,2	612,1
Wins voor belasting	170,3	141,2	111,9	92,6	63,8
Gekonsolideerde netto bedryfswins	77,2	72,9	63,9	53,5	37,0
Verdienste per gewone aandeel —					
netto bedryfswins	75,7c	71,9c	64,8c	54,8c	38,4c
Dividend per gewone aandeel	26,0c	24,0c	23,0c	20,0c	16,0c

verantwoordelik is is nou 125 000, vergeleke met 109 000 'n jaar gelede. Die grootste deel van hierdie toename ontstaan in die goud- en steenkoolmyne wat deur Rand Mines Ltd., een van ons volfiliale, bestuur en administreer word. Die myne werk tans met byna 100 persent van hulle arbeidsbehoefte, terwyl hulle verlede jaar aan 'n algemene arbeidstekort gely het. Die verkryging van C. J. Fuchs Ltd gedurende die jaar het tot gevolg gehad dat 'n groot aantal mense by ons groep aangesluit het en ek verwelkom hulle hartlik. Ek wil ook hierdie geleentheid te baat neem om die werknemers van Pretoria Portland Cement Co. Ltd met wie ons hegte bande sal hê noudat die maatskappy 'n filiaal geword het, welkom te heet.

Ons groepsrekening vir die jaar toon 'n omset wat intermaatskappyverkope van R1 245,7-miljoen insluit, maar as ons die omset van ons verwante maatskappye hierby insluit word die syfer R1 521,7-miljoen. Insgelyks maar van nog veel groter belang, is die wins ná belasting en voor aftrekking van die bedrag toedeelbaar aan die buite-aandeelhouders van ons filiale, R169,8-miljoen. Hierdie winste is deur bates van sowat R1 239,6-miljoen voortgebring.

Die finale syfer wat ek graag wil noem, is die beoogde kapitaalbesteding wat oor die volgende vyf jaar om en by R262-miljoen sal wees. 'n Groot gedeelte hiervan sal vir uitbreiding in die mynbou-afdeling wees en die grootste deel van die finansiering bo en behalwe dié wat deur winsbehoudings voorsien sal word, is alreeds gereel.

Hierdie hooftrekke sal 'n begrip gee van die omvang van al die bedrywigheid wat deur Barlow Rand beheer word. Dit is, myns insiens, deur ons beleid om regstreekse bestuursverantwoordelikheid aan die afsonderlike maatskappye te delegeren en om noukeurige aandag aan die beskerming van ons bates te bestee, dat ons by magte is om so 'n groot en gediversifiseerde groep te bestuur.

Personeelbeleid

Die tyd is gelee om iets omtrent ons personeelbeleid binne die groep te sê.

Met betrekking tot lone, aanvaar ons dat die begrip gelyke besoldiging vir gelyke werk die doelstelling van enige verantwoordelike werkgewer is en dit is een van ons groep se doelwitte. Wat die kwessie van minimum loonskale betref, is dit belangrik om te besef dat hierdie ten opsigte van ongeskoolde werkers nie gemik moet word op peile wat nie in verhouding tot heersende lone staan nie. In Suid-Afrika waar talryke mense elke jaar die arbeidsmark betree, sou dit produktiwiteit teen werk, veral in arbeidsintensiewe nywerhede en kan aanleiding gee tot die uitkakeling van duisende betrektings deur nywerhede te verplig om die peil van hulle meganisasie om ekonomiese redes te verhoog. Ons het vir onself 'n meer bepaalde oogmerk ten doel gestel wat ons nog altyd verwesenlik het, naamlik om te verseker dat die lone van dié sektore van ons arbeidskragte wat die minste bevoorreg is, teen 'n skaal vermeerder wat wesenlik hoër is as hulle lewenskoste. Gedurende die afgelope vier jaar het die lone van Swartes, Kleurlinge en Asië in ons nywerheids- en handelsmaatskappye twee keer so vinnig verhoog as die verbruikersprysindeks, terwyl die skaal van verhoging in ons mynmaatskappye selfs groter was. Die uitdaging wat ons — en Suid-Afrika in sy geheel — die hoof moet bied, is om groter produktiwiteit te behaal om te vergoed vir die koste wat loonverhogings meebring.

Dit is ons beleid om dieselfde algemene diensvoorwaardes soos verlof, aftrevoorrede en mediese assurance vir al ons werknemers te handhaaf. Waar verskille nog steeds bestaan, kan dit toegeskryf word aan die feit dat die behoeftes van die onderskeie rasse-groepe nie altyd dieselfde is nie. Om hierdie verskille te ignoreer, en behep te wees met die idee om identiese diensvoorwaardes vir almal in te stel, sou nie verstandig wees nie.

Ons het 'n verpligting aanvaar om al ons werknemers se lewens buite die arbeidskring te verbeter. Ons kom hierdie verpligting op die volgende twee belangrike wyses na — deur hulle, ongeag hulle ras, te help om hulle inkome te verhoog en te verbeter, en

deur ons kragdadige deelname aan die pas gestigte Stedelike Stigting. Die hoofdoelwit van hierdie stigting is om die lewenstoestande en -standaarde, veral in swart stedelike gemeenskappe, te verbeter.

In die afgelope paar jaar het ons groep heelwat aandag bestee aan die opleiding en ontwikkeling van ons personeel van alle rasse en op alle vlakke en ons is trots op die hoe standarde wat behaal is. Dit is ons gevestigde beleid om binne die groep te bevorder na verdienste, maar daar is sekere beperkings op die mate waartoe dit gedoen kan word in die geval van ons Swart-, Kleurling- en Asiëse werknemers. Ons maak egter die vordering wat ons kan, binne die perke van die wet op gebiede soos rekeningkunde, voorrade, produksiebeplanning, personeel en dataverwerking wat nie deur nywerheidsraadsoreenkomste of werkfakbakening gedek word nie. Op ander gebiede waar ons graag vinniger wil beweeg veral op mynbougebied en in fabriekke, word ons pogings nog steeds deur diskriminerende wetgewing gestrem asook deur sommige van die wit- en kleurlingvakunies wat hulle gedugte onderhandelingsbevoegdheid gebruik om te verhoed dat Swartes sekere werk verrig, al word dit nie deur die wet verbied nie.

Die kwessie van onderhandelingsregte vir Swartes is 'n uiters moeilike vraagstuk. Teenswoordig moet hulle deur skakel- of werkskomitees onderhandel. Ons vind dat hierdie komitees waardevolle konsultasie- en verbindingsweg is, maar ons beskou hulle as ontoereikende onderhandelingsmiddels.

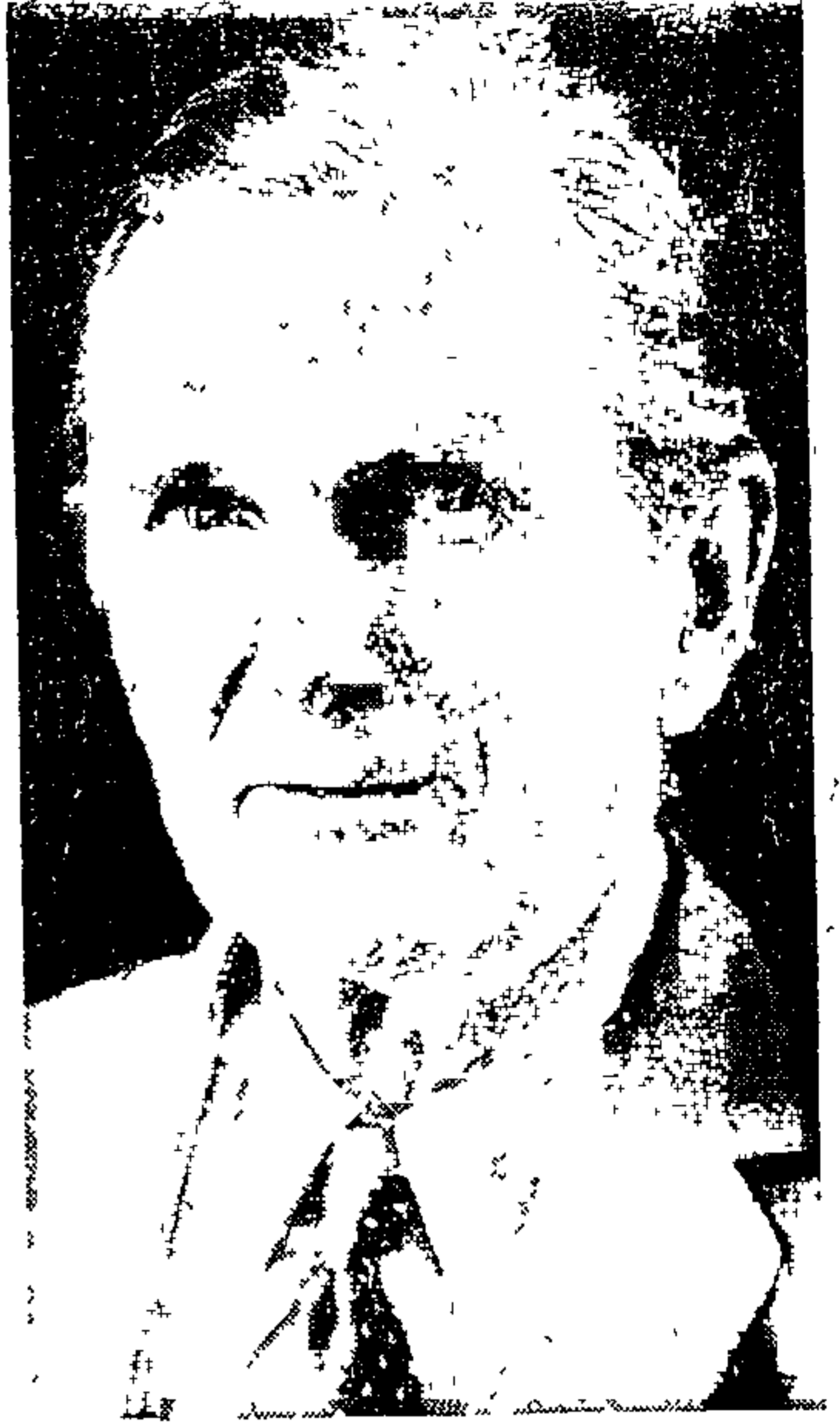
Aan die ander kant is dit na ons mening nie prakties om met Swart vakunies te onderhandel nie aangesien hulle geen regstatus het nie. Dieselfde sou van toepassing wees t o v enige ongeregisterde unie, ongeag die ras van sy lede. Die basiese vereiste is dat daar geen verskil behoort te wees in die regte wat ter beskikking van die verskillende raasgroepe is nie en ons sou dus onderhandelinge op nywerheids- of nasionale vlak tussen werkgewersorganisasies en veerkrassige unies verkies bo Swart unies, met aanvullende onderhandelinge oor plaaslike vraagstukke op fabrieksvlak tussen bestuure en veerkrassige komitees.

Uit hierdie beleidsrigtings kan daar afgelei word dat ons geen wesenlike meningsverskil huldig oor die kodes van werknemerspraktyk wat die VSA en die E.E.G aan filiale wat in SA ingelyf is opelê nie. Trouens daar is min wat ons, sowel as ander Suid-Afrikaanse maatskappye, van hierdie kodes kan leer. Ons beskou ons beleidsrigtings as vooruitstrewend en ons het hulle oor 'n aantal jare ontwikkel om redas van normale, verligte besigheidspraktyk.

Dit ly geen twyfel nie dat daar nog veel gedoen moet word om die ongelukheid in Suid-Afrika uit die weg te ruim, maar die tekens is daar en veranderinge kan wel plaasvind aangesien die Suid-Afrikaanse regering belowe het om weg te kom van diskriminasie. Sekere diskriminerende wetgewing is in Suidwes-Afrika herroep en die hoop word gekeerster dat dit ook in Suid-Afrika uitgeskakel sal word. Ons is kragdadig betrokke in sommige werkgewersorganisasies wat al hoe meer onomwonde hulle eise vir verandering stel. Wit vakbonde waarvan baie in die verlede onversoenlik teen Swart bevordering gekant was, begin nou 'n meer buigsame houding aanneem. Van die aller grootste belang vir handel en nywerheid is die aanstelling deur die regering van twee kommissies onder voorsitterskap van prof. Wiehahn en dr. Rieker, om ondersoek in te stel na alle wetgewing met betrekking tot die beter benutting van Suid-Afrika se arbeidskragte.

Uitvoere

Ons het voortgegaan om ons maatskappye aan te moedig om hulle uitvoere uit te brei en om nuwe markte in die buiteland te soek. Die waarde van goedere gedurende die jaar deur die groep uitgevoer (die opbrengs van die verkoop van goud uitgesluit) het met 77 persent tot 'n rekordtotaal van R186-miljoen vermeerder. Ofskoon bevredigend, glo ek dat ons met groter inspanning verdere wesenlike indringing in die uitvoermark kan verkry. Daar is egter probleme deurdat die groei van die ekonomie in die lande waarmee ons handel dryf, geensins beemoedigend was nie en daar word nie verwag



dat Suid-Afrika se uitvoere die vermeerderings-tempo sal handhaaf wat hulle vanjaar ondervind het nie. Ten spyte van vermanings by die onlangse vergadering van die Internasionale Monetêre Fonds uitgespreek, voel ek 'n atmosfeer van groeiende proteksionisme in die Westerse wêreld. Verder word die huidige ekonomiese groei van ons handelsvennote, weinig soos dit is in die geheel nog steeds deur verbruiksbesteding beïnvloed, eerder as belegging in kapitaalgoedere waarop die mark vir baie van ons produkte staatmaak.

Die vooruitsigte vir aanstaande jaar

Alhoewel daar tot dusver geen statistieke is om die sienswyse te staaf dat die strawwe resessie toestande in die Suid-Afrikaanse ekonomie besig is om te normaliseer nie, is daar aanduidings dat dit wel die geval mag wees. Nietemin is ons buitelandse valutareserwes nog ontoereikend om 'n algemere deflasie van die ekonomie te finansier vanwee die vermindering in kapitaalinstroming wat gedurende hierdie tydperk plaasgevind het. Die inflasiekoers toon maar slegs 'n geringe moontlike verbetering. Ons sal dus tevrede moet wees met die maatreels van selektiewe aanspooring wat onlangs deur die regering aangekondig is en die moontlikheid van 'n effens refisionistiese begroting. Dit sal in 'n klein mate daartoe bydra om die werkloosheidsprobleem wat tans ernstig is, te verlig en sal 'n mate van verligting aan die bou- en motornywerheid bring wat swaar getref is.

Teen hierdie agtergrond stel ek baie min verbetering in die meeste van ons eie nywerheidsafdelings in die vooruitsig, en met die oog op die betreklik onsekere korttermynvoorsigte vir die produkte wat ons groep op wêreldmarkte verkoop, afgesien van goud, is dit moeilik om vir die komende jaar meer te voorspel as 'n stilstande posisie wat verdienste betref. Aan die ander kant is ons finansiële posisie sterk en ons is goed toegerus om verkrygings van maatskappye te doen wat by die groep se beleggingspatroon inpas indien sodanige geleentheid hulle voordoen.

Die verbod op die verkoop van wapens aan Suid-Afrika wat onlangs deur die Verenigde Volkere opgelê is sal min uitwerking op ons bedrywigheid uitoefen, maar ons hoop dat dit nie opgevolg sal word deur verdere beperkings van die kant van ons handelsvennote nie, as gevolg van verhoogde politieke druk.

Die ekonomie van Suid-Afrika en derhalwe die vooruitsigte van ons maatskappye kan aansienlik verbeter indien 'n bevredigende skikking, wat 'n einde aan die oorlog in Rhodesie kan bring, en 'n aanvaarbare ooreenkoms in Suidwes-Afrika onderhandel kan word. Myns insiens kan die ekonomie ook gehelp word as die tendens in die jongste jare tot die hegte verhouding tussen die regering en privaatondernemings versterk kan word deur veelvuldige en miskien informele beraadslagings. Maar verreweg die belangrikste enkele oortuigingskrag wat besigheidsvertroue in Suid-Afrika, binne-lands sowel as buitelandse, sou herstel sou die implementering van die regering se aangekondigde voorneme wees om so gou moontlik af te sien van die beperkende maatreels wat op grond van ras en kleur diskrimineer. Dit is ook van groot belang dat 'n Swart burgerstand geskep moet word indien ons daarin wil slaag om 'n vrye kapitalistiese maatskappy in Suid-Afrika te bevorder wat deur alle dele van die bevolking aanvaar word in teenstelling met die linksgesinde bewind van die lande wat ons omring met al hulle welbekende onbevoegdhede. Op-trede van hierdie aard sal baie daartoe bydra om die instroming van fondse uit die buiteland te herstel en sou myns insiens weer eens die klimaat van ekonomiese groei skep wat so noodsaaklik is, nie net vir ons besigheid nie, maar ook vir die gezondheid van die land.

Waardering

Gedurende die jaar het mnr N. Kramer uit die Raad afgetree. Sy bydrae as uitvoerende direkteur tot die groei van die groep deur die jare was van groot belang.

Ek wil ook graag die geleentheid te baat neem om my kollegas in die Raad te bedank vir hulle volgehoute ondersteuning en ons werknemers op alle vlakke vir hulle lojaliteit en harde werk deur die hele jaar.

C. S. Barlow

Johannesburg 14 November 1977

F.M. 2/12/77

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Transvaal Consolidated Land and Exploration Company, Limited

A Member of the Barlow Rand Group

Chairman's Review of the results for the year ended 30th September, 1977

The operations of the TCL group reached a new peak during the past financial year, as shown in the summary.

The consolidated profit before taxation rose by 81.61 per cent and after taxation and the interest of outside shareholders by 78.21 per cent.

Dividends from the gold and uranium investments improved slightly in the past year due mainly to the good spot sales of uranium achieved by Harmony Gold Mining Company Limited. If the recent increased prices obtained for gold continue, a further improvement in these dividends can be expected in the year ahead. On the other hand the outlook for platinum remains uncertain. Rustenburg Platinum Holdings Limited passed its final dividend which falls into TCL's 1977/78 year, and the possibility of any major improvement during the next six months appears slight.

Substantial increases in profits from the group's coal and chrome subsidiaries have justified the large capital investments in these companies. Capital expenditure will continue at a high rate but no further increases in profits from these operations can be expected until the new developments, particularly the Rietspruit and Duvha open cast coal mines, come on stream in the 1978/1979 year.

During the year our diversity of interests in various mining fields has proved its merit. Our investments in coal and in uranium on the energy side and in coal and in chrome, on the export side, have had an insulating effect in a time of continuing economic recession throughout South Africa and I believe that despite possible slight and temporary restraints in the export fields this mix will prove to be of increasing benefit to shareholders in the years to come. Additional financial strength is provided by TCL's close association with its holding company Barlow Rand Limited, through whom much of the finance required for the expansion of the group's interest is channelled.

Coal

The first full year's operation of the low-ash coal plant at Van Dyks Drift and the export of this coal and the associated middlings were largely responsible for the increased earnings from the Transvaal collieries. Towards the end of the financial year there was a

slackening of demand for coal in both the export and the domestic markets. In the export field there has been a decrease in demand for metallurgical coal from the steel and alloy industries. In consequence there could be a slight reduction in the tonnage of low-ash blend coking coal sent to Japanese steel mills in the 1977/1978 year. In the domestic market the general recession and the mild winter resulted in consumption not being as high as had been projected and there are indications that for the short term supply may exceed demand.

By agreement with the Government the controlled prices of bituminous coal are reviewed annually on the basis of a pricing formula which is designed to take account of upward movements in working costs and rising capital costs. These prices were due to have been reviewed in June 1977 but the Government initially postponed the review until September 1977 and then postponed it again until early in 1978. If the coal industry is to remain healthy and is to invest new capital to meet the growing energy demand of South Africa it is imperative that it should be able to rely on the application of a price formula arranged with the Government. The agreement reached in 1976 resulted in substantial sums being invested in increasing production and averted the coal supply crisis that was building up at that time. The failure of the Government to adjust prices in 1977 according to the terms of the agreement can only result in the industry being unable to maintain capital expenditure at the required rate with consequential shortage of coal when an upturn in the economy occurs.

The Duvha and Rietspruit projects are making good progress and are running to schedule. Development of plant and facilities at Duvha is geared to supply the 3 600 MW power station with initial coal in June 1979. The first of six 600 MW generating sets, each burning some 1½ million tons of coal per annum, is expected to start commercial operation in September, 1979, building up to full station capacity by 1985.

At Rietspruit, TCL's joint venture with Shell Coal South Africa, the initial portions of the first large dragline have been delivered and assembly on site is in progress. A second large machine is expected to be delivered, assembled and in operation late in 1979.

Coal from Rietspruit is scheduled to be available for supply to Shell from January 1979 with production building up to a rate of 4 million tons per annum by July 1979 and eventually to a rate of more than 5 million tons per annum some time in 1982.

Our planning is based on the belief that the capacity of the railways to transport and the loading facilities at Richards Bay to handle the additional exports will be adequate to meet these tonnages.

Revenue from these two major open pit operations should therefore start flowing in the 1978/1979 financial year and increase each year until 1985.

Energy policy

Much publicity has been given in recent months to South Africa's 'energy policy'. The Governmental Energy Policy Committee has been in existence since 1974 and the need for such a committee (with recommendations taken to the Cabinet Committee) on energy matters is obvious. I do not dispute the concept of such a committee but I must query its efficacy when it consists entirely of officials of various Government departments and of quasi-government enterprises such as Eskom and Sasol. The majority of countries in the free world have accepted that private enterprise has a part to play at the higher levels of discussion of all the facets of the total impact of energy policy decisions on a country's economy are to be canvassed before decisions are taken.

Direct participation by and representation of private industry including major energy supply interests such as coal and oil in policy deliberations could well assist South Africa in aiding the pitfalls experienced both here and overseas where the artificial holding of energy prices below free market prices gives rise to significant adjustments being required at times when they are most unpalatable. I would also again draw attention to South Africa's ability to export coal and to the massive contributions in foreign currency earnings which such exports provide. Within our financial year to 30th September 1977 the Republic of South Africa exported a total of 11.9 million tons of coal to the value of R229 million in foreign exchange. In my review last year I said that I believed it to be in the

Transvaal Consolidated Land and Exploration Company, Limited - continued

FEATURES OF THE CONSOLIDATED RESULTS		1977	1976
		R000's	R000's
Consolidated profit before taxation		48 980	26 969
Taxation		18 186	10 213
Normal		2 645	2 817
Deferred		15 541	7 396
Outside shareholders' interests after taxation		6 939	3 370
*Consolidated profit after taxation and outside shareholders' interests		23 855	13 386
Earnings per share		326,6 cents	183,2 cents
Investment realisation per share after tax		1,3 cents	2,9 cents
Dividends per share		95 cents	75 cents
Dividend cover		3,44	2,44
The net attributable earnings of the various activities of the group were:			
		1977	1976
		Per	Per
	R000's	cent	R000's
Dividends from gold and uranium mining	2 727	11,43	2 015
Dividends from platinum mining	776	3,25	585
Royalties from mineral tributes after taxes	952	3,99	1 371
Investment realisation after tax	96	0,40	212
Exploration expenses less sundry income	(382)	(1,60)	(346)
Earnings from collieries	15 555	65,21	7 318
Earnings from chrome mines	3 655	15,32	1 850
Earnings from timber	476	2,00	381
	<u>23 855</u>	<u>100</u>	<u>13 386</u>

national interest to use our coal resources in the most effective manner over the next half century. My views have been strengthened by the recent Iscor decision to investigate the exploitation of a metallurgical coal deposit in the Venda area of the north-eastern Transvaal, the viability of which was considered as being remote at the time that the Petrick Commission drew up its report. It seems unlikely that this will be the last deposit of coal to become a viable mining proposition and whilst the sources of coal in South Africa must be finite, we must guard against the possibility that large quantities of coal could one day remain unmined and unsold because more acceptable sources of energy have by then been discovered.

I must also sound a word of warning to industry and to consumers generally. It is no longer good enough to mine only those grades of coal which are currently sought after by consumers leaving behind the poorer qualities. Indeed, where open cast mining is feasible, a high mining recovery rate is obtained but this inevitably results in a lower average grade of coal. If we are to make the best use of our coal resources and mine in the most economical manner, consumers will have to accept that they will be required to plan their operations to use such lower grades or face much higher prices for coal than those to which they have hitherto been accustomed.

Gold

The past twelve months have been a most unsettling period for the gold mining industry. There were wide fluctuations in the price received for gold. The labour supply was initially low and erratic though it has latterly become more stable. Working costs continued to rise due to increases in wages, stores and other items, particularly electricity.

The company's main gold and uranium mining investment is in Harmony Gold Mining Company Limited. Harmony is achieving the targets set for its expansion programme and in the course of this has curtailed some R23 million on capital expenditure, including the sum of R10 million on a modern

accommodation complex for Black workers and further substantial amounts on a new vertical shaft and reduction works extensions at Merriespruit. From the middle of August of this year the gold price has shown a consistent upward trend and by the end of October had exceeded the \$160 per ounce level. Industrial demand for the metal appeared to be strong during this period but uncertainty concerning the strength of the American dollar contributed to this rise.

The proposed amendments to the Articles of Agreement of the International Monetary Fund are taking much longer to be ratified by members of the Fund than was originally anticipated. It was hoped that this ratification would be completed by September of this year (1977) but it now seems that it may be well into 1978 before this is done. These amendments and the possibility that the International Monetary Fund and the Group of Ten countries will not renew the agreement that prohibits them increasing their net aggregate gold holdings should produce a more stable market for gold. I therefore believe that though there might be a reaction to the present sharp rise in the price of gold, it will not be of long duration and a less marked but steady increase in the price should continue.

Recently the American Congress approved legislation to allow United States citizens to sign contracts tying payments to the value of gold. This is another strong indication that gold might once again become an important medium in national and international transactions. This would stimulate further world interest in gold and again tend to reduce fluctuations in demand.

Uranium

Certain developments during the year have complicated the outlook for uranium. The anti-nuclear lobby, including groups of environmentalists, is active and has probably been partly responsible for the deferment by certain governments of the installation of further nuclear power facilities. The allegation that nuclear power generation may present an opportunity for unauthorized persons to gain access to materials from

which nuclear weapons could be manufactured has also helped the anti-nuclear groups in their activities. In April 1977 the new energy policy announced by President Carter indicated inter alia a resolve to develop a nuclear fuel cycle which will reduce or eliminate the risk of proliferation of nuclear weapons. If this can be achieved it will almost certainly entail the abandonment in whole or in part of the plutonium cycle in the short term. This should substantially improve the demand for uranium and partly appease the anti-nuclear groups. For some time the potential impact on the market of substantial additional uranium production capacity in Australia has been a source of concern to other producers. The commission appointed by the Australian Government has produced reports which provoked much discussion in various quarters. The Government of Australia has recently announced its policy regarding the exploitation of the rich ore bodies in that country and the development of mines should now commence provided that the support of the various trade unions can be secured. It is not expected that this policy will result in any serious long-term dislocation of the market and I feel confident that the middle to long term prospects for uranium producers are sound.

Both the Harmony and Blyvooruitzicht mines have extended their uranium plants and Harmony is contemplating the erection of a large new uranium plant to treat the slimes from the new Merriespruit complex. Both these companies are now recovering substantial quantities of uranium by the treatment of accumulated slimes. At Harmony three spot sales of uranium disposed of all uncommitted production and some stockpiled material, all at satisfactory prices. As the stockpile has now been significantly depleted, no further sales of the same magnitude will be possible in the Harmony company's current financial year.

Platinum

The general industrial demand for platinum was weak for most of the year under review and trading conditions remained very competitive. Increased sales of automobiles in the United States of America from the middle of 1977 onwards indicated an upward turn in that country's economy but the stringent emission requirements for automobile exhaust systems which were to have applied from mid-1977 for 1978 model vehicles have been relaxed for a further period and improved sales for this usage may be deferred. Economic conditions in the principal markets for the metal do not encourage hope for an early recovery in the earnings of Rustenburg Platinum Holdings Limited, in which T.C.L. maintained its substantial shareholding. Dividends for the year from this source were higher than those for the previous year but as I have mentioned earlier in this review the normal interim dividend which fell within the current financial year of T.C.L. was passed and hopes of a final dividend do not appear to be good.

Chrome

While export and local sales, together with profits, showed a substantial improvement compared with the previous year, the rate of demand in the short-term future shows signs of being adversely affected by the slow rate of recovery in the steel industry overseas. This affects not only our sales of chrome on the export market but also our chrome sales to the South African alloy industry which exports a major portion of its production. However, it is my belief that there will be long-term growth in demand for South African chrome and with this in view, relatively large capital

sums are being outlaid to increase production at the three chrome properties and in the opening up of new areas

Between now and 1981 it is planned to expand production substantially above the present annual rate of some 1.2 million tons. This expansion is to cater for the prospective long-term increase in demand for chrome ore for processing by the local alloy industry and also for export to major industrial companies overseas. Nevertheless the rate of expansion may have to be determined to a certain extent by fluctuations in demand which are a normal feature of the chrome industry.

As far as exports are concerned the supply of trucks by the South African railways improved during the year due to the continued co-operation of the Administration and with the help of the Mozambique Authorities there was a major improvement in the handling of chrome ore through Maputo. A small additional tonnage is being shipped through Durban at the present time.

Asbestos

As I forecast last year income from the tribute of amosite asbestos which is mined at Penge in the eastern Transvaal on a royalty basis was considerably lower than in 1976. Tributes of other minerals occurring on T.C.L. properties are not of significance.

Forestry and timber

Lotzaba Forests Limited in which T.C.L. has a 61 per cent interest continued with its programme of afforestation and it derived a satisfactory increase in profits from its sawmilling operations. A new mill was commissioned at Tzaneen during the year.

Exploration and development

Exploration activities have covered various operations undertaken on properties owned by the company as well as on farms belonging to other parties and in respect of which suitable prospecting and option contracts have been negotiated. In extending exploration into the latter areas the company is endeavouring to enlarge its sphere of involvement in the exploitation of the mineral wealth of the country. From a study of the fluor spar market the supply/demand situation would appear not to have changed to the extent that the company could consider proceeding with the exploitation of the deposit in the Western Transvaal. The forecast future demand for fluor spar is now considered to be such as to preclude any possibility of exploiting this deposit within the next 4 or 5 years. It has been established that the tin deposit on certain company farms in the Potgietersrus area is of limited magnitude and of a rather complex nature. Exploitation of this deposit does not appear to be feasible unless additional ore can be found. A systematic examination of adjoining company farms where the tin occurs in a different form is scheduled for the new year. From our chrome explorations we have established that the occurrences on a group of company farms in the Eastern Transvaal embrace an ore reserve capable of supporting a viable mining operation. Preparation for mining has commenced and the deposit will be exploited as a section of the Winterveld Mine. Coal exploration continued to be one of our main prospecting activities. Geological examinations have been undertaken in a number of localities and options have been acquired over fairly large areas of ground. Prospecting for uranium another important aspect of our exploration effort has proceeded throughout the year. Further investigations are being carried out in the Karoo and

some preliminary reconnaissance work is being undertaken in the North Western Cape. The prospect in Namaland South West Africa was shown to be of no economic significance and the occurrences based on two company farms in the Klerksdorp district of the Transvaal were also proved to be of too low a grade to support a mining operation at this time.

Employment conditions for unskilled labour

The modern Black mineworker is still in the main a migrant labourer. He alternates between periods of small farming activities in his home country and cash earning periods on the mines. Due to the substantially increased wage levels during the past five years the worker can obtain his target earnings much more rapidly than he did before. The period spent on a mine therefore tends to be shorter than it was some years ago but the worker has maintained the tradition of returning to the same mine for a number of periods before finally settling down to permanent farming or other activity at his home. Our mines are pursuing a policy of continually training and thereby raising the skills of Black workers. The more highly skilled men obviously earn far more than the less skilled ones and the policy is to try to persuade the former to become permanent workers on a mine. During the last few years the percentage of South Africans and Transkeians working on mines has risen sharply. The difficulties of providing full family housing for these men are not as great as in the case of foreign workers and our mines are considering a number of schemes whereby married housing can be provided on a mine or the employee can be assisted to build his own home in the area from which he comes. Where possible the intention of our mines is to provide single accommodation for the worker during the week but to make arrangements for him to travel home for weekends. No matter how large a mine is it must always be remembered that it has a finite life and home ownership in the immediate vicinity of a mine might not be in the long term interests of the employee. The increased wage levels mentioned above provide the unskilled young novice with ample funds for his own immediate needs. His ambitions and desires for higher pay must be met by the opportunity given to him to develop into a skilled worker or supervisor. The training programmes offered by our mines provide the means for self-betterment and it is up to the individual concerned to advance through the various grades available to him on a mine. However it is recognised that trade union practice and certain legislation present barriers to advancement beyond a certain point. The policy of our group of mining companies is continually to press for the lowering of these barriers with the ultimate aim of ensuring equality of opportunity for all its employees. During his stay on the mine the migrant worker is housed and fed. The hostels on our mines are built to the highest current standards and good quality balanced meals have always been provided from the extensive kitchens. However the new hostels are being built to standards far higher than the previous hostels. In addition cooking facilities have been completely modernised and smaller dining rooms provided where meals are available at all hours. Recreation facilities in the form of sport, general education, TV and radio shows are continually being expanded. Employment conditions for Black workers on all T.C.L. properties continue to be given the highest priority and great improvements have already been effected.

Listed Investments

The market value of the group's listed investments excluding holdings in the subsidiaries Weigedacht Exploration Company Limited and Witbank Colliery Limited rose from R39 362 000 at 30th September 1976 to R47 745 000 at 30th September 1977, reflecting a small up-turn in share prices on the Johannesburg Stock Exchange. If the enhanced market value of the holdings in Witbank and Weigedacht are added to the abovementioned figure the total value of T.C.L.'s listed investments increased from R105 million to R119 million.

Finance

Negotiations were successfully concluded for the loan of R13 000 000 mentioned in my report last year. This loan was arranged through our holding company Barlow Rand Limited with a consortium of overseas bankers and has already been drawn. Further loans arranged but not yet drawn down and overdraft facilities not utilised at the date of the accounts amount to approximately R50 000 000. As a consequence of a change in the timing of equipment purchases for the new strip mines our forecasts show that additional facilities will be required during the anticipated peak borrowing period at the end of 1978 and during 1979. Furthermore present world economic circumstances and demand patterns indicate the possibility of having to finance the stockpiling of export ores in the short term. It is therefore deemed prudent to arrange further local borrowing facilities of R10 000 000. Negotiations for these facilities are in progress.

Future prospects and dividends

The interim dividend this year declared on 12th May, 1977 was 30 cents per share and the final dividend for the year at 65 cents per share was declared on 27th October, 1977 making a total of 95 cents per share for the financial year. I do not expect any marked improvements in the company's earnings in the year ahead but the income flow from the new coal and chrome ventures followed by improved earnings from uranium should ensure the resumption of earnings growth from 1979. I anticipate that the level of dividends declared during 1977 should at least be maintained in 1978.

However shareholders will realise that both earnings and dividends are dependent on normal trade relations continuing to exist between the Republic of South Africa and its major trading partners. If political events should result in reduced exports of primary products T.C.L. and other exporting companies could be seriously affected.

Appreciation

I take pleasure in recording the board's appreciation of the services rendered during the year by the staff of Rand Mines Limited managers and secretaries, by our United Kingdom secretaries and by the management and employees of the mines and forestry interests of the group.

Proceedings of the annual general meeting

A report of the proceedings at the forthcoming annual general meeting will be available to members shortly after the meeting on request to the secretaries in Johannesburg or in the United Kingdom.

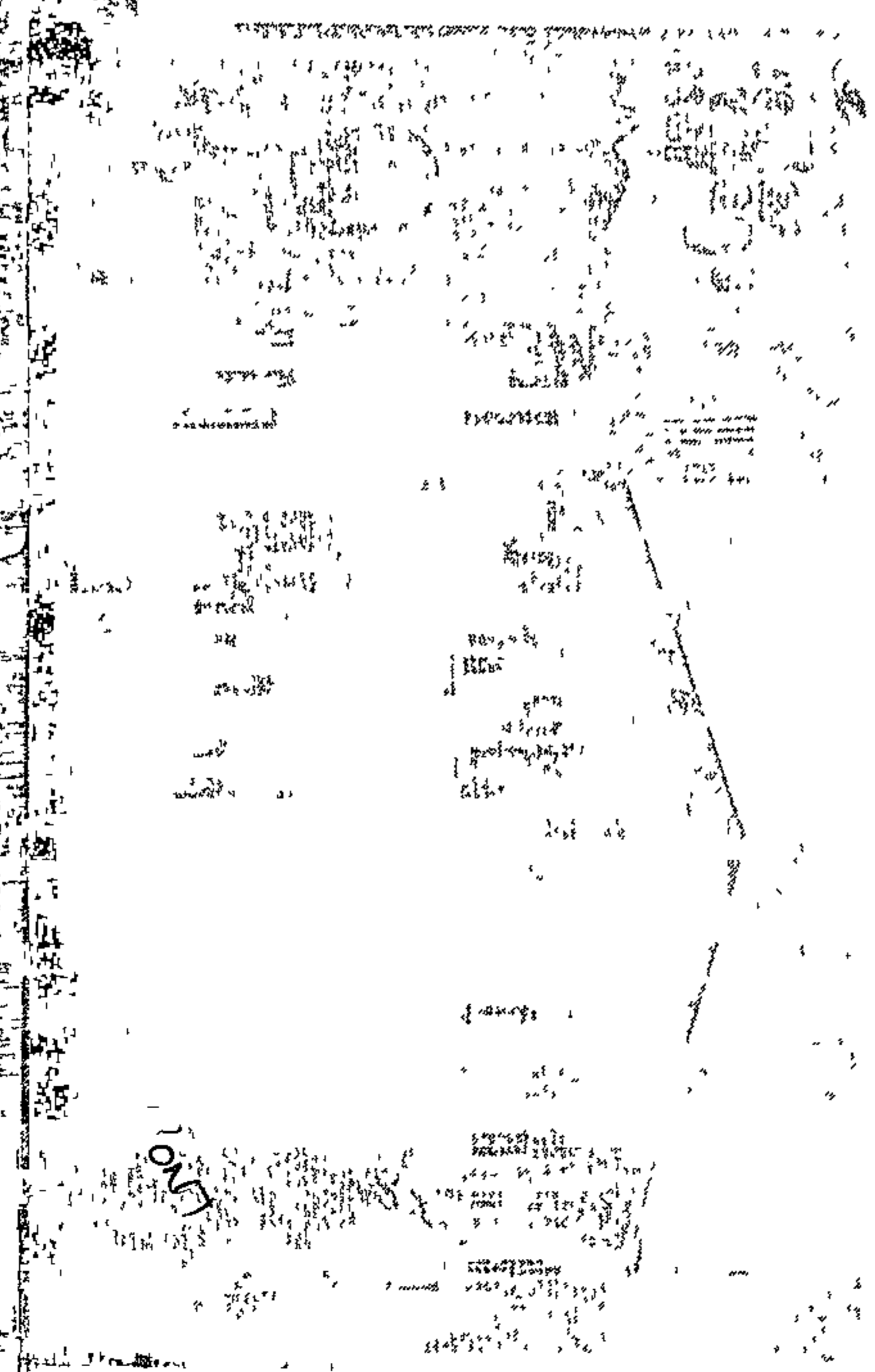
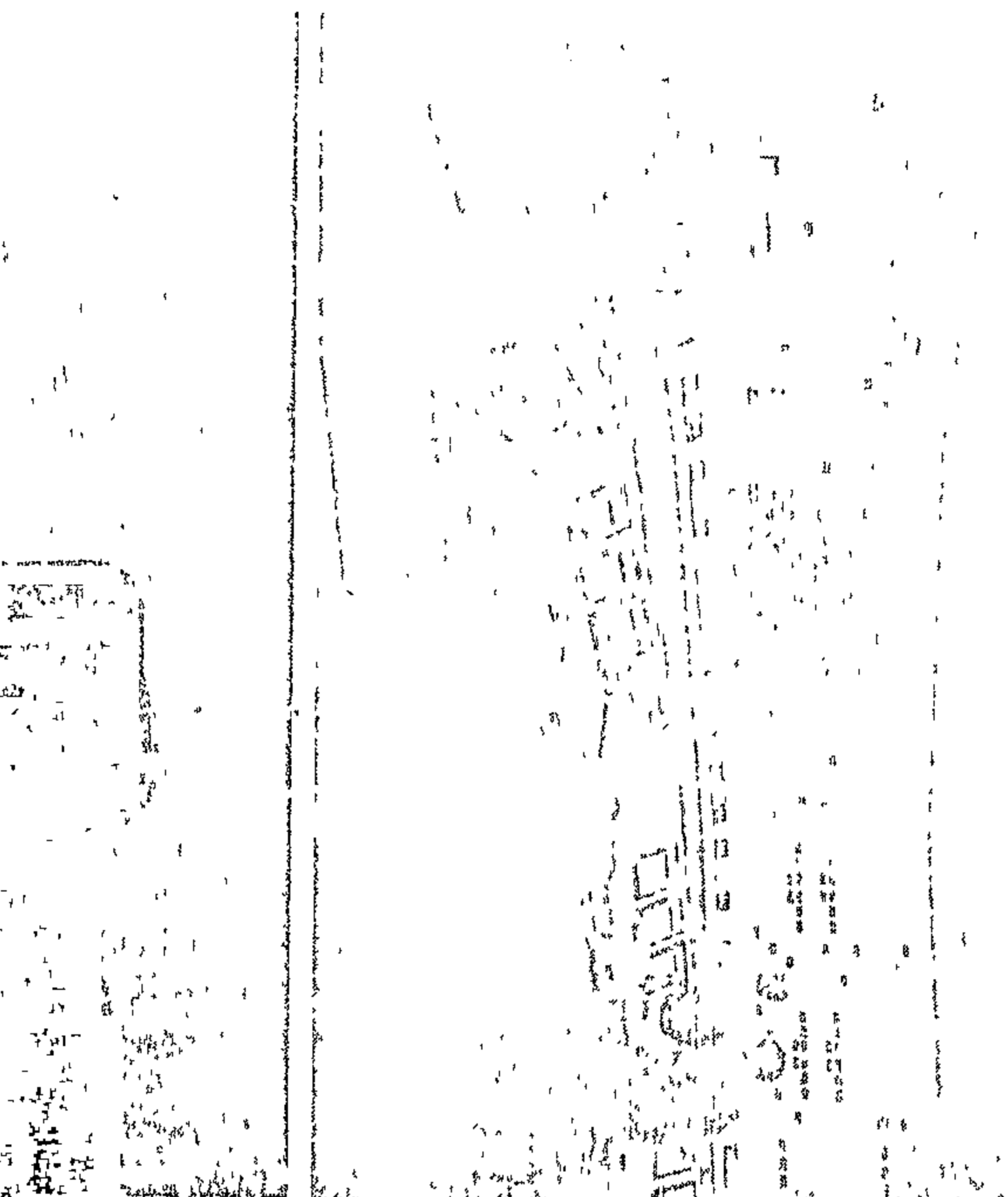
A. C. Peterson
Chairman

Johannesburg
11th November 1977

ERGO hits new high in S.A. KILOW-HOUR

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S.A. KILOW-HOUR



Above: Welcome to Sallies Village Reef, the mine houses on the old Sallies property have been taken over by a private company and modernised. This is what one of the houses looks like after a face-lift. The houses are a stone's throw from the Ergo project.

Left: The first phase of the project, the station.

JOHANNESBURG. — With the planning, construction and equipment of the giant Ergo undertaking of R140 in South Africa has once again shown that it has the industries, technology and management acumen for virtually any similar task.

"Ninety per cent of the total costs were spent locally," said Mr A S "Danny" Webster, General Manager of Ergo (East Rand Gold and Uranium Company Ltd.)

clearer if one bears this in mind. "Here we received tremendous co-operation from various quarters," said Webster.

the Railways,

This includes the planning and management for which South African firms were commissioned, construction and equipping. Where management is concerned I am convinced that our local organisations can acquit themselves as well as any overseas group, if not better.

"The equipment, which was manufactured locally, is all proven, because we cannot afford to experiment. We didn't make any sacrifices as far as quality was concerned."

Ergo was established to recover gold, uranium and sulphuric acid from old slimes dams on the East Rand left behind by the original processes.

The project, which has an estimated life of 20 years, is expected to yield approximately 7 t of gold, 180 t of uranium and 500 000 t of sulphuric acid per annum.

ZAMBIA

Mr Webster is a Mechanical Engineer by profession, but is a man with close ties with the industry. He worked on the Zambian copper mines for 23 years until his appointment as head of Ergo two years ago.

Before his appointment he was involved in feasibility studies for the project.

"What to me was most impressive about Ergo is that we got the green light to go ahead with planning only in January last year. That phase was so swiftly dealt with that in April of that same year we could start preparing the site for the 'roid' plant,"

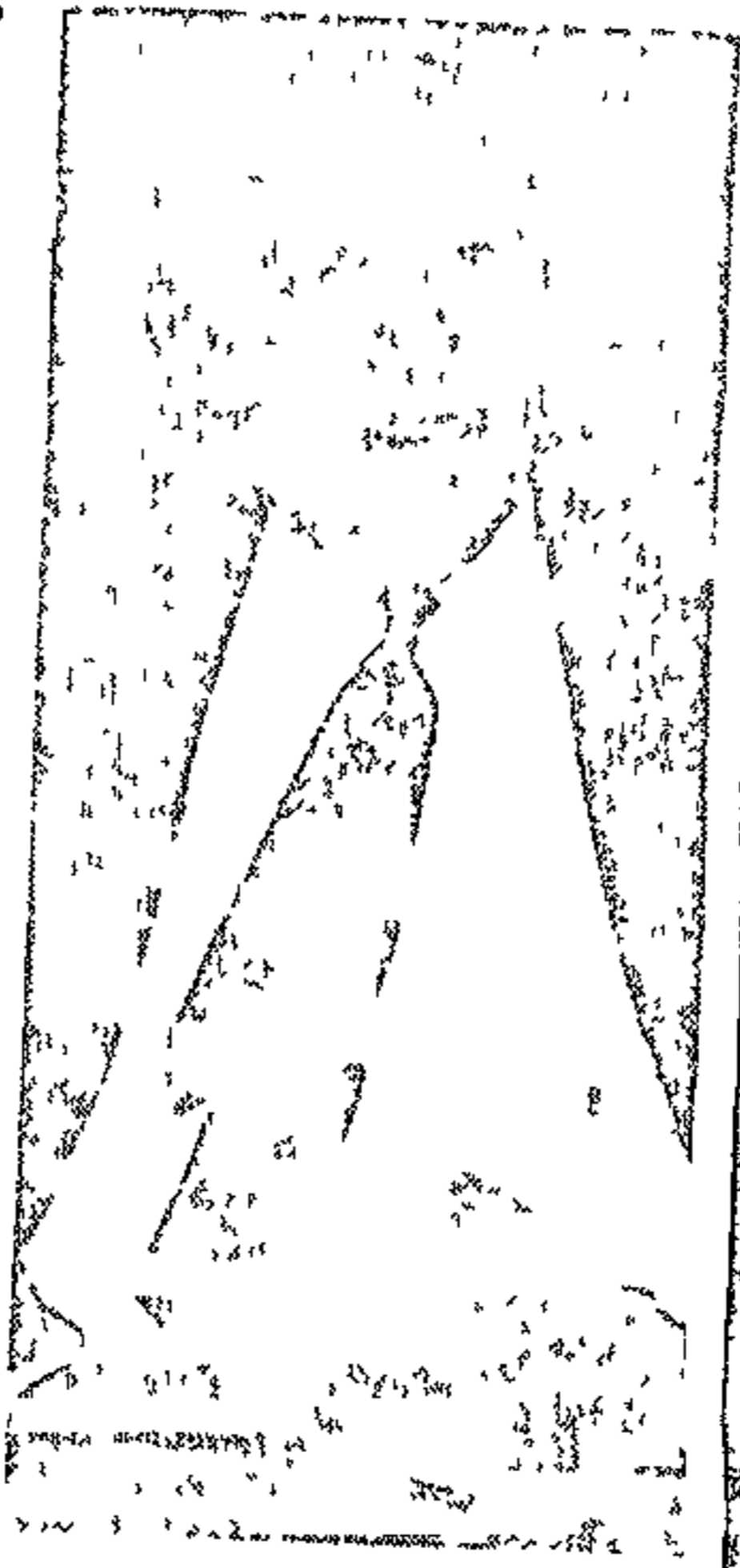
said Mr Webster.

Servitudes had to be obtained before a start could be made with the laying of pipes from the slimes dams to the plant on the old Salles property near Springs, some over a distance of 11 km. The magnitude of the task becomes

local government and the "ind Water Board co-operated very well to speed up and ease our task."

The Ergo undertaking, which according to Mr Webster's knowledge is the largest of its kind in the world, starts at the old slimes dams which came into being 50 or more years ago.

A high-pressure water cannon, which shoots the water out of a small orifice at a pressure of 2 000 kPa, breaks the hardened sludge



"South Africans have the know-how." Mr Webster

down. The resultant slurry is then pumped at high pressure through pipes with a cross section of 50 cm to the first part of the plant.

In this section, the flotation plant, the gold, uranium and sulphur are separated. The gold, uranium and sulphuric acid are then recovered in their respective plants. Approximately one-and-a-half million t of slime is to be treated every month.

Ergo is expected to go into full production in June next year.

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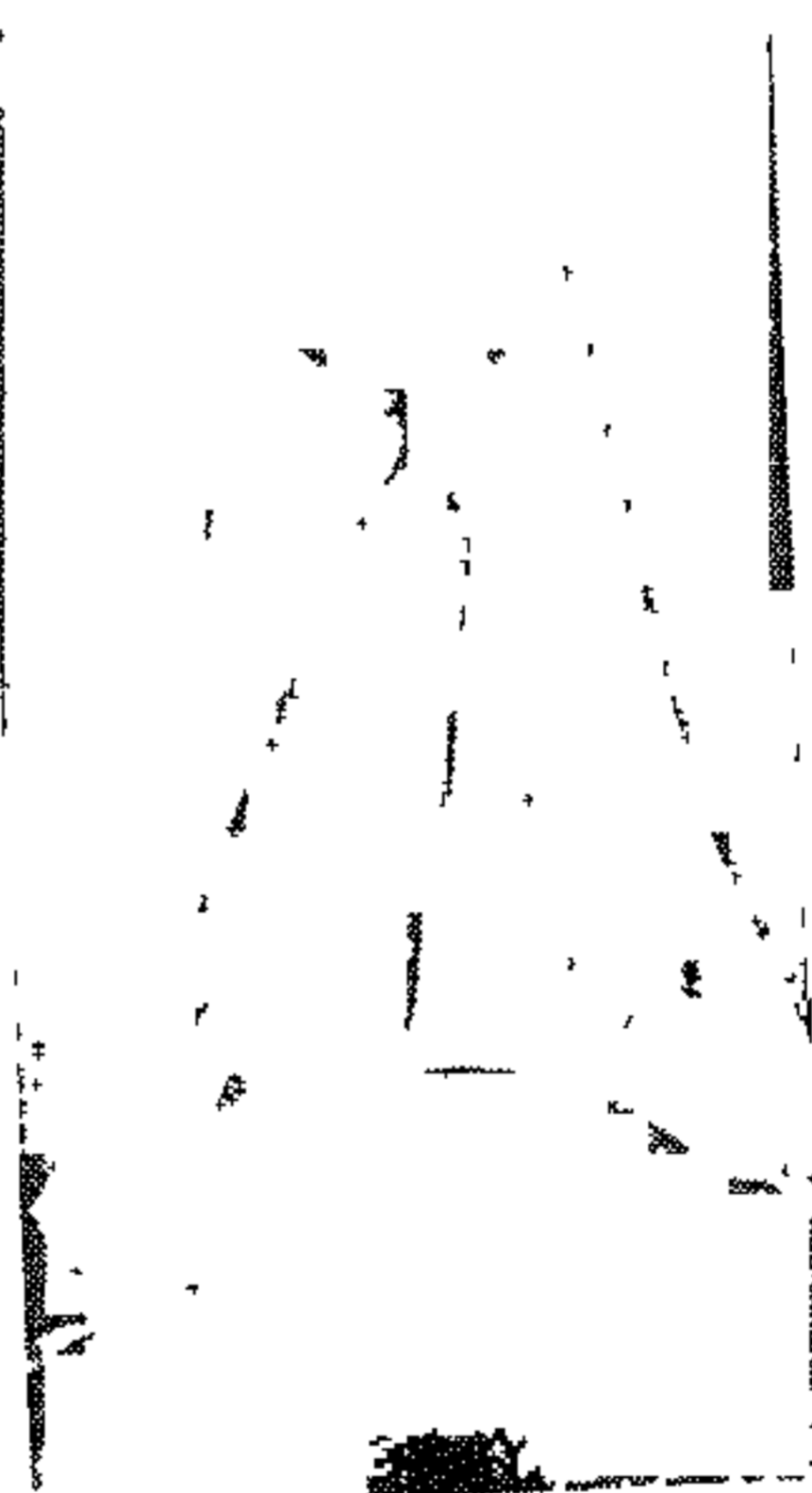
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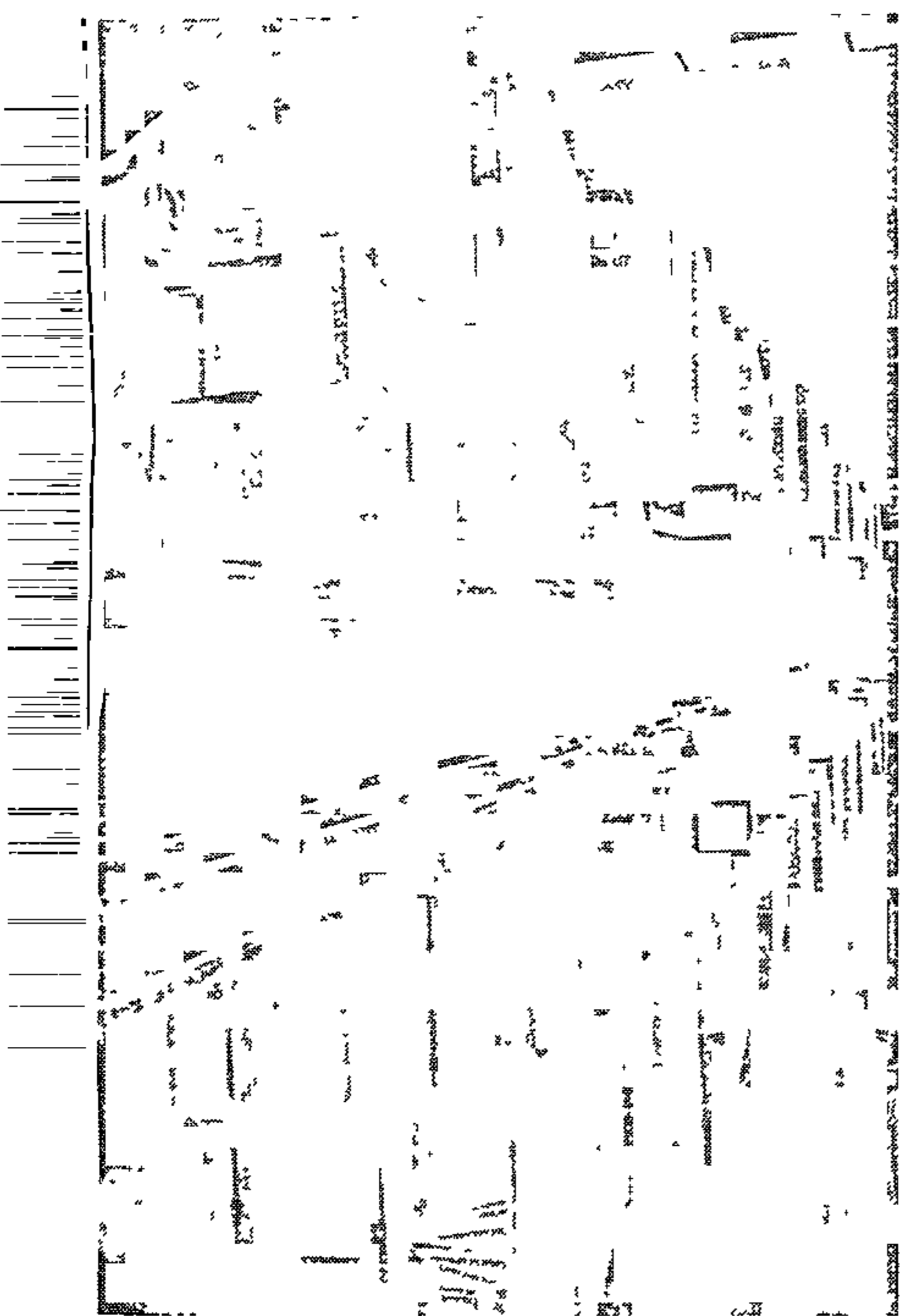
Below The panel game
Four technicians control the
flotation plant from this
control room



Ergo hits new high in

S.A. know-how

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Above Welcome to
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mine houses on the old
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a stone's throw from the
Ergo project

Left The first phase of
the project, the flotation
plant

Staff Reporter CONT

JOHANNESBURG — With the planning, construction and equipment of the grant Ergo undertaking of R140 m South Africa has once again shown that it has the industries, technology and management acumen for virtually any similar task

"Ninety per cent of the total costs were spent locally," said Mr A S "Danny" Webster, General Manager of Ergo (Fast Rand Gold and Uranium Company Ltd) in an interview with Mining News.

"Here we received tremendous co-operation from various quarters," said Mr Webster.

"Escom, the Railways, local government and the Rand Water Board co-operate in the plan-

MINING GENERAL

1978

Metale en minerale kan plons

210

Deur David Meades

SUID-AFRIKA het 'n skitterende uitvoerjaar vir minerale en metale agter die rug. Maar die vooruitsigte vir vanjaar het ingrypend verander en die algemene gevoel is dat ons nie naastenby daarin gaan slaag om weer dieselfde groeikoers te toon nie.

Daar is egter terselfdertyd ook 'n paar ligpunte. Daar word verwag dat die uitvoer van uraan sterker kan toeneem, terwyl daar op die oomblik 'n goeie vraag na plati-

num is.

Sover lyk sake nog goed vir goud. As goud vanjaar 'n gemiddelde prys van 170 dollar per ons kan handhaaf, kan die land se verdienste uit goud weer met sowat R400 miljoen styg — tot sowat R3 200 miljoen.

Maar wanneer 'n mens na ystererts, chroom, mangaan, steenkool, koper en diamante kyk, lyk sake maar droewig.

Ons uitvoersyfers vir hierdie produkte is nog nie bekend nie. Ons produksiesyfers vir die eerste elf maande is egter vandeeweek bekend gemaak. 'n Baie groot deel hiervan word uitgevoer en die toename in produksie is 'n goeie aanwyser van hoe dit op die uitvoerkant gegaan het.

Die eerste elf maande se syfers gee ook 'n goeie aanduiding van wat die posisie oor die jaar was. Daarvolgens kan 'n mens ramings doen oor wat die posisie in die hele 1977 was.

In die geval van ystererts was daar 'n toename van 73 persent in die produksie tot 26,5 miljoen ton. Dit is natuurlik weens die Saldanha-uitvoerprojek wat op dreef gekom het. Hierdie syfer sal waarskynlik vanjaar toeneem, maar nie naastenby in dieselfde tempo nie.

In die geval van mangaan was daar 'n styging van byna 13 persent tot 4,8 miljoen ton. Ook hier word 'n heelwat stadiger groeikoers verwag. Ons uitvoer van chroomerts het met byna 38 persent gestyg as die produksiesyfer van 3,3 miljoen ton die maatstaf is. Ook hier word slegs geringe groei verwag.

Die produksie van steenkool het met 13 persent tot 85 miljoen ton gestyg. Ons uitvoer van steenkool deur Richardsbaai het nou vir

uitvoer. En hierdie groter uitvoer was in die wêreldwye kopermark net moontlik weens leweringsprobleme in ander groot koperuitvoerlande.

Asbes het 'n baie goeie jaar agter die rug. Ons produksie het met 37,5 persent tot sowat 390 000 ton gestyg. Pryse was vir veral die lang vesel baie goed. 'n Producent soos Gefco se gemiddelde inkomste het hier met 20 persent tot R523 per ton gestyg.

Msauli, wat die kort vesel produseer, se inkomste per ton het weer met 17,6 persent tot R208 per ton gestyg.

Die land se diamantproduksie het met die eerste tien maande se syfers as maatstaf 'n geraamde styging van 11,4 persent tot 7,8 miljoen karaat getoon.

eers feitlik sy maksimumvermoe bereik. En alvorens verdere uitbreidings op die spoorlyn en in die hawe gedoen word, sal hier geen betekenisvolle groei in die uitvoer wees nie.

In die geval van koper toon ons produksie 'n matige styging van 196 000 tot 220 000 ton. Dié styging was hoofsaaklik weens 'n groter

Major study on impact of mining industry (210)

Star Bus. 10/2/78

The Chamber of Mines has commissioned a major study into the impact the South African mining industry has on the national economy. A new monthly economic and news report published by the chamber says the study is to be undertaken by the Bureau for Economic Policy and Analysis (BEPA), of the University of Pretoria.

It is scheduled to start on March 1 and is expected to be completed within a year. The significant structural changes that are also taking place in other sectors of the economy also underline the need for such a study.

In general terms, BEPA's brief is to seek to

quantify the effect of the mining industry on the generation of the gross domestic product, and to quantify the investment, expenditure and employment multipliers, or ripple effects, of mining.

BEPA will also investigate the direct and indirect contribution of mining on the balance of payments, State revenue, the money markets, price escalations, and the economies of neighbouring territories.

It is expected that the information provided by the study will be of value to the authorities in formulating and implementing economic policy.

FIM 24/2/78
MINERAL EXPORTS
Up and down

~~215~~ 210

If anyone ever had doubts about the huge contribution which minerals continue to make to SA's export earnings, they can shed them now. Provisional figures issued by the Minerals Bureau show that earnings from the export of SA's major minerals jumped by nearly 30% last year — from R3 600m in 1976 to around R4 700m.

The R1 100m increase is the main reason for the improvement in the current account of the balance of payments last year. Failure to maintain such a performance could have serious repercussions for the value of the rand.

Apart from that stalwart, gold, the big-

gest increase in export revenues came from iron-ore, platinum and uranium, coal, and diamonds. Gold alone accounted for roughly R435m, while the remainder added R525m to SA's earnings abroad.

What is the outlook for 1978? The activities of speculators make forecasting a risky process — especially in the gold and platinum markets. But experts are bullish about gold at least.

Many expect the price to break the \$200 barrier in 1978 and to average out at around \$180 for 1978 as a whole. On that assumption, SA can expect a R700m increase in gold receipts — from roughly R2 800m in 1977 to R3 500m this year.

The future of platinum also looks bright. Current free-market prices are around \$230 an ounce, and experts are predicting that they will reach \$250 in the near future. The average price last year was in the region of \$160. So if volume doesn't drop, and the price indeed averages out at \$230, receipts should move up by roughly 45%, or R150m.

The Russians

But much depends on the Russians, who are not at present selling platinum on world markets. It has been suggested that they are having technical difficulties with their smelting operations. More es-

pecially, there has also been speculation that after the USSR struck a large number of Olympic medallions from platinum, it decided to cast 15 rouble coins in competition with gold coins like the Krugerrand. Whatever the cause, the longer the Russians are out of the market, the better it is for SA.

Uranium also looks fairly bullish (see *Business brief*). In 1977, exports were roughly R120m. Experts forecast R100m on top of that in 1978.

On the other hand, the prospects for coal and iron-ore are not so good. Iron-ore exports are heavily dependent on the fortunes of the Japanese steel industry, which is still very much in the doldrums. A spokesman for Iscor believes that exports in 1978 will be much the same as for 1977, at 12m tonnes — despite earlier hopes that an extra 2-3m would be sold on world markets other than Japan this year. But the depressed state of the world industry has probably put paid to such prospects.

Coal exports also depend mainly on the Japanese steel industry. But already the Japanese have told SA that their demand for low ash blend coking-coal has fallen from 2,2m tonnes to 1,17m. This is a drop of nearly 5% in the volume of exports reached in 1977 (12m). Despite this setback, coal exporters hope that coal earnings will hold a steady level,

or even increase slightly in 1978. But they don't hold out much prospect of obtaining anything like last year's 250% increase.

Diamonds, as usual, are full of sparkle. They are already selling at premium prices (after jumping 35% last year) and experts are predicting that De Beers will announce another price increase soon.

FVB-terugslag tydelik

Deur DAVID MEADES

DIT was hoofsaaklik die staking van mynbedrywighede deur die Otjihasekopermyn in Suidwes dat Federale Volksbeleggings vandeeweek 'n taamlieke winsdaling en 'n vermindering van sy dividend aangekondig het.

Daar is egter nou verder voorsiening gemaak vir moontlike verliese uit hierdie belegging en intussen sal Federale, net soos sy vennoot in Otjihase, JCI, dit maar moet uitsweet totdat die koperprys eendag weer herstel.

En behalwe Otjihase, lyk dit of die enigste groot ander kopseer in die Federale groep sy belegging in Morkels is Dit is natuur-

lik so dat Federale Voedsel ook vandeeweek 'n effense daling in sy wins aangekondig het, maar hier lyk die vooruitsigte darem heelwat beter — bygesê as die visafdeling nie 'n te slegte jaar ondervind nie

FVB se wins ná belasting het van R8,6 miljoen tot R7,4 miljoen (van 39,8c tot 31,1c per aandeel) gedaal en die slotdividend is van 11c tot 8c verminder Die totale dividend het 19c beloop, teenoor 15c verlede jaar.

Hierdie swakker resultate was egter geen verrassing nie Beleggers was van die probleme met Otjihase en ander beleggings bewus en dit was dan ook die grootste rede vir die prys

van sowat 135c vir FVB die laaste tyd

Dit is egter nou duidelik dat FVB se sake 'n draaipunt bereik het en dinge behoort vorentoe net beter te gaan as dit met die ekonomie beter gaan, soos allerwee verwag word En daarom plaas die dividend van 15c die aandeel op 'n baie aantreklike opbrengs en kan 'n stewiger neiging verwag word

Die moontlikheid is trouens baie goed dat FVB selfs al in die lopende jaar weer kan begin om sy dividend te verhoog Met sy chemiese belange gaan dit baie goed, terwyl sy jongste planne vir die aptekersbedryf baie goeie belofte inhou ná die samesmelting tussen SA Druggists en Alumina

In die dienssektor is daar geen probleme nie en dit wil voorkom of veral die spyseniersarm, Fedics, baie goed doen

Mines join the battle over new monopoly laws

1/4/78 Jan 210

Michael Chester, Financial Editor

The Chamber of Mines today added its muscle to the growing lobby inside the private sector which demands sweeping changes to draft proposals for new legislation to police monopolies and mergers.

An analysis by its economics department finds a whole list of "serious flaws" in the draft of new monopolies laws, entitled the Maintenance and Promotion of Competition Bill 1978 and due to be introduced in Parliament by Mr Chris Heunis, Minister of Economic Affairs

It puts forward a strong argument that proposals to establish a special Merger Tribunal should be scrapped — also the conclusion reached at a conference called by the National Development and Management Foundation to examine the draft legislation

And it also argues that the powers of the proposed new Competition

Board — seen in the draft as a twin to the Merger Tribunal — should be clipped.

The Chamber says that certain sections of the draft Bill constitute

● "A retrogressive step contrary to stated government policy that it fully supports the maintenance of the free enterprise system and the rolling back of state interference in the affairs of the private sector"

● "A deterrent to new investment and the inflow of foreign capital to South Africa, bearing in mind the element of acquisition that is so often part and parcel of the process of new capital formation"

The Chamber has informed the Department of Commerce that it goes along with the concept of an independent quasi-judicial body as a Competition Board to regulate and prevent the abuse of monopolistic powers

However, it voices extreme concern that the draft Bill, as it now stands, in effect makes all acquisitions prima facie illegal, or at least potentially illegal, as they can be branded as such by the Board without any

references to restrictive practices

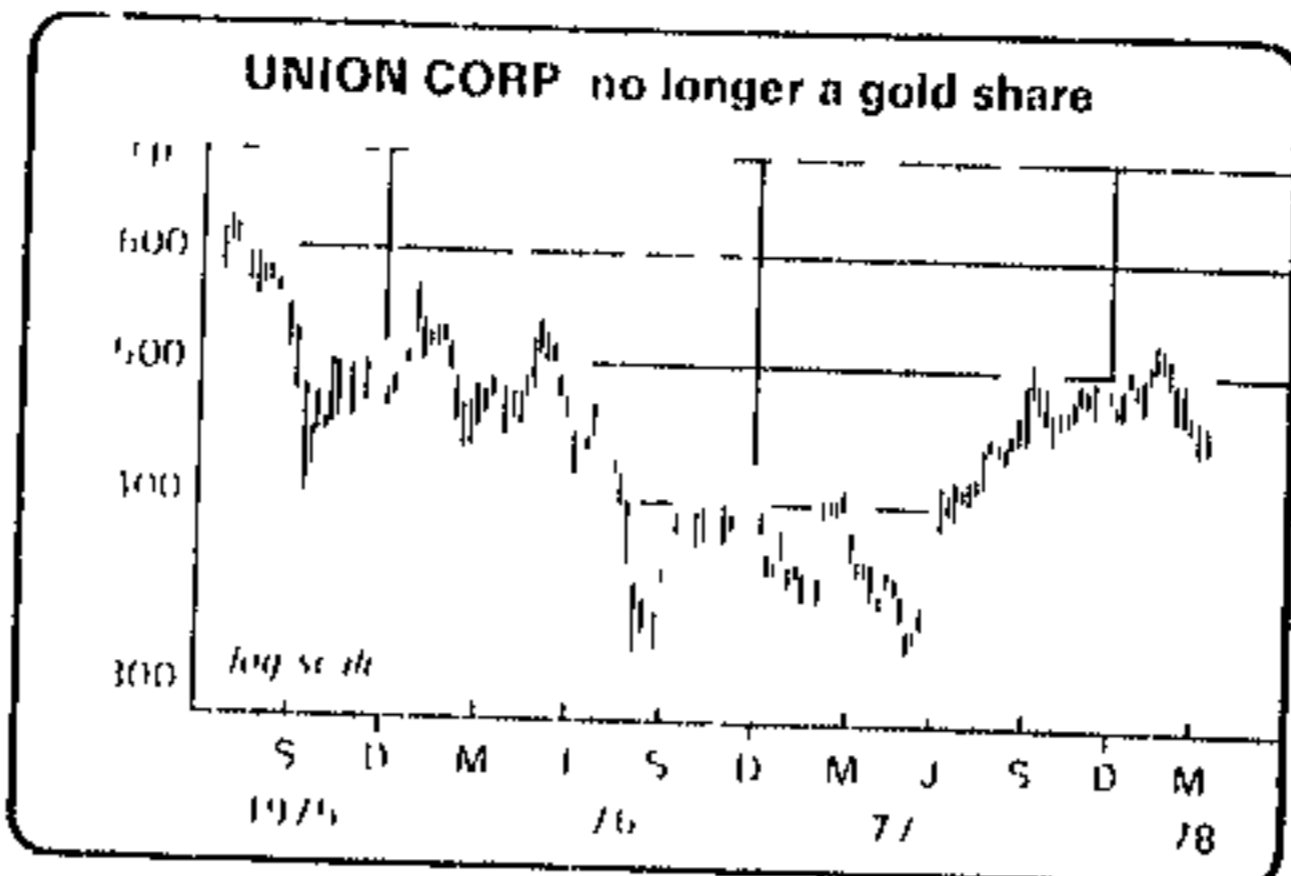
The Chamber has given warning that proposed surveillance procedures — given power to prejudge the likely effects of mergers and takeovers — will stifle companies, and may well end in a paralysis of entrepreneurial initiative

"In a capital hungry world there are innumerable countries that encourage rather than discourage acquisition or merger — and potential foreign investors may decide to look elsewhere for investment opportunities

DISLIKE

Finally, the Chamber has an intense dislike of proposals that State or semi-State corporations can be investigated only under the specific direction of the Minister. The Competition Board, it says, should be allowed to investigate them on its own volition — just as with private companies

Observers see it as highly significant that the Chamber has made public the sharpness of its criticism. And it now sounds obvious that a storm will break in Parliament unless the proposed legislation is extensively rewritten.



* Existence of such commitments inhibits further new projects or the expansion of existing ones.

Richards Bay, for instance is costing R250m 60% of the money being loan capital Union Corp's 30% equity interest involves an R30m cash outlay. The problems inherent in gearing of this nature are evident from the experience of the \$43m Rubiales lead/zinc mine in Spain. Because of commissioning problems and poor market conditions for its products, further equity had to be pumped in to meet loan commitments. Richards Bay is also suffering from depressed market conditions but should show a positive cash flow this year though there will be an operating loss.

These factors must be considered when deciding on bringing the potential uranium/gold mine south of St Helena into production. Hopefully the old maxim that good projects can always be financed will apply in this case. But if it does, it will require a substantial cash investment.

It is difficult to see much dividend growth from the existing portfolio. Gold now provides 21% of income but here escalating costs are still largely negating the rising revenues. Impala, which provides 10% of income, runs into tax this year and the principal industrial interest, Sappi, is unlikely to pay more this year.

On a brighter note, Capital & Counties, the big UK property group in which Unicorp has a 26% holding, has turned the corner and is dividend paying again.

Portfolio changes were minor and revolve around the acquisition of 1.4m shares in Ergo. A sign of the times is the reduction in the holding in Hambros, while the entire 1.9m shareholding in Blue Circle went out and the Brick & Clay holding has been reduced from 30% to 10%.

The new projects, including Unisel, are

sent retained earnings in the underlying operating companies

	74	75	'76	'77
Investments				
Book value (Rm)	136.3	148.2	107.3	113.2
Market value (Rm)	497.8	401.0	308.7	354.7
Net profit (Rm)	35.5	28.7	33.3	37.7
Earnings (c)	61	49	55	62
Dividend (c)	41	41	36	38
Net asset value (c)	885	720	679	781

The real trend in income was in the opposite direction. Income of the holding company (before exploration expenditure and interest) declined from R40.4m to R38.8m and can largely be attributed to a R1.3m drop in dividend income from gold mines. However, a lower charge for exploration expenditure, which is now charged as a direct cost, worked as an offset.

The dividend, which was upped 2c to 38c, absorbed R23.2m, leaving retained income in the top company of R9.7m. The inadequacy of this figure in the light of ruling capital costs of bringing new mining projects on stream is apparent. It is a general problem which has altered the whole pattern of financing new mining ventures (see Fox).

Chairman Ted Pavitt stresses this point when discussing the outlook for the group. Loan financing coupled with completion guarantees for new mining ventures has introduced a new element of risk and liability to mining houses.

UNION CORPORATION Growth problems

Activities. Mining finance house controlled by General Mining. Main mining interests are in the Vander and OFS gold fields and Impala Platinum. Industrial interests include Sappi, Kohler, Darling & Hodgson and Unicorn Lines. Holds 48% of UC Investments.

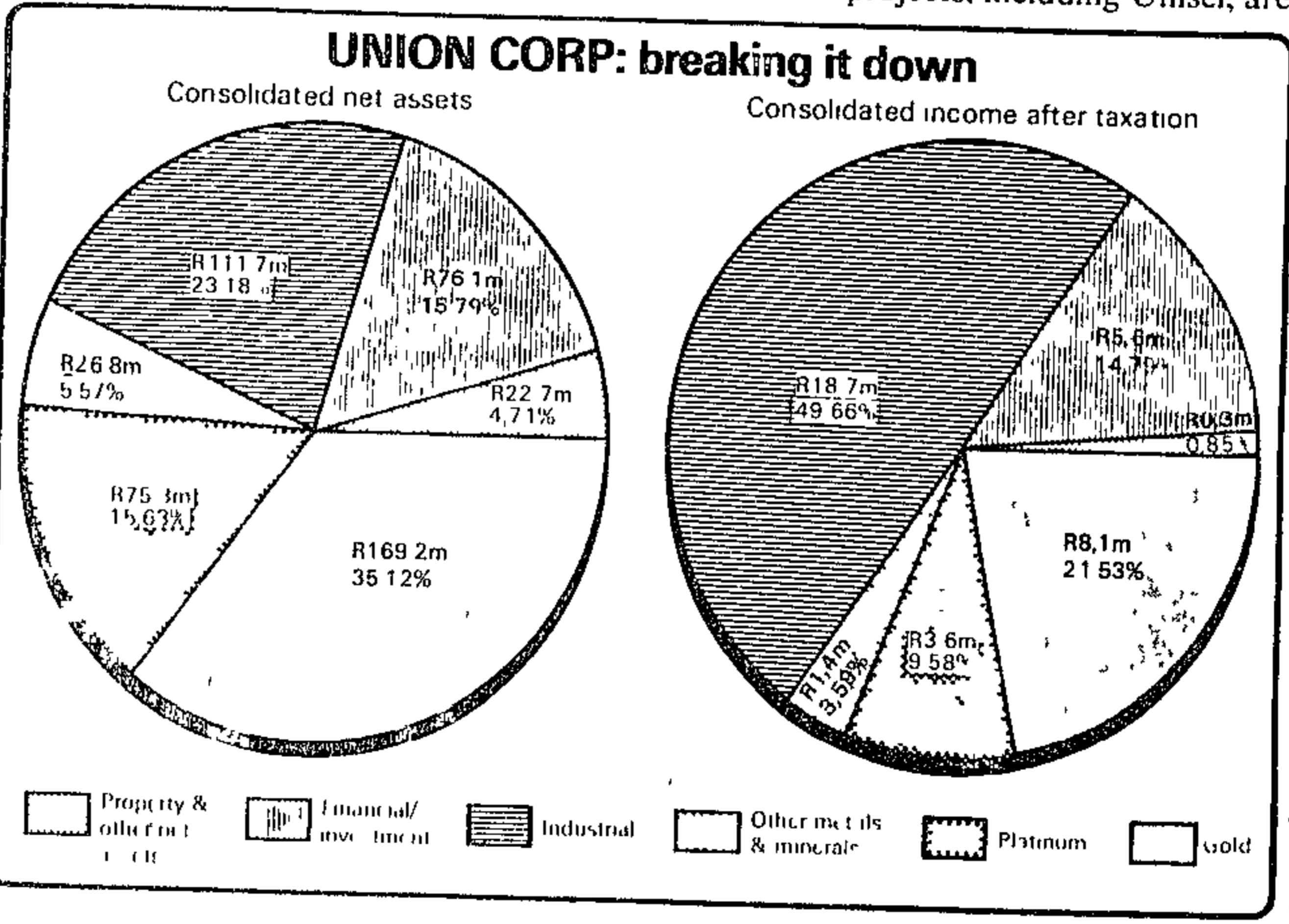
Chairman and managing director: E. Pavitt

Capital structure: 61.1m ordinaries of 6.25c. Market capitalisation R281m

Financial: Year to December 31 1977. Borrowings long and medium term, R96m. Net cash R83m. Debt equity ratio 21%. Current ratio 1.4. Group cash flow R78m. Capital commitments R53m.

Share market: Price 460c (1977/78 high, 525c, low, 310c, trading volume last quarter, 290 000 shares). Yields 13.5% on earnings, 8.3% on dividend. Cover 1.6. PE ratio 7.4.

The consolidated results show a 13% advance in earnings from R33.3m to R37.7m. The entire increase sourced from higher industrial profits and recap.



still a long way from having any impact on the income statement. And although the viability of the Free State mine is of great importance to Union Corp's future, the shares only rate a hold at current levels in view of the unexciting short-term dividend prospects.

Richard Stuart

9/4/78 (2/10)
Sunday Express

SA mining shares part of £1-m plot involving banker

By RAY HEARN

LONDON. — South African mining shares were an important part of £1-m (R1,6-m) fraud involving a Bank of England official. These shares were used to substantiate a forged letter to claim currency rebates.

Last week two men involved in the plot were sent to prison at the Old Bailey and five others, still on trial, have pleaded not guilty.

At one stage, in the elaborate and complex plot, an old typewriter was used to draft a letter so that it would appear genuine.

The unravelling of the scheme started in December 1976, when seven men, including 62-year-old solicitor Brian Wooding and bank official John Wales, 41, appeared at Bow Street magistrates court. Their offences had taken place between August 1975 and April 1976.

They were charged with obtaining large sums of money by pretending that overseas finance, which the men intended to sell, was investment currency. During investigations, it was discovered that none of this actually existed.

The plot centred on a rebate system which Britain uses involving deals of American dollars.

Wooding, who had admitted his part in the offences and described as the "con man's fool" was jailed for three years for his part in the scheme. After sentence,

Wooding told the Old Bailey jury of the South African connection, as part of the evidence against the other men.

He said that in 1976 one of the accused, Leonard Ash, came to his office and produced a piece of paper torn from a notebook.

On it was a list of South African shares.

"He said that these were the shares 'our man at the bank' says will do the trick," said Wooding.

This was a reference to Wales.

Dr David Price prosecuting, said that to carry out the fraud, the men needed a solicitor to falsely certify that the foreign investments had been held by them since June 1972, and an official at the Bank of England had to approve it.

Mr Price had also told the jury that at one stage, the value of securities involved had been represented to various banks of £3.5-m and had even reached £20-m.

The case continues.

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SA mineral sales hit new records

S.T. 30/4/78
(210)

THE VALUE of South African mineral sales in 1977 amounted to R5 511-million, an increase of 24,1 per cent on the previous year's record total of R4 442-million, according to provisional figures released by the Department of Mines

Gold sales rose by 18,2 per cent from R2 380-million in 1976 to R2 814-million. Actual production was down 1,7 per cent to 699,7 metric tons and the R434-million increase was attributable to the higher price received during 1977

This is estimated at an average of \$144 per fine ounce compared with \$119 in 1976, an increase of 21,1 per cent

The value of base and precious minerals other than gold continued its steep climb with an increase of 32,5 per cent, almost equalling the record 32,7 per cent achieved in 1976

Uranium production increased by 24,5 per cent to 3 874 tons.

Export totals for last year have not yet been finalised, but at an estimate in excess of R4,6-billion is expected to show an increase of some 30 per cent or R1-billion on 1976

Coal exports more than doubled in volume from 6-million tons in 1976 to 12,7-million tons last year, earning R249-million in foreign exchange. Coal now becomes the country's third biggest mineral export revenue earner after gold and platinum.

The value of iron-ore exports shot up by 431 per cent from R33-million to R189-million, attributable to the use now being made of the new bulk handling port at Saldanha

Bay and the direct rail link with the Sishen orebody

Diamond sales increased by 14 per cent in value to R215-million during the period January to November last year, despite price increases for gem quality stones of 15 per cent in March and 17 per cent in November

Chrome exports increased by a substantial 64 per cent in value in spite of sluggishness of the world steel industry and, in recent months, an oversupply in international chrome markets

Copper exports also shone, with an increase of 42,3 per cent to R164-million, reflecting higher production levels which offset the decline in the world copper price

The outlook from the Chamber of Mines is that 1978 should show a further increase in earnings.

"Despite the continuing low growth in capital investment in major industrialised economies, which is stifling the growth of the world steel and metal industries and therefore inhibiting the demand for a number of South Africa's base minerals, the year ahead holds promise of a further expansion in earnings from mineral exports

"The higher prices being received for gold, uranium, platinum group metals and diamonds, plus a steady expansion in coal and iron ore exports aided by the commencement of exports of heavy minerals and phosphates through Richards Bay, should ensure a positive growth in minerals, albeit at a lower rate than experienced over the last two years"

Mining—primary producer and industrial generator

THE RESERVES of minerals in the earth's crust are undoubtedly finite and much concern has been expressed about this in recent years. Since we cannot contemplate very easily a way of life without a plentiful supply of metals, the concern is well justified.

It is not too difficult to calculate that the known reserves of many metals will be exhausted in quite a short time — certainly very much less than a century for many of the important metals such as copper, tin, nickel and zinc — if the present-day rate of usage continues and no new reserves are uncovered.

Fortunately the exploration geologists in the mining

industry are continually hunting for new mineral deposits and the continuing rate of discovery keeps pushing the date of eventual depletion ahead of the current usage.

This seems to be a satisfactory state of affairs, but, as a general rule, the newer deposits that are being discovered tend to be increasingly less accessible and pose ever more difficult economic and technical problems to the men who must mine the deposit and process the ore to a useful form.

But mining and mineral processing technology is always developing and this has the effect of bringing a greater proportion of the mineral resources of the earth into the category of reserves — that is, those resources of minerals that are available for exploita-

tion in the current economic situation.

It is reserves rather than ultimate resources of minerals that are our primary concern, provided that new technological developments always brings more and more of the less favourable mineral deposits within the scope of economic mining and processing activities.

This means that greater tonnages of low grade ore must be mined and processed. The lower the grade of ore, the more material must be processed to yield a given quantity of metal. The result is efficient mining in huge open-cast workings using heavy mechanical equipment of increasing size

By Professor R.P. King, of the department of metallurgy, University of the Witwatersrand.

Other modern innovations in mining include lower-cost ammonium nitrate fuel oil explosives, improved automation, improved mechanisms and working environments in underground mines and improved transportation systems for the movement of the large quantities of material dug from the mines.

The processing of minerals likewise must keep pace with the need for improvements in efficiency to maintain economic viability as the more difficult ores are tackled.

The South African mining industry has an impressive history of successful technological innovation, particularly in the field of gold and

uranium extraction. In more recent times, the ferro-alloy industry has shifted the emphasis from gold, the production of which has declined in South Africa after the peak production in 1970. For example, the size of the electric furnaces used for the production of the ferro-alloys has increased steadily, culminating in the large 105 MVA furnaces for the production of iron and titanium at Richards Bay.

South Africa is one of the five countries — USA, USSR, Canada and Australia — that holds the bulk of the world's mineral reserves, but the reserves in this country have a peculiar characteristic, they are highly concen-

trated in the sense that the metals occur in relatively few countries and are mostly distributed in the big five mineralised countries.

For those metals where the South African reserves are large, namely platinum group metals, vanadium, uranium, chromium and manganese, these reserves form a very high proportion of the total world reserves, but South Africa has very few of the most important metals in this category.

This concentration of reserves leads to peculiar problems of exploitation. Although generously endowed with a wide selection of minerals, this country has a disproportionate share of the reserves of the five metals mentioned above.

But the South African rate of production of metals such as manganese and

chromium as a proportion of world production is significantly smaller than her proportion of the world reserves. In other words this country is increasing her reserves relative to other countries.

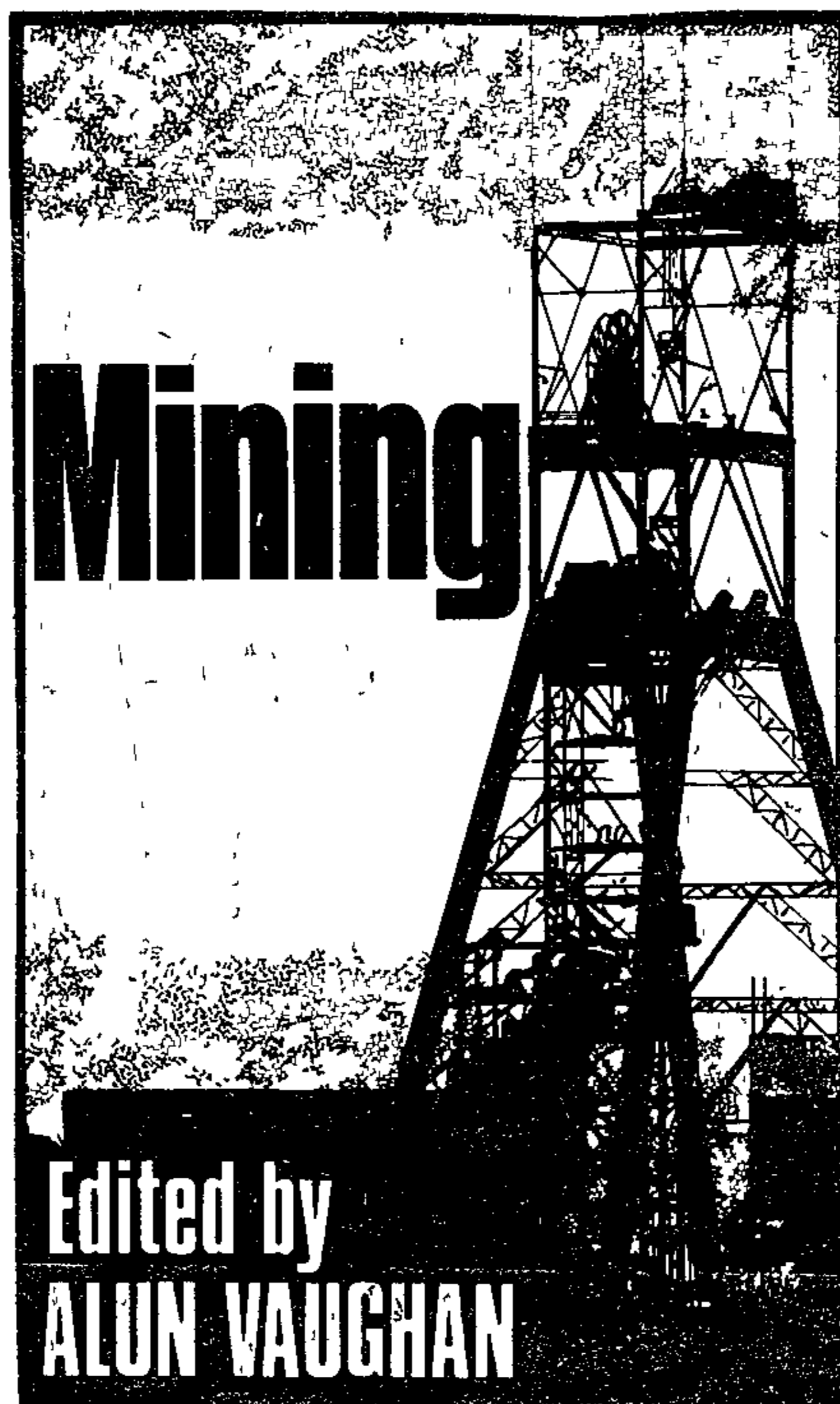
This is probably a good indication that a policy of exportation of unprocessed ores is justifiable since we are in effect trading excess reserves for capital to finance the further exploitation and processing of ores still to be mined.

There would be no sense in conserving, say, manganese in the face of present demand until eventually this country held effectively all the exploitable reserves — such a policy would inevitably hasten the utilisation of alternatives, lead to the evaporation of demand

Sunday Times, Business Time, April

30, 1978

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(210) 11/5/78 Star

Mining had record year in 1977

THE ASSEMBLY — The mining industry had another record year last year despite the prolonged world recession, the Secretary for Mines, Mr W P Viljoen, says in his annual report tabled in Parliament.

The total value of mineral sales increased by more than 23 percent to R5 530,8 million.

While gold sales increased by 18,3 percent in value due to the higher gold price they now account for only half the total mineral sales value, compared with 53 percent in 1976 and 67 percent in 1975.

Revenue from the non-gold sector totalled R2 715,8-million last year, an increase of 28,5 percent on 1976. The new harbours at Saldanha Bay and Richards Bay contributed significantly to sales increases in both metallic minerals (30 percent) and non-metallic minerals (38 percent).

COAL IS UP

Coal sales jumped by 46 percent to R755-million and is now the second largest revenue earner after gold.

"Bigger exports of iron ore through Saldanha Bay resulted in sales revenue exceeding R205-million, an increase of more than 157 percent over 1976," Mr Viljoen said.

Among other notable revenue increases last year over 1976 were silver (18,7 percent), diamonds (19,8 percent), chrome ore (62 percent), copper (17 percent), tin (68,4 percent), asbestos (17,1 percent), phosphate ore (71,6 percent) and sulphur content (31,4 percent) — Sapa.



ROBOTTEKANN MYN BREAAN

Rapport, 28 Mei 1978

'N SUID-AFRIKAANSE goudmynmaatskappy is besig met onderhandelinge om 'n skrikwekkende robot van meer as manhoogte as veiligheidswag uit Amerika in te voer.

Die robot is Century I, wat 'n oortreder of inbreker geruisloos op sy drie rubberwiele betruip wanneer hy hom met sy TV-oe of kitesensor opspoor. Hy het verskeie tegnieke om oortreders buite aksie te stel: hy vertam hulle onder meer deur lag-gas oor hulle te spuit.

Century I se vreedsaamer kleinboet, mnr Ontwerp, het al vandeeweek in Kaapstad aangekom Met 'n woordeskat van 4 000 woorde „werk“ hy by die tenoonstelling in die Goerie Hoop-sentrum, (Lees berg

hierby) Albei robots is die skepning van 'n voormalige Boeing-tegnikus, Anthony J Reicheld van New Jersey Hy het vandeeweek gesê Century I is nog nie in die stadium beskikbaar vir verspreiding nie, maar onderhandelinge met die Suid-Afrikaanse maatskappy is aan die gang.

Century I is 'n baie doeltreffende en uitgeslape mobiele veiligheidswag Hy bestaan uit elektriese drade, motore en batterye wat in 'n liggaam van koel-vasse veselglas gehuisves is

'n TV-kamera in sy voor-

kop en 'n apparaat wat vir die liggamsluite van 'n mens gevoel is, stel hom in staat om oortreders op te spoor Hy word geprogrammeer om 'n terrein van hoek tot kant foutloos te patrolleer

Wanneer 'n fabriek of gebou saans gesluit word, sit die gewone veiligheids-wagte in hul lokaal terwyl Century I die stapwerk doen Hy „weet“ dat niemand in die gebou of op die terrein mag wees nie Sodra hy die hitte van 'n mens „voel“, gaan kontron-teer hy hom.

Die robot sal die vermeende oortreder waarsku om stil te staan As hy nie gehoor gee nie, keer die robot hom met sy stof-spuerars voor en waarsku „Ek het jou gewaarsku Wil jy hê ek moet dit weer doen?“

As hy nog nie padgee nie, begin Century I sy sake vir

hom werk, onder meer met die laggas. Die wagte, wat alles deur sy TV-oe dophou, snel hom intussen te hulp Die robot se alarms loer ook sodra hy 'n oortreder opspoor

Century I kos 35 000 dollar Mr Reicheld sê daar is groot belangstelling in Amerika vir die dodelike Century I Hy het reeds 'n prototipe van die robot aan sekuriteitsinstansies vertoon

Omdat die robot so 'n hoogs geheime en gesofistikeerde uitvindsel is, wou hy nie sê watter Suid-Afrikaanse mynsgroep Century I wil aanskak nie Navrae by van die land se groot mynhuise het groot belangstelling in die robot, uitgelok Almal was dit eens dat hy nuttig gebruik kan word, maar dat hulle sy aanwesigheid hoogs geheim sal hou indien hulle een aanskak

MNR ONTWERP skud blad met mev Livia Mauerberger, burgemeestersvrou van Kaapstad Vir haar en burgemeester Ted Mauerberger, regs, het die robot veel te sê gehad

Bekkige boet bieg oor sy liefdeslewe

Van Ons Kaapstadse Redaksie

MNR ONTWERP, bekkige kleinboet van die kwaai Century I, (berig hierbo) het besoekers by 'n tentoonstelling van lewensgeriewe in die Goerie Hoop-Sentrum gou met sy woordeskat van 4 000 op hul plek gesit Hy het ook sy handigheid in die huis bewys hy kan koffie maak, die baba sus, kos bedien en vloere skrop

Aan mev Livia Mauerberger, burgemeestersvrou van Kaapstad, het hy die week met 'n handskud by sy aankoms op die lughawe D F Malan gesê „Jy is n baie aangename bio-chemiese eenheid

En op n vraag van mnr Ted Mauerberger hoeveel vyf plus vyf was was hy klaar met sy antwoord „Verwag jy ek moet n wiskundige genie wees?“

Mnr Mauerberger het gesê die antwoord is eenvoudig agt „U is die burgemeester en as u sê vyf plus vyf is agt, dan is dit agt“ het die robot teruggekap

Hy is nie goedkoop nie — kos sowat R70 000 En hy kom uit 'n groot familie van ongeveer 32 broers en susters wat almal vername werk doen

Mnr Ontwerp bieg dat hy verloop is aan 'n hyser, maar dit gaan blykbaar maar op en af, hy sê die verloving gaan nie hou nie 'n Oulike bio-chemiese eenheid het tussen hom en sy hysbak gekom „Skietlik, soos n vonk“

210

RAPPORT 28 Mei 1978 — 13



AMERIKA se magtige misdaadbestryder, die robot
Century-1, toring hier bo 'n oortreder uit Hy kom dalk
Suid-Afrika toe

Nuwe mynboustut

Stappent 28/5/78

210

op mark

'N NUWE sandsel-mynboustut wat plaaslik vervaardig word deur Bessemer-Staalkonstruksie van Krugersdorp, is aan omvattende toetse onderwerp by die myntoerusting-navorsingseenheid van die Nasionale Navorsingsinstituut vir Meganiese Ingenieurswese van die WNNR in Cottesloe, Johannesburg

'n Reeks sorgvuldig behoorde toetse is bygewoon deur verteenwoordigers van verskeie vooraanstaande mynhuise en konstruksiematskappye, insluitende Impala Platinum, Deelkraal, Doornfontein, Harmonie, Western Holdings, ERPM, Western Areas, Blackwood Hodge, Adams en Adams, Yskor, Metkor, Fowler, West Cape Engineering en die Suid-Afrikaanse Buro vir Standaard

Die sandsel bestaan uit 'n sagte ronde staaalhouer 0,99 mm dik wat baie soos 'n koekblik lyk. Dit is 410 mm in deursnee en 77 mm hoog.

Mnr Paul Hoogendyk jr, bemarkingsdirekteur van Bessemer-Staalkonstruksie, sê fynsand wat met 'n bitumenemulsie gebind is, word in hierdie houer ingepers 'n Inlasplaat of plate van verskillende diktes kan saam met die sand ingevoeg word vir die lasdraende eienskappe wat benodig word. Deur die druk waarmee die sand in die sandsel ingepers word af te wissel, kan verdere variasies van die lasdraende eienskappe verkry word.

Die sandsel-koekblik trek die skaal op 20 kg en die vervaardigers beweer dat die sandselmynboustut die volgende voordele inhou:



DIE gebruik van hul nuwe mynboustutselle is pas deur Bessemer-Staalkonstruksie aan mynhuise gedemonstreer. Van links is mnr Paul Hoogendyk jr, bemarkingsdirekteur van Bessemer-Staalkonstruksie, mnr J Rautenbach, uitvinder van die stelsel, mnr R Steynberg van die SABS, en mnr D Coetzee en A J van der Merwe, albei van die myntoerusting-navorsingseenheid van die Nasionale Navorsingsinstituut vir Meganiese Ingenieurswese van die WNNR in Cottesloe, Johannesburg, wat die toetse by die demonstrasie uitgevoer het.

• Doeltreffender dakbeheer as gevolg van die lasdraende eienskappe

• Uitskakeling van fyngruis wat in pakke vasgevang word

• Weerstand teen skietwerk en skrapeerbeskadiging weens die ronde ontwerp

• Gemak van vervoer

Mnr Hoogendyk sê stutpilaire kan deur die gebruik van sandselstutte, in sommige gevalle uitgeskakel word. Dit kan 'n taamlike kostebesparing per ton erts meebring.

• Makliker installering wat tot aansienlike tyd- en arbeidbesparing lei. Twee werkers kan 'n sandselstut in agt minute installeer.

• Weerstand teen brand omdat die bestanddele nie vlambaar is nie.

- 6. C'est une très vieille (succéder) de père en
- 7. Ne vous inquiétez pas (210)
- 8. C'est dans la roseraie table est (garnir).
- 9. Ton frère et moi sommes qu'il avait (louer).
- 10. (Tremper) par l'averse,
- 11. Je suis (surprendre) qu' cartes que je leur ai (é
- 12. Vous n'avez pas d'excuse, terminer avant de partir.

The Chief Warden,
Cape of Good Hope Nature
KLAASJAGERSBERG, C.P.

Dear

Même exercice.

AUTHORITY TO

- 1. Votre soeur que j'ai (éco- progrès; la sonate que je avec une exquisite sensibili
- 2. Les deux nuits pendant rest Olifantsbos subject to the from
- 3. Elle s'est (approcher) trop
- 4. The party will be utili- purpose of
- 5. Imprudente, elle a (vouloir) elle s'est (casser) la jambe
- 6. Combien d'occasions de réussi
- 7. Les nombreuses années qu'elle sa santé.
- 8. Cette besogne est plus delica assist (trava) to the party as ma the field station. I would al enough to bring to my attentio
- 9. Dans les haies, vos troncs e au tiède rayonnement du soleil
- 10. Yours sincerely,
- 11. Les avantages que pouvait lui (savoir) les apprécier et, à mo (tenir) compte, il l'a (refuser)
- 12. Pierre, à son tour, était (partir) à la ville, comme s'en étaient (aller) tant de jeunes gens que le village ne nourrissait plus.
- 13. Après s'être (rafraîchir) de l'eau qui'il avait (puiser) à la source, il reprit, (ragailleardir), la sente qu'il avait (suivre) à l'aller.

Prospects good for Vryheid mining

N.M. 11/6/78

Deputy Financial Editor

PROSPECTS are good that gold and uranium could be mined in the Vryheid district, the Mining Commissioner for Natal says in the latest report of the Department of Mines.

He says promising results have resulted from prospecting on the farm Tusschenby 411 for these two minerals.

Prospecting for previous metals is being carried out in the Black areas of Nkandla and Umzinto and "appreciable interest is being shown," the Commissioner says.

Prospecting for base minerals in Natal remains lively, he reports. Further searches for heavy minerals have been carried out near Richards Bay Minerals and prospectors spent R68 862 on this last year.

This search in the Black areas near Richards Bay has "produced promising results," the Commissioner says.

Anglo American intends to open a new coal mine at Leeunek in the Vryheid district.

The need to find bauxite (the source of aluminium) has led to a marked interest in exploration in Natal. The year saw the first concerted search by mining companies for viable bauxite deposits.

les Dupont s'y sont

si (penser).

llir) ces flerus dont la

re à la mer dans la villa

ans une auberge pour se sécher.

ondre) aux nombreuses

que vous auriez (pouvoir)

STATION, OLIFANTSBOS

a fait d'immenses er était (interpréter)

life Field Station at ont été un désastre

e est (tomber).

vacances.

on sans guide et

rdre) !

nies ont (altérer)

such advice and ie je ne l'avais

r smooth running of

you would be kind

pen of the regulations

tent (refleurir)

tion, il n'a pas

sans en avoir

RFF/afa

GENERAL MINING (210)

Period of consolidation

Activities: Mining house with major interests in gold, coal, base metals and industry. Owns 46% of Union Corporation, which is consolidated, and 18,9% of Avhold. Controlled by Federale Mynbou which, with its subsidiaries holds 62,8% of the issued capital directly and indirectly.

Chairman and managing director: Dr W J de Villiers

Capital structure: 8,2m ordinaries of R2 250 000 6% cum prefs of R2 Market capitalisation. R231,7m

Financial: Year to December 31 1977 Borrowings, long and medium term, R160,4m, net short-term, R174,6m*. Debt equity ratio 18,6% Current ratio. 1,2 Group cash flow R133,4m Capital commitments. R63m

*Includes creditors

Share market: Price 2 825c (1977-78: high, 3 050c, low, 2 180c, trading volume last quarter, 17 000 shares) Yields 18,2% on earnings, 7,9% on dividend Cover 2,3 PE ratio 5,3

	'75	'76	'77	'78
Attributable income (Rm)	22.5	26.0	34.5	43.3
Quoted investments (Rm)				
Book value	128.6	190.9	235.0	241.4
Market value	308.9	212.5	262.8	445.1
Earnings (c)	425	440	415	520
Dividends (c)	210	210	210	225
Net asset value (c)	5 363	3 976	4 553	5 452

The emphasis has been on consolidation during the present recession. At the same time, the balance sheet is being degreed as rapidly as possible meaning that loans for future projects can be more easily raised.

Near-term there appears to be little prospect of major funding calls on the top company. Cash and bank balances were run down by R42m and loans reduced by a like amount. By the year-end, Eurodollar debt had been cut to R37,1m of which R7m is due for repayment during the current year.

Accelerated repayments continue, meaning a further running down of the non-strategic and readily marketable investments. So interest on the Eurodollar loan will be less than R3,7m this year compared with the direct R10,7m dividend income from Union Corp. At 445c, the Union Corp investment is worth R125m equivalent to 1 521c per General Mining share.

In 1977 General Mining, excluding

Genmin's de Villiers... coal, uranium developments ahead?

consolidated Union Corp, was a net seller of golds and non-house sources indicate that the situation is continuing. Other major disposals were the total holding of 218 700 De Beers, 220 000 SA Breweries, 126 000 Barlows, 100 500 Rembrandt Group and 100 000 Woolworths.

Perhaps significantly, 131 800 Samancor shares were added to the portfolio.

Turning to the managed operations, the current year could have some rough spots. Tubatse Ferrochrome, brought on stream in 1977, is operating well technically but worldwide oversupply of chrome is taking its toll. Tubatse is operating at two-thirds capacity and reading between the lines of Wim de Villiers' chairman's statement, the third and final furnace may be held out of production until the market recovers.

Reports from London indicate that this year's chrome sales contracts with Japan have had to be negotiated at lower prices than last year. At the same time operating costs, especially for power, have risen beyond levels envisaged when the go-ahead was given for construction of the facility. Nor are threats of countervailing tariffs in the US

any cause for confidence.

The same problems of worldwide oversupply are affecting base metal mining operations. Chrome exports are subject to the same difficulties as chrome, asbestos sales are under pressure from oversupply, slack demand and dumping by Russia while Buffalo Fluorspar is threatened by the pending US ban on the use of fluorocarbons in aerosols.

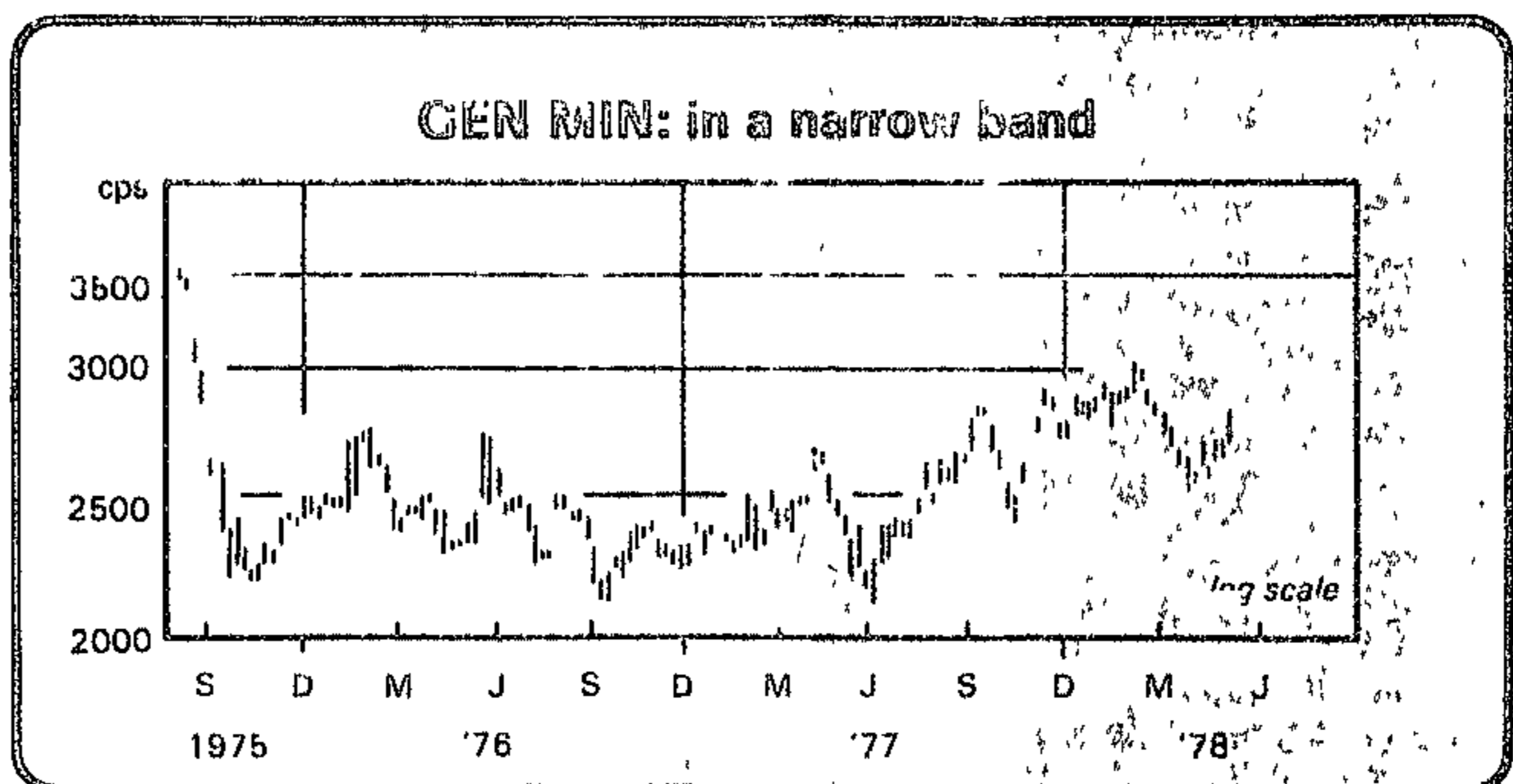
But this perhaps paints too gloomy a picture of the near-term. Coal developments are rapidly nearing completion and while earnings from existing operations are expected to be lower this year as capital allowances are exhausted, 1979 should see a major improvement as Matla and Ermelo start making a contribution.

Few details are given of the new Northern Transvaal coal-uranium deposits, but it appears that they will be Trans Natal's next major development. One possibility is that a power station could be located on the field to absorb middlings, with Iscor taking a first option on the metallurgical fraction.

The SWA Langer Heinrich uranium deposit continues to be evaluated via pilot plant studies and a prospecting trench. But there are obvious political constraints and though marketing and financing investigations are under way, no decision will be possible until the political colouring of an independent Namibian administration is clear.

In part because of the run-down in gold portfolio investments, gold and uranium contributed only 14,5% of attributable income (1976: 16%). This year the percentage should increase as improved dividends flow through, while medium term, development of the Buffelsfontein/Stilfontein uranium slimes retreatment plant and the prospects of increased uranium production by West Rand Cons from neighbouring Luipaardsvlei point to steady growth.

Gold interests could be the next area of integration with Union Corp. Coal interests have been merged and Union Corp now handles the General Mining



group's share transfer activities. By switching management of General Mining's gold mines to Union Corp, major savings should be possible, not least through elimination of duplicated head office functions

Industrial interests are concentrated in the heavy engineering sector and largely dependent on government and private sector capital expenditure. Both are at a low ebb and as a result the chairman says "prospects for a number of industrial subsidiaries remain unfavourable for the current year." Dunswart is no longer a subsidiary but the parent has had to inject funds by R12.6m of debentures and paying R4m for Dunswart's interest in Standard Brass. After last year's loss, Dunswart is expected to break even this year. But any contribution to the parent's cash flow depends on recovery of the domestic steel industry.

It all adds up to General Mining being poised itself to resume expansion with the next economic upturn while at the same time strengthening its operating companies with in part the same end in view. Though this is probably the optimum current strategy for the group, it could mean little meaningful near-term income and dividend growth. This year the chairman only expects a slightly better operating profit for General Mining itself with lower taxation for the group as a whole.

So investors may have to be content with a repeat of last year's 22.5c total dividend for a prospective yield of 8.1%. This is more than adequate on the basis that future expansion is less restricted by the group's gearing and the shares remain among the soundest in the sector.

Federale Mynbou holds a direct 53.9% interest in Genmin and has a 51% interest in the 21.76% held with Anglo through Hollard Street Ses Beleggings. At 505c Fedmyn directly reflects the beneficial stake in Genmin and yields a lower 7.1%. The yield discrepancy takes into account the marginally better marketability of Fedmyn and in part reflects Fedmyn's right to participate in 25% of any of Genmin's new ventures of its own choosing. There is little to choose between the shares though investors may prefer to hold the top company.

Jim Jones

Sales tax will hit mining industry

12/6/78 DD
Mining Bureau
210

JOHANNESBURG — Mine stores, working equipment and food for black employees cost the gold mining industry more than R1 000 million a year and the introduction of the four per cent point of sales tax at the beginning of July is causing anxiety and uncertainty in the industry.

No one can predict how severely the tax will hit gold mining which has been hobbled by a steep rise in capital and working costs over the past year.

It seems unlikely that capital equipment will es-

cape tax, but the Chamber of Mines has applied for exemption from tax on a large number of stores.

It was because of higher costs that Afrikaner Lease discontinued its moves to launch a uranium mine in the Klerksdorp area until it had re-evaluated the capital and working cost structure.

High costs will also be effective in considering the possible launching of Union Corporation's uranium — gold mine south of the Free State gold field, since a mine relying largely on

uranium will have to maintain a very tight cost structure because the prospect of a high rise, as with gold, is less apparent.

Wages and salaries account for 55 per cent of working costs, and with white wages being raised six per cent a further increase in black wages is inevitable.

The white pay rise, incidentally, is not accompanied by an undertaking to improve productivity, so that additional six per cent will be another burden on the industry —
DDC

DIAMOND PRODUCTION IN BOTSWANA

By DON ROBERTSON
Mining Editor

ANGLO American and local mining companies have agreed and are planning to invest more than R100 million over the next five years to increase production of diamonds, gold, and uranium, will be incurred in the next three years.

The largest project is the new Jwaneng diamond mine in southern Botswana which will be developed at a total cost of R210

million. By 1982, production is expected to reach 12 million carats. The burden of financing the various projects will not fall solely on the two companies. They will use loans, equity capital, and in some cases consumer finance. In other cases partners will share

the cost of new developments, some of which are already in progress.

Despite this, both companies are flush with cash at the date of the last December annual report. Anglo American had R64 million in cash while De Beers reported a cash balance of R335-million.

These figures are subject to reductions through the payment of dividends, meeting debts and financial stock.

See Page 10

'Do as the
Arabs do'

Star
BUSINESS

SA urged to use
minerals as an
economic weapon

HOUSTON — South Africa has been urged to use its command over vital metals and minerals as a political and economic weapon.

At a seminar on South Africa here, that will be addressed by former President Gerald Ford, but from which the news media are barred, the advice came from the chief executive of a major United States industrial corporation.

Mr Andy Andrews, of the Allegheny Ludlum Corporation, said the dependence of the West on vital minerals and metals in southern Africa gave the region a weapon similar to that held by the Arab oil producing states.

The seminar was opened by the Minister of Plural Relations and Development, Dr Connie Mulder.

Mr Basil Landau, director, Union Corporation, estimated that over the next 10 years South Africa would be spending 12 000m dollars on mining, metallurgical and related development.

"A large portion of this cannot be generated internally, and we will need the full participation of industrialised nations if we are going to meet their demands for these minerals," he added.

Mr Landau in pointing out that there were still rewards for those investing in South Africa, and that there are still considerable opportunities for the entrepreneur in the minerals field, warned of the consequences to the West's minerals needs if

South Africa was absorbed into the Soviet bloc.

Should that happen, the USSR would control.

● 68 percent of the known world gold reserves;

● 99 percent of platinum group metals;

● 84 percent of chrome reserves;

● 46 percent of iron ore;

● 93 percent of manganese;

● 97 percent of vanadium,

● 50 percent of fluor spar,

● 30 percent of uranium; and

● more than 20 percent of titanium deposits.

Today a new phase of expansion is well underway in the South African mining industry, and South African mining institutions in competition with each other and with foreign companies are continuing the search for new sources of metals and minerals.

In 1977, the seven mining houses alone spent 40 m dollars on exploration.

HIGHLY SATISFIED

South Africa has more mineral wealth per square mile than any other country on earth, and to exploit this wealth requires greater capital resources than South Africa alone can provide.

In calling for continued investment backing from world wide investors, Mr Landau said that Americans had been highly satisfied with the earnings on their investments in South Africa in the past. Today there were even greater rewards to be reaped on a much wider range of opportunities than ever before.

The present economic adviser to the Minister of Finance, Dr Gerard de Kock, told the seminar that 1979 should be a better year for the Republic's economy than 1978.

He said that although there was still a net outflow of capital, it was

expected that the surplus on current account would be larger this year than last year, and larger next year than this year.

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06

**LATEST
GOLD
PRICES**

LONDON: Fixed at 183,20 dollars at 10.30. Subsequently quoted at 183,10 to 183,50. (Previous close 183,50.)

ZURICH: Opened at 182,75 to 183,50. Subsequently quoted at 183,00 to 183,75. (Previous close 183,375.)

poësie in die eerste
Die eerste opege
maar kom voor in han
in 1511 begin is.
Liedere wat ons ken
1940 te kampen deur
die groep van meesste
een kooplet, meesste
agge druk is. Tot d
Musyk Boeken wat d
Susato in 1551 uitge
Duytsche Liedekens (I
Boeck wat in 1572 in
beslis lyk of die 16d
Die eerste belan
het, n bundel wat int
die sg. Antwerpse lie
1544 in Antwerpen ged
voorkom, Naas liede
geskryf is, is dit oo
ouer datum is en dat
Van hierdie liedboek
klarelyk almal ope
die Index van ongewens
in Leeven geplaas is.

Outside cash ⁽²¹⁰⁾ needed for R. DM 20/6/78 SA mining

Mining Editor

OVER the next 10 years, South Africa could spend an estimated R10 500-million on mining, metallurgical and related developments, according to Mr Basil Landau, a director of Union Corporation and head of the group's industrial activities.

He said at a South African Foreign Trade Organisation seminar in Houston, Texas, yesterday that a large portion of this expenditure could not be raised internally, and the industrialised nations would have to participate fully to enable South Africa to meet its demand for minerals.

The involvement of the United States in the South African mining industry in recent years had proved two points.

United States companies were increasingly appreciating that only through direct investment could they ensure a stable supply of minerals, but while doing so, could participate in the profits to be made from exploiting these minerals.

Secondly, there were still many opportunities for the entrepreneur in South African minerals.

"The Republic, as is well known, has more mineral wealth per square mile than any other country on earth, and to exploit this wealth requires greater capital resources than South Africa alone can provide."

South Africa's continued development was vitally important to the West because future competition for minerals would

play an increasingly important role in the economic development of nations and in establishing the balance of power.

If South Africa were absorbed into the Soviet bloc, Russia would control 68% of world gold reserves, 99% of platinum group metals, 84% of chrome reserves, 46% of iron ore, 93% of manganese, 97% of vanadium, 50% of fluorspar, 30% of uranium and more than 20% of titanium deposits.

"I believe that the USA has at last acknowledged (perhaps not publicly yet) the importance of contributing to maintaining economic and political stability in South Africa, which in my opinion can be achieved by providing work opportunities for the rapidly growing population. To provide these opportunities, more capital is required."

A new phase of expansion in the mining industry in South Africa was now under way. It was based not on precious metals but on coal, chrome, iron ore and numerous other minerals.

This had been reflected in an increase in base, metal and mineral sales over the past 10 years from R348-million in 1967 to R2 170-million last year.

In addition, the seven mining houses had spent about R35-million in exploration in 1977.

R5,5m debt: Order on firm

210

Cape Times 5/7/78
JOHANNESBURG. — A South African mining company with debts of more than R5,5 million was yesterday placed in provisional liquidation by a Rand Supreme Court judge. Consolidated African Mines, a public-listed company which has recently been suspended, brought the application for its own provisional liquidation.

Mr David Pickering, director and chairman of the company, said in an affidavit that as a result of liquidity problems the company's major bankers, Standard Bank, had frozen the company's overdraft and could no longer honour its cheques.

The company's current assets totalled R1 713 153 and its

current liabilities R2 454 979, he said, apart from which it owed the Standard Bank an overdraft of R3 067 241

"Numerous of the company's creditors are pressing it for payment and the company is unable to pay these claims," Mr Pickering said. The company had an authorized capital of R3m divided into six million shares of 50c each.

Its issued capital was R1 641 293, consisting of 3 282 586 shares which were fully paid and listed on the Johannesburg Stock Exchange. "The listing is presently suspended," said Mr Pickering. — Sapa

22. These are all intransitive verbs in Latin, but there are some Latin verbs with the same meaning which are transitive:

delectare	-	please
īubere	-	order
laedere	-	harm, hurt
monere	-	advise
īuvare	-	help

Complete the following sentences:

- (a) My consulate did not please Antony
 Non placuit _____ consulatus meus.

- (b) I prefer Falernian wine (i.e. Falernian please me more)
 Falernum _____
 I prefer Falernian wine (i.e. Falernian please me more) _____

- (c) He gives Terentia _____

- (d) I do not dare to _____

- (e) Caesar came to Cl _____

Caesar _____

- (f) Atticus helps Cice _____

Atticus _____

- (g) He cannot hurt me _____

noc _____

lae _____

23. A similar dative occurs with
 fidelis, par, invisus, simili

- (a) Quis amictor quam _____

(Who is more frien

- (b) Romini fidelissim _____

(The horse and the

- (c) Ille mi par esse _____

(He seems to me the

R.D.M. 20
**No mining
 in parks**

— director

Pretoria Bureau

NO prospecting or mining would be allowed in a South African national park while the Parks Act was in force, the chief director of the National Parks Board, Dr Rocco Knobel, said yesterday.

Dr Knobel emphatically denied there was any cruelty involved in the annual culling of game or that a staff member of the board had ever resigned because of the culling method used.

In a Press statement Dr Knobel said the Act prohibited mining and prospecting in a national park and the Parks Board would not request that the relevant Clause 20 be amended in any way.

On the culling question, Dr Knobel said that in 1976 the board unanimously decided the numbers of animals in the parks should be controlled.

"After intensive investigations by professional personnel, the present culling method was approved. Animals were paralysed by arrows fired from a helicopter and then had their throats slit, he said

(man to
 a brother?)

• S. amicus, inimicus,

pat.

maus delectat.

30. "Capital" in economics means

21. (1) An underdeveloped country's resources, e.g. unmined metals.
(2) A country's assets of business farms.
(3) A country's assets of two goods.
(4) A country's assets of goods to which consumers are indifferent.
(5) A country's assets of goods to which consumers are indifferent.

31. Special tastes.

22. (1) Always economic goods for which the demand is inelastic.
(2) Always economic goods for which the demand is elastic.
(3) Always economic goods for which the demand is unit elastic.
(4) Always economic goods for which the demand is perfectly elastic.
(5) Always economic goods for which the demand is perfectly inelastic.

(1) Always economic goods for which the demand is inelastic.
(2) Always economic goods for which the demand is elastic.
(3) Always economic goods for which the demand is unit elastic.
(4) Always economic goods for which the demand is perfectly elastic.
(5) Always economic goods for which the demand is perfectly inelastic.

RDM 100 jumps to 250

RDM 14/7/78 (210)

By ELIZABETH ROUSE

THE RDM 100 hit 250 yesterday in response to encouraging news from South West Africa, which sparked off active trading in diamonds and gold shares in Holland Street yesterday and gains widened in metals and industrials.

Indications of a breakthrough in the gold price, according to the chartists, also livened demand and brought in overseas buyers

The jobbers had a field day with De Beers, which hit a high of 705c to close at 703c - up 18c Anamint, at R74,75 bid advanced 275c

The diamond index surged to 126% from Wednesday's 1234,6 and last Friday's 1212,9

The gold sector shook off its lethargy and trading spelled a boomlet which has not been seen for about three or four months

The gold index was 235,6, up from Wednesday's 228,7 and last Friday's 224

Rustenburg hit a high spot with a trading volume of 1-million Platums remained strong. Coals slackened after Wednesday's surge, but interest widened to the neglected asbestos counters

This caused the metals index to strengthen to 111,7 points from Friday's 108,3

The industrial index was influenced to some extent by some leaders, such as Barlows, coming off and SA Brews remaining static, but second-liners were on the move in all sectors

The RDM 100 is above the high of four years ago

High-priced gold shares were up to 100c firmer. Medium-priced counters firmed in the 25c to 30c range. Kloof hit a high of R10,30 on an excellent quarterly report, but was marked down at the close, probably on profit-taking

Mining-house counters were up to 50c higher and mining holdings were firmer across the board

Building and engineering counters were up in the 10c range

A feature in printing was a 45c gain in Saan to 300c

Stuttaford was suspended at 470c. The market was fully occupied in making money and there was no whisper about the reason for the suspension. If there is a bid for the company the bidder will have to satisfy Old Mutual, which has a large stake in Stuttaford

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Thank you for indicating that you are willing to act as an examiner for the M.A. thesis submitted by

Enclosed herewith is a copy of his/her thesis entitled

- 27. Variable costs are (1) Abolition of (2) 10% increase in (3) 20% increase in (4) 30% increase in (5) 40% increase in
- 28. Factors of production are (1) Education (2) Land (3) Labour (4) Capital (5) Entrepreneurship
- 29. Marginal products of factors of production are (1) Equal (2) Proportional (3) Unequal (4) None of the above (5) All of the above
- 30. Economics is (1) A study of (2) A study of (3) A study of (4) A study of (5) A study of
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WEEKS 1. W. B

boost to economy

p27)
(p31)

By DON ROBERTSON
Mining Editor

2. W. B

ONLY a marginal improvement in commercial and industrial activity can be expected unless there are further Government measures to boost the economy. These measures will depend, however, on the balance of payments position, according to the directors of Anglo American.

3. E. G

Z. H

R. C

4. L. F

R. C

C. A

In the report for the 15 months to March, the directors say that in spite of slack demand and a slower rate of increase in average wages, cost pressures were little reduced, mainly because of the continued increase in administered prices.

5. W. W

This resulted in lower profit levels and a growing unemployment rate. There is now an urgent need for economic growth to combat this problem.

6. S. C

This has resulted in a gradual but moderate change in labour policy.

7. W. S

Reading the 104-page report is like reading a treatise on the South African economy. And this informative 1978 report gives the impression that Anglo is at least guarded about prospects.

8. W. S

VAC

9. W. B.

The report reveals the true extent of the might of the company since the get-together with Rand Selections. The value of direct interest of the group and its associated finance companies is about R3 600-million. The aggregate value of the group's administered and non-administered companies is R5 600-million.

10. D. H.

11. D. H.

12. T. F

Attributable profits for the 15 months amounted to R195-million.

13. W. B.

Points from the report:

14. L. M

D. J.

GOLD. Current industrial demand for gold can no longer be met out of Western production and a substantial portion of official and Russian sales are being used by industry.

15. R. C

VAC

Sales by the American Treasury and the Reserve Bank of India have increased the supply of gold, but the International Monetary Fund has announced that its monthly sales will be reduced.

Provided the strong industrial demand experienced in the first quarter of the current year continues, the market should have little difficulty in absorbing the new supply.

The Joint Metallurgical Scheme in the Free State should reach full potential by the end of this year if the improvements in the metallurgical performance continues.

Inflation has boosted the cost of the Free State Saaiplaas No 3 shaft from an original estimate of R81-million to R120-million and it will be necessary, probably during 1979, to raise further finance to complete the project.

URANIUM: A decision to go ahead with the Afrikander Lease uranium mine has been delayed and sales negotiations have been temporarily suspended until talks with the Government on various aspects of the project are concluded and the feasibility study has been reviewed.

DIAMONDS: By the end of 1977 an unprecedented demand for all qualities of diamonds had developed, and in spite of price increases, more carats were sold to the cutting centres. The outlook for industrial diamond sales in the current year remains favourable.

COAL: The world market for steam coal continues to show signs of underlying firmness, but there is a weakening in overseas demand for metallurgical coal, and in the South African market for bituminous coal.

The Richards Bay terminal is expected to operate at full capacity this year and consideration is being given to phase three of the export programme which would push up annual sales to 40-million tons. This could boost foreign earnings to R1 000-million a year by the mid-1980s.

The group has 6 000-million tons of run-of-mine coal and plans to acquire a further 3 000-million tons over the next four years.

COPPER: The main difficulties surrounding the group's Zambian activities remain unchanged. Nchanga and Roan Consolidated are incurring severe losses and operations have been hindered by shortages of skilled staff and equipment.

Liquidity is a serious problem and the companies are receiving substantial temporary help from the Bank of Zambia.

INDUSTRY AND COMMERCE: Manufacturing output reflected the largest decline in more than 30 years. Investment activity declined drastically because industrialists in virtually all areas found themselves with growing excess capacity, while public sector spending was reduced sharply.

Some relief to this generally adverse situation was provided by an exceptional agricultural season, reasonably favourable results in the mining sector

and, to a lesser extent, continued spending on some public sector projects.

IRON, STEEL AND ENGINEERING: Strong protectionist lobbies in Europe and America restricted South Africa's exports to European Economic Countries and Canada.

Moves in America over trigger prices will affect South African exports in the year ahead.

The steel price increase effective from the beginning of the year will help to meet increased costs in the industry, but will be insufficient to restore profit margins.

Demand for vanadium weakened, and the world ferro-alloy industry is suffering from overcapacity.

Highveld Steel, however, expects to maintain profit margins in the second half of the year.

MOTOR: Sigma hopes to improve its market share. This forecast does not include the new Sigma which incorporates Pacsa and Leyland.

PROPERTY: In the short term, property groups will not reflect substantial increases in profits as long as interest rates remain high, rentals and land selling prices continue to be eroded, surplus space is available in all areas of the market, and costs continue to rise.

The directors have reviewed the group's prospects and those of the economy as a whole and while being largely enthusiastic and expressing a divergence of views on Anglo's future, it will be up to chairman Mr Harry Oppenheimer to put the final touches to this overall prognosis when his annual address is published soon.

U-research progress

RESEARCH at Anglo American Corporation's laboratories on uranium extraction from non-Witwatersrand series ores has shown the amenability of these ores in all cases to one or more of the wide range of extraction processes developed over the years.

This is stated in the Anglo American Corporation's annual report, which adds that in the past 15 months attention was paid to the large-scale plant testing of the use of activated carbon in gold and uranium circuits with considerable success, particularly for gold recovery.

Orth Poetical
4 ff)

Chs.14,15 & 18)

p391)

Dunswart and Standard Brass pick up

189

ADM
1/8/78

By ELIZABETH ROUSE
GENERAL Mining's iron, steel and foundry companies — Dunswart Iron & Steel Works and Standard Brass Foundries — have shaped up better than expected at the halfway stage. Dunswart has made a small profit and Standard Brass's net profit fall is 12,4% after fears of a substantial decline. Dunswart's operating profit bounced up to R2 307 000 in the six months to June, 1978, from R363 000 in the first half of 1977 and R1 468 000 in the full year to December, 1977. Net attributable profit for the past half-year is R120 000

against a loss of R995 000 in the 1977 half-year and a loss of R2 061 000 for the 1977 year. The rights issue and the sale of Standard Brass to General Mining show up in Dunswart's latest results. There is no income from Standard Brass and the number of shares has increased. Interest charges remain high in spite of the fact that debts have become long term — R1 081 000 for the six months against R965 000 for the 1977 half-year. Achievement of a small profit at the halfway stage is commendable, as Dunswart directors were hoping at best for break even at that stage and a small profit at the year-end. Management consolidated the export position while the South African market remained in the doldrums. Now the domestic market shows signs of improving. Capital spending has been slashed to R870 000 from last year's R8 872 000. Nevertheless, restoration of the dividend remains problematic. Standard Brass directors hope that sales will improve in the next six months. Estimated taxed profit for the six months to June, 1978, is R1 084 000, compared with R1 237 000 in the 1977 half-year. With earnings at 39,3c at the interim stage, Standard Brass could well maintain its annual dividend at 30c.

Anglo American graffiti

Is the writing on the wall for JCI as an independent mining house? The market thinks so. Turnover is limited but since last week with 10 000 shares changing hands the shares have surged from 2 550c to 3 000c, helped by rumours that Anglo is soon to announce a bid for the entire group.

There have been other factors helping the move. The charts had been pointing to a technical upward break and since mid-May when the shares stood at 2 000c, the underlying portfolio based on last year's accounts has increased in value by around 1 000c.

Prospects in the year to June 1979 for the diamond trading companies have improved tremendously following last week's 30% diamond price hike. Apart from the three "Great Danes" — CMI, Otjase and Shangani, the current will be a record year for JCI's investment income. Dividend hikes are likely from Randfontein, SAB, Tavistock, Western Areas/Elsburg and Rustenburg.

Against this has to be set the likely write-offs against Otjase and Shangani that will probably be announced in the annual report due in October. On a lesser scale CMI, which is operating intermittently at around 50% capacity is, I estimate, currently a cash drain of about an annual R3m.

Management has made its financial plans taking into account the write-offs and last year's R40m pref issue will have lifted some of the pressure at least so far as it replaces part of the R83,1m loans on the balance sheet at June 30 1977.

Even if there were no immediate financial grounds for Anglo to take in the whole of JCI, there are various areas of rationalisation. Amic's recent acquisition of the JCI stake in Mondri and the moves to integrate Shangani with Rhonick show that problems have not gone unnoticed at 44 Main Street.

But a bigger prize could be in the line. Alone Rustenburg is unable to stabilise the platinum market. It does not have the financial clout. Nor with its heavy debt burden and relative position *vis à vis* Impala (see page 626) can it hope to do so in the next few years. Under Anglo's wing and with Anglo's financial help it could in conjunction with Impala and maybe even the USSR, establish a stable pgm floor price (possibly excepting palladium) with a pgm buffer stock and marketing organisation along the lines of the CSO or possibly International Tin Council.

The US anti-trust lobby would scream



Anglo's Waddell . . . muscling in on the platinum

blue murder but faced with an effective cartel controlling about 90% of world production it would have little choice but to accept a *fait accompli*. Time for such a move on Anglo's terms could be running short. If Anglo tried to buy JCI's 27% Rustenburg holding alone to give it over 47% control on the grounds that JCI needed a cash injection and Rustenburg was the most saleable of its low-yielding assets there would be outside

shareholder calls for the wholesale resignation of the JCI board.

General Mining would still like to incorporate Samancor into its burgeoning chrome and ferro-alloys division. But open opposition from Anglo could make things highly difficult and embarrassing after the events of 1977. So if there is any truth in market talk that Genmin has been quietly building up a stake in Samancor directly and through close friends, a *quid pro quo* for Anglo's acceptance could be that Genmin use its influence with Union Corp to bring Impala into a central pgm marketing organisation, or "PSO".

In marketing terms CMI is probably the weakest of the SA ferrochrome producers. Its two 60 000 t/year furnaces make production changes to satisfy demand difficult and lacking in flexibility. So if the SA producers decide to get together to protect themselves by joint action to maintain prices during the current world steel industry recession, CMI could perhaps have the weakest say. Inside-Anglo as part of Anglo's overall steel and ferro-alloy interests and with Anglo's financial support, the position is different.

JCI and its associates own 53% of CMI, Anglo has 15%, Amic 10% and British Steel Corp and other overseas interests the remaining 22% between them.

Apart from sorting out the JCI trouble spots, there are external factors which could make the deal attractive to Anglo. It would probably like another transfusion of De Beers' cash such as it got with

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Anglo American Corporation

South Africa's economic policy should now be directed primarily not to consolidation and survival but to growth and prosperity

- MR H. F. OPEN

The accounts for the fifteen months ending March 31 reflect for the first time the effects of the merger with Rand Selection Corporation which became effective from January 1 1977. The figures are therefore not comparable with those in the last report and accounts which dealt with the year 1976. The net equity earnings for the period under review amounted to R195 million or 89.9 cents a share. If account were taken of the Corporation's share of the undistributed profits of those companies in which it or its associates directly or indirectly hold 20 per cent or more of the capital or which are administered in the Group the declared and underlying earnings for the fifteen months would total about 178 cents a share. Ordinary dividends totalled 45.25 cents a share which is equal to 50 per cent of the declared earnings or 27 per cent of the declared and underlying earnings.

A special charge of R33.5 million has been made in respect of our investments in Societe Miniere de Tenke Fungurume (SMIF) and Botswana RSI (BRSI) which means that these investments up to March 31 have been provided for in full. The large losses incurred by BRSI have been due partly to very low metal prices and partly to the unforeseen technical difficulties of its mining subsidiary BCI. Good technical progress was made last year and production has consequently increased. Nevertheless the mine will not be able to operate economically until nickel prices improve and at present profits on a scale to justify our large past investment cannot be foreseen. The financial structure and sales arrangements of BCI have recently been reorganised following negotiations between the principal shareholders the Government of Botswana and the major lenders. I am confident that the long term viability of the project has been enhanced by this restructuring which will effectively reduce the company's debt burden and improve its cash flow. The situation in respect of the SMIF deposit in the Shaba province of Zaire is somewhat different. This is a large high grade copper/cobalt orebody on which work had to be suspended early in 1976. While its prospects are again being examined it is obvious that in addition to a very real improvement in the copper market major economic changes and the re-establishment of peace and stability in Shaba would be necessary before any large scale development of the mine could be considered. In the circumstances we regarded it as essential to make full provision against our investment though naturally we hope that the time will come when it will be possible on some new basis to turn this considerable mining opportunity to account.

South African Economy

The exceptional difficulties being experienced by the South African economy which I discussed in my last statement continued to be felt

throughout the period under review. Inflationary conditions and pressure on the balance of payments resulted early in 1977 in the application of a still more restrictive monetary policy. This was successful in bringing about a surplus on current account but this advantage was offset by a large outflow of capital mainly attributable to political anxieties. In these circumstances the economy stagnated and unemployment took on worrying proportions a state of affairs that further reduced the confidence of foreign investors and multiplied the problems of the Treasury and Reserve Bank. Towards the end of 1977 however a slightly better trend became evident due in the main to a very good agricultural season improved mineral exports and the higher price of gold. Accordingly the Minister of Finance was able in this year's budget to provide some cautious stimulation for the economy and there is now reason to believe that the recessionary phase has come to an end. This is a time I feel when some boldness is called for on the part of the government and monetary authorities and insofar as it becomes possible the private business sector also. Though the beginning of recovery is now perceptible it is still a delicate plant and we must be careful not to smother it before it is properly established by continuing to apply a restrictive policy after the need for it has gone. Risks to the balance of payments are of course involved but the risks of further economic stagnation and further unemployment seem to me to be greater still.

More than once the Prime Minister has said in Parliament that the thing he would fear most in South Africa would be large scale unemployment particularly of blacks. The Prime Minister's concern is certainly fully justified though in the particular circumstances of South Africa the effects of a low growth rate over an extended period would be likely to take the form not so much of massive unemployment in the towns as of massive under employment in impoverished rural areas. Professor Spandau of the University of the Witwatersrand has recently estimated that the per capita income of blacks in the homelands is less than half the average for blacks in Soweto. With a black population growth of about 2.6 per cent a year it is plain that if the modern sector of the economy does not grow at a rate sufficient to absorb the new entrants to the labour market the pressure of population dependent on a subsistence economy in rural areas would become very serious indeed. While the average real per capita income of blacks in urban areas has risen rapidly since 1970 there is unquestionably serious poverty at the lower end of the scale. For social reasons therefore it must be unacceptable - even if it were technically possible - to reverse the trend towards more capital intensive industry in order to provide employment for larger numbers at lower rates of pay. On the contrary human con-

siderations make it necessary as and when it becomes economically possible to do so to raise minimum wages to conform with the standards of the more progressive and prosperous countries who have accepted the Minimum Living as their guide. This is by no means an easy task to do in all circumstances and certainly not one which would benefit anyone to raise wages further if the effect were to close mines and factories and materially to increase the number of unemployed. However there comes a stage in the development of any country at which the trend towards a more capital intensive economy is necessary and inevitable and the possibilities of sustained economic growth on a low wage labour intensive basis become exhausted. South Africa is certainly in that stage. All these considerations point to the conclusion that unemployment or under employment will not be avoided and social stability will be maintained unless the South African economy can reach a rapid rate of growth. The material and human resources for growth are not adequate certainly there but they cannot be put to account unless the necessary investment is made available. This cannot be found from local sources and the country's growth need is therefore a renewed inflow of investment funds on a large scale from overseas.

Investment from Abroad

It is just because our prosperity and growth are at this juncture so dependent on investment from abroad that many individuals and organisations who disapprove of the country's official policy believe that an economic boycott - it could be made effective - would force South Africa to change that policy radically. There is little doubt that in practice the immediate effect of any such boycott would not be to force the government to change course but to give it control over the flow of blacks from rural areas to the towns for the reason that employment in rural areas is judged to be more likely to cause social unrest than unemployment in the cities. If a boycott of the long run produced change in South Africa it could only be violent change induced by sufferings that it would have inflicted on the people. It is difficult to believe that a government could justly such means and particularly when the opposite policy of economic growth must bring about improvements in the opportunities for employment and wages of the black. Such developments would almost certainly lead to the more rapid elimination of racial discrimination particularly in the higher areas of education security of tenure regard to the harsh restrictions that exist on movement of black workers.

It is my belief however that the efforts of those advocating an economic boycott on grounds have played and will play only a

part in reducing the level of overseas investment. If overseas investors have been unwilling to put money into South Africa it is not generally speaking for moral reasons but because of their appraisal of the instability to which they would be exposed by political factors. This anxiety was sparked off by the events in Soweto in 1976 and it was powerfully reinforced by the strong world reaction to the Biko affair and to the banning of the leading black newspaper and the detention of a number of important people last October. Obviously, too, political anxieties are going to have a much more decisive effect at a time when the economy is in a period of recession. There can be little doubt that in the circumstances of the last two years the government's cautious and restrictive fiscal and monetary policies were right and unavoidable. If persisted in too long, however, they could result in our economy being so structured that a surplus on current account was secured not just as a temporary expedient but on a permanent basis by restricting domestic spending and therefore the growth of the economy to an extremely low level. We have now as I believe moved to a stage in which economic policy can and should be directed primarily not to consolidation and survival but to growth and prosperity. An expanding economy would in itself be an encouragement to overseas investors and by reducing unemployment it would lessen the risk of social unrest and allay anxieties about our political situation. Naturally such policy decisions cannot in their nature be a matter of precise calculation and human judgement, which is inevitably fallible, is involved. There comes a time however when excessive caution is not the safe but the dangerous course, and I am convinced that we should now seek to strengthen the balance of payments not by the negative measures we have been using, but more positively by devising specific means of encouraging foreign investment over and above the normal attractions that a stable and growing economy offers the investor.

While the expansion of the economy so as to provide job opportunities and improve the standard of living depends in the first place on a higher level of investment it would be quite impossible to achieve if industrial relations were not on a sound basis. This whole field is now under consideration by the Wiehahn commission whose report is expected later this year. One of the most important questions with which the commission must be concerned is that of black trade unionism. Trade unions are an integral part of the free enterprise system in South Africa and throughout the West. Those of us who are committed to the extension of this system should see the inclusion of black workers in the trade union movement as a healthy and desirable development. Black trade unions are of course not forbidden by law, their membership has been increasing to a considerable extent and like the economy as a whole their growth will be stimulated by a higher level of investment. However, black trade unions are still not recognised in terms of the industrial conciliation act and the government has so far preferred to support the establishment of work and liaison committees. Though these committees have certainly served a useful purpose, I remain of the opinion that they can only be an interim expedient. Whatever their merits may be in the long run it is going to be quite impossible to persuade the black workers that collective bargaining, which is accepted as an essential part of industrial organisation around the world and is regarded as right and necessary for white workers in South Africa, should not be

Financial Summary

		15 months to March 31, 1978	
		Rand 195,0 million	
Earnings and Dividends			
Equity earnings			89,9 cents
Earnings per share			45,25 cents
Dividends per ordinary share			
Consolidated Balance Sheet at March 31, 1978			
		R million	
Capital and reserves			863,1
Loan capital			166,5
Life insurance funds			456,8
Outside shareholder interests			92,2
Loans associated companies and others			419,1
Dividends declared and payable after March 31, 1978			55,7
			<u>2 053,4</u>
Represented by			
Investments listed	market value	1 997,0	713,8
unlisted	directors' value	272,0	121,8
		<u>2 269,0</u>	<u>835,6</u>
Life insurance investments			572,1
Fixed assets			40,2
Leasing assets and instalment debtors			27,4
Loans associated companies and others			210,4
Cash			335,1
Current assets less current liabilities including deferred taxation			32,6
			<u>2 053,4</u>

The results reflect the merger with Rand Selection Corporation, effective from January 1, 1977 and the change in financial year-end to March 31

applicable to black workers. And no form of labour organisation which is not in accordance with the wishes of the workers themselves is going to function satisfactorily. As and when black trade unions emerge which are properly conducted and reasonably representative we should certainly be prepared to recognise and negotiate with them even though they may not as yet be officially recognised in terms of the legislation. There have been other encouraging developments in the labour field in addition to the appointment of the Wiehahn commission. Earlier this year the Minister of Labour withdrew or suspended determinations affecting most of the occupations still subject administratively to job reservation. Recently too in terms of an agreement negotiated by the National Industrial Council for the Iron and Steel Industry, a body which is representative of 400 000 workers of all races, job reservation has been scrapped and training opportunities opened up to all so that in this very important industry it is now possible to promote workers and offer them terms of employment that are in no way connected with race.

Labour Relations

Labour relations during the year have been generally peaceful, with the exception of the recent unrest at one shaft of President Steyn. We have made further progress in implementing the Group's policy of improving the earnings, living conditions and productivity of our black employees. Our aim is the elimination of race as a factor in determining wages and other conditions of employment.

For two years now the mining industry has been

able to maintain its black labour force at full strength and has become less dependent on foreign workers. However we are still not satisfied that our systems of manpower planning are as sophisticated and flexible as they need to be to provide management with the best in manning efficiency and assure the migrant who is prepared to plan his work cycle that he will be employed throughout at the highest level of his skill and earning power. In our desire to achieve a more stable labour force we are planning to reduce the proportion of migrants by providing more of our senior workers - as we are now permitted to - with family accommodation in mine villages or nearby townships. Indeed major housing programmes are in hand for all the Group's mines, and good progress is being made. We shall not, however, be able to move as far and as fast as we would like to do in all such matters affecting the welfare of our employees unless we can concurrently achieve a real and sustained improvement in productivity.

The full text of Mr Oppenheimer's statement and the Corporation's annual report, are obtainable from Consolidated Share Registrars, 62 Marshall Street Johannesburg 2001

The annual general meeting of members will be held at 44 Main Street, Johannesburg, on Friday, August 18 1978, at 11h00



Rand London—tying up the threads?

It has been suggested that all the loose mining threads — and particularly those tinged with the yellow uranium oxide — that spiderweb around South Roodepoort, Lupaardsvlei, the old East Champ d'Or and those elusive deep reefs in which JCI have an interest, might be spun together by the energetic Rand London Corporation

This is an ingenious proposal because it presupposes that an apparently disinterested party might succeed where those with hardnosed ideas might not

On the other hand hardnosed certainly does not connote an obstinate hardening of other anatomical features

Germane to the RLC scheme — if it is a scheme or merely a preliminary discussion — is the inclusion of the Lupaards dumps and ore reserves in situ.

OUTLIVED

Lupaards dropped out of the uranium game years ago when the producers in the old British-American contract traded rights among themselves to stretch out an agreement which had long outlived its then usefulness. Now that uranium is once again a desirable metal



there is a tendency to over-write up reserves— and incidentally to provide market speculators with flammable paper

The most obvious point to start from is Lupaards because the current premise appears to discount the most obvious and cheapest way of exploiting what's in the mine and what's above surface

Lupaards historically had a long association with West Rand Cons. They were partners on the Turk Shaft, now the property of WRC which is mining some of the Lupaards property under tribute.

What more logical, what cheaper than for WRC to move in boots and all? They have the plant. They

have the tramming facilities and they have the contacts. Those bulls of Lupaards who are pushing for G F S Props to make a killing should pause for a moment

There's no fortune there, only ore reserves which require re-assessment and a steady mining policy rather than a six year blaze of glory which can send share values to the heavens for one glorious hour — and thereafter obscurity.

The GFS Props report is due early next month and it is to be hoped that in this instance rumour will be laid by a firm statement indicating just where the future will lie

FACILITIES

South Roodes — well the JCI link is not dead; nor likely to be and if Randfontein continues to perform South Roodes should look to its neighbours — with the facilities

As for Champs; what value for money remains?

Rand London is doing very nicely at present with its coke and its anthracite. The corporation has enough reality on — and below — the ground to go seeking for pie in the sky.

Messina takes up option

The Star Bureau

DUBLIN — The South African mining giant Messina has, after a delay of six months, exercised its option on 47,5 percent of the Rennicks and Bennett lead-zinc property at Scallanstown, near Navan, County Down, in the Irish Republic

The property, according to last year's annual report of another partner in the development, Sabina Industries of Canada, contains 2-million tons of ore grading 7 percent lead and zinc.

The Messina deal will cut the Sabina interest from 56,8 percent to 30,45 percent. Rennicks and Bennett will have its interest reduced to 5 percent, and the other Irish party involved, Glen-car, will own 17 percent.

Messina will now have to produce a feasibility study and supply 60 percent of senior financing if it is decided to develop the ore body

The property is near Tara mines, the biggest lead-zinc mine in Europe

Propping up Prieska

FM 6/10/78

Activities: Investment and exploration company in the Anglovaal group with interests in gold, uranium, base metals and mining finance. Major unquoted investments include Prieska and Finsch Diamonds. Anglovaal owns 51% of the ordinary share capital.

Chairman: C S Menell.

Capital structure: 9,7m ordinaries of 25c; 1,4m cum red prefs of R1. Market capitalisation: R34m.

Financial: Year to June 30 1978. Borrowings: long and medium term, R859 000. Net cash: R2,4m. Current ratio: 2,9.

Share market: Price: 350c (1977-78 high, 410c; low, 230c; trading volume

last quarter, 289 000 shares) Yields 11,1% on earnings 7,1% on dividend Cover 1,6 P/E ratio 9

	*75	76	77	78
Quoted investment				
Book value (Rm)	16.1	16.4	17.2	17.3
Market value (Rm)	67.9	34.4	40.9	52.6
Net profit (Rm)	8.2	4.2	2.9	3.9
Earnings (c)	55.0	42.6	22.9	38.9
Dividend (c)	4.	35	22.5	25
Net asset value (c)	291	548	110	109

* 9 months to June 30 1975

Sharedealing activity was largely confined to disposals. There were small additions to the Hartes and Zandpan holdings but purchases were limited by the need to take up Prieska's additional shares and 6% notes. For the current year Prieska's cash requirements could remain a major determinant in Middle Wits' investment policy.

Gold comprised 75% of the year end portfolio and weighed in with 85% of dividend income. The pattern will probably remain unchanged this year. The major investment in Assmang could be a drag on income growth at least until the end of the current world steel industry recession. But improved gold dividend potential should more than compensate.

Cash drain Atok has been sold to Rustenburg, leaving the company with a holding of 438 622 Rustenburg deferred shares. They do not rank for dividends until their conversion to ordos on September 1 1979, but by that stage could start weighing in with a contribution of over R100 000.

No useful information is given on the holding in unlisted Finsch Diamonds. Nor is there anything meaningful on operations in the 25,2% owned Lucas Block area. It is becoming increasingly important to Buffels. Sinking of a new sub-shaft system to exploit the area is on schedule and major contributions to

profits should start flowing through within a couple of years.

Coal, chrome and gold propositions are under investigation in association with Anglovaal, but the tempo is steady rather than exciting. During the year under review, R615 000 was spent on exploration and R610 000 is earmarked for the current year. So there seems to be little near term speculative appeal on this front.

Chairman Clive Menell has little to say on prospects except to make the obvious remark that higher gold prices will impact on earnings. At 350c yielding 7.1% the shares are in line with the rest of the sector. Investors looking for gold based earnings growth are probably best advised to concentrate on direct investment in producing mines while there are better alternative investments with speculative appeal on mineral rights considerations.

Im tom

EXPORTS

The picture brightens

With platinum and tin (let alone gold) both showing off their paces this week, it is natural to ask the question 'are fears of a sharp 1979 downturn in our commodity exports justified?' On the present evidence, perhaps not.

A mood of cautious optimism seems to be pervading the world's commodity markets, though no one believes a general boom is in the offing and sharp contrasts between some individual performances are likely to continue throughout the next 12 months.

Much will depend on the performance of the US economy, both from the point of view of the massive mineral imports it sucks in, and its inter-relationship with the dollar.

To the extent that the dollar continues

weak, it is likely to encourage operators to use the highly liquid commodity futures market in both the US and Britain as a currency hedge. Further, sterling-denominated commodities in London tend to appreciate point for point when the dollar declines, creating an aura of market healthiness.

There seems to be a growing consensus that the US is heading for a period of slower growth, but this begs two essential questions: how slow will this growth be, and to what extent will other leading Western economies offset the decline by inflationary action of their own?

Taking the first point, it is not surprising to note that private economic forecasters are taking a somewhat more

sanguine view than the US government. Merrill Lynch, for instance, is currently predicting a 1979 growth of 1.7%, but the administration is still optimistically looking for a rate of around 3.5%. This compares with a rate of about 5% in 1977 and 4% this year.

On the second point, there is some hope that particularly the European economies will help offset this decline, though to what extent, and how precisely this will affect demand for industrial raw materials, is largely a question of guesswork.

The key West German economy is this year expected to grow by 3.5%, according to official estimates, though once again private forecasters are rather more pessimistic, predicting around 3%

growth, compared with last year's 2.4%.

On the other hand, private forecasters believe Japanese GDP could grow by more than 5%, though the government is struggling to achieve a level much higher at around 7%. This compares with about 5.5% this year.

Quantifying these in terms of raw material demand is a hazardous undertaking, though looking at the general picture, most experts believe there is possibly more reason to be optimistic than pessimistic. Specifically on the question of the dollar, there seems to be a developing belief among foreign exchange dealers that it is becoming less and less attractive to punt for a further significant drop (but see *Current affairs*).

Turning to the fundamental outlooks for the major non-ferrous metals, lead probably looks the most bullish over the next 12 months. Cash prices on the London Metal Exchange this week reached £430 per ton, following a rise of £65 since the middle of last week, primarily in response to fears of a squeeze on nearby delivery to the market.

Apart from this technical tightness, there are signs of an underlying improvement in demand. According to the London-based International Lead and Zinc Study Group, consumption for 1978 is likely to be just below world metal production of 3.8 Mt, though some believe it could more than equal it.

LME warehouse stocks now stand at 20 000 t, compared with 67 000 t at the beginning of the year, and producer stocks, though believed to be roughly stationary to mid-year at around 180 000 t, are now suspected to be falling.

Unlike, say copper, lead is a more demand-orientated metal as most supplies come from countries, such as Australia, Sweden and the US, where political or logistical factors are unlikely to affect deliveries. Additionally, a large proportion of supplies come from recycled scrap, which can be more easily turned on and off than primary mine productions. And on the demand side, the performance of the car market will be critical. Lead's prime use is in the manufacture of batteries and some believe developing demand here will help keep the market on its current bull trend towards the £500 level, though a surprise Opec oil price rise in December might have a steadying effect on car demand.

Battery demands will also be a major determinant of antimony's performance, though the lead-calcium cell is continuing its takeover. For the moment, antimony for delivery in the near future, enjoys a £30 per ton premium over later November and December shipments. Heavy eastern European demand is helping to prop up the market.

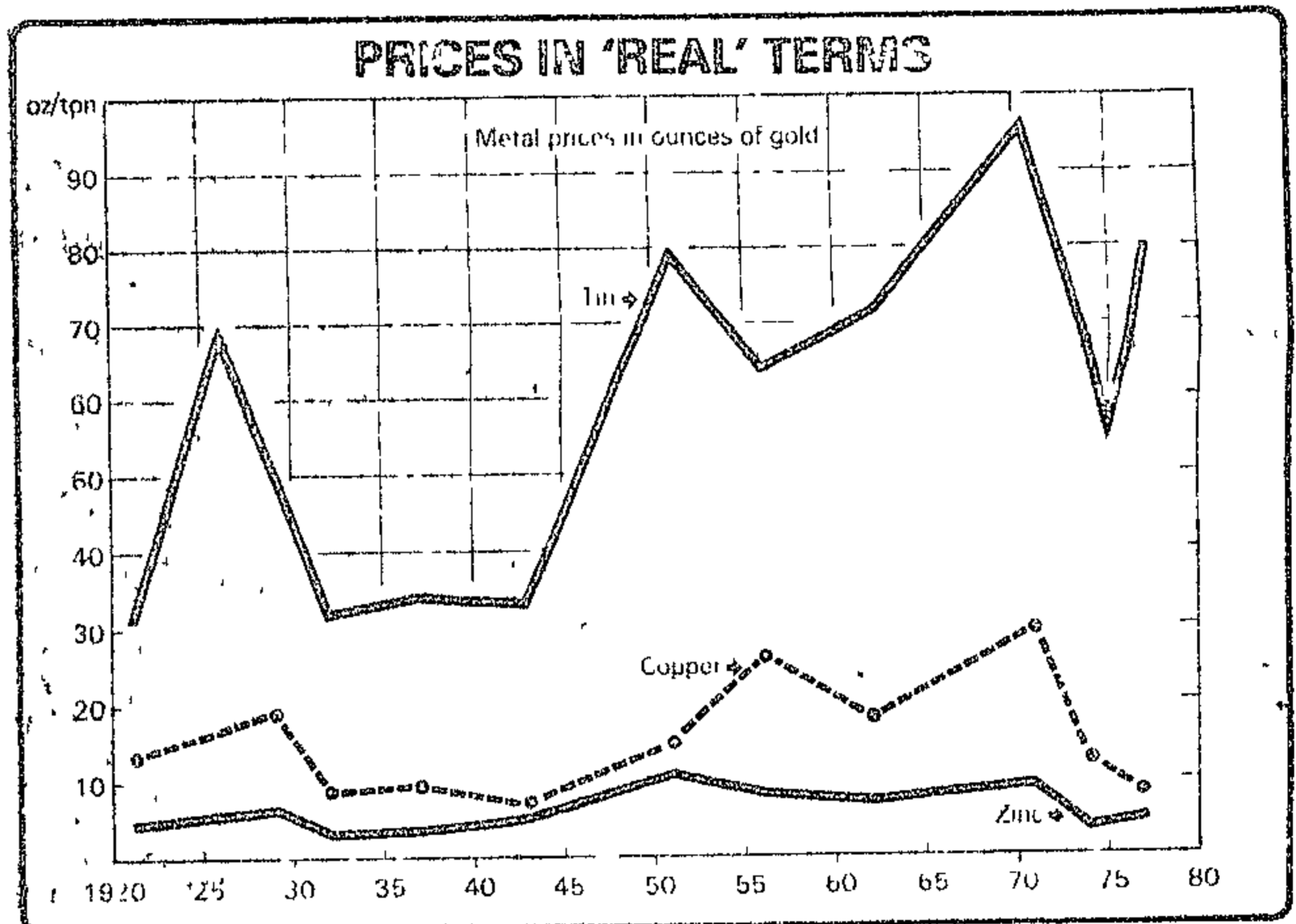
Lead's twin metal, zinc, is unlikely to

enjoy such good fortune as it is inextricably linked to the world steel industry, where it is used primarily for galvanising. Although some believe the steel market could soon be witnessing a gentle upturn, this is unlikely to generate any major zinc price increase in the near future. Cash metal this week was trading around £370 a ton.

Copper remains very much a dark horse. There is now a general consensus that declining LME stocks, which are down on last year's records of about 650 000 t to a three-year low of 420 000 t, reflect a healthier demand pic-

coming year, however, is difficult to predict as much doubt surrounds Soviet intentions. For over a year, prices have been boosted by a cutback in Soviet deliveries, which are now running at an annual rate of around 500 000 oz — between 100 000 oz and 200 000 oz below usual levels. Much will depend on Moscow's sales policy, although the relative cheapness of the metal in terms of Japanese yen must be remembered. The Japanese buy about 100 000 oz a month, about 10% more than last year.

Meanwhile, on the soft commodity market, sugar has risen roughly 20% in



ture. However, the supply side of the equation gives forecasters considerable problems. Present prices undoubtedly reflect Zambia's and Zaire's transport and production problems. However, should Shaba stay peaceful for the next 12 months, should copper be more freely evacuated from central Africa following Zambia's decision to re-open its border with Rhodesia, and should Angola and Zaire come to an agreement on the re-opening of the Benguela railway — prices are likely to rise much more slowly.

If copper is a political market, then tin is even more so. Though cash prices at over £7 300 a ton are very firm, ever present in the background is the possibility that the US government may agree to the release of 30 000 t of tin from its stockpile. Meanwhile, the market is still functioning under a variously estimated statistical deficit of between 8 000 t and 24 000 t.

Looking to the exotic front, free-market platinum is now trading at new highs of well over \$300 an oz, a premium of over \$40 to the Rustenburg producer price. The market's performance in the

last two months, with nearby-delivery supplies now quoted around £117/t. Many believe the International Sugar Organisation's export cutbacks are beginning to bite, some forecast that the 1978-79 sugar crop might be around 3 Mt lower. That, coupled with a possible increase in consumption, might even produce a small deficit, which would eat into current high stock levels.

Sentiment could be further strengthened if the US could overcome its domestic sugar price wrangle and ratify the new agreement.

Although the wool market is not going to see any startling movement over the next year, there are reports that clothing demand is increasing, particularly in Japan and the US, where order books, according to the International Wool Secretariat, are full up well into 1979. Current prices for merinos have opened this season around 10% up on last year.

Meanwhile, record maize crops in especially the US, where production is expected to reach a record 165 Mt, compared with 162 Mt last year, is likely to limit advances from current SA selling prices for white and yellow maize.

20/10/78

But the disposals contributed to the marginal drop in investment income to R26.5m. This and the lower receipts from Rustenburg and Cons Murch outweighed the better receipts from minor contributors, diamonds and SA Brews.

This year, investment realisation profits should fall substantially. Available cash at the year end was sufficient to cover all the group's possible liabilities. Since then, the Ophase liabilities have been met and the other major commitment this year is the current R27.5m Eurodollar loan instalment. So there should be little pressure to raise funds through investment disposals.

At the same time, investment income prospects are brighter. Rustenburg is now back in the dividend paying list, diamond income looks set for another major improvement, and Randfontein's dividends are on a rising curve, if at a slower rate than expected by the market a few months ago.

On the trading side, Tavistock's distributable earnings should benefit from higher production capacity despite higher planned capex this year. Now 99% owned, Jennings is budgeting for a further improvement in fixed earnings after last year's R4.4m (R3.3m).

With the pressure off cash flow, there is now scope for considering the group's next move. Most likely will be development of mineral rights near Randfontein. This will doubtless be in conjunction with Randfontein, but probably not until Randfontein is well advanced with its own next developments at Randfontein and Cooke sections. Following that there are the Karoo uranium deposits which are still being evaluated.

There is no reason for the market to go overboard about last year's results or near term prospects. At 900c to discount current nav by almost 50%, the shares partly reflect improved dividend prospects. And while there is less pressure than recently, retentions will presumably be needed to service the new

R40m pref. and R63.2m long term loans.

On medium term considerations the shares merit accumulation at current levels.

Jim Omer

(210) FM 20/10/78

Looking to the future

Activities: Mining finance house with major investments in and control of Randfontein (24%), Elsburg (25,4%), Rustenburg (27,5%), Tavistock (50%), Cons Murch (25%) and FS Devels (49%) Also controls Cons Metallurgical Industries Portfolio investments include SA Breweries, Protea Holdings, Palabora, Johnson Matthey and Argus. Anglo and De Beers hold nearly 50% of JCI.

Chairman: Sir Albert Robinson

Capital structure: 7,1m ordinaries of R2, 34,5m 11,25% cum red prefs of 10c and 5,5m 10,75% cum red prefs of 10c Market capitalisation R206m

Financial: Year to June 30 1978 Borrowings long and medium term, R63,2m Net cash R35,2m Debt equity ratio 24,1% Current ratio 1,1 Capital commitments. R13,7m

Share market: Price 2 900c (1977-78 high, 3 000c; low, 1 840c, trading volume last quarter, 61 000 shares). Yields. 20,4% on earnings; 8,9% on dividend. Cover. 3,5. PE ratio: 4,9

Last year, finance director Douglas Stevenson described JCI as having a "rich man, poor man" image This year, with the traumas of ill-starred mining ventures receding fast, he seems on safe ground emphasising the rich man aspects and putting the poor relations where they belong, in the past.

The experience of Otjphase cost Johnnies dear Write-offs against the SWA copper project totalled R63m during the past two years But with full provisions against the investment in the mine and its liabilities, Johnnies is back in the race without an albatross round its neck.

There are still some near-term problem areas But, unlike Otjphase, management



Western Areas drilling . . . uranium is the key

is taking a far more positive view of their prospects.

Nickel producer Shangani is bedevilled by Rhodesia's internal situation R3,4m has been written off against the book value of Johnnies' investment to bring it into line with market value But barring a complete catastrophe in Rhodesia, the mine will be seen back to a profitable basis. The mine's high gearing means that further borrowings are out of the question at this stage of the nickel market. Restructuring of its capital is being considered and an extra Rh\$2,5m of equity funds has been pumped in by both Johnnies and Anglo At the year-

end, Johnnies' equity investment was carried in the books . . . There is a further R12,3m exposure in loans and guarantees, so the worst possible scenario is that additional write-offs and provisions of R16,1m could be necessary

	'75	'76	'77	'78
Investments				
Book value (Rm)	160	168	175	169
Market value (Rm)	385	316	286	344
Investment income (Rm)	26.1	25.1	26.5	26.5
Trading profit (Rm)	15.4	22.2	28.6	30.2
Earnings (c)	406	356	*365	†591
Dividends (c)	165	170	170	170
Net asset value (c)	5 754	4 562	4 055	4 832

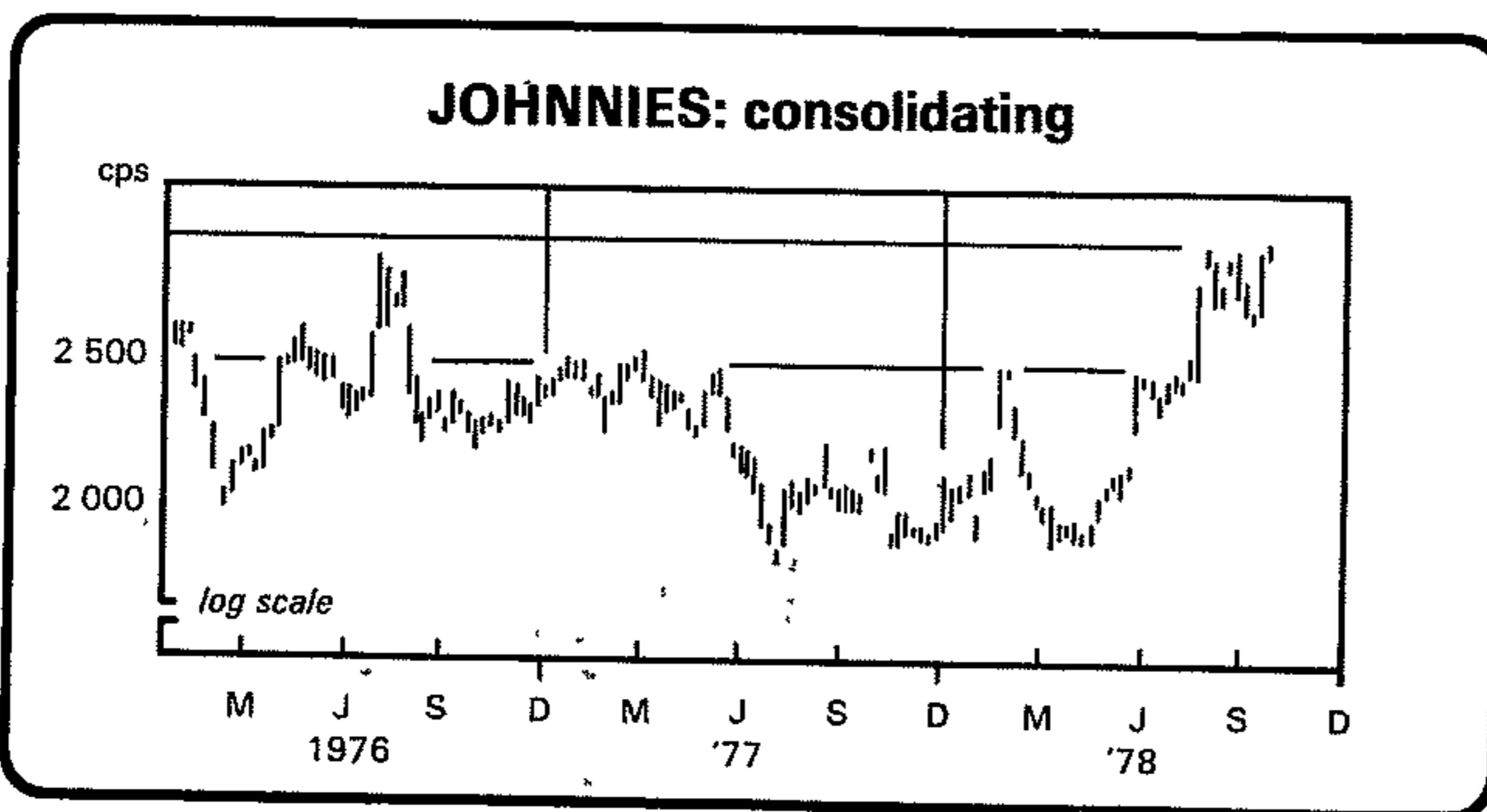
*Before R12m write-off (169c per share)
†Before R44.4m write-off (625c per share)

Another near-term problem area, CMI, has been hit by under-capacity operations, low ferro-chrome selling prices and its relatively high debt structure At the operational level it is currently about breaking even, despite 50%-capacity operation. Longer term, and apparently despite complaints by less-efficient European and US producers, world steel industry recovery will lead to full capacity operation of what is claimed to be one of the world's most efficient producers. In the meantime, some of the debt burden has been lifted since the year-end by shareholder subscription of R10m equity and R10m convertible redeemable loans.

Attaining profitability is still some time off, but the eventual outcome should be a major contribution to Johnnies' earnings.

Perhaps this is harping too much on problems which may not arise Johnnies major investments are either already motoring or fast getting into gear

In the year to June 30, gross income (dividend receipts, trading profits and investment realisation profits) set a new record There were distortions from the previous year Profit on realisation of investments rose sharply to R14,6m (R2,8m), after the Shangani write-down, R6,1m recovered on the Orange-Fish tunnel contract, the Mondi sale, and portfolio sales to fund mid-year cash requirements Major portfolio sales were the 195 000 Buffels and 287 500 Libanon holdings There was also a net 375 000 reductions in Western Areas with disposals from jobbing portfolios Stevenson points out that the 153 000 share reduction in the strategic Johnson Matthey investment has "no significance" It arose simply through a need to trade shares to maintain the group's trading status in London.



the lack of privacy, cottages constructed more important, though Perhaps the one which that the official but overcrowding At no housing as opposed to them with cottages or rooms. The results, growing swiftly, were area of the Location quite inadequate rumb two women in one room of equal dimensions o eleven'. Further exc three-roomed house, could let 150 cottag

Together with shoddy high rentals levied most people had been habitations as their rentals described by were let for 10/- ar electric light bulb service which was s monthly wage ther p with rations and 50 Women complained th to be able to pay 1 too, conceded that small - say, £2 a m how heavily this i:

'I So hi ho pa ta an re wi ar

A further example t more than the avera 7/6 for sugar, 3/6 In winter between it which did not leave average wage or less overcrowded rooms, h possible.

While the impact of Location community,

Kruger Park mining plans

R. D. M.
28/10/78
210

THE Geological Survey Division of the Department of Mining is thinking about sites in the Kruger National Park and Zululand in its search for oil, Dr Wessel van Wyk, director of the division, said yesterday.

Meanwhile the president of the Wildlife Society, Dr O Martiny, yesterday criticised a proposal to mine coking coal in Kruger Park.

Commenting on a statement by a former head of Soekor, Dr F W Quass, that mining for coking coal in the Kruger Park should begin without delay, Dr Martiny said:

"The society has received the assurance that coal mining in the Kruger Park

will not take place for many years to come, if at all.

"We are sure the authorities will stick to their undertaking."

Referring to Dr Quass' suggestion that the Kruger Park be given another piece of land to compensate for the loss of the northern area, Dr Martiny said that land was ecologically the most valuable part of the park and was irreplaceable.

Dr van Wyk's statement was made when he addressed the Parliamentary study group on mining and labour on the work done by his department.

Work was also done to determine areas where uranium might be found, he said. — Sapa.

star 1/11/78

Mine chief warns of new setback

Sir Albert Robinson

By Garth Hewitt

The world economy appears to be faced with the possibility of another shift into recession in 1979, before South Africa has a chance to recover fully from the accumulated setbacks since the end of 1974 when the gold price reached its previous peak.

This warning comes from Sir Albert Robinson, chairman of one of the country's mining houses, Johannesburg Consolidated Investment Company.

In his latest review (See Page 23) he says that inflation is one of the most pressing problems

A faster rate of economic expansion is imperative if the country is to find jobs for the "ever increasing number seeking work," he says

"The Government took strong action two years ago that resulted in the adverse balance of payments being converted into a substantial surplus. This is a most satisfactory development and in normal circumstances would create confidence both at home and abroad

"Unfortunately," however, the political uncertainties in South Africa and neighbouring territories have adversely affected the inflow of capital and have also resulted in South Africa becoming more isolated from the international community

"It seems likely that in 1979 both Rhodesia and South West Africa will establish non-racial societies run by black majority governments. South Africa has played a major part in bringing about these changes but in doing so it has stimulated the demand for change at home, and this is the challenge that faces the new Government"

Sir Albert says he is convinced that any new constitutional arrangements will have to include blacks, particularly urban blacks

"South Africa needs understanding, encouragement and, above all, investment from abroad," he adds. "As the economy expands and becomes more sophisticated so the opportunities for training and employing all races are increased.

"This leads to a higher standard of living for all, which is the key to inter-racial harmony."

"I have no doubt that the withdrawal of foreign capital and the imposition of sanctions would be counter productive and would slow down the process of change, as those in authority responded by mobilising all their available resources to defend their very existence"

Johannesburg **C**onsolidated **I**nvestment **C**ompany, Limited

Chairman's Review by Sir Albert Robinson

The Annual General Meeting of the Company will be held in Johannesburg on 9 November, 1978 at 12 noon.

Results for the Year

During the financial year to 30 June 1978 the profit after tax available to ordinary shareholders, but before an extraordinary item to which I shall refer later, amounted to R42.2m compared with R27.0m a year ago. Our income from investments, trading profits, fees and net sundry revenue showed a slight improvement upon the corresponding figures for the previous year. The principal change in this year's accounts relates to the surplus on realisation of investments, details of which are fully discussed in the Directors' Review in the Annual Report. Part of the realisation stemmed from our liquid share portfolio. This is not material to our main business and is really cash in another form. Disposals from this portfolio and other share transactions raised R21.3m. Ordinary dividends remained unchanged at 170 cents per share. During the year the Company obtained additional finance of R40m through a preference share issue to augment its normal cash flow. Largely as a result of this step the net current assets of Johnnies and its financial subsidiaries showed a substantial improvement at the year end and are adequate to meet our commitments.

Future Commitments

The Company will still have to meet calls upon its cash resources in respect of Otjrhase Mining Company (Pty) Limited, Shangani Mining Corporation Limited and Consolidated Metallurgical Industries Limited. We have reduced our obligations by meeting guarantees of R17.5m in respect of Otjrhase's long term loans. The accounts reflect an extraordinary provision of R44.4m. This together with the provisions of R18.2m in last year's Income Statement, cover the full write-off of Johnnies' investment in

Otjrhase, including both the bank guarantees to which I have already referred and the estimated on-going cost of care and maintenance for another two years. It is most unfortunate that the establishment of this mine coincided with the collapse in the price of copper, and that as a result it has proved necessary to cease operations. However, I know that shareholders will be relieved at the fact that Johnnies has been able to absorb this heavy financial burden without any fundamental adverse effect upon the Company's financial strength. The future of this mine will be decided upon during the next year or two. Whilst there is some suggestion that excessive world copper stocks are being slowly whittled down this has not been reflected in any material improvement in the price. The short to medium term outlook is therefore not encouraging.

The Anglo American Corporation of South Africa Limited through its Rhodesian office was appointed as Secretaries and Technical Advisers to Shangani with effect from 1 April 1978. Johnnies and Anglo American Corporation Rhodesia Limited have each agreed to contribute Rh\$2.5m to Shangani, by way of a rights issue at par in order to provide the finance which should keep the mine operating until the middle of 1979. During this period the open pit operations will be running down and the underground development phase will have commenced. Hopefully greater clarity on the political front in Rhodesia during the next year, and the prospect of better nickel prices will enable a longer term view to be taken of the financial measures necessary to complete the underground establishment programme and to reduce the company's burden of debt. Inclusive of the pending rights issue Johnnies' investment, by way of equity, loans and guarantees in respect of loans raised by Shangani, amounts to R23.1m, of which R3.9m has been written off.

Johannesburg Consolidated Investment - Chairman's Review - continued

Consolidated Metallurgical Industries Limited has established itself remarkably quickly as a low cost producer of good quality ferrochrome. This augurs well for the long term potential of CMI. Internationally, production exceeds demand and the company has therefore reduced its output to one of its twin stream operations. Under these conditions the cost of servicing the company's borrowings is a heavy burden. It has been decided that CMI should reduce its short term debt and to this end arrangements have been agreed for shareholders to provide R10m of equity and R10m of convertible loan stock.

Provision has been made to meet the calls on Johnnies by these three companies during the current financial year.

Platinum

The Company's investment in Rustenburg Platinum Holdings Limited is once again showing considerable promise with the rapid and satisfactory strengthening of the platinum price. At the low prices that prevailed over the past three years Rustenburg was operating at marginal profitability and was obliged to pass two dividend distributions with the result that Johnnies did not receive any dividend income from this source during the year under review.

However, since the year-end Rustenburg has published most encouraging results and it has declared a final dividend of 8 cents per share which will be reflected in Johnnies' results for 1979.

Gold

The planned expansion at The Randfontein Estates Gold Mining Company, Witwatersrand, Limited has been completed ahead of schedule. The new Cooke gold and uranium plant has experienced start-up teething troubles which are steadily being overcome and the refurbished Millsite plant is now operating most satisfactorily. I am satisfied that Randfontein Estates can look forward to many years of profitability which should amply justify the major capital investment programme of the last three years. Randfontein Estates is one of South Africa's premier gold and uranium mines and Johnnies is proud to have been involved in its development and operations over so many years.

Western Areas Gold Mining Company Limited achieved a record when it milled 1 072 000 tons of ore in the September quarter. As a low grade mine it is benefiting both from the rising gold price and the increased throughput. The company has for some time been investigating the Middle Elsburg Reefs for their uranium potential and recently requested the Nuclear Fuels Corporation of South Africa (Pty) Limited to endeavour to obtain a long term uranium sales contract on its behalf. It has also decided to expedite the development of ore reserves on the uranium bearing Middle Elsburg Reef Horizons and to examine in detail how best to exploit further the company's uranium potential if it succeeds in obtaining a suitable contract.

The gold mining industry is striving to increase productivity, but the results are disappointing. The Mine-workers' Union has in the last few years been particularly insistent upon the introduction of a Monday to Friday five day week. A compromise agreement, which was reached in

1976, resulted in the introduction of an eleven-shift fortnight arrangement. It was hoped that the expected cost of this new arrangement and the anticipated lower productivity from underground employees would be offset to a considerable degree by those provisions of the agreement which were intended to make better use of the black labour force.

Regrettably these hopes have not been realised, mainly for the reasons that additional labour has had to be employed underground and there have been material increases in other costs. It is fortunate that there was an abundance of labour available to draw upon during this period. Every endeavour must be made to make the eleven shift fortnight scheme work as originally intended and this view is supported by the findings of the Franzse Commission report that has just been published.

Coal

Tavistock Collieries Limited has enjoyed another successful year increasing its profits after tax to R12 000 000. Each of the three collieries within the Tavistock group achieved the distinction of completing 1 000 fatality-free production shifts during the year. This is a splendid record of safety for which they are to be congratulated. The group has introduced modern equipment underground which is enhancing their established position as a low cost producer. The development of a new section at the Tavistock mine together with a new coal washing plant will provide both the additional capacity and a high degree of marketing flexibility to continue the company's record of performance.

Antimony

Consolidated Murchison Limited is experiencing difficult trading conditions. Both the worldwide price and the demand for antimony concentrates are at low levels, and unless there is an improvement in the price in the foreseeable future it will be difficult to maintain the current level of production. However, the market for antimony has always been cyclical in nature, and despite its present weakness the long term demand for antimony oxide as a flame retardant gives reassurance for the future.

Exploration

In the field of exploration we have concentrated our efforts in specific areas, such as the Karoo where our prospecting teams are engaged in the search for uranium ore bodies. This is a joint venture with Randfontein Estates and while we have found encouragement in some of the results it is far too early to say whether ore bodies of sufficient size, and therefore worthy of exploitation, will be located.

We are also active in the search for coal and in the re-examination and re-evaluation of our coal rights in the Eastern Transvaal and in Northern Natal. In the field of base metals we are examining various occurrences to determine whether or not these could be of sufficient size and quality to be of interest.

With the rising price of gold our mineral rights on the West Rand in the vicinity of Randfontein Estates and in Western Areas begin to acquire more significance. It

with examinations and feasibility studies are being undertaken to examine the economic viability of these areas although there would have to be a significant further increase in the gold price to consider the establishment of any separate new mine.

However, there are operating mines close to the areas concerned and it may prove possible and desirable in due course to develop these rights in collaboration with them.

Industry

Industrial investments contributed R11,0m to net attributable earnings for the year, an improvement of 12% over the corresponding figure a year ago. While a large part of this income stems from our portfolio investments in South African Breweries Limited and in Johnson Matthey and Co Limited in the United Kingdom, our investment in Penning Holdings Limited has once again shown a very satisfactory performance. We expect continued growth in this company. Steelbrite Limited, however, had a bad year which is in line with the whole building sector. While there is likely to be little change this year, the impact on profits is not significant.

Future Prospects

Both the Republic of South Africa and Johnnies have gathered a very difficult three years. Although the growth of the United States' economy was satisfactory last year, the persistence of a massive trade deficit and a resurgence of inflation threaten to reduce the rate of growth during the year ahead. Growth in both West Germany and Japan has been disappointing, with as yet little indication of any significant short-term improvement. The world economy, in fact, appears to be faced with the possibility of another slide into recession in 1979, before South Africa has a chance to recover fully from the accumulated setbacks since the end of 1974 when the gold price reached its previous peak.

For the Republic I regard the high rate of inflation as one of the pressing problems to be overcome if we are to maintain our trading position in world markets. Another problem is the need for a faster rate of economic expansion to make provision for the employment of the ever increasing numbers of those seeking work. For Johnnies, our objectives must be to continue the policy of reducing the level of debt and to improve productivity at the operating levels in all our business activities. Our investments spread across a diverse range of metals and industries, and accordingly our results for the coming year will depend to a large extent upon world economic circumstances. Nevertheless we are hopeful that the level of profits will permit us to increase the Johnnies dividend during the current year.

The Government took strong action two years ago that resulted in the adverse balance of payments being converted into a substantial surplus. This is a most satisfactory development and in normal circumstances would create confidence both at home and abroad. Unfortunately, however, the political uncertainties in South Africa and neighbouring territories have adversely affected the inflow of capital and have also resulted in South Africa becoming more isolated from the international community.

At the time of writing this review a new Prime Minister

has taken office. He does so at a critical period in the affairs of the country. The world is demanding an end to institutionalised discrimination, and there is also a growing demand by all races in South Africa for something positive to be done in this regard.

It seems likely that in 1979 both Rhodesia and South West Africa will establish non-racial societies run by black majority governments. South Africa has played a major part in bringing about these changes, but, in doing so, it has stimulated the demand for change at home, and this is the challenge that faces the new government.

In recent times two commissions of enquiry into labour practices have been appointed, the Wiehahn and Riekert Commissions. Their reports are awaited with keen interest. They could well provide the beginning of a new era in race relations on the labour front. If this proves to be the case then it will set an example that can be followed by the elimination of discrimination in other areas. The Government is studying new constitutional arrangements for the white, coloured and Indian communities and I share the view of those who believe it will be impossible to exclude the blacks, and particularly the urban blacks. If this were to be accepted as official policy, there is every chance that a new constitutional framework could emerge that will gain support from influential members of the international community. To assist in this process of change and indeed to accelerate it, South Africa needs understanding, encouragement and, above all, investment from abroad. As the economy expands and becomes more sophisticated so the opportunities for training and employing all races are increased. This leads to higher standards of living for all, which is the key to inter-racial harmony. I wonder if those who plead for disinvestment in South Africa pause to reflect upon the unemployment and chaos that would result if they succeeded with their campaign. I have no doubt that the withdrawal of foreign capital and the imposition of sanctions would be counterproductive and would slow down the process of change, as those in authority responded by mobilising all their available resources to defend their very existence. On the other hand if South Africa can build a political and constitutional structure to satisfy the majority of its peoples then there is no limit to the development of its economic potential. Where possible Johnnies will play its part in the financial and economic fields to assist in the process of constructive and meaningful change.

Directorate and Staff

Mr J Ogilvie Thompson retired from office as a director of this company on 8 February and I wish to express my appreciation of his services on the Board. Mr G H Waddell was appointed in his place and I would like to welcome him both to the Board and to the Executive Committee. Since the year end Mr D E MacIver has joined the Board as Technical Director and I welcome him also to the Executive Committee.

I would also like to place on record the appreciation of the Board and myself for the willing and sustained efforts of all members of our staff during the year under review.

31 October 1978

Johannesburg

RAND LONDON

Coal is the key

210
FM 3/11/78

Activities: Mining investment company operating various small mines. Provides consulting and management services to the mining industry.

Chairman: A C Heber-Percy; managing

director B W Holtshousen

Capital structure: 9.1m ordinaries of 15c* Market capitalisation R8.4m*

*Adjusted for 100 rights issue

Financial: Year to June 30 1978 Borrowings long and medium term, R2.2m, net short term, R1.1m Debt equity ratio 104.1% Current ratio 0.72 Group cash flow R2.4m Capital commitments R3.5m

Share market: Price 93c (1977-78 high, 110c, low, 67c, trading volume last quarter, 950 000 shares) Yields 29.7% on earnings, 10.8% on dividend Cover 3.0 PE ratio 3.4

	'77*	'78
Return on cap %	4.9	11.3
Pre tax profit (R 000)	749	2125
Earnings (c)	6.71	27.6
Dividends (c)	3.71	10.0
Net asset value (c)	24	43

*Eighteen months to June 30 1977

†Annualised



Rand London's coal firing near-term growth

year Pegmin has been hit by depressed glass and ceramics industries. Any significant improvement depends on both market recovery and development of a viable process for separating pegmatite minerals into saleable constituents.

Near term much depends on the company's coal and manganese interests. There is no information on contributions to earnings and turnover, but the market for the chemical and battery grade manganese produced at the small operation near Randfontein remains buoyant. Off take by uranium producers has increased.

But the major factor remains the Kempslust underground coal mine. It has a life of mine coking coal sales agreement with Iscor. Kempslust, established at a cost of R4.5m, has a planned monthly output of 30 000 t, but no details have been given of the mine's life expectancy. Even so, Kempslust should

be the main contributor to this year's expected 33c earnings.

There are difficulties in projecting Rand London's longer term future. On a small base, an operation such as Kempslust can have a relatively minor effect on earnings. But maintaining earnings growth means bringing an increasing number of small mines to account, which could lead to strains.

Apart from drilling coal rights, there is no independent prospecting programme, so new ventures tend to depend on outsiders bringing their mines to Rand London. And by implication, that means that any deposits introduced to the company will be relatively small and short life.

Group borrowings have been reduced and the equity base expanded through the recent 35 for 100 rights issue which raised R1.8m. Profit flow from Kempslust should not be interrupted unduly by loan repayments - a necessary move if earnings are to be maintained on an upward curve and a less speculative market rating established.

With Kempslust on stream, it is difficult to see from where the next quantum earnings improvement will come. Rising bullion could make East Champ D'Or more attractive, but developments there could be relatively expensive and retard dividends.

On the basis that capex for new projects will retard dividends, the shares are not attractive to investors looking for income. For the more speculatively minded, near term capital gains are possible and there remains the spice of possible developments at East Champ D'Or.

Though the concept underlying Rand London looks good, development of the company is not all easy going. There had been high hopes that the Octha diamond mine would have been incorporated into the group. But the management contract for the mine has been terminated without a word of mention in the annual report.

Two years ago, 790 claims were pegged on the old East Champ D'Or mine. Since then no further details have been given, though there was talk a few weeks back that Rand London was actively seeking to take over South Roods and even Lupaardsvlei.

The small iron ore mine has suspended operations as low prices and high rail tariffs seriously affected profitability. And no improvement in profitability of subsidiary Pegmin (feldspar, mica, quartz and lithium minerals) is expected this

(20)

Mine dump could boost

claims
5/14/28
21c
RMP
Sundays Times

A COUPLE of days from now, Rand Mines Properties will be announcing its results and dividend for the year ended September

Though the half-time statement back in May disclosed an expected fall of around 16 per cent in turnover and an even larger drop in attributable profits of 23,5 per cent, the market is nevertheless quite confident that the single 14c dividend which has been paid for the last couple of years will be repeated

The optimists, however, feel that there could well be a rise to 15c

With the current share price around 220c and the

charts suggesting not only that the downside potential is limited to a fall to 205c but that a rise to well over 300c could be on the cards

Adding fuel to this fire is a recent Lion investment letter from the Johann Zwart-Alf Field den which concentrates its attention not so much on the fact of the single dividend payment, but on the potential of RMP's sand and slimes dumps, which are such a feature of the Johannesburg scene and have been estimated to contain around 112-million tons of material with a gold content running at about 0,65 grammes a ton

Shareholders in RMP

have been given a fair amount of information on just how the group proposes to treat its dumps using the Reichert cone process

Earlier this year at the annual meeting of the group, shareholders were told that a feasibility report was being prepared and hopefully would be completed by mid-year

Nothing, of course, has been said on the subject, but it now seems likely that either the preliminary announcement or the annual accounts will give the thumbs up or down to the project which is not expected, in any case to involve heavy capital expenditure

From that standpoint

and particularly in view of the sharp rise in the gold price compared with the \$160 an ounce which was estimated almost a year ago as the price which would give the green light to the scheme there seems every chance that RMP will go ahead

But with the property market picking up and basically, in any case, underpinning the group's operations, a dump treatment scheme can only be good for profits and dividends

As it is, the shares at 220c are yielding a cast-iron 6,8 per cent cum a 14c dividend, which compares favourably with the property sector average

The second problem was to decide what questions to ask in the interviews in order to elicit the required information as accurately as possible. The questionnaires used were drawn up after discussion with social scientists at both the Universities of Cape Town and Natal (Durban). Copies of the questionnaires are included as Appendices A and B.

Employers in three of the major divisions ^{1/} of the economy were interviewed, viz. Major Divisions 3, 5 and 8 (Manufacturing, Construction, and Financing, insurance, real estate and business services). Major Divisions 9 and 4 (Community, social and personal services, and Electricity, gas and water) were covered to some extent by a questionnaire sent to some Provincial hospital services departments, Bantu Affairs Administration Boards and Municipalities and Local Authorities. Major Divisions 1 and 2 (Agriculture, hunting, forestry and fishing, and Mining and quarrying) were expressly excluded from the report by the terms of reference.

The report is biased towards Manufacturing and Construction, and related services. The main reason for this is that it was easier to cover large concentrations of employment in the economy by interviewing firms in these sectors than by spending time on the other sectors where there are relatively fewer large firms. Also, in the case of Manufacturing it proved possible to obtain a list from the Bureau of Market Research at the University of South Africa of all the manufacturing firms in each of the geographical areas we were to cover.

^{1/} See Standard Industrial Classification (SIC), Department of Statistics, Pretoria 1974, for breakdown of economy into Major Divisions etc.

(210)
5/11/78

2.

METHOD

A. Ger

R6,4-million bid for Cams

Two • From Page 1

The Rand Mines offer of R6 431 823 includes a cash amount and the value of certain debts it has undertaken to assume

It is understood that joint liquidator, Henry Gunn, will recommend that the Rand Mines offer be accepted. Mr Gunn, who has been appointed chairman of the meeting of shareholders and creditors, intends circulating notices of the gathering this week.

David Pickering, who succeeded Arnold Wilhelm as chairman after Mr Wilhelm's death, told the court of the company's liquidity problems at the time of the liquidation, stating then

that the company's assets totalled R1 713 153, and its liabilities R2 454 979, apart from owing the Standard Bank R3 067 241

Cams main assets are the Postmasburg iron-ore mine, at which production was discontinued before provisional liquidation, largely because of 67 per cent increases in rail and port tariffs, and the group's chrome interests in Rhodesia, as well as its asbestos mine at Senekal.

A deal with five Japanese steelmakers is still in force should Cams resume trading. The Japanese had contracts for shipment of 500 000 of iron ore and between 70 000 and 150 000 tons of manganese ore

ying to decide how to it types of African ted number of employers.

of employers to be inter-ference required us to l areas in the hope of l differences which cians.

tions to ask in the inter-omation as accurately as

Rand mines makes R6,4m bid for Cams

By MARTIN CREAMER

RAND MINES this week made a R6,4-million bid for the provisionally liquidated mining company. Consolidated African Mines (Cams), which has big iron ore, chrome and asbestos interests

Cams was provisionally liquidated in July, shortly after being suspended on the Johannesburg Stock Exchange

An offer of 4c a share has been made and the dividend

bid for Cams

to concurrent creditors, though not yet finally calculated, is likely to exceed 60c in the rand

The joint provisional liquidators were granted leave in the Rand Supreme Court on Tuesday to convene meetings of creditors and shareholders to consider the Rand Mines bid. Notices of a meeting are likely to be circulated this week by joint provisional liquidators,

Henry Gunn and Michael Cato

If the offer is accepted at a meeting to be convened in the next few weeks, it will mean that Cams will have fetched just over R7-million, as one of its subsidiaries, N.F. Die-casting (Pty), was sold recently for R600 000 to a bank acting on behalf of an undisclosed principal

• To Back Page

Bantu Affairs Administration Boards and Municipalities and Local Authorities. Major Divisions 1 and 2 (Agriculture, hunting, forestry and fishing, and Mining and quarrying) were expressly excluded from the report by the terms of reference.

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1/ See Standard Industrial Classification (SIC), Department of Statistics, Pretoria 1974, for breakdown of economy into Major Divisions etc.

Big leap in S.A.

mineral exports expected

NM 26/11/78

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JOHANNESBURG — South Africa's gold and base metal and mineral exports are expected to soar by 30 percent over last year to a record R7 000 million in 1978, according to the latest estimates compiled by the Minerals Bureau.

Official estimates at the beginning of the year put the expected rise at between 21 percent and 23 percent over the R5 463 million earned in 1977

The higher gold price and improvement in other metal and mineral exports such as diamonds, platinum, coal and uranium, have now encouraged a new assessment of the country's mineral-earning potential.

Of the R7 000-million foreign earnings bonanza, over R3 500-million is expected to come from gold. Initial estimates were based on an average price for the year of 180 dollars but this has now been revised to 190 dollars. However, with the current strength in the price, the average could be even higher.

Last year earnings from gold contributed R2 815-million.

But in the first six months of the current year earnings have already reached R1 815 968 according to Chamber of Mines figures, suggesting that the total could be well above R3 600-million. It has been calculated that if the current gold price should persist until the end of the year, Government coffers could benefit by an additional R300-million over budgeted expectations.

Apart from gold, exports of the major metals and minerals have also been expanding in spite of depressed international economic conditions.

Energy minerals such as

coal and uranium are doing particularly well on international markets. Actual uranium sales are not published but Mr Lynne van den Bosch, past president of the Chambers of Mines, said in June that the value of new business concluded in the past 12 months was worth R1 300-million based on current prices.

Coal exports through Richards Bay have been maintained at well over the planned export capacity of 12-million tons a year and are expected to reach 14-million tons this year. The next phase in the expansion programme — to 20-million tons a year — is expected to be completed within a year.

Diamond sales through the central selling organisation have reached record levels in the first half of the year and, although actual sales volumes were slightly down, the total value of sales has continued to improve.

Price increase

The recently-announced 30 percent price increase should help further. In spite of past difficult times in the platinum industry, conditions now appear to be improving with the free market price at its highest ever level.

The possibility of increased production from Rustenburg and Impala has been suggested.

Iron ore exports are holding up at around last year's levels and there is a possibility that the total value of sales could be slightly higher this year.

Asbestos exports appear to have partially recovered from earlier weak trading conditions and are also set to show an improved performance on the year. June export sales figures from the Minerals Bureau lend encouragement to the forecast record performance and totalled R182 517 902 compared with R103 987 697 in May.

Diamond income

These figures exclude exports from Bophuthatswana but include an unusually small income from diamonds for the May total.

Sales of iron ore brought 590 compared with 297 in May

BARLOW RAND

7/28/12/78
 217
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Enhancing growth potential

Activities: Diversified mining and industrial group Major industrial divisions are earthmoving equipment and heavy vehicles, alloy and steel manufacture, building materials, household appliances, steel distribution, paint, motor vehicles, packaging, paper and property Mining division is Rand Mines Includes 59% of TC Land and thereby holdings in chrome, coal and platinum Gold/uranium interests concentrated in Harmony, Blvvooruitzicht, ERPM and Durban Deep

Chairman: C S Barlow, vice chairman and chief executive A M Rosholt

Capital structure: 103,1m ordinaries of 10c, 4,3m ordinaries of 10c, 1c paid 375 000 6% cum prefs of R2 Market capitalisation R469,1m

Financial: Year to September 30 1978 Borrowings long and medium term, R230,5m; net short term, R59,5m Debt.equity ratio 45,0%. Current ratio 1,9. Group cash flow R173,5m Capital commitments R186,3m.

Share market: Price 455c (1977-78 high, 477c; low, 252c, trading volume last quarter, 1,5m shares) Yields. 19,3% on earnings; 6,6% on dividend Cover 2,9. PE ratio. 5,2

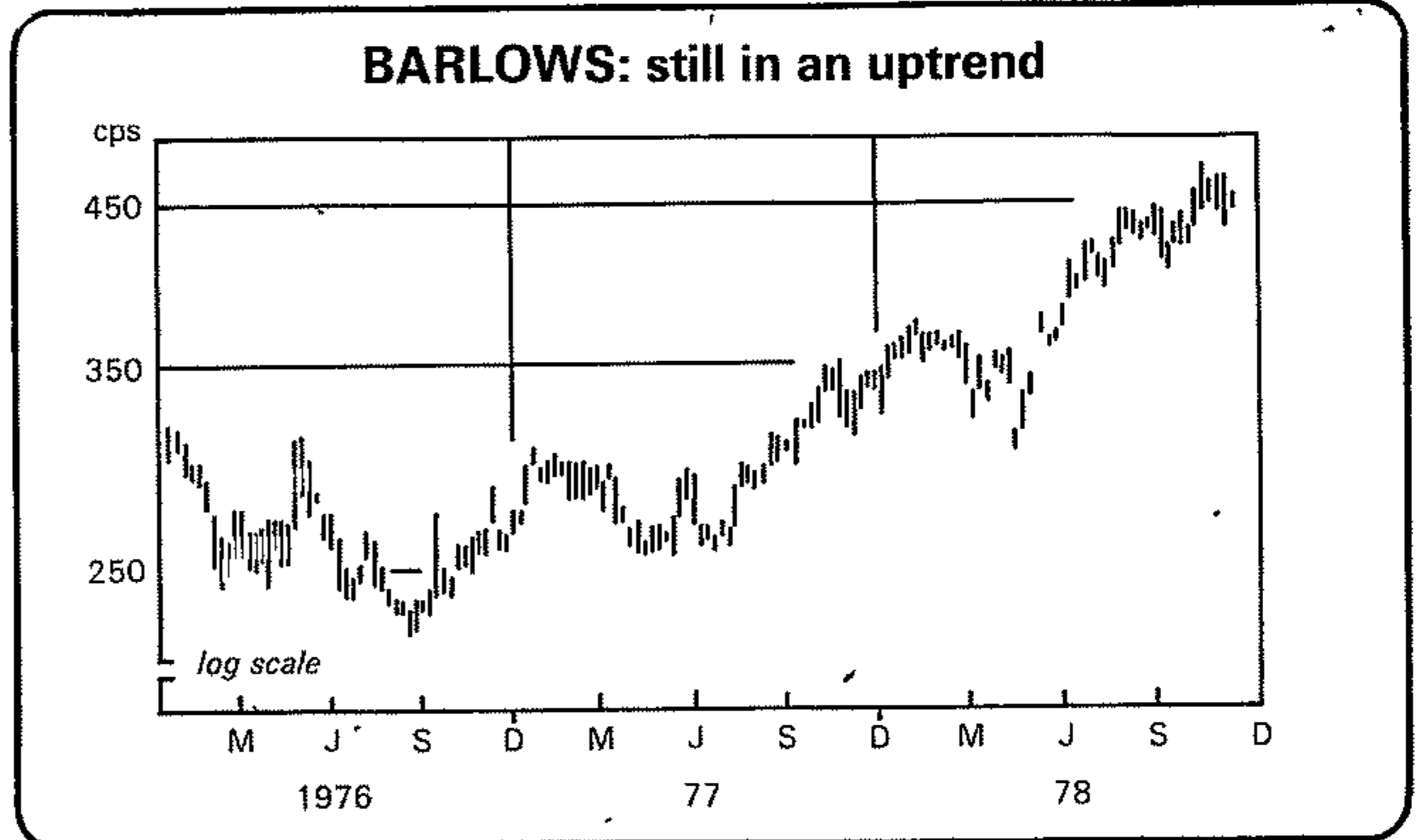
	'75	'76	'77	'78
Return on cap %	23,1	24,3	20,8	20,7
Turnover (Rm)	921	1 068	1 246	1 624
Trading profit (Rm)	130	167	198	248
Trading margin %*	9,7	9,7	9,2	9,0
Earnings (c)	64,8	71,9	76,9	87,8
Dividends (c)	23	24	26	30
Net asset value (c)	318	361	450	471

*Excluding mining (trading profit - turnover)

During the 1977 recession year, Barlows refused to chase turnover at the expense of margins and concentrated on asset management It meant that the group went through 1978 with its normally healthy balance sheet and no inhibitions about organic and acquisition growth.

And despite three acquisitions last year and a further one since the year-end, balance sheet strength (aided by R26,5m raised since the year-end through the pref allocation), cash flow and unutilised borrowing facilities are such that the group can easily fund planned capex and, as opportunities present themselves, continue on the acquisition trail

Over the next five years R186,3m capex is planned, with R107,1m slated for this year Of this R49,8m is earmarked for mining assets and R37m on the cement and lime operations Both peak this year with PP Cement planning to bring its De Hoek expansion on stream late this year, chrome mine ex-



pansion almost complete and the bulk of coal capex due for completion this year

Foreign and local loans arranged for planned capex total R59,6m, meaning that 68% of the total will be funded internally But with a group cash flow of R174m and total unutilised banking facilities of R267m, there will be no constraint on growth through lack of funds.

In terms of the consolidated accounts, the earnings generated following heavy capex on mining interests (held through TC Land) should only have major impact in 1980. This year earnings growth from mining, which contributed 27,9% of consolidated net trading profit after minorities last year, will be limited.

So with recovery under way in most of the other divisions and consolidation of the new acquisitions for the full year, mining's percentage contribution should decline this year Of last year's 30% turnover increase, 12% was due to the acquisition of 55% of Nampack (cost R70,4m and consolidated three months), 50% of General Electric SA (cost R28,6m and consolidated six months) and Natal Mercedes-Benz distributor NMI (cost R3,4m and consolidated nine months)

The speed with which the non-mining interests are shaking off the effects of the depression is apparent from the fact that stripping out mining, turnover rose by 27,3% with consolidation of PP Cement, CJ Fuchs and Barpak for the full year

With the consolidations, year-on-year figures are not strictly comparable, but with the exception of ferro-alloy and stainless steel manufacture, all divisions increased turnover In addition, building

material and steel distribution came under pressure and, despite a 7,6% turnover increase to R290,1m, pre-tax trading profit fell 60,8% to R3,1m. A good deal of reorganisation is needed before profits recover.

Ferro-alloys' and stainless steel's contributions to pre-tax trading profit fell 82,5% to R2,4m This year with demand picking up both in SA and overseas, an improvement is expected. But full recovery is probably still about three years away

With the exception of mining, where earnings are on a plateau until 1980, chairman Punch Barlow says that many of the group's industrial and trading companies are budgeting for improved results He does not quantify what this is expected to mean in terms of earnings growth But if last year's growth rate is maintained, earnings approaching 100c are possible.

Opportunities for acquisition-based growth in SA are apparently lessening. The group's market share in some sectors is "large in the context of available business" On this basis, increased emphasis is being placed on overseas acquisitions through the group's overseas operations.

Despite the perceived reduction in acquisition prospects, major improvement in mining's contribution from 1980 and growth in non-mining subsidiaries from strong bases, point to maintained earnings growth rates for at least three years. This year a total dividend of 35c is easily within reach for a prospective 7,7% yield. At 455c, the shares are almost 30% up on the year, and with continuing ultra-blue chip status, an

Among the most significant approximately 91% of the committee had been taken

THE EARNINGS MIX

	1977		1978	
	Rm	%	Rm	%
Gold/uranium dividends	2.7	11.4	3.9	14.1
Platinum dividends	0.8	3.3	—	—
Net royalties	1.0	4.0	0.6	2.2
Net investment realisation	0.1	0.4	0.4	1.4
Exploration less sundries	(0.4)	(1.6)	(0.1)	(0.5)
Colliery earnings	15.6	65.2	19.4	70.5
Chrome earnings	3.7	15.3	2.8	10.4
Forestry earnings	0.5	2.0	0.5	1.9
TOTAL	23.9	100.0	27.5	100.0

TC LAND Coal-fired

8/12/78
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Activities: Investment and exploration company, 59.2% controlled by Barlow Rand Main investments are 71.3% of Witbank Collieries and 70.7% of Welgedacht Holds 17.3% of Harmony and 6.3% of Rustenburg Has extensive chrome interests.

Chairman and managing director: A C Peterson.

Capital structure: 7.3m ordinaries of R1. Market capitalisation R171.7m

Financial: Year to September 30 1978 Borrowings, long and medium term, R67.5m. Net cash R19.9m Debt equity ratio 56.3%. Current ratio 1.3 Group cash flow R39.8m Capital commitments R112.3m

Share market: Price 2 350c (1977-78 high, 2 840c; low, 1 750c, trading volume last quarter, 47 000 shares) Yields 15.6% on earnings, 4.7% on dividend Cover. 3.3. PE ratio 6.4

	'75	'76	'77	'78
Turnover (Rm)	41.5	73.8	117.7	141.6
Pre-tax profit (Rm)	15.1	27.0	49.0	56.5
Earnings (c)	132	184	327	367
Dividends (c)	65	75	95	110
Net asset value (c)	1 191	1 070	1 400	1 791

Though there has never been any doubt that coal's contribution to group earnings would increase last year, the increase in its proportional contribution is surprising Coal earnings and gold dividends were both ahead of expectations, but the major downturn in chrome's contribution distorted the earnings mix And with chrome recovery now "viewed as a

medium to long range prospect", coal's proportional contribution will probably increase in the near term.

Last year, inland coal demand continued its decline as Escom concentrated its power generation in large tied power stations and SAR continued to phase out steam locomotives

The inland demand decline was offset by increased exports, though the full effect of this will only be felt in 1980. The 50% joint-venture Rietspruit project with Shell started coal deliveries in October and depends on completion of the Richards Bay phase 2 expansion in 1979 for full capacity operations In the meantime, this year TC Land's financial contribution to the project will increase to about R71m Thereafter the mine is expected to become self-financing.

But all is not bright on the export front Enquiries for substantial tonnages of export coal have been received for delivery in the Eighties, but at highly competitive prices And prices will remain under pressure until the world steel industry gets back on a growth tack

In SA, Duvha, managed by Witbank, starts preliminary on-going deliveries to the power station in September 1979 and will increase deliveries by some 1.5 Mt annually for five years to the target 9.4 Mt as the station's generating sets come on stream

Though Rietspruit will contribute to a considerable increase in pre-tax earnings from coal, a further decline in chrome's

contribution appears to be in prospect. Overcapacity, slack demand and weak prices are likely for at least the next couple of years, and recovery thereafter will be a protracted affair However, capex programmes at the group's three producing mines are nearing completion, so the likelihood of their becoming cash drains is remote With the expansion programmes completed, capex should be relatively small until at least the mid-Eighties

Though coal earnings are set to rise sharply over the next few years, dividend income growth may be less exciting. The intention is to repay borrowings for both ventures as rapidly as possible, meaning relatively high retentions.

Last year, of the attributable R19.4m colliery earnings only about R6.3m was available to TC Land in the form of dividends. TC Land's policy is to take dividends to account only after they have been declared, which accounts for the discrepancy between this and the attributable dividends of about R7m declared by Witbank Colliery and Welgedacht for the year to September 30. So there seems scope for an increase to about R7m in coal dividends taken to account this year. Gold's dividend contribution should increase to about R4.5m and platinum's to around R900 000

Policy is apparently to declare dividends slightly below dividend income. It means scope for an increase to at least 150c total this year for a prospective 6.4% yield. Next year, with Duvha and Rietspruit both making positive cash flow contributions, a further increase to near 200c is not out of bounds.

On historic yield considerations there is little to choose between investment in TC Land and Witbank. But with a guaranteed return from Rietspruit, in which Witbank is not involved, starting in 1979, eventual recovery prospects in chrome and the exposure to gold, TC Land is more attractive on a three year view

Jim Jones

There were 284 organisations which responded to preferred a liaison to a works committee. The majority gave as their reason that the liaison committee was conferring benefits such as better guidance by management of problems, thus serving both parties' interests etc. In a further 38 instances (about 13%) either

MINING - General

14-1-79 - ~~11~~ - 12-79
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X

PRECIOUS METALS

On the blocks for '79

210
7/11/79
12/1/79

It looks as though platinum and gold could shine again in 1979, but much depends on the performance of the dollar

If anything, platinum looks the fundamentally stronger of the two precious metals, primarily due to the considerable amount of "political" gold coming onto the market from the US government and the IMF. On an annual basis these two supply sources together roughly account for as much gold as that produced by SA — about 700 t

However, helping to balance out gold's political fortunes is the metal's prospective role in the European Monetary System (EMS) to be launched by the members of the European Community. When the EMS becomes operative, members will be able to use their gold reserves at market prices to settle transactions between themselves — a source of some concern for the US gold demontisation lobby.

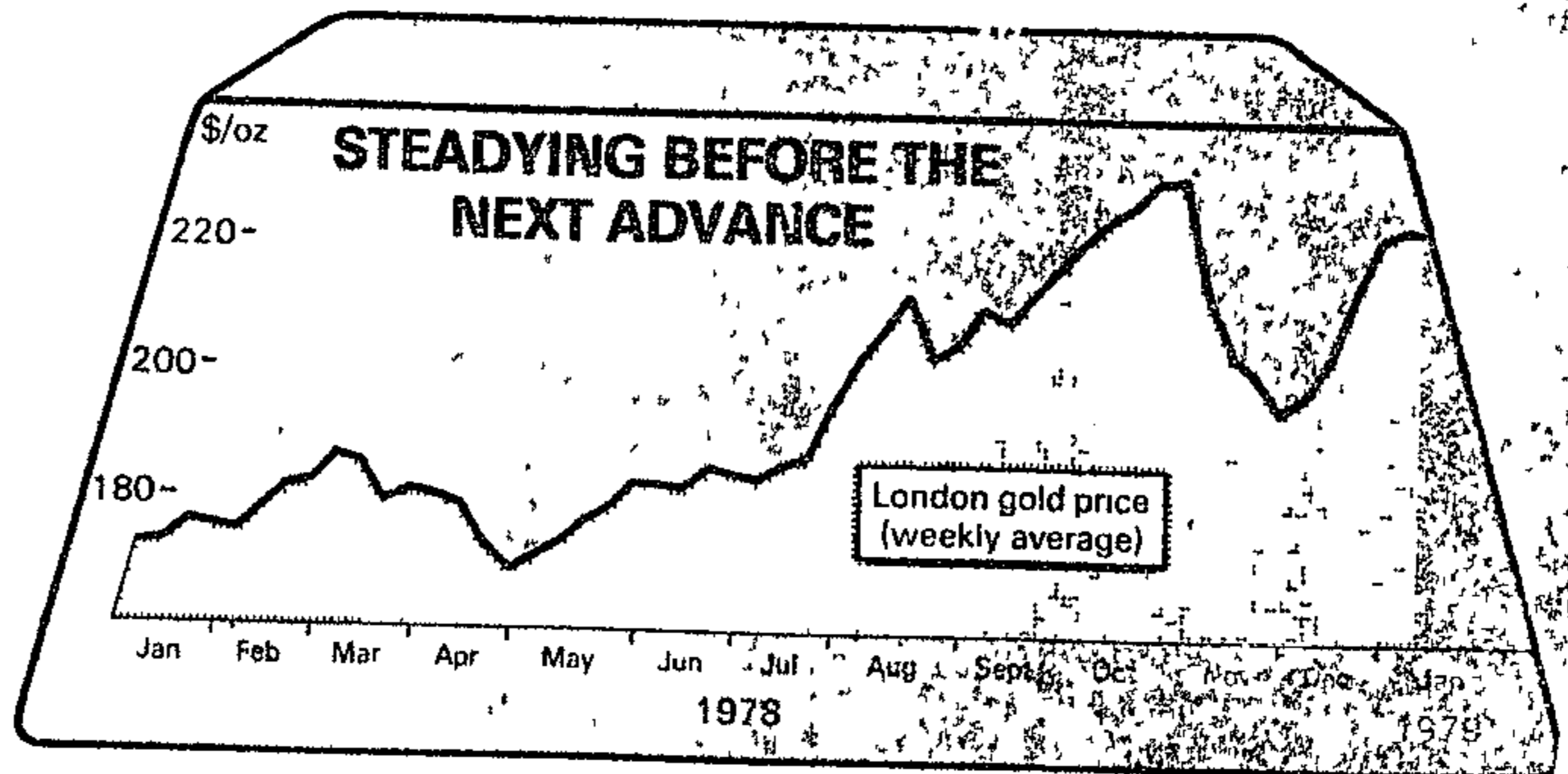
Platinum, too, has its uncertainties, primarily in the shape of the marketing policy of the Soviet Union, which over the last 18 months has generally been delivering to the market at a rate roughly 200 000 oz below normal annual levels of about 700 000 oz. A number of theories have been put forward for this, including production problems at the Norilsk refinery; increased domestic demands due to the minting of commemorative coins for the 1980 Moscow Olympics, but it's still entirely a matter of speculation.

Another possibility, according to Johnson Matthey's director Derek Dumenil, is that Russia could be supplying more platinum to China, thus cutting back on supplies to the West. Moscow does sell platinum to China, but Dumenil suspects supplies may have increased due to expanding demands in the production of nitric acid and also as a catalyst in the oil refining industry. China is known to be expanding her refining capacity.

Additionally, according to Dumenil, "there does seem to be a certain amount of demand from China in London" He adds: "I think it's significant"

The Soviets too are expanding oil refining capacity at Baku, Ufa and elsewhere and this could also mean more platinum is needed at home.

At the moment both gold and free market platinum prices are roughly 10%



down on their respective late-October peaks of around \$250 and \$390 just before President Carter announced his dollar defence package. Midweek, platinum was quoted at around \$350 and gold at \$220

The burning question for both metals in coming months will be: can speculative off-take, presumably for dollar reasons, put that extra cream on those prices apparently justifiable on the basis of both metals' fundamental supply and demand position? In the case of gold, the demand gap between fabrication demand and total supplies in 1978 was roughly 600 t — a figure which some observers believe may take some filling should it continue in 1979. "For the moment we are taking a close and negative view of the market," admits the director of a key member of the London bullion market

On the platinum front, things look reasonably balanced provided Russia does

not suddenly step up deliveries as she did several years ago, when the price was knocked down dramatically. Assuming this is not the case, a weak dollar could mobilise extra investment interest which, in turn, could spark off another strong price resurgence.

But apart from supply and investment demand uncertainties, industrial off-takes for both metals continue to look good. According to one key source, fabrication demand, for example, for gold from the Middle East in 1978 more or less equalled 1977's record 300 t. With Opec oil prices set to rise 14.5%, Middle East purchases may take the region's industrial off-take nearer still to half of SA's total output.

Around 80% of Middle East fabrication demand is accounted for by jewellery. Similarly, Japan which accounts for around half the world's off-take of platinum utilises most of its purchases in

	Current	Week ago	Month ago	Year ago
RDM 100	278.9	270.5	268.3	213.1
% change on	—	3.1	4.0	30.9
P/E ratio	5.0	5.0	4.9	4.1
Div yield	7.7	7.9	8.0	10.3
UK FT Ind	482.2	473.0	485.4	484.5
% change on	—	1.9	-0.7	-0.5
P/E ratio	8.3	8.1	8.3	8.4
Div yield	6.0	6.1	6.0	5.5
US Dow Jones	831.4	811.4	815.0	781.5
% change on	—	2.5	2.0	6.4
P/E ratio*	9.0	8.7	8.7	8.7
Div yield*	5.0	5.1	5.1	5.1
Gold price (in US \$ on London)	222.9	225.4	202.6	173.2
% change on	—	-1.1	10.0	28.7
Kruggerand (Rand)	224.0	227.0	203.0	173.3
Public selling price	—	-1.3	10.3	29.3
% change on	—	—	—	—

*Standard & Poor index
Public buying price is 10% below, subject to negotiation

signposts

Mynbou-jaar

Report 14/1/79

210
in

1979

Deur 'n MEDEWERKER

DIE jaar 1979 het vir die Johannesburgse Effektebeurs in sy nuwe tuiste in Diagonalstraat klopdisselboom begin. Pryse het lanklaas oor so 'n wye front sterk gestyg en kenners meen dat dit vanjaar 'n mynbou-jaar gaan wees.

Al die mynaandele behalwe goud het skielik lewe gekry. Eers was dit steenkool se beurt en van die aandele in die duurder prysklas het met tot 500c in twee weke gestyg.

Die steenkool het só gewild geraak ná al die olieprobleme. Dan was daar ook die aankondiging dat ons steenkooluitvoer

met minstens 50 persent oor die volgende paar kan styg, terwyl daar ook sprake is van 'n prysverhoging op die binnelandse mark van R2 per ton

Toe was dit koper se beurt. Oorlogswolke hang dik in die Ooste, terwyl die Midde-Ooste maar vol spanning bly.

En dit is nie sommerso van 'n boom in koperaandele nie. Selfs Botrest, wat baie beleggers nou nog glo nooit sal regkom nie, lyk sommer na 'n puik kopie oor die kort termyn. Ook Messina, met die meeste van sy koperbelange in Rhodesië en 'n paar foute met sy plaaslike nywerheidsbelange, wag nie meer vir beleggers nie.

Baie min beleggers het verlede jaar vertroue getoon in die hoë platinaprys. Maar nou, ná meer as 'n jaar van hoë pryse, moet dit op die winste 'n uitwerking hê, en skielik is dié aandele baie gewild in Johannesburg en Londen. Nog meer stygings kan verwag word

Waterberger

Wie het ooit kon dink dat Con Murch skielik lewe sou kry. Dié antimoonmyn het verlede jaar treurig gevaar en kon nie 'n slot-dividend betaal nie. Die aandeelprys het vanjaar al met meer as 100c gestyg en verhandel teen 475c.

Dit is natuurlik 'n uiters spekulatiewe aandeel. Maar dit is ook die soort aandeel waarin mens kan geld maak of verloor. Dalk is daar nog meer te maak as te verloor.

Tin-aandele het die jaar ook nie op hulle laat wag nie en Union Tin (die myn moes twintig jaar gelede al gesluit het) bly op die voorpunt. Dit gaan blykbaar goed met die ou Waterberger en daar word gespekuleer oor 'n ryk nuwe ertsliggaam wat ontdek is.

Selfs die twee mangaanreuse wat die afgelope agttien maande of meer maar moes lê en slumer onder Carter-aanslae lyk skielik baie beter. Spekulate kan selfs nog baie geld maak uit Samancor. Yskor wil dalk weer sy belang verkoop.

En dan is daar diamante 'n Rekordafset deur die Sentrale Verkooporganisatie en De Beers se prys styg tot meer as 900c. Verlede jaar was dit die winkels se beurt. Met die AVB het hulle twee seisoene gehad en beleggers kon nie verkeerd gaan nie.

Vanjaar lyk dit na die banke se beurt, al is rentekoerse tydelik stram. Selfs Volkskas se aandeelprys het skielik lewe gekry en gestyg van 340c tot 385c. Kyk 'n mens na die enorme verdienste per aandeel van hierdie bank behoort dit vorentoe nog beter te gaan ondanks die feit dat 'n groot aantal boere nou baie swaarkry met die droogte.

Maar daar is 'n ander ster wat nie heeltemal verskiet het nie. Trust-Bank het die jaar begin op 35c per aandeel en verhandel nou teen meer as 40c. Dit lyk maar min, maar dit is 'n styging van bykans 20 persent.

Dit is dalk weer Trust-Bank se jaar, en selfs teen 40c per aandeel is daar darem heelwat minder om te verloor as so 'n paar jaar gelede se R10 per aandeel.

ONS SE

AS die vertoning van die Johannesburgse Effektebeurs oor die eerste twee weke van die jaar enigszins 'n aanduiding is van wat in 1979 verwag kan word, lyk sake baie rooskleurig.

Die effektebeurs van enige land bly die beste barometer van die ekonomiese gesondheid van daardie land. Dit is baie duidelik dat ons Beurs 'n sterk polslag in die ekonomie meet.

Terselfdertyd was daar ook die nuus van die R376 miljoen se staatseffekte wat op 1 Februarie aan die finansiële instellings terugbetaal sal word.

Behalwe hierdie insputing is daar ook nog die moontlikheid van salarisverhogings in die staatsdiens, wat ook sal help om meer geld in omloop te bring om die ekonomie behoorlik aan die gang te kry.

Die belangrikste is egter dat al hierdie positiewe ontwikkelinge die vertrouë skep wat so broodnodig is in 'n gesonde ekonomie. Dat hierdie vertroue ondanks 'n dreigende oliekrisis aan die opbou is, moet hoogs bemoedigend wees en daar kan net gehoop word dat hierdie vertroue nie binnekort weer 'n knou kry nie.

Star 16/1/79

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SA strategic minerals hand strengthened

The Star Bureau
LONDON — Recent events in Africa and a downturn in mining investment have combined to enhance South Africa's role as a supplier of strategic minerals to the West, according to a major survey of world mining in a Financial Times supplement today.

An article by Paul Cheeseright points out that there has grown up a dependence on South Africa for these minerals — chrome, manganese, platinum and vanadium

— and this has given the Republic "a political card which it does not hesitate to play"

But, says Cheeseright, "its Achilles heel remains the pursuit of internal social policies which are widely disliked."

There is, however, "little to suggest that the possibility of internal unrest has acted as a deterrent to the purchase of South African minerals."

"Indeed the downturn in mining investment has inhibited the search for alternative sources and, if

anything, has enhanced the importance to the West of South Africa as a minerals supplier," says Cheeseright.

"Events over the past year or two have played into the South African hand. The presence of Cuban troops to the north, as surrogates for the Soviet Union, has added point to the South African argument that the communists are a menace to the stability of Africa, while the unrest in Zaire gave a warning of the effect on mineral supplies of political instability."

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There are no certain answers to the question, "what is there to prevent the large livestock owners from combining ranching on leasehold estates on the areas designated commercial with the grazing of animals attached to their

and state lands designated as commercial.

partake in any significant way in the early claims for rights over tribal in commercial ranching suggests that tribal grazers cannot be expected to ential wealth in the countryside and the dominance of a "business" sector BMC in the mid-1970s, other sales averaged roughly 38 000. Steeply differ- BMC. In contrast to the average of roughly 185 000 cattle sold to the by buying in stock from tribal grazers for fattening prior to sale to the larger number of cattle speculators have exploited the favourable beef prices of the land. The evidence suggests that a few freehold ranchers and a stinking boreholes. Only 25% of the cattle sold to the BMC comes off 94% control of much of the state land, which comprises 23% of the total, by means of of Botswana and that tribal grazers who could afford to do so have gained lands. The latter despite the fact that the tribal lands comprise 71% remaining 25% of the supply of cattle to the BMC comes from the tribal Traders and speculators, and co-operatives deliver a further 25%. The 4% of the population, deliver half the cattle slaughtered by the BMC. Freehold lands, which comprise only 6% of Botswana and on which live only

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Contract man could put zip back into mining

THE biggest bugbear of our mining industry is the fact that although a mining house can set up a new mine with a relatively low capital cost, about 70% of its profits go to the taxman.

Of the R4 000-m that the gold mines earned in 1978, nearly R1 000-m (roughly what GST will produce in a year) will be siphoned off for the taxman.

Tax apart, there are other barriers to new mining ventures, both national and international. The funds required for development and infrastructure can only be provided by consortia of financially sound companies

By PAUL DIAMOND

And then there is the long lead time, often up to seven years, before a return can be expected on capital

In the newly developed countries, there is the lack of security for the spectacular finance required and the ever-present risk of the State taking over.

This is all part of the great risk, aside from mining and metallurgical challenges, which hangs over new investment in the mining field.

Sometimes, the risk is too great even for consortia bursting with

funds — to wit the Tenke-Furume venture in Zaïre and the proposed development of a gigantic low-grade copper deposit in Panama.

One of the novel proposals to remove the financial and mining risks is to introduce a contract mining system.

Elaborating on the idea the Financial Times mining editor compares it, aptly enough to a house owner moving into rented accommodation.

Without owning the mineral deposits, the mining-for-hire company would prospect on request, undertake development and subsequently production, a real turn-key operation.

Some of the big international corporations are already doing this in a limited way.

The advantage of throwing the ball into the State's court as the owners of the minerals are clear.

The company would produce its know-how and while the profits might not be as magnificent as in the past, it would certainly put the zip and zing back into mining. Risk would be reduced to a minimum.

The FT continues: "International banking organisations may be more prepared to put up finance to a Government-owned operation where any temptation to political excess can be curbed by

the threatened loss of technical expertise.

"And the operating contract company might well be relieved of any untoward demands by environmentalists and also see its image change from an exploiter of a country's resources to one of a contributor to the betterment of the nation.

"Too facile? Perhaps it is but such a development would be one answer to the development of the world's natural resources."

It might be profitable to apply the proposition locally. The companies could negotiate the idea with Government and with the quasi-Government organisations such as Iscor, Sasol and Escom.

R437.42

Star
BUSINESS

Star 2/2/79
(210)
Looking into the Eighties
Mineral sales on
road to R10 000 m

By Anne Colley

South Africa's mineral sales could well be reaching for the R10 000m mark by the year 1987 with the coal industry providing a major boost to mineral revenue, says the Chamber of Mines

In its 1978 year-end review, this mouthpiece of the mining industry predicts that as new mining ventures come on stream, mineral sales should approach R10 000m at constant 1977 prices. But if inflation is taken into account, this figure should be significantly higher.

Calculations are based on Minerals Bureau projections on the probable expansion within the mining industry, some of which should start in the near future and some of which is already underway.

Future sales patterns will obviously depend on the rate of world demand and the rate of industrialisation of third world countries which are likely to become heavy consumers of minerals as they develop steel and infrastructural industries.

But the Chamber believes that certain patterns in South Africa's production can be confidently forecast. Gold, although it will remain the largest single contributor to

mineral revenue, is likely to see its percentage share slip back from the present 51 percent of sales to around 36 percent

Coal on the other hand should provide a major boost to mineral revenue as the programme to increase production from the current 12m tons to nearer 44m tons gets underway. This should push the coal contribution up from 17 percent to 23 percent by the year 1987.

The contribution of the platinum group, diamonds, gold and uranium together is likely to continue in the region of 70 percent of the sales revenue of the mining sector

But another area of expected growth is the processed minerals. This

sector currently provides some 24 percent of the country's mineral revenue but can be expected to pull in about 30 percent by 1987.

The Chamber does warn that South Africa's ability to contain costs, raise capital at competitive rates and the general ability to remain competitive in world markets will be a deciding factor in future sales patterns.

The past year, however, augurs well for the future with minerals revenue expected to have reached R7 000m in 1978. This would see South Africa's track record of sharply increasing sales since the beginning of the 1970s maintained

in the case of asbestos which seems to have steady growth for some time. The evidence from the 1960s) is that there has been no regular growth in chrome mining. There do not seem strong reasons to expect a return to the Plewman projections for iron ore,

constant output per head assumption for gold mining. In the case of platinum the evidence is less clear and we would prefer to leave the door open for some (perhaps slow) growth of platinum output per head. And the same holds for diamonds.

3.4.3 Employment projections, 1980-2000

It may be more helpful to approach these employment projections by presenting numbers of workers who are to be employed in 2000 - rather than rates of growth of employment over time.

2/2/79

(210)

Urgent 1. 2. 3. 4. 5. Not Urgent	18	6	4	3	2
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times which firms in Durban sample indicated their
 a scale ranging from 1 being 'urgent' to
 'not urgent'.

The answers are summarised in the following
 gently they thought a language and communication
 vary.

Trade Union/Industrial Council restrictions Fear of reactions of white employers Apprenticeship Board restrictions Job reservation Assumed illegality of placing Whites under Africans Red tape associated with employment of Africans Africans not regarded as capable/'correctly' orientated Prefer to employ Asians Separate offices/toilets/canteens required by law	hich ated
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tion 4.
 employing more African technicians than they indi-
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2/2/79 (210)
FS DEVELOPMENT
Mineral rights prospects

Gold and diamond dividends boosted FS Devel's first half net revenue 25,3% to R287 000 (R229 000) and the way things are developing, the second half should be way ahead of last year's R355 000.

Financial Mail February 2 1979

With the exception of the SA Manganese and Cons Murch holdings, all quoted shares held should increase their contributions this year. So after the 5c interim (1978 4c), a final of at least 10c seems easily within reach for a prospective 6,3% yield. At 240c the share stands at a 25% discount to nav, but this perhaps understates near-term prospects.

But real speculative appeal lies in the company's OFS mineral rights. Most interest centres on the farms Jonkersrust and Dupreez Leger south of St Helena. Drilling tempo in the area by both Anglo and Union Corp is being mentioned, with FSD's mineral rights holding a key position.

One possibility is that the farms could form a southerly extension to President Brand. And this may be an important consideration if, as seems likely, the mine has to sink a new surface shaft to exploit the southern part of its own lease area.

In addition, there is talk that west of Free State Geduld on the farm Philippi,



F S Devels' Jackson . . . in a key position

presently mined on a royalty basis, additional workable reserves are being proved. If so, and no confirmation is possible at this stage, royalty income could be set for a sharp improvement from 1978's R57 000 (1,6c per share)

The same will not necessarily be true south of St Helena. Most likely at this stage is that mineral rights would be swapped for President Brand shares, similar to the 1976 deal with Loraine over rights on Bandon and Leclusa

Des Kilaeva

R.P.M. 6/2/79

Minings go

up in line with gold

CLASSICAL ASSOCIATION

GING VAN SUID AFRIKA

All members are held on Wednesday 114), University will be followed

Professor Nevill

Professor Dubow of School where he was Director of the School vibrant with new a

AGENDA for

1. Personalia
2. Minutes of the van 7 September
3. Chairman's report
4. Matters arising Sake wat van di
5. Financial state Finansiële vers

LONDON — Mining shares continued higher in line with the bullion price and closed around the day's highs after light demand

Gold producers extended morning gains to finish around 75c to \$1 higher in heavyweights although some issues gained more, as in Randfontein, up 212c at \$46

Marginals also gained a few cents more and closed around 15 to 30c firmer

Financials moved in line with producers and London-registered companies scored gains of several pence

De Beers edged 12p higher to close around 462p

Copper and platinum also followed the higher trend due to rises in underlying metal prices

Closing middle prices in pence unless given in US cents or dollars (with previous day's in parentheses) were

MINING
 Bracken 130c (123c) Blyvoor 437 1/2 (415c) Buffels 513 1/4 (\$12 5/8), Cons Murch 317 1/2 (305) Cor Synd 102 (90) De Beers 462 (450), Doorns 432 1/2 (387 1/2c), Durban Deep 550c (512 1/2c) E Drie 512 1/8 (\$10 1/8), E Dagga 30r (28c) ERPM 417 1/2 (400c), Ergo 417 1/2c (390c), Elsburg 137c (123c), Falcon 155 (155) FS Geuld 523 7/16 (\$22 9/16), Globe 61 1/2 (60 1/2), Grootvler 150c (143c), Harmony 527 1/2c (485c) Harties 519 1/4 (\$18 1/16) Kinross 470c (442 1/2c), Kloof 920c (850c), Leslie 89 1/2 (84 1/2c) Libanon 775c (715c), Loraine 125c (115 1/2c), Lyd Plat 94 1/2 (92), Mangu's 57 1/2 (55), Marlevale 107c (102 1/2c) Messina 107 1/2 (96 1/2c), Pres Brand 513 3/8 (\$12 13/16) Pres Steyn 511 3/16 (\$10 5/16), Randfontein 547 (\$44 7/8), Rusplat 150 1/2 (144) RCM 110 (99) Sallies 108c (99c), Southvaal 715c (652 1/2c) St Helena 513 1/16 (\$12 5/16) Stiffontein 502 1/2c (477 1/2c), Tanks 188 1/2 (188 1/2) Unisel 330c (305c), Vaal Reefs 522 1/2 (\$20 3/16), Venters 292 1/2c (265c), Vlaks 76c (72c) Wankie 30 1/2 (30 1/2), West Drie 533 (\$30 1/2), West Hold 528 7/8 (\$27 9/16) WR Cons 170c (152 1/2c), Welkom 465c (432c) West Areas 222c (205c) West Deep 512 3/4 (\$11-11/16), Winkelhaak 510 3/8 (\$10), Zandpan 327 1/2c (312 1/2c)

MINING FINANCIAL
 Amcoal 747 1/2 (717 1/2), Amgold 524 7/8 (523 1/2), AA Corp 367 (357) Anglovaal 510 (975) Charler 151 1/2 (152 1/2) Cons Gold 204 1/2 (200 1/2) Freddie's 117 1/2 (115) Genmin 455 (445) G.F.S.A 521 7/8 (\$20 7/8), Johnnies 17 3/16 (17 1/2), Mid Wits 267 1/2 (247 1/2), New Cent Wits 155 (155) New Wits 187 1/2c (180c), Sentrust 292c (277c) TC Lands - (14), Union Corp 354 (341) Vogels 93 1/2 (82 1/2)

FINANCIALS
 Anamint 46 (45 3/8), Barlows 273 1/2 (269 1/2), Gold Props 56 (59 1/2) Lonrho 65 (67), Rand Props - (115), Rho Corp 16 1/2 (16 1/2)

INDUSTRIALS
 Abercom 127 1/2 (127 1/2), CNA 100 (100) Greatermans 188 (183), OK 430 (425), Hulets 125 (125) ICS 145 (145), Int Comb 120 (120), McCarthy 44 (44), Nat Canvas 130 (130), Prim rose 71 (71), Pennies 71 (71) Smith Sugar 285 (285) Reedpak 300 (300), Rex True 175 (175) Rho Cem 12 1/2 (12 1/2) SA Brews 71 3/4 (71 3/4), Sappi 130 (125) Stancha 458 1/2 (463 1/2), Tiger Oats 635 (615), Uni Steel 24 (24) Unisec 66 (62) Utico 70 (70), Vereng Ref 245 (245)

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geëindig 10 September.

6. Motion: The Western Cape Branch requests the chairman of the Classical Association to transmit to the biennial conference of the Association the proposal that the portion of the subscription remitted to the local branches for each registered member should be increased from 50 cents to R1.

Proposed: J.E. Atkinson; Seconded: Mr. J. Sang.

7. Election of office bearers and committee members for 1978-9/ Verkiesing van ampsdraers en komiteede vir 1978-9.

Huidige lede: Voorsitter/Chairman: John E. Atkinson
 Sekretaris/Tesourier//Secretary/Treasurer: Mr. J. Sang
 (Vice: Miss P. le Roux)

Sekretarisse vir die Skole/ Schools' Secretary: Miss B. Keeson
 (not available for reelection)

Committee members: Dr. S. Bruwer, Mrs. M. Mezzabotta, Mr. Thom, Mr. P. Collins, Miss S. Armstrong, Dr. R. van Stekelenberg.

Coopted members: Mej. D.J. Blokbergen, and student representatives from U.S., U.W.C. and U.C.T., namely Messrs. M. Sahd and C. Yon and Miss J. Frater.

8. Any other business/Algemeen.

J. Sang.
 Department of Classics, U.C.T.
 Phone: 698531 Extn. 213.

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FRI 16/2/79

MINORCO

New role developing

In the wake of burgeoning oil and platinum prices, Minorco's \$1m dividend income increase to \$8.8m falls in the lower range of estimates by London analysts. And they are even more disappointed by the pegging of the interim dividend at US4c.

But if London rumours have any truth in them, no matter what Minorco's earnings trend, dividend distributions could remain conservative for at least the next couple of years. The view there is that the stage is being set for Minorco to become Anglo's main overseas operating arm. That could mean relatively heavy retentions.

Charter is busy increasing its exposure to the UK in order to improve its tax position and thus its cash flow. The UK's penal tax system has often been given as a reason why Charter has been relatively slow in developing its non-UK operations. Bermuda-based Minorco, on the other hand, can be more flexible in its activities and more tax efficient. With the promise of rising cash flow from 43%-owned oil and gas producer Trend, improving earnings prospects from 29%-owned Engelhard and rationalisation of the holding in US-based copper producer Inspiration, the scene could be being set for a thrust into new areas.

While Charter has considerable SA exposure which could be a drawback as far as investing elsewhere is concerned, Minorco is "clean."

Nobody counts on any dividend income from ZCI no matter what hap-

pens to copper. And though Minorco has a 20% participation in Anglo's Brazilian operations, where earnings of the Morro Velho mine are being boosted by rising bullion, development of the Jacobina gold deposits in that country could restrain profit remissions from that source in the near-term.

Meantime, of course, Minorco has undertaken to provide ZCI's 19.7% contribution to the further funding of Botswana copper-nickel producer BCL. This may be the main factor behind Minorco's dividend conservatism. If London believed that, however, the share would hardly have risen from 350c at end-October to its current 430c for an historic yield of 2.4%.

Jim Jones



Zambian copper . . . no benefits to Minorco

Deurbrak

vir

Mynbedryf

Deur DAVID MEADES

'n MAATSKAPPY van Rodepoort het 'n unieke mengsel met asbes as grondslag ontwikkel, wat as 'n groot deurbrak in die mynbedryf beskou word. Die brandgevaar ondergronds word hiermee tot groot hoogte nitgeskakel, terwyl werkomstandighede baie aangenameer word.

Die maatskappy is Spedel, wat die mengsel die afgelope ses jaar ontwikkel en omvattend op die proef gestel het. En nadat dit ook deur die Kamer van Mynwese getoets was, is twee goudmynne nou besig om wande en houtstutte ondergronds daarmee te bedek.

Die twee myne is Buffelsfontein en Randfontein Estates. In die geval van Randfontein word dit in die Cooke-seksie gedoen en 'n afstand van meer as 2 km is reeds hier behandel.

Die nuwe stof is bekend as ST99 en word vervaardig uit 'n spesiale soort asbes en plastiekverbindinge. Die asbes word deur Msauli verskat.

Bo en behalwe gebruik in myne, kan dit ook met groot welslae aangewend word om sinkdakke te beskerm. Hierdie aanwending word op die oomblik deur die SABS getoets.

Dit kan in die plek van verf op sink gebruik word en die totale aanwending, die voorbereiding van die sink ingesluit, kos sowat R3 per verkanter meter.

Dit is egter oor die gebruik in myne waaroor die besturende direkteur van Spedel, mnr Peter Cooper, baie opgewonde raak. Hy sê dat die nuwe stof die bekleedingskoste ondergronds tot 'n derde verminder en dat dit weens die isolerings-eienskappe die temperatuur ingrypend verminder.

Hy sê dat die Kamer van Mynwese dit getoets het. Oor hul brandtoets was hul bevinding dat die stof tegnies die beste is en wat koste betref die doeltreffendste.

In Buffelsfontein is 'n grootskaalse toets uitgevoer waarin verskillende soorte bekleding gebruik is. Die enigste stutte wat ná drie uur se hewige vuur nog gestaan het, was die wat met ST99 beskerm was. Hy sê dat die stof die laaste klompie maande onderwerp is aan toetsing wat byna dieselfde is wat 'n vliegtuig moet deurmaak. Hulle het hul eie oonde gebou waarin die stof aan temperatuur van tot 900 grade C vir 'n paar uur onderwerp is.

Met die hulp van die WNNR is ook toets gedoen om te sien wat gebeur as daar 'n beweging in die grondwande is, wat ondergronds kan gebeur. Dit het getoon dat die stof steeds teen die wande bly omdat dit so buigsam is.

Dieselfde eienskappe maak die stof ook ideaal om sinkdakke waterdig te maak. Die stof vir dakke word met die samewerking van General Chemical Corporation vervaardig en is in verskillende kleure beskikbaar.



DIE aanwending van die nuwe mengsel om wande en houtstutte ondergronds in myne te bedek, word hier mooi gewys. Op die boonste foto kan gesien word hoe 'n spesiale soort plastiekgaas teen die wand aangebring is en hoe dit daarna bespuit word.

Unicorp profits up

66 pc at R65m

STAR 7/3/79

① 210

③

By Harold Fridjhon

Normally low keyed and staid, the management of Union Corporation, bubbling about their last year's set of figures to December 31, are looking ahead to the current year with considerable enthusiasm

Last year's results are certainly something to crow about. Taxed profits 55 percent higher at R84,3m, attributable profits are 66 percent up at R65,5m. And earnings a share, ignoring the 12c a share from the sale of Minera Frisco, are 90c against 62c

The final dividend has been raised 6c to 32c making a total of 47c compared with 1977's 38c a share

At a Press briefing yesterday afternoon chairman Ted Pavitt said that what pleased him was that the results had been accomplished in what had been a flat year from an industrial viewpoint and that the companies in this sector had overcome a dull climate. The mining companies, of course, achieved their success on prices

He was, however, confident about the prospects

for 1979. He expected the industrial companies to continue with their performance and as far as the mining companies were concerned, Union Corporation had always had the techniques to control costs, an important factor.

There were other plus factors.

Unisel was on target

Results from exploration in this country were encouraging as are overseas operations.

RICHARDS BAY

Richards Bay however was still suffering from teething problems, some of which had been solved during the past six months, others appear to be close to solution. One of Richards Bay's difficulties was in the easing of the prices of its products. The recent switch in some of the financing of the enterprise — from short-medium loans to leasing — would however ease cash flow problems.

Group liquidity has been increased by more than R35m

Net worth a share rose from 788c to 947c at the end of last year

Das 8. Buch: Zusammenfassung (Fortsetzung)
Das Ende dieses Kapitels berichtet uns das Erreichen des Marktes, das in von Wichtigkeit ist, das der Markt im 8. Kapitel bei den Erträgen
migrans ihre Herkunft und somit auch die der Argentinien, aufzulesen
Argentinien, also er seine die Betrag umreichte der Argentinien, selbstständig
zu haben, wartauf Teil, der umgründen aus der These mandermaßen
gebrunken hatte, in den Verdacht kam, sich vergrößert zu haben.
Der Argentinien stark, und wiederum hatte seinen Samen geerntet wieder.
Das 8. Buch endet damit, das Friedrich der Geschichtschreiber Wilhelmus diese
für Natalia entdeckt, wartauf die beiden Verträge, und letzteres und
These verhalten.

R.S.M. 8/3/79 (210)

Fortune that lies in De Beers' kitty

By DON ROBERTSON
Mining Editor

DE BEERS, South Africa's giant diamond producer, has more than enough in its cash kitty to run the city of Johannesburg for more than three years at the city's current rate of expenditure. The company, which controls about 80% of world

sales of the "girls' best friend", has revealed in a preliminary profit statement that its coffers are virtually overflowing with an amount of R1 294-million. All this, held in cash. The Johannesburg City Council's budget for the 12 months ending in June this year is a mere R372-million

by comparison. While this figure will obviously rise in coming years, De Beers' bank balance alone would be sufficient to meet expenditure for over three years. The De Beers cash holding becomes even more impressive when compared with South Africa's total gold and foreign reserves of

R2 457-million at the end of last month.

De Beers is rated internationally as a top, blue chip investment, an honour it has enhanced over the past 20 years with substantial growth in profits, which reached R741-million last year.

UC INVESTMENTS

Emphasising life

213/79

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Activities: Investment company in the Union Corporation group Holds major stakes in Impala (12,1%) and the Union Corp Evander gold mines Union Corp holds 48,4% of the equity.

Chairman: E Pavitt, managing director
H A Smith

Capital structure: 19,5m ordinaries of R1 Market capitalisation R99,5m

Financial: Year to December 31 1978
Net cash R5,9m Current ratio 1,0

Share market: Price 510c (1978-79 high, 530c, low, 330c, trading volume last quarter, 198 000 shares) Yields 12,1% on earnings, 8,2% on dividend Cover. 1,5 PE ratio 8,2

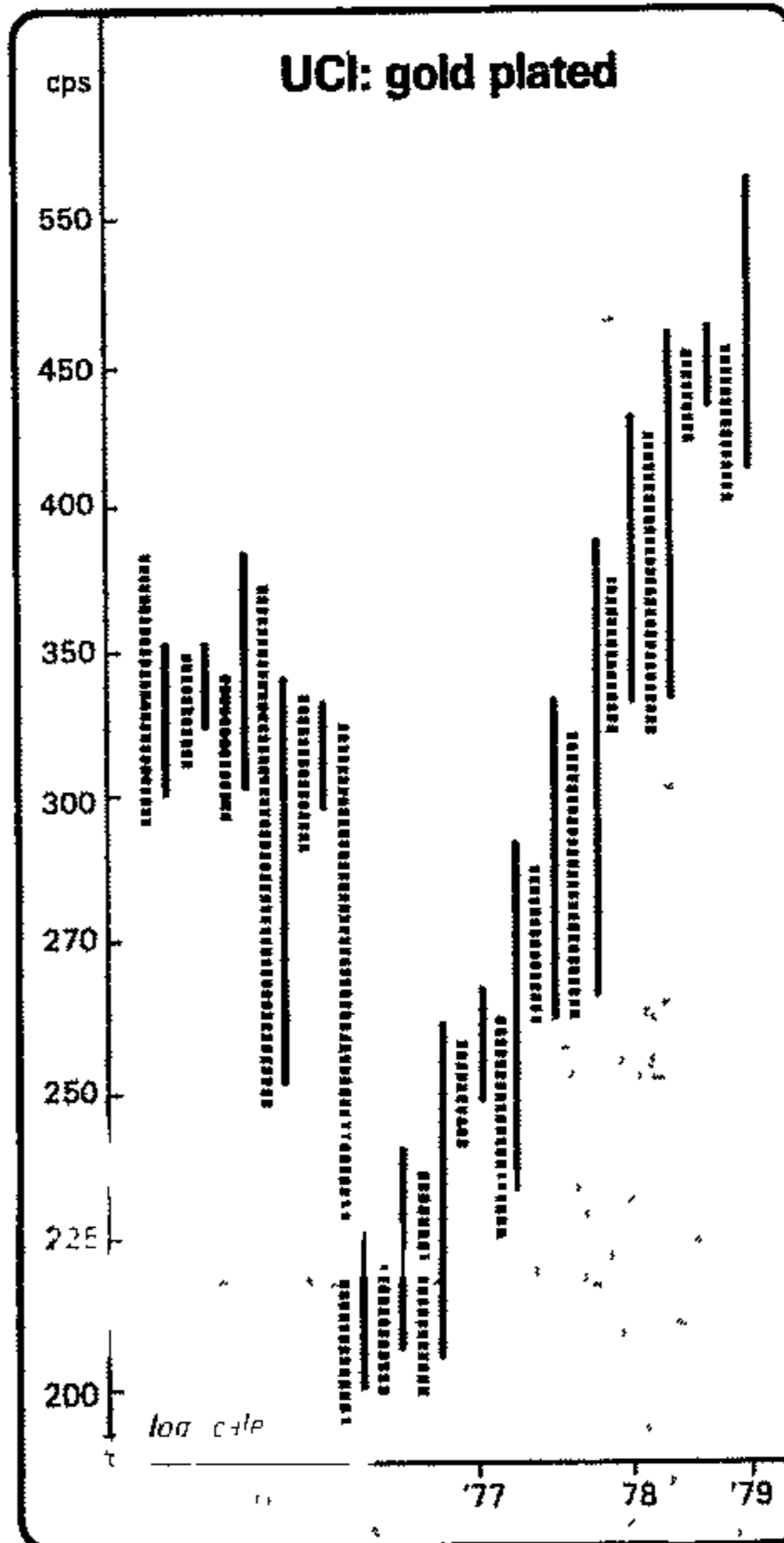
	'75	'76	'77	'78
Investment income (R000)	8 854	7 200	7 190	9 864
Pre-tax profit (R000)	7 248	6 336	7 243	12 078
Portfolio value (Rm)	101	85,3	103,5	127,5
Earnings (c)	36,4	32,4	37,1	61,9
Dividends (c)	36	30	30	42
Net asset value (c)	509	430	527	652

Higher gold and platinum dividends produced the higher earnings of UCI. And for this year, while the two metals remain strong, chairman Ted Pavitt is "optimistic the company will enjoy higher dividend income from its investments."

Just over 60% of UCI's portfolio is in golds, of which 80% is in the three group mines — Winkelhaak, Bracken and Kinross. The entire holding in Leshe has been sold and investment in longer life Unisel increased. But if the trend is towards longer life mines, it is hard to understand why the Bracken holding was not cut more than it was.

In exchange for 149 200 Winkelhaak shares, UCI has granted the mine rights in perpetuity to acquire ground to the east of the present lease area. While this additional ground is not immediately necessary to Winkelhaak at its current milling rate, it is possible that production could be increased by using Bracken's milling facilities when that mine's production falls. If so, Bracken shareholders could receive Winkelhaak shares in exchange for their mine's assets.

UCI's previous formal agreement with parent Union Corp, whereby the company was entitled to a 15% participation in any new mines the parent brought to the market expired at end-December. However, the agreement continues on a "less formal basis." When the new Beisa uranium/gold mine goes public, UCI will be offered participation. Although UCI



retained R1,7m from last year's earnings, this was used to turn round its end-1977 net current liabilities, so there appears to be no urgency to retain funds for participation in Beisa. When funds are required, they could be provided by sales from the portfolio.

With higher dividends from its gold holdings and from Impala, UCI's dividend income rose to R9,9m (R7,2m). Sharedealing realised a profit of R585 000 (R317 000), while a writeback of the provision for reducing the value of investments added 8,7c a share to earn-

ings compared with a deduction of 1c in 1977

Pavitt is confident the current year will provide higher dividend income on a higher anticipated average gold price and as mining cost increases are coming down to more acceptable levels. A major boost is likely from Impala, though Pavitt warns of the mine's heavy capex programme.

At 510c on an historic 8,2% yield, UCI compares favourably with others in the sector. Retentions for Beisa could inhibit dividend distributions at a later date, but investment in the new mine adds speculative appeal. This will be even greater if the parent decides to develop other mineral rights in the OFS. Basically the share remains in the bull trend established in December. But there may be better near-term buying opportunities if gold's shake out continues. *Des Kilelea*

DATES TO REMEMBER

Last day to register for dividends:
March Friday 16: BTR 12c; Beares 5c, Berkshire Int 2,5c, Brick & Clay 6c; Comair 8c, Curfin 4,75c; Droyal 4c, Falcon 40c, Mitchell Cotts 7c, Prima Ind 15c, Robbs 2c; Samancor 40c; Suncrush 8c; Tedalex 6c; Union Steel 5,5c.
Meetings:
March Thursday 15c: Coates Bros (Cape Town).

ANGLOVAAL/ATI

Interim reports

Profits of the Anglovaal group's mines and nearly all its industrial companies were sharply better in the six months to end-December. The question now is not whether, but by how much, dividends, especially in the three listed holding companies, will be increased.

Consolidated turnover pre-tax and attributable profits are shown in the table. While it is interesting to note that South Atlantic contributes R2,6m or 34% of ATI's attributable profit and that

year. Nevertheless, last year's R1,1m was a big improvement on the previous R386 000 which reflected I&J's big 1977 dividend cut. Policy is to pay out all dividends received, so South Atlantic will most likely raise its dividend from 16c to 18c at the year end. This translates to R1,7m (R1,5m) for ATI.

ATI's best listed performer was Cons Glass with earnings up 48% to 65c (44c). A seasonally less buoyant second half is expected, but year-end earnings look likely to hit 107c (86c) and the dividend could rise to 34c (27c). This would mean R1,15m to ATI. Claude Neon and National Bolts seem likely to increase their payouts to ATI by R30 000 apiece, while Steelmetals will probably pay an unchanged R263 000 to ATI.

So dividend receipts from the listed companies should be R5,5m (R4,9m) a 13% increase. ATI, unlike South Atlantic, does make profit retentions after paying the pref dividend and other costs. Nevertheless, it would be surprising if its total dividend was not raised to at least 23c (20c), especially in view of the strong

THE CONSOLIDATED PICTURE

	Turnover		Pre-tax Profit		Attributable Profit	
	'78	'77	'78	'77	'78	'77
Six months to December 31						
Anglovaal	258,4	223,0	31,4	19,7	10,3	8,1
ATI	241,6	211,7	22,1	13,5	7,7	4,7
South Atlantic	133,4	123,0	8,9	5,4	3,6	2,7

ATI, in turn, contributes R4,6m or 44% of Anglo Transvaal Consolidated's attributable profits, dividend receipts and payments are what count.

Bottom holding company, South Atlantic was boosted by large profit improvements in its food subsidiaries. I&J registered an 83% before and 103% after tax first-half profit improvement. And though higher fuel prices are expected to inhibit second-half profits, total earnings could rise to 19c (15c) and the dividend to 9c. This would translate into a R1,4m (R1,1m) payout to South Atlantic.

TW Beckett was ahead 64% before and 47% after tax at the interim and looks well set to raise last year's 15c dividend to 18c. This would mean R637 000 (R531 000) for South Atlantic. Largely due to a series of shipping disasters off the Cape coast, even Glove Engineering was able to lift first-half taxed profits 22%. But James Brown & Hamer, and Shipwrights & Engineers are expected to deteriorate in the second half and year-end profits to be lower. Globe's dividend announcement has been postponed, but repetition of last year's 25c would mean R705 000 to South Atlantic.

A raised payout from I&J will only accrue to South Atlantic next financial

consolidated picture.

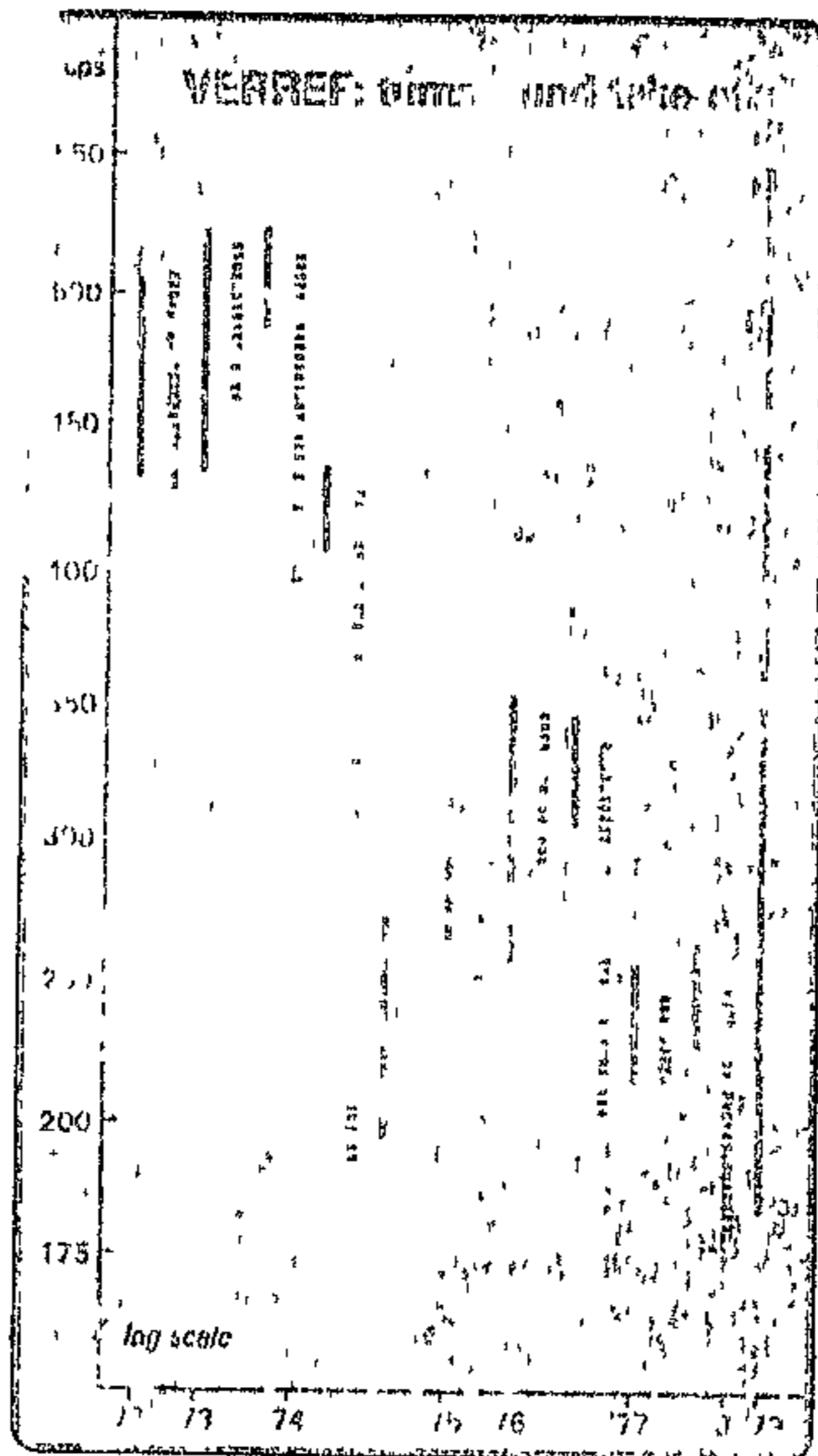
This would translate into a R1,8m (R1,6m) dividend payment to Anglovaal, which last year received a total of R6,3m in dividends and paid out R4,1m for ordinaries and R863 000 for prefs. With first-half gold profits substantially higher and bullion looking set for a run to at least \$250 by end-June, Anglovaal looks set to pay at least a 100c (90c) final, following its 30c (25c) interim.

These projections put South Atlantic at 220c on a yield of 8,2%, ATI at 355c on 6,6% and Anglovaal at 2 250c on 5,8% compared with average sectoral yields of 6,5% on industrials and 8% on golds.

David Carte

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VERREF.

Chrome prospects

From 16/3/79

Activities: Manufactures a wide range of refractory bricks, clay pipes and roof tiles. Has magnesite, andalusite silica and chromite mining interests. Amcoal holds 51% of the equity.

Chairman: W G Boustred, managing director H R Reid.

Capital structure: 5m ordinaries of 50c 500 000 5,5% cum non-redeemable prefs of R2.

Market capitalisation: R25,8m

Financial: Year to December 31 1978. Borrowings long and medium term, R4m Net cash: R2,8m. Debt equity ratio 18% Current ratio 2,3 Net cash flow, R6,4m. Capital commitments: R1,8m

Share market: Price: 515c (1978-79: high, 540c, low, 180c; trading volume last quarter, 39 000 shares) Yields: 19,7% on earnings; 7,0% on dividend Cover: 2,8. PE ratio 5,1

Dramatic turnarounds in Coverland Tiles and Vitro Clay Pipes were the main reason for the 61% jump in gross profits and 56% improvement in attributable profits. Coverland, which is 33% owned,

transformed a R760 000 loss into a R761 000 profit, while Vitro (50% owned) cut its losses from R1,2m to R454 000. These improvements were tax free and therefore accounted for R900 000 of the R1,8m improvement at the attributable level.

The turnarounds also largely explain the drop in the tax rate from 54,5% to 41,5%. The tax rate looks set to drop further with Vitro expected to break into profitability this year and capital expenditure due to pick up.

	'75	'76	'77	'78
Return on cap %	23,1	16,5	15,9	24,9
Turnover (Rm)	48,7	48,7	51,8	62,7
Gross profit (Rm)	7,6	6,3	6,0	9,6
Gross margin %	15,7	12,9	11,5	15,3
Earnings (c)	76,4	65,0	61,7	101,7
Dividends (c)	30	30	30	36
Net asset value (c)	398	430	470	541

The rest of the improvement was in the refractories division, which increased operating profit 33% to R6,5m (R4,9m), equivalent to 73,5% of group operating profit. For two or three years, steel makers have run down inventories, buying fewer refractories than they use. Only now are purchases approaching consumption. Verref's refractory division is working at roughly 65% of capacity, about the same level as a year ago. Profits improved because of the introduction of new import replacing refractories and a successful export campaign. MD Harvey Reid foresees little improvement in the division in the current year and expects profits to level peg.

Mining profits declined 12% to R1,7m (R1,9m), due to depressed base metal

demand and prices early in the financial year. While both have improved, Reid merely forecasts unchanged profits.

The group has an agreement with Armco Bronne to mine and market chrome ore. No-one is saying yet just how big and important this venture is likely to become. But Verref is embarrassingly liquid and this might be a profitable investment channel for its strong cash flow.

Net cash flow of R6,4m could theoretically repay total net borrowings of R1,2m in less than three months and the interest and leasing bill — on a 45% to R548 000 — is covered nearly 18 times by pre-lease gross profits. Great for lenders and creditors but not for long-term future returns on investment. Verref has not given much thought to acquisitions, so it seems fair to assume that resources will be devoted to chrome ore mining in future.

Short term, the best prospects are in further improvement in Vitro Clay and Coverland, both of which continue to benefit from burgeoning mass housing programmes. Refractory and mining profits look stagnant, though longer term chrome mining could provide a lift.

Assuming a 15% earnings improvement and unchanged dividend cover, Verref could pay 42c in the current year. This puts it on a prospective yield of 8,1% against an FM-estimated prospective yield of 7,4% for Cullinan, the most comparable stock. Cullinan, which has just started reaping the rewards of a capital-expensive diversification programme, is more attractive on a short to medium view. But the chrome market could start to influence views on Verref in a year or two.

David Carr

Getting the green light

Suspension of Afrikander Lease and Vaal Reefs on Wednesday afternoon pre-ages the long-awaited announcement of a start to establishment of mining operations at Afrikander Lease.

The market has had wind that an announcement was imminent for a couple of days and on Wednesday alone, pushed the Afrikander Lease share price from 480c to its pre-suspension 530c. Trading in Vaal Reefs was somewhat more constrained, with the share rising only 10c on Wednesday to 3 080c pre-suspension. So what will be announced?

Management is currently putting the finishing touches to its plans for the two mines, but I understand that the basis of them is that Vaal Reefs will provide the cash for Afrikaner Lease's necessary capex and work the mine on a tribute basis.

As the two mines are not contiguous, it means that capex cannot be offset against Vaal Reefs' profit until the first pound of uranium is produced from Afrikander Lease's ore. But that may not be too far into the future.

Production plans

Initially, I understand, mining at Afrikander Lease will be at a monthly rate of 50 000 t, the capacity of one of the mine's existing incline shafts. This will probably be increased to about 120 000 t in the mid-Eighties. Thus, with no immediate need for a major shaft sinking and underground development programme, the only constraint on coming into full production is construction of necessary treatment plant at the mine. If a start is made immediately, construction could be completed by end-1980. As an interim measure, ore could be trucked to Vaal Reefs for treatment, thus allowing Vaal Reefs to start off-setting capex against its profits at an early stage.

Cost of the exercise, I am reliably told, is currently estimated at R52m for plant and something less than R8m for shaft deepening and underground development. With the low tonnage initially envisaged, selective mining is planned to result in initial uranium recovery of some 0,85kg/t and gold of just less than 0,9g/t.

On this basis, assuming a uranium price of \$45/lb, gold at \$250 and unit costs of R30/t, the mine's initial revenue would be R46,5m and operating profit R28,5m.

What is in the arrangement for both mines? Gearing the project with consumer loans will mean that the initial outlay by Vaal Reefs could be recouped

in tax savings within the first year.

At the same time, I understand that Vaal Reefs is negotiating a formula-based tribute agreement which will eventually split profits down the middle once it has earned a satisfactory return on capex.

So, working on my revenue and income figures, Afrikander Lease's $Y=60-480/X$ tax formula would mean about R7m tribute revenue attributable to the mine. That, of course, excludes any additional on-going capex. But again as initially planned extraction rates are low, future shaft sinking can be at a fairly leisurely pace.

There have been rumours that Vaal Reefs has been planning a direct bid for Afrikander Lease, but an Anglo spokesman denies this categorically.

With this rumour flattened, what are Afrikander Lease's shares worth? Next year, providing construction goes according to schedule, there may be scope for a token dividend in December, but it is unlikely. However by 1981, a total dividend of 50c should be possible with little difficulty. Thereafter, an annual payout of 100c could be easily on the cards. On this basis the share has potential for a rise to 700c on re-listing especially as shareholders are not going to be asked to subscribe further funds to bring their mine on stream.

Jim Jones 1

Rapport 18/3/29

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Genmin kry vrug van belegging in Unioncorp

GENERAL MINING se belegging in Union Corporation het hom die afgelope boekjaar baie goed te staan gekom. Hierdie beleggings was gedeeltelik daarvoor verantwoordelik dat die maatskappy die afgelope boekjaar sy wins toedeelbaar aan gewone aandeelhouders met 45 persent kon verbeter en sy dividend met 33 persent kon opstoot.

Danksy die beter goudprys het Union Corporation se goudmyne 'n baie goete

vertoning gelewer en het sy nywerheidsmaatskappye ook goed vertoon

Die groepsfinansiële bestuurder van General Mining, dr Mannie Rahn, het aan Sake-Rapport gesê hy verwag dat General Mining vanjaar weer 'n goeie jaar sal hê, hoewel hy van mening is dat die winsgroei van die afgelope boekjaar nie maklik geewenaar sal word nie

Aangesien General Mining se grootste beleggings steeds in goud en uraan is, sal vanjaar se prestasie natuurlik in groot mate van die goudprys afhang

Dr Rahn sê daar was die afgelope boekjaar ook 'n verbetering in die meeste nywerheidsmaatskappye, hoewel veral sekere ingenieursmaatskappye nog nadelig geraak word deur die lae besteding van die Regering

Unioncorp

General Mining se maatskappye wat bedrywig is in basis-metale en minerale soos chroom en vloeispaat is in die boekjaar ook nadelig geraak, veral weens die sterk mededinging wat daar op die oorse markte voorgekom het. Dr Rahn sê dit wil voorkom asof daar 'n verbetering in die wêreld se ekonomiese toestande intree, wat tot voordeel van hierdie maatskappye sal strek

Daar word verwag dat Union Corporation se nywerheidsmaatskappye wat veral in papier en verpakking is, vanjaar ook goeie resultate sal toon. Kohler Brothers het die afgelope jaar baie goed gevaar en daar word verwag dat hy vanjaar sy groei sal voortsit

Sappi se resultate was nie so goed nie, maar die maatskappy het verskeie nuwe uitbreidings aangepak en na verwagting sal sy resultate ook beter wees

poration dalk in die rigting van die ontginning van steenkool gaan beweeg

General Mining se inkomste toeskryfbaar aan gewone aandeelhouders het in die boekjaar tot 31 Desember van R43,26 miljoen tot R63,25 miljoen toegeneem

Dit verteenwoordig 'n verdienste van 151c (104c) per aandeel Die maatskappye se dividendopbrengs op die huidige prys is ook aansienlik hoer as die gemiddeld van 5 persent vir die afdeling vir mynhuisse

Gerugte

Gerugte het onlangs die rondte gedoen dat General Mining se goudmyne waarskynlik onder die beheer van Union Corporation geplaas gaan word Dr. Rahn wou hom nie hieroor uitlaat nie, maar het daarop gewys dat die mynboumetodes by die meeste van General Mining se goudmyne van dié van Union Corporation verskil. Hy kan gevolglik nie sien dat daar enige voordele vir al twee groepe uit so 'n stap sal voortvloei nie

Dit lyk egter of dit 'n uitgemaakte saak is dat General Mining vanwee sy kennis van die steenkoolbedryf in groot mate betrek sal word indien Union Cor-

40% Consgold profit jump

RDM
5/4/79
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By DON ROBERTSON
Mining Editor

A SUBSTANTIAL improvement in all divisions of Consolidated Gold Fields widespread activities in the six months to December resulted in a 40% rise in attributable profits and the maximum permissible increase of 10% in the interim dividend.

The group, which has a 46% interest in Gold Fields of South Africa, has over the past few years diversified its interests, and income from gold dividends now contributes only a small portion to total income.

In the half-year to December, taxed profits rose to £21 300 000 from £15 200 000 in the first six months of the previous year, equivalent to earnings of 14.48p a share against 11.85p.

The interim dividend has been raised to 3.5108p from 3.1916p, the maximum increased allowed in terms of the British dividend restraint policy.

Income from the construction materials division headed the list of money spinners with earnings in the half-year of £18-million compared with £14 600 000. The rise of £3 400 000 reflected the improved conditions in the British and American markets.

The industrial and commercial division boosted earnings by

£3 800 000 to £10 900 000, largely through the higher profits achieved by Azcon as a result of improved steel and scrap markets in America. In addition, income was boosted by the recovery in metals and minerals trading by Tennants in the UK and improved labour productivity and higher exports of beer dispensing systems by Alumasc.

The rise in the tin price helped profits at Renison Mines in Australia and resulted in earnings from the mining division rising to £4-million from £3 700 000. However, results of mining operations in America were adversely affected by expenditure at potential mining properties and increased exploration activities.

Dividend income, which rose to £9 700 000 from £7-million, was boosted by the rise in payments from gold producers, a factor which also resulted in a rise in the contribution from associated companies, of which Gold Fields of South Africa is the most important.

The directors say gold and tin prices continue at buoyant levels and that business conditions for construction materials and industrial interests remain sound. However, bad weather in Britain and America in the early part of the second half of the current financial year affected operations.

PREPARED BY
VICE

MEMBER
CATEGORIES

R A C T Mem
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SERVICE MEM

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Annual Subscription

\$4 00
\$12 50
\$16.50

The Annual Subscription for Social
Country Members —
(residing more than 30 miles from Hobart) \$10 50

FLEET MEMBERSHIP

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Breakdown Service is mechanical "first
roadside and the effecting of temporary ad-
repairs that will enable the member to
proceed on its way or to be driven or towed
to Service Depot. Service is rendered to the
holder only and is applicable to open tops
commercial vehicles and motor cycles. Free
limited to vehicles not exceeding two tons.
(See Towing Service next page)

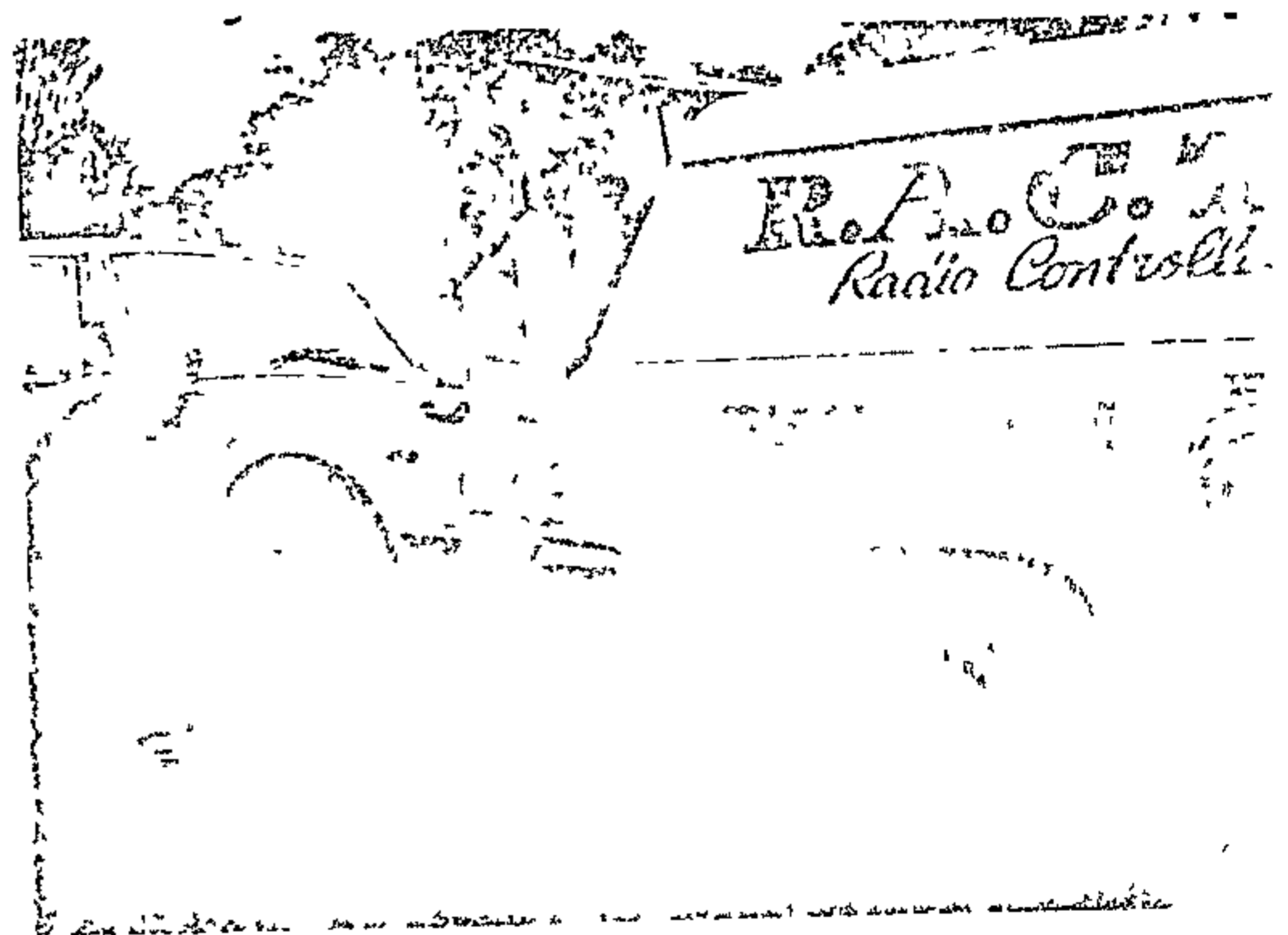
Launceston, Devonport and Burnie
road service units give 24 hour protection
the year. Accredited Agents are available
breakdown services in other areas.

is extended by the Club and its Agents
a five mile radius of the nearest R A C T Depot
location of the breakdown. A maximum of 1
is provided at the roadside.

in the event of a member being unable to contact
Road Service Agent, assistance should be
sought from another garage, subsequently paying for
and applying to the R A C T for reimbursement
of appropriate road service allowance.

does not apply following an accident or for
repairs work. Wheel and tyre changing
and punctures are mended if no spare
available. "At Home" service is extended
to members whose vehicle unexpectedly will not start,
members on the road receive preference in the
calls. Any parts or supplies delivered by
Road Service Agent, must be paid for by the

member at the time of breakdown



UNION CORPORATION

Gearing for Beisa

Activities: Mining finance house controlled by General Mirror Moon mining interests are in the Fwando and Ditsi gold fields and Impala Platinum. Industrial interests include Sepp, Kohler Darling & Hodson and Unicorn Lines. Holds 48% of UCI.

Chairman and managing director: I Pwiti

Capital structure: 61.4m ordinaries of £2m. Market capitalisation R133m

Financial: Year to December 31 1978 borrowings long and medium term, R161.9m. Net cash R147.3m. Debt equity ratio 28.3%. Current ratio 1.5. Group cash flow R111.2. Capital commitments R215.3m

Share market: Price 705c (1978 '79 high, 735c, low, 430c, trading volume last quarter, 436 000 shares) Yields 12.4% on earnings 6.7% on dividend Cover 1.9 PL ratio 8.1

	'75	'76	'77	'78
Investments				
Book value (Rm)	148.2	107.3	113.1	121.4
Market value (Rm)	401.0	308.7	354.7	432.0
Net profit (Rm)	28.7	33.5	37.7	62.5
Earnings (c)	49	55	67	87
Dividends (c)	42	36	38	47
Net asset value (c)	720	679	781	911

Excluding profits on realisation of investment, consolidated earnings advanced 43.8% to R50.9m (R35.4m). But though total dividend distributions only rose by 24% to R28.8m, it is the underlying companies rather than the holding company which are holding back on distributions.

Again excluding realisation profits and provisions against investments, the top company's net income increased to R41.7m (R33.3m), meaning that the dividend was covered an almost unchanged

the next three years. However, Union Corp has never been frightened of gearing mining operations where necessary. The relatively high gearing of Unisel bears witness to that.

Financing Beisa should present few

problems. Last year Union Corp raised an additional R20.7m of 24m unsecured debentures which, with further retentions, could more than adequately fund the company's participation in the new mining venture. Maintenance, consumer loans, a public share issue and participation by UCI should see the project through to completion by 1982.

Beisa will probably not start dividend payments until the mid 80s. So as the commitment increases, apparent return on capital employed by the top company could show little improvement for some years. It will be helped by a start of dividends from Unisel within the next few years, but Richards Bay Minerals is nowhere near the dividend paying stage and it is probably too optimistic to expect any contribution to Union Corp's cash flow for at least five years.

On the other hand, it is difficult to foresee any deterioration in dividend income from the company's other major investments. Impala will probably be relatively cautious in its distribution policy in anticipation of capex on its new generation of shafts within a few years.

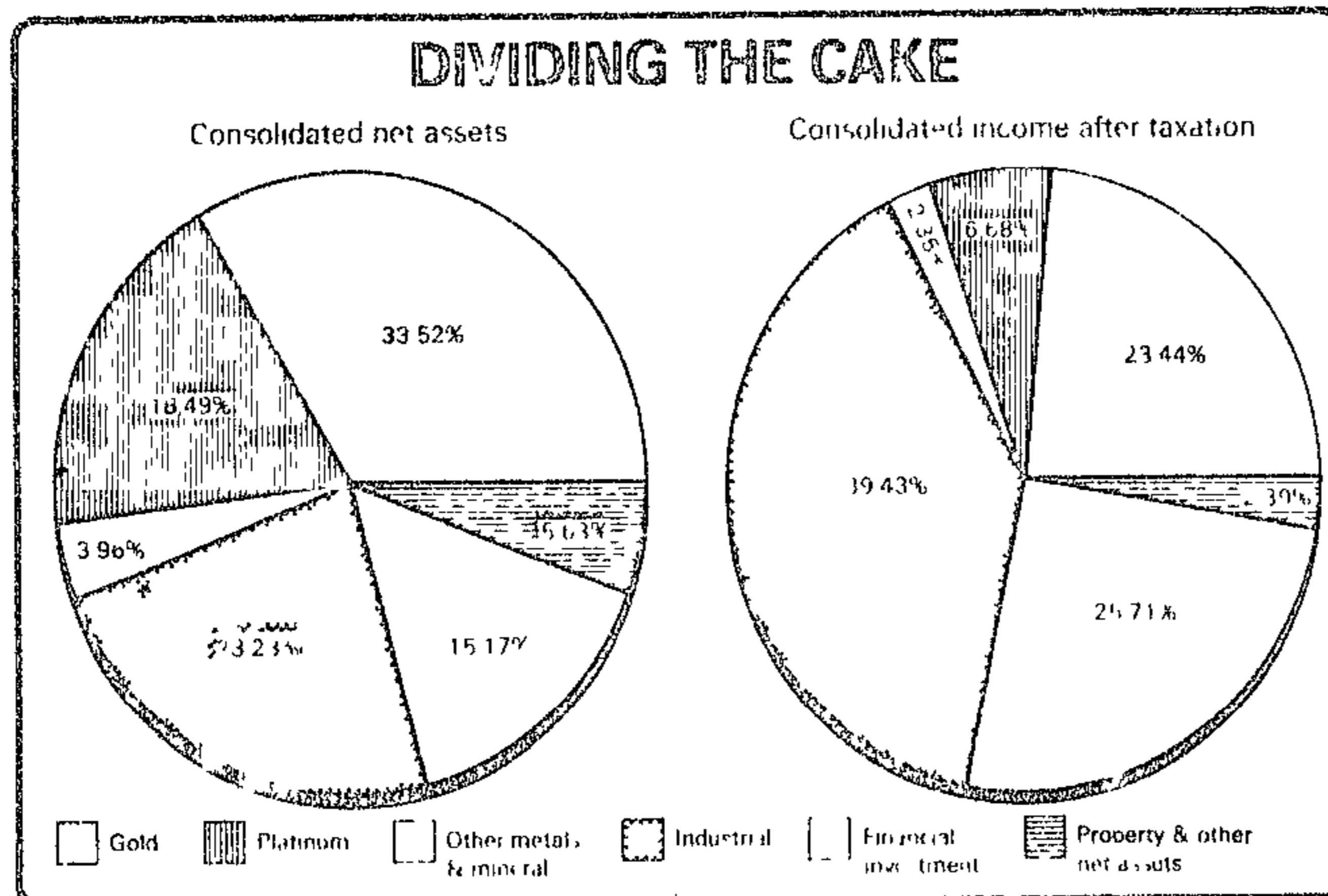
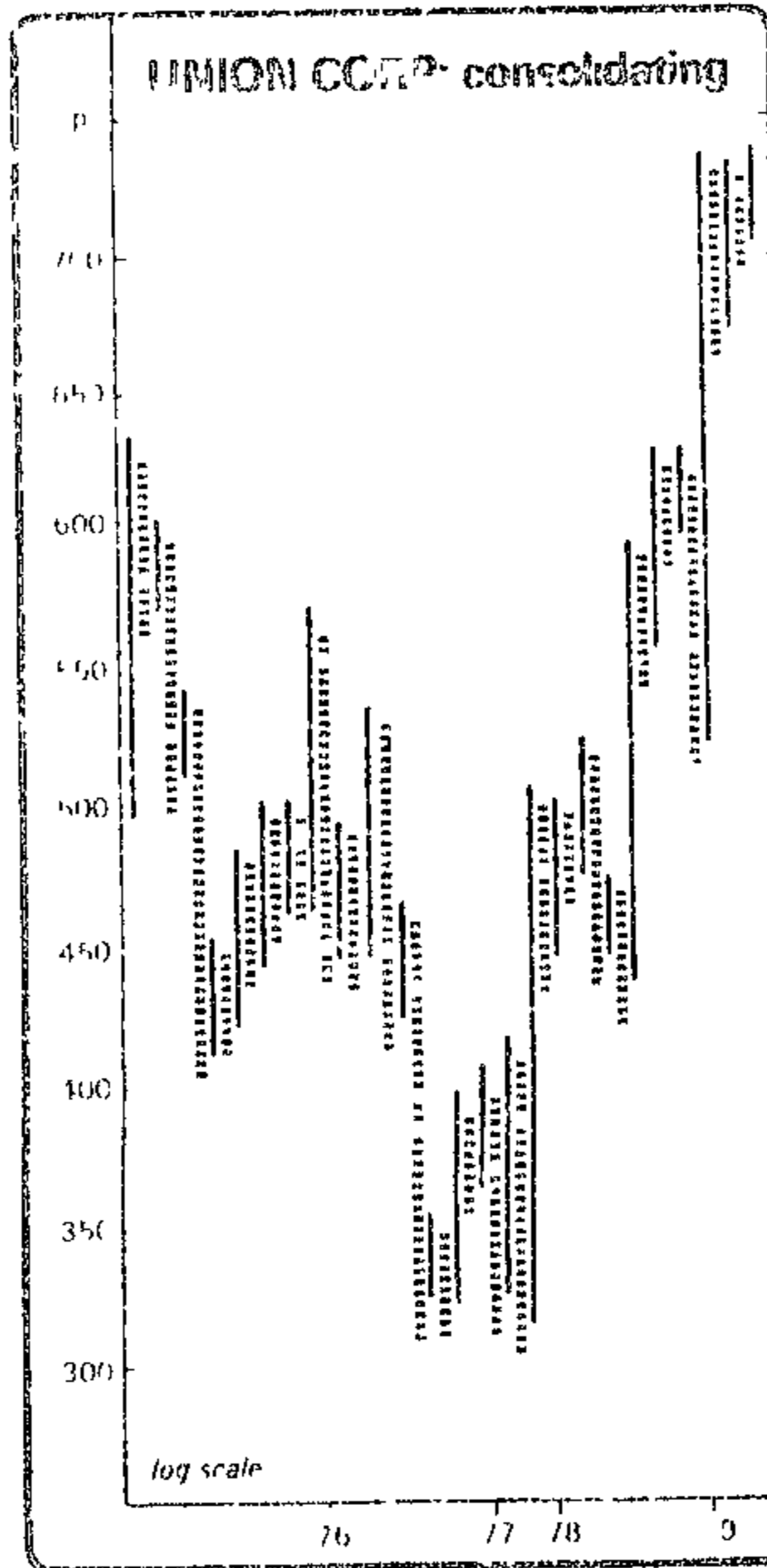
All the industrial companies are forecasting improved performances this year, while 70.6% owned UK property group Capital & Counties has virtually eliminated its short term borrowings and forecasts higher dividends this year.

Portfolio changes were relatively minor with the major disposal the more or less forced sale of the entire 30.5% stake in the Mexican mining company Minera Frisco. Elsewhere the entire holdings in Highveld (668 000 shares) and Total SA (1.07m shares) were removed from the portfolio.

Perhaps a comment on prospects, the only holding in administered gold mines to be reduced was that in Bracken. The holdings in Kinross, Winkelhaak and Leslic were increased.

On the strength of the improved dividend the shares have advanced relatively strongly. Though management is not averse to cutting distributions as and when necessary (most investors will remember 1976), there seems little risk that there will be any reduction from current levels. On the other hand, it is difficult to foresee a dividend increase this year repeating last year's and the share simply merits a hold recommendation.

Jim Jones



Compressed air could be big mines boost

STORAGE of compressed air in underground caverns could boost the gold mining industry's revenue by R50-million a year.

Savings in the cost of electricity currently used to drive the compressors which pump cooled air to the depths of the mines could alone mean an extra R10-million in revenue

The rest would come from increased output as a result of enhanced labour productivity because of more effective ventilation, more effective pneumatic drilling and a reduction in the cost of ventilation equipment

Much will depend, however, on the success of the first two schemes using the new system, which are now being installed at the Blyvooruitzicht and Harmony mines

The system has been developed to help solve the twin problems of enormous heat at working faces at great depths and the difficulty of pumping enough air to ventilate these remote working areas and to provide sufficient pressure to operate rock drills efficiently

The heart of the system is a large man-made cavern — a haulage or worked out area — up to a kilometre long and near the sector where the air is needed

This is used to store air, which is pumped in by boosters fed from the main surface compressor plant

The boosters are operated at off-peak periods and the air in the rock tanks is bled off during working shifts.

Less power is needed by the boosters and they use it when electricity is cheaper. Electricity costs during peak periods are some 50 per cent higher than at off-peak times

The extra air pressure generated by the system enables drills to increase their rate of rock penetration by as much as 200 per cent, thus allowing greater output of more development in less time

Also, the men working in the area achieve more in the better ventilated conditions

Dr Austin Whillier of the Chamber of Mines research section says it is too early to make extravagant claims for the system

"But the potential can be

BY STEPHEN ORPEN

seen in perspective when you realise gold mines are spending some R36-million a year on electricity for ventilation and drilling

"Also, an increase of only 1 per cent in productivity would increase the revenue of the mines by a like percentage

"An idea of the importance of air conditions underground is reflected in the fact that there is an average difference of 12 per cent in labour productivity between summer and winter working on many mines"

Last year the 32 gold mines subscribing to the Chamber showed a working revenue of R3 675-million. So as 1 per cent improvement in productivity would have meant an extra R37-million. And the system could also be applied in the platinum mines

Against this, the cavern or "underground receiver" concept is possible only where the rock is dense and air leakage is within acceptable limits

At a recent discussion of the system it was pointed out that it cannot be used where there are unsuitable rock conditions — and especially where there are fissures.

The cost of a surface compressor for a typical mine is about R1-million, compared with R250 000 for an underground receiver and R450 000 for a complete underground air booster system

James Howden is supplying the screw compressors for the underground boosters for the first cavern system.

Hou jul geld uit SAP politiek'

Rapport
13/5/79

21b
11

Deur THINUS PRINSLOO

DR. ANTON RUPERT het in 'n onderhoud met RAPPORT ingeklim onder die Oppenheimer-empire. Hy sê organisasies soos dié van mnr. Harry Oppenheimer behoort nie deel te neem aan die stigting en finansiering van politieke partye nie. Dis nie in die landsbelang nie.

Maar, sê hy, die dinge wat hy vroer dié week by die kongres van die Afrikaanse Handelsinstituut gesê het, moet nie beskou word as 'n aanval op mnr. Oppenheimer self nie.

Sy eie organisasie — dr Rupert is baas van die wêreldwye Rembrandt-groep — gee nooit geld aan enige politieke party nie. sê hy In mnr Oppenheimer se groep is dit egter 'n tradisie om 'n direkte verteenwoordiging in die Parlement te hê, benewens hul groot persbelange deur filiale soos JCI en Charter".

Dr Rupert het op die AHI-kongres 'n mosie van waardering aan sen Owen Horwood, Minister van Finansies, ingestel en gesê hy word aangeneem deur die logiese opvolgers van Cecil John Rhodes. Diegene wat Suid-Afrika probeer beheer deur politieke partye en koerante te finansies.

Vrydag in sy smaakvolle hoofkantoor op Stellenbosch het rye kunsboeke op sy groot

Rupert klim in onder Harry-hulle

boekrak, praat dr. Rupert term oor sy harde woorde wat dreig om 'n onstuimigheid tussen die twee sakereuse in Suid-Afrika te veroorsaak

Daar is twee soorte mense. Mense van waarde, en suksesvolle mense. Aangesien dit wat ek by die AHI gesê het, deur sekere koerante beskou word as 'n persoonlike aanval op mnr Oppenheimer, wil ek dit duidelik stel dat ek mnr Oppenheimer beskou as 'n man van groot waarde en buitengewoon suksesvol

ONDANKS alles, nog steeds vriende. Dr Anton Rupert praat en mnr Harry Oppenheimer luister (foto Nato Barnard)

„Ek werk onder meer met waardering saam met hom in die Stedelinge Stigting, en is bewus van baie dinge wat hy (dikwels onbekend en onderwaaideer) in die landsbelange doen.”

Di Rupert, in swart pak, spierwit hemp en swart das met rooi kringetjies, steek rustig 'n Rembrandt met 'n silwer aansteker op en gaan voort

„Ek glo, egter dat organisasies van wêreldformaat soos syne nie behoort deel te neem

aan die stigting en finansiering van politieke partye nie

„My organisasie gee nooit geld aan enige politieke party in enige land nie. Die tradisie van sy groep, daarenteen is om direkte verteenwoordiging in die Parlement te hê benewens hul groot persbelange deur filiale soos JCI en Charter

„Ek dink nie dat bogenemde in-landsbelang is nie, en het trouens self die beleid gevolg om, wanneer een van ons vroere direkteure in die Kabinet opgeneem is, nooit verder met hom enige kontak te hê solank hy in die Kabinet dien nie — in so 'n mate dat hulle my dit dikwels verkwalik het

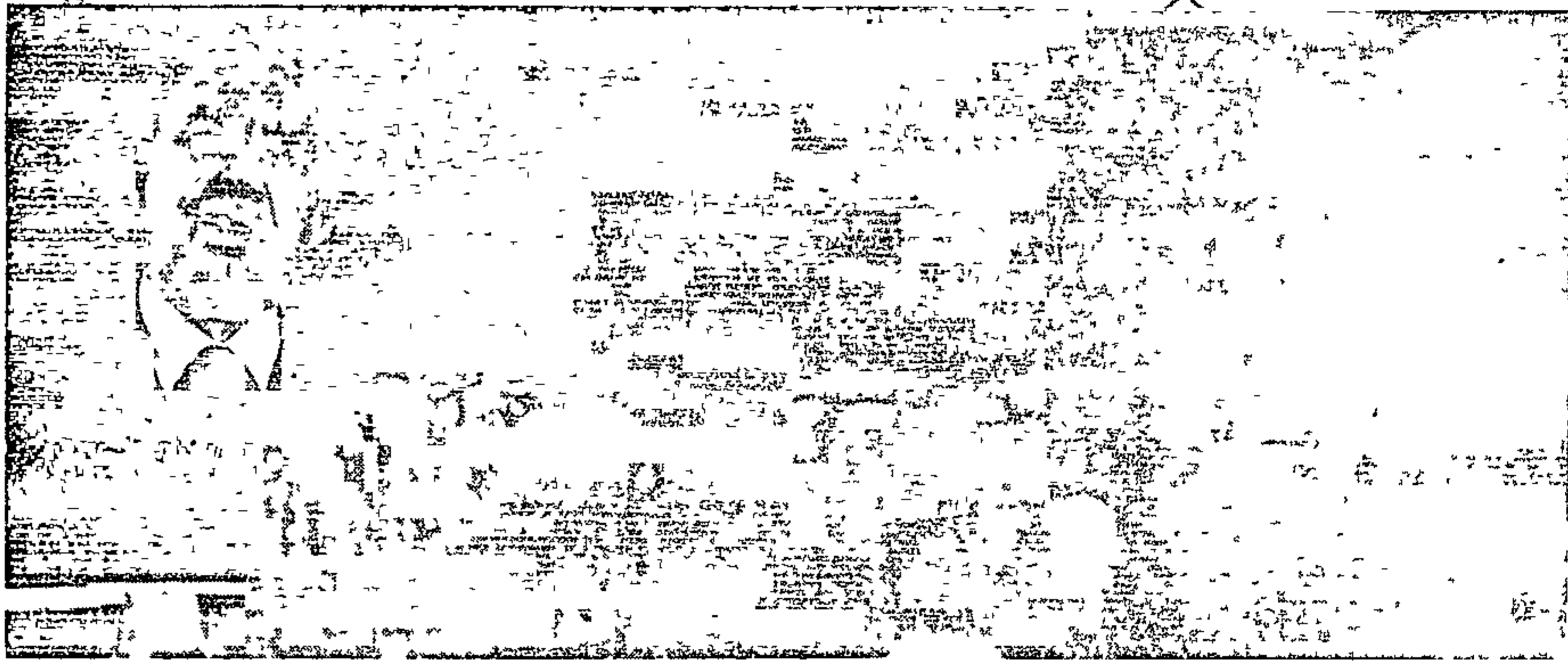
„Net voor my mosie van waardering aan die Minister van Finansies vir sy waardering van die private-ondernemer het 'n bestuurder van JCI op die AHI-kongres 'n striemende aanval gedoen op die amptenary van die Departement van Handel en Nywerheid

„Dit omdat hulle aan petrolmaatskappye soos BP en Shell wat vir Suid-Afrika van lewensbelang is, 'n in die buiteland daarvoor onderskoot kom, sou bevoorreg het met uitvoerkwotas vir steenkool”

Dr. Rupert bestel tee, en dan boor sy grys oë weer

„Hoewel ek die grootste waardering het vir die bestuurder van JCI se standpunt in sy maatskappybelang, glo ek weer nie dat die soort optrede in die landsbelang is nie, en sekerlik nie op so 'n kongres tuis behoort het nie.

„Die senior amptenare van die staat is reeds oorwerk en onderbetaal. Hulle verdien lof vir goeie werk, en nie onbillike kritiek nie.”



210 from 27/10/71

What's up in the Lowveld?

It is not often that two mining houses get together to look at what could conceivably be a new major gold/uranium mining area. But this is precisely what Anglovaal and Anglo American have done in the historic mining areas west of Nelspruit.

The houses have drawn an almost complete veil over activity there, so much so that I am told Anglovaal has asked that no details be announced in Anglovaal's annual report due to be published within the next couple of weeks.

Higher gold prices, particularly have meant that near the dorps of Koppieshoop — the scene of a mad gold rush over a century ago — gold values on the Black and Dominion reefs are becoming increasingly significant.

Anglo American has held mineral rights in the area for many years. But until recently, when Anglovaal put together a block of about 15 farms covering some 90 000 ha and initiated a prospecting programme, Anglo was apparently content to let its holdings lie dormant. Now, with Anglovaal in the driving seat, drilling in the area is starting to pick up momentum.

But what is likely to be found and what are the constraints on new mine developments?

In the old days, carbon in the Black reef hampered gold extraction with the then existing technology. This is hardly a problem now. On the farms Kaapschehoop and Coetzeestroom, on which the Black reef outcrops occur, the Department of Mines' publication *Mineral Resources of the Republic of South Africa* reports that recent investigations revealed gold values of 10,8g/t over 110 cm in the Black reef conglomerate. In two sections of the underlying basal quartzite, values of 9,5 g/t over 175 cm and an outstanding 228 g/t over 45 cm were disclosed.

Dominion reef prospects

Black reef is probably not developed over much more than 25% of the area of interest. But where it is, gold values averaging around 7 g/t over some 150 cm and uranium of between 0,1-0,2 kg/t have been found. It is also a fact that when the area was originally mined, some of SA's largest gold nuggets were found in alluvial deposits washed down from the Black reef.

Perhaps more important, however, is the relatively unknown Dominion reef, which sub-outcrops against the Black reef towards the west. Where this runs

into the Black reef the possibility is that relatively high gold values will be disclosed. And presumably this is a prime target for Anglovaal's drills.

Though Anglovaal's main target is gold, uranium potential could be great. It is little enough to go on, but on the farm



Coetzeestroom a quartzite pebble was found in the Black reef which contained 10 kg/t uranium. Uranium does not occur normally in the Black reef, so the pebble came from some other reef nearby with the underlying uranium-bearing Dominion reef a strong contender.

As I understand it, the Anglovaal-managed drilling programme is in its early stages. But I gather that by the year-end the house expects to have a reasonable idea of the area's potential. Reefs in the neighbourhood are shallow, so completing boreholes with their necessary deflections need only take a few months.

A constraint could be that from what is known of the two reefs, payable ore is patchy and shoot-like. So although the prospecting area is large, any mines that might result in four or five years could be small. But that would be no problem to

Anglovaal, which has the experience of mining at ET Cons in nearby Barberton to draw on.

Details of the agreement between the two houses are obscure, but I understand that, as lead house, Anglovaal will manage the first mine no matter whether it is located on its own Anglo's ground.

If drilling eventually reveals ore reserves that are only sufficiently large to support, say, a 20 000t/month mine, I would guess that agreement will be reached to give ET Cons the management contract. On the other hand, anything larger than this would almost certainly be turned over to Middle Wits to finance.

It is probably too early to buy either of the shares on these prospects as establishment of any new mines is probably some five years away. But by December their first results should be available and buyers may well then have to move quickly.

Jim Jones

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be possible, though fibre prices are unlikely to improve more than marginally

First quarter capex amounted to R76 000, leaving about R924 000 to be spent during the remaining three quarters. But following first quarter distributable earnings of 12,3c, it should just be possible to repeat last year's 52,5c

Gefco: The company continues to emphasise the mining of higher grade ore while cutting mill throughput. Though no details are given of sales tonnages, it appears that fibre production is being matched as closely as possible to sales. With capex planned at R1m for the year and R217 000 spent during the first quarter, the company could find it difficult to match last year's 55c *John White*

BASE METAL QUARTERLIES

A mixed bag

20
pm 27/4/74

With the exception of tin, base minerals still have to break out of their lethargy in the face of continued world economic uncertainties. And, among the latest quarterly reports, only tins have managed to more or less hold their own.

Although the tin market is well balanced at the moment, the decision by the US House of Representatives to release 35 000 t of tin from the GSA stockpile is bound to act as a price depressant. Although legislation is unlikely to be passed before the end of the year, the price could ease in anticipation as the time approaches.

Union Tin: The bulk of ore milled in the March quarter came from the western section of the mine, in particular from the bedded Clark lode where good ore was exposed. So despite the decrease in throughput, an above average production of tin concentrates was achieved. Offsetting this were lower sales due to UK strikes and a lower tin price of R9 100/t (R10 268/t).

Overall, gross profit was better than expected at R358 000, although much lower than the R636 000 earned in the December quarter — which was exceptional. Capex this year is put at R450 000, of which only R33 000 was spent this quarter, following estimates that underground operations will continue for at least three years.

Rooiberg: In what was considered to be a bad quarter, total tin recovered was

lower even though more ore was treated at both A and C plants. The main reason was the large drop in grade from A mine, which fell from 0,72% tin to 0,57%. This had the effect of reducing overall recovery by 4%. With lower sales of tin at 526 t (554 t) and lower prices, taxed profit for the quarter fell from R2,7m to R2,2m.

So far, surface boreholes at A mine have disclosed disappointing results, intersecting only one pay value. Similarly, boreholes prospecting the down-dip extension to the north of C mine intersected very low values. However, chairman Robin Hope feels that the Vellefontein jigsaw puzzle is at last falling into place and that already sufficient reserves have been proved to justify development.

With the smelter coming on stream later this year, the pipeline is expected to be shortened since a fair proportion of output is to be marketed locally, and higher prices are expected to be realised than those achieved for exports.

Cons Murch: There is little joy in the March quarterly for investors who had been hoping that operations had turned the corner.

Despite higher mill throughput, antimony concentrate production has fallen. And without increased sorting it is difficult to see any improvement in mill yields, especially as increased tonnages are apparently now being drawn from the lower-grade Athens shaft.

Meantime, near the present workings there is apparently little prospect of any new major ore bodies being discovered. At one time it had been hoped that underground drilling would disclose further reserves below those currently being worked. Apparently that has so far been a fruitless exercise. Now the need for shaft sinking to expose deeper ore in the currently worked sections is needed.

This year capex of R3m is planned. But while the March quarter recorded a profit of R2,3m and capex of only R80 000, it is difficult to forecast a repeat performance in the second quarter. March's profit was boosted by a delay in bringing December quarter sales to account, while there are few signs of any improvement in marketing conditions. On this basis it seems unlikely that more than a token interim will be paid.

Msauli: The mine has suffered to an extent from normal, lower first quarter sales. But with mill throughput maintained, though with a lower 9,8% (10,2%) fibre recovery, indicating lower recovery of the shorter fibres, management is apparently still confident that sales are due to improve this year.

However, on the 3,7% drop in fibre production to 19 493 t, production costs advanced 12% to R83,20/t (R74,30/t). If production increases as the year advances, better unit cost control should

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GENERAL MINING

(20) FM 4/6/79

New dividend plateau?

Activities Mining house with major interests in gold coal base metals and industry Owns 48.2% of Union Corporation, which is consolidated Controlled by Federale Mynbou which, with its subsidiaries holds 62.5% of the equity

Chairman Dr W J de Villiers

Capital structure 41.5m ordinaries of 40c, 530 000 partly paid ords of 40c 250 000 6% cum prefs of R2 Market capitalisation R481.5m

Financial Year to December 31 1978 Borrowings long and medium term R188.8m, net short-term, R196.4m* Debt equity ratio 61.3% Current ratio 1.2 Net cash flow R73.7m Capital commitments R209.5m

Share market Price 1160c (1978-79 high, 1250c, low, 510c, trading volume last quarter, 156 000 shares) Yields 13.0% on earnings, 5.2% on dividend Cover 2.5 PE ratio 7.7

* includes creditors

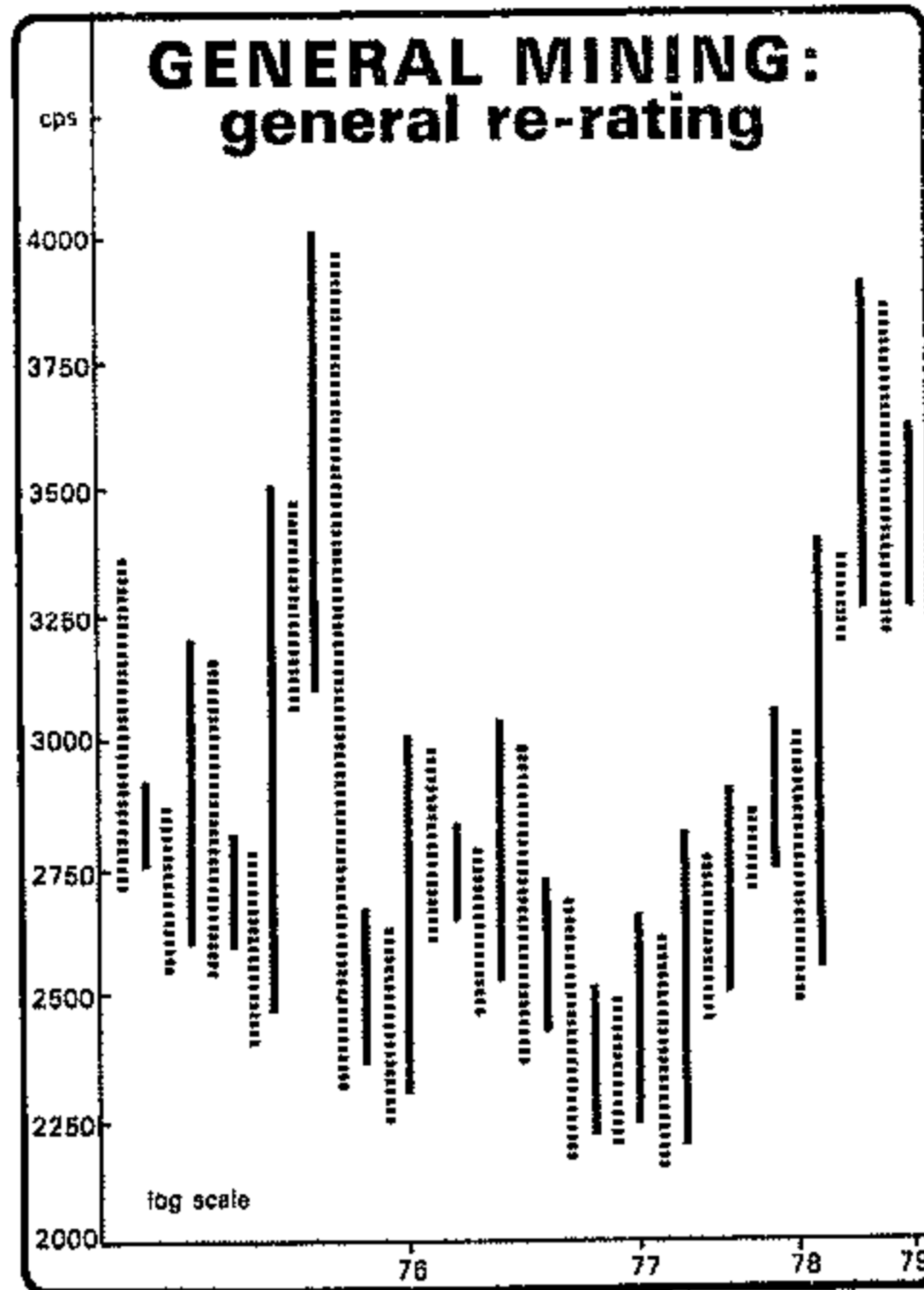
	'75	'76	'77	'78
Attributable income (Rm)	26.0	34.5	43.3	63.4
Quoted investments (Rm)				
Book value	190.9	235.0	241.4	273.5
Market value	212.5	262.8	445.1	647.4
Earnings (c)*	88	83	104	151
Dividends (c)*	42	42	45	60
Net asset value (c)*	795	911	1 090	1 367

Gold and uranium mining contributed 22.2% to General Mining's 1978 attributable income At R17.3m income from General Mining's and Union Corp's gold and uranium mines was 106% up, reflecting the higher bullion prices and some success in keeping working costs down

Escalating costs remain the industry's most dangerous enemy and are consequently receiving management's constant attention The average increase in the four Genmin gold mines was 14.3% to R32.70/t milled, while the average for the seven Unicorp gold mines was 13.7%

The major components of the increases are identified by chairman Wim de Villiers as water and power (11%) stores (25%) and labour (51%) Labour remains the area most needful of management attention

De Villiers, admitting to a preference for a more sedate increase in the bullion price, projects continuing strong demand for the metal and an upward price trend Working costs will be vigorously contained and, reports gold and uranium general



manager Johan Fritz, working cost increases are now down to an average 11%

The group's largest producer Buffelsfontein, increased milling rate to 3.1m, but a dip in grade to 9.1 g/t dropped recovery by 666 kg to 28 611 kg As for West Rand Cons, limited gold ore reserves caused a drop in tonnage milled and net income fell from R3.7m to R3m

WR Cons' uranium production rose by 18% to 313 000 kg as a result of improvement to the plant and the mine's life has been extended by an agreement to mine in the Luipaards Vlei area

Unicorp's mines, which produced 9% of total SA production last year increased

pre-tax profit by R56m to R171m Bracken's costs were up and grade down, but higher gold prices will not extend the life of the mine, directors say Production (798 000 t was milled in 1978) may be maintained for the rest of this year, but it will be at a reduced rate thereafter until the end of 1980, when it will cease

Development work in the lower levels of Kinross No 2 shaft continues and is soon to start in the upper levels The mine increased recovery marginally on a higher milling rate but, with a lower grade of 7.39 g/t, costs were 17.2% up at R18.37 State assisted Leslie has been given a five-year life-span, while Winkelhaak has negotiated an in-perpetuity prospecting agreement over a large tract east of its lease area

Trial stoping at Unisel started in March this year and full production is planned for November St Helena, which may soon start developing the low-grade Ongegund area, will treat 75 000 t a month for Unisel

Group uranium production increased slightly but should contribute greater amounts once the two major developments, Genmin's Chemwes and Unicorp's Beisa, are underway Chemwes is expected to start treating, later this year, the Stilfontein and Buffelsfontein slimes dams Directors say a substantial portion of annual production has already been sold forward Beisa will start milling 100 000 t of ore a month in 1982 and again the uranium oxide output has already been sold forward No decision on the flotation of Beisa has been made

Group coal sales decreased marginally to 27.5 Mt because of lower local requirements, which were only partially off-set by exports and Escom off-take This year will see full production for the Matla power-station colliery and expansion at the 3 Mt-a-year Ermelo export mine Trans-Natal now has an export allocation of 6 Mt a year and the recent acquisition of a stake in Kanhym could, I am told, see strip-mining development in the Kanhym/Haasfontein area

The group's commercial and industrial interests at 30.6% the biggest single contributor to profits, continued to operate below capacity leading to a forecast of continued competitive conditions However, this week's acquisition by Sappi of Stanger spotlights De Villiers plans for on-going expansion and diversification

Genmin has moulded its balance sheet into an extremely flexible situation The last of the \$85m loan will be paid this year, leaving most of the group's gearing

DATES TO REMEMBER

Last day to register for dividends
Friday June 15 Ass Engineering 9c
 CG Smith Sagar 50c Fedfood 12c
 Grootmans 5c ICS 11c, Jabula 20c
 Pick n Pav 86c, SA Drug 5.5c

Meetings

Monday June 11 Anamint, Lamberts Bay (Cape Town), United Oceana (Cape Town)

Tuesday June 12 Union Steel (Vereeniging), Vierfontein

Wednesday June 13 Power Technologies

Thursday June 14 AECL, Altech (Boksburg), Elmar (S & O), Retco Tiger Oats

Friday June 15 B & S, Goldfields (S)

All meetings are in Johannesburg unless otherwise stated
 S = Special meeting O = Ordinary meeting

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Star 13/6/79

Development the answer when mines run dry

210

When mining gives out, what then? It is now that South Africa's planners would do well to look to the future regeneration of areas of mining wealth as the legacy gradually draws to a close.

This was the message which Mr D A Etheridge, vice-president of the Chamber of Mines took to the 12th annual congress of the South African Property Owners' Association which opened at the Carlton Hotel, Johannesburg today.

Giving the Andries van Riel Lecture, Mr Etheridge threw emphasis on the country's dependence on the mining industry — a vast source of riches which last year accounted for about 17 percent of national in-

One of the most vital congresses in the history of the South African Property Owners' Association opens today. FRANK JEANS reports the key topics and the challenges which face the property sector.

come or a gross national product of R35 000m.

And yet, even now as the mining towns are further revitalised by the soaring gold price, they are destined to be "ghost towns" of the future when mining activity ceases.

Said Mr Etheridge "It is incumbent on planners to ensure so far as possible that these purely mining towns become permanent self-generating

establishments in the long term."

Turning to the property slump in recent years, Mr Etheridge said it was bad enough but it was nothing to what it would have been had there been a fall-off in the mining sector.

While subsidised housing is an attraction which draws whites to the industry, it did not encourage pride of personal homeownership.

"I believe the Government should do more to encourage home ownership, and one way of doing this would be to consider granting tax deductions on bond repayments.

Mr Etheridge urged property men to create a "bridge of development" between central Johannes-

burg and Soweto — an inter-city link-up which the multi-million rand land holdings of the mining houses could help to become a reality.

Looking to the housing needs of urban blacks, Mr Etheridge said the recommendations of the Riekert Commission if translated into law could give a massive boost to the process.

The provisions of Riekert are long overdue," he said, "because in the long run all the billions we earn from minerals and all our plans for the future will come to nothing if we cannot give our black people a stake in our free enterprise system and persuade them that they stand to gain from it."

Chinese dig well



Middelplaats manganese mine

Production will begin in October.

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SA vital link

in mineral supply equation

From Page 1

primarily based on expected profits.

Future metal prices are, therefore, of crucial importance. The worldwide economic stagnation prevailing until 1977 and the general recessive tendencies, have made the mining companies reluctant to embark on the necessary investment in exploration, new development and plant expansion.

Growing political risks are also a handicap to investment.

Furthermore, the average expenditure for a mining operation, or a mining and smelter complex, has also been rising steadily in recent years.

On average, in view of the trends outlined above, it is likely that the demand for minerals from South Africa will continue to grow, because of the general growth, although perhaps somewhat limited in the short term, in the world's economies.

Furthermore, raw material importing countries will endeavour, as far as possible, to diversify their sources of supply to avoid political and other implications.

With an increase in the world demand for minerals, South Africa, as an efficient producer and reliable supplier, strategically placed between the markets of the East and West, is becoming

increasingly important in the supply equation.

Consequently, there seems to be little doubt that provided the industry maintains its efficiency, it will continue to be a major supplier of minerals, pressures for boycotts notwithstanding.

In conclusion, it is of interest to examine briefly the advantages which South Africa has in regard to the contracyclical nature of some of our mineral exports, which helps, to some extent, to balance the situation in this country.

For example, a depressed international economy, with all the uncertainty and lack of business confidence which it generates, favours hedge commodities such as gold, diamonds and platinum, with concomitant increases in their prices, but results in reduced demand for the base minerals.

On the other hand, strong economic activity, flourishing iron and steel industries, rising equity prices and so forth, are usually accomplished by a fall-off in demand for the hedge commodities but strong demand for our exports of iron ore, chrome, manganese, vanadium, fluorspar and ferro-alloys.

Then, of course, we also have the energy minerals, coals and uranium, which, at present, are favourably influenced by the oil crisis.

Highveld flameproof transformer

Distribution has introduced a locally designed and flameproof transformer.

The design has been given by the Government Mining Engineering Board's awarded certification.

Mr W A Hardy, chief engineer of GEC's trans-

former division, a locally designed flameproof transformer is necessary because UK designs are tailored to the requirements of the British National Coal Board. The requirements of South African mining houses differ.

British designs also generally assume that the transformer is for service at or near sea level. At the test station an ordinary dry tape trans-

former would run 9% hotter than at sea level, which could necessitate derating of the transformer to comply with the specified thermal performance.

The dielectric strength of Highveld air is approximately 80% of air at sea level.

Many coal mines not deep enough to

restore sea level strength to the air which insulates the transformers are operating with a reduced safety factor with regard to dielectric strength.

"This does not mean such transformers are unsuitable for the duty required, but such a reduction in safety factor is undesirable" says Mr Hardy.

OPENCAST



Don't be fooled by high prices, it could mean trouble

Know a vital link in mineral supply equation

surge in prices has

OECD tends to confuse the issue even further. The general official view is that there will be some convergence in the major economies with the growth rate in the US easing off while those in the other industrialised countries improve.

The OECD in its year-end forecast foresaw a further reduction in the rate of real growth in the OECD group of countries down to an annual rate of 2.5% in the second half of 1979 from the 3.5% figure for 1978.

The annual rate of inflation was not seen as running at much less than 7% on average in the second half of 1979 and unemployment was considered likely to rise.

Certain commentators believe that this picture already here by excessive optimism.

Monetary uncertainties have been intensified and the prospects for global expansion worsened by the oil price increases announced by OPEC and by the continuing repercussions especially on oil suppliers of the Iranian situation.

Among the other factors contributing to the international economic disequilibrium is the forecast recession in the United States.

slowdown in the first quarter of this year is evidence of the coming recession as defined by two consecutive quarters of negative growth.

Indications are that a growth rate of 2% to 3% can be expected this year.

We have yet to see the major acceleration of growth in West Germany that the Government there has been promising for more than a year and in the United Kingdom the outlook has been darkened by accelerating wage inflation.

Japan has consistently outperformed the other OECD countries since 1975 but growth predictions of over 6% for 1979 have been revised downwards because of inflationary pressures.

The general economic uncertainty exacerbated by the lack of industrial investment is reflected in the general instability of the world mineral supply picture bearing in mind that the Soviet Union the major alternative source for many of the most important minerals cannot be considered a reliable supplier from a Western viewpoint.

Furthermore mineral production elsewhere is inhibited by declining resources.

The profit squeeze today reduces necessary investment in the future and political developments in many of the raw material producing countries may lead to undesired shortages.

In addition the manifold attempts to deprive the largely privately organised international raw materials industries of their efficiency by instituting an international bureaucracy could turn out to be the main obstacle which foils the effort to secure the supplies for the industrialised countries.

A decrease in the consumption rates of the major industrialised countries is not likely to come about in the coming years or even decades.

At the same time some Third World countries will cross the industrialisation threshold and add to the demand in the markets.

This is already the case in countries such as Hong Kong, Taiwan, South Korea and Singapore.

In the long run the world wide raw material supplies will also be influenced by the increase in the large domes of the USSR and the People's Republic of China which will probably lead



Mr. T. N. Main

Open cast plays growing role in coal sector

OPEN CAST coal mining in South Africa is on the increase and is expected to account for nearly 30% of total production by 1980.

Open cast or strip mining although the earliest known method only began in SA in 1971 when the first dragline was set up at Optimum.

By 1978 over 20 of total production was mined in this way.

Following the oil price rises in 1973 and the advent of export trade the following year coal production was stepped up and mechanisation increased.

Bigger collieries came into being geared to produce an average of 5 million tons a year where previously the average was about one-million tons per year from the underground bord and pillar method.

The new mines of Klenkoppie and Rietspruit are based on strip mining methods and are geared to the export market in particular which started in 1974.

The coal export sector is expected to earn in the region of R1 000-million in foreign exchange in the 1980s.

Klenkoppie for example will be reaching full annual production of one million tons of export steam coal this month and 1.2 million tons of steam coal for the local market and 500 000 tons of low ash metallurgical coal.

In terms of stage two of the mine's development plan a separate pit will increase production to two million tons of steam coal for export by 1983 with a further 1.5 million tons for local consumption plus about 650 000 tons of low ash metallurgical coal for Iscor.

The Witbank colliery has a direct rail link with the Richards Bay coal terminal 200 km north of Durban.

Coal exports through the specially-constructed terminal began in 1976 at the rate of 12 million tons a year.

It has since been enlarged and now handles in excess of 20-million tons for export.

South Africa's in situ coal reserves are thought to be over 100 000 million tons.

About 60 of this is regarded as economically recoverable.

The reasons for this reduced percentage are difficult to mine rock structures high costs and environmental considerations which have been a



This R17-million walking dragline is used to strip the overburden at Rietspruit

In the case of some raw materials it is possible that demand will double before the end of the century.

- Some 5% of worldwide deposits are exhausted every year.
- The world demand for modernising investment in mines and smelter works has risen

major criticism of strip mining.

It is to be hoped that the Chamber of Mines' guidelines on rehabilitating countryside that has been stripped away in this manner will meet the criticism.

Other factors which have inhibited open casting are the heavy capital outlay on equipment and its limited application once a certain depth is reached.

With the escalation of fuel prices generally however, it will become economically feasible to extend open-casting to greater depths says the industry.

Open casting yields about three times the extraction rate (over 50%) compared to bord and pillar mining which is also more hazardous. Operating costs as distinct from capital outlay are generally lower.

In open-cast mining explosives are used to break up the overburden covering the deposits and to blast the coal seam itself.

This is done in strips roughly 40 metres wide, with the overburden from the second strip used to fill in the previous one, and so on in series.

As to the future and depending on costs, the industry is looking at the possibility of stripping old underground mines to recover coal pillars and floors which had previously been left in situ.

for industry trends in the US economy. Always different course although some economists are of the view that the

pressure from environmentalists and politicians and unfavourable attitudes towards foreign investments in many countries

Consequently the large scale consumers in the West will have to live with the risk of being heavily dependent



A giant that can eat tons of slime

THIS GIANT R6000 000 bucket wheel excavator — the only one of its kind to be used on a South African gold mine — is in operation at Blyvooruitzicht gold mine, near Carletonville

The German-made machine forms part of a R10.5-million programme to recover uranium from two of the old slimes dams at the mine

The excavator weighs 82 tons and has a cutting height of up to 7.8 metres. It eats into the slimes dams at the rate of between 200 and 400 bank cubic metres an hour

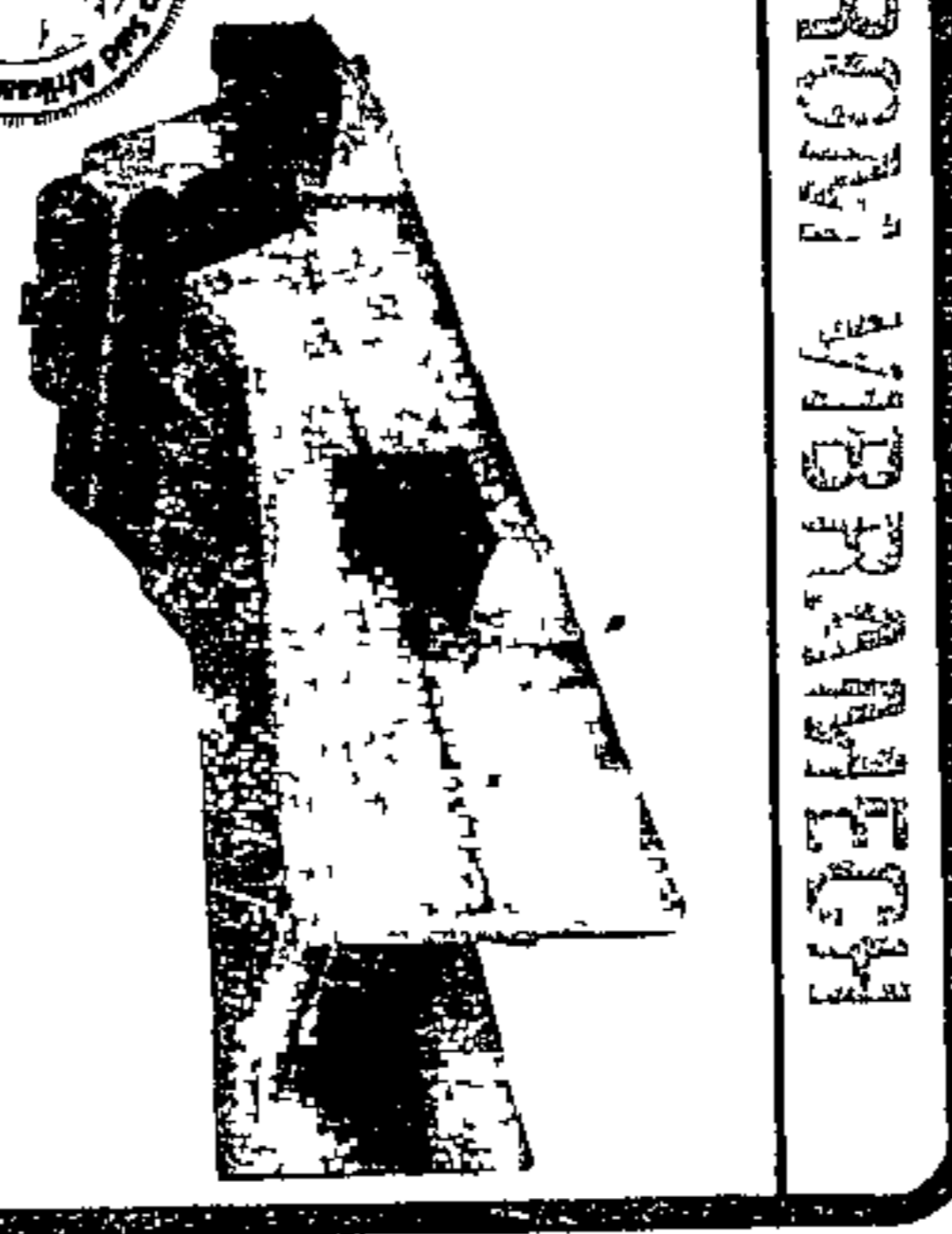
The material recovered from the dams is fed, by conveyor belt, into the mine's uranium plant

The plant has been specially extended to handle the material from the dams

Decisions about new investments in the mining sector are

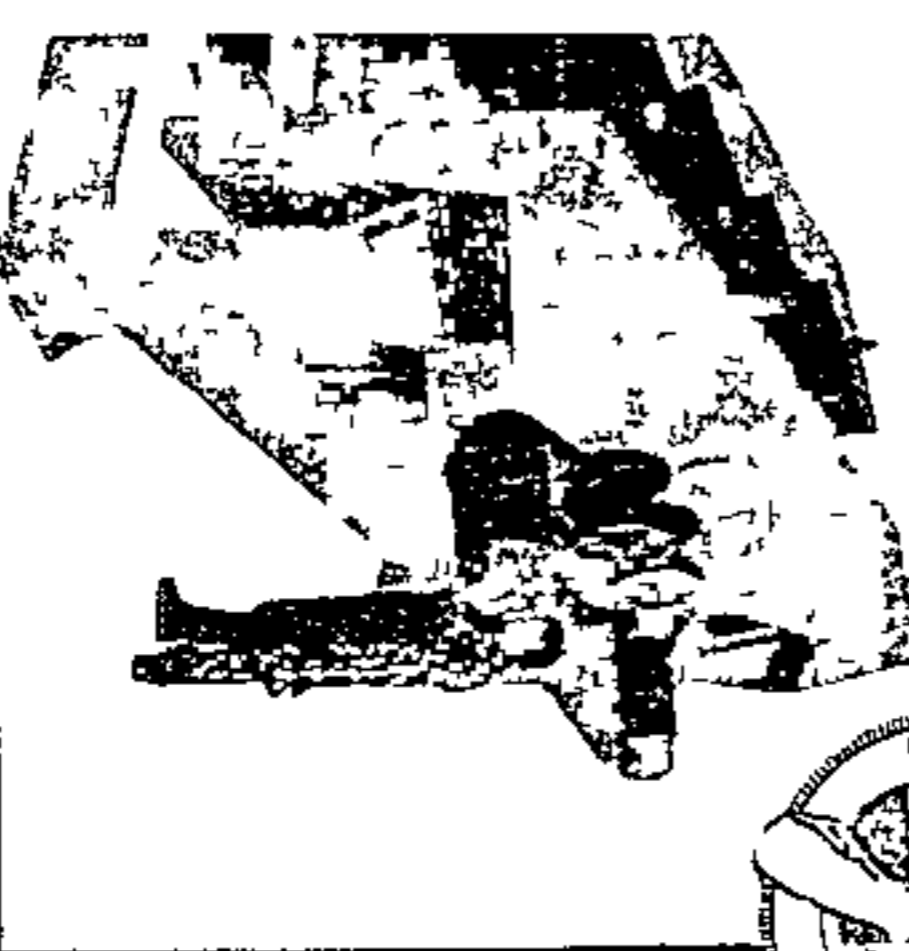
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A record low

WHAT is believed to be the deepest underground conveyor belting in the world has been installed at Western Deep Levels gold mine near Carletonville

Supplied by Dunlop Industrial of Benoni the twin belts have been commissioned at the bottom of the tertiary shaft of the No. 2 shaft system some 3 700 m below the surface

Initially the belts will handle 350 tons of run-of-mine ore daily although this will subsequently increase to about 5 000 tons a day

Conveyor belting is critical to production at Western Deep Levels because at one stage or another all the ore goes via conveyor belts to ship loading points from which it is hauled to the surface

The belts are utilised 24 hours a day six days a week, and are the latest in a wide range of belting supplied to Western Deep Levels in recent years



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A misfire is a miner's nightmare! The vital link in avoiding this costly and potentially hazardous situation is the initiation system. Modern mining methods demand the most sophisticated initiation systems to ensure increased productivity, lower cost and safety.

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COAL WASHING:

South Africa a Davy subsidiary has recently been awarded the contract to build a coal washing plant as an extension to the existing plant at Apex Mines Limited's Greenside Colliery. The production of 1/2 m coal in the low ash middlings and from 45 tonnes per hour of feed. The building of the 5 tph pilot plant at the Greenside Colliery was the first step taken to investigate the problems of magnetic recovery on a practical scale. Nortons were commissioned to build the plant and later in collaboration with the Fuel Research Institute in many months of research to bring the plant to the pilot plant is currently engaged on a series of test runs to determine processing concerns at cut points varying from 1/4 to 1/2 mm. A media separation plant would be consigned to the spoil tip to upgrade the export grades of fine coal. The plant is in the benefit of additional foreign exchange earnings without the need for additional resources. This step forward is truly a South African achievement and has placed South Africa once again in the forefront of coal washing technology.

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Watch costs, warns Chamber

"INCREASES in costs, if allowed to continue unchecked, will threaten the viability of the mining industry and the economy," says the Chamber of Mines in its year-end review of 1978.

Mining company chairman, in their annual reports, drew attention to the rapidly escalating costs in the industry, despite the increasing price of gold on

the world money market. Increases in the cost of labour, stores and services have out-run the general rate of inflation and are of great concern to the industry, says Gerald Langton, chairman of Western Deep.

From 1972 to 1978 Western Deep gold mine has seen the price of steel plate and power increase by 257% and 215% respectively.

Black wages rose by 347% over this period helped by the freeing of gold from its fixed price until the beginning of the 1970s.

These factors have affected all the mines equally, said Mr Langton. Figures from the Chamber show for example, that total expenditure in rands per ton milled, has increased from R5 45 to R23 97 from 1960 to 1977.

The industry as a whole has sustained a 14% increase in costs. Apart from the general rise in the price of capital goods, manpower and services, are cost factors peculiar to the mining industry.

These include unfavourable geographical locations which require high infrastructural investment, increased costs in terms of travelling time and transport as mines go deeper.

Mining viability could be threatened by higher prices

Kuruman manganese mine progressing well

SOUTH Africa is the largest producer of manganese in the Western world and accounts for about one fifth of world production, estimated at 25 million tons a year.

Other big producers are Russia, Brazil, Gabon, Australia and India.

All the Republic's reserves are in the Northern Cape and the deposits in the southern part of the Postmasburg area are generally in pockets, clinging to dolomite phenomena which lend themselves to open cast mining.

The higher grades in the north are in tabular formation at great depth. Nine tenths of the world's manganese production is used in the steel industry both as a cleanser and a hardening element in the final product.



Development at the Middelplaat manganese mine

Development of the Middelplaat manganese mine near Kuruman in the northern Cape Province, is progressing on schedule.

Considerable progress has been made with all aspects of development since Anglo American Corporation decided, in May 1976, to go ahead with the mine at a cost of about

R47 million. Production starts officially in October. Initial production will be 1.1-million tons of ore annually, most of which will be exported through Port Elizabeth.

Three grades of ore will be produced, all with characteristics which make them ideal blending ores for electric furnace operations.

The standard grade ore is low in deleterious elements and has a manganese/iron ratio of 9.5:1 and a manganese content of about 38%.

Sinking of the 5.5 metre diameter vertical shaft at the mine to its final depth of 484 metres deep has

have a hoisting capacity of 1.2-million tons a year. In addition, an inclined service ramp is being developed down to the ore body to be used for the transportation of men, materials and equipment.

The ramp had reached a length of 1,739 metres at the end of January 1979 and is scheduled to reach its final length of 2.5 km in October this year.

These two accesses will provide the required openings to surface for ventilation during the first five years of operation, after which it may be necessary to provide a separate ventilation shaft.

The mining method to be used is the room and

coverly with the rooms and cross cuts mined 6 m wide and leaving pillars 6 m x 6 m to ensure adequate ground support to prevent subsidence of the overlying strata.

Mining operations will be fully mechanised, using hydraulic drilling jumbos and diesel powered rubber-tyred loaders with 23.5 metric ton capacity trucks.

A feature of the mining practice at Middelplaat will be the attention given to grade control at the mining face.

A geologist will be employed permanently at the mine and sophisticated analytical techniques will

SA vital link in mineral supply equation

From Page 1

primarily based on expected profits. Future metal prices are, therefore, of crucial importance. The worldwide economic stagnation prevailing until 1977 and the general recessionary tendencies, have made the mining companies reluctant to embark on the necessary investment in exploration, new development and plant expansion.

Growing political risks are also a handicap to investment. Furthermore, the average expenditure for a mining operation, or a mining and smelter complex, has also been rising steadily in recent years.

On average, in view of the trends outlined above, it is likely that the demand for minerals from South Africa will continue to grow, because of the general growth, although perhaps somewhat limited in the short term, in the world's economies.

Furthermore, raw materials importing countries will endeavour, as far as possible, to diversify their sources of supply to avoid political and other implications.

Increasingly important in the supply equation. Consequently, there seems to be little doubt that provided the industry maintains its efficiency, it will continue to be a major supplier of minerals, pressures for boycotts notwithstanding.

In conclusion, it is of interest to examine briefly the advantages which South Africa has in regard to the contractual nature of some of our mineral exports, which helps, to some extent, to balance the situation in this country.

For example, a depressed international economy, with all the uncertainty and lack of business confidence of commodities such as gold, diamonds and platinum, with concomitant increases in their prices, but results in reduced demand for the base minerals.

On the other hand, strong economic activity, flourishing iron and steel industries, rising equity prices and so forth, are usually accompanied by a fall-off in demand for the hedge commodities but strong demand for our exports of iron ore, chrome, manga-

When in full production, the mine will employ about 350 people to meet the requirements of a small highly mechanised operation.

GEC fields flameproof transformer

GEC Power Distribution has introduced the first locally designed and manufactured flameproof transformer.

Approval has been given by the SABS and the Government Mining Engineer has also awarded certification (VM 617).

According to Mr W A Hardy chief development engineer of GEC's transformer division a locally designed flameproof transformer is necessary because UK designs are tailored to the requirements of the British National Coal Board. The requirements of South African mining houses differ since that the transformer is for service at or near sea level. At the test station an ordinary dry tape transformer would run 9% hotter than at sea level, which could necessitate derating of the transformer to comply with the specified thermal performance.

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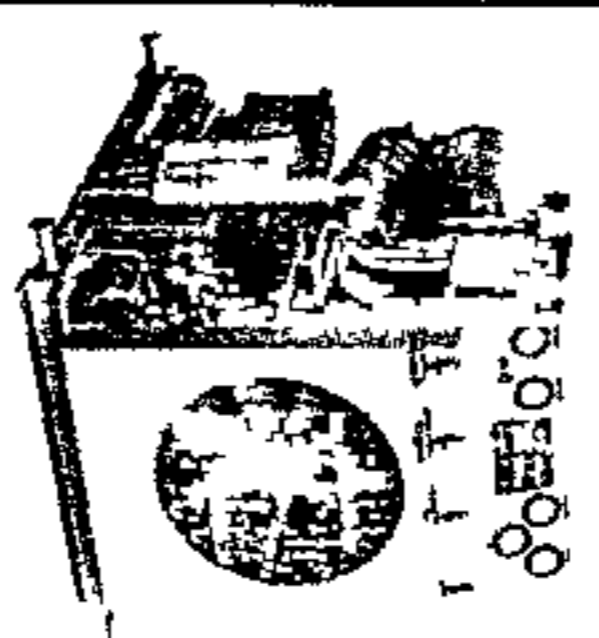
This does not mean such transformers are unsuitable for the duty required but such a reduction in safety factor is undesirable says Mr Hardy.

world demand for minerals, and ferro-alloys. Then of course, we also have the energy minerals, uranium and vanadium, which at present are favourably influenced by the oil crisis.



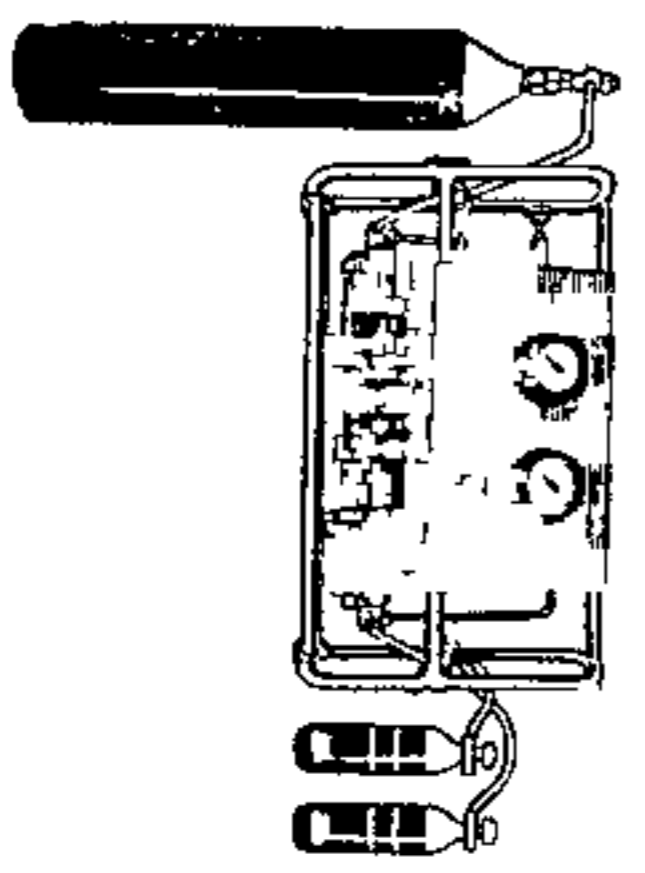
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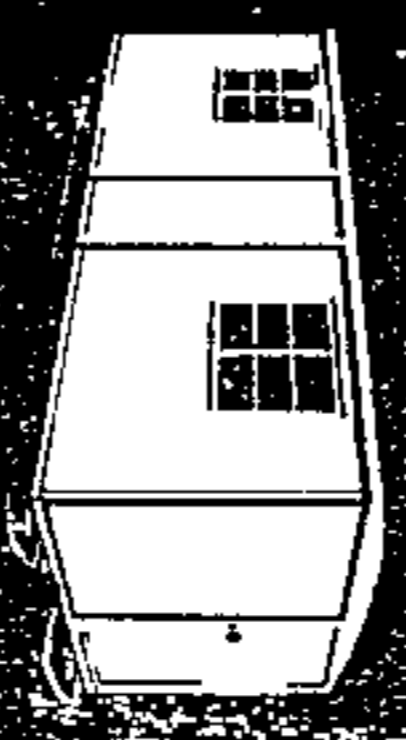


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Improved stock control is the keynote of success

TODAY, many mining groups are investing large sums of money in hiring quality materials management talent, upgrading skills, personnel skills and developing and installing advanced computer systems to support the materials management function. Terry Rosenberg has been designing, installing computer systems in the mining industry for the past five years. In this article he examines the main reasons for this trend.

THE NEED for tight and confident controls over the purchase, stocking and usage of materials in our cost-conscious environment is emphasised, continually, as a key factor in the capital investment and cash flow planning of a mining group.

Statistics show that the value of materials usage generally fluctuates between 25% and 60% of total operating cost. The higher percentages (45% to 60%) are based on open pit environments which tend to be more capital intensive than underground operations.

However, underground mining trends definitely point to increasing materials usage as a percentage of total operating costs, confirming the movement towards more mechanised mining methods.

The materials function needs to provide a higher level of service and greater utilisation of capital assets for improved productivity.

In this regard, targeted service level percentages (demands satisfied divided by demands received x 100) can vary between 88% and 97%.

Depending on the quality, timeliness and accuracy of the control system, these targets are not always achieved.

On the investment side, inventory turnover targets vary from as low as 1.5 to 6 times per year. There are two main reasons for this large difference.

Firstly, open pit mines, being more capital intensive, tend to hold many "insurance-type" items in stock to provide necessary back-up for key capital equipment.

These items are held in case of breakdown and are not used regularly and thus have an adverse effect on inventory turnover.

Secondly, quality differences in reporting and control systems used to provide data on which prompt

materials management decisions can be based. I refer here, particularly, to key reporting facilities which enable management to

- Analyse increases in inventory investment without being clouded by the inflation factor
- Identify and take corrective action on excess stocks
- Pinpoint and rectify areas of "stock-out" risk
- Isolate and potentially obsolete and potentially obsolete items
- Negotiate with vendors on their price, quantity and lead time performance

Based on work done internationally and allowing for major differences, we have found that certain SA mining companies are able to turn their inventories over at almost double the rate of their North American and Australian counterparts, without adversely impacting their service level comparisons.

This shows that we are not only world leaders in

mining methods, but also compare favourably in the administrative control areas.

At the group level, because many mines are scattered across the country, the following materials control problems are often created:

- Remote location from suppliers
- Increased lead times on deliveries
- Need for control over purchase of items commonly used between mines in the group so as to obtain economies on bulk purchasing
- Enforcement of a proper equipment and materials standards programme

These problems are closely associated with the decision on whether to centralise or decentralise materials control.

With rapidly advancing computer technology and declining hardware costs, this decision is not as difficult as it was 10 years ago.

One of the more prevalent trends in the mining

industry, today, is to have decentralised control supported by centralised processing of information.

This results in minimal relocation of personnel from the various sites with the added facility of having centralised access to data which assists group materials management.

Two specific aspects of financial control in the materials area are now looked at.

Firstly, the problem of monitoring inventory levels can be difficult and time consuming if control effort is equally expended on all commodities in stock.

Based on systems work over the last five years in the industry, it is not uncommon to find 8% to 10% of stock items accounting for 65% to 80% of the company's purchase order and 45% to 55% of its inventory investment.

Better financial control is, therefore, possible by organising the materials system for more detailed

control over related items (10% of total stock). Secondly, an interest in materials cost is in the measure of vendor performance.

The annual purchase of a SA mining group be anything between million and R250-million and control of this take many forms.

For example:

- The establishment of close monitoring of contracts between suppliers and the mining group
- Experience of six months that an average 45% to 50% of all items are on contract 10% to 20% higher five years ago — and these are often split between different suppliers
- Measurement of a prices against negotiated prices and percentage increases from first of year
- Lack of price controls can be costly
- Tighter control quantities delivered
- Actual lead times against those negotiated

New way to keep quartzite in uniform suspensior

A NEW method of keeping quartzite slurry in uniform suspension for the new uranium extraction plant at Western Deep Levels gold mine has been devised by APV Kestner South African (Pty) Ltd.

The traditional method of mixing slurry in packages is by means of a high volume of compressed air, which enters a conical bottomed cylindrical mixing tank at the base. The air is then forced upwards through the slurry, the resultant turbulence keeping the slurry in suspension.

The method now devised by APV Kestner involves installing a draught tube in the centre of a flat-bottom cylindrical tank, and a high capacity axial flow turbine is placed in the draught tube and driven by a Philadelphia mixer reducer.

The slurry is pumped down the inside of the draft tube and up the outer annulus and is thus continually circulating.

This is the first time that any such installation has been undertaken in South Africa and the first in the world on a uranium extraction plant on this scale.

Tests carried out by an independent testing authority using an isotope tracer on a test unit, which was erected on site at Western Deep, gave an effective volume of agitation in the tank which was easily equal to that provided by compressed air.

The new method compared with compressed air agitation, means a saving of energy costs, and a large saving on the cost of importing compressors from overseas. This is as a result of all the equipment used by APV Kestner being manufactured locally.

APV Kestner designs and manufactures, under licence in South Africa, the Philadelphia range of mixers. The

design of this new method of agitation was conceived result of extensive laboratory and on-site tests undertaken by the local company and the Philadelphia Corporation of America.

Eight such units are to be installed at the new uranium plant at Western Deep, with the leach tanks being high by 9m in diameter. Each unit is sized to pump slurry at the rate of 600 m³ per hour.

In addition, APV Kestner is supplying three new agitator tanks on tanks which are 10m high by diameter and the whole contract at Western Deep involves a total of 39 agitators on various different diameters such as fresh solvent make-up, manganese dioxide, lime, milk of lime packages, and flocculant storage mixers being provided by the company have ratings 100kW.

A mineral sales to hit R10 000m by 1987

Africa's mineral production in the early eighties — at 1977 prices and not for inflation — will reach the R10 000-million mark by 1987, according to estimates from the Minerals Bureau of the Department of Mineral and Energy Affairs.

At a cost of roughly R150 000 to open each, well over a thousand million rands has been invested in eight major new mines. These include Elandrand, Deekraal and Unicef (gold), Besa (the first primarily uranium producer), Kriel, Kleinokpe and Rietvlei, and SA's large reserves and efficiency as a producer will, other things being

equal and notwithstanding the West's casting around for alternative sources of "critical" minerals, probably ensure SA's competitive position as a world supplier.

Although gold will remain the largest single contributor to total sales its percentage contribution is expected to drop from its current 51% mark to about 36% in 1987, says the Minerals Bureau.

coal are expected to provide a larger slice of the cake with coal bringing in more than 23% of total mineral revenue by the late 1980s compared to its present 17%.

The platinum group metals, uranium, diamonds and gold will together continue to reap about 70% of total revenue — the remainder being accounted for by base metals and processed minerals, yielding in the region of R3 300-million towards the late eighties.

Major contributions to growth are expected from sales of iron ore, chrome, copper, manganese ore and lead.

The Minerals Bureau also forecasts a bigger contribution from sales of processed mineral products, like ferrochrome, ferromanganese, electrolytic manganese, phosphoric acid and titanium slag, which in 1977 accounted for just over R1 748-million.

Computer boom for geologists

LISED computer mining programs will help South Africa's mining industry with everything from verifying data from drill-hole information to photographs the computer system data bases to aid management in data exploration to mine design and fit forecasting, says the company.

Programmes are marketed worldwide and are used in SA by Messinal, General Mining and Esso Mining, the Cybernet service bureau in the Cape. The system provides access to the customer's own desktop terminal.

hem, Floating cone, Mineval and Mercades. The Uranium/Poligon system produces a three dimensional mathematical model of a uranium deposit in graphic mode as an aid to evaluating the potential of a mining property.

Usually found in erratic deposits, uranium exploration requires many drillholes. Thus a vast amount of data must be compiled and evaluated before considering production.

The system is divided into five subsystems, from data preparation and display to deposit model construction, mine design and economic analysis.

The floating cone open-pit system is aimed at solving the problem of economic pit limits. It formulates a three-dimensional block model of the property using drill-hole data to form a data base. From various combinations of the ore blocks it can roughly define optimum pit limits.

Mercades is a "multi-seam coal deposit evaluation system". It stores, logs and edits drillhole data to produce detailed reports of excavations in a comprehensive and easily handled form.

Mineval (mineral evaluation system) modular programmes provide detailed analyses for evaluating thickly layered deposits of minerals such as copper, molybdenum, uranium, iron, gold, asbestos or limestone.

divent of the computer-driven plotter. The 1970's enabled automated mine or open pits by enabling the mining engineer to see his work graphically. He had conceived it.

Meanwhile, the computer produces curve figures corresponding to the being drafted on the plotter. Today, Data, programmes develop optimal production schedules are used, and the mining engineer will

When you're 2km under the earth's crust, you need all the help you can get



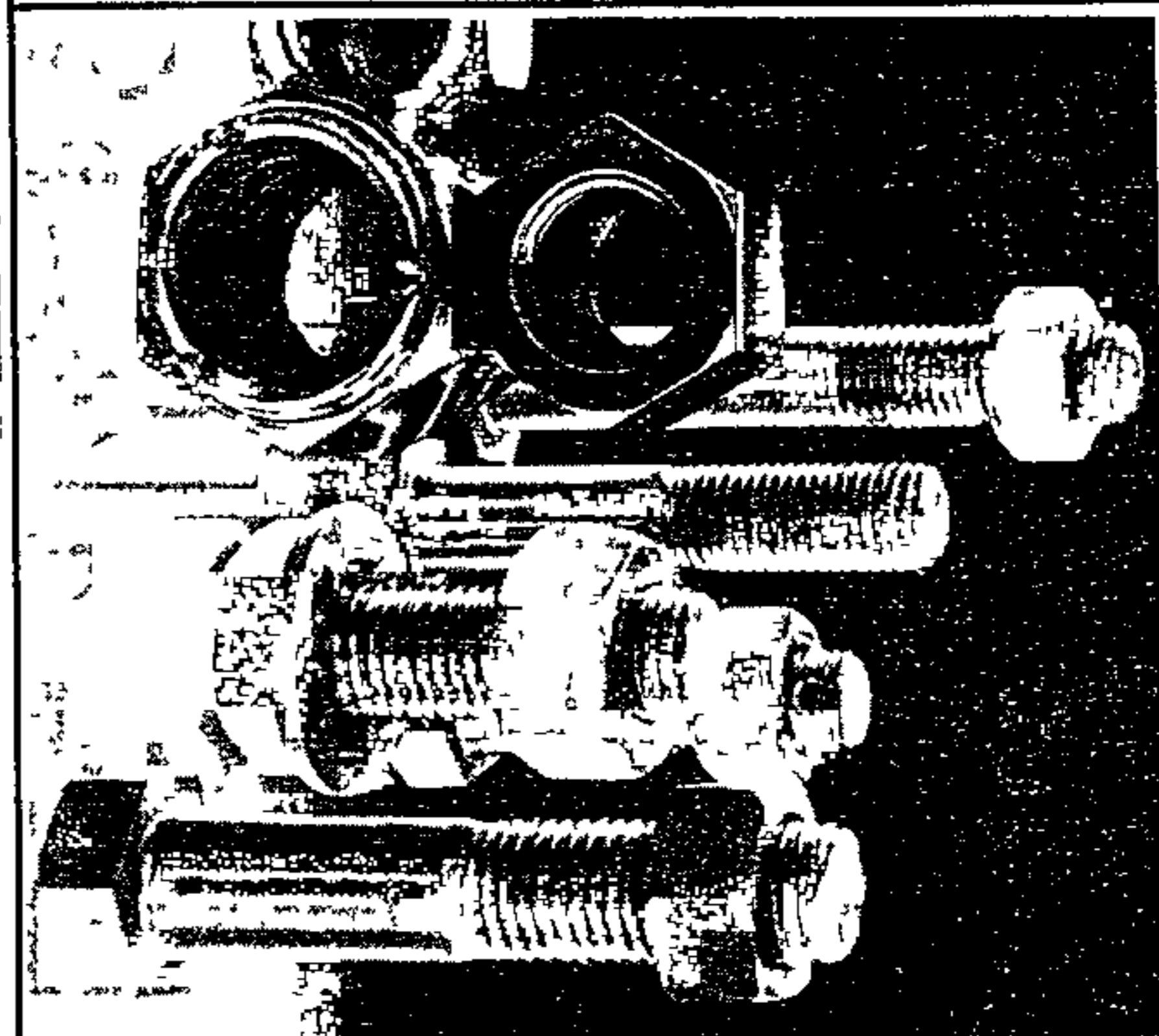
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BP is also involved in developing an mining South Africa's coal wealth. To help make this country more self-sufficient.




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Mines gears up to meet coal demand

coal rights currently not being mined but which it is constantly reviewing with the view to exploitation

The biggest aspect of the Rand Mines group's current operations are two new open cast coal mines — Riet spruit and Duvha — which are being developed in the Witbank area of the Transvaal at a total cost of some R448 million.

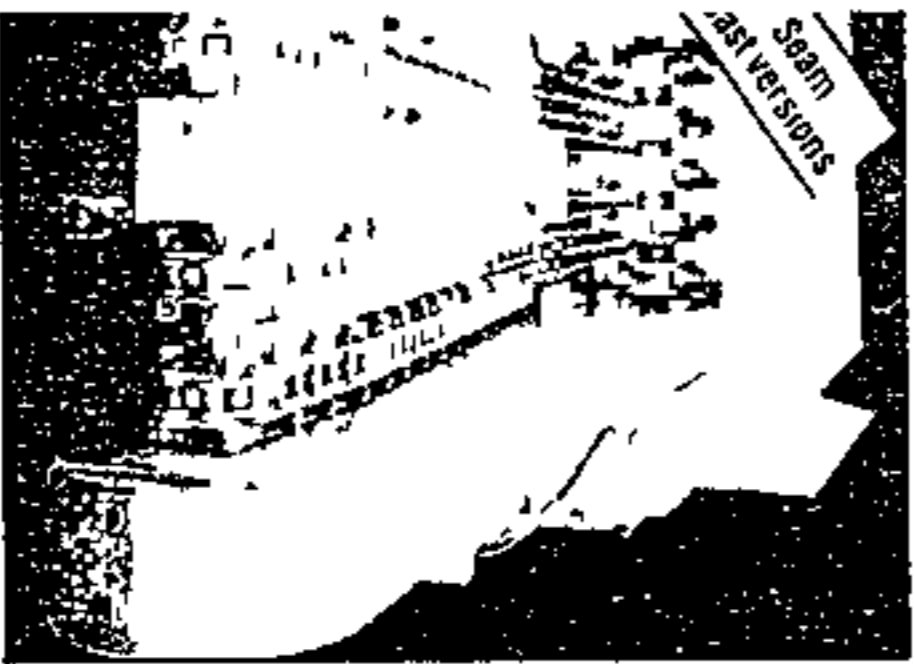
Riet spruit was officially opened by former Barlow Rand chairman the late CS

Barlow, earlier this year. A joint venture between TCL and Shell Coal, the mine will produce some 5 million tons of export coal a year for the first 20 years of its life which all current money values, will earn South Africa R2 000 million in foreign exchange.

Riet spruit is designed for some of the biggest mechanical equipment in use in South Africa's coal industry, including three 157/OW Bucyrus Erie draglines, a virtual carbon copy of the Riet spruit mine, Duvha will also use three Bucyrus Erie draglines.

Highest, longest lasting Breaker in the world... BUFFALO

PER BREAKER



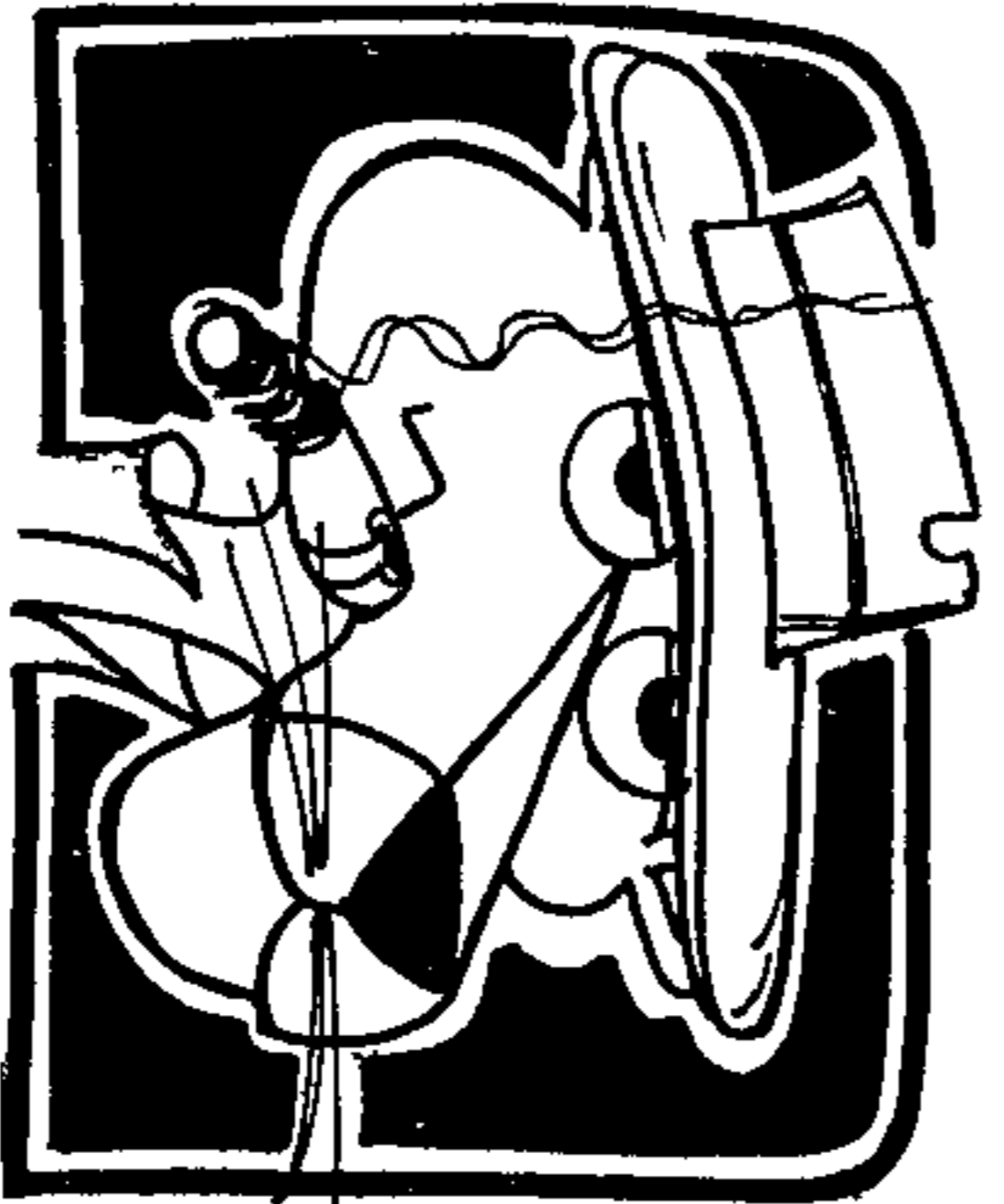
Heavy Duty Track Mounted Feeder assigned and built Digger and stronger rugged local coal mining conditions. It's breaking and processing even the toughest material such as cal track rollers, and it's built to last. The Buffalo Breaker is built to last. The Buffalo Breaker is built to last. The Buffalo Breaker is built to last.

McCarty

When completed, the Duvha Power Station will embrace 600 MW generating sets the first of which is due to be commissioned in September, this year. The station is expected to use some 1.5-million tons of coal per set per year, rising to a total of about 9-million tons a year at the installation of the final set.

The Power Station is situated some 3 km from the mine, from where the coal will be fed to it by overland conveyor.

The Duvha mine is being developed with the help of Escorn funding.



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STEIN HALL WILL GET THE WANTED MINERAL

STEIN-HALL

Chamber of Mines' research laboratory pays dividends

New techniques spell survival

WITH the biggest private research laboratory in the southern hemisphere under its wing, the Chamber of Mines is half way through a 10 year, R150-million research programme aimed at developing new techniques and equipment for more efficient mining.

This is important to ensure the economic survival of an industry whose biggest threat is escalation of costs says the Chamber of which nearly all South Africa's mining houses are members.

Here are some examples of the financial pay off due to the CM's research effort:

- The use of new chilled water techniques to cool deep-level mines is expected to save the industry R38-million a year.
- A low-profile conveyor is being developed for the efficient removal of rock from the slope face. The conveyor is designed for the narrow slope widths encountered in most SA gold mines and improves labour productivity.
- An impact ripping machine has been developed after CM researchers found that rock breaking by impacting was feasible, despite the extreme hardness of the rock.
- The impact ripper could go a long way to replacing mining by blasting with explosives which is wasteful and inefficient.
- Whether productivity required to justify the cost of the machine would be achieved however is doubtful. Although prototype underground trials have begun, it will be a few years before production trials begin says the Chamber.
- Rock will be crushed milled and floated under ground and the flotation concentrate pumped to the surface for final treatment once a new gold concentration process is fully developed by CM researchers.
- Mass transported to the surface will then be reduced

As gold mines go deeper rock temperatures increase by about 10 degrees C for every 1 000 meters, which detracts from productivity and increases the dangers from heatstroke.

Until now difficult and costly to distribute refrigerant work face temperatures more bearable.

The new technique a major breakthrough achieved by a team under Dr Austin Whiller uses chilled service water which is cheaper to distribute at the same refrigeration cost.

Rapid yielding hydraulic props have been developed which are tough enough to withstand conditions in SA gold mines.

It is estimated that they will save the industry more than R20-million a year.

The CM launched a campaign to encourage and assist the mines to introduce these underground support props and today about 150 000 are in use.

Improved safety (from rockburst) production and better control of stopping widths resulting in more precise mining of the ore-bearing reef are its advantages.

The first practical two-way underground radio transmitter which operates on a low frequency thus allowing greater penetration through the rock.

Its range is about 0.5 km or up to seven kilometers where cables are present.

A portable gold analyser which improves accuracy and reduces the time taken in valuing the gold content of the reef.

The Chamber of Mines Research Department has also established a Human Resources Laboratory in order to help the industry make better management decisions.

It is designed to help mine managers head off disputes of the kind (presumably) experienced at Randstrand where black miners went on strike

on the eve of the mine's official opening earlier this year.

Nearly three-quarters of a million people work for the mines in SA and the laboratory is used to assess possible consequences of management decisions on labour.

The Laboratory studies the behavioural patterns of labour movement and applies sound psychological principles in the selection and placement of labour which is drawn from people of differing backgrounds.

About 18 000 men are put through specifically designed tests by the mines each month at more than 30 testing centres monitored by the HRL.

It also does work on aptitudes and career guidance among university students

An arch support system you can afford

The well known double web profile arch support system is now available from Haley a wholly owned South African company. Haley's system has all the benefits and safety factors which you're used to but at a cost that will suit your budget. The system has many improvements over the old systems. It's easy to install, it's recoverable, versatile and the profiles are interchangeable. Haley's system is already being used by many of the major mining houses. For more information contact:

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By Michael Chester,
Financial Editor

The Chamber of Mines today resumed its presence on the Government to reduce the special taxes clamped on the gold mines and to spread capital allowance provisions to all mines instead of restricting them to only a limited number.

Mr P A von Wielligh, outgoing president, told the annual meeting of the Chamber in Johannesburg that the major beneficiary from increased profits in terms of the gold-mine formula tax system was the State.

Estimated taxation from the State's share of profits nearly doubled last year, bounding from R477 4m to R937.3m

"The world outside the mining industry, including even the Treasury, appears to judge the mining industry by the few parts of it which have "struck it rich" and which do not require

Chamber urges Govt to ease taxes on mines

fiscal encouragement to stay in business.

"Nor is it sufficiently appreciated that gold that is left unmined because it is uneconomic to mine is likely to be lost for all time due to changes in the economic factors of mining," he warned.

Mr von Wielligh said the sustained development of gold mining required the exploitation of deposits of varying grades and argued that fiscal assistance was essential.

The State assistance scheme for marginal

gold mines provided an example where the provision of either tax relief or direct financial assistance from the State had reaped benefits far beyond what was paid in aid.

"The scheme has kept in operation mines which would otherwise have had to shut down and has appreciably prolonged the lives of others with considerable financial gains to the nation as a whole."

In all, since the introduction of the scheme in 1968, mines

had received assistance amounting to R179,4m. In turn, they had produced nearly 1 000 tons of gold valued at more than R2 068m — as well as provided a large number of jobs

RATIOS

Mr von Wielligh also called on the Government to revise the whole company tax structure and cut the ratios which compel financial institutions to plough vast amounts of their funds into public sector securities

Mr Dennis Etheredge (58), an executive director of Anglo American, was today elected new president of the Chamber of Mines.

"With the need for faster economic growth in the years ahead, it is vital that scarce capital resources be used to the optimum extent," he said.

"The private sector, where viable returns on capital are required, is best equipped to mobilise capital resources to the national advantage."

The solution was in lower prescribed investment ratios and revisions to company tax to leave a bigger share of earnings for reinvestment

MINING OUTPUT

Good as gold

(210) Thu 29/6/79

Forecasts that 1979 would be a record year for SA mineral exports seem spot on Total sales, including gold, are expected to bring in R8 600m this year (1978 R6 875m), roughly 90% of this from export sales Non-gold earnings could be about a quarter up on last year's R1 940m

Mining companies notched up record profits in the first quarter of 1979 Department of Statistics estimates show total net profits of R860m up 55% on the same period last year and 30% up on October-December 1978

This surge in export values is not accounted for solely by higher prices Mining output in February was 7.5% higher than in February 1978, and it seems this trend will continue for some months Gold output, for instance, is expected to be up 3% on 1978

A round-up of other major minerals

● In volume terms iron ore has been the best performer, with output up 35% on February last year Most of this increase is accounted for by firmer export demand Iscor has stepped up production at Sishen to meet its export target of roughly 13 Mt this year The corporation is ultimately aiming at 15 Mt a year, 2 Mt below the carrying capacity of the Sishen-Saldanha link

● Manganese ore output will also top last year's 4.2 Mt, though prices are expected to stagnate Producers have been eating into stocks for about a year

Anglo American's Middleplaats mine, to be officially opened in August, is expected to reach 200 000 t this year and 1 Mt is projected for 1980

● Coal output this year will be about 7 Mt up on the 90 Mt produced in 1978 Nearly all of the increase is earmarked for export By the end of May, 54.5 Mt had been mined, 3.5 Mt up on the same period last year Chamber of Mines' president Philip von Wielligh says that exports through Richards Bay last month were at a rate of 20 Mt a year, up from an annual rate of 12 Mt in May 1978

● De Beers reports that prospects for increased diamond production are "fairly good this year" SA's production last quarter rose 28% over January-March 1978 to 2.1m carats International demand is reportedly weakening though De Beers ex-

pects an upturn in September

● Rising uranium output (1978 - 4 531 t) has helped push up production of what the Department of Statistics calls "miscellaneous minerals" JCI's Randfontein mine, for instance, is now operating in top gear and is aiming at uranium production of somewhere between last year's 100 t and its capacity of 800 t Speculation is that 500 t will be reached this year The outlook for SA uranium exports is good, according to the Chamber of Mines' Von Wielligh "There seems little doubt that the industry's long standing reputation for reliability will ensure that we maintain a substantial share of the market"

● Platinum producers have benefited from better markets and higher producer prices (currently \$350/oz) in recent months Von Wielligh reports that "former cut-bucks in production have been restored" and that production will be expanded "to meet expected demand"

● Richards Bay Minerals has stepped up the mining of beach sands, especially titanium slag and high quality pig iron The firm refuses to give estimates of

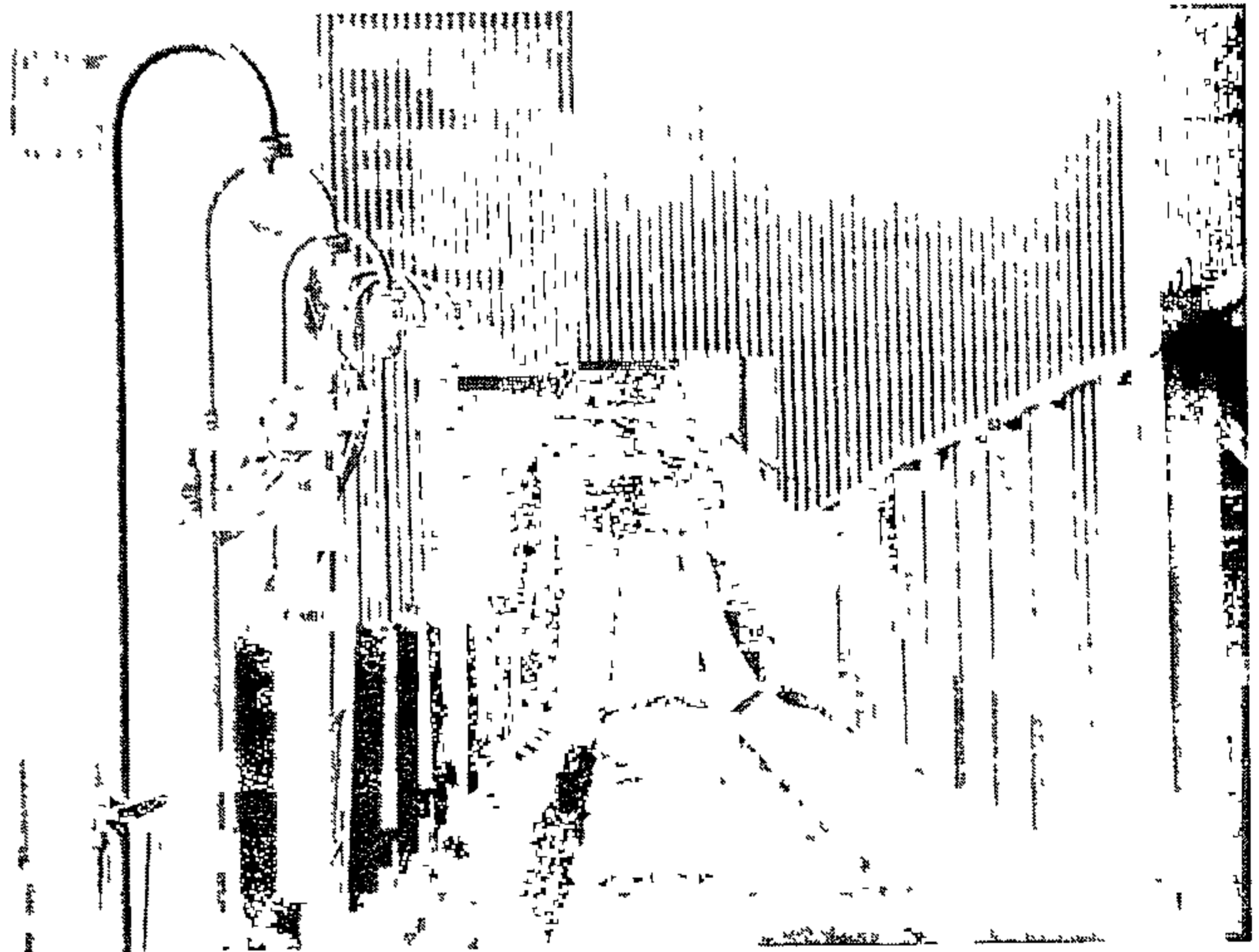
export earnings this year, though the venture will reach full capacity soon

● One under performer has been asbestos. First quarter production was roughly 9% down on January-March 1978 General Mining's Wally Walters explains that asbestos output in the first quarter of 1978 was very high, as new plant came on-line to fill a backlog of orders received during the second half of 1977 Nonetheless, he expects production this year to be higher than in 1978

● Chrome output is expected to remain the same as last year, around 3 Mt Though, some mines are not working at capacity, stocks rose last year and these may be used to meet any increased demand

● First quarter production of copper was roughly 49 000 t, down 4.7% on January-March 1978 This was due to technical problems at Phalaborwa which have since been solved

Other mines have not slowed production but will probably not increase output much this year The major concern among producers is the volatile market



Iron ore for export . . gearing up to 15 Mt

R40 000 PAYOFF TO TRUCK CLAIMS

steal the poor taxpayers' money... The government has to be very... critical in selecting its staff and... means that everybody must be... secreted and there should be no... As Mr Mda was addressing the... house the cabinet and ruling party... members sat very still and...

Prime Minister Chief George M... lazarina who delivered the for... eign Affairs and Information... He attacked the government... and warned that the government... should involve the bank ac... counts of some of the top Trans... kei diplomats who are allied... to have opened lucrative bank... accounts in foreign countries... Mr Mda said the government... was duped into believing that after... the money was paid to the foreign...

But all said and done... Foreign Affairs tied to the gov... ernment and expected out an... amount of R4000 which he said... attend and then influence his coun... try to recognize Trans-kei... We saw that there was no... diplomatic front any country. This... was just a lie and as a result we... achieved no recognition. We can... not afford to have Eschelikhooles... in our government service," Mr... Mda said... Mr Mda was addressing the... National Assembly during the...

APTR returning from an over... seas trip, a top government offi... cial in the Foreign Ministry of... Foreign Affairs tied to the gov... ernment and expected out an... amount of R4000 which he said... would be paid to a foreign diplo... mat for Transkei's recognition... This allegation was made by... the deputy leader of the opposit... ion, Mr Caledon Mda, in the... House of Assembly in Umhata... this week. He said after this... "trick" by the government official... Transkei then decided to go into... celebrating its second (independen-

Mines switch to electricity

Sun. Express

17/79

210

THE mines are moving off diesel locomotives to electric vehicles — to such an extent that manufacturers of electrical locos are now fully committed for two years

The fuel crisis has accelerated a decision taken about five or six years ago.

The mining industry's move to electric traction underground was motivated by the supreme efficiency of electric locos, and the comparative lack of noise.

Once a haul is finished, there is no waste of energy in enforced idling until the next haul starts.

And there is no pollution of the ventilating air with diesel fumes.

The mining industry has taken a hard look at its dependence on oil and the cost of transport generally

The industry, as the retiring president of the Chamber of Mines, Philip von Wielligh noted this week, has electricity from coal as its main power source.

It consumes, new huge opencast pits notwithstanding, only 4% of the oil available to South Africa.

Operating and maintenance costs have been spectacularly reduced by using battery driven locomotives

and load-haul dump trucks underground.

The switch to electricity has been gradual, and has been pursued by all the major mining houses

The recent 38% increase in fuel prices has greatly motivated both the leaders and the laggards, and the manufacture of electrically propelled locos and other equipment is fully committed for the next two years.

Another significant fuel-saving measure that major opencast operators are considering is the extension of conveyor belts right to the heart of massive tonnages of openpit operations.

And, where practicable, this would cut the operation of diesel-driven load-haul dumptrucks to a minimum, perhaps even eliminate them.

Star 12/7/79

Uranium resources can make up coal shortfall

Own Correspondent

BLOEMFONTEIN — South Africa has sufficient coal and uranium resources to meet its energy needs for a considerable time — providing that the amount of fuel used for transport can be adequately reduced

Dr J W L de Villiers, chairman of the Atomic Energy Board, said this at the annual conference of the South African Institute of Physics in Bloemfontein on Tuesday, when he stressed the urgent need to find alternative means of propelling vehicles

Dr de Villiers said that even though only about 25 percent of South Africa's energy requirements had to be provided from overseas resources — namely pet-

roleum imports — it was essential that the country's own energy resources be utilised in the most efficient way

The increased manufacture of liquid fuel from coal and the use of nuclear power to supplement use of coal for electricity generation were aimed at putting the country's energy planning on a sound basis

RELIANCE

Dr de Villiers quoted figures to show South Africa's reliance on coal as its main energy resource. For electricity generation alone, coal provided 98.3 percent of the fuel requirements, while hydropower controlled 0.44 percent and petroleum 1.23 percent

Sasol 2 and its extensions would accentuate

the country's reliance on coal as its main energy resource and at the same time reduce its reliance on imported petroleum

MAXIMUM

"It can be estimated that coal production in South Africa will not be able to keep up with demand by the year 2000 and will reach a maximum well below demand by the year 2030," Dr de Villiers said

Therefore the country's uranium resources should be utilised to make up for the shortfall in its coal requirements.

He said nuclear power would probably be utilised in areas far from the coal fields, such as the Western Cape and perhaps, if coal prices rose, also in the Eastern Cape coastal areas and in Natal.

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VENDA'S MINERALS
Them there ills
FM 13/7/79

The Venda homeland will have independence thrust upon it on September 13. But there will be precious little to help it in the way of mineral wealth.

Preliminary indications show that the territory's coal fields, stretching from its east to west boundaries, may contain more than 140 Mt of coking coal. Iscor is to develop the field for blending with Grootegeluk blast furnace coal, but won't comment at this stage on the viability or suitability of the site, other than to say first reports indicate "good quality".

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Enter the fold

However, lack of infrastructure limits travel over much of the region to dry weather conditions, and it could be five to 10 years before adequate rail lines are constructed to the eastern part of the field, which borders on Kruger Park. Iscor is far more likely to develop the coal deposits in the west of Venda.

Mining conditions in the east of the territory are difficult, and much of the coal seam in that area is broken by geological faults. In the west, on the other hand, coal may be mined by the open-pit method.

The mineral that occurs most widely is copper, but as yet there have been no attempts to mine it on a large scale, and there are no small mines operating at present. Earlier prospecting has provided few signs that the occurrences are economically viable, although some mining houses are apparently prospecting for more meaningful deposits.

Nickel, likewise, has not been uncovered in any significant quantity although, as one mining engineer puts it, "some of the world's biggest discoveries, including some of the big Rhodesian mines, started off being surrounded by just as much scepticism".

At present, only graphite and magnesite are mined commercially in Venda, and these only in minimal quantities. The Malonga mine, for instance, produced 239 t of graphite in 1977, representing the sum total of Venda's graphite production. Of this, 112 t was sold to Railways for R2 016, and the remainder was taken up by various foundries. Ore reserves at the mine are estimated at about 9 000 t.

Magnesite reserves are put somewhat higher at over 270 000 t. The mineral is used in refractory operations but is low priced, selling at around R30-R35/t in its raw state, and at between R130-R250/t in its calcined state.

Phosphate could provide useful revenue if the world market improves, but at present problems of grade, tonnage and infrastructure prevent the 36 Mt deposit from being economically viable. Mining houses are still prospecting, however, and reserves are being reassessed.

According to the latest available statistics, Venda's minerals netted only R522 482 in 1976/77. Hardly the stuff on which viable independent economies are founded.

THE PLUNGEHEAD ELEGIES

- The First Elegy
- The Second Elegy
- The Third Elegy
- The Fourth Elegy
- The Fifth Elegy
- The Sixth Elegy
- The Seventh Elegy
- The Eighth Elegy
- The Ninth Elegy
- The Tenth Elegy

- The Happy Faces Law Amendment
- A morning day and a sun day
- School poem 1
- School poem 2
- Portrait of a middle-aged poet conceivable
- South African Banalities
- Prayer to the great Baas

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ADDRESS.....
 (SRC Stamp)

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 Signature

General Mining getting into gear?

Star 27/8/79
(210)

By Pieter de Vos

There is growing speculation that General Mining has been given the go-ahead for the manufacture of gearboxes for heavy vehicles at Atlantis in the Cape in conjunction with an overseas partner

General Mining does not deny negotiations are in progress, but does not want to comment at this stage

The announcement

must come from "higher sources," a spokesman says

The project will cost about R30m, it is being said

This is only part of the spin-off of the R300m project of the Industrial Development Corporation to build diesel engines at Atlantis. Annual production will run eventually to about 50 000 engines. Production should start in June 1981

The Industrial Development Corporation will create 1 600 jobs, and the other industries starting up as a result of its project another 2 000

Another 14 industries will spring up to supplement the IDC's project and will represent a total investment of about R100m.

This year's outlook for the foundry division as far as the local market goes is not very promising

but the company's endeavours to enter the export market has already met with a measure of success

The engineering division improved its turnover between 1977 and 1978, but net income before tax fell R1,1m to R16,1m and the aggregate net income after tax R1m from R10,9m to R9,9m

The fall-off in demand from SAR for locomotives and passenger coaches will affect profits in the future, but satisfactory results are expected for 1979. Unionmod Buildings, manufacturer of modular buildings, is likely to just break even as its order book remains at a low level

The Sandock-Austral Group, involved in shipbuilding, ship repairs, cutting of high quality gears, precision engineering and armaments, has a satisfactory workload, but unutilised capacity exists in certain sectors.

Pollak
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H. van Rooyen
ers
A.H. Wilson

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Friends (Quakers) en van die American Friends Service Committee deurgelyng. Hy het 'n aantal konferensies in verskillende dele van die land bygewoon, bare vergaderings toegesprek en senior beamptes van die Carnegie Corporation, van Community Relations Services van die Departement van Justisie van die Amerikaanse regering, van die American Friends Service Committee en kollegas verbode aan verskeie universiteite besoek

Gedurende Augustus en September het die Direkteur Engeland, Nederland, Switserland, Swede, Israel en Zambie besoek. Hy het vooraanstaande joernaliste, Suid-Afrikaanse diplomaate, senior amptenare van die Suid-Afrika-Stigting en verskeie regerings betrokke by Suid-Afrikaanse belange ontmoet. Hy het besprekings gevoer met stigtings, trusts en opvoedkundige verenigings. As gevolg van sy besoek aan Nederland het hy 'n toelae vir die Konstruktiewe Program ontvang van die Algemeen Diaakonaal Bureau van die Gereformeerde Kerken in Holland.

Professor J.L. Boshoff, ere-Fellow van die Konstruktiewe Program, het met 'n aantal instansies, wat universiteite in Natal en Transvaal insluit, en met verskeie handels- en industriële firmas in Natal, kontak opgebou.

(b) Konferensies

Gedurende 1978 het die Direkteur die volgende konferensies bygewoon

Jaarlikse Konferensie, Nasionale Uitvoerende Komitee- en Raadsvergadering van die Suid-Afrikaanse Instituut vir Rasseverhoudinge, Kaapstad (Januarie)

Suid-Afrikaanse Jaarlikse Vergadering van die Religious Society of Friends, Stutterheim (April).

Negende Wêreldkongres van Sosiologie, Uppsala, Swede. Verhandeling voorgelê in Werkgroep 6 en vergaderings bygewoon van die Raad van die Internasionale Sosio-logiese Vereniging as die amptelike afgevaardigde van Suid-Afrika (Augustus).

(210) 18/10/79
N.M.

Gemmin mines have varying results

JOHANNESBURG — General Mining's three gold mines have reported widely differing results for the quarter ended 30 September, Stillfontein showing a good jump in income, Buffelsfontein virtually unchanged and West Rand Consolidated a bigger loss.

Stillfontein's income after taxation and State's share was R5 707 000, compared with R4 278 000 in the June quarter.

Ore milled totalled 510 000 tons, compared with 515 000. Yield was 8,36 grams per ton (8,06) and the price received was 304 dollars per ounce (256)

The higher recovery grade was "mainly attributable to increased mining in the higher grade HB 20 area and increased ramping done in certain of the cross cuts"

Income rises

Buffelsfontein's income after taxation and State's share was R13,764 million, compared with R13,712 million in the June quarter.

Ore milled totalled 784 000 tons (773 000), Yield was 8,18 grams per ton (8,49) and the price received was 308 dollars per ounce (258)

Income from gold was R22,980 million (R17,793 million) and from uranium R3 939 000 (R2 699 000). Income before taxation and State's share was R25,045 million (R19,801 million). Taxation and State's share took R11,281 million (R6,089 000)

West Rand Cons

West Rand Consolidated milled 141 000 tons (142 500). Yield was 2,97 grams per ton (3,48) and the price received was 300 dollars per ounce (256)

Gold showed a loss of R7 158 000 (loss of R6 092 000) but uranium income was R5 333 000 (R4 247 000). State aid was R1 510 000 (R1 568 000), giving a net loss of R486 000 compared with a net loss of R449 000 in the June quarter. — (Sapa.)

division will have to be more fine
cisions can be. 10
ly may be valuable in themselves, although
essarily ensure that better decisions will
alised only if there follows an assessment
ach programme

a simple procedure for looking at costs,
largely to intuition, to highly complicated
less clear-cut solutions. For these more
the judgements have to be made explicitly
spectrum between these two extremes are

ing. This is partly due to a deficiency in information on the results of
the programmes which can be resolved by recourse to appropriate data.
Nevertheless, there will also be differences of judgement which cannot
be resolved without prior agreement on the relative valuation of different
benefits which have to be fed into the analysis; and in the intuitive
process, these two factors may not be differentiated.

A very large proportion of decisions are now taken with no further analysis
than this. Any further steps involve a way of systematically valuing the
benefits of different programmes to render them comparable to one another.

2.4 An Informal Method for Setting Objectives

The following method for guiding the choice of priorities has been
described by John Bryant. 12 It has been used by medical and nursing
students in Thailand, and one of its advantages is that it can be used
where no numerical data is available. It, therefore, lends itself to
discussion, to draw on the experience of a group of people.

analysis of expenditure under each programme to be, a process which cost-benefit
analysis seeks to formalise (see below). For example, if it can be shown
that expenditure on preventive medicine constitutes approximately 2% of all
expenditure on health, 11 it may be felt that the benefits from this kind
of provision warrant an increase in the share of the budget allocated to it.

Unfortunately, such intuitive processes can pick out only the grossest in-
congruities which are recognised by all, whatever criteria of 'value' are
used. The optimum level of expenditure on a particular objective is,
from the point of view of intuitive judgement, highly uncertain, because of
the wide variation in benefits attributable to a particular type of spend-

Spaced families	+++	++	+++	96
Inadequate ante-natal & obstetric care	+++	++	+++	48
Malnutrition	+++	++	+++	36
Need for medical care	++	++	+++	32
Specific diseases:				
V.D.	++	++	++	16
Dental problems	+++	+	++	16
TB	+++	+++	+++	54
Common cold*	+++	+	+	0
Yaws*	-	++	+++	0
*Added to test scoring method				

	W		A		M
	M	F	M	F	
0-1	0,17	0,13	0,00	0,21	0,1
1-4	0,03	0,07	0,07	0,00	0,1
5-24	0,09	0,05	0,07	0,05	0,1
25-44	0,26	0,33	0,21	0,26	0,1
45-64	3,01	2,58	1,47	2,19	5
65+	<u>12,24</u>	<u>7,26</u>	4,70	<u>5,18</u>	12

UNION CORPORATION

Raising cover ⁽²¹⁰⁾ pm 31/8/79

This year's performances by gold and platinum have taken some of the spotlight off Union Corp's industrial and other interests. But on the basis of the group's interim results all cylinders are firing with an unchanged proportional contribution from all divisions at the attributable level.

With a change in Impala's dividend timing, the full effect of the first-half's platinum price advance to \$350 was not felt and the contribution from this source

867

25-44	0,02	0,02	0,08	0,08	0,28	0,28	1,04	1,44
45-64	0,09	0,12	0,39	0,88	0,81	1,28	1,04	1,44
65+	0,39	0,59	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,28	0,26	0,22	0,33
NO.	114	173	43	63	316	307	455	530

declined. However, with platinum production slated to rise to 870 000 oz this year coupled with last week's \$30 producer price hike to \$380, the current half should see a major contribution improvement from this source. Meantime, the full effects of gold's current run-up have yet to be felt.

Thus though the first-half earnings mix was substantially the same as last year and the industrial interests, particularly Kohler, are all slated to improve performance, it seems almost inevitable that with finals due from gold investments and Impala's growth prospects the proportional contributions from gold and platinum will increase solidly this half.

On this basis, the board's prediction that second-half earnings will approximate those of the first half is ultra-conservative.

Even so, management seems to be adopting a marginally less generous attitude towards dividend payouts. On first-half earnings of 63c (40c) a 3,3 times (2,6) interim is being paid covered 19c (15c) interim is being paid Last year from total earnings of 102c dividends totalling 47c covered 2,2 times were distributed. The pattern of lower cover on the final dividend should be maintained. But with capex at Beisa fast building up and the house presumably wanting to delay as far as possible any detailed announcement on reserves etc, necessary before funds can be raised from the public, there is every incentive to increase retentions.

Further mine developments in the OFS cannot be ruled out. Union Corp's original

Financial Mail August 31 1979

	B	
	M	F
04	29,36	27,05
48	3,56	3,42
21	0,20	0,22
78	0,36	0,45
37	2,15	1,27
78	<u>5,45</u>	2,93
69	1,66	1,61
146	3472	2593

drilling programme covered an area far wider than that incorporated into Beisa and it is still tying up residual mineral rights in the area. Once that exercise is complete, public participation in Beisa should not be far behind.

As Unisel showed, the group is not scared to gear up new mine developments, while the last consolidated accounts showed debt redemption liabilities of only about R12m this year. So what investors are seeing is a situation of growing and adequate cash flow for all conceivable near-term developments.

Following the improved interim, a 40c final is well within reach putting the share on a prospective 6,2% yield at its current 950c and 15% discount to end-June nav.

Jim Jones

TABLE I
MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)
(Note: There are no tables for divisions V, XI, XII, XIII because of the small numbers in each of these categories).

INFECTIVE AND PARASITIC DISEASES

(210) FM 31/8/79

NORTHAM

Shaping a new Eldorado

Northam (White pop 300) is a north-western Transvaal dorp which many people haven't even heard of. But, in a few years, it could be a bustling young town, potentially the centre of a new Witwatersrand

A new company, in which two banks have an interest, is betting millions that the development of the fabled Merensky Reef is going to turn Northam into a boom town. It has bought a 600 ha development tract in and alongside the village and now awaits the fireworks. Peri Urban has given the nod to a master-plan for the scheme, including housing for 20 000 whites, 100 ha of industries and a CBD.

Overkill? Prime-mover Fanie Haacke (of Lanseria fame) certainly doesn't think so. Potential customers are already jostling to get in on the ground floor. Like the OK, the Fraser group, Genmin (for a mining equipment subsidiary) and Trek Feelers are also coming from smaller traders and a milling group. A quoted furniture chain is talking 2 000 m² of retail space.

Why the sudden interest? The mining house plans have had most to do with it. But then Iscor, with its iron mining at Thabazimbi and coal at Ellisras to the north, has also played a large part in the thinking. Not only is production being stepped up, but the SAR is due to complete the rail link from Thabazimbi to Ellisras in 1981. This traffic, the thinking goes, could also give Northam an industrial fillip.

Mining the key

It's the mines, though, that will make or break the Northam dream.

- JCI's Amandelbult platinum development is nearly 20 km to the north, but the consortium is confident that the major benefits will come their way. The mine is now only a third developed but, in a couple of years, it will employ 1 000 white and 18 000 black miners at full capacity. JCI want the staff to live in but Planning is reluctant to allow it. If the houses have to be built elsewhere, Haacke is convinced that Northam will be chosen ahead of chief rival Thabazimbi. A decision on the housing is expected soon from Minister De Klerk.

- Union Section, another JCI mine, is fully developed to the west with 900 white and 17 000 black employees. But the word is that Johnnies may hand the housing to senior black workers and move the whites elsewhere — again Northam would be a good bet.

- Barlow Rand's Transvaal Consolidated

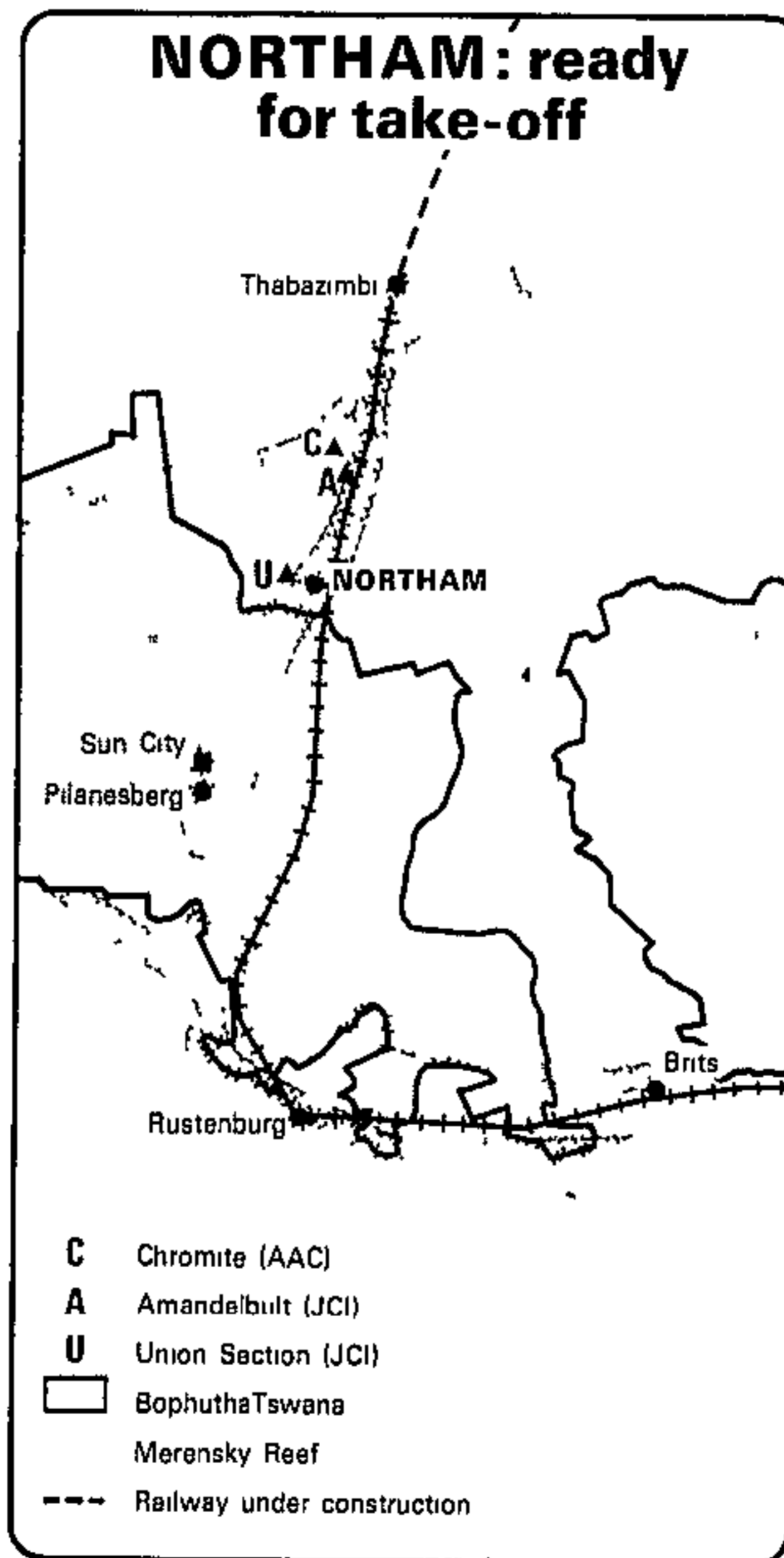
Lands (TCL) offers further intriguing possibilities. TCL literally surrounds the village on the south, east and west. And it intends to use the ground for mining rather than housing. It has told Peri Urban that its farm Wildebeeslaagte in the south and Koedoesdoorns in the west are vanadium-bearing. Wildebeeslaagte is underlain at depth by platinum. "Because of the favourable location of this ore body near the railway line, it will certainly be exploited in the future and before other

years

Haacke argues with some justification that the developer who has put it all together in anticipation of the demand will hit pay dirt of his own.

The first extension of the project is now awaiting Surveyor General approval and 200 unserviced stands are on offer to JCI at R2 200 apiece just to start the ball rolling. With commerce and industry also showing interest, Northam could easily become the success Haacke and his associates are hoping for.

Good medium-term profits should be there for the taking, but there is little hope of a quick kill. Property development, even in a boomtown, is no hit-and-run business. It never was.



more remotely situated deposits," TCL told the board in a letter last month.

- Other mining groups are also getting in the act. One or more companies (Anglo and Texas Gulf are favourites at this stage) are negotiating mineral rights on Kameelhoek 6 km to the north-west. Several companies already hold rights at Leeuwkopje immediately north of the town and activity is hotting up again in BophuthaTswana territory in the south-west.

The Department of Co-operation & Development is weighing in with a black township for 6 000 to 8 000 families 8 km to the south. The infrastructure budget allows for R8m in the 1980-81 financial

in 1974, the Bantu Administration and Development or its successors. The published Bantu Reference Bureau registered about 130 000 deaths. Thus, report for the selected urban areas accounts for 31 410 deaths. About 100 000 residual deaths are not categorically divided in urban or

the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a source in different proportions, by means of Linear Programming, the usually be presented in the simple

2. CHOICE OF PROGRAMMES

So far, we have discussed methods objective. But what tools are available themselves? Can anything be to be given to particular diseases more to child welfare clinics or c Overall criteria are needed, and the way that they can guide these details problem is not only to relate resources to relate the various objectives to

There are various means of doing the expenditure be accounted for by the

2.1 Programme Budgeting

Programme budgeting, also known as presentation of expenditure data as is directed. Thus, projects to correct geriatric problems, sanitation program

This is necessary:

- (a) to know the cost of pursuing
(b) to group together activities can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in such as 'salaries', 'transport', 'medicines', etc. A separation between expenditure on different disease groups or age groups

of expenditure into programmes is an art. Pole, an economist. U.K. Department of Health, writes:

structure should, in my view, be mainly determined decisions to the taking of which one wishes it to contribute. One might suggest that where decisions are primarily of political or moral judgement - of determining basic objectives - one would want the activities to be compared to different programmes - the mentally handicapped against children, but where it is a more technical question of technical objectives can best be achieved - drug therapy behavioural therapy - one would want the activities to be compared to a particular programme. This distinction is with an economic jargon of slightly older vintage - cost-benefit and cost-effectiveness, and through that in stream of neoclassical welfare economics, which attempts distinction between the choice of the composition of the outputs and the choice of the set of resources. The former is a question of tastes, values, or utilities; the latter of techniques.

UNDERGROUND HAULAGE
Going loco?

Handwritten notes: \$, 210, m 7/9/79

Things are moving underground. The trouble is, too much moves under diesel power. Several gold mine managements are pushing for replacement of diesel haulage underground with battery-powered vehicles. Motivation is not so much cost saving as the fear shared by government and mining industry alike that a physical shortage of diesel could cripple production. The mining houses themselves display a remarkable diversity of approach, ranging from enthusiasm for saving scarce fuel to hard-bitten scepticism about some of the practical problems involved in a switch. Some mines (like Anglo American's Western Deep Levels) went electric years ago for sound operating reasons. But there are fiery mines where the presence of methane excludes the use of battery-

Financial Mail September 7 1979

powered units, because flame-proofed, says Phillips, was 40% higher than the allocation they received. "Our 1980 application is considerably higher and we just haven't been allocated what we asked for. Our case reflects what's happened to others."

Anglo's Free State mines have a total of 215 battery-powered units on order, an illustration of the urgency of the programme. Rand Mines has 50 battery units on order to replace diesel, and main haulages have had "stick locos" powered by overhead cables in use for years. Even at Harmony, which is a fiery mine, there is hope of changing to batteries.

Mistrust

Although General Mining is using batteries in certain selected applications, mistrust of their current technical capabilities precludes a general replacement programme. But the group is working with suppliers to improve performance. Union Corporation, too, is only replacing diesels as they wear out, but has used batteries from the beginning at Impala and will use them at Beisa and other new mines.

Bob Robinson, GFSA's group consulting mechanical and electrical engineer, is no longer enthusiastic about a general switch as battery costs have "increased enormously," while there is a real problem with standards of maintenance underground. Anglo and GFSA in particular, feel that batteries have a shortened life underground, and some houses believe that high temperature (around 40°C) weaken performance.

But one battery manufacturer says that batteries have greater capacity at high temperatures and no greater tendency to over-discharge. Rather, the fault lies with dismally low standards of maintenance and supervision underground. "Batteries are at present subjected to every imaginable form of mishandling," says the manufacturer. Only through an improvement in this area, can electric vehicles realise their full potential for lower operating costs than diesels, to justify

... the role of the public through political

Industrials march on

By ELIZABETH ROUSE

THE industrial board of the Johannesburg Stock Exchange showed a strong undertone yesterday, offsetting a disappointing performance by gold shares.

The RDM 100 advanced to 2,567 yesterday from 2,547 on Monday. Volume continued high - 3,493,716 shares were traded at a value of R8,802,222.

Better-class industrial counters advanced in all sectors, mainly on institutional interest. Day-by-day gains have not been exciting, mostly because institutions have been reluctant to bid up stock in a tight market but the march has been steadily maintained.

Gains remain in the 5c to 10c region for the favourites but where a company reports good results rises are sharp. Abscon, for instance, rose 20c to 520c on its excellent half-year profit advance.

The market is now following a well-known pattern. If De Beers is firm the industrial board and the diamond leader yesterday of the price.

Gold shares have mixed but losses and gains were minimal. New York did not follow through overnight on the high gold price and our market

Johannesburg opened lower in line with New York.

When the financial rand eased to 88.50 US cents and it appeared that the afternoon gold fix would be higher there was renewed London and South African interest in selected golds.

There was little scrip forthcoming and the gold sector reached stalemate or consolidated in stock market terms.

Brokers reported that there was no new buying. Selling merely dried up.

Mining financials were dull in line with producers, but gains outnumbered losses and Anglo American was a firm feature.

Platinums tended to ease on profit-taking or in line with gold shares. Coppers were harder, tinns were steady, but coals were narrowly mixed. The ash stovs counters were weaker for the second day running.

De Beers was marked up 8c to 908c. Ananint appears to be heading for the R110 level rising 170c to R99. Theron came at 10c.

Reinstated John Orrs traded at 145c, up 17c on the pre-suspension price after failure of the Finansbank consortium takeover talks.

processes is essential; and the division will have to be more fine the more discriminating public decisions can be.

The results of programme budgeting may be valuable in themselves, although the mere procedure does not necessarily ensure that better decisions will be made. Their potential is realised only if there follows an assessment of the value of expenditure in each programme.

2.2 Programme Evaluation

Methods of evaluation range from simple procedures for looking at costs, where the conclusions are left largely to intuition, to highly complicated processes which present more or less clear-cut solutions. For these more precise methods, most of the value judgements have to be made explicitly in advance. Some points on the spectrum between these two extremes are analysed below.

2.3 Looking at Expenditure

Basically, one is looking for inconsistencies. It was noted that a logical axiom, basic to economics, is that a rand should yield approximately the same value in whichever programme it is spent. If the net social benefit from the marginal expenditure on one programme much exceeds that on another, one can do better by withdrawing funds from the second programme and increasing expenditure on the first. By simply looking at a breakdown of the budget between programmes, may be compared with our intuitive notions of on these things. Our judgement will depend fits of expenditure under each programme to analysis seeks to formalise (see below). That expenditure on preventive medicine cons expenditure on health, it may be felt that of provision warrant an increase in the shar

Unfortunately, such intuitive processes can congruities which are recognised by all, wha used. The optimum level of expenditure on from the point of view of intuitive judgeme the wide variation in benefits attributable

Jonathan Bader

ing. This is partly due to a deficiency in information on the results of the programmes which can be resolved by recourse to appropriate data. Nevertheless, there will also be resolved w benefits which process, these

SELMIN/WIT DEEP Gold based

210 FM 14/9/79

Activities: Investment company owned 72% by New Wits The portfolio is in golds 55%, coals (Apex) 37% and tin (Rooiberg) 8%

Chairman: A M D Gnodde

Capital structure 1.0m ordinaries of 50c

Market capitalisation: R3,6m

Financial: Year to June 30th 1979 Net cash R131 000 Current ratio 1,5 Net cash flow R424 000

Share market: Price 360c (1978-79 high, 360c, low, 140c, trading volume last quarter, 26 500 shares) Yields 11,8% on earnings, 7,5% on dividend Cover 1,6 PE ratio 8,5

Selected Mining has reported a 74% improvement in dividend income to a record R361 000 (R208 000) and a 91% net profit jump to R424 000 (R222 000), reflecting a

Financial Mail September 14 1979

A very large P than this. A benefits of dl

2.4 An Infor

The following n described by Jc students in Tha where no numeri discussion, to

Potential health one to four plu

Diagram 1. A method of ranking health problems

Problem	Prevalence	Severity	Community	Vulnerability	Total
---------	------------	----------	-----------	---------------	-------

sharedealing profit of R99 000 (R30 000) Continuing a trend which started two years ago with the sale of Star Diamonds, Selmin sold its entire holding of 30 000 De Beers, and bought more heavily into group mines, acquiring 2 500 Kloof and 20 000 Rooiberg The latter comprises nearly 8% of the portfolio But the recent softening tin price, coupled with an increase in diamond prices, makes De Beers the better looking investment

	'76	'77	'78	'79
Dividend income (R000 s)	195	163	208	361
Net profit (R000 s)	76	288	222	424
Earnings (c)	76	288	222	42,4
Dividends (c)	17	17	17	27
Net asset value (c)	233	230	318	451

The exposure to Apex (coal) might well offset the impact of a near-term gold price setback With teething problems overcome, dividend income from Apex could top R100 000 this year

A dividend of 27c (17c) on increased cover of 1,6 (1,3), puts the share on a yield of 7,5% If the gold price holds at present levels, chairman Dru Gnodde anticipates at least a maintained dividend, despite exhaustion of the tax loss arising from disposal of Star Apart from the changes noted, the portfolio has remained relatively unchanged over the past few years, and will probably remain so, though the holding of 25 000 Blyvoor could be switched to group mines

Since the year end, the gold sector's advance has added around R500 000 to the end-June R4,4m portfolio market value, and Nav is thus around 500c Selmin remains a solid investment

Wit Deep's speculative attraction lies in turning its mineral rights to account R340 000 has been earmarked this year for participation in two boreholes in conjunction with Western Ultra Deep and a further R100 000 for participation in GFSA's drilling to the south and east of East Drie

Though these expenses will restrain dividends, higher income from the 655 000 East Drie shareholding should more than compensate, pointing to an advance on last year's 21,5c payout

23/1/79 210 Mining-stores boom

THE VALUE of stores consumed by South African gold and coal mines rose by 88% in the past three years, from a total of R944,3-million in 1975 to R1 778,6-million in 1978, underlining the phenomenal growth of this booming industry and its impact on the economy.

This is revealed by 1978 statistics which have just been released by the Chamber of Mines and which include an analysis of stores consumed by member mines

Most dramatic has been the growth of demand from the coal industry which, in the past five years, has been undergoing a revival, creating a powerful demand for a wide range of equipment and services

In 1978, coal mines consumed stores valued at R358,6-million, up by 217% from the R166-million for 1975

Since the gold price reached a high of \$200 at the end of 1974, the value of stores consumed by gold mines soared by some 82%, from R778,2-million in 1975 to R1 419-million in 1978

Comparisons of the pace of growth from year to year show clearly the relationship of this demand to movements in the

A life-giving boost as demand soars by 88%

ANDREW McNULTY

reports

gold price, bearing in mind that there is normally a time lapse between gold price rises and resulting expansion of mining operations

After the 1974 gold-price rise, the metal dropped to about \$140 at the end of 1975. It slumped to just over \$100 by mid-1976 and then increased steadily to its present record levels

Stores consumed by gold mines rose by 35% to R778,2-million in 1975, by 27% to R988,7-million in 1976, by 16% to R1 419-million in 1977 then

rose by 23,7% to R1 419-million in 1978

This growth is accounted for by new gold mines coming on stream — Elandsrand, Unisel and Deelkraal — by the older, marginal mines that have been given new life by the gold price, and by other mines which have been able to expand operations, erect new plants or replace existing old plants

For example, St Helena has replaced its gold reduction plant Vaal Reefs South has opened a new uranium plant, and Harmony has combined the Harmony mine, Virginia mine and the flooded Merriespruit mine to create the world's second-biggest gold mining complex

Two of the deepest and largest mine shafts in the world have been sunk at President Steyn and Free State Geduld mines in the Free State

The amount of Portland and quicksetting cement used by gold mines between 1975 and 1978 rose from 249 519 t in 1975 to 404 011 t, rising in value from R4 978 211 to R12 773 784

Explosives

The rising cost of explosives is indicated by the fact that in 1975 gold mines used 1 788 542 t of nitroglycerine-based explosive costing R14 280 706. In 1978, they used 2 357 621 t, costing R25 770 351

The value of poles and lagging used by gold mines rose from R15 967 940 to R23 640 426, the value of timber for pack mats rose from R17 291 953 to R26 351 967, and the value of timber for chock pieces rose from R5 300 475 to R9 019 285

The work done by outside concerns has leapt ahead

For example, spending on residential buildings for blacks on gold mines increased from R18 771 972 to R40 855 948, and on coal mines from R2 615 195 to R7 919 443. Spending on mining operations in the gold sector rose from R29 413 260 to R60 887 449 and in coal, from R3 118 051 to R8 518 817

Spending on erection of plant and machinery on gold mines rose from R15 451 781 to R50 498 997 and on coal mines fell from R17 122 930 to R13 396 591

The most startling cost increase to the industry has been that of electric power. While the kilowatt hours consumed by gold mines was 22,4% higher at 15 790,2-million, the cost soared by 198,3% from R81-million to R241,6-million

Few major listed companies are wholly dependent on the mining industry, but many have a big stake and are looking for more

Among construction companies, LTA's deputy managing director Mr A A Pitt, says that while his organisation's involvement in the industry is too diverse to quantify as a percentage of turnover, any increase in mining activity is of great importance

Murray and Roberts has also diversified into mining and has been involved with various major projects — and this week surprised the market with good results

AECI's turnover on explosives rose from R124,4-million in 1977 to R145,6-million in 1978, representing 30% of the group's trading income. AECI is virtually the sole supplier of explosives to members of the Chamber of Mines

General Erection's deputy managing director, Mr H P Joubert, says his company has a turnover worth about R50-million derived from mining, representing 50% of the company's total turnover

Projects where Genrec has been involved include the gold plant extension at Free State Saaiplaas worth about R4-million, erection work at the Vaal Reefs uranium plant worth about R12-million and projects at numerous other mines

A spokesman for Haggie, the country's only manufacturer of steel ropes for use in mining, says about 30% of total turnover is derived from mining but this figure has been steady for some years as a result of increased involvement in other industrial projects

Mr H D K Weber, managing director of the export timber division of Hunt Leuchar and Hepburn, which is a major supplier of timber to the mining industry, says the company is increasing its stake in mining — despite a fall-off in the growth in demand for timber

"This fall-off was offset by a growth in substitute materials such as steel props and steel has now become an important part of our business," he says

Most suppliers of mining equipment are unlisted local firms or are subsidiaries of overseas organisations

One such company benefiting greatly from the growth of the coal industry is Joy South Africa, a subsidiary of the world's biggest trackless coal mining machinery group, the billion-dollar Joy Manufacturing organisation. Joy SA claims to have 85% of the world market for trackless coal mining equipment and some 70% of the South African market.

Koebergs

... on Stream in 1982

WITH the coming on line of the Koeberg nuclear power station at Duvneldfontein in the Western Cape in 1982, nuclear energy will start playing its role in supplying the national grid with electricity

By 1985, some 12 000 GWh will be sent out annually by Koeberg — almost 10 percent of the total in the grid

By the year 2000, the figure for nuclear power is predicted to reach some 53 000 to 60 000 GWh, fully 17 percent of the total. Extrapolating to the year

2020, this percentage could rise to 25 or more

In anticipation of nuclear energy being harnessed worldwide to an ever greater extent, South Africa has embarked on an intensive search for new deposits of uranium

Should the demand arise, the Republic could in the mid-1980s be in a position to produce about 11 000 tons of uranium a year, a production figure it should be able to maintain well into the next century

Current annual earnings from uranium sales at present stand at some R500 million

To complement the increased production of uranium, extraction metallurgy techniques have been continuously refined to ensure the greatest possible beneficiation of uranium ore.

Following the incorporation of ferric and pressure leach processes, as well as other new techniques, the percentage of uranium recovered is expected to exceed 90 percent

Dr J W L de Villiers, president of the Atomic Energy Board, said recently that if South Africa uses its energy resources efficiently, it will be able to

provide adequately for its own electricity needs well into the next century

If economically justifiable, it will be feasible to erect nuclear power stations in the Eastern Cape Province and in Natal

"We must use our resources in a complementary way," he said, adding that nuclear energy should play a very important role in South Africa's future electricity generation.

Considerable research has gone into the development of fast breeder reactors. A 1 200 MW prototype

commercial reactor is at present under construction in France, and it is quite possible that power stations based on the fast breeder reactor will in the not-too-distant future come into their own.

The main attraction of fast breeder reactors is their low consumption of natural uranium in comparison with current commercial reactor types.

They will use only 1 or 2 percent of the uranium required by the current types when producing the same amounts of energy.

South Africa may also introduce fast breeder reactors in the future if they

are economically justifiable and can be built and operated with adequate safety

Looking further into the future, one must take into account the great likelihood of a breakthrough in fusion technology

Such an achievement would revolutionise the nuclear power industry and would place almost unlimited resources for electricity generation at the disposal of mankind

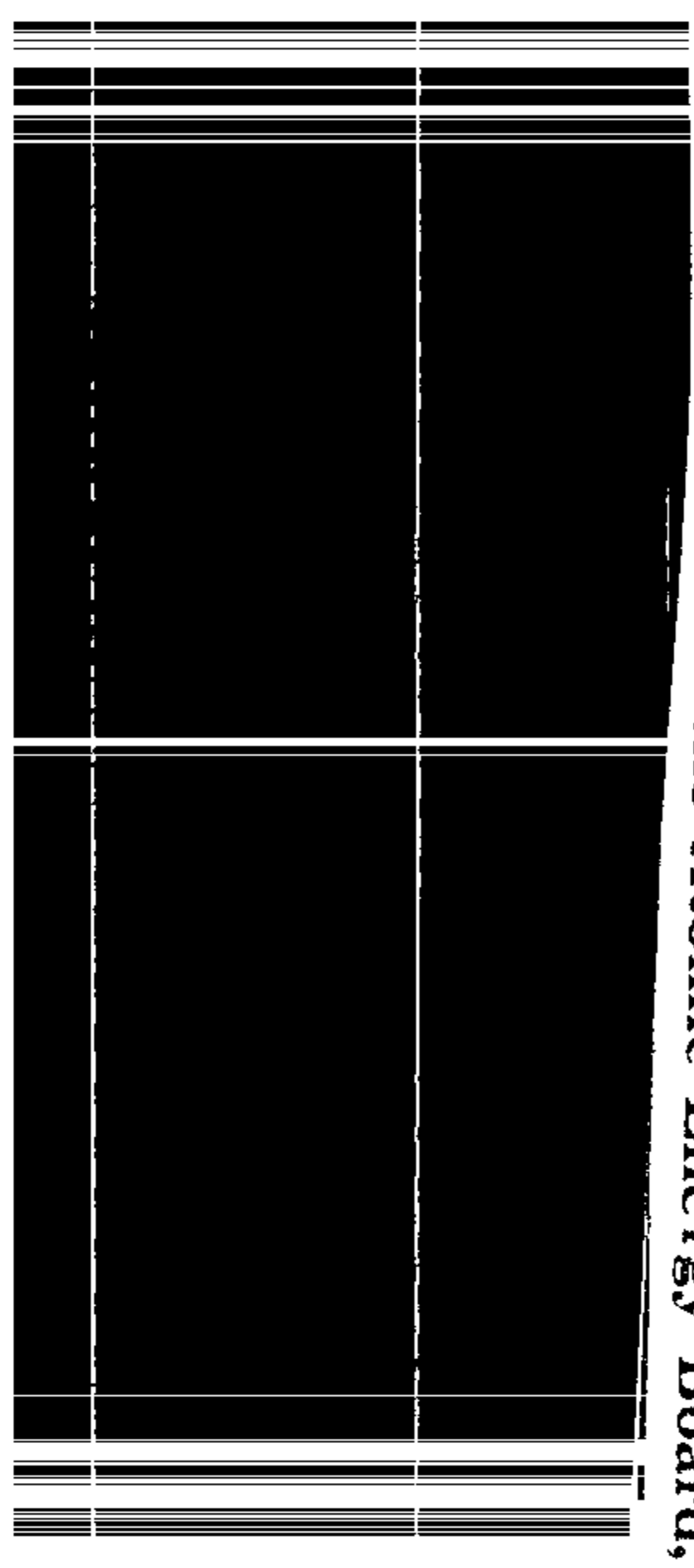
In spite of the opposition from some quarters to nuclear power, Dr de Villiers is convinced that it is the cleanest and least

polluting form of energy. The amount of radioactivity reaching the environment from a conventional coal-fired power station is many times greater than that from an equivalent nuclear station

It is a simple fact that no one has yet died as a direct result of radiation arising from nuclear power generation.

This potentially enormous source of energy is being safely harnessed for the betterment of man's natural environment and hence for the enhancement of economic and industrial development throughout the world

DR. J. P. HUGO, deputy president of the Atomic Energy Board, contributed this article



210 m 28/9/74

MINING HOUSES

Strength in diversity

Today, gold is the name of the game. Active investors could do worse than ignore everything else and concentrate on the gold board. But what about those investors — the traditional widows and orphans — who want none of the hassles of playing the market? Are they better off opting for the mining houses and sitting out the market's ups and downs? And, if so, should they aim for the house with the heaviest exposure to gold or for the one with the widest asset spread?

Perhaps one way of answering those questions is to look at the houses' performance over the past few years. That takes in the trauma of Soweto, gold's 1975 decline to the \$100 range, part of its recovery to present levels and the major diversifications and acquisitions of the late-Seventies. However, strict comparison is made difficult by fortuitous share price levels at the houses' different financial year-ends.

With gold hitting all-time highs, investors who opted for direct holdings in golds rather than spreading their risk with the mining houses are probably patting themselves on the back. But could they have done better?

Looking at the RDM indices for the past year, golds have risen 33% compared with a 46% improvement for the mining houses, 32% for industrials and 64% for coals.

Cash-flush

On average, 39% of mining house assets are in gold and, though the full effect of gold's recent strength has yet to flow through by way of dividend income, rising management fees already reflect advancing gold mine capex. Further, the houses' balance sheet ratios are benefiting from deposits by cash-flush mines with their parents.

The effects of higher gold prices are to an extent self-feeding. For example, until recently Western Areas' performance on gold earnings alone was probably too poor for the mine to borrow to fund its proposed uranium developments. Now gold-based cash flow makes the mine an

entirely different credit risk and, once it goes ahead with establishment of uranium production, parent JCI will rake in increasing amounts in management fees.

GFSA, with 84% of its assets in gold, has by far the highest proportional holding, followed by Anglo with 40%. JCI has the smallest interest, with 21%. GFSA increased its dividend by 66.7% last year, while Anglo recorded an improvement of only 4% over the same period. So, possibly, on near-term considerations diversification is not the answer.

Looking at the past five years, it is clear that the gold price has been too volatile to guarantee investors a stable income from mining house investments. GFSA's dividends over the period are unchanged, whereas Genmin recorded a 9.3% compound growth. Anglo advanced at slightly more than 3% annually, while

Also, accounting policies vary. So, until some degree of formalisation *vis-à-vis* consolidation of investments and subsidiaries is reached, untangling the web becomes difficult.

However, a picture does emerge, albeit somewhat clouded. JCI has shown a 18% compounded growth in eps since 1975, though that ignores some R60m in write-offs during the period. Its experience with mining copper at Otjase is best forgotten, and the Shangani operation depends upon the fortunes of Zimbabwe. General Mining's 45% eps growth in 1978 compares favourably with the five-year compounded figure of 15%, and shows the benefits of consolidating Union Corp. As for the latter, an earnings improvement of 40% last year came on the back of a much slower five-year 9% compounded growth. GFSA's results reflect the heavy dependence on gold. Following bullion's 1975 nosedive, eps dropped 47%. But, in 1978, with a 14% increase in group gold production, came a 80% higher working profit from gold mining operations, which translated into a 58% earnings improvement in the hands of GFSA.

Had GFSA won the fight for Union Corp, its earnings and asset growth picture might have been a lot different. And that perhaps underlines the thesis that to be top dog, management has to be bold. Genmin's attitude was that mining houses come up for sale only once in a blue moon. On that basis, climb in and buy control at whatever price and worry about how it is to be paid for afterwards. In a situation such as that, there is no point in haggling over a couple of cents on the share price when you are buying in blocks of 100 000 and more.

But it is not only asset consolidation that helps disclosed earnings growth. For example, JCI's deconsolidation of then loss-making Consolidated Metallurgical helped the post-Otjase recovery and credit rating to such an extent that it has had no difficulty placing its recent R40m 7.5% pref issue.

One aspect which might influence investors planning to spread their risk



Pouring a fortune . . . but what's the best way of putting it in your pocket?

Anglovaal, with only Hartbeestfontein of any stature, led the dividend growth stakes with a compounded growth of over 12% since 1974.

Comparative analyses of earnings growth are made difficult by events such as Genmin's takeover of Union Corp and Anglo's absorption of Rand Selection

processes is essential; and the more discriminating public. The results of programme budgeting procedure does not be made. Their potential of the value of expenditure

2.2 Programme Evaluation

Methods of evaluation range from where the conclusions are left processes which present more precise methods, most of the v in advance. Some points on t analysed below.

2.3 Looking at Expenditure

Basically, one is looking for logical axiom, basic to economic matly the same value in which social benefit from the marginal that on another, one can do bet programme and increasing expenditure breakdown of the budget between may be compared with our intuition on these things. Our judgement fits of expenditure under each p analysis seeks to formalise (see that expenditure on preventive expenditure on health, it may of provision warrant an increase

Unfortunately, such intuitive procedures which are recognised used. The optimum level of expenditure from the point of view of intuition the wide variation in benefits at

TV's loss is mines' gain as Rogers moves

218 / ~~226~~ S/E press 14/10/79

SATV'S loss of Pat Rogers means a powerful boost to the Chamber of Mines Employment Bureau of Africa — which claims an audience of 75 000 workers for its in-house TV and cinema services.

Rogers will be heading production and planning of visual services for one of the best-paid communities in the country

As Nick Holdsworth of Bates points out

Each of the 75 000 is paid about R147 a month, and



● TV's Pat Rogers . . . boost for mines

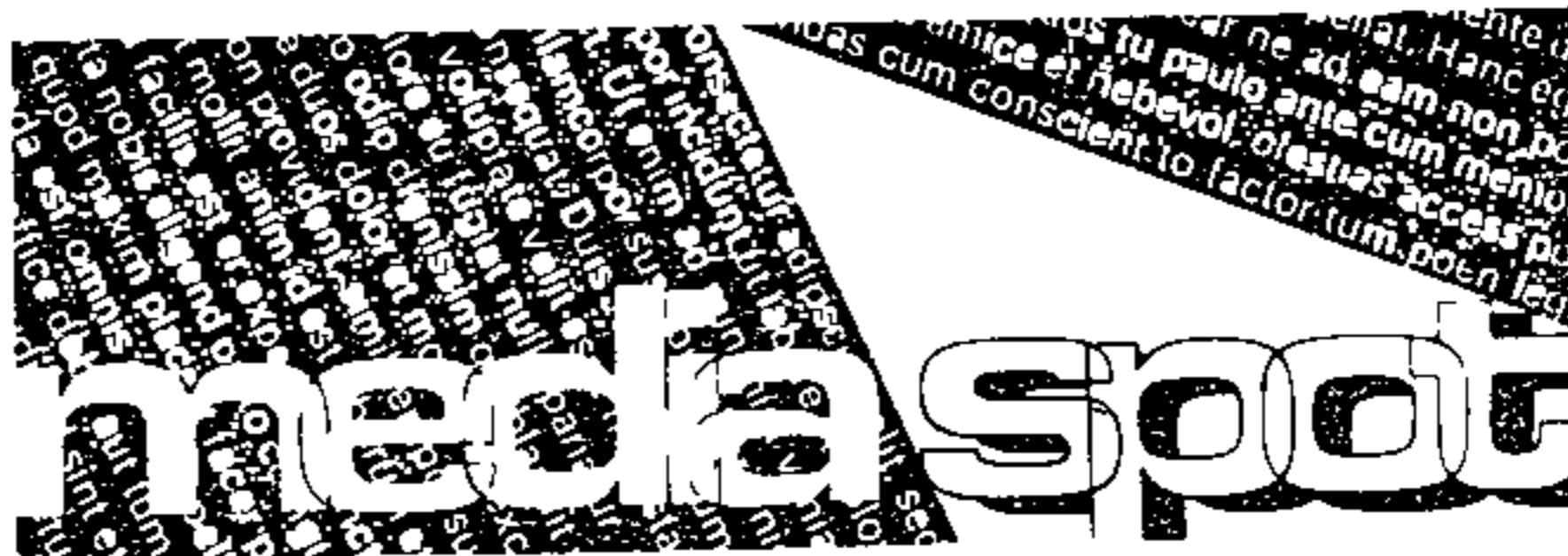
fed, housed, clothed and transported free as fringe benefits.

"Five years ago, mineworkers were only just ahead of agricultural labourers as the lowest-paid of SA workers.

"Today, taking into account their 'perks', they rank among the best paid.

"When they return to the homelands as decision-makers and opinion leaders in their families, they will pass on their acquired sophistication and new-found needs, says Holdsworth

The Chamber of Mines makes advertising space available in various media. They run entertainment



programmes which include cinemas at 48 mines, 24 collieries, 12 power stations and the Modderfontein dynamite factory

Cine ads are available at R625 for a full cycle of 329 screenings, which works out at R1,81 per thousand

Closed circuit TV is available at some of the mine hostels, carrying two programmes a week of approximately two hours each. Programme content includes newsreels, SATV films and short features. The rate is R2 a thousand for a 30 second commercial.

Recruiting vans tour the homelands, showing films, and ad time is available at R200 a month for a 30 second commercial.

The chamber also publishes "Mining Sun", a fortnightly newspaper circulating mainly in the OFS gold fields, northern Natal and the western and southern Transvaal. Ad rates are R1,70 per single column centimetre with full colour for another R210.

... be affected by the existence of a net gain on disposal of a division of the company amounting to R70 000, all of which was taxable, in the financial year?

Answer to 3. change if the R70 000 is now a net gain, which can be set off against the taxable income from other sources of R50 000? Draw up the net income statement assuming the deferral method is used.

Question 4, assume now that the company has a set depreciation of R60 000 in 19.8.

Draw up the net income statement for the 19.8 financial year assuming the deferral method.

by deferral method

Assume the tax rate remains 42%

with which it recently handled an urgent survey

Required 800 interviews in metropolitan areas

● Monday. Questionnaire prepared, typed, run-off and air-freighted to the various centres

● Friday. Interviews finished, questionnaires back in Johannesburg

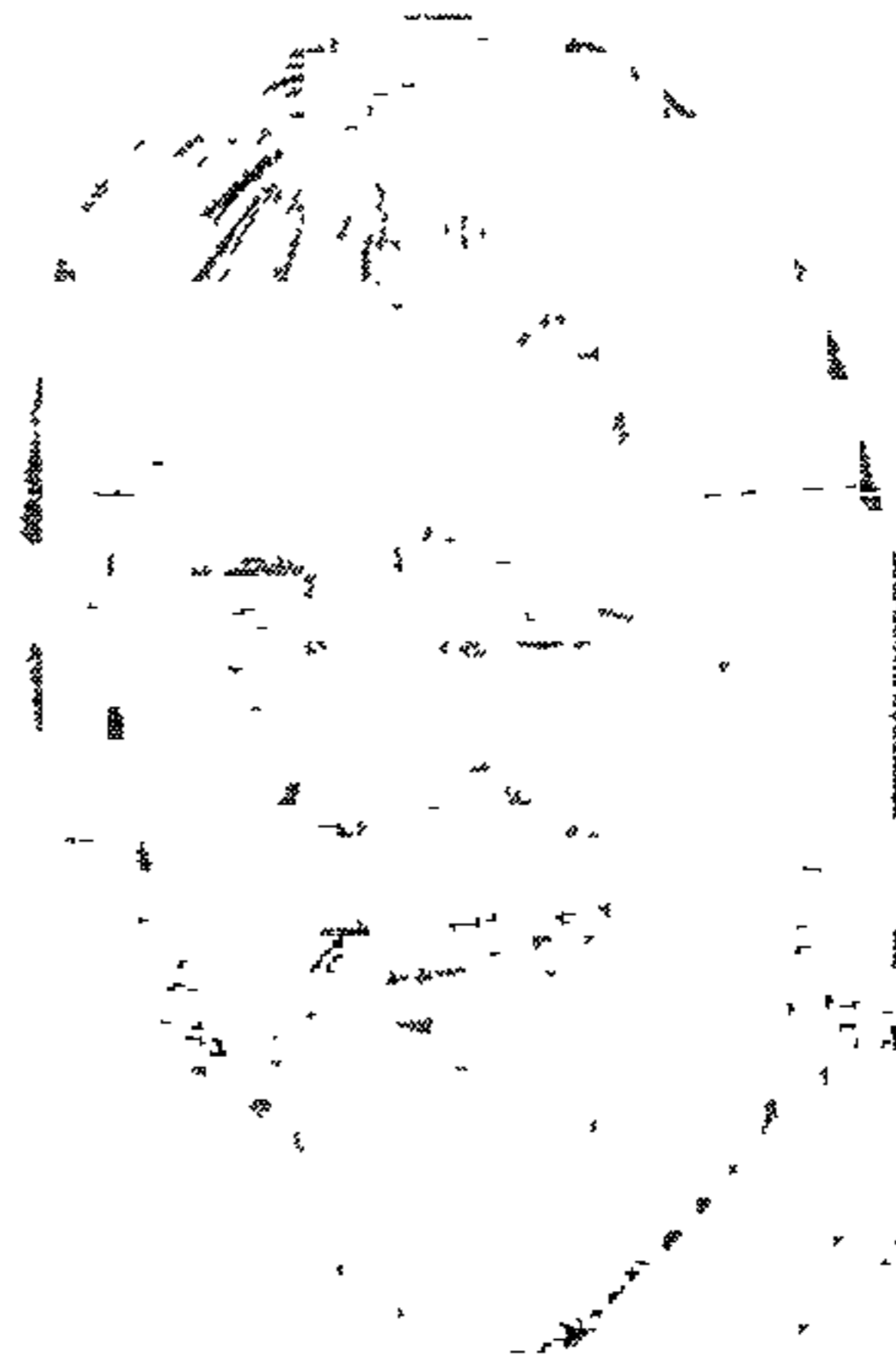
● Following Monday: Input ready for punching

● Wednesday. Final report written and typed!

What do you think, copywriters and art directors?

□ □ □

MARKINOR must be able to claim some sort of record for the blur of speed



● David Jones has joined Concept Communications as an account manager. Jones has worked with Errol Fyfe public relations and started his marketing career with 3M SA.

the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where source by means usually
 2. CH
 So far object ives ti to be more ti

Genmin's De Villiers . . . now for the next growth round

last year's first half, operating income is 42,1% ahead at R40,3m (R28,3m) while investment income, excluding the R5m from the 48,9% stake in Union Corp, advanced 51,5% to R14,9m (R9,8m)

Apart from normal portfolio dealing activities, sales of investments are now at a low ebb \$13m of the foreign borrowings accumulated at the time of the Union Corp acquisition were repaid during the period, with the remaining \$15,6m due for repayment in December. Further sales of overseas assets may be needed to cover the final payment, but they should be limited

General Mining has achieved a necessary balance sheet strengthening at a time of relatively fast advance in new projects. And, now that the balance sheet is in shape, the next round of expansion should be faster

For the moment, chairman Wim de

Overall criteria are necessary, but they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not resources used to objectives achieved, but to relate resources to each other.

There are expenditures; but all of them require that the ends it is expected to achieve.

2.1 Program is directed geriatric

GENERAL MINING
Sound growth base

With a 57,4% first-half consolidated earnings advance to 107c (68c), General Mining continues its cautious approach to distributions. The interim dividend has

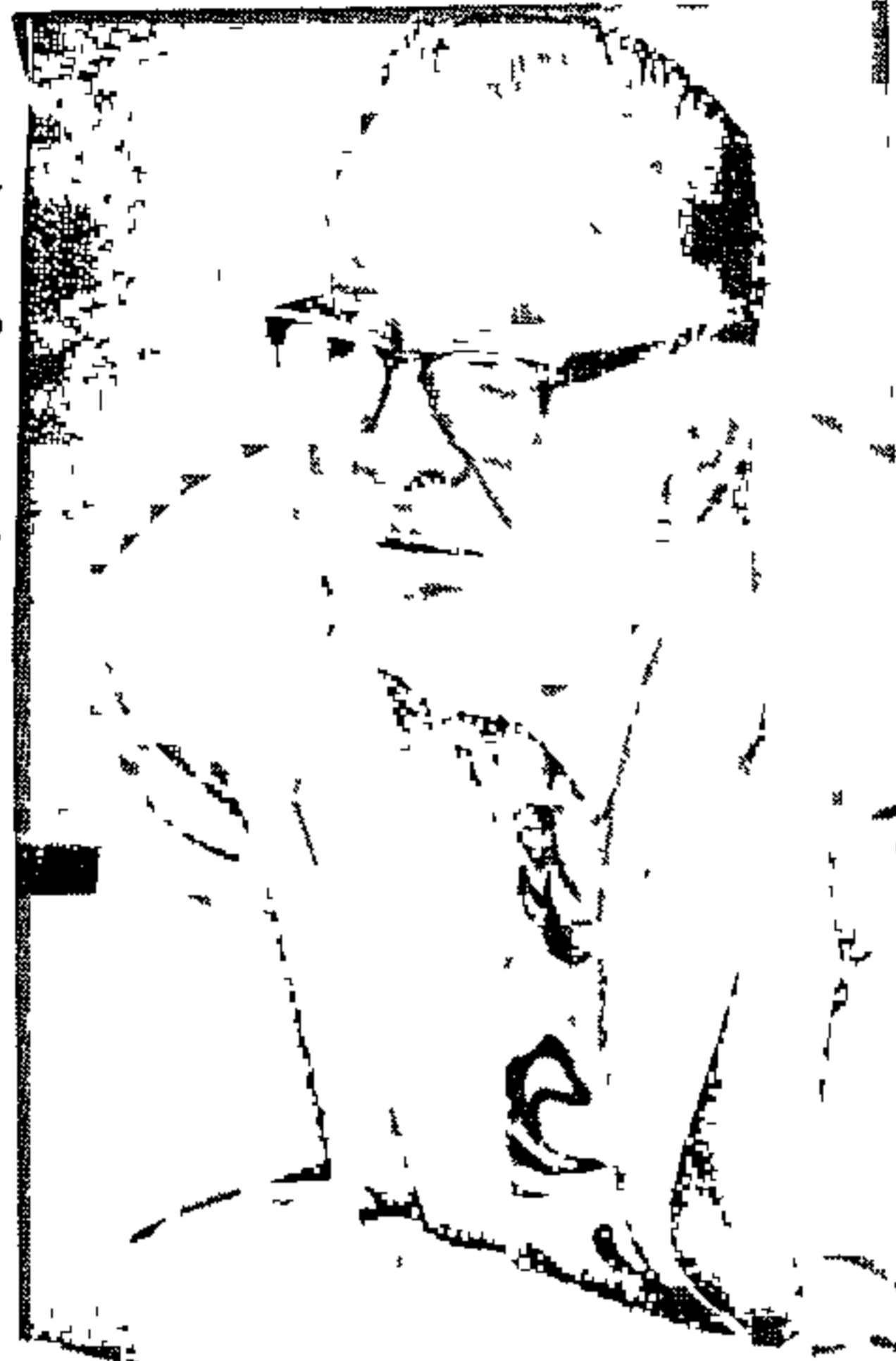
Financial Mail September 14 1979

This is

- (a) to know the cost of pursuing each objective;
- (b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc.



been increased a conservative 19% to 25c (21c)

But this is hardly ground for criticism - the group's relatively heavy capex programme is likely to continue for the foreseeable future. And that, as far as possible, is not going to be accompanied by any balance sheet strains

Stripping out Union Corp, it is clear that most of the group's operations have recorded solid advances. Compared with

Villiers is playing down the northern Transvaal coal/uranium project. Considerable work remains before a viable process is proved for recovering both valuable constituents. Turning the first sod of the green-fields project is probably about three years away and eventual establishment of operations will not come cheap. The fact that Trans-Natal and General Mining are equal partners is clear indication that the coal subsidiary alone would find development of the area too much of a financial strain

Elsewhere, test work on Langer Heinrich ore continues, though the green light is hardly likely to be given until SWA's political problems are resolved. Meanwhile, bullion's advance has led to a reassessment of earlier drilling results in the OFS

On the mining side alone, then, everything points to several major new projects during the next five years, while subsidiary Sandock Austral will be heavily committed with its new gearbox project. But that need not mean parsimonious dividend payouts. Consolidated earnings of at least 120c are attainable in the current half, with a final dividend of 50c not unlikely. At 1350c, that would put the share on a 5,6% prospective yield, with a 16,1% discount to end-June nav. On growth prospects, that is not expensive. *Jim Jones*

He ad "I d u g c wi g t p b

Progr ing ou the base of administrative economic, together with medical-technical criteria, and those in which the role of the public through political

Jim 4/17 (210)

FM. 19/10/79

58 210 232

Re-structuring the centre

That the Anglo/De Beers group is in the throes of rationalisation has been common cause for more months than one cares to remember. But though group consolidation and restructuring plans announced this week are comprehensive, few analysts doubt that further developments are planned — and perhaps soon. The guts of the latest deal are that

- Minorco becomes the group's vehicle for developments in the Americas and, to a lesser extent, Australia.
- Charter takes on a more clearly defined role as the UK and European arm.
- Potentially debilitating future commitments for Selebi-Pikwe have been removed from Minorco and relocated in De Beers where they can be far more easily funded.
- Charter's funding commitment for Cleveland Potash has been taken over by Anglo and Charter gets a much-needed cash transfusion from De Beers and Anglo.
- Minorco is to receive a 10% stake in Anamint from Charter.
- Control of Anglo itself is tied up more firmly, and perhaps most importantly, the ground appears to have been laid for further tightening of control of non-managed interests and as a base for acquisitions.

But first things first

With the transfer of its 5.9% stake in Anglo to De Beers, its 4.2% interest in Rustenburg to Anglo, and the 10% Anamint holding to Minorco, Charter has effectively completed its SA asset disposal programme. Free of the "taint" of SA-sourced earnings, Charter is now a more acceptable political animal for developments in its allotted geographical areas. At the same time, its indirect Australian and Brazilian interests have been turned over to De Beers and 18.7% of the 24.8% interest in Anglo Canada passed to Minorco.

In exchange Charter is let off the hook for any further commitment to the troubled Cleveland Potash mine in Yorkshire. Previous Cleveland co-owner ICI has been bought out for a nominal sum by Charter and Anglo, with ownership of Cleveland now equally split between the two. But Anglo will pay all of Cleveland's costs until it is either closed or turned to profitability, for which it will get its pound of flesh in the shape of 25% interest on its advance and repayment of the loan before Charter qualifies for a 50% profit share.

In return for the shares transferred, Charter receives 28% of Johnson Matthey

(previously held as to 22.7% by JCI and 5.3% by Anglo) and £46.6m (R83.6m) cash from Anglo and De Beers, though £5.9m of that is immediately payable to Minorco.

With the transfer of the stake in Johnson Matthey — the marketing agent for Rustenburg's platinum — the group's control over platinum marketing has been tightened up and, possibly, the stage set for a greater management say by Anglo in platinum.

It is hard to see any other reason for this. The sale of JCI's strategic stake in Johnson Matthey for R44.3m for transmission to Charter can hardly have been at JCI's request. At the time of its R40m pref issue in August, JCI said that the

Getting back to the Anglo group itself, Minorco's shareholders will no doubt be relieved that De Beers has freed their company of its Botrest (Selebi-Pikwe) funding commitment albatross. The move makes sense as the Botswana government has been worried by the loss-making mine for many years. The country has heavy loan repayment commitments to international agencies connected with necessary infrastructure for the mine. And, in a squeeze, there would have been little that De Beers (which now relies on Botswana for approaching 50% of its diamonds) could have done if the Botswana government had demanded a larger diamond take-off to help meet its own commit-



The hub of Anglo and now the spokes have been strengthened

company had no immediate capex plans and that the R40m pref issue was only then being made to take advantage of attractive interest rates. So why, shareholders might well ask, does JCI need R44m additional funds now to the extent that it has to sell a long-standing strategic holding?

To my mind, the move indicates just how much independence JCI's management has when Big Daddy decides that sacrifices have to be made for the good of the Anglo cause. And the move could be a straw in the wind as to where management of Rustenburg and JCI itself will eventually be located.

But that is a digression at this stage

ments

Minorco gets its loan to ZCI repaid with interest. And, though Anglo executive director Gordon Waddell tells me there are no such plans at present, it is feasible that Botrest's copper nickel matte could be refined at the new facility currently being established in SA by Rustenburg and Johnson Matthey. That would make financial and technical sense, especially as Amax's Louisiana refinery (which currently treats Botrest's matte) is apparently inefficient when it comes to recovering precious metals from refinery sludge. But again, that is a digression.

Apart from its newly-acquired 10% stake in Anamint, Minorco will now have

P.T.O

no SA interests. The reorganisation plan also gives Minorco 15.9m cash and 18.7% of Anglo Canada from Charter, in exchange for the issue of 26.2m new shares in itself to Charter. It will also acquire a further 31.3% of Anglo Canada from De Beers and Anglo for US\$32.3m cash. Effectively that leaves Minorco with 50% of Amcan, but it is having to raise a US\$50m multi-currency loan to cover the payment to Anglo and De Beers and provide funds for future developments. And the new Minorco shares are being passed directly to Charter's shareholders on the basis of one Minorco for four Charter.

As for Anglo and De Beers, they have shouldered all the problems and tightened control over the empire. But what comes next?

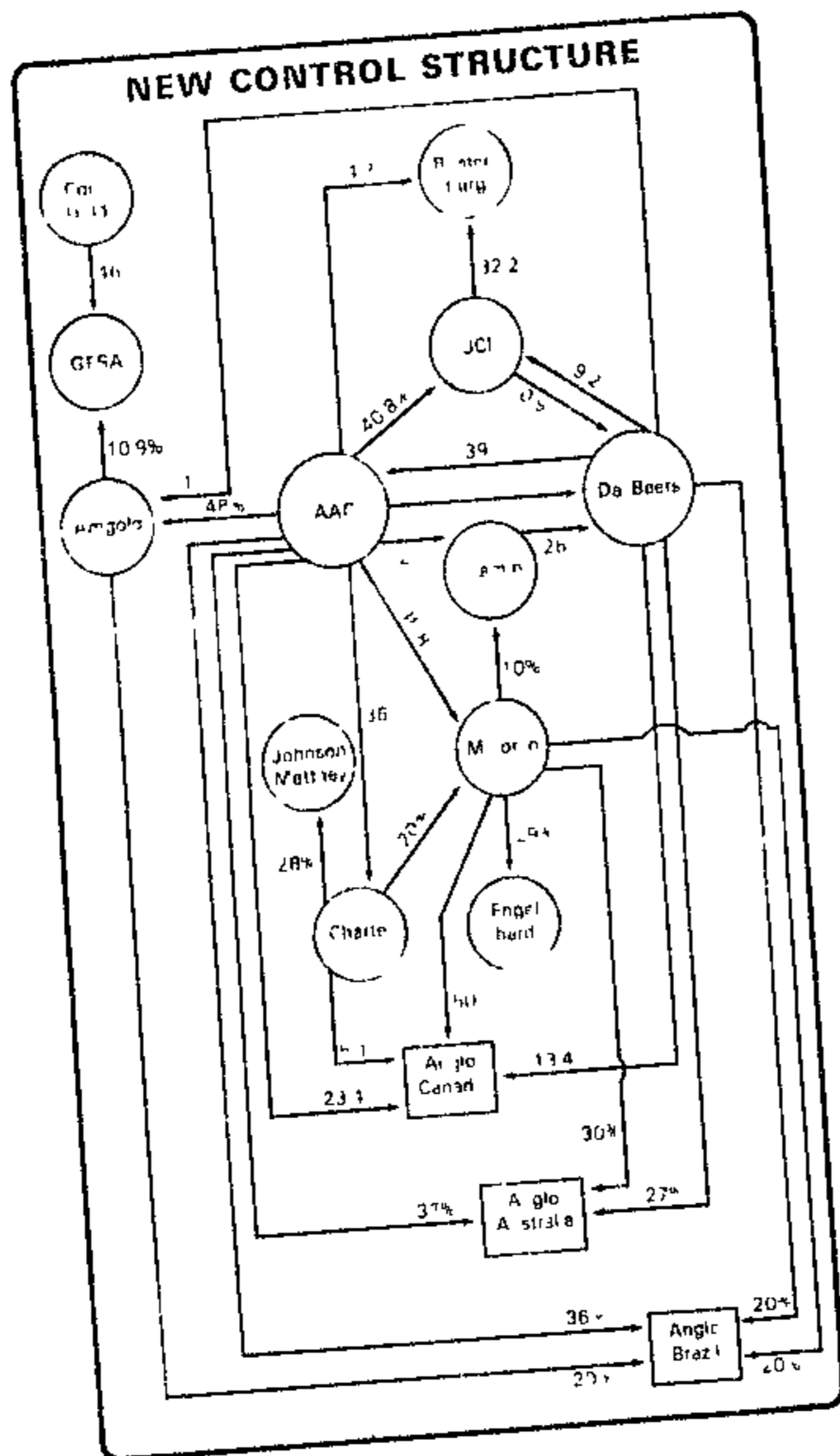
In SA, there remain the "loose ends" of Rustenburg and JCI. Had Anglo passed on Charter's 4.2% Rustenburg stake (valued at 19.6m) to JCI in part payment for that company's Johnson Matthey holding, one might have been prepared to believe the mandarins of Main Street had no further designs on JCI and its managed platinum interests. But that is not the case. Anglo's stake in Rustenburg is now 24.2% com-

monity shareholders. But it is a possibility and could be coupled with predatory moves by Minorco on US platinum distributor Engelhard.

And there is the unfinished business of Cons Gold and GFSA (Fox May 4). Cons Gold's new top management has been busy this year canvassing potential London-based institutional shareholders in a move aimed at eliminating that group's open control situation. But there is still no reason why either Minorco or Charter (which would not be subject to any veto by the SA authorities) could not put together a bid package for Cons Gold. And winning that provides the key to GFSA and its SA mines.

Anglo has consolidated its centre next will come extension of the empire and consolidation of the remaining outposts.

Tom Jones



pared with JCI's 32.2%, and Anglo does not receive any of the lucrative management fees charged to Rustenburg by JCI. Nor is Anglo yet in direct control of a major part of world platinum production and distribution.

Taking Rustenburg out of JCI, no matter what the reasons given, would raise tremendous opposition from the JCI mi-

210

No rip-off, say the mining houses

210
Sunday Times
2/10/79

AAC's Harry Oppenheimer . . . value for money.

R100m in fees for services

terms, they must be viewed in the context of the increases (and sometimes reductions) in fees charged in years when the mining companies' results were far less buoyant than they are now

Typically, administration fees reflected very little increase in the years 1975 to 1977 and it is only in 1978 and 1979 that the figure has risen

A mining house spokesman pointed out that while statistics are not available for the houses as a group, a representative mine under his company's ad-

ministration had paid fees which had increased at a 14% compound rate over the past five years. In the same period the consumer price index had risen at a compound annual rate of 10%, but working costs were up by 17,75%

Boardrooms

He accordingly believed that the mining houses' fees were not excessive

The basis upon which mining houses levy their fees is not divulged — neither to the

shareholders of the houses themselves, nor to the shareholders of the mines which they administer. The agreements governing these fees have been confined strictly to the mining house boardrooms for several decades

I have nevertheless managed to establish that not all the mining houses use the same formula in arriving at their administration fees

It appears that the majority of mining houses charge a percentage of the gross revenue of the mines. This method is preferred to a percentage of profits formula in order to avoid a situation in which mines showing good profits would subsidise those mines in a loss situation. In such a case, the latter would not pay a fee, yet would still derive the benefits of the services provided by the mining house

Adjustment

The fee formula is complicated by

- The percentage levied is often subject to a year-to-year adjustment in order to allow for unforeseen and unusual occurrences

- Circumstances might be such that within the same mining house different formulae might be applied

Harmony is a good example. In effect it is three mines rolled into one. Its administration is therefore more complex than for a mine which, although producing the same revenue, requires less managerial attention.

The former would according-

ly pay a larger fee than the latter

- Mines producing both gold and uranium will attract higher fees than those producing gold only

Perhaps the most crucial point in the whole issue is the impotence felt by mining company shareholders — an impotence which derives from the fact that the mining houses establish their fees in a relatively arbitrary fashion

Impotence

The impotence is heightened when shareholders see directors of their company also filling positions on the board of the mining house administering their company

They interpret this to mean that such directors will tend to favour the mining house at the expense of the mine (because the mining house directorship is the more senior position of the two) and therefore opt for unjustifiably high fees

Boiled down to grass roots rands and cents, however, one cannot avoid the conclusion that shareholders are making a meal of the issue

For the average fee charged by the mining houses in terms of cents per share is generally less than 1c, while the recent fee increases amount to only a fraction of a cent per share

And although, strictly speaking, the houses are not accountable for the manner in which they arrive at their fees, shareholders would no doubt protest. In this case should the fee

charged to any particular mine get way out of line

Moreover, although it is true that common directorships as between the mining houses and the individual mines are prevalent, it is also true that all the houses contain board members who are directors of other mining houses

These "outside" directors represent companies which have no direct equity interest in the "outside" mining house on whose board they serve

They therefore have no incentive to push for exorbitant fees. On the contrary, their objectivity should ensure that shareholders get a square deal.

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A. VIL
ON

PTO

THIS year South African mining companies will be paying the mining houses some R100-million in fees for managerial, technical, administrative and secretarial services.

A small but voluble body of mining company shareholders is up in arms over these fees, which they describe as a rip-off. They feel strongly that the mining houses are using the buoyant profits of the mining companies as an excuse to line their pockets at the expense of the shareholders in these mines.

On the other side of the fence, the mining houses are forthright in their rejection of such criticism. They claim that their fees are fully justified in terms of the vital services which they provide to the mines under their administration and add that such services would cost the mines many times more were they forced to find substitutes in the open market.

This clash between mining houses and mining company shareholders goes back many years but has recently again reared its head following the large percentage increases in fees which have flowed from the hefty profit improvements being reported by the majority of mining companies.

Formula

The mining houses point out that the large percentage increases in their fees are a consequence of the formula which they use for determining what they charge the mines falling under their umbrella. And while this year's rises might seem steep in percentage



Basil Hersov . keeping the lid on gold and metals

board's terse coverage of Anglovaal's exploration activities must have disappointed shareholders

Information on the group's gold/uranium exploration in the Eastern Transvaal has been trickling out for several months. And it is common cause in the market that Anglovaal scored a coup over Anglo to become lead company in the area. From what I can gather, in a well-orchestrated mineral rights acquisition spree, the group tied up substantial mineral rights under the nose of Anglo which was apparently content to let its long-held rights in the area lie dormant.

Last year's statement that exploration targets included base metals has been expanded to pinpoint copper, cobalt, zinc, chrome and molybdenum. That could be significant as SA does not, as yet, produce the essential steel-hardening metal, molybdenum.

Elsewhere in the world, especially in North America which produces 85% of the Western world's primary metal, molybdenum is often recovered as a by-product of copper mining. And as I understand it, Anglovaal's molybdenum forms part of a large complex orebody being explored in the Transvaal.

Whatever the group plans, finance should be no restraint. Cash flows from the industrial and mining operations are advancing strongly, at end-June there were group net cash holdings of R29m, and since the year end R20m has been raised through a private placing of 10.9% unsecured debts.

Anglovaal's capital structuring has traditionally been conservative, leaving scope for higher gearing if necessary. For individual base metal projects there are

probably no reasons why funding should not be drawn from overseas partners. The group has had a close relationship with US Steel for many years and has drawn on that company's funds to finance mining operations tied to sales contracts.

But new mining developments are unlikely to come on stream much before the mid-Eighties while shareholders with near-term horizons are probably more interested in earnings possibilities over the next couple of years.

Despite the fact that of the major houses the group has the lowest exposure to gold, gold mining remains the largest contributor to earnings. This year, unless bullion collapses, gold's lead position should be maintained despite improved prospects for other mining and non-mining interests.

Most of the group's industrial and food interests have reported and are expecting improved results. Last year this resulted in a well controlled 9.2% advance in stocks. That included a 42.1% increase in finished goods to R24.7m which is indicative of expected improved performance during the current year. However, depending on management's views of near-term prospects, as the year advances stock build up could absorb increasing amounts of capital. And if this restrains distributions by non-mining subsidiaries, the full benefit of higher dividends may not flow through to Anglovaal's shareholders for two or three years.

ANGLOVAAL

Prospects' prospects

Activities. Mining finance house with interests in gold (Hanties, Lorame, ET Cons) and copper/zinc (Prieska). Holds 42% interest in Associated Manganese. Wide industrial interests held through Anglo Transvaal Industries. Owns 51% of Middle Wits.

Chairman B E Hersov, deputy chairman C S Menell

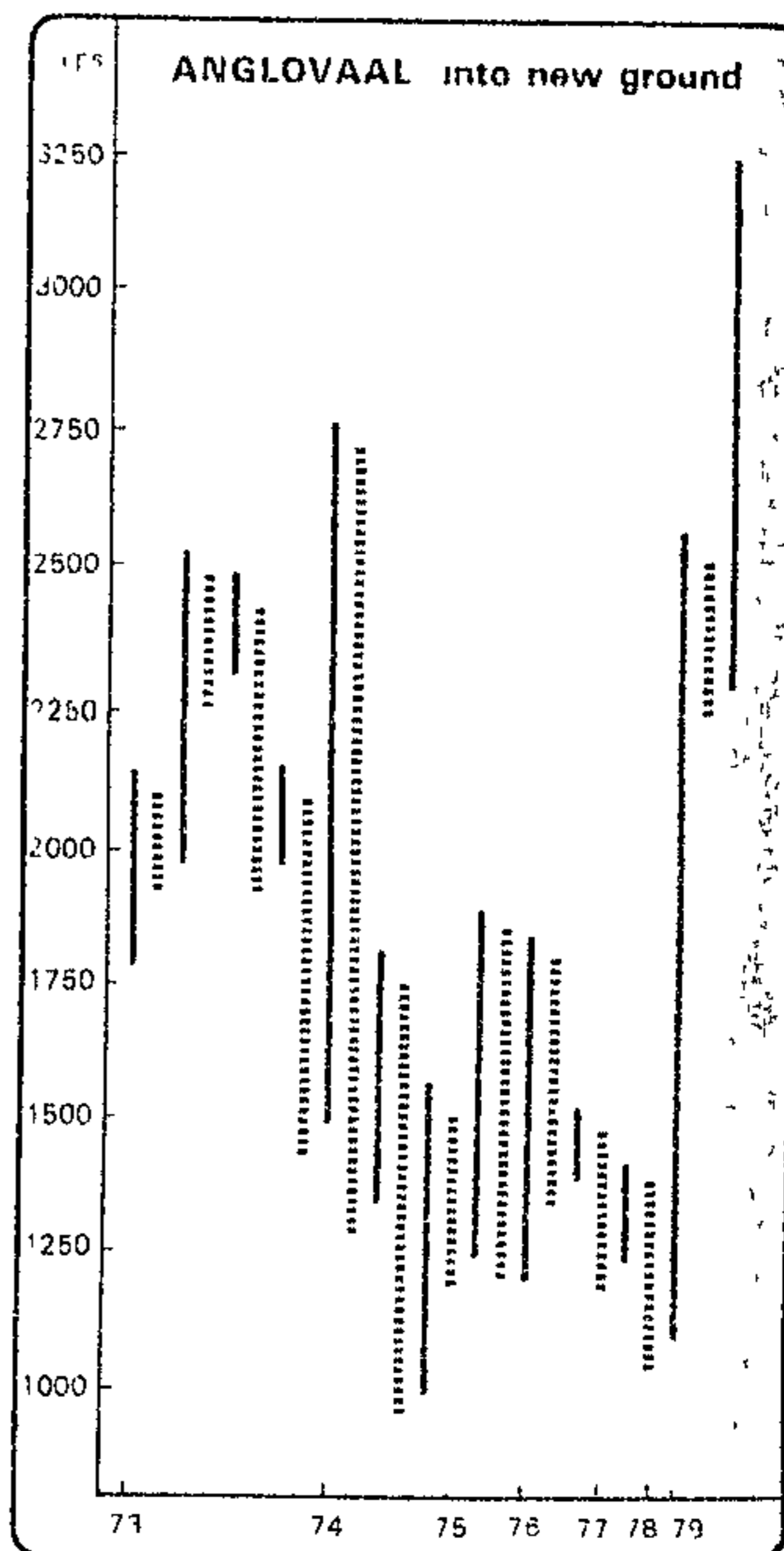
Capital structure 1,78m ordinaries of 50c, 1,78m "A" ordinaries of 50c, 373,250 cum red prefs of R2, 1m 5% cum red prefs of R2, 1.5m part prefs of R2. Market capitalisation R119,5m

Financial Year to June 30 1979. Borrowings, long- and medium-term, R22,0m. Net cash R29,2m. Current ratio 1,5. Capital commitments R9,1m

Share market Price 3,350c (1978-79 high, 3,350c, low, 1,075c, trading volume last quarter, 51,000 shares). Yields 15,6% on earnings, 4,5% on dividend. Cover 3,5. PE ratio 6,4

	'76	'77	'78	'79
Dividend income (Rm)	7.9	7.4	8.7	13.0
Pre tax profit (Rm)	41.4	40.7	47.0	67.9
Earnings (c)	313	305	377	522
Dividends (c)	105	105	115	150
Net asset value (c)	3,193	3,536	4,202	5,494

In principle there is nothing wrong with company directors being coy during the early stages of new developments. But the



Nevertheless, that does not preclude prospects of a further solid dividend advance this year. Consolidated earnings should easily exceed 600c a share and there is potential for a dividend advance to 200c if by the year-end management is taking a positive view of medium-term growth prospects. The current share price discounts end-June net worth by 39% and subsequent share price movements mean that the discount is currently somewhere in the region of 50%. At current levels, the share price probably reflects too cautious a view on prospects and the share merits buying by investors with medium-term objectives.

The same applies to pyramid Avhold, currently quoted at 325c, in which the Hersov and Menell families hold 50% and General Mining 19% interests.

Jim Jones

JCI

(210) FM 9/11/79

Cutting out debt

Activities: Mining finance house with major investments in and control of Randfontein (24%), Elsburg (25,4%), Rustenburg (33%), Tavistock (50,2%), Cons Murch (25%) and FS Devels (49,3%) Also controls Consolidated Metallurgical Industries. Portfolio investments include SA Breweries, Protea Holdings, Palabora and Argus Anglo and De Beers together hold 50% of JCI

Chairman: Sir Albert Robinson

Capital structure. 7.1m ordinaries of R2, 34,5m red cum prefs of 10c yielding 11,25c per share 5,5m variable rate red cum prefs of 10c Market capitalisation R344,6m

Financial. Year to June 30 1979 Borrowings long- and medium-term, R41,2m, net short-term, R55,8m Current ratio 0,86 Capital commitments R6,4m

Share market Price 4 850c (1978-79 high, 5 000c, low, 1 850c, trading volume last quarter 59 000 shares Yields 14,8% on earnings, 5,3% on dividend Cover 2,8 PE ratio 6,8

There are, according to management, no immediate development plans on the group's drawing boards. And indications are that the next couple of years will be a time of consolidation and balance sheet strengthening



Sir Albert . laughing all the way to the bank

At end-June, the group had net current liabilities of R31 5m which included the R27,3m current portion of long-term loans. Since the year-end, a R40m pref issue has been arranged, to be placed with the Nedbank group this year, while a further R40,7m has accrued in cash and reduction of debt from the sale of the interest in Johnson Matthey

On this basis, repayment of this year's loan instalments and conversion of a net current liability into net current assets should be easily achieved. Next year loan repayment commitments are just over R8m and fall off rapidly in the following two years

	'76	'77	'78	'79
Investments				
Book value (Rm)	168	175	169	208
Market value (Rm)	316	286	344	475
Investment income (Rm)	25 1	26 5	26 5	38 1
Trading profit (Rm)	22 2	28 6	30 2	31 8
Earnings (c)	356	365	591	716
Dividends (c)	170	170	170	255
Net asset value (c)	4 562	4 055	4 832	6 603

Before R12m write off (169c per share)
† Before R44.4m write off (625c per share)

As far as the redeemable prefs are concerned no provision need be made until 1987 though the group can elect to make early repayment starting 1984. What it means is a clear run into the mid-Eighties with no meaningful debt repayment constraints. Nor is there any great need for funds to support subsidiaries and associates

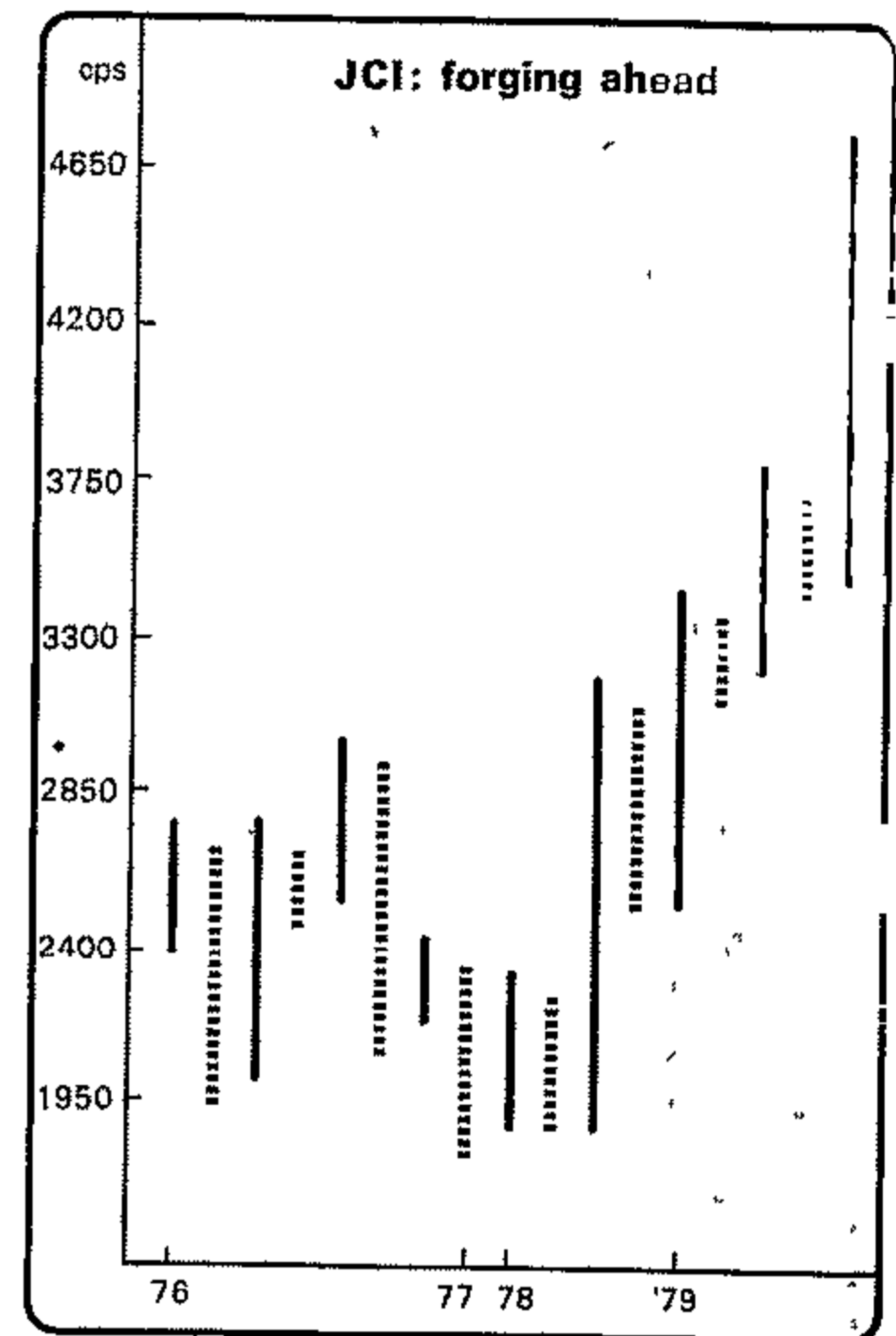
With both production lines in operation, CMI can stand on its own feet, cash provisions to maintain Otjibase on a care and maintenance basis are limited, and the likely obligation to provide loan capital to Shangani this year is only some R1,4m

Last year, the group's R8,3m dividend income from golds was based on an average gold price in the region of \$230. So even if cost increases accelerate dividend potential is much stronger this year. There are drawbacks, particularly the recent discovery that ore reserves at the old Randfontein mine are at best marginal. But that is probably not sufficient to restrain gold dividend receipts unduly

Already this year, income from Rustenburg's end-August final has exceeded receipts for the whole of last year. And unless the diamond market collapses, income from De Beers and the diamond trading companies should be substantially better than last year's R13,7m. Coal dividends are probably on a flatter rising curve, but industrial earnings are in a solid uptrend

Even with the loss of the low-yielding Johnson Matthey investment, investment income this year could approach R50m, while trading profits could weigh in with as much as R35m

Considering this income growth and the cash flush position following the Johnson Matthey sale and the pref issue, it is difficult to be entirely convinced the group has no immediate plans for new develop-



ments. And that takes into consideration management's objective of strengthening the balance sheet ahead of any likely world recession

On the mining side, uranium exploration in the Karoo continues to be played low-key. Developments in the area could be restrained by the uranium market's near-term sluggishness and intensifying longer-term competition from new producers in Australia and Canada

The same constraints probably affect development of mineral rights to the east of Randfontein. But that these will eventually be exploited is in little doubt, especially as rights over the whole of South Rood have been sewn up. Presumably the house will want to see Randfontein's latest problems resolved and starts made on establishment of Cooke No 3 shaft operations and uranium recovery at Western Areas before further increasing earnings exposure to uranium

Elsewhere, perhaps the most attractive grass roots development potential is in

property The 4,8 ha West Street site could be ripe for development with Johannesburg's commercial letting market picking up Sales of East Rand property are accelerating, with land holdings having the potential for 5 000 new residential stands

But perhaps guessing at new in-house developments is barking up the wrong tree Left to itself, the group could free itself of debt and prefs by the mid-Eighties Such a move might well be motivated by controlling shareholder Anglo At least in SA, Anglo's general policy is that its holding companies be essentially debt free

I would guess that so long as Harry Oppenheimer holds the reins at 44 Main Street, JCI will not be pulled entirely into the Anglo fold, nor its policy dictated wholly by the controlling group But Anglo is fast reorganising its overseas holdings And, presumably the next step is rationalisation of the SA empire

On a more fundamental level, however, JCI's net worth is currently in the region of 8 200c, a figure the share price discounts by about 40% This year, all being well, a total payout of 300c could be on the cards for a 6,2% prospective yield The shares are worth accumulating on any price set-backs

Jim Jones

ANGLOVAAL

Prospects' prospects

Activities: Mining finance house with interests in gold (Harties, Loraine, ET Cons) and copper/zinc (Prieska) Holds 42% interest in Associated Manganese Wide industrial interests held through Anglo Transvaal Industries Owns 51% of Middle Wits

Chairman: B E Hersov, deputy chairman C S Menell

Capital structure: 1,78m ordinaries of 50c, 1,78m "A" ordinaries of 50c, 373 250 cum red prefs of R2, 1m 5% cum red prefs of R2, 1,5m part prefs of R2 Market capitalisation R119,5m

Financial. Year to June 30 1979 Borrowings long- and medium-term, R22,0m Net cash R29,2m Current ratio 1,5 Capital commitments R9,1m

Share market Price 3 350c (1978-79 high, 3 350c, low, 1 075c, trading volume last quarter, 51 000 shares) Yields 15,6% on earnings, 4,5% on dividend Cover 3,5 PE ratio 6,4

	'76	'77	'78	'79
Dividend income (Rm)	7.9	7.4	8.7	13.0
Pre-tax profit (Rm)	41.4	40.7	47.0	67.9
Earnings (c)	313	305	377	522
Dividends (c)	105	105	115	150
Net asset value (c)	3 193	3 536	4 202	5 494

In principle there is nothing wrong with company directors being coy during the early stages of new developments But the



Basil Hersov keeping the lid on gold and metals

board's terse coverage of Anglovaal's exploration activities must have disappointed shareholders

Information on the group's gold/uranium exploration in the Eastern Transvaal has been trickling out for several months And it is common cause in the market that Anglovaal scored a coup over Anglo to become lead company in the area From what I can gather, in a well-orchestrated mineral rights acquisition spree, the group tied up substantial mineral rights under the nose of Anglo which was apparently content to let its long-held rights in the area lie dormant

Last year's statement that exploration targets included base metals has been expanded to pinpoint copper, cobalt, zinc, chrome and molybdenum That could be significant, as SA does not, as yet, produce the essential steel-hardening metal, molybdenum

Elsewhere in the world, especially in North America which produces 85% of the Western world's primary metal, molybdenum is often recovered as a by-product of copper mining And as I understand it, Anglovaal's molybdenum forms part of a large complex orebody being explored in the Transvaal

Whatever the group plans, finance should be no restraint Cash flows from the industrial and mining operations are advancing strongly, at end-June there were group net cash holdings of R29m, and since the year end R20m has been raised through a private placing of 10,9% unsecured debts

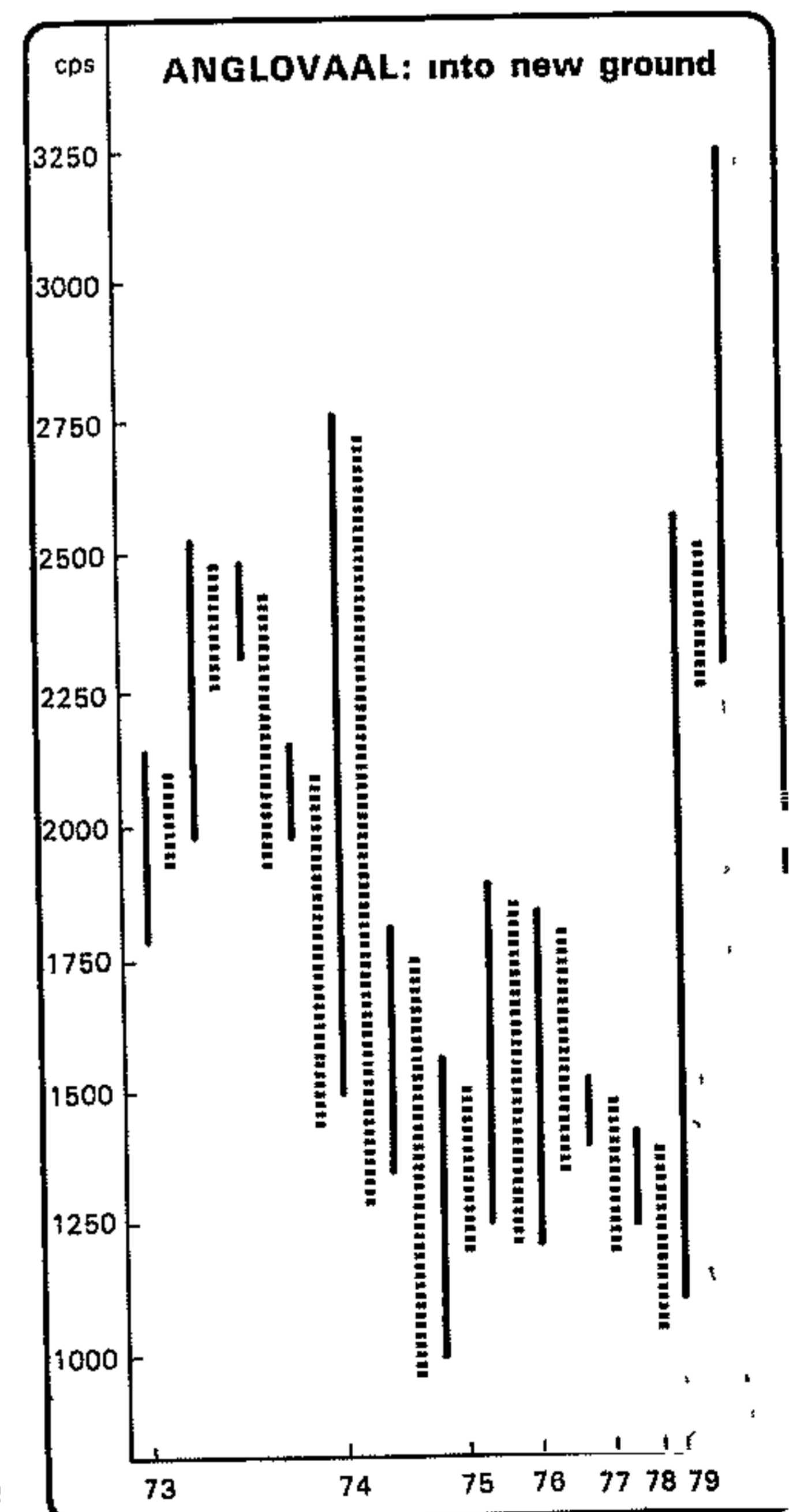
Anglovaal's capital structuring has traditionally been conservative, leaving scope for higher gearing if necessary For individual base metal projects there are

probably no reasons why funding should not be drawn from overseas partners The group has had a close relationship with US Steel for many years and has drawn on that company's funds to finance mining operations tied to sales contracts

But new mining developments are unlikely to come on stream much before the mid-Eighties, while shareholders with near-term horizons are probably more interested in earnings possibilities over the next couple of years

Despite the fact that, of the major houses, the group has the lowest exposure to gold, gold mining remains the largest contributor to earnings This year, unless bullion collapses, gold's lead position should be maintained, despite improved prospects for other mining and non-mining interests

Most of the group's industrial and food interests have reported and are expecting improved results Last year, this resulted in a well controlled 9,2% advance in stocks That included a 42,1% increase in finished goods to R24,7m, which is indicative of expected improved performance during the current year However, depending on management's views of near-term prospects, as the year advances stock build up could absorb increasing amounts of capital And if this restrains distributions by non-mining subsidiaries, the full benefit of higher dividends may not flow through to Anglovaal's shareholders for two or three years



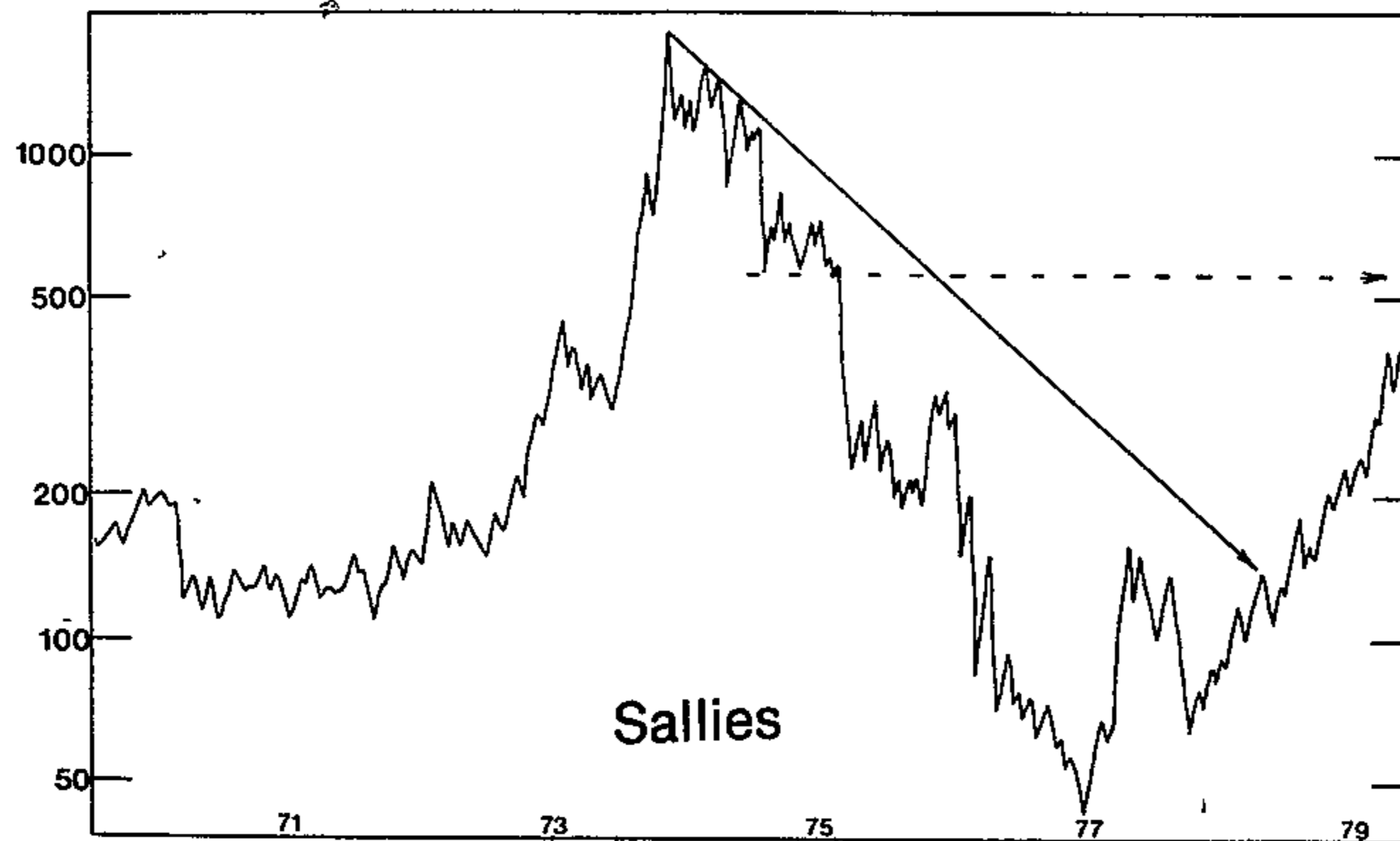
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Jim Jones



SALLIES se aandaelprys se onlangse skerp styging het gepaard gegaan met gerugte dat goudwaardes verbeter het Volgens die grafiek sal daar min weerstand wees totdat die groot handelsgebied van 1975, toe dit teen 600c en meer verhandel is, bereik word nie Teen hierdie prys sal daar heelwat ou bulkopers wees wat hul geld sal vat Dit sal Sallies se langtermyn-potensiaal heelwat kniehalter Maar in die korttermyn beteken dit 'n 40 tot 50 persent groei op die huidige 390c Op die langtermyn sal die huidige skerp styging ook nie volgehou kan word nie 'n Reaksie moet die een of ander tyd intree, maar in die korttermyn kan hierdie momentum behoue bly

— Dr Clive Roffey

Ou skag laat

Sallies

styg

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klappent
11/11/79

HOEWEL daar geen bevestiging verkry kon word nie, wil dit voorkom asof South African Land and Exploration Company (Sallies) groot planne in die mou voer en dit is dan ook die rede waarom hierdie aandeel die laaste tyd aansienlik beter as baie ander goudaandele op die Johannesburgse Effektebeurs vertoon het

Daar word op gesag verneem dat Sallies die ou Nr 5-skag (Die Van Dyk-skag) gaan heropen en dat besondere goeie ertswaardes hier gevind is Na verneem word, is daar ongeveer 27 miljoen ton erts met 'n gemiddelde waarde van 14,7 gram per ton in hierdie gebied beskikbaar. As hierdie gerugte reg is, kan 'n mens verstaan waarom die aandeel die laaste tyd so goed presteer, het.

Daar word gesê dat die ou Van Dyk-skag heeltemal vergroot gaan word en ook her-toegerus gaan word om hierdie erts te ontgin. Dit is 'n besondere diep skag — sowat 8 000 voet — wat dit relatief duur sal maak om die erts na die oppervlak te bring, maar as die ertsgrade reg is, behoort die kostestruktuur nie baie nadelig geraak te word nie.

Sallies se aanleg hanteer op die oomblik sowat 100 000 ton erts per maand, wat beteken dat indien die ertsreserwes by die Van Dyk-skag korrek is, 'n mens basies hier te doen het met 'n nuwe goudmyn, waarvan die lewe teen die huidige maaitempo meer as 20 jaar kan strek.

Vandat Sallies se ondergrondse bedrywighede in 1976 gestaak is en staatsbystand aan die myn onttrek is, het hy voortgegaan om goud te herwin van erts wat hy van Power Crushers aangekoop het Hierdie erts

was van die ou hope van die ou Sub-Nigel Betty en Nr. 3-skagte afkomstig, maar die ertsgrade van hierdie materiaal het sodanig begin afneem, dat dit onlonend was om te ontgin 'n Nuwe ooreenkoms, wat op 28 November 1977 in werking getree het, is met Nusben aangegaan vir die herwinning van goud van hoer grade erts en slyk van vergruisingaanlegte wat deur hierdie maatskappy van verskillende bronne in die Oos-Rand voorsien word

Die voorsitter van Sallies, mnr N F Oppenheimer, het in sy onlangse jaarverslag gesê dat die maatskappy verwag om in die huidige boekjaar wat op 31 Desember ten einde loop, sowat 1 200 kg goud te produseer.

Hy het ook bygevoeg dat afhange van die goudprys daar genoeg afvalmateriaal beskikbaar is van verskeie afvalhope aan die Oos-Rand om die myn ten minste vir 'n jaar aan die gang te hou

Hy het ook daarop gewys dat veranderinge aan die aanleg aangebring is wat dit baie meer buigbaar maak om verskillende soorte van materiaal te behandel.

Weens die relatiewe skaarsheid van afvalhope in hierdie gebied nadat Ergo sy aanleg daar geopen het, word Sallies verplig om aansienlik meer as byvoorbeeld vir 'n myn soos South Roodepoort vir sy afvalhope te betaal.

Na verneem word, is die resultate wat van die Withok-gebied met prospektering verkry word en waarvoor die myn in 1976 'n uitgawe van 3 300 000 aandele teen 60c per aandeel gedoen het, baie teleurstellend.

DAAN DE KOCK

in the Barlow interim statement Had neither of these companies been consolidated in the first half, trading profit would have been only 31% higher rather than the 66,7% actually recorded This pointed to a pre-tax contribution in the first half of around R26,9m

With these two acquisitions there should be major changes in the ranking of divisional contributors In 1978, the largest industrial division, using trading profit as the yardstick, was earthmoving and heavy vehicles, with cement and lime running second Packaging was a minor contributor, providing only 7% of trading profits However, in the year to end-September 1978, Nampak reported a pre-tax profit of

BARLOW RAND
Industrial gems

(210)
Fm 16/11/79

The 47,5% increase in Barlow Rand's pre-tax profit for the year to end-September hides the better-than-average performance of group industrial interests which contributed around 77% of before-tax profits And, with consensus that consumer spending and industrial activity are accelerating, profits from non-mining interests should show a further significant rise this year

Last year, Barlow's industrial interests increased their contribution to group pre-tax earnings by about 58% to R247m (R156m) Mining profits, including the TC Land consolidation and gold mining dividends, added about R68m (R58m) to pre-tax profits — an 18% rise Most of the increase in mining profits came from TC Land, which reported a pre-tax profit of R65,6m (R56,5m) for the year to end-September However, with marginals ERPM and Durban Deep back in the dividend lists, and almost double the payments from Harmony and Blyvoor, Barlow's effective interest in dividends from its four major gold mining holdings rose to R6,1m (R3,5m)

The huge advance in industrial profits stemmed partly from the first-time consolidation of Nampak and GEC SA An indication of the contributions was given



**Barlows' Mike Rosholt . .
pushing earnings growth**

R24,5m, which means the total trading profit contribution from packaging this year must have been at least R40m — about 15% of group total

In April 1978, when Barlows bought 50% of GEC SA, that company expected taxed profits of R9m for the year to end-March Guessing on a tax rate for GEC SA is hazardous but, at the trading level, there must have been a contribution of at least R15m

These acquisitions, however, meant that at the taxed level, earnings growth was only 33,9%, against 47,5% pre-tax Minorities' deductions totalled R63m (R39,2m) — 60,7% higher — because of the outside shareholders in both Nampak and GEC SA But the total dividend was lifted to 38c (30c) which will be followed early next month by conversion of the 12,2m preferred ordinaries into ords

Des Kitala

TABLE I

Ministry of interest sees

RDM 22/11/79

Rheumatic Heart Diseases (390-398)

Hypertensive Diseases (400-404)

Ischaemic Heart Diseases (410-414)

Cerebrovascular Diseases (430-438)

Total
Circulatory Diseases (390-458)

Motor Vehicle Accidents (E810-E819)

Suicide (E950-E959, E979) *

Homicide (E960-E969)

Total Accidents, Poisoning and Violence
(E800-E999)

By SIMON WILLSON
Financial Reporter

DR WIM de Villiers, chairman of General Mining and Finance, said yesterday the interests of all the people of South Africa had now become "identical", and its free enterprise system had become a common value.

Addressing the international Free Enterprise conference at the University of the Witwatersrand, Dr De Villiers said modern South Africa had been built on a promising partnership between its Afrikaans-speaking and English-speaking people.

"While the Afrikaner people were to concentrate their talents and energies on politics and administration and on providing the country with a sound agricultural base, our British compatriots were to pour their talents and energies into providing a sound economic base and structure for our young nation.

"It is therefore merely a matter of historical circumstance that the Afrikaner should have been governing and administering South Africa for 30 years, and that the English should have nurtured and dominated our economy up to the present," Dr De Villiers said.

He said it was understandable that English and Afrikaans speakers had at times experienced a sense of irrelevance and even impotence in the field dominated by the other.

This preoccupation had "blinded us to the fact that we have both tended to regard our black fellow South Africans as being completely irrelevant, or at most incidental, to the concerns of either the public or private sector," he said.

"This, I think, has now come to an end."

He said the Free Enterprise conference itself was a sign that people realised South Africa was now in crisis, and that historically-based divisions could not be permitted to deter anyone from doing what had to be done.

"Our crisis is a battle for survival. We are all now party to the need to place South Africa first, in the interests of all her peoples."

"Measured against the total onslaught with which we are confronted, two things are clearly necessary: our house must be put in order, and the public and private sectors must join hands in designing for South Africa an overall strategy to meet the onslaught which is being directed at our very being."

Dr De Villiers said South Africans now had two grave responsibilities:

- To broaden and develop the unacceptably small leader group of entrepreneurs, managers and professional people.
- To put this group to the fullest use in attaining for all South Africans a decent standard of living.

"Government, for its part, has made giant strides in removing the obstacles to full participation by all in the free enterprise system, and in devolving on to the private sector ever more of the responsibilities which belong there."

"But more, it has committed itself to close and constant collaboration and consultation, and has drawn the private sector increasingly into decision-making," Dr De Villiers said.

750 38.0%	287 42.4%	122 36.6%	28 26.9%	572 26.3%	161 24.7%	282 15.1%	59 18.2%
485 24.6%	104 15.4%	42 12.6%	13 12.5%	84 3.9%	18 2.8%	76 4.1%	11 3.4%
59 3.0%	41 6.1%	41 12.3%	2 1.9%	680 31.3%	167 25.6%	806 43.1%	89 27.5%
1973 100%	677 100%	333 100%	104 100%	2175 100%	652 100%	1868 100%	324 100%

* E979 "Suicide and self inflicted poisoning by motor vehicle exhaust gas" is a code used in South Africa which does not appear in I.C.D. (8th revision). See Ref. 13.

Johannesburg Consolidated Investment Company, Limited

F.M. 23/11/79

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Chairman's Review by Sir Albert Robinson.

The Annual General Meeting of the Company will be held in Johannesburg on 27 November 1979 at 12 noon.

Results for the Year

It is a pleasure for me on this the ninetieth anniversary of the establishment of Johnnies to report that Group profits after tax and available for distribution to ordinary shareholders for the year ended 30 June 1979 were a record at R51,1 million or 719 cents per share. This compares with R42,2 million (594 cents per share) last year, and reflects an increase of 21 per cent. After an unchanged level of 170 cents in recent years dividend distributions were increased by 50% to 255 cents per share. The main factors contributing to these results were an R11,6 million increase in Group investment income to R38,1 million and a substantial rise in net sundry revenue. The trading profits of our operating subsidiaries were once again very satisfactory apart from Steelbrite Limited which incurred a loss during the year.

The industries in which we are engaged and from which we draw the main part of our profit are vulnerable to the fluctuations of world commodity prices and are also exposed to the general effects of cost inflation in South Africa. We have, therefore, to see our business in perspective and this means taking a long-term view. Nothing demonstrates the inherent strength of Johnnies more than the manner in which it has come through the difficult period of the last few years and this gives us reason to be optimistic about the future.

Financing

Over the past two years the financing of our business has been re-examined and changes have been effected to accommodate anticipated developments in our operating en-

vironment and to improve our balance sheet structure and flexibility. Fluctuations in the world economy and the persistence of historically high but also divergent rates of inflation in most leading trading countries have resulted in a great deal of currency instability. The dollar has been under pressure and gold has risen to record levels on world bullion markets. Because of the currency risks inherent in the present situation and also because of high rates of interest overseas we have reduced our foreign indebtedness. Local funds were available and we have taken the opportunity to strengthen our liquidity by raising R40 million in the form of redeemable preference shares and the first tranche totalling R20 million has been received. This will provide us with funds to exploit additional investment opportunities when these arise.

Diamonds

During the year ended 30 June 1979 approximately R13,7 million was derived from our investments in the diamond industry, made up of holdings in various unlisted trading companies and shares in De Beers Consolidated Mines Limited. Johnnies was able to increase its investment in the unlisted trading companies during the year and this, together with increased rates of distribution, explains the satisfactory increase in our diamond income.

Gold and Uranium

The increase in the gold price to over \$400 an ounce in October, although a development beneficial to our gold mining interests, was not viewed with unqualified satisfaction. This increase resulted largely from a worsen-

ing of inflation in the US and other leading industrial countries. The steps being taken to deal with the recession now developing in the US could have an adverse effect on the gold price in the short-run. However, in the long-run, if inflation proves difficult to contain and the need continues for hedge assets that provide protection both for governments and private investors, then a gradual rise in the gold price can be anticipated.

A further R25 million is expected to be spent on capital development at The Randfontein Estates Gold Mining Company, Witwatersrand, Limited during the present calendar year, bringing the total expenditure on the expansion programme to approximately R220 million. The mine experienced a series of setbacks in the development of its uranium treatment plants. The problems have been recognised and are being overcome. Throughput for both plants is already up to design levels of 350 000 tons per month. Millsite plant is operating at designed efficiencies and, as the modifications to the facilities become available in the new year, the Cooke plant is expected to achieve its designed metallurgical recoveries. While the recent announcement about the uranium ore reserves in the old Randfontein Section is disappointing, we must await the results of further investigations. However, results for the current year are unlikely to be affected and operating profits will exceed those of 1978.

The rise in the gold price has made it possible for Western Areas Gold Mining Company Limited to concentrate a greater degree of its mining operations on lower grade ores with the result that the grade at the mine declined from 6,0 grams per ton in 1977 to 5,6 grams per ton last year. As a low grade producer Western Areas is vulnerable to a setback in the gold price, but working costs per ton milled have been well contained despite the general rise in prices in South Africa. Exploratory drilling from underground has confirmed the existence of additional gold and uranium bearing ore and the company consequently is endeavouring to obtain a suitable uranium sales contract through the agency of the Nuclear Fuels Corporation of South Africa (Pty) Limited (Nufcor).

Platinum

Profits after tax in respect of Rustenburg Platinum Holdings Limited for the year ended 31 August 1979, rose to R78,7 million compared with R25,8 million in the previous year. This was the result of a substantial improvement in the prices of most of the metals produced by Rustenburg, and of a stronger demand more especially in the USA.

Rustenburg Platinum Holdings has now repaid its Euro-dollar loans and the balance sheet is in a stronger position than it was a year ago. Notwithstanding these favourable results the dividend policy continues to be conservative to enable the company to build up sufficient cash resources to help meet its commitments in the future. The prospect of a recession in the United States underlines the need for this caution, although Rustenburg remains confident that its results for the coming year will be satisfactory.

Coal

Johnnies Group collieries produce approximately 12,5 per cent of total non-tied bituminous coal output in South Africa. Although at present they sell none of their production abroad the Tavistock group participates in the net export earnings for the Transvaal Coal Owners Association (TCOA). We are concerned, however, that while the TCOA had its export quota increased by only 14,6 per cent to 11 million tons in terms of the revised Richards Bay Phase II programme (24 million tons per annum), other coal exporting groups had their export allocations increased by 25 per cent. Furthermore, insofar as Phase III is concerned, which will bring the total bituminous coal exports up to 40 million tons per annum, the TCOA was not allocated any further tonnage.

In my opinion the Government is taking too cautious a view of South Africa's ability to export coal and could increase the current ceiling of 44 million tons, inclusive of anthracite, without putting at risk the long-term soundness of our domestic energy supplies. South Africa has, after all, reserves which at the current rate of usage will last for another 200 years at least, as well as an abundance of uranium which in time is likely to complement both coal and oil as a means of meeting the country's growing energy needs. There are opportunities world wide to place long term coal contracts and urgent consideration should be given to taking advantage of them. I realise that there are transport and coal loading constraints at present but these could be overcome if it was decided to increase the volume of coal exports.

Coal production of the Tavistock group of collieries increased only marginally last year to 3,78 million tons from 3,73 million tons but the money value of coal sales rose by 14,6 per cent to R29,3 million largely because of the increase in the coal price gazetted in February. The pre-tax profit of the Tavistock group inclusive of its trading operations and a profit of R2,9 million resulting from the group's share of TCOA net export earnings was R18,9 million. This was up 18,2 per cent on the previous year.

Since the year end Johnnies has sold The Natal Cambrian Collieries Ltd to a member of the Kangra Holdings Group for R1,8 million and will also receive a percentage of the pre-tax profit of Newcastle Platberg Colliery Ltd, a fellow member of the same group, for a minimum period of five years. This transaction will result in a degree of rationalisation within the Natal coal market.

Base Metals

We are re-examining the position of our Otjijase mine in South West Africa and during the next twelve months will carry out a further programme of drilling and underground development costing approximately R2 million. These moves, however, must be seen in perspective. The improvement in copper prices in recent months has been due in large measure to a shortfall in supply from Zaire and Zambia at a time when consumption has shown some recovery in most leading industrial countries. However, the level of present prices and the uncertainty created by the extent of their fluctuation give cause for continued

discussion, but the Government and the labour unions must accept that the present unsatisfactory situation in our industry cannot be allowed to continue indefinitely. White trade union members are entitled to assurances that their rights and interests will be secured, but the interests of investors and, indeed, the interests of the country as a whole also require consideration. The Government and the private sector have a clear duty to fashion a new labour pattern for South Africa which is based on the needs of all the people and not on the privilege of the few.

The labour problem in South Africa is a twofold one. On the one hand we are burdened by an unacceptably high level of unemployment amongst unskilled blacks, on the other our progress is being held back by a scarcity of skilled whites. Because black unemployment poses a threat to our socio-political stability everything possible has to be done to increase the rate at which jobs are created in South Africa. But we will not succeed in creating the jobs required unless simultaneously the number of skilled personnel in the country is increased, for without the skilled personnel the new investment needed will not be viable. It is just not possible to provide the increased need for skilled labour from the white sector of the population alone. Increasingly, coloured, Indian and black workers will have to be trained and for this reason alone vertical mobility within the labour force has become an urgent necessity.

In the mining industry we are well aware that it is not possible to solve problems of income inequalities simply by changing pay policies and practices. Higher earnings are essential but every effort must be made to link them to higher productivity. This requires education and training which of necessity have to be spread over some years. It will consequently take time before the present skilled manpower shortage is eliminated. But let this not be the excuse for inaction.

The South African Economy

South Africa at present is in the midst of a process of change that is likely to transform the nature of its society dramatically by the time the process has run its full course. The process is not without its dangers, but greater danger exists in not coming to terms with it. While opinions differ on political issues, particularly as to the accommodation of the aspirations of our different communities in any new constitutional dispensation, all are agreed on the importance of preserving the unity of South Africa's economic system. Indeed, it is on the continued growth and maintained efficiency of the economy that the success of constitutional reform in the long-run will depend.

The need for economic unity, both within South Africa and on the sub-continent, does not only stem from political considerations. If industry in this country is to increase its effectiveness in international competition, it must increase the scale of its operations and this will only be achieved through a major expansion of our domestic market. At the moment this market is restricted in size because only about five to seven million people really

participate in high mass-consumption activities. This number will have to be greatly increased by drawing into the developed part of our economy those millions of people who still languish in rural underdevelopment.

In our corporate planning we have taken account of these needs and have already established important links with Bophuthatswana, Lebowa, KwaZulu and Venda which show every promise for the future. We have been greatly encouraged by the attitudes of their governments and with their commitment to the ethic of a free enterprise economy. We see ourselves as playing a meaningful role both in the economic and social development of these states.

Prospects

The outlook for the coming year is one confused by contradictory tendencies in the different geographical areas in which we do business. In our principal export markets, slower growth has become evident while in South Africa, real gross domestic product is recovering, encouraged by stimulatory policy measures adopted by the Government. Also, precious metal prices have risen to levels unimaginable only a year ago because of a general rise in world inflation and fears of a currency collapse. However, even if the extremely favourable conditions that we have experienced during the first quarter of the present financial year do not persist, it is reasonable to expect that the year as a whole will be one of further satisfactory progress for us.

Directorate and Staff

It would not be proper, in concluding this statement with the traditional thanks to our directorate and employees, to omit reference to the conflict in Zimbabwe Rhodesia which resulted in the deaths of people closely connected with our company. To the relatives of Peter Gray, formerly of our London Office, who lost his life in the Air Rhodesia Viscount disaster at Urungwe, and to the relatives of those who died in the attack on our staff recreational quarters at Shangani on 8 April 1979, we offer our sincere condolences. We sincerely hope that a solution to the present conflict will be found so that Zimbabwe Rhodesia can develop its great potential in a peaceful climate and so that our employees can carry out their duties free from the strife and conflict that has persisted for so many years.

To all the members of our staff I would like to offer the appreciation of both the Board and myself for their efforts during the past year which have made this ninetieth anniversary the outstanding success it has proved to be.

Finally, it is a pleasure for me to offer my congratulations to Mr P. A. von Wielligh on the completion of his successful term of office as President of the Chamber of Mines.

19 November 1979

Johannesburg

London brokers examine mining

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JSE Spotlight

Stephen Suckley
looks at what
overseas
brokers think.

faster rate than costs over the past 12 months and a lot more marginal ore has become available

If gold holds out at current levels for much longer there is going to be another round of recovery grade reductions as the mines start to mine low grade ore to extend their lives

Rowe and Pitman remain bullish on gold shares, particularly in view of the high yields that are currently being discounted

The brokers are wary of the apparent high dividend gearing of the poorer, higher-cost mines which may not in the end be realised and still prefer to stay with longer-life medium to high grade operations.

Confident

No review of the prospects of gold mines and related companies would be complete without some sort of forecast on the gold price

The brokers are confident that the price will not fall much further unless the US Treasury really steps up gold sales in the short-term the price should fluctuate around 350 to 400 dollars an ounce

But they suggest that the usual combination of monetary and inflation worries will start the price moving ahead again, albeit more slowly, in the near future

Coverage is also devoted to copper, platinum tin and uranium Here is what they say

● With the copper market expected to be broadly in balance in 1980 and with stockpiles at more normal levels, copper prices will react to any adverse news. Consequently 1980 will be a year of widely fluctuating prices within the band of 950 pounds to 1 150 a ton

Copper cash is currently quoted at 1 000 pounds a ton on the LME

● There is little hope of a short term surge in the demand for platinum unless speculative activity builds up again

Expansion schemes at both South Africa's large producers may ensure adequate supply even in the face of limited Russian sales

The brokers expect the free market price to continue to parallel gold but with some relative weakness, though not sufficient to endanger the producers' price of 380 dollars an ounce

It is always rewarding, I find, to see what London stockbrokers have to say about South African share opportunities — not only because their names can be quoted but also because of the quality of their research

An interesting mining review to land on my desk this week came from the London-based broking firm of Rowe and Pitman, whose report will have been read by clients in London, Toronto, San Francisco and Hong Kong

With the gold price going up one day and down the next, many an investor is in the dark about what to do with his shares. Do I buy more, do I sell, do I hold on to what I've got or have I missed the boat completely? This makes Rowe and Pitman's positive review of particular interest.

Recommendations

The brokers in all cases give a positive "buy" or "hold" recommendation

The brokers not only concern themselves with commenting on selected South African mining and related shares but discuss the likely performance of gold shares and forecast possible dividends for the December/January payouts

They also discuss in detail base metals and have a comprehensive article on the outlook for copper in 1980

Getting back to the investment side the brokers take a look at 11 shares, five of them mining houses and six in platinum, diamond and coal sectors

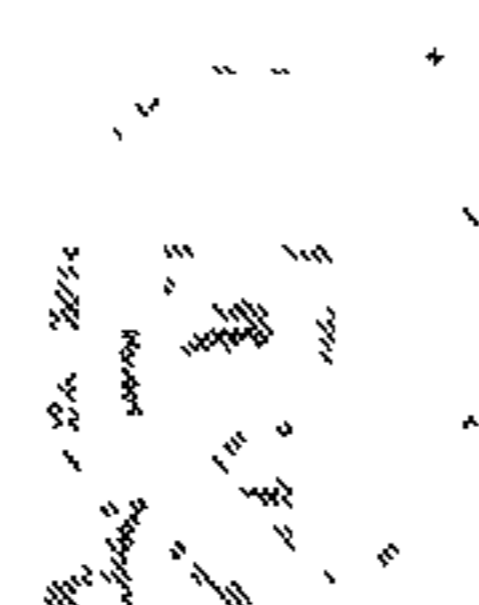
Mining houses

Taking the mining houses first the report suggest that the outlook for Anglos in the current year is good Gold income will increase while De Beers has scope to contribute more despite a slackening off in business.

The group's coal interests should provide more income while industrial companies should benefit from the upturn in the domestic economy

The reorganisation of Charter will have little impact, except that Anglo is now responsible for all the finance of Cleveland The brokers suggest that shares in Anglo should be bought.

Buy signals are also given to Gold Fields of South Africa and General Mining.



and industrial interests as in the case of other houses will benefit from the better economic outlook

● Impala's shareholders are also advised to hold on to their investment. The outlook is mixed A lower Japanese offtake of platinum for the jewellery trade and a slow down in US car sales may have an adverse effect but on balance earnings can be expected to improve.

● Rustenburg's revenue prospects are healthy but demand may show some slackness for the reasons mentioned about Impala Earnings are likely to improve but the dividend policy will remain conservative and the brokers give a "hold" signal

● TC Lands will benefit from its Rietspruit and Duvha operations and the move into the asbestos interests of Cape industries will have an immediate beneficial effect of profitability The brokers consider the share should be bought

● De Beers, despite a slackness in demand for diamonds, warrants a "buy" signal, according to Rowe and Pitman Larger diamond demand is firm but small stones are not selling so well and overall sales volume is likely to be lower than last year The brokers expect earnings to be slightly lower at 200c (195,6), but there is scope for a 5c increase in the dividend to 70c Following an increased investment through the Charter reorganisation, the brokers recommend getting into De Beers

● Amcoal is also worth investment The current year promises good trading conditions with a proportionate increase in profits. Amcoal is a major producer and exporter of steam coal with large reserves. For long-term prospects look good

the brokers say.

Synopsis

The brokers also look at two London-based companies which South African investors are able to buy. Here is a brief synopsis of what they think.

● Charter's reorganisation will give the company a new lease of life but it will still have to prove itself in its new role. Earnings and dividends will fall following the implementation of the recent restructuring but are more than made up for by the Minorco shares that will be received The brokers suggest that Charter shares should be bought

● Cons Gold Fields' prospects for the current year are good and the brokers recommend a "hold" Recent price strength seems to have been due as much to takeover rumours as the gold price, especially when compared with the weakness of other UK mining financials

Inflation

Getting back to prospects for gold mines and dividends, Rowe and Pitman say that working cost inflation will deteriorate from the 12 percent recorded over the past year.

The brokers suggest cost inflation of around 15 to 20 percent in the light of the worsening domestic inflation rate

But this and other adverse effects will be swamped in the short-term especially if the gold price holds in the 350 to 400 dollar an ounce area

The profit outlook for profits in the current quarter and December dividend payments is excellent

The brokers have given their forecasts for total payments for September-year mines based on three gold prices — 350 400 and 450 dollars an ounce

Forecasts were made by

24 / 11 / 79

Prospects

Prospects for General Mining with its 49 percent interest in Union Corp are good. This is the case especially in the strength of the gold price and the start-up of the Ermelo and Matla collieries and the improving economic scenario

The outlook for GFSA is similar and looks good even if the gold price continues at current levels. Looking ahead, the production start-up at the infant gold mine, Deelkraal, and the Black Mountain lead silver mine next year will bolster prospects.

Other recommendations:

● Johnnies' investment income in the current year should improve both from mining and industrial interests and trading profits should also pick up

The brokers have not taken into consideration the current position at Randfontein but may not consider grade problems at the mine to be serious. In any case they recommend that shares should be held.

● Union Corp investors should hold on to their shares. Second-half prospects are good. Gold holdings and Impala have already increased dividends

● Amgold represents a good buy in terms of expected dividend increases from holdings. September and October dividends were good particularly from the Free State mines and there should be some big increases in the December/January declarations,

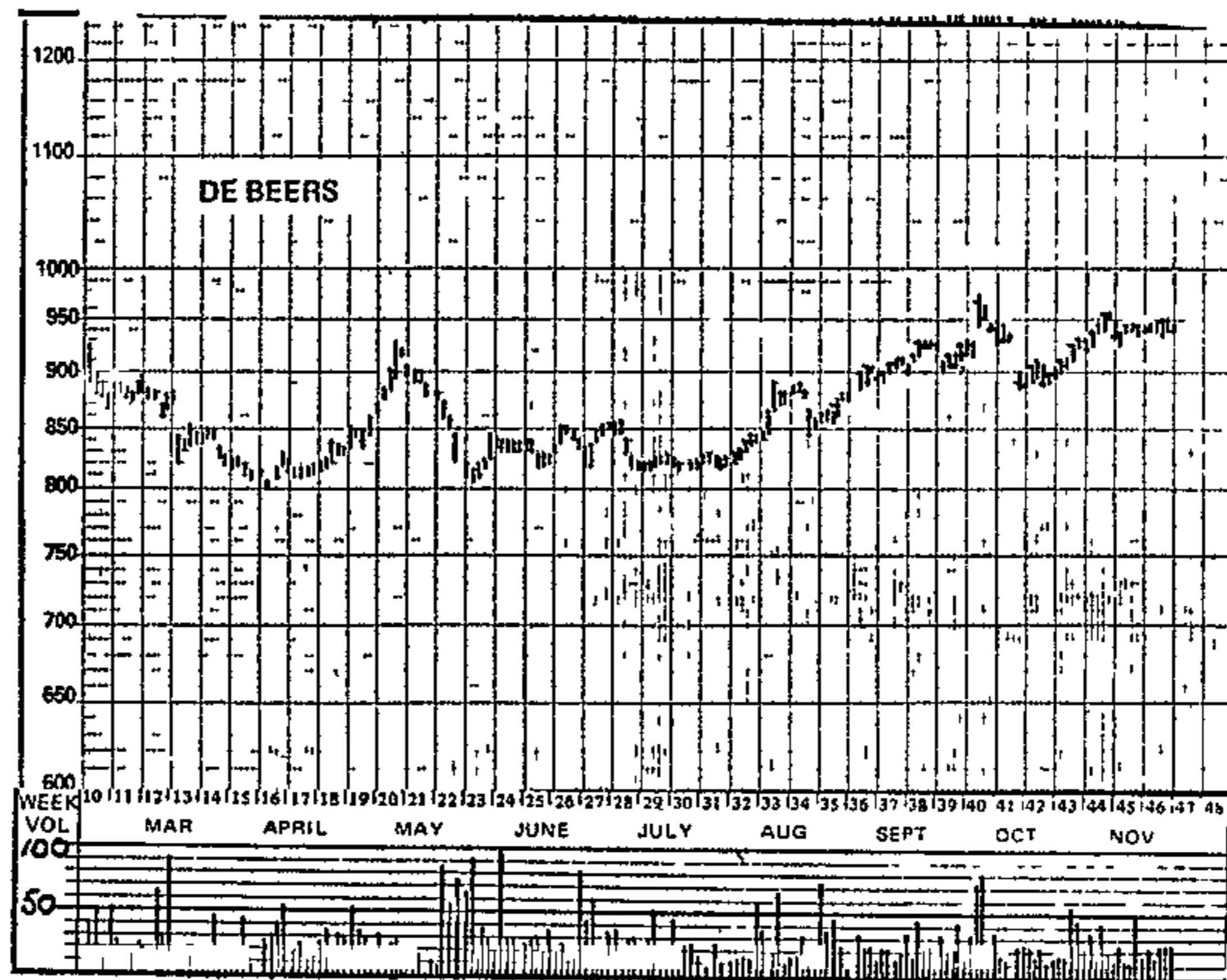
the brokers after due consideration to mine life, whether or not they are older or shorter-life marginals, and capital expenditure situations.

Bullish

The brokers point out that it must not be overlooked that gold revenue has gone up at a much

● Tin demand is still relatively strong and may be sufficient to hold prices around the 7500 pounds plus a ton mark

● An oversupply in uranium until at least 1985, This will affect prospects not yet fully committed and may delay these developments even further.



The graph depicts De Beers, one of the recommended "buys" by Rowe and Pitman. Though below the high of late September, the share price is plotting a steady course. Despite some slackness in business, the brokers suggest scope for a 5c increase in the final dividends.

73. Relative Clauses.

(a) What is the basic function of the word qui quae quod?

(c) In Latin it is called the pronomen _____ (this word being derived from the verb refero referre reftul. relatum). This name indicates that the rel. pronoun refers to a noun (or pronoun), as is seen in the following sentences (we call this noun the antecedent, even though in Latin it does not always precede the relative pronoun).

74. In each of the sentences below, indicate the relative clause(s) by placing square brackets in front of the relative pronoun and at the end of the relative clause, and underline the relative pronoun refers, e.g.

naves longas [

(Caesar B.G. 1

(a) Lutetia

Sequanae

(c) Passer

passer,

quem p[er]

(c) Insula

(d) Poscit

poterat

(e) Nam

sonant

(f) Et

quic

(g) Diffugiunt servi, quorum magna p[ar]t[is]

(h) Nolo in ingentem me locum immittere quos superbissimi, crudelissimi,

Rapport 25/11/79

Boesmanland-groep kry visbelange

DIE BOESMANLANDSE Ontwikkelingsmaatskappy het onlangs beheer verkry oor Nasionale Vissery (Edms), voorheen 'n volhids-Oranjerivier-Vissery en Ontwikkelingskorporasie (Edms), sok voorheen van die Sanlam-kraal.

Mr. Henke Schwartz, 38, assistent-hoofbestuurder van Federale Volksbeleggings in Johannesburg, is as adjunk-besturende direkteur van Nasionale Vissery (Edms) in Kaapstad aangestel.

Dit beteken dat mnr. Schwartz ná ses jaar weer terugkeer na die groep waarvan hy vir sowat sewe jaar tot 1973 verbode was, voordat hy as groepskegetas van Federale Volksbeleggings aangestel was.

Nasionale Vissery is nou die bestuursmaatskappy van die Boesmanland-Groep van maatskappye in Kaapstad. Dit bestuur ook

Boesmanlandse Minerale besit die beheerende belang in Nasionale Vissery. Die ander aandeelhouers is Lamberts Bay Holdings en John Owenstone, Nasionale Vissery het op sy beurt 'n

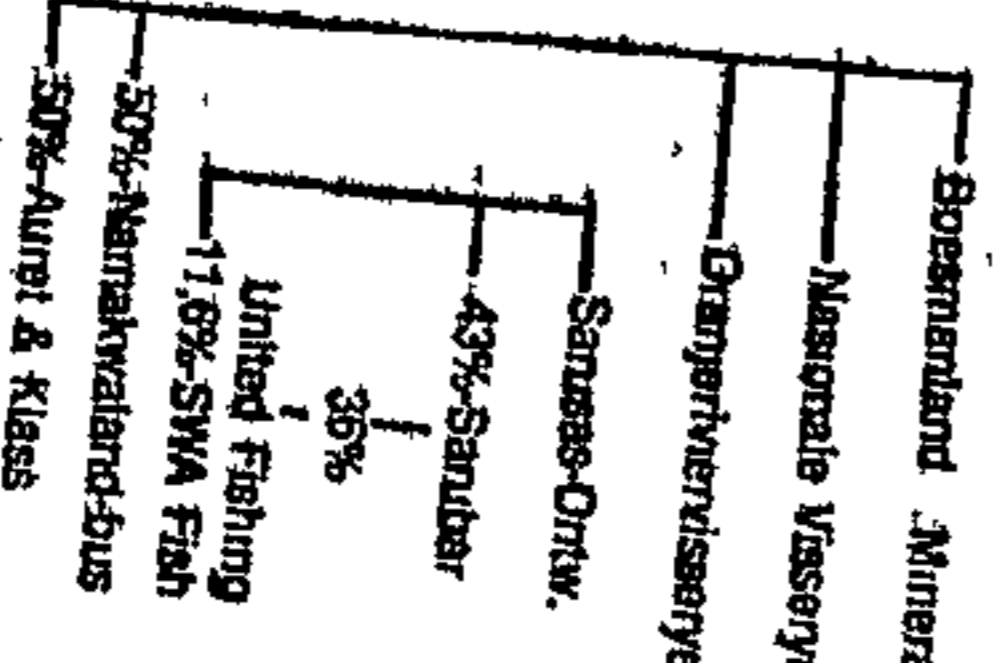
belang in Oranjerivier-Vissery, wat 'n kwota vir diepseevis het.

Die bogenoemde aandeelhouers in Nasionale Vissery het ook aandeelhoudings in Oranjerivier-Vissery. Oranjerivier behoort aan Sarus en Ontwikkelingskorporasie (Edms).

Sarus het prospekter- en mynkonsessies aan die Kus van die Dood en ook 'n kwota vir diepseevis in Suidwes-Afrika.

Sarus het 'n 43 persent-belang in Sarubar (Edms), wat weer 'n 37 persent-belang in United Fishing Enterprises (Edms) (voorheen Swypton) het. Daarby het Sarus 'n 11,6 persent-belang in South West Africa Fishing Industries (SWA Fish).

Boesmanlandse Minerale besit 50 persent van die aandele in beide Nasionale Vissery en Beleggings (Edms) en Auret & Klass Beleggings (Edms) 'n erendomsontwikkelingsmaatskappy.



M N R. H E N K I E SCHWARTZ



RDM 29/1/79

Minister will open new mines hospital

Staff Reporter

ONE of the most modern hospitals in South Africa — the new 504-bed Rand Mutual Hospital south of Johannesburg's central business district — will be opened by the Minister of Health, Dr L A P A Munnik, on December 5

The R13-million hospital, owned by the Chamber of Mines, will be the nerve centre for all specialist medical services required by South Africa's black mining employees.

While the industry has several peripheral hospitals providing services for employees, the facilities and expertise available to treat critical or rare conditions are sometimes inadequate

The Rand Mutual Hospital, with a complement of 24 full-time and 50 part-time and visiting specialists, will be the central referral unit for the mines' entire black working force

The new hospital, built on the site of the existing Wenela Specialist Hospital, which it will replace, will provide most medical services excluding, at this stage, obstetrics, gynaecology and paediatrics

In an interview yesterday, the superintendent of the hospital, Dr Patrick Lowe, said that all sections would be fully operational by February "The hospital is being opened in December to coincide with Health Year and as the mining industry's contribution"

Most of the old hospital is being demolished, but one section will be converted into flats for junior members of the hospital staff who live in

Several other miscellaneous assemblages course Stillbay" reported from between the in the pioneer excavations at Peat's Cave categories have been tentatively isolated, (Deacon 1977), an increasing number of belled (eg. "Early ISA") and floating uncertainly of the Kiddle and Later Stone Ages. has inherent in even these latter categories,

type lists, and far more rigorous attention to provenience (Mookseep 1961). Furthermore, the concepts of culture, industry, variant, stage, period, and phase were in free and variable circulation in the literature. The framework appeared to be near collapse once again.

The Burg-Wartenstein Symposium in 1965 recommended that the Three Age system be scrapped and replaced by Industries which would eliminate several of the less well-defined slots (Kleinienst 1967; Clark et al 1966). Although local sequences of Industries were proposed for Rhodesia (Cooke, Summers, and Robinson 1966) and for South Africa (Sampson 1972), these recommendations have been otherwise ignored. Instead, several active researchers have opted for the escape-clause in the Burg-Wartenstein recommendations which stated that the three Ages could continue in use as "informal" terms until such time as they could be discarded. Thus it has come about that two systems of classification are now in use to describe available fragments of the prehistoric continuum.

Another major upset has been caused by the discovery that levels previously labelled Second Intermediate repeatedly yield radiocarbon dates near the upper limits of the dating methodology. If, as Beaumont et al (1978) suggest, the real age of this "stage" is greater than 70,000 B.P. then a gap must exist on the time-axis between Middle and Later Stone Ages which is longer than the entire ISA itself. Preliminary attempts to push back the accepted date for the beginning of the ISA do not look promising because assemblages from the earlier part of the gap do not fit the original ISA definitions. Parts of the gap are now documented by excavations at Nelson's Bay Cave (Deacon 1978), Klasies River Mouth (Singer and Wymer in press), Boomplaas (Deacon 1977), Heuningneskraal and Border Cave (Beaumont 1978), Na Sololoja (Carter 1976), and Makwe (Phillips 1975). Other fragments of the record — previously forced into available slots — now appear to fall within this large and disorderly period. These include parts of

an increasing number of authors have recently turned to terms such as Holocene and Upper Pleistocene to define broad units. Thus a third system is being introduced into the literature. The time-axis of the framework is clearly in the throes of its fourth major crisis.

Development of the space-axis

It is hardly surprising that the space-axis of the framework has undergone similar episodes of strain during the course of its development, but the causes were not always the same as those outlined above. K.D. Gooch (1981) was the first to recognize the need for subdivisions in South Africa, although the classifiers of his times in Europe appear to have avoided this approach. By subdividing his field observations into five geographical regions, Gooch anticipated that we should not expect the Stone Age continuum to advance in an orderly progression of contemporary phases throughout the subcontinent. However, the later accumulation of field results showed that his regional/landscape slots did not covary with "cultural-areas" represented by mapped distributions of similar-looking stone artifacts. Although Goodwin (1946b) was attracted to regional subdivision, he seems to have realized this and the units known as Cultures and/or Industries became the common approach to both spatial and chronological subdivision of the three Stone Age blocks.

Inevitably, new Cultures tended to spring up wherever a pioneer archaeologist happened to be located — either because of his place of employment or because of his personal field interests. The first ones to appear in the literature tended to cluster around Cape Town, Grahamstown, the Kalkfontein dam on the Riet River, the diamond-diggings on the Vaal, and so on. By the time of the 1929 meetings of the British Association, vast uncharted regions still existed between these oases of research.

Mortality rates greater than 5/1 000 appear in italics in Table I. For all of these major causes of mortality, the Asian and 'coloured' mortality rates exceed those of the whites.

However, in this context, what requires emphasis is that by using the major disease classification a certain amount of detail is lost. For example, despite the fact that the overall rates for diseases of the circulatory system are comparable for whites, Asians and 'coloureds', within this broad category the mortality rates for specific diseases vary markedly. Table II provides the proportional contribution of the major circulatory diseases for the whites, Asians, 'coloureds' and Africans. Whilst Ischaemic Heart Disease is the major Circulatory Disease in the white and Asian communities, Cerebrovascular Diseases are the major cause of Circulatory Diseases in the 'coloured' and African communities.

Similarly, if the Accidents, Poisoning and Violence category is examined in greater detail, motor vehicle accidents are the major cause of mortality in whites, 'coloureds' and Asians, the second most important cause in the white community is suicide, whilst that for the 'coloureds' is homicide. For Africans, the latter is the main cause in this category.

The expectation for life at birth and at age 45 for whites, Asians and 'coloureds' is summarised in Fig. 6. It is not meaningful to calculate an expectation of life for urban Africans as this group is subject to a large measure of migration. The characteristically better expectation of life for women in comparison to men, is apparent for all three communities. However, what is of interest is the ratios of the expectations of life for the three communities. At birth, the white Asian: 'coloured' ratios are 1:0,91:0,76 for males and 1:0,88:0,77 for females; at the age of 45 these are 1:0,91:0,86 for males and 1:0,79:0,85 for females. The 'coloureds' are less disadvantaged at e_{45} as compared to e_0 for both males and females, a difference which is largely attributable to the high infant mortality rate in this community. It is also noteworthy that Asian females have the worst expectation of life at age 45 of the three communities, which is in marked distinction from both males and females at e_0 and males at e_{45} . The fact that for the 65+ age group, Asian women have the highest mortality rates for respiratory, circulatory, digestive, genito-urinary and ill-defined causes of death (Table I) may contribute to this anomalous situation.

Fig 7 summarises the percentage improvement in the expectation of life at birth subsequent to the total elimination of the mortality associated

the South African

'SA can face a fall in its mineral earnings'

Mining Editor

SOUTH Africa's earnings from mineral exports can be expected to fall in the near future, but with the current improvement in the economy, the country can well face this reduction, according to Mr G Y Nisbet, a member of the Gold Producers' Committee of the Chamber of Mines.

Speaking at the annual meeting of the Commercial Exchange Mr Nisbet said "It might be possible to maintain the volume of exports, but it is highly likely that in 1980, or perhaps more likely in 1981, prices received for minerals will have edged down 1981 could well be an awkward year for mineral exports". In the current year, the value of mineral sales is expected to increase by between 30% and 33% to an estimated R9 000 million

But, while checking an ap-

proportionate analysis of these data in the form of cause specific mortality rates for defined age groups by sex, in the white, Asian and 'coloured' communities

If the mortality rates (Table I) are compared with the proportional mortalities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

RDM 27/11/79 (210)

this year would be higher than the average for the first six months with little alteration in the positive factors which have influenced the price

"However, a change in investor sentiment may well halt, at any time, the speculative rush into gold"

Bearish factors which must be considered include the possibility of profit-taking at current levels, the US auctions and tight monetary and fiscal policies and the possibility of credit controls in the USA which will reduce funds available for investment in gold, particularly in the futures market

"There could well be implications for the gold price of a deep recession in the US. A recession has already begun in the USA, with first returns for October showing a drop in retail sales and a steady decline in the money supply"

parent euphoria regarding the potential of mineral exports, Mr Nisbet nevertheless remains confident that the future is bright

Energy-related minerals such as coal and uranium are expected to perform well in the next few years. Uranium production and earnings rose by about 18% last year and a similar rate of growth is expected this year and in 1980

Several new long-term contracts have been concluded and the higher prices resulting from the renegotiation of old contracts and from existing escalation clauses should push up earnings further

"Nevertheless, prices have eased and the finalisation of further contracts will be more difficult as competition from other countries increases"

Mr Nisbet said that the price of gold in the second half of

analysis of these data in the form of cause

specific mortality rates for defined age groups by sex, in the white, Asian and 'coloured' communities

If the mortality rates (Table I) are compared with the proportional mortalities for the seventeen major disease categories (Fig. 5), it will be noted that despite the relatively minor proportional contribution made by circulatory diseases in the 'coloured' community, the actual rates for these diseases are higher than those of the whites. The reason for this apparent inconsistency is that the mortality rates for Infectious and Parasitic Diseases are so high that they effectively swamp the proportional mortality of the Circulatory Diseases in the 'coloured' community. In the white community, the mortality rates for most causes of death are so low, the importance of the Circulatory diseases become disproportionately exaggerated.

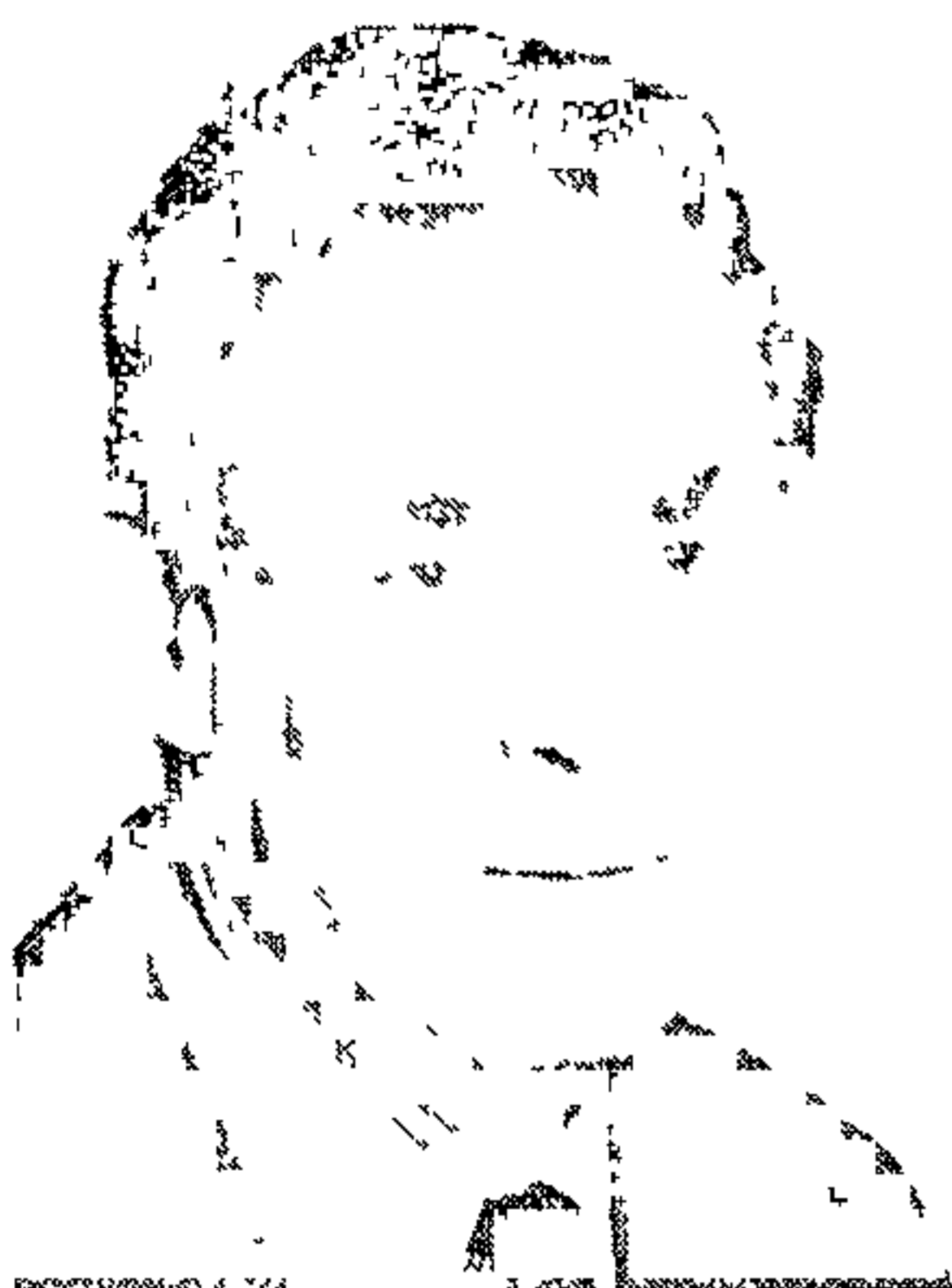
Transvaal Consolidated Land and Exploration Company, Limited

A Member of the Barlow Rand Group



Extracts from the Chairman's statement for the year ended 30th September, 1979

17/11/79
210



The year ended 30th September, 1979 was a memorable one for the country, the mining industry and your company, Transvaal Consolidated Land and Exploration Company, Limited. Acceptance by the Government of the Wiehahn and Riekert Commission reports indicates that major and very necessary changes in the labour situation in South Africa will occur, and the considerable rise in the price of gold will help to provide the means to implement these changes. As far as your company was concerned, record profits were achieved. A new opencast coal mine was brought into full production and another to the initial production stage, while two asbestos mines plus their selling organisation, were added to the group. Profits attributable to members of the company rose by 25 per cent to R34 330 000.

In my statement last year, I said that the group would continue to expand and that its total revenue would increase but that, due to heavy interest and amortisation charges, profit for 1979 would be much the same as in 1978. I am pleased to inform you that

owing to the high degree of technical and managerial skills of the staff employed in our group and by the management company, Rand Mines Limited, as well as very tight control on expenditure, the capital outlay on all the mines - particularly that required to bring the two giant new opencast coal mines, Rietspruit and Duvha, to their present stage of development, was considerably less than originally budgeted. This substantially reduced both the interest and amortisation charges for the year. In addition, Rietspruit opencast coal mine, which came into production in January 1979, operated at a considerably higher level of output than originally planned. This, plus better sales - particularly exports from the commercial collieries in the Transvaal, resulted in higher revenues than I expected last year. In this regard, the South African Railways and Harbours Administration must be congratulated on hauling over the railway lines and shipping through the harbour at Richards Bay greater quantities of coal than was initially thought possible.

Towards the end of the financial year, the price received for gold was considerably higher than expected and this resulted in much improved dividends from those gold mines in which your company has substantial holdings.

During the year, the company took over the asbestos mining operations in South Africa formerly controlled by Cape Industries Limited, of the United Kingdom. The take-over was effective as from 1st January, 1979 and the earnings from this source were considerably greater than the full year's dividends from the company's interest in Rustenburg Platinum Holdings Limited, which was used as part payment for the new acquisition.

Owing to an over-supply of Transvaal chrome ore, the company's chrome mining subsidiaries recorded considerably lower profits than in previous years.

However, the results of the other operations were so outstanding that your company once again achieved record revenue and profits. The summary of results

for the year and the histograms accompanying this statement show the company's achievements over the past nine years and effectively demonstrate your company's progress.

The price of gold, which at the end of the company's financial year was fluctuating wildly around levels that had never been achieved before, will probably settle down at a lower figure than the highest achieved recently, but I am sure this will be considerably greater than the average price received during the past year. We can therefore confidently expect greater revenues from gold dividends in the current year.

Although the internal market for coal is likely to be restricted due to over-production and prices on the export market might not rise to any extent for a year or two, your company will benefit from the inclusion of earnings from Rietspruit for a whole year and the commencement of earnings from the first stage of supply to the Duvha Power Station.

The marketing of asbestos is complicated by environmental difficulties, but these were taken fully into account when determining the purchase consideration for the asbestos mines and for calculating the potential yields. The asbestos companies will contribute for a full year for the first time in 1980 and I expect improved earnings from this source.

Unfortunately, it would appear that chrome will remain in the doldrums, but a small improvement in contribution from this product should occur.

However, I believe shareholders can expect an improvement in total group profits in the current year similar to that achieved in the year just completed.

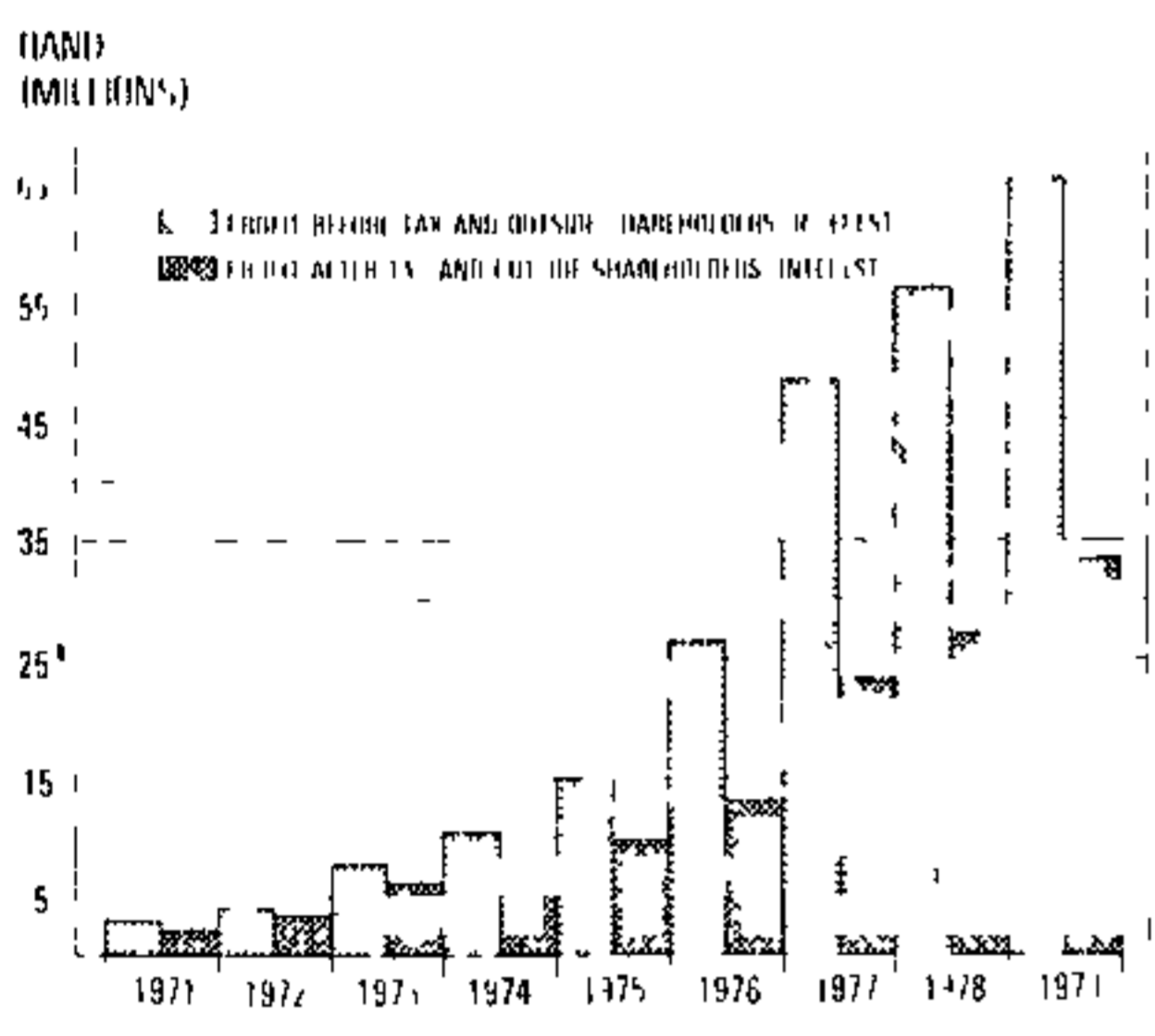
From the industry's and the country's point of view, the additional revenue from coal exports and particularly that now being received from gold, has made and will make a substantial contribution to South Africa's economic health and stability. These additional revenues come at a time when the Government of the country through the Prime Minister has expressly stated that the limitations in both job opportunities and

FEATURES OF THE GROUP RESULTS

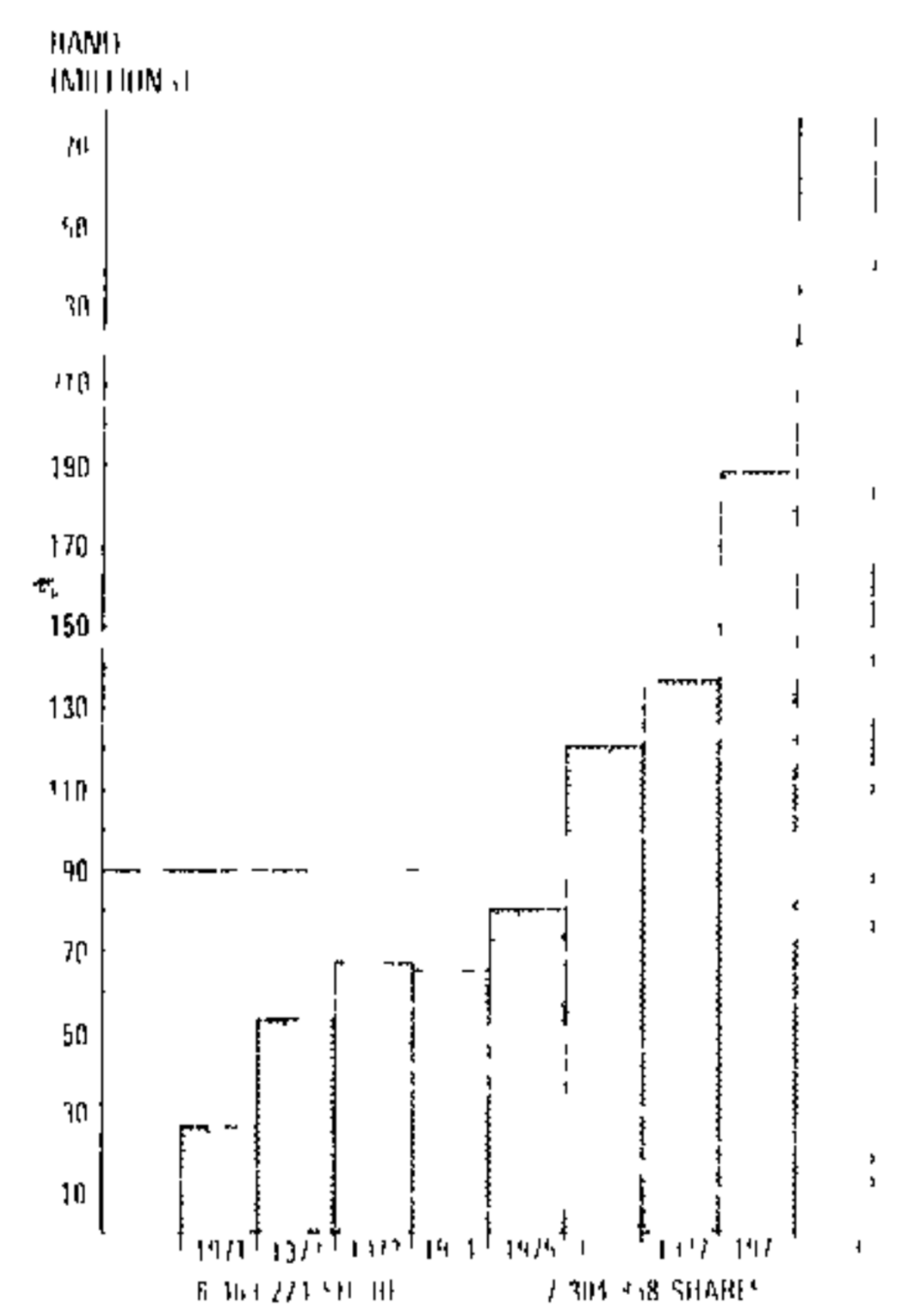
	1979	1978
	R000 s	R000 s
Turnover	207 420	141 587
Profit before taxation	65 565	50 507
Taxation	22 780	1 067
Normal	15 179	1 067
Deferred	7 601	11 95
Outside shareholders interests after taxation	8 455	7 978
*Profit after taxation and outside shareholders interests	34 330	7 432
Earnings per share	470 cents	370 cents
Dividends per share	135 cents	110 cents
Dividend cover	3,48	3,17

	1979		1978	
	R000 s	Per cent	R000 s	Per cent
Dividends from gold and uranium mining	7 945	23,13	3 885	14,13
Dividends from platinum mining	936	2,72		
Royalties from mineral tributes after taxes	328	0,96	613	2,23
Investment realisation after tax	492	1,43	384	1,39
Exploration expenses less sundry income	(398)	(1,14)	(134)	(0,47)
Earnings from asbestos mines	3 032	8,83		
Earnings from chrome mines	848	2,47	2 860	10,41
Earnings from coal mines	20 420	59,48	19 365	70,16
Earnings from forestry operations	727	2,12	509	1,85
	34 330	100,00	27 482	100,00

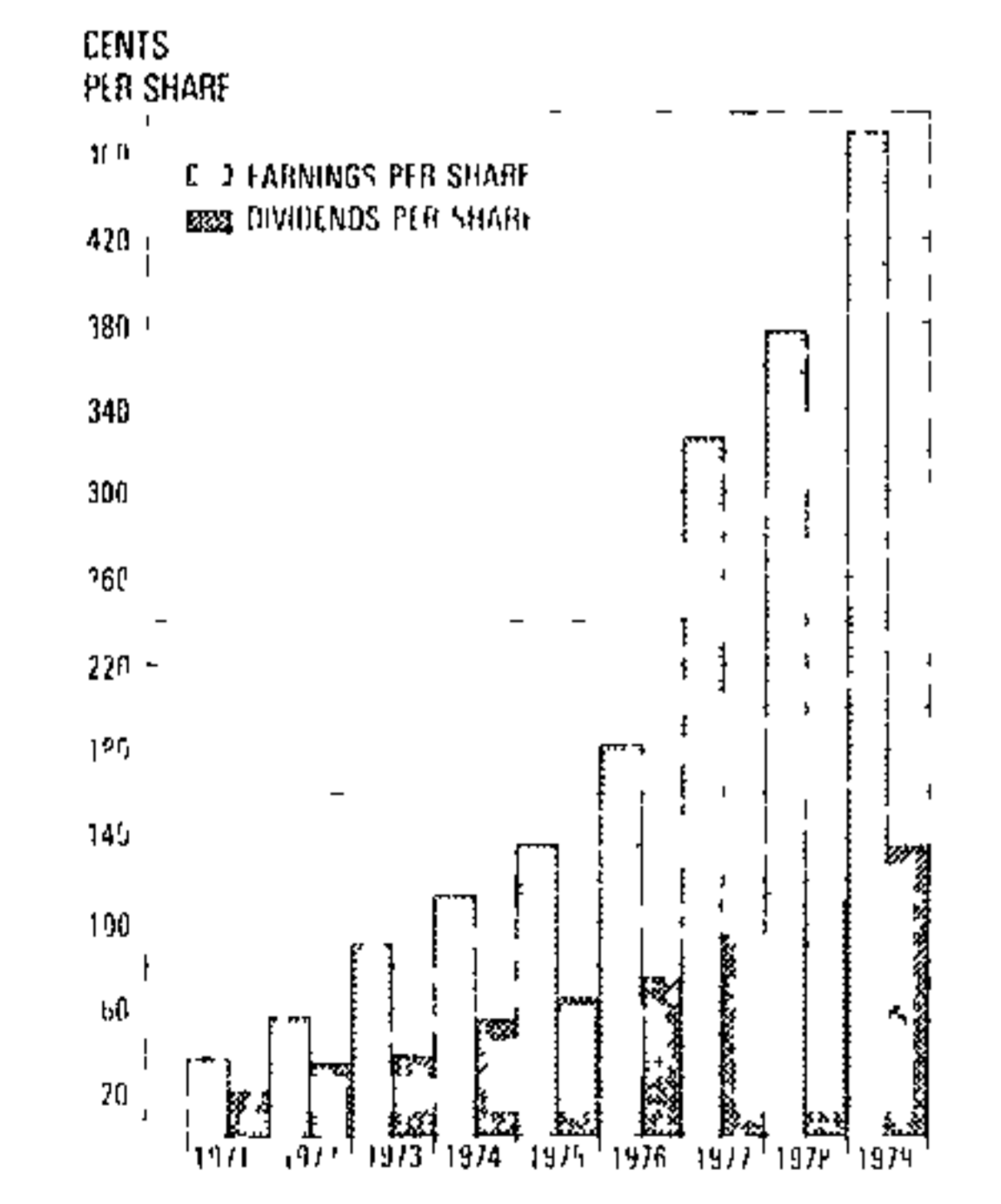
PROFIT BEFORE TAX AND OUTSIDE SHAREHOLDERS INTERESTS AND PROFIT AFTER TAX AND OUTSIDE SHAREHOLDERS INTERESTS FOR THE YEARS ENDED 30th SEPTEMBER



MARKET CAPITALISATION OF SHARES AT 30th SEPTEMBER



EARNINGS PER SHARE AND DIVIDENDS PER SHARE IN CENTS FOR THE FINANCIAL YEARS ENDED 30th SEPTEMBER



living conditions which for so long have been imposed on our black population are now to be lifted. Every thinking South African will applaud the Prime Minister's stand on this issue and it is fortunate that through the products of the mining industry and the large sums it will pay in taxation funds will be available to the Government to implement the developments it has advocated and which are so vitally necessary. This expenditure should be fully justified because the implementation of the recommendations made in both the Wielahn and Rieker Commission reports

will I am sure, enable better utilisation of manpower to be made and must ultimately result in better productivity, greater revenues, higher living standards and lower unemployment. However, I do once again appeal to the Government to realise that these problems confront us now and that the solutions to them must be produced now. In particular, I refer to the ability in our country to expand the coal mining industry through permission to increase exports and so create additional revenues and many more jobs, not only directly in mining but in all the infrastructure which arises when new mines are developed.

Asbestos

For some years, the group held 5,8 per cent of the equity in Ristenburg Platinum Holdings Limited - a minority investment in a company managed by another mining house. Dividends received over the years have been disappointing.

Exchange of the company's direct holding in these shares facilitated the acquisition, with effect from 1st January 1979, of the South African asbestos mining division of Cape Industries Limited. The total consideration was R28,6 million.

For the nine months ended 30th September 1979, the asbestos companies contributed R3 032 000 to the group's net profit. In addition, the company received all the dividends from the platinum shares during the year to which it would have been entitled had it not disposed of those shares. This amounted to R936 000.

Chrome

The contribution from the company's three wholly-owned chrome mining subsidiaries dropped sharply, owing to general overproduction in the industry and narrow profit margins.

Capital expenditure has been limited on all of these mines to essential work or work designed to take advantage of any market improvement.

Coal

On 1st February, 1979, the Price Controller granted an increase of R2,06 per ton to the Natal collieries and an average increase of approximately R1,02 per ton to the Transvaal coal mines. The range of increases in the latter case went some way towards creating realistic price differentials between the relative heating values of different grades of coal. Export prices have increased slightly.

However, various factors had the effect of eroding part of these gains. These included the adverse effects on realisations arising from exchange fluctuations where export contracts were stated in US dollars. Transport costs were higher, especially for the Natal producers. In addition, the effect of rising oil prices was felt, but the full impact will only occur in the current year when

higher direct fuel costs will be borne for a full year and the secondary impact of increased prices on other oil based stores will be experienced.

Owing to a decline in the extent of the Natal coal trade the profits of Welgedacht Exploration Company Limited were lower than in 1978.

Although sales on the inland market declined markedly and exports increased marginally the results of Witbank Colliery Limited improved in relation to the preceding year. Establishment of the Duvha opencast mine is on schedule. From 1980 onward Duvha's annual cash flow is expected to be positive.

The build-up of production at the Rietspruit opencast mine progressed satisfactorily during the year and some 2.6 million tons of processed coal were railed to Richards Bay. Shipments are expected to increase to 4.8 million tons in 1980. A positive cash flow is foreseen in 1981.

Heavy borrowings were made for the financing of both the Duvha and Rietspruit projects. In each case, the groups outlay should be recouped in a comparatively short time. This will enable rapid repayment of these loans, and increasing benefits from the earnings of both opencast mines may be expected thereafter.

Gold

A positive attitude towards gold has developed. This is linked to the declining acceptability of the US dollar as the principal international reserve currency. Strong growth in demand for gold for industrial and commercial applications is continuing, while the futures market is becoming more important. In addition gold has become an important element in asset management in both official and private circles, it remains one of the more acceptable stores of value especially in times of economic uncertainty and regional political instability.

However, the gold price is clearly exposed to the risk of sharp fluctuations in the short term. The volume of gold under the control of hoarders and speculators has increased. Their activities, especially during economic and political crises, will continue and could cause fairly sharp price fluctuations. The magnitude of these fluctuations is likely to become greater as the gold price rises and the volume of metal under their control increases. Although investment interest in gold will continue until inflation in the western world is brought under control the performance of the United States economy will continue to be the single most important factor in the determination of the gold price. The American economy appears to be near the brink of a fairly serious recession. Any such recession, or even expectations of it, might operate to strengthen the dollar and

reduce American oil imports. This would reduce the adverse impact on the dollar of continuing American current account deficits and might cause the gold price to rise more slowly or even to drop temporarily.

The past twelve months have proved to be very successful for the gold mining industry mainly because of the continuous improvement in the price of gold. A further factor which has contributed towards the industry's improved performance was the adequate supply of unskilled labour available throughout the period. In contrast to these favourable developments the industry continues to be adversely affected by the rate of increase in working costs. Although in the early part of the year the rate declined, cost increases remain a matter of considerable concern.

Uranium

Over the past year the price of uranium has shown no growth in real terms. Stagnation exists in respect of orders for new nuclear power stations owing to the activities of various anti-nuclear groups and the fear of the United States administration about the role of the nuclear power industry in the proliferation of nuclear weapons. More recently the incident at the Three Mile Island nuclear plant in the United States tended to heighten fears about the safety of such plants.

Unfortunately, certain very important and positive aspects of this accident have to a large extent been overlooked. The incident involved no loss of life and indeed no serious injuries. In fact according to all reports, it demonstrated how well the various critical components tolerated the abuse to which they were unwittingly subjected.

In view of the crisis in the supply of oil, it is difficult to visualise how the western world can avoid the rapid introduction of additional nuclear power generating capacity. In the short term, the supply of uranium may continue to exceed demand but this will change when the reality of the world's energy problem is finally accepted and nuclear power plants are constructed at the required rate.

Labour

The Barlow Rand Group Code of Employment Practice seeks to ensure that employees are engaged and appointed on the basis of their ability to meet the job's requirements, to achieve the training of employees so as to improve their performance and to prepare them for levels of responsibility commensurate with their abilities, to eliminate discrimination in regard to remuneration and the working environment, and to improve the quality of life.

Good progress is being made in the implementation of the Code on the mines of the group especially in preparing for the

introduction and operation of committees on the mines to improve communication between management and employees. Unskilled employees are being trained to participate fully in this system.

Changes in society's attitudes towards employment practices are occurring at a rapid pace. The recently published reports of the Riekert and Wiehahn Commissions contain recommendations which augur well for the elimination of racial discrimination in industry. The Government has accepted the majority of these recommendations and legislation amending the Industrial Conciliation Act was passed in the last session of Parliament. This legislation, while not fully consistent with the recommendations of the Wiehahn Commission marks an important step in the right direction. It is hoped that the Government will proceed with the introduction of further legislation to ensure that the required changes in the utilisation of human resources become effective at the earliest possible date.

There is clearly some apprehension among white mine workers about possible future changes in employment practices. The abortive strike of members of the Mine Workers Union in March this year is evidence of this. It is going to require great patience and understanding on the part of all concerned to evolve and implement the changes in employment practice which are in the interests of the mining industry and of the community as a whole.

Although the supply of unskilled labour was adequate, a shortage of qualified artisans was experienced. This is expected to become even greater in the near future. There is a very urgent need to train increasing numbers of people in the trades and it would appear that the required numbers will be obtainable only if this type of employment is opened to all race groups.

Dividends

An interim dividend of 42 cents per share and a final dividend of 93 cents per share were declared in respect of the past year. The total of 135 cents per share is 23 per cent higher than for 1978.

As I mentioned earlier, profits for the current year should show continued improvement. I therefore believe that shareholders can look forward to further increases in dividends in the year ahead.

Late C S Barlow

It is with deep regret that I record the death on 1st June 1979 of Mr C S Barlow. He became a director of the company on 31st August, 1971 and his wise counsel will be greatly missed.

A C Petersen Chairman

Johannesburg
13th November 1979

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DEPARTMENT OF MINES

No. 2673 *58 652* 30 November 1979
DECLARATION OF CONTROLLED MINE
AND RISK WORK

The Minister of Mines has, in terms of section 10 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973), declared the following mine to be a controlled mine, with effect from 1 January 1980

The mine known as Sishen Iron Ore Mine, on the farms Sishen 543, Bruce 544, Sekgame 461, Sims 462, Sacha 468 and Gamagara 541, situate in the Magisterial District of Postmasburg, Cape Province, which is at present being worked by the South African Iron and Steel Industrial Corporation Limited, P O Box 450, Pretoria

DEPARTEMENT VAN MYNWESE

No 2673 30 November 1979
VERKLARING TOT BEHEERDE MYN EN
RISIKOWERK

Die Minister van Mynwese het kragtens artikel 10 van die Wet op Bedryfsiektes in Myne en Bedrywe, 1973 (Wet 78 van 1973) die volgende myn met ingang van 1 Januarie 1980 tot 'n beheerde myn verklaar

Die myn bekend as Sishen Ysterertsmyne, op die plase Sishen 543, Bruce 544, Sekgame 461, Sims 462, Sacha 468 en Gamagara 541, geleë in die landdrosdistrik Postmasburg, Kaapprovinsie, wat tans deur die Suid-Afrikaanse Yster en Staal Industriële Korporasie Beperk, Posbus 450, Pretoria, ontgin word

The following work at the said mine has been declared risk work by the Minister, in terms of section 13 of the said Act, with effect from the same date (i.e. 1 January 1980)

1 *Excavations*—In any underground or open working.

2 *On the surface*—(a) Where moving, transferring or handling of stone, rock, ore or minerals takes place,

(b) where crushing, screening or classification of stone, rock, ore or minerals takes place, except where this is carried out under water,

(c) on waste dumps, piles or ore piles, other than where the waste or ore has been or is being deposited in the form of slime, including the places where such dumps or piles have already been deposited,

(d) in rock-drill sharpening shops or any other place where drills are sharpened in a building,

(e) in any change-house where persons who perform risk work change their clothing,

(f) in assay laboratories, except in separately ventilated parts thereof, where only wet assays are done and no treatment of dry stone, rock, ore or minerals takes place,

(g) at any rock-drilling work; and

(h) in the workshop at the South Works, east of the Sishen-Saldanha Bay railway line.

Die volgende werk by genoemde myn is met ingang van dieselfde datum (d.i. 1 Januarie 1980) kragtens artikel 13 van genoemde Wet deur die Minister tot risikowerk verklaar

1 *Uitgrawings*—In enige ondergrondse of oop delfplek.

2 *Bogronde*—(a) Waar die verskuiwing, oorpasing of hantering van klip, rots, erts of minerale plaasvind;

(b) waar die vergruising, sif of klassifisering van klip, rots, erts of minerale plaasvind, uitgesonderd waar dit onder water geskied,

(c) op uitkothope, stapels of ertsstapels, uitgesonderd waar die uitkot of erts in die vorm van slijk gestort is of word, insluitende die plekke waar sodanige hope of stapels reeds gestort is,

(d) in rotsboorslypwinkels of enige ander plek waar bore in 'n gebou skerpgemaak word,

(e) in enige kleedhuis waar persone wat risikowerk verrig, hul verkleë,

(f) in essaieringslaboratoriums, uitgesonderd in afsonderlik geventileerde dele daarvan, waar slegs nat essaierings en geen behandeling van droë klip, rots, erts of minerale plaasvind nie,

(g) by enige rotsboorwerk, en

(h) in die werkwinkel by die Suidwerke oos van die Sishen-Saldanhabaai-spoorlyn.

D. James 9/12/79

Sinking business is going ⁽²¹⁰⁾ up and up

PREDICTIONS of a boom for drilling contractors are being quickly endorsed by a spate of new mining house ventures. Shaft Sinkers MD (Mining and Engineering Technical Services) David MacGillivray says 1980 will be the 16-year-old company's best year.

"We're expanding our workforce by 15%-plus, including an extra six senior men to be deployed as site managers," he says

The Anglo American (80%) and JCI (20%) subsidiary has 750 whites and 4 000 blacks on the payroll. This is already about 66% higher than three years ago.

"There has been a tremendous upsurge in mining activity. We have five new jobs for next year and another four out on firm tenders," says MacGillivray

Gold Fields Cementation MD Frank Guise-Brown confirms much more activity in the drilling industry. His two-year-old company (GFSA and Cementation 50% each) also expects to increase its workforce now at around 1 000 whites and 4 000 blacks

"We're tendering for about a dozen contracts and have a lot of work still in hand for next year," says Guise-Brown

These include six shafts at Sasol 3 and other multi-million-rand jobs at Matia, Okiep, Black Mountain and in Botswana.

"There is also a lot of small-

By **BILL GAIN**

er work coming such as rail-ways tunnelling," he says

Roberts Union Corporation (RUC) MD Dave Brink says: "We expect to be busier in all areas except shaft sinking as all our deep rigs are committed for 18 months ahead. Next year will be a boom with the industry very active in the first half. Workforce this year is expected to rise from a total 1 200 to nearer 2 000

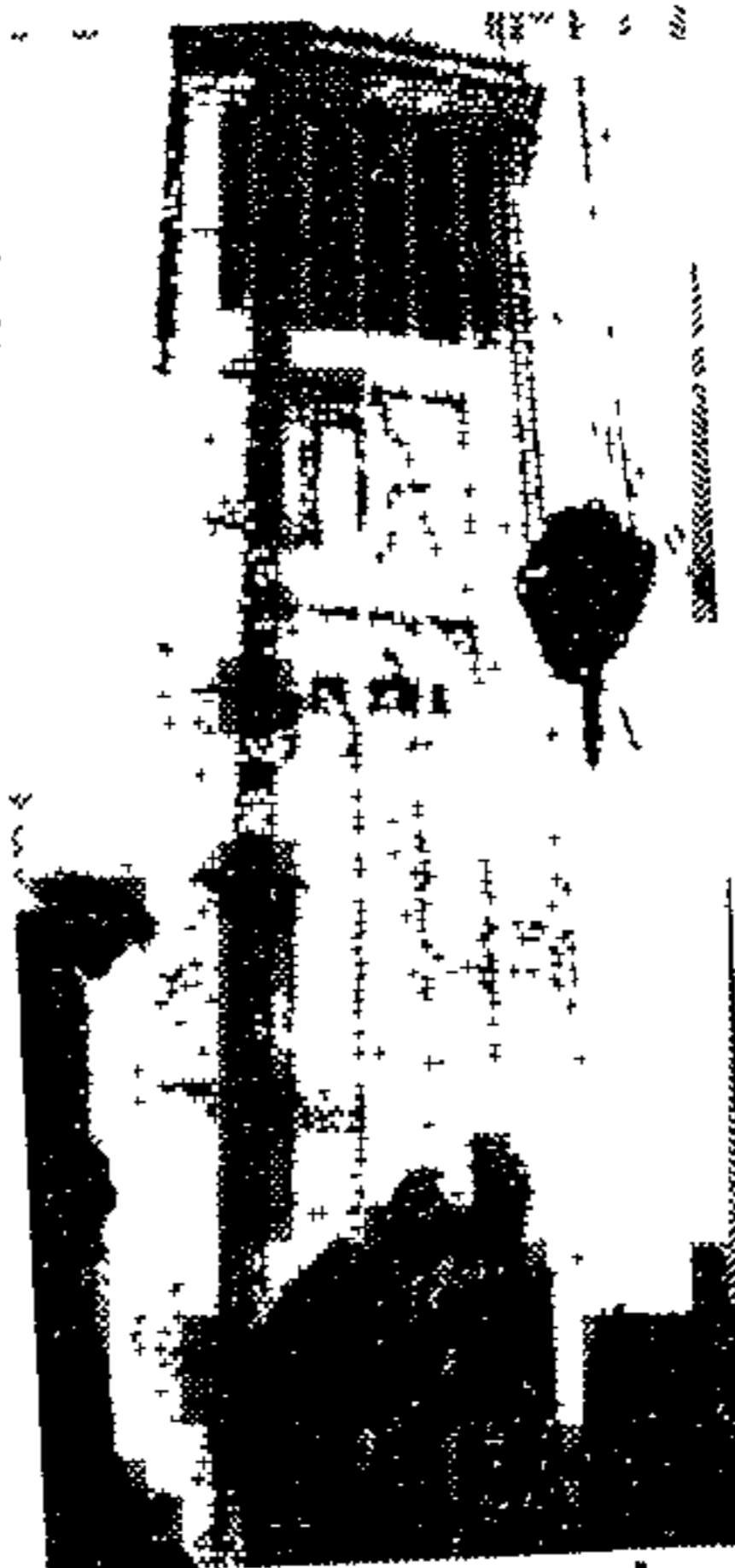
RUC (Murray & Roberts and Union Corporation hold 50% each) expects its big expansion to come in exploration. "This has been a busy sector for the past two years and we expect that to continue for at least another two years," says Brink

The nine-year-old company's four main activities also include tunnelling, rock boring and diamond crown manufacture

Shaft Sinkers, Gold Fields Cementation and RUC share about 85% of the local shaft work and tunnelling contracts

Shaft Sinkers, which has completed several major foreign contracts, is also presently in the running for drilling work worth R5-million on a US silver mine and R35-million for a diversion tunnel in Chile

"This is about all the over-



Shaft sinking ... busy times may be coming back

seas work we would want to handle with the local market so busy. There are more shafts being sunk in SA than the whole of North America or Europe," says MacGillivray.

Shaft Sinkers reveals nothing of its accounts but MacGillivray confirms that its total SA tender work since 1963 now tops R253-million. To this can be added another R150-m at least for ancillary contracts covering such things as tunnel extensions or drilling deeper than prescribed in the original price

Shaft Sinkers' estimated R400m-plus earned so far does not include foreign contracts like two shafts in Bolivia and tunnelling work on the Mozambique's giant Cabora Bassa hydro-electric scheme on the Zambesi. Of the big three drilling companies Shaft Sinkers is the oldest company. It probably holds about 50% of the local market.

THE Editor of Business Times is away. His column will be resumed on his return next week

NO	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	0,17	0,13	0,00	0,21	0,06	0,16	0,04	0,06
1-4	0,03	0,07	0,07	0,00	0,07	0,05	0,03	0,04
5-24	0,02	0,01	0,02	0,01	0,01	0,01	0,02	0,02
25-44	0,02	0,02	0,08	0,08	0,08	0,05	0,06	0,07
45-64	0,09	0,12	0,39	0,88	0,28	0,42	0,24	0,61
65+	0,35	0,55	1,61	2,59	0,81	1,28	1,04	1,44
ALL	0,05	0,08	0,12	0,18	0,26	0,26	0,22	0,33
NO	114	173	43	63	216	307	455	530

General Mining bids for Union take-over

By John Campbell, Staff Writer

A bid to buy the whole of Union Corporation was announced in Johannesburg today.

General Mining together with its subsidiaries already owns 50,9 percent of Union Corporation.

It said today that it is now negotiating to buy the outstanding 20,13-million shares. It does not own any Union Corporation stock on the stock exchange at 295/- a share, the deal could cost R390 million if done at market prices.

The exchange quotations of Union Corporation, General Mining and its parent company Federal Myntou were suspended in Johannesburg, London and all other ex-

changes in the world on today are quoted today.

The marriage of General Mining and Union Corporation would create a powerful mining house, and bring under one roof ownership of number of gold mines.

The boards of the various companies said in comment to Press questions today, but would not say that the transaction had been agreed. It is expected that the deal will be completed in 1966. Both mining houses have in their own extensive mining projects planned, which even in present-day terms will cost millions of rands. As one operational unit General Mining Union Corporation would be in a strong financial position.

© See Page 21

I
INFECTIVE AND PARASITIC DISEASES
TABLE I
MORTALITY RATES FOR THE 17 MAJOR DIVISIONS OF THE ICD (8th REVISION)
(Note. There are no tables for divisions V, VI, XII, XIII because of the small numbers in each of these categories).

NO	W		A		C		B	
	M	F	M	F	M	F	M	F
0-1	1,99	2,2	9,81	6,60	55,55	51,04	29,36	27,05
1-4	0,16	0,13	0,75	0,75	8,27	7,48	3,56	3,42
5-24	0,02	0,02	0,07	0,09	0,21	0,21	0,20	0,22
25-44	0,06	0,03	0,17	0,20	1,14	0,78	0,36	0,45
45-64	0,25	0,13	0,75	0,45	3,30	1,37	2,15	1,27
65+	1,04	0,72	1,61	1,98	5,48	2,78	5,45	2,93
ALL	0,19	0,15	0,56	0,45	3,33	2,69	1,66	1,61
NO	399	315	198	159	3792	3146	3472	2593

Star 12/12/79

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BUSINESS

The Unicorn takeover bid by Genmin

Marriage of convenience

ends an era

By Stephen Suckley

A marriage of convenience will see the end of a chapter in the annals of South African mining history

Over the next few days terms will be announced for the long-established Union Corporation group to be swallowed up by General Mining

The takeover will mean that after decades of being listed on at least two Stock Exchanges, the name Union Corp will be struck from the boards, probably early next year after the three or four months it will take to complete the ceremony

General Mining and its subsidiaries have wooed and cooed Union Corp for some time and a few years ago managed to slip on the engagement ring following a hefty stake in a rather unwilling partner.

Plans

And with the threshold in sight, after years of courtship, the marriage can only be described as one of convenience

It was on the cards as early as 1973 that Union Corp was interested in some sort of fraternisation when it entered into negotiations with Barlow Rand

These fell through as did later talks with Gold Fields

But General Mining stepped in and after a rocky beginning the relationship calmed down and the two groups got on reasonably well together

Both groups have major expansion plans for the future and the rationale seems to be that two can live as cheaply as one.

Listing

The group started life just prior to the turn of the century as A Goerz and Company and was synonymous with the early development of the gold mining industry and in its early years was closely linked to the Transvaal Republic.



Lord Battersea was Union Corporation's first chairman and held office between 1897-1904



The group's present chairman, Mr E Pavitt, who was managing director from March 1972 and chairman from April 1974.

A Goerz was the first Transvaal company to obtain an official listing on the London Stock Exchange way back in 1902

But it wasn't until the 1914-18 war, when anti-German feelings were running high, that the company changed its name to Union Corporation — a name that remained ever since

In the early days the company had under its belt shareholdings in eight producing and developing mines and in Rand Central Electric Works

Established by the Deutsche Bank and Berliner Handelsgesellschaft, the company's mandate was to look for and develop the gold reefs discovered on the Witwatersrand

But it wasn't until South Africa abandoned the gold standard in 1931 and the subsequent rise in the gold price that Van Dyk, Grootvlei and Marievale got underway

Labour

Geduld was the first producer in the fold. It was followed by the profitable Modder Deep and East Geduld

The company's first chairman was an Englishman, Lord Battersea, who held office between 1897 and 1904

At this stage the founder, Adolph Goerz, was elected managing director and chief executive

The new group was in for some difficult times. The major bugbear around the turn of the century was the scarcity of labour which eventually led to a depression and wide-

spread unemployment among whites on the Witwatersrand complex

Shareholders felt the pinch between 1904 and 1910 as no dividends were paid, but prosperity eventually came to the group and in 1914, 10 percent was paid out

Search

Modder Deep achieved remarkable records which earned it the name of the 'jewel box of the Reef'

The 1930s saw a move in search of reef to the south of the Vaal River. After gold-bearing reef was discovered in 1938, it took 13 years before the group established St Helena which was the first mine to produce gold in the Free State

About the same time Union Corp laid claim to the discovery of the Evan-

der field of which it gained full control and Winkels, Bracken, Leslie and Kinross came into being

The group's interests outside mining were not really fostered until 1930 when the paper company, Sappi, was launched

The industrial side of the group has steadily built up over the years and is now a major contributor to overall profits

Unisel

It was decided in the 1960s that the chance of finding new mineral deposits was becoming slimmer and diversification into industry was the only way to replace wasting mining assets

Last year industrial activities accounted for R9,3m of group profits. Mining still remains the largest earner contributing R22,5m of the record profit of R62,5m

The search for gold and uranium, however, has not stopped

Unisel, the latest gold-uranium mine, came into production recently at a cost of some R73m and Beisa, which will be principally a uranium producer, is already under construction and the possibility of a further gold mine is also on the cards.

Muscle

It seems a pity that a group with so many firsts should after so many conspicuous years be absorbed into another group

But economies of scale are behind the proposed takeover and Union Corp can be happy in the fact that the expertise it has built up over nearly eight decades will give added muscle to the new and enlarged group and create a force to be reckoned with

Chamber oughty

DON'T KNOCK THE TEACHER

SIR — The Chamber of Mines noted with extreme concern the series of articles under the title "Century of Changes" in Learning POST, which purports to portray the history of mining in this country as seen from the black people's point of view.

The articles and pictures dealing with historical events frequently give the erroneous impression that conditions in the early 1900s — which were indeed rough by today's standards, for blacks as well as whites — still pertain today, and many statements are quite erroneous and unduly damaging to the mining industry.

I therefore ask if you would be prepared to publish in Learning POST a series of articles and pictures which the Chamber is prepared to supply setting out what conditions are like for black employees on the mines today, how wages and living and working conditions have improved.

I believe your readers will be extremely interested in such a series of articles and that they would serve the essential purpose of Learning POST which is to educate and inform people, not only about the past but also the present.

JOHN LANG
PR Adviser.

BY ME, KOBUS DID THE RIGHT THING

SIR — I read with interest an article concerning Orlando Pirates' boss, Cyril Kobus, which appeared in SUNDAY POST, November 25, 1979, written by Phil Nyamane. He is a great sports writer.

However, I was puzzled when I read about Kobus in Phil's Forum. Maybe he left out



Cyril Kobus

something in his article or maybe there is more to it than meets the eye.

All the same, I feel that Pirates as a club did the correct thing

in attempting to halt the Mansray soccer final between Kaizer Chiefs and Highlands Park.

After all, the match played between Highlands Park and Durban City, which ensured that Highlands played Pirates in the "semi-final" was declared null and void. It meant that after playing Cape Town City, Highlands Park, as I would have been playing in the quarter-final, was to follow the right channel and that was to play the semi-final.

Cape Town City's out of court settlement with Highlands Park can be attributed to the fact that Cape Town City's chances of entering the semi-final was very slim. That is where Pirates come in. At the moment they have one of the best squads in the Premier League. They were also entitled to play the semi-final since as the court had ruled Highlands Park had not yet played the quarter finals.

SIR — Please allow me to voice my views. I have read a letter from P. M. Shange, advising the Department of Education and Training about qualified teachers who have not mostly found jobs in industries where they place is occupied by unqualified teachers.

And this is true. The reason being that most of them are not satisfied with their salaries. For they know that the money they used in training is more than the money they earn.

Teachers are sacrificing by teaching both morning and afternoon classes and on Saturdays. Sometimes students take trips or educational tours.

Teachers have to accompany them on the tours. They are now being replaced by unqualified teachers.

What I dislike is that they encourage children to misbehave. Despite the fact that they are unqualified, they still remain teachers.

They are there to build the future of African children and not to destroy it. There is no room without thorns.

Qualified teachers also have wrongdoings. But to hang them in our newspapers will not help us.

To fight other people, undermining them, and causing their work, does not help.

We should instead fight for the light and uplift our African brothers and sisters.

If we don't, there will always be differences among blacks. Let us help each other.

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● A steady stream of coal from the mine conveyors will be essential if SA is to have a Prosperous New Year

S. Empress 16/12/79

Miners shape up for a great New Year ⁽²¹⁰⁾

THE mining industry is flexing its muscles

Amcoal has announced it is to supply Eskom with the coal to produce another 5 500Mw of electricity, and the Union Corporation that it is to further probe the southern flanks of the Free State goldfields and establish another gold mine near its primarily uranium producing Beisa mine

Do these announcements suggest a lifting of the veil on mining developments?

Gold and coal are now the prime money generators and other exciting developments can only be around the New Year corner

Eskom has already opened its heart about doubling present production to 25 000 or 30 000Mw — and the power off-takes at the new Iscor and Amcoal stations are only the beginning

Exploitable coal earmarked for these stations reaches the best part of a billion tons for their working life of 40 years

It is virtually certain the Tuka station on the New Denmark field will absorb 3 600Mw and Amcoal has earmarked close on 700-million tons of coal for its Cornelia station and Iscor 250-million tons

That's the Eskom side of the coal business, but what about our rapidly increasing export potential via Richards Bay? The port is going to leap from its present handling capacity of more than 20-million tons a year to 44-million tons by 1984 or 1985

This surely presages the development of new mainly export-oriented collieries, some in a linked-arm arrangement with the multinational oil companies now deeply into the coal and energy sales business — and who have been granted good export allowances by the Government for the coal mining rights they have taken up

The capital development costs of the Eskom-only collieries has been mentioned by Amcoal. For two rather large sized operations (New Denmark and Cornelia) the cost in January

By SIMON CORNISH
Mining Correspondent

1979 terms is given as R210-million — presumably, the tender figure at that time

It's a fair guess that the figure now would be nearer R250-million and, looking ahead to 1985 and later the totals could become astronomical indeed

Nonetheless new collieries we are going to have and they won't suffer because of lack of funds

Lately, there has been some mention of washing power-station coal to ensure better coal utilisation and the extraction of fractions for steam and coking purposes

It will be interesting to see whether Eskom, known for its far-sightedness, will agree to such an idea, should a "tied" mining house make the request

On gold, over the past couple of years the ball has most certainly been in Union Corporation's court for developing new mines in the Free State

What about other groups operating the area — Rand Mines or Anglo American? The latter company has been busy peppering holes all around the gold fields and it would not be unexpected if it announced something soon — not that it is altogether inactive at the moment because the Afrikander Lease mine has just begun limited production

● That doyen of the mining groups, Rand Mines, must also be deciding to emerge into the aisle after some years of sitting back

● Goldfields must also be poised for an announcement on a new mine in the West Wits Line

● On the Witwatersrand proper, surely the time has come to exploit the reasonable reef below South Roodepoort and also the good grade areas — by present standards and prices — in the East Rand, ignored in early mining when the "eye teeth" grades were being sought

DISCUSSION

The crude death rates and the standardised mortality rates for whites, Asians and 'coloureds' and urban Africans are presented in Fig. 1. The interpretation of these figures is confounded by the differences in the underlying structure of the population. The population pyramids of the various groups were pictured in Part I with the exception of the urban Africans, which appears in Fig. 2. This population shows an excess of healthy working males and lack of elderly persons as a result of the migratory labour situation.

The standardised mortality experience of a population with series of age specific death rates all the age specific mortality corresponding numbers in the deaths so obtained and divided this figure is independent of the choice of the standard population in the various age groups as a standard will weight to deaths among the groups will reverse the position. Ranking of the mortality between answer. As the Duke of Wellington and statistics!

Infant mortality rates are experienced in obtaining. Africans are not published health officers of health in their urban areas. These show considerable variation. (See also ref. 15).

A mean figure and the range are given in Fig. 2. These de facto figures should be interpreted with caution as sick infants are often brought to the cities from rural areas. An indicator of the situation in the rural areas is given by a sample survey carried out in Cape Town and Transkei among Xhosa-speaking Africans.¹² An increase in infant mortality was observed with decreasing urbanisation, the figure for the completely rural areas being of the same magnitude as those parts of the world devoid of medical services. Fig. 4 summarises the age specific mortality rates of

rural areas or cause of deaths' according to the Bantu Reference Bureau (Personal Communication). At least 50 000 deaths among Africans were not registered. These occur mainly in the rural areas. It is estimated that about 10% of the deaths in the main urban districts are not registered for Africans.

METHODS

The following indices were calculated

The find, similar to the geological conditions of broken reefs and scattered deposits in the Eastern Transvaal, is sufficiently interesting for the chairman of Eastern Transvaal Consolidated, John Meyer, to have singled it out for special mention at the last annual meeting in Johannesburg. E. T. Cons is part of the large Anglo-Vaal group.

Prospecting on the Zululand deposit has been going on for five months but the deposit has not yet been delineated fully and it is not certain whether the find is a viable proposition.

There are large coal deposits at Nongoma in KwaZulu but the chrome discovery is the first strong indication that the area is a potential base metal producer.

A Mines Department

THE UPSURGE in prospecting, triggered by the mining groups' higher gold income, is rubbing off on some outlying areas with the promise of new development and jobs particularly in Zululand and the Eastern Transvaal.

Anglo Transvaal, using its expertise gained in the Barberton area of the Eastern Transvaal, is examining a promising chrome deposit in Zululand

spokesman says several other companies, including Anglo American Corporation, are probing Zululand for chrome, copper, nickel gold and coal.

Anglo-Vaal is also in the forefront of the search for new gold deposits in the Barberton area which has about 200 old small gold workings, some about 100 years old

The company already has three operating mines, Sheba, New Consort and Agnes Prospecting at Sheba and New Consort has thrown up interesting values but considerable follow-up development is still necessary to establish whether there will be a significant new contribution to the mines' ore reserves.

Development work on mineralised zones at Sheba are encouraging and these zones can now be added to the mine's ore reserves.

Apart from individual operators reclaiming gold from the Barberton dumps General Mining is the only other group in the area operating a mine. A small deposit, about 40 kilometres from General Mining's Fairview mine is being examined and may be brought into production. The Fairview Mine employs about 1,000 blacks and 120 whites.

Prospectors strike—and that raises hopes for jobs

Financial Reporter

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mix
16/2/79

For Africans, a different procedure was adopted as a population figure for only part of the country was required. The 1970 age distribution by magisterial district was used, the numbers being adjusted by the 1974 gross population estimates by economic region.¹¹

Genmin and Unicorp in R2 200m link

By ADAM PAYNE

The General Mining-Union Corporation merger will be a benefit to General Mining, offering minority shareholders in Union Corporation 80 Genmin shares for every 100 Unicorp shares held.

Provided the proposals are accepted by shareholders, the combined worth of the group — the underlying assets at market value — will be £2,200-million, making it second only to Anglo American Corporation, among mining firms in the world. The capitalised value will be about £1,470-million.

The main points of the merger proposals, which have been based on the pre-suspension price of the two shares, are: Unicorp shareholders will receive the final dividend to be declared by Unicorp for the year ending 31 December 1979.

They will be offered 100 new Genmin shares for every 100 Unicorp shares held. The offer will be made for the year 1980 and will not be conditional on the company's ability to raise the necessary funds to finance expansion projects being considered.

The offer will be made to all shareholders of the company at the time of the offer. The offer price will be 150p a share in cash or 100 shares held for every 100 shares held.

The offer will be made in cash or in shares, which will be subject to a finance expansion programme being considered. The offer will be made to all shareholders of the company at the time of the offer.

Notices of meetings of shareholders will be sent out in April.

shareholders to obtain approval are being prepared.

Other aspects of the proposal are that Federale Mynbou, which controls General Mining, and Sentrust, an investment company in the General Mining stable, will lose their rights to participation in all new business undertaken by Genmin and its subsidiaries.

These rights amount to 1% in the case of Federale Mynbou and 10% for Sentrust.

To compensate Federale Mynbou and Sentrust, they will be allotted 900,000 and 270,000 Genmin A ordinary shares respectively.

The A shares will not rank for earnings or dividends for the 1980 financial year, but will after that be converted into ordinary shares.

Subject to the Genmin rights offer going ahead, Federale Mynbou will be offered rights to subscribe for cumulative participating convertible preference shares at an issue price of 1,100p a share in the proportion of 50 participating preference shares for every 100 shares held.

Genmin's directors forecast that the final dividend for the corporation will not be less than 50p totaling 8p for the year.

Genmin intends to distribute 45.5% of the consolidated after-tax income as dividends for the 1980 financial year. This will be equivalent to a 2.2 times coverage. The rationale behind the proposals is that a single powerful group will succeed more effectively than two separate groups, especially in these times when the opening of a

gold mine costs up to R900-million.

The shares of Genmin and Unicorp will be reinstated tomorrow.

COMMENT: This is a bold move by Genmin which is sweetening the pill for Unicorp's minority shareholders, particularly those in Britain who may have doubts about making the exchange.

Taking pre-suspension share prices, 100 Unicorp shares were worth £1,205, and 80 Genmin shares were worth £1,120, giving Unicorp Corporation shareholders a 14.3% premium by making the exchange.

Genmin says that 100 Unicorp shares pre-merger would earn an estimated £80 in 1979. After the merger, 60 Genmin shares should earn £80, or a premium of 9.3%.

The net asset value of 100 Unicorp shares is estimated at £1,406; that of 80 Genmin shares is estimated at £1,536, a premium of 8.9%.

On the other hand, Genmin shareholders are making a sacrifice to build their group for greater earnings.

Dr Willem de Vries, Genmin's chairman, says they have enjoyed an average 2.2% in profits annually over the past eight years.

Genmin's shareholders' response to the merger will drop a share by 13.6% as compared with projected earnings without a merger. But dividend will drop by only 2.4%. The net value will drop by 0.7%.

Federale Mynbou's shares will drop 7.2% and the net value by 0.7%.

Jobs safe, staff told

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RD/M 19/12/79

Financial Reporter

POSSIBLE fears among Union Corporation staff that the merger of General Mining and Union Corporation could lead to staff rationalisations and redundancies were allayed by Dr Wim de Villiers, chairman of General Mining

He said "We shall continue to run on a decentralised basis. We do not intend to change. For obvious reasons the buying departments were merged some time back to mobilise the total buying power of both groups

"With the full cooperation of both staffs there has never been any problem

"In marketing, there will be moves towards rationalisation. In some areas Genmin has marketing organisations while Unicorp has organisations in

other areas, such as platinum, nickel and titanium pigments.

"We can reinforce each other"

Dr De Villiers said the plans to use Genmin's coal in the north-western Transvaal for chemical exploitation made up one of the most exciting projects he had ever considered

Many technological problems had to be overcome. Genmin would make an announcement in the new year.

BUSINESS

Unicorp deal new era in mining

By Colin Campbell
Deputy Financial Editor

General Mining's bid terms for all of Union Corporation which it does not already own — 80 Genmin shares for every 100 Unicorp — has received the nod of approval from certain important shareholders.

Selected institutional approval should lead to a smooth run by Genmin which, only five years ago fought it out in the rough and tumble of the stock market to obtain its first meaningful stake in Union Corporation.

The rationale behind the deal is, as suggested last week, that as one merged mining house the riches of South Africa can

be more effectively tackled.

Assuming the successful conclusion of the deal, General Mining will emerge as second only to Anglo American.

Its asset base will be in the region of R2 200m, and its market capitalisation will be in the order of R1 470m.

Genmin's bid for the minority 48,3 percent of Unicorp has long been seen as inevitable, and although the terms are not over generous the conclusion remains that at the end of the day Unicorp shareholders are being offered a respectable carrot.

Based on certain assumptions and dividend payment forecasts, the position of the Unicorp shareholder is that he will

achieve a 9,3 percent premium on dividends, a 6,6 percent premium on earnings, a 2,6 percent premium on net asset value (taking market value of listed investments at November 30), and a 14,3 percent premium on pre-suspension JSE prices.

If the merger of Union Corporation and General Mining is approved, then Genmin plans a 30 for 100 rights issue at 1500c a share in April next year which will raise R180m.

In turn, Federale Mynbou plans a rights issue of cumulative participating convertible preference shares in the ratio of 50 for 100 at 1100c. Fed Mynbou will raise R160m through this leg.

Assuming the deal goes through and everybody follows their rights, the ownership of Genmin should then be Fed Mynbou 44,67 percent, Unicorp minorities 29,83 percent, Genmin's minorities 25,5 percent.

Fed Mynbou's effective position in Genmin will thus fall below the 50 percent mark, but it must be expected that Fed Mynbou will use what ever opportunity comes along to bring its holdings above the 50 percent level again.

Genmin and merchant bank executives said last night that there had been no thought of offering Unicorp minorities cash alternative — the deal was a merger, not a takeover they said, and they wanted in any case to retain Unicorp minority shareholders as shareholders in the enlarged group.

Non-resident Unicorp shareholders making up roughly 13 percent would in any case, run into capital gains hurdles and would have to take Financial Rand discount when cheques were eventually

sent out that is after record date.

Some of the expected benefits of a full marriage are only the large mining groups are able today to raise the required capital for new mines.

To open a gold mine in the 50s cost R20m to open one in the 60s would have cost R40m, to open one in the 80s would cost between R150m and R250m.

Funds raised by the enlarged group can be better channelled, there can be fuller integration of the future marketing of minerals, Unicorp minorities will benefit from the development of Genmin's northern Transvaal coal interests, the enlarged group will offer a wider range of job opportunities.

Though Genmin dismisses Cons Gold talk as "a newspaper story," it can't be dismissed that as an enlarged group it would be in a considerably stronger position to cast its eye in that direction.

Subject to the reading of the official document (due early next year) I see little reason why Unicorp shareholders should hesitate in accepting Genmin paper.

Genmin has come far and is going further, and I would suspect that the various mining plans which both sides have hinted at or announced are in fact far more extensive and far more promising than would appear at first sight.

As one enlarged group it will be in a stronger position to grab the opportunities of the '80s, and thus should prove an exciting group with which to be associated.

Cancellation of agreements may raise eyebrows

One aspect of the General Mining-Union Corporation deal which may raise a few eyebrows is that the participation agreement between General Mining and Sentrust, and the participation agreement between General Mining and Federale Mynbou is to be cancelled.

Under the agreements, General Mining offered Sentrust a 10 percent participation, and General Mining offered a 25 percent participation to Federale Mynbou in all new business which may be undertaken by Genmin and its subsidiaries.

As compensation for the cancellation of the respective agreements, Federale Mynbou will be allotted 900 000 General Mining A shares, and Sentrust 270 000 Genmin A shares.

Genmin said last night that it was "difficult to place a value" on the agreements, but it did not think that the compensation offered was "unreasonable." Through the share compensation, Sentrust and Fed Mynbou would now have direct participation through Genmin.

Further details are expected once the formal documents have been published.

Doubts still remain

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At first blush the offer of 80 General Mining shares for 100 Union Corp seems fair, based, as it was, on Genmin's 1 850c and Union Corp's 1 295c pre-suspension prices. But the initial announcement of terms leaves many questions unanswered. And on the information thus far available it is not strictly possible to advise shareholders what action to take.

However, managements are determined that the deal is to go through and are increasing the chances of acceptance by getting shareholders to vote on a scheme of arrangement. And if acceptance is forced on dissenting minorities, that is just tough. There is no cash alternative — simply the straight share swap.

The non-cash offer has been justified by saying that it would not be in the interests of London-registered shareholders. If they accepted a cash alternative, they could be faced with payment of capital gains tax. I do not find that wholly acceptable. Foreign investors who do not want to hold Genmin have the option of selling, but by doing that they still attract capital gains liabilities. And if there is any heavy selling of Genmin shares, that could depress the price below the levels being used for deal purposes.

Union Corp shareholders who accept the offer are not entitled to participate in Genmin's proposed 30-for-100 rights issue at 1 500c to raise R189m. So, effectively, no sooner will everything have been agreed to than the present Union Corp shareholders will find their percentage interest in the combined group diluted.

Of course they could increase their stakes with share purchases through the market. But almost inevitably that will be at a higher level than the 1 500c of the rights issue.

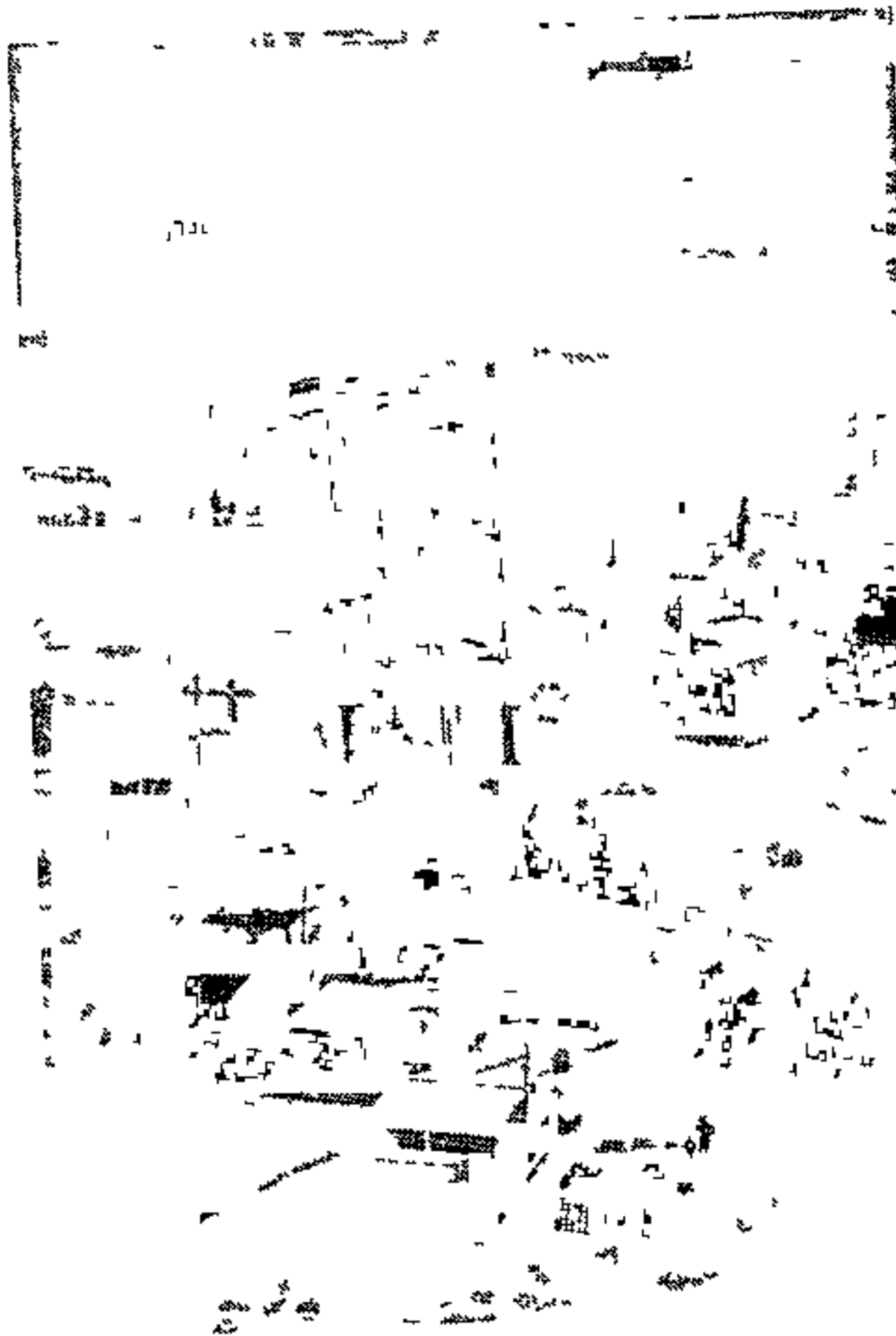
And that is underlined by the fact that Fedmyn only needs about R120m to follow its Genmin rights. Fedmyn's own rights issue will raise R160m, so effectively the company will have R40m cash to support the Genmin share price by buying in the market and fund any underwriting calls.

However, even allowing for the dilution of the rights issue, based on expected 1979 results the holder of 100 Union Corp shares would be 6.6% better off as far as earnings are concerned (R144,40 against R135,40) and 9.3% better off with dividends (R65,60 against R60). Of course the latter figure is quite hypothetical as Union Corp shareholders will only be entitled to their company's proposed 41c final and not the 59c final planned by Genmin.

But these are historic figures, with Union Corp's income based on a gold price

which effectively averaged \$270. More to the point, what are earnings projections for 1980 based on, say, \$400 gold? Shareholders might well ask if earnings comparisons might then appear to be as favourable.

As far as net asset value is concerned, there is little to choose between staying with Union Corp or swapping for Genmin. Based on end-November listed share values, estimated end-December balance sheets and after the rights issue, 80 Genmin shares are only worth 2.6% more than 100 Union Corp — R1 535 compared with R1 496.



Union Corp's Beisa mine . . . but what is it worth?

It is debatable on the meagre information vouchsafed Union Corp's shareholders whether this small premium compensates for dilution of interests and possible eventual direct participation in the house's developing OFS gold/uranium operations.

Genmin chairman Wim de Villiers makes the point that at this stage of developments in the OFS it "is not in shareholders' interests" to make further disclosures on the area. I find that very difficult to go along with. Many investors have bought Union Corp because of its OFS mineral rights and it is about time management was more forthcoming on the area's prospects.

Keeping minority shareholders uninformed is, as far as many people are concerned, unsatisfactory. How, it might be asked, can any shareholder make up

his mind on the offer's merits when he is completely in the dark on the house's most exciting venture?

One of the rationales behind the proposed merger is that "UC's minorities will benefit from the further development of GM's Northern Transvaal coal interests" which is all very well, but no-one outside the Genmin coterie knows exactly what those coal/uranium interests are worth. They have been given only the sparsest information on the area. And does this coal participation compensate for dilution of the OFS gold/uranium interests?

On the other hand, at least one point has been cleared up. De Villiers assures me that Genmin holds no Cons Gold shares — so that is not a factor in attempting to evaluate the proposed merger.

There are some compelling factors for the deal from management's point of view. A larger combined capital base plus the cash injection from Genmin's right issue should mean greater facility for mobilising funds for future projects. But that is not necessarily a compelling factor as far as individual shareholders in the two houses are concerned. Union Corp does not need to be a wholly-owned subsidiary of Genmin to raise funds to develop its OFS interests despite the fact that a new medium-sized gold mine can cost upwards of R250m. Nor, necessarily, does Genmin need to pull in Union Corp if it is to exploit the Pienaars River coal or any of its other interests. A rights issue alone could have sufficed.

Certainly capital costs of new mines are escalating. But if they are beyond the capital mobilisation capabilities of one house alone, it is always possible to bring in outside partners on a project-by-project basis. That is what is happening with large mining ventures elsewhere in the world, and it lessens the risk of one company — no matter how large — over-extending itself.

All the stops will be pulled to ensure the deal is consummated, but I doubt whether it will be to the ultimate benefit of all shareholders concerned. Genmin will not be voting its Union Corp shares at the scheme meeting so minorities will decide the issue themselves. But minorities need more information than is presently available. Perhaps if they make it clear that their interests are best served by full disclosure, Genmin chairman Wim de Villiers or Union Corp chairman Ted Pavitt might just be a little more forthcoming. The future is more important than the past.

Jim Jones

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It all started way back in 1936 when Anglo-American was desperate to find a market for Congo boart (low-grade industrial diamond) which had accumulated during the depression. The problem was solved by the development of a cheap and efficient diamond drilling crown (subsequently used to great effect in the exploration of the OFS gold fields)

Diamond drills led very logically to tungsten carbide mining tools (in 1949), and so a diversified supplier of mining equipment and hardmetal tools was born. An important milestone was the take-over of Barratt's Industries in 1975, which added the rock-drilling equipment of Steel Engineering (Seco) and the iron foundry at Barratt & Pillans.

Today, Boart's activities extend to the

drilling equipment

Boart recently extended its local activity in coal mining equipment through a partnership between Coalequip (owned by Boart and General Mining, 50-50) and the German coal mining equipment firm, Klockner-Beckorit (*FM* December 7)

Boart has a factory at the industrial "free port" at Shannon, Ireland, where Boart Hardmetals (Europe) Ltd serves European mining industry. In Germany, Wendt gmbh manufactures impregnated grinding machines.

SA provides 50% of consolidated profits, North America 20%, Europe including UK 15% and South America, Australia and the Far East, between them, 20%.

Boart has a group business development division (operating from Johannesburg and the UK) which provides international marketing and corporate planning.

The Boart Research Laboratory at Fictoria, Krugersdorp, develops new mining products, which can be tested at the Boart "test mine" nearby.

Managing Director is Hilton Davies, who is optimistic about 1979 results. He thinks the most promising markets for future growth are the United States and the Far East.

Boart has opened a trading office Hong Kong, to serve future markets in Japan, South Korea, Taiwan and even, to some extent, China.

F.M. 28/12/79

MINING EQUIPMENT

Whispering giant

Question: What multi-national industrial group is controlled from SA and operates in five continents with a current turnover of nearly R300m?

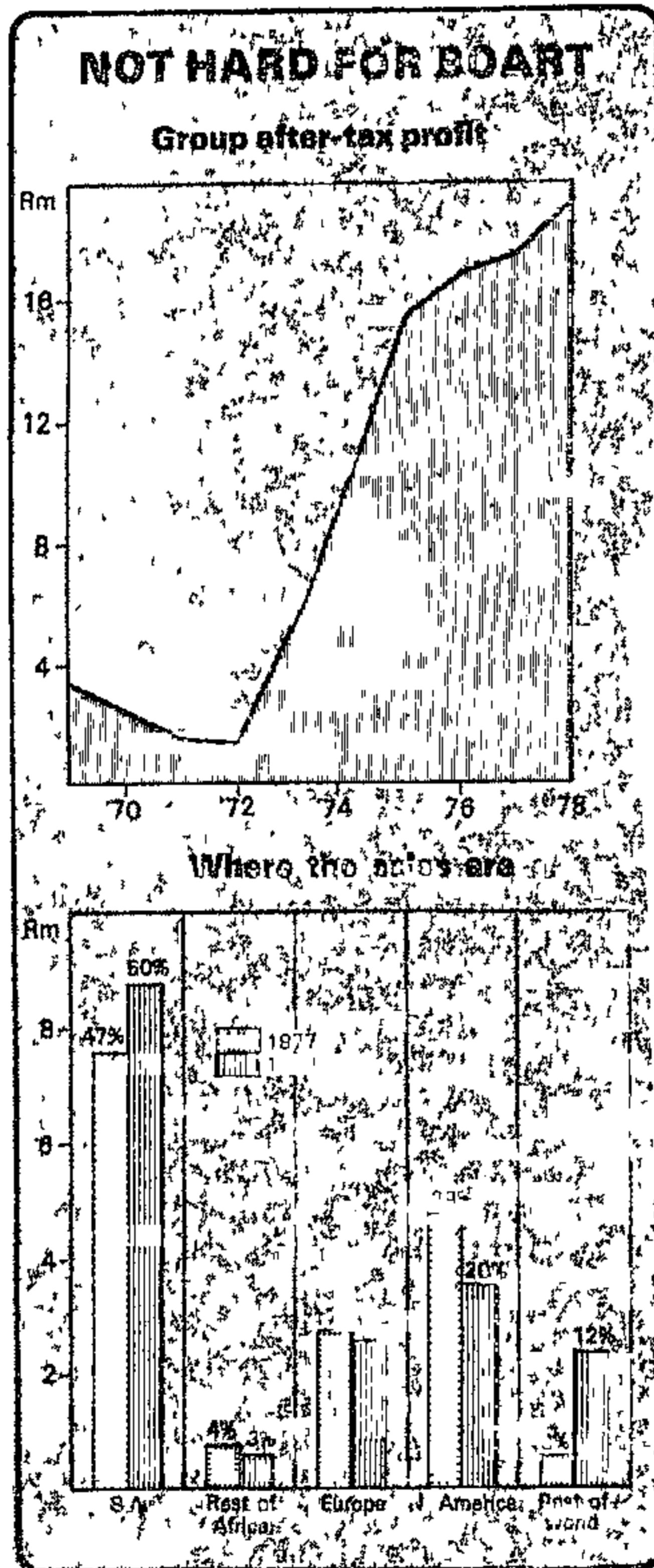
Answer: Boart International, a wholly-owned subsidiary of Amic, in the Anglo Group.

Boart, because it is unquoted, usually only commands a sentence or two in annual analyses of its parent's accounts. And management is not altogether unhappy to operate discreetly, because too much publicity about their SA affiliation might very well hurt some of Boart's overseas subsidiaries.

Nevertheless, there is much that deserves to be said about Boart, whose financial track record alone speaks volumes for management. After a low point of under R1.5m in 1972, group after-tax profits rose 12-fold in only six years, to well over R19m in 1978.

Attributable profits were R17.7m, arrived at after deconsolidating the profits of certain foreign subsidiaries, as, in the directors' opinion, they may not be recoverable.

These profits were generated by "diamond drilling and allied manufacturing activities" (47%), "hard metal manufacturing and allied trading and contracting



manufacture of its major raw material, tungsten carbide, and to mining services provided world-wide on a contractual basis. These include exploratory and blast-hole drilling services, specially those offered by its American subsidiary, Longyear, which is particularly active in core drilling. Longyear also supplies