

MINING - OTHER

1992

JUNE - DEC.

Platinum breaks through \$370 ⁽²¹⁷⁾

MATTHEW CURTIN

PLATINUM prices broke through the \$370 mark in London and New York late last week, reaching their highest levels in nearly six months *Blow 1/6/92*

The metal climbed more than \$3 to \$370.05 in London on Friday morning, but was fixed at \$368.20 in London on Friday afternoon, still higher than Thursday's afternoon setting.

Platinum prices have risen 5% during the past two weeks, but rhodium prices — of key concern to SA producers who have depended on rhodium revenue as platinum prices have slumped — eased last week. Rhodium, steady for some time at about \$3 000/oz, fell back to the \$2 600 level.

Impala Platinum (Implats) marketing director John Hollely said strong fund buying on Tokyo's Tocom metals exchange was being held responsible for the rising prices, but analysts were unsure what had triggered new-found market confidence.

Hollely said the recovering Tokyo stock exchange and a weaker dollar might be underpinning Japanese confidence in the metal. Japanese demand for platinum has risen 75% since 1987. He warned that sentiment on Tocom was notoriously fickle.

Platinum shares, in subdued holiday-hit trading on the JSE, responded in lacklustre

□ To Page 2

Platinum *Blow 1/6/92* ⁽²¹⁷⁾

□ From Page 1

fashion to the better metal prices. The platinum index rose 12 points to 5 076, with Lebowa Platinum 5c higher at 165c. Market leaders Rusplat and Implats were unchanged at the close from Thursday's levels of R79.50 and R50.75 respectively.

Hollely said he had returned from Platinum Week, a series of industry meetings and conferences in London, where he found the mood one of resignation to "rough" market conditions for much of 1992, but confident about 1993.

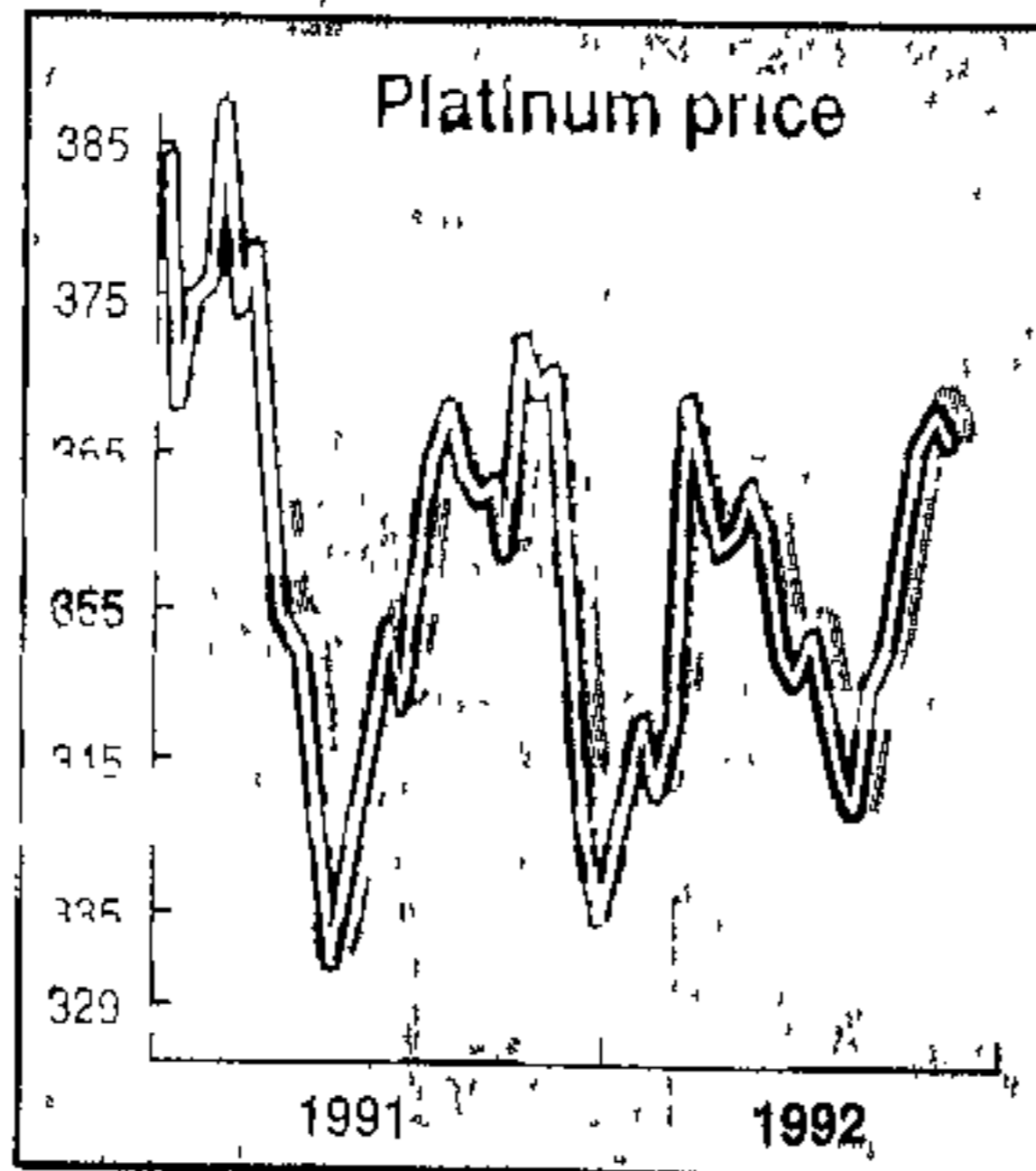
"Implats is as upbeat about the long-term future for platinum as we have ever been, aware that the market is increasing-

ly in balance and that it will require increasing platinum supply to stay in balance in the 1990s," he said.

Implats was concerned about the weaker rhodium prices. Although clean-air legislation requiring all new cars in the EC to be fitted with platinum and rhodium-based catalytic converters from the start of next year would boost demand for platinum-group metals, poor car sales in the past year meant car manufacturers could have some metal stocks in place.

However, Hollely said he was confident that platinum prices would near the \$400 mark by year-end.

Platinum surges to nudge a new high



B/D on 3/6/92
 PLATINUM surged nearly \$8 to test an 11-month high of \$375 on global platinum markets yesterday on the back of further signs of an improving US economy and Japanese short covering (217)

Profit taking in the US session took the metal down from a London afternoon setting of \$374 to \$372. Monday's fix was \$366.

The rise started overnight in New York on Monday on news that US carmakers planned an 18.3% rise in third quarter output.

The metal was also bolstered by a 0.4% rise in US leading indicators but this was tempered by weak US home sales data.

Frankel Max Pollak analyst Kevin Kartun said Johnson Matthey had been predicting that platinum prices should im-

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Platinum *B/D on 3/6/92*

prove in the third quarter of this year.

"They expect supplies from SA to be less than planned in 1992 and Russian sales to be restrained

"Demand for auto catalysts is growing in Europe but Johnson Matthey has cau-

(217) From Page 1
 tioned that optimism for world economic growth may be clouded by a slowdown in Japan," he said.

The platinum price boosted shares on the JSE yesterday with leader Rusplat rising 100c to a new year high of R80,75

Gold and platinum pick up

By Derek Tommey

STAR
3/4/92

The precious metals markets yesterday contained good news for investors in gold and platinum

The gold price spurted \$2,15 in London yesterday to \$339 an ounce, its highest price for two weeks, and the platinum price rose \$2,40 to a ten-and-a-half month high of \$374 an ounce.

No specific reason has been suggested for the better tone in gold and platinum

But it seems it could be linked to recent reports showing that the slow improvement in the American economy is continuing

This has generated greater confidence in the stability of the recovery as indicated by the rise in US share prices to a new high on Monday.

In turn this greater confidence is also expected to lead to increased demand for gold and platinum. As the pipelines for the two metals are seriously understocked any rise in demand could trigger a perceptible price increase

The US Commerce Department said last night that higher commodity prices and lower jobless figures helped push up for the fourth straight month its index of leading indicators, reports Sapa-Reuter.

The string of rises in each of the first four months of this year reinforces other reports from government and the private sector showing that the economy is gradually lifting out of recession

The April increase in the leading index was stronger than Wall Street economists' expectations of a 0,2 percent rise.

The National Association of Purchasing Management said on Monday the manufacturing economy grew for a fourth straight month in May, which economists said showed continuing momentum for a slow-moving recovery

Last week the government raised its estimate of the country's total output of goods and services during the first quarter to 2,4 percent from a two per cent annual rate.

However this did little to help the dollar which fell against the major currencies in European trading

In Tokyo, the dollar closed at 127,48 yen, up 0,70 yen from Monday's close. Later in London, the dollar was quoted at 127,55 yen

— Sapa-Reuter.

In my view . . .

A daily commentary on current economic affairs by writers of The Star.

Russian mining needs South African expertise

STAR 3/6/92

By Derek Tommey

(217)

By Derek
Tommey

The Russians have been putting out the red carpet for President FW de Klerk, and with good reason Mr de Klerk should be a most welcome visitor to a land struggling to emerge from the chaos of communism

For South Africa has the knowhow that Russia needs to bring its mining industry up to scratch

Democracy flourishes when living standards rise, and South Africa is well placed to play an important role in increasing Russia's wealth and strengthening the democratic process there

The importance of Mr de Klerk's visit stems from the fact that both countries are major producers of gold, diamonds and platinum — three products that command premium prices in the outside world

But while South Africa is mining these successfully, the same cannot be said for Russia

Most people who have seen Russian mines suspect that once a proper system of costing is introduced, it will be found that much of their output is uneconomic

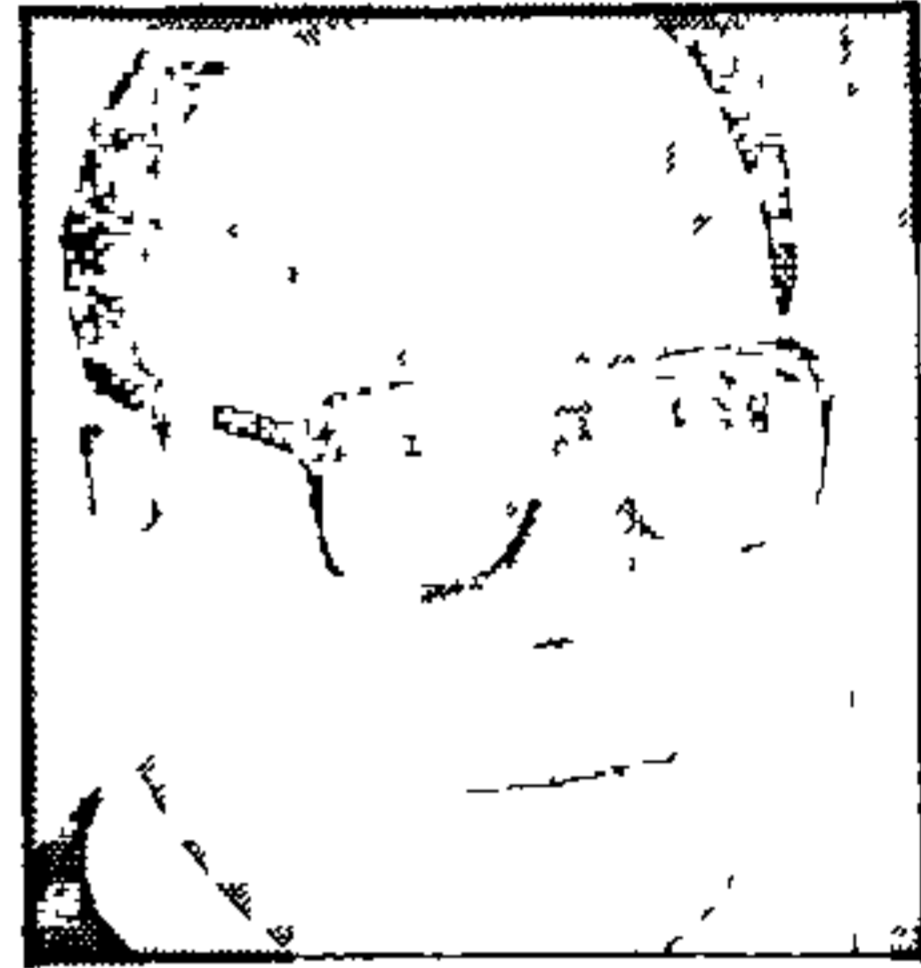
No one really knows what it costs to produce an ounce of gold or platinum in Russia or a 100 carats of diamonds

This is the result of a system where the supplies and services for mines are ordered by bureaucrats in Moscow, regardless of cost

Their task is simply to see that the goods are produced as specified in the Plan. No effort is made to compare costs with revenue, and it appears there is no way of doing so

The result is there is nothing to stop a product worth, say 100 roubles, costing 10 times this figure

This may be tolerable under a communist system where the public is taxed to make up the difference. But it will not go down so well in the democratic



system to which Russia is moving

And this is where South Africa should be able to play an important role

SA has the experience and the knowhow to help the Russians put existing mines — where it is at all possible — on a sound financial basis and to assist in the development of new mines. Moreover, South African knowhow will be much cheaper than that of other countries

All that is needed now is for the Russians to ask for this assistance. This week's visit by Mr de Klerk to Moscow and the friendly reception he received from President Boris Yeltsin suggest that a Russian request need not be too far away

● De Beers has been talking to the Russians for some time, and while nothing has yet come of these talks it is possible that the situation could change in the not too distant future

Nicholas Oppenheimer, deputy chairman of Anglo American, who has been handling De Beers' Russian negotiations, said this week that Russia was a great country where there were and would be opportunities

However, he said it was far from clear at this time what those opportunities were

"Whether this will lead in due course to our doing projects together or in us investing in Russia I think only time will tell"

year-end of Premier and many of its subsidiaries. Some analysts forecast

of Epol Animal Feeds, reflected Premier's strategy of selling underper-

June 1991, and had turned around to show attributable income of R2,3m in the 18 weeks to end-October

Platinum price hike boosts confidence

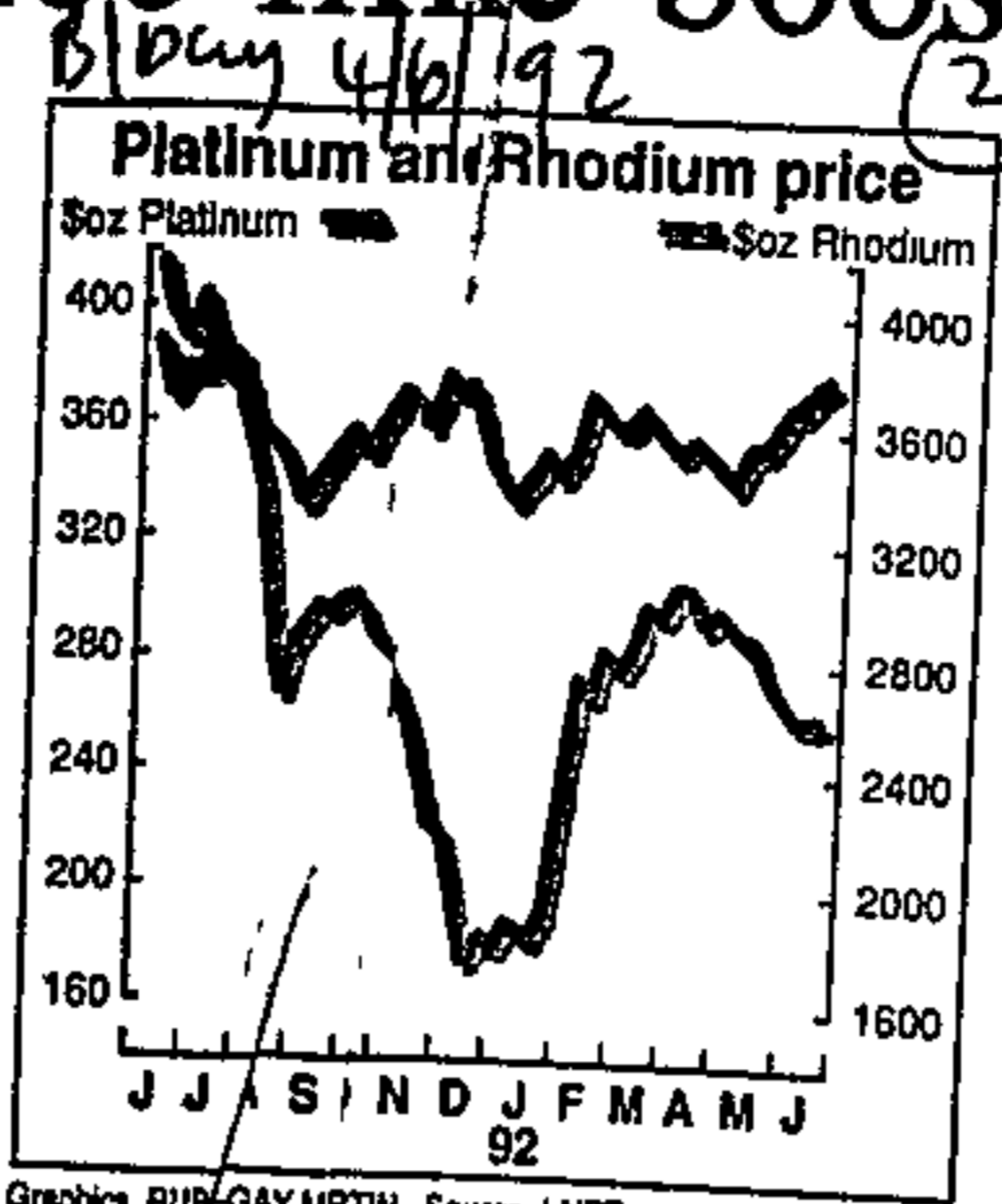
MATTHEW CURTIN

THE RAPID recovery of platinum prices in the past week has lifted the SA industry's confidence but done little to boost its fortunes.

Not only are prices still at historically low levels, but the increases have coincided with a slow but steady fall in rhodium prices the other key source of revenue for platinum mines. And palladium and nickel prices have been flat for months.

Impala Platinum MD Mike McMahon said yesterday it was "far too soon" to reconsider decisions to mothball the Messna and Barplats mines because of stronger prices. Work at both mines was curtailed due to low prices in the past year.

McMahon said weak rhodium prices had canceled out the gains in platinum prices. Barplats' Crocodile River mine was particularly sensitive to rhodium prices, because of its



Graphics RUB-GAY MARTIN Source I-NET

reliance on rhodium-rich UG2 ore. Platinum sold at 11-month highs in London yesterday, fixed lower in the afternoon than the morning, but still above Tuesday's settings. The metal's afternoon fix was \$376,25, an increase of \$2,25. That compares with an average price of \$376 in 1991, nearly \$100

lower than the 1990 average of \$472, and contrasts with the metal's 1987 high of \$625/oz

Rhodium prices are trading around \$2 575/oz, 14% lower than early March levels of \$3 000.

Irish Menell Rosenberg analyst David Russell said that with platinum prices at little more than half of their levels a few years ago, producers were waiting for a sustained recovery above \$400 before considering reopening mothballed capacity. That would depend on an overall increase in commodity prices, because the SA mines produced not just platinum, but rhodium, palladium, nickel and other base and precious metals.

Recent cutbacks in planned SA expansion plans have improved the worldwide platinum supply/demand balance. Analysts predict a 1992 deficit, compared with a smaller than expected 200 000oz surplus last year.

EXECUTIVE SUITE

By William Wells and Jack Lindstrom

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ANGLO AMERICAN

Dividend hike surprises some analysts

FM 516192

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The delicate frieze on the entrance to 44 Main Street may not attract much attention, but Anglo American's latest results certainly should. It has posted a 19,95% increase in what it calls attributable earnings and a 20c per share rise in total dividends — arresting last year's slump, the first time in eight years that growth was halted

The final dividend of 255c took some market analysts by surprise. They point out that the increase in attributable earnings was almost entirely the result of one-off events, including share realisations (the sale of mature investments) and the large dividend in specie from Rustenburg Platinum

In a year of constricting international economic activity, chairman Julian Ogilvie Thompson, ever the master of understatement, says the group is "pleased" with the result. The increase in attributable earnings to R1,68bn is testament, he says, "to the underlying strength of the group," in the face of poor commodity prices

Diamonds, gold, coal and (indirectly) platinum remain the core businesses. The diamond sector, at nearly 25%, remains the largest contributor to earnings, though this is down from 29% in financial 1991. Ogilvie Thompson expects retail diamond sales to improve marginally this year

The gold division's contribution to equity-accounted earnings rose slightly to R244m. However, some of this will have come from tax-free interest earned on Amgold's rights issue. Anglo's managers are putting some store by the heavy Russian sales last year and believe that since this is unlikely to be repeated, the gold price has bottomed

Amcoal turned in a solid performance, with a R24m improvement in its contribution. World prices remain tight but Anglo says it is well positioned to take advantage of any upturn in demand

Tax fell by R59m, or nearly 19%, to R254m. Anglo says this "reflects a reduction in Amcoal's tax rate, including an adjustment to prior years' deferred tax benefits arising from a lower tax rate"

Equity-accounted earnings rose marginally to R2,61bn. Total distribution of 345c a share is covered 2,1 times by attributable and 3,3 times by equity-accounted earnings

The group is sitting on a cash pile of about R800m, much accruing from the massive sale of some of its holdings in Gencor and First National. There are no immediate plans to use this, but Ogilvie Thompson confirms that Anglo is looking for new investment opportunities. He will not predict 1993 earnings, beyond saying he feels they will be "satisfactory"

Ogilvie Thompson warns that ANC threats of unprecedented mass action are

TREADING WATER

Year to March 31	1991	1992
Investment inc (Rm)	1 526	1 654
Equity-acc earnings (Rm)	2 591	2 607
Earnings per share (c)	1 118	1 124
Dividend (c)	325	345
NAV (R)	132,12	152,55

"unwise" They could result in some companies laying off more staff — at a time when unemployment is critical

Deputy chairman Leslie Boyd confirms that the Columbus stainless steel project is well on track and that recommendations to the various boards will be made in July. Columbus, a multibillion-dollar project, is expected to catapult SA into the first league of stainless steel producers.

Questions about prospects for Minorco were turned aside at the press briefing. Referring to reports that De Beers is on the verge of opening new mines in Russia, deputy chairman Nicholas Oppenheimer confirmed that ties with Russian producers have strengthened. However, he says "there are no immediate plans by De Beers for the development of new mines in Russia"

On economic prospects, Ogilvie Thompson said SA has experienced an extraordinary decade, including a major debt crisis, a substantial fall in the gold price, a significant war in Angola and a relatively dry decade which impeded agricultural output. Since these factors, weather excluded, are not likely to recur, he feels there is scope for "a nice pickup in the economy"

The intimation of satisfactory growth in the 1993 year suggests that dividends may increase to about 380c. Some analysts have a contrary view, however, since the group is powered primarily by precious metals and diamonds, prospects for which are relatively dull, they do not expect exciting results. Indeed, they point out that equity-accounted earnings in 1991 are no better than for 1989 and see no reason for 1993 to be exceptional

At R122,50, Anglo is on a p/e of 10,9 (equity-accounted) and 17 (attributable) and effectively a future dividend yield of 3,1%. It trades at a discount of about 22% to NAV, which must be some comfort to investors. But it looks fully priced. *David Gleason*

FM 516192

End of the beginning?

The first phase of correctional procedures is almost over. Most entities that were either hopelessly unprofitable or required too much

FM 516192

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time or resources have been ended or sold. But neither chairman Julian Askin nor the other members of his consortium anticipated that their plans to resurrect the group would have to be carried out in the worst recession since World War 2. So results for 1991 are not as good as they had hoped for but show signs of significant potential

The 67% rise in operating income to R43,5m is encouraging. It indicates that someone is doing something right. Granted, much of the improvement comes from eliminating unproductive expenditure but there is clearly a core of quality earnings. The year coalesced much activity

UK-based Jatton Holdings, a wholesaler of



Tollgate's Askin must be doing something right

industrial fasteners and wire mesh products (*Leaders* November 15), was effectively acquired in December. The balance sheet includes Jatton, but its earnings will accrue only this year

The assets of Gants Holdings and Norths Industries were finally disposed of. These transactions involved the write-off of R31,2m in 1991 and R46,1m in the previous year. Complex negotiations finally led to the sale of Cape Town bus company Tramway Holdings soon after year-end

The Tramways sale will cut interest-bearing debt from R224m to R156m but came too late to have any effect on interest paid, of R35,6m (R47,7m). After various write-backs and adjustments, attributable earnings of R3,6m show a swing of R28,9m

On a weighted average 28,1m ordinary shares in issue, nominal EPS is 13c, but this is such a gallimaufry of normal and abnormal items that it has no real meaning and is no indicator of this year's prospects. Divi-

ANC man fighting for St Lucia

THE ANC's Rob Haswell, the independent MP for Maritzburg south, has launched a campaign to stop proposed dune mining at St Lucia

Haswell has submitted a draft Wetlands Conservation Bill, which has been referred to the joint committee on private members' legislative proposals

6/10/92 5/16/92

(21)

5/16/92

MPANIES

Anglo tops the list in mining world

LONDON — In spite of the weak gold price, the Anglo American group retains its position as the western world's biggest mining company — more than twice the size of its nearest rival Rio Tinto Zinc (RTZ) *BlDaw 5/6/92*

Swedish consultancy Raw Materials Group says Anglo, including De Beers, accounted for 8,5% of the value of all non-fuel mining last year RTZ is second on 4,2

Anglo has held the position since 1984 when its output was worth 16% of the western total, but has lost nearly half of its share because of falling gold production

(217) Own Correspondent

and the price of bullion

RTZ, however, has increased its slice of the total by nearly 20% — from 3,5%

Third and fourth in the league were the state-owned mining corporations of Chile (3%) and Brazil (2,6%)

Gencor, with 1,3%, was placed 11th with Barlow Rand (0,8%) 21st, Rembrandt Group (0,7%) and AngloVaal (0,7%) 15th, while Iscor (0,5%) and the state of Botswana (0,5%) were among those sharing 18th The rankings were published in the 1992 edition of Who Owns Who in Mining

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Platinum surge linked to mass ⁽²¹⁷⁾ action threat

PROMISES of mass action by the ANC and Cosatu were a key factor in the surge in platinum prices last week, Frankel, Max Pollak, Vinderine analyst Kevin Kartun said at the weekend.

Kartun said that while the pledge may not have grabbed the attention of local industry observers, those in London, Zurich and New York were concerned about the prospect of political strikes in SA's mining sector.

The ANC and Cosatu threatened mass action if their demands for an interim government were not met by the end of this month.

Wildcat strikes at Impala Platinum's mines in

Monday 8/6/92
MATTHEW CURTIN

Bophuthatswana, which cost the group thousands of ounces of lost production, helped bolster weak prices last year.

Kartun said the threat of strikes on platinum mines together with signs of US and European economic recovery had lifted metal prices.

Platinum prices fell back from new highs mid-week, and had a mixed effect on the JSE platinum board last Friday.

Prices slipped from more than \$376, with the morning fix in London down \$0,70 at \$373,20, and the afternoon setting falling \$0,20 to \$372.

Prices in New York steadied around \$372,25, before falling below \$370 to close at \$369,50.

On the JSE, Northam

Platinum reached a year-high of R26,50 Northam, which will produce its first large quantities of platinum only in 1993, rose 50c to an adjusted close of R26,50.

The platinum index was unchanged at 5.258, its highest level since mid-June 1991. Rusplat closed unchanged at R83, but Implats fell 75c to R51.

Industry sources said rising leasing rates for borrowers of the metal from markets in the US, Europe and Japan, were an indication of a healthy demand for the metal.

Rates were at 2% to 4% for both platinum and rhodium, with palladium lower at 1% to 3%.

While platinum rates had been as low as 1,5% last year, rhodium fell from higher levels, evidence of sluggish demand.

Rise in by-product silver output set to hit prices

Monday 8/6/92

MATTHEW CURTIN

THE increase in silver production as a by-product of gold and base metal mines is outpacing primary silver production and is likely to subdue prices in 1992, says German metals group Degussa in its 1991 precious metals review.

Silver prices have tottered just above the \$4/oz mark in the past 18 months after a steady decline from a 1987 high of nearly \$11. In January last year silver fell to a 17-year low of \$3,806 in London.

Although the overall supply/demand balance narrowed as total silver production dropped by 360 tons to 15,360 tons in 1991, the report said "it must be remembered (however) that current stocks constitute a multiple of the annual demand figure."

Stocks at New York's Commodities Exchange (Comex) alone amounted to 8,420 tons at the end of 1991. Total industrial demand

stood at 14,790 tons, representing a market surplus of 980 tons in the year.

Western world mine production fell 3% to 11,560 tons and was matched by a similar fall in the former Soviet Union to about 2,750 tons.

Closures

Mexico maintained its position as the world's largest producer, although low prices forced the closure of 40 small- and medium-sized mines in the year. There were large scale closures in the US.

In contrast, by-product production rose sharply, especially from gold mines in Chile and Papua New Guinea.

SA is a relatively small silver producer, with output mostly a by-product of gold mining and a co-product at the Black Mountain base metal mine.

Overall silver consumption rose 3.9% in 1991, with the biggest jump in demand coming from the jewellery and silverware industries.

Degussa said the major factor in the 13% increase in this sector's consumption was growing European demand in the cutlery, silverware and other decorative industries.

The film and photographic industries remained the largest consumers, with 43% of the market.

Silver nitrate is used for the manufacture of light-sensitive emulsions for film and photographic paper, and Degussa said demand in this area was likely to remain strong. Efficient substitutes for silver had not yet been developed.

The recession knocked demand for the metal in the electrical engineering and electronics industries, but low prices pegged back attempts to find substitutes for silver.

Kaolin⁽²¹⁷⁾ mining delayed

KAOLIN mining will not begin on the slopes of Chapman's Peak in the Cape Peninsula for at least two years *St Times*

This was revealed yesterday by the new owner of Serina Kaolin, Mr Sybrand van der Spuy *14/6/92*

Mr Van der Spuy bought Serina Kaolin from Federale Volksbeleggings for an undisclosed sum last week through his company, Partnership Acceptances

In an interview, he said mining would not begin for at least two years as the site had to be fenced and properly prepared.

"I want to give the assurance that we will not only comply in every respect with the legal requirements of the mining licence, but we will be open to further suggestions from the community and special interest groups"

Auditor- to acquire such shareholding and bring an end to the sorry saga of
ey wanted all attempts to recover the Project Enigma.

Fraud scandal averted

SI Times 14/6/92
By **NORMAN WEST**
Political Reporter
PRESIDENT FW de Klerk stepped in on Friday to prevent the chairman of the Ministers' Council in the House of Representatives, Mr Jac Rabie, from laying fraud charges against Labour Party leader the Rev Allan Hendrickse.

Mr Rabie, NP MP for Reigerdal (Boksburg), told Parliament this week Mr Hendrickse had paid for his sister's stay at a Durban hotel last December with state funds.

After discussions with Mr De Klerk, Mr Rabie is now to refer the matter to the

NEWS ROUND-UP

St Lucia spawns ⁽²¹⁾ strange bedfellows

SI Times 14/6/92
THE CP is to join forces with the ANC and the DP to oppose the mining of dunes at Lake St Lucia.

ANC member and Independent MP Rob Haswell tabled a private member's Wetlands Conservation Bill which would enable the government to prohibit mining and prospecting within all areas designated as wetlands by the Ramsar Convention, to which South Africa is a founding signatory.

Opposition MPs including the CP and the DP said they would support the Bill at the joint committee stage. The CP's Mr Joseph Chiole and the DP's Mr Rupert Lorimer have strongly condemned the mining plans.

The government, though morally bound to preserve the St Lucia wetland, cannot legally prevent Richards Bay Minerals from mining there because it granted prospecting rights to the company some years ago.

Guard killed Instant Viva



its way to the theatre's opening on Friday.

Sanlam did not dump kaolin mine, says Serina chairman

Monday 15/6/92

(217)

LINDA ENSOR

CAPE TOWN — The sale of kaolin mining company Serina by Sanlam subsidiary Federale Volksbeleggings (Fedvolks) was the last stage of Fedvolks' manufacturing interests disposal programme, Serina chairman Klaus Zirker said at the weekend. Zirker demed that Sanlam had dumped Serina to avoid public outcry over the controversial mining project in Noordhoek, saying Fedvolks had given him a mandate to sell it in October 1990.

Fedvolks said on Friday — soon after Mineral and Energy Affairs Minister George Bartlett announced that Serina had been granted a permit to mine kaolin — that it had sold Serina for an undisclosed sum to Partnership Acceptances, an investment company owned by Johannesburg businessman Sybrand van der Spuy. The mining licence was subject to strict conditions, including site rehabilitation monitoring by an independent committee. Zirker said the mine would be fenced within the next four weeks.

Save Chapman's Peak Action Group chairman Ian Brownlie said the organisation planned to intensify its campaign against kaolin mining in Noordhoek. A study by Research Surveys found that 75% of those interviewed throughout SA objected to the proposed mine.

Meanwhile, a showdown looms between Serina and the Cape Regional Services Council (RSC) Council land-use committee chairman and Cape Town deputy mayor Clive Keegan said Serina required RSC approval for its proposed mining venture. It had not yet submitted an application. "If Serina commences mining it will be undertaking an illegal activity, and in this event the council will have to behave like a responsible local authority."

Keegan said there was a clear difference of opinion between council and state law advisers. It might be necessary for the courts to decide whether the two legal positions were irreconcilable.

The RSC had indicated that it would reject any application and would seek a court interdict if mining proceeded.

A Department of Mineral and Energy Affairs report released on Friday said that the chief state law adviser did not consider it necessary for Serina to obtain permission in terms of any ordinance after a mining authorisation had been granted in terms of the Minerals Act of 1991. The report estimated exploitation of the mine would save about R34m in forex a year.

Barplats Mining dispute set to drag on

Monday 15/6/92

JONO WATERS (217)

THE protracted dispute involving a minority shareholder in Barplats Mining (Barmine) attempting to win redress after the takeover of the mine by Implats last year, looks set to continue for months.

Attorney Andreas Vaatz last week won leave to appeal in the Rand Supreme Court against the court's decision earlier this year to reject his appeal for redress and allegations of mismanagement in the running of Barmine.

Speaking from Windhoek, Vaatz said the court felt another court could take a different view of the judgment. Vaatz had alleged shareholders were prejudiced by Rand Mines' sale of Barmine to Impala Platinum (Implats) and that Barmine's platinum operation was mismanaged by

former owners Rand Mines.

The judgment will delay Barmine's planned JSE delisting. Implats intends to make it a wholly owned subsidiary of Barplats Investments (Barplats), which it now controls.

Vaatz's concerns were fuelled by the large sums of money he and his family lost in subscribing for Barmine shares, bought at R12 each but now trading at 27c.

He was also worried by the fact that Rand Mines sank nearly R1,5bn into the Crocodile River and Kennedy's Vale platinum mines, neither of which produced platinum at a profit.

No date has been set for the hearing.



Conditions in Russia help vanadium market

MATTHEW CURTIN

217

A SLUMP in Russian steel production has boosted the conditions in the vanadium market, but prices show no sign of recovering as supply continues to exceed demand, says Minerals Bureau analyst G Grohmann.

Highveld Steel and Vanadium, the world's largest producer of vanadium pentoxide, is about to start price talks for the September quarter. The company's contract price has fallen steadily in the past two years to \$2.45/lb with spot prices trading near \$2/lb.

In the latest bureau bulletin, Grohmann said: "Fortunately for Western producers, Russia's output of vanadium-bearing slag has declined in line with its steel production."

Russia is one of the main sources of vanadium for China, and has allowed that country to export large quantities of vanadium pentoxide, which have found their way into Western markets in recent years.

Analysts have said that China has been a major culprit in knocking the bottom out of the vanadium market in the past few years. There have been reports that China has bought slag, waste material from iron and steel-making, from Highveld Steel and Vanadium and other Western producers.

Without the constraints of free-market business principles, China then sold vanadium pentoxide at a loss to Western steelmakers to earn hard currency.

COMPANIES

Barplats going ahead with rights issue to revive mine

BARPLATS Investments would go ahead with a rights issue to revive its Crocodile River mine once the platinum board on the JSE recovered, MD Michael McMahon said in a directors' report yesterday

He said current expectations were that primary supply and demand for platinum would move from being approximately in balance in 1992 to a deficit in 1993. Prices would rise with the rise in demand outpacing increases in supply, particularly once current surplus stocks were consumed.

McMahon said a stronger platinum market should allow for a successful rights issue to fund the resuscitation of the Barplats Mine (Barmine) operations.

He said Barplats would then reopen the Barmine Crocodile River operation, where previous owners Rand Mines spent R1,5bn on the No 1 shaft.

If Barplats secured the rights issue, it would take a year before production resumed, and two years before the first platinum was produced, he said. Barplats mothballed its concentrator and refining facilities when it closed the mine last year.

Resumption of sinking the No 1 shaft would take about three years to complete.

13/02/92 18/6/92 (217)
JONO WATERS

McMahon said the group's troubles and its current status as a non-mining entity had been a "severe disappointment".

Some of these problems stemmed from the continuing court action which had prevented owners Impala Platinum from restructuring the Barplats group.

Barplats yesterday advised its shareholders to exercise caution in share dealing following the Rand Supreme Court's decision to grant leave to appeal to minority shareholder Andreas Vaatz.

Vaatz had objected to the arrangement scheme where Implats, which bought Barmine from Rand Mines last year, intended to delist the mine from the JSE and make it a wholly owned subsidiary of Barplats which it also controls.

Barplats attributable earnings a share turned to a loss of 0,8c a share for the six months ended March 1992 from a profit of 4c a share in 1991.

This resulted from R368 000 spent on keeping the mothballed mine in shape.

Barplats shares closed unchanged at 50c yesterday. The shares have risen 10c since their a low in mid-April this year.

Boost for measure to stop wetland mining

CAPE TOWN — In a breakthrough for those opposed to the mining of St Lucia's eastern shores, independent MP and ANC member Rob Haswell's private member's Bill designed to outlaw wetlands mining has been given a green light

Haswell's Wetlands Conservation Bill — specifically designed to prevent mining at St Lucia's dunes — was unanimously supported by Parliament's joint committee on private member's legislation

It will now go to the departments of Environment Affairs and Mineral and Energy Affairs for consideration and possible amendment

An elated Haswell said after the committee meeting: "The concept of conserving the wetlands received the support of all the political parties represented in each of the three Houses

"With the prospect of Parliament reconvening in October, there is therefore a further 11th-hour opportunity for Parliament, and government in particular, to enact the legislation necessary to prohibit mining at St Lucia and thus protect an international asset"

Haswell has pointed out that even if the environmental impact assessment currently being undertaken at St Lucia found the mining to be undesirable, there was still no legislation to prohibit it

The Natal MP said he was grateful for the support his Bill received from Rupert Lorimer, DP MP for Bryans-

ton, and Joseph Chiole, CP MP for Pretoria West, in the committee

He urged "all South Africans who care deeply about our environment and St Lucia to contact their MPs or political organisations and indicate their support"

Sapa reports that Chiole said the development and marketing of St Lucia as "a second Kruger National Park" would mean more foreign exchange, prestige and job opportunities for SA than unsightly and environmentally damaging mining.

He said the CP had reaffirmed its view in the joint parliamentary committee meeting yesterday that legislation should be introduced to prohibit any mining activity in the vicinity of wetlands designated by the Ramsar Convention as being of international importance.

It appeared that all parties supported this proposal with the exception of a few people in the National Party, who favoured the development of the area.

Chiole pointed out that the Kriel report had recommended in 1966 that a policy of nature conservation should be pursued in the St Lucia area — long before the allocation of prospecting and mining rights to Richards Bay Minerals

He said the CP renewed its call on government to regard St Lucia as unassailable and to take steps to ensure it was protected

Political Staff

B/0an 18/6/92 (217)

New hope for shareholders in Barplats group

By Derek Tommey

217

Shareholders in the troubled Barplats group (which owns the Crocodile River Mine, formerly Lefkochrysos) could have a bright future ahead of them

Chief executive Michael McMahon, in a report to shareholders, is bullish about the outlook for platinum

He says that if his scenario holds, then the Barplats' Crocodile River Mine could be producing platinum again by 1995. But the company would first need to raise new capital.

Mr McMahon is also chief executive of Impala, the world's second-largest producer of platinum

Production was stopped at Crocodile River in the second half of 1991, when it became clear that the revenue stream would not cover operating costs. Shaft-sinking was also stopped.

Confidence

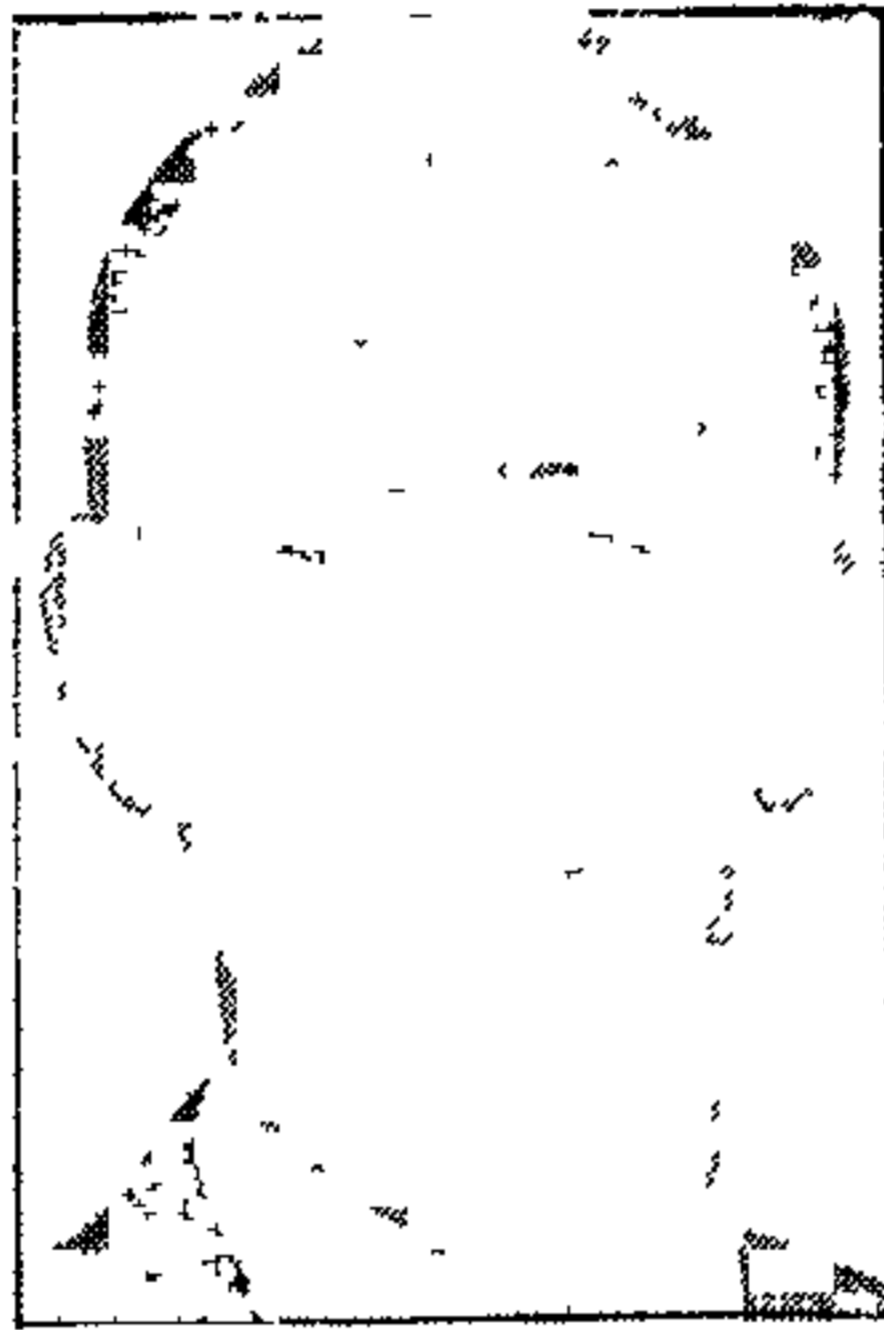
The re-opening of the mine will depend on a level of confidence developing in sustainable and reasonable precious metal prices, says Mr McMahon

He expects the primary supply and demand picture to move from being approximately in balance in this calendar year to a deficit next year and that the deficit will continue to increase.

This should lead to a tightness in supply and to rising prices, particularly once current surplus stocks are consumed.

The price of platinum shares on the Johannesburg Stock Exchange should improve, enabling the company to raise new capital

It would take a year to resume underground production and two years before it would be necessary to recommission



Michael McMahon . . . deficit will increase

the concentrator

Ore would be produced from No 1 level, conventionally hoisted up the raise-bored shaft and stockpiled.

However, the greatly increased production expected when the No 1 Shaft starts up is likely only in 1996 because it would take three years from the resumption of sinking to complete the shaft.

Mr McMahon says a scheme of arrangement has been approved by the courts.

It provides for Rand Mines assuming R343,5 million of Barplats debt in return for equity and for Impala to receive a 38 percent stake in return for certain mineral rights and other technical synergies

It also proposes that minority

shareholders in Barplats Mines should exchange their shares for Barplats Investment shares.

However, a shareholder has since been granted the right to appeal against the scheme and the court order has been suspended

Mr McMahon says that although approval of the scheme was not a prerequisite for the implementation of the transaction, the mechanism may have to be adjusted and could result in a material change in the capital structure of the group

Profit figures based on the capital structure before the scheme of arrangement show that attributable income of Barplats Investments dropped from R7,2 million in the 12 months to September 1990 to R1,5 million in the year to September 1991.

This was result of a drop in investment income from R16,6 million to R5,5 million

In the six months to March this year, Barplats had an attributable loss of R368 000.

At September 30 last year, the Barplats group had total liabilities, net of cash and excluding those to be assumed by Rand Mines, of R81,8 million

This had been reduced to R58,9 million by March 31 this year.

A further reduction is expected in this financial year as revenue from the liquidation of the "in process" pipeline is currently exceeding the ongoing mothballing costs of operations.

Hope for platinum investors

STAR 18/6/92

There is new hope for investors in the troubled Barplats group. Difficulties in producing platinum led to the mine being shut and to the value of Barplats shares dropping from almost 900c to 55c. But the mine again could be in production within three years if the price of platinum rises. (217) ● Page 21

Russians refining Implats material

JONO WATERS

~~PART~~ of Impala Platinum's (Implats) output was being refined in Russia because of current refurbishments at its own refinery, Implats MD Mike McMahon confirmed yesterday.

He said Implats was sending material abroad for toll refining, in particular, difficult platinum group metal residues.

He declined to elaborate on the amounts involved or the current status of the company's refinery.

Implats' policy, he said, was to select a refiner on the best terms and technical performance at the time and as a result some material had been sent to Russia.

SA and Russia produce about 95% of the world's platinum, palladium and rhodium. Reuter reports that analysts said the move was further evidence of the growing links between the two countries across a range of mining interests.

McMahon was responding to earlier reports of visits by Impala and Russia's Norilskiy Nickel company executives to each other plants earlier this year.

Meanwhile, platinum prices fell nearly \$5 yesterday after a leading Japanese bullion house forecast that the country's platinum imports would fall nearly 20% in 1992.

Local analysts said it was a short-term movement and they expected the price to be over \$380 by the end of the year.

Platinum was fixed at \$364,10 in London yesterday afternoon, \$4,75 lower than

To Page 2

Implats

Wednesday's afternoon fix of \$368,85. Weaker metal prices knocked platinum shares on the JSE Implats lost 25c to close at R54,75 and Rusplats fell 75c to R85,50. There were marginal losses in most other platinum shares.

An analyst said it was reported that Tanaka Kikinzoku Kogyo, a major Japanese-based bullion house, said on Tuesday that sluggish demand in Japan could see platinum consumption falling from last year's high of 69,6 tons to 58 tons this year.

The Japanese are the world's largest consumers of platinum, accounting for 50% of world demand.

However, a local analyst said he did not

agree with the predicted fall in Japanese demand. He said at most it would fall to about 63 tons.

He said over-optimistic market sentiment could have pushed platinum prices towards \$380 in recent weeks. In the absence of strong fundamental factors buoying the metal, and the continuing decline in the Nikkei index, market confidence had subsided this week, he said.

But, the fundamentals for platinum were still strong and he was confident that the platinum prices would strengthen in the second half of the year, and should sit at between \$385 and \$390 by the year-end.

From Page 1

Sunday to midnight between the following Saturday and Sunday)

4 3 A maximum number of hours equal to 20% of the official hours may be spent on limited private practice. In respect of full-time personnel it is 8 hours per working week of 40 hours and 1 1/2 hours per working week of 56 hours

4 4 Additional control measures aimed at achieving the goals and in order to comply with the conditions in this document, may be laid down by departments/administrations (The South African Defence Force is naturally also a department) after consultation with the supervisory board where applicable

4 5 The type of limited private practice or combination of practices (faculty group practice, departmental group practice/unitary group practice and individual private practice) is the option of the relevant department/administration in consultation with the supervisory board and the faculty where applicable. A faculty group practice is recommended where possible. Limited individual private practices at academic hospitals should only be permitted if the Policy Council for Academic Hospitals approves the principle thereof

4 6 The supervisory board of each academic complex must itself manage and finance the implementation and operation of limited private practice. At non-academic hospitals/institutions the relevant department/administration must ensure that the principle of non-involvement by the government is maintained

4 7 Private practice may in special circumstances and in the discretion of the department/administration be performed outside the own institution at private institutions or other state institutions. In respect of academic hospitals the supervisory board must be consulted beforehand

4 8 Participation in limited private practice will be with retention of salary, compulsory payments (including the non-pensionable professional allowance) and other conditions of service including future adjustments/improvements of the dispensation

4 9 Because of the possible implications of limited private practice on the private sector, this should be discussed with local

interest groups in the health sphere prior to the implementation of limited private practice

4 10 Private patients who are prepared to serve as training cases will not receive any discount

5 Preconditions

5 1 Personnel must submit applications to operate a private practice for consideration in accordance with the provisions of section 24 of the Public Service Act, 1984 (Act 111 of 1984)

5 2 Limited private practice is a privilege and not a right. The continuation thereof will be considered from time to time to determine whether its objectives are still being met. The first such evaluation for the period ending on 31 March 1993 must be done by the submission of a report to the Department of National Health and Population Development

5 3 Neither the care of state dependant patients, nor the training of personnel or research may in any way be curtailed or may under no circumstances be jeopardized by private practice

5 4 Expansion related to the administration of limited private practice—financial or otherwise—may not be defrayed from state funds. State revenue may not be sacrificed and no resources/facilities may be utilized without the necessary levy. If levies other than those already approved occur, motivated requests must be referred to the Department of National Health and Population Development for co-ordination and submission to the Department of State Expenditure

5 5 Private patients must still be able to exercise a free choice regarding their medical practitioner, dentist or specialist and in respect of treatment by the limited private practice

5 6 It is not the intention that the financial needs of health authorities regarding treatment of state dependant patients be offset against funds generated by limited private practice

5 7 Limited private practice must be administered within the current scale of benefits which is determined by the Representative Association of Medical Schemes

5 8 At hospitals where limited private practice is in operation, the 30% levy on profes-

sional fees applicable to patients who are treated by participants of the scheme, is discontinued

6 Legal requirements
6 1 The legitimate rules and regulations of the hospital/institution/clinic where limited private practice is in operation must still be observed by the relevant personnel

6 2 Personnel who participate in limited private practice are accountable in respect of that practice and all resulting claims will consequently be the responsibility of the persons concerned

6 3 Registration of the group practice with the SA Medical and Dental Council and the Association of Medical Schemes is the responsibility of the faculty/personnel

6 4 Existing agreements between health authorities and universities must, where necessary, be adjusted

6 5 The measures contained in this document may at any time be adjusted, amended or revoked

Kaolin mine at Noordhoek

*12 Mr C W EGLIN asked the Minister of Environment Affairs

(1) Whether the Government has inspected the site of the proposed kaolin mine at Noordhoek to determine whether protected trees and other flora are growing on the site, if not, why not, if so, (a) when and (b) what are the findings,

(2) whether he has taken any steps to safeguard any such protected trees and other flora, if so, what steps?

The MINISTER OF ENVIRONMENT AFFAIRS
B739E

(1) The Department of Environment Affairs itself did not undertake a vegetation survey on the site. Such a comprehensive vegetation survey was however done by the consultants, Steffen, Robertson & Kirsten with the assistance of personnel of the National Botanical Institute at Kirstenbosch, as part of the environmental impact study which accompanied the application. This report clearly states that no rare or endangered plant species in terms of the Red Data book occur on the site itself. But even if that were the case,

the conditions pertaining to the authorization to mine require that appropriate measures shall be applied to protect and conserve non-alien flora on the site

Moreover, the said conditions oblige the mining company to rehabilitate the land and, if required to do so by the monitoring committee, to introduce fynbos on the rehabilitated land

(2) Falls away

Publications Appeal Board: new appointments

*13 Miss M SMUIJS asked the Minister of Home Affairs

(1) Whether new appointments are to be made to the Publications Appeal Board, if so, when,

(2) whether he is taking or intends taking any steps to ensure that the said board will in future be more representative of the South African population than it is at present, if not, why not?

B740E

The MINISTER OF HOME AFFAIRS

(1) Yes. New appointments will be made in the forthcoming month or two

(2) Section 35(3)(b) of the Publications Act, 1974 (Act 42 of 1974), requires that persons designated must be persons who by reason of their educational qualifications and experience are fit to perform the functions entrusted to the appeal board. The Act does not specifically require appointments to be representative of the South African community, but every reasonable effort will be made to designate properly qualified persons to reflect as far as possible the norms of the entire South African community in all its variations

Mr P G SOAL, Mr Chairman, arising out of the hon the Minister's reply, he says that every effort will be made to achieve the desirability of having a representative board, for which we are grateful, but will he consult those parties and organizations involved with Codesa to ensure representativeness?

The MINISTER, Mr Chairman, I do not have any intention of doing so, because I am ade-

SA, Russia 'may form precious minerals cartel'

B/D am 22/6/92

217

JONO WATERS

GROWING signs of co-operation between the Russian and SA mining industries — which have already led to technology transfers and intra-company dealings — have increased speculation of the setting up of a "precious minerals cartel" by the two countries

SA mining company executives were known to have visited the newly formed Commonwealth of Independent States (CIS) and had in turn hosted similar visits by Russian mining personnel, industry sources said at the weekend

"Unofficial as it is, Russia is being allowed to target the Japanese market without SA interference and the Russians have left the US market for SA," a local analyst said

The growing detente between the two countries is further evidenced by the fact that the Chamber of Mines and the CIS will host a seminar and exhibition of mining technology in Moscow next month.

Fifteen SA mining executives will attend the seminar

Chamber of Mines senior GM Horst Wagner said the possibility of the formation of a cartel between the two countries was "just speculation"

He said the chamber did not involve itself in commercial actions. This would have to be done on an individual basis by mining houses

However, one mining specialist said the cartel possibility in strategic and precious metals was unlikely because it could lead to exploration and eventual discovery of other deposits elsewhere

He said if the two countries were to form a cartel, new supplies would eventually be discovered and the cartel would suffer a collapse similar to that of OPEC in the early '80s

"Cartel is a hugely dirty word, and while it does lend some stability to prices, unrealistic price levels will eventually prompt the need for the discovery of new deposits," he said

He said if anything were to happen, it would be behind closed doors "On the surface the two countries will co-operate on a technical level."

De Beers, he said, was the only successful cartel because it benefited everyone

The producers received high prices, the manufacturers of jewellery gained a fair return on their products and people who bought the

diamond jewellery found that it kept its value

A report carried in the Wall Street Journal Europe last week said between them the two countries produced more than 90% of the world's platinum, palladium and rhodium, about three-quarters of vanadium, two-thirds of chrome, almost 50% of manganese, two-fifths of the world's gold and almost 25% of diamonds

It said platinum dealers contended that the Russians and South Africans would avoid any collusion in platinum and other metal markets because of strong anti-trust action in the US and Europe

But it quoted one dealer as saying that a more likely scenario would be "a nod or a wink, as producers of both countries swap vital market information"

The SA Reserve Bank, which sells SA's gold on behalf of the mines, and Almazejewelreexport, Russia's marketing agency, appeared to swap information about development in the precious metals market, said the report quoting European precious metals dealers

De Beers Centenary AG has already been contracted to sell \$5bn of Russian gems over five years

Parliamentary alliance in bid to save St Lucia

Political Staff

(217)

STAR 22/6/92

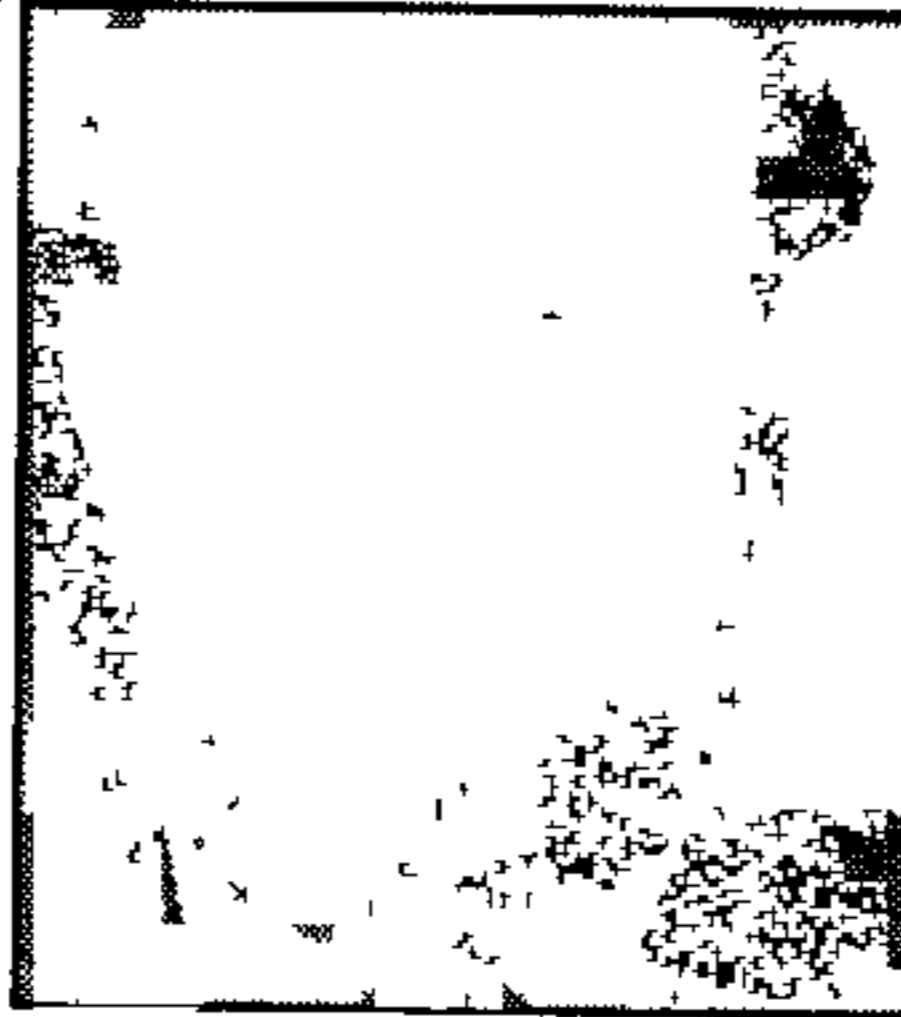
CAPE TOWN — Parliament may come to the rescue of Lake St Lucia and save it from the bulldozers of Richards Bay Minerals, thanks to an initiative of African National Congress MP Rob Haswell

A common concern to protect the 12 wetlands in South Africa, identified as important by the Ramsar Convention, has meant that ANC members in Parliament and Conservative Party MPs find themselves fighting the same battle.

Mr Haswell introduced a Private Members' Wetlands Conservation Bill, which proposes to prohibit prospecting and mining in the wetlands, including the St Lucia system

Mr Haswell said the Bill went before Parliament's joint committee on private members' legislative proposals last week

"The concept of conserving these wetlands received the support of all the political parties represented in each of the



Rob Haswell . . . fighting to save Lake St Lucia

three Houses. Consequently it was unanimously decided to urgently refer the Bill for consideration, and possible amendment, to both the Department of Environment Affairs and the Department of Mineral and Energy Affairs," he said

"With the prospect of Parliament reconvening in October, there is therefore a further 11th-hour opportunity for Parliament, and the Government in particular, to enact the legislation necessary to prohibit mining at St Lucia, and thus protect an international asset

"I am grateful for the support the Bill received from in particular Rupert Lorimer of the Democratic Party and Joseph Chiole of the Conservative Party

"I urge all those South Africans who care deeply about our environment and St Lucia to contact their MPs and/or political organisations and indicate their support," Mr Haswell said

Speaking on behalf also of CP MPs Jurg Prinsloo, W J Snyman and Lous Stofberg, Mr Chiole (Pretoria West) said in a statement that the CP wanted a law introduced to prevent any mining activity near wetlands identified by the Ramsar convention

The CP believed that the greater Lake St Lucia area should be developed as an ecotourist attraction.

The CP said in the parliamentary committee that Lake St Lucia should be developed and marketed as a second Kruger National Park. This would generate more international value, prestige and jobs than mining activity, which would damage the eco-system.

No decision on future of Rooiberg

217 23/6/92
JONO WATERS

ROOIBERG Tin was keeping its options open on the mine's future, chairman Richard Robinson said yesterday. It had not declared a dividend since 1989.

Robinson said the Gold Fields of SA subsidiary had about 12 months of high grade reserves left. The operation would have to be mothballed or closed unless international market conditions improved.

He said a decision on the mine's future would have to be taken in the next year.

The mine's losses had been reduced to a manageable level through rationalisation programmes in 1986 and 1990 which cut staff by more than half to 750.

The future of the mine's smelter was linked to the mining. It is the last primary smelter operating in SA, and produced about 90 tons a month until operations were scaled down to 35 tons in April this year.

Iscor, the largest user of tin, closed its Uis mine in Namibia in November 1990. The Kamativi operation in Zimbabwe was still running, but mining had been reduced, Robinson said.

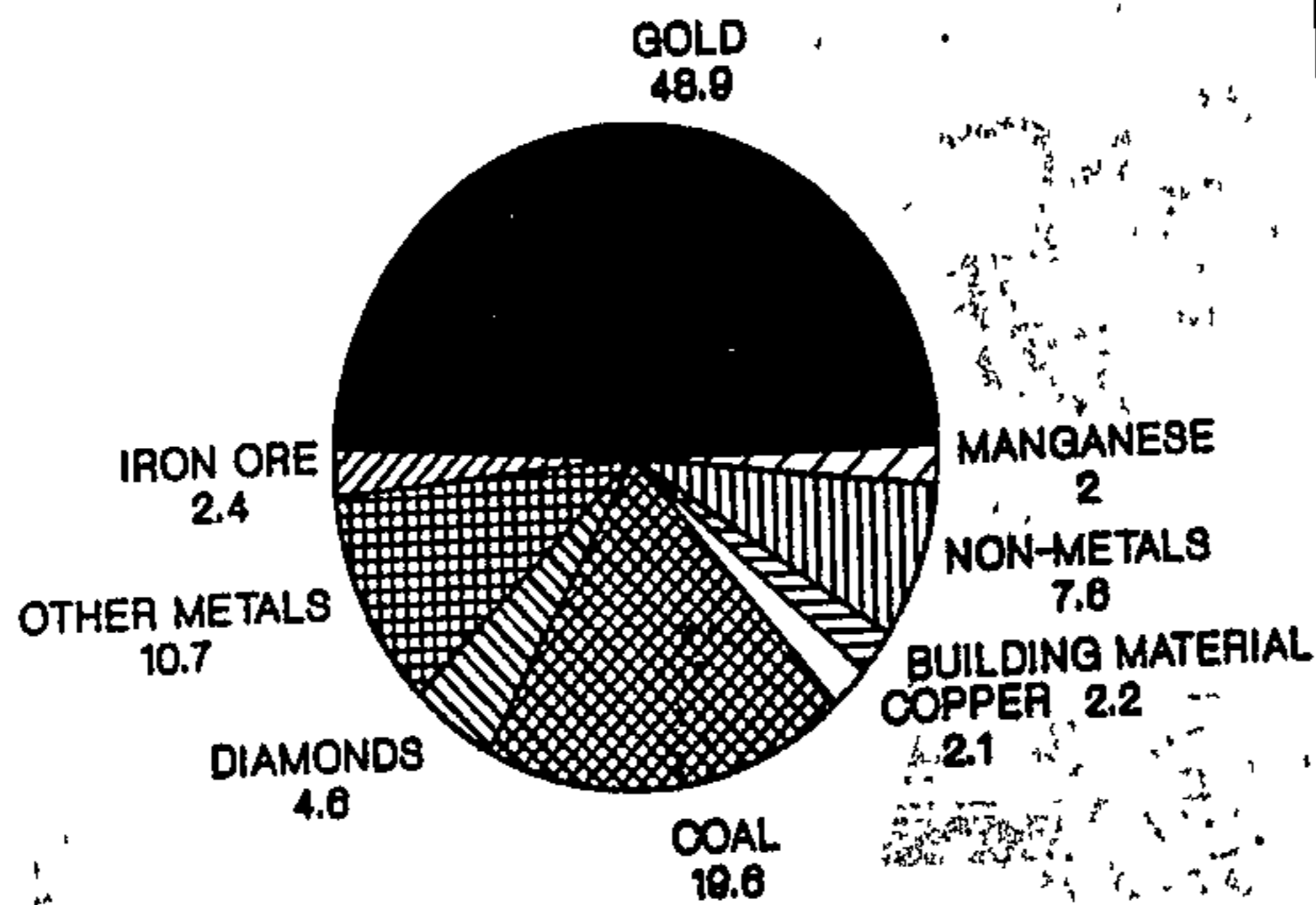
He said Rooiberg was not the only casualty of low tin prices. Operations in Bolivia had also been closed, along with significant reductions in tin mining in Brazil and southeast Asia.

The Association of Tin Producers had not been very successful at controlling production through its quota system because members either over-produced or under-produced. Some major producers were not members.

World tin prices fell dramatically in 1985 when the International Tin Council collapsed, but had improved steadily over the past six weeks.

The metal traded on the London Metals Exchange at a middle price of \$6 745 a ton yesterday.

Robinson said that although world demand had been reduced by recession, world tin stocks, estimated at about 46 000 tons, were being depleted.



Gold still accounted for just under half of SA's total mineral output by value in 1990. Coal made the second-highest contribution.

SA on way to becoming a mining supermarket

STAR 25/6/92

By Derek Tommey

SA is on its way to becoming a mining supermarket, says Mike Brown, economic consultant to brokers Frankel Max Pollak Vinderine.

He told the Royal Institute of International Affairs in London that SA was reducing its dependence on gold mining by increasing production of other minerals.

He cited the significant expansions in the platinum industry, the completion of the major new diamond mine at Venetia, and investment in the coal mining industry to meet the expansion at Richards Bay.

He added that this broad movement to diversification should continue for the next half-decade or more.

Mr Brown highlighted the "somewhat unique nature" of the SA mining industry, pointing out that it was highly concentrated, and referring to increasing opposition by "various liberation movements" to this centralisation.

He said the domination of the industry by the major mining houses had its roots in the need for capital formation.

But other factors had been the lack of skills, limited access to technology, the need for

industry-based wage bargaining and centralised lobbying against a strong and not always friendly government.

Foreign investment in mining ventures in SA had been largely absent for the last decade or more, and this had been heightened by the wholesale withdrawal of foreign mining companies in the sanctions era, though Britain's RTZ had been a notable exception.

Mr Brown said that as pressures built up against the mining house system, "de-bundling" of the mining conglomerates had become one of the talking points in financial circles.

But the rebuilding the economy, with export promotion as a key factor, meant that mining would obviously play a major role.

If SA wanted to compete in international markets it would need world-class companies.

He said emerging politicians would have to decide whether their redistribution objectives might be better served by a large and vigorous industry that was an international player, or by a dismembered mining sector that would inevitably require the burdens of capital formation, risk-sharing and skill capabilities to be borne by other sectors of the economy.

NUM proposes inquiry into marginal mines

JONO WATERS (21)

A NATIONAL Union of Mineworkers' (NUM) delegation met government officials in Pretoria yesterday and proposed that a commission of inquiry be appointed to look into the survival of marginal mines and mine down-scaling. *BID 26/6/92*

NUM negotiator Martin Nicol said the union would like to see the appointment of a body such as the Marais committee, which in 1990 presented a report on marginal mines. However, the committee had neglected mine down-scaling in its report, as retrenchments of the current proportions were not expected until after 2000.

The meeting stemmed from rationalisation plans at the marginal Harmony gold mine, where the work force had been slashed to 14 000 from 31 000 in 1989.

The NUM estimated the job cuts at Harmony represented a loss of four tons of gold and R120m in foreign exchange.

In a memorandum to Energy and Mineral Affairs Minister George Bartlett earlier this month, the NUM proposed that the state refund indirect taxes generated by marginal mine activities so that such mines could remain safe sources of employment.

Nicol described the meeting as "cordial and fruitful", saying government representatives agreed there was a need to review state policy on the mining industry.

DIRK HARTFORD reports that the NUM yesterday cancelled a meeting with the Chamber of Mines, saying national negotiations were in jeopardy after Gold Fields of SA and Anglovaal refused to consider the union's profit-sharing proposal.

By JULIE WALKER

ANGLO American is committed to R15-billion capital expenditure on new and existing projects in South Africa, says chairman Julian Ogilvie Thompson in his annual review.

He gives this figure in reply to propagandists who have nurtured the myth that SA's large companies spirit funds abroad at the expense of domestic investment.

Mr Ogilvie Thompson says the SA projects include spending on gold mines, collieries, the Venetia diamond mine and new facilities in the steel, aluminum, motor and paper industries account.

They are "surely an expression of our faith in the country's future"

Also under consideration is the R1-billion Namakwa Sands project. Its go-ahead is likely to be given this year

Flow

Mr Ogilvie Thompson defends Anglo's investments outside SA on several grounds. The investments are approved by the Reserve Bank and financed by foreign borrowings or through the financial rand at no cost to the nation's reserves.

They generate a growing flow of hard-currency earnings. In 1991, De Beers and Anglo groups alone chipped in \$340-million, or nearly R1-billion, by remitting dividends.

The benefits percolate not only to direct members, but to more than 6-million people indirectly invested through life, pension and provident funds as well as the group's employee shareholder scheme.

Nor does Anglo have anything to be ashamed of because it is big, according to the chairman. Although it and its associates account for 23% of the market capitalisation of the JSE, this is not

R15bn SA projects on Anglo capex list

STimes (BUS) 28/6/92.

217



JULIAN OGILVIE THOMPSON. Investment abroad helps South Africa

unique. The market share of SA's top 10 companies is less than that of their equivalents in six Western European countries, Australia and Hong Kong.

He attributes economic concentration to two factors. Mining houses have become the vehicles for investment because of their accumulated resources; and second, political policies have accentuated concentration for the past 30 years.

Mr Ogilvie Thompson says that if size is seen as a problem, the solution is to open

the economy to foreign competition and to give SA companies freedom to invest abroad.

Countries that lack big companies are at a disadvantage in global competitiveness.

Anglo is to increase its European development facilities for Zebra Battery, a provider of clean power for passenger vehicles in polluted urban areas. It has also bought a joint controlling interest in leading pulp and paper group Frantschach.

Mr Ogilvie Thompson is

convinced that by reallocating the priorities of state expenditure and improving the efficiency of existing schemes, much could be done to alleviate poverty in SA.

The Government should concentrate on its core areas of responsibility — health, housing, education, and law and order, more effectively, efficiently and accountably.

Anglo has prepared a working paper containing two examples. The first is the provision of clean water and sanitation to 12-million rural dwellers.

The second is the development of voluntary schemes for community services and youth training.

Winner

Integral to the scheme would be basic skills training. Those involved would be paid a modest daily allowance, leaving communities a little richer and the economy with a little more cash. Trainees could return to the economy with marketable skills at a cost low enough to ensure the survival of the scheme.

But SA will become a winning nation only if it adapts to a new world economic order which favours adherence to market principles and where democracy goes more than skin deep.

"We must stop marginalising ourselves in the eyes of the world by the culture of ungovernability and the violence it has bred, ritualistic adherence to strikes, boycotts, disruption and intimidation, and replace it with a culture of discipline, sober hard work and mutual respect," says Mr Ogilvie Thompson

COMPANIES

Vantech plant delayed by water shortage

THE start-up of Vanadium Technologies' (Vantech's) vanadium pentoxide plant was delayed by a lack of water in the current drought, but was now fully operational, MD John Vorster said *3/10/92*

He said the plant's water supply had been cut off by local authorities the day before it was due to start production on May 15 this year *29/6/92*

Vantech acquired Vansa Vanadium's vanadium business for R17,3m early this year

"The drought is very bad in the Steel-poort area, and the Water Affairs Department says there is only enough for people

and animals," he said *(217)*

"The cut-off called for desperate measures. We drilled our own boreholes and we've bought water from elsewhere."

Vorster denied market talk that the delay in production was caused by major damage to the kilns and titanium pipes.

The plant began production last week. "We initially forecast production of 250 tons a month, but we will comfortably exceed 300 tons," he said.

He declined to estimate the cost of the month's delay, and said commitments on forward sales to Japanese and European customers would be met. — Reuter

RhoEx earns 89c a share after expenditure write-off

Monday 30/6/92 (217)

MADDEN COLE

RHOMBUS Exploration (RhoEx) reported earnings of 89c a share after writing off expenditure of R1,9m incurred in investigating and developing the company's granite project in Parys

RhoEx changed its financial year end last year. No comparative figures have been reported for the period

A statement yesterday said that due to poor market conditions in the granite industry, it was unlikely that the granite project would generate sufficient cash flow to service the historic debt. The company had withdrawn from the project

Net income before finance costs of R1,4m had amounted to R1,7m, resulting in an attributable income of R300 000

However, the directors added that encouraging progress had been made in developing the two Mineral Sands projects in northern Natal and the Transkei

The construction and commissioning of the washing plant at Taarboschspruit Colliery was completed in May and the mine was in production

Planning for the future of Rhombus Vanadium Holdings (Rhovan), after the cancellation of its supply contract with Usko in September last year, was progressing well. Negotiations with potential partners were continuing

Meanwhile, shareholders of RhoEx were cautioned to exercise care when dealing in the company's shares

Rhombus Vanadium Holdings did not present an income statement for the six months to March.

Its directors said operations had remained under care and maintenance for the period under review, following the cancellation of the Usko contract

All net expenditure during the period had been capitalised

This policy would continue until the mine started production again

Feasibility tests conducted in the mine had been promising, the directors said.

Rhombus hopeful for its vanadium mining project

STAR 30/6/92

Finance Staff

217

Rhombus Exploration (RhoEx) is close to finding a potential partner for re-starting its Rhombus Vanadium operation, the company says in its interim report today.

It says negotiations with potential partners are continuing after the RhoVan mine was placed on a care and maintenance basis when Usko terminated its supply contract last September

RhoEx also says it is discontinuing its Parys granite project after establishing that the project would generate insufficient cash flows to service debts.

The group has incurred almost R2 million in expenditures on the project

RhoEx, which has changed its year-end, reports net income before finance costs of R1,74 million and attributable income of R300 000 in the six months to end-March

Copper and tin head gains among non-ferrous metals

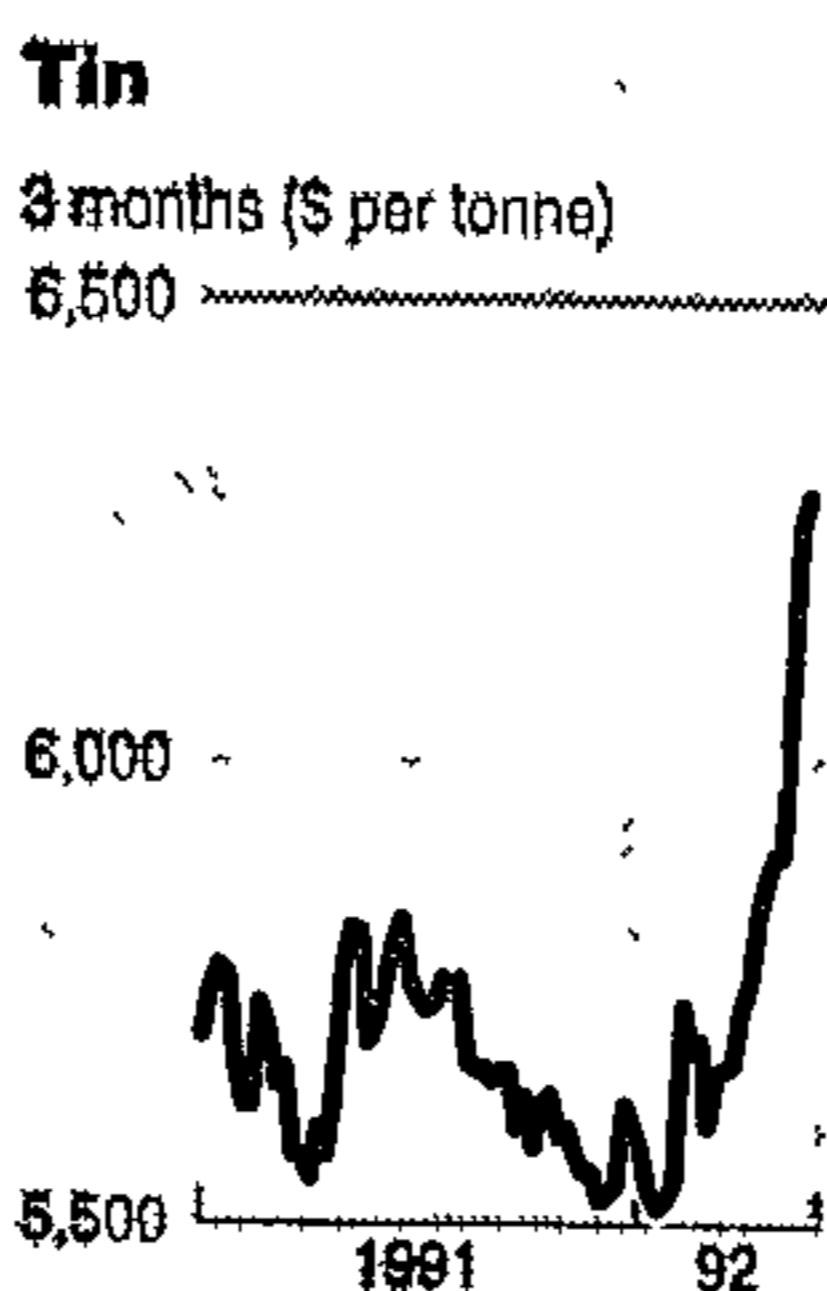
LONDON — Several of the London Metal Exchange (LME) non-ferrous metals notched up healthy price gains last week, although analysts believe it is too early to say if this bullish enthusiasm heralds an economic recovery.

"A lot of the US funds have been buying in the belief that metal prices will go up if economies improve," said analyst Euan Worthington of brokers S G Warburg Securities.

Better times should be around the corner, although he noted that the latest half-yearly report by the Organisation for Economic Cooperation and Development (OECD) showed that the pick-up will be slow.

"There is the potential of some economic growth, even though it is very sluggish. What is positive for metals is that although inventories are high, they are not historically high," another analyst said.

Economic Outlook from the OECD said a recovery in the world economy was finally taking hold after several false dawns. The forces necessary to bring about a recovery were be-



Source: Datastat

Only copper and tin are reflecting supply and demand factors

ginning to be felt, especially in the United States.

Industrial metals, such as those traded on the LME, will benefit from a brighter economic outlook if it feeds through into metal-intensive areas, such as construction, cars, transport, steel, packaging and heavy electricals.

Copper has been the star performer on the LME, with a rise

of \$100, fuelled by supply-side concerns, lifting the price to its highest level since April 1991.

Other metals have gone along for the ride, with tin up \$200 to hit its highest price since January 1990.

Zinc has added \$100, while aluminium and nickel have also clocked up useful gains. Only lead has held back.

But only copper and tin are really reflecting supply and demand factors, as the gains in some of the other metals are not really justified by fundamentals, traders say.

"On copper, inventories have never been this low coming out of a recession," said Wiktor Bielski, of brokers Carr Kitcat and Aitken, part of the Banque Indosuez Group.

"But aluminium demand is not coming through, and an extra one million tons (production) will have come on stream by next year, offsetting the cut-backs made last year by around 300 000 tons," he said.

For mining companies and producers price rises are welcome news, as many have been hurt by depressed markets that reached their nadir late in 1991.

For copper companies, prices around 108 cents/lb are well above breakeven levels, which range between 42 cents for low-cost South American and SX-EW producers to 60-75 cents for North American smelting/refining operations, Bielski noted.

However, for other metals the picture is different. North American aluminium producer costs are around 55/60 cents, while high-cost Europeans operate at around 70 cents, compared with current market prices around 57 cents.

Zinc's rise this year has been substantial, with a squeeze on the LME helping to lift the market from late-1991 contract lows around 44 cents. Prices currently stand around 62 cents.

"But most zinc smelters are probably not making money, or may just be breaking even," he said. "Costs for miners and smelters are around 25-30 cents, but then there are the treatment charges," he said.

The same applies for the big nickel producers, where average costs range between \$3.20-\$3.50/lb, against current prices around \$3.26 — Sapa-Reuter.

Star 20/6/92 (217)

Dumping case may determine prices

URANIUM prices were set to remain around the \$8/lb level until the final determination of the Commonwealth of Independent States' dumping case was made on August 11, SA Nuclear Fuels Corporation spokesman Charles Scorer said this week.

He said current opinion suggested that buyers had

JONO WATERS

purchased forward requirements ahead of the preliminary hearing into the dumping of uranium on US markets by six commonwealth republics and as a result demand was expected to remain low

The US commerce department issued its pre-

liminary determination in the dumping case in late May saying that uranium had been sold "at less than fair value" in the US by the republics of Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan. *By Day 11792*

A dumping duty of 115,82% was to be deposited on uranium imports from the republics, pushing up the price by about \$11/lb

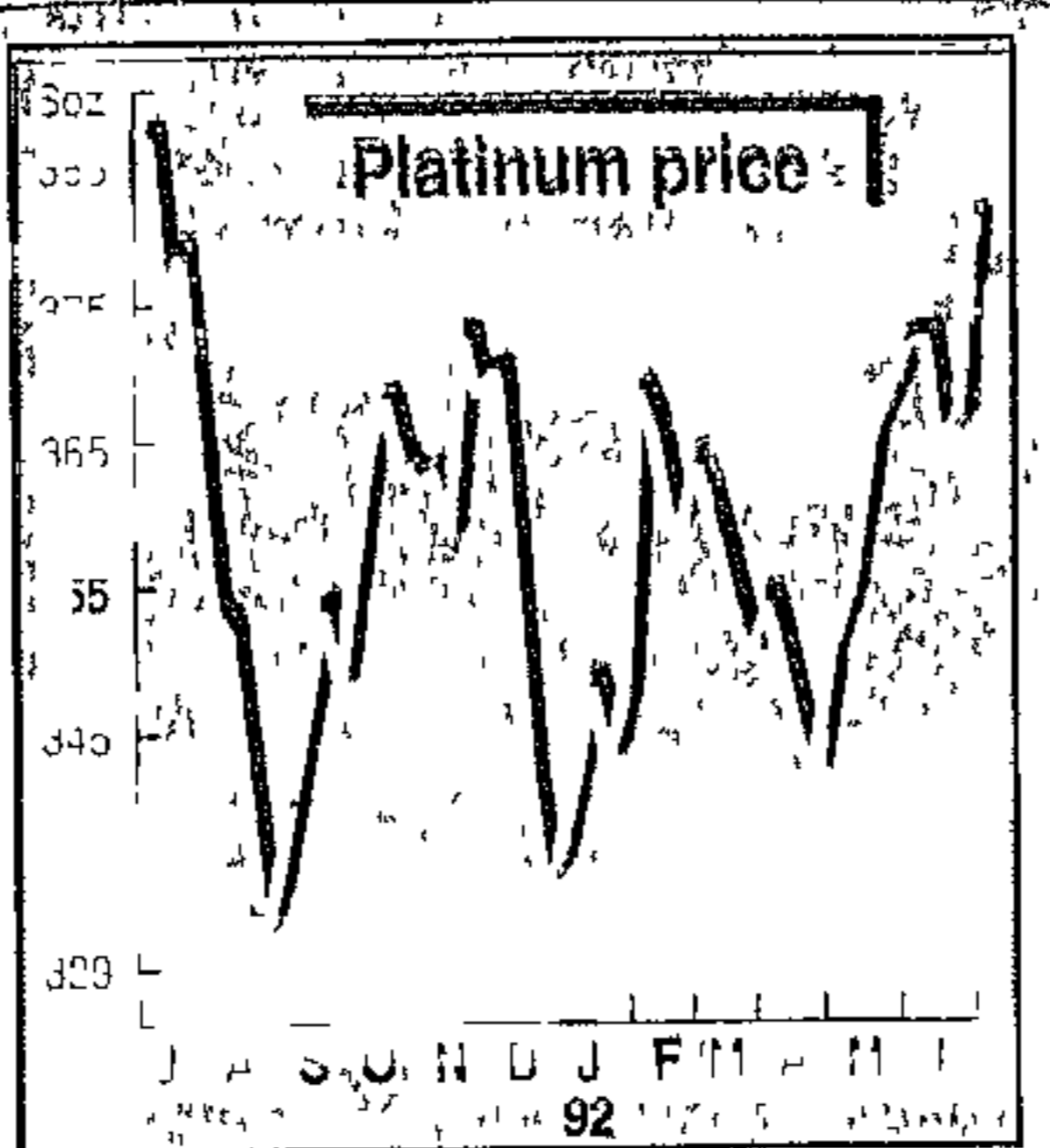
Scorer said buyers had feared price increases after the hearing and as a result had bought forward

Therefore, demand was expected to remain low for the next few months until the final determination on August 11, (which could be extended by up to 60 days)

Last November, a group of US uranium producers filed an anti-dumping petition because commonwealth imports of natural and enriched uranium to the US had increased 12 times between 1989 and 1990.

The commonwealth had increased its market share from 0,8% to more than 17%. *(217)*

Most SA uranium is sold on a 10-year contract basis by the gold and uranium divisions of Anglo American, Anglovaal, Genmin and JCI and sustained low prices will affect the long-term contract prices — currently about double the free market levels



Graphic: RUBY-GAY MARTIN Source: I NET

Platinum jumps over unrest fears

JONO WATERS

217

PLATINUM jumped \$17 in New York on Monday to its highest level since July last year. Buyers apparently feared that escalating political unrest in SA would disrupt supplies from the mines.

The metal closed on Monday in New York at about \$383. It slipped back slightly in London yesterday morning when it was fixed at \$378,50. Stronger sentiment in the afternoon boosted the price \$2,75 to a fix of \$381,25 *6.18pm 11/7/92*

However, Impala Platinum (Implats) MD Mike McMahon said there had been no labour disruptions at the mine

He said the rise had surprised him. A Rustenburg Platinum (Rusplats) spokesman said there had been no labour disruptions at the mine

Rustenburg Base Metal Refinery consulting engineer Dorian Emmiett said production had been normal since a labour dispute over working hours at the refinery was solved last week.

Davis Borkum & Hare analyst Alex Wagner said two major factors were affecting the market — political uncertainty in SA and US car manufacturers coming back into the market with orders for their auto-catalyst needs

Wagner noted there had not been sub-

□ To Page 2

Platinum *6.18pm 11/7/92*

stantial gains in the other platinum group base metals, which were normally pulled along with a rise in platinum. Rhodium traded unchanged at \$2 625 an ounce and palladium was up \$2 at \$83/oz

Another analyst said the main reason for the price rise was the fear of strikes, but in the past they had not had a lasting effect

However, he did not think there would be strikes. The price would slip back, but he expected platinum to remain strong and reach about \$390 by the end of the year

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□ From Page 1

Platinum shares on the JSE firmed late in the afternoon as prices strengthened in London

Implats gained R1,00 to close at R53,50; Rusplats closed up 75c at R86,25, and there were smaller gains for Lebowa Platinum (Leplat) and PP Rust

SA produces about 70% of the world's platinum output. Production in Russia, the second largest producer, is expected to fall by 30% this year and 50% next year

Lonrho's SA operations contribute to 65% loss

BIDAY 1/7/92
 JOHN CAVILL

LONDON — Pre-tax profits at beleaguered multinational conglomerate Lonrho dived by 65% to £38m in the six months to the end of March, the company said yesterday

The outcome was £10m better than many London brokers had forecast and Lonrho's share price climbed 2p to 79p on the news. But after-tax minority interests' net profits were only £1m, leaving earnings a share down by 99% at 0.1p

The interim dividend, however, was cut by only 1p to 2p a share. The stockmarket had feared there would be no pay out at all

Turnover fell by 18% to just under £2bn

as sales were hit by the depth of the recession and Lonrho's SA platinum group metals operations suffered from weak prices, smelting problems and a sagging dollar

SA profits also suffered the worst. Publishing a detailed breakdown for the first time — in response to criticism of the group's secrecy — Lonrho said SA's contribution was down by more than 90% to £3m, largely as a result of smelting difficulties at its expanded Western Platinum

Lonrho said these were now resolved and platinum profits would recover during the second half

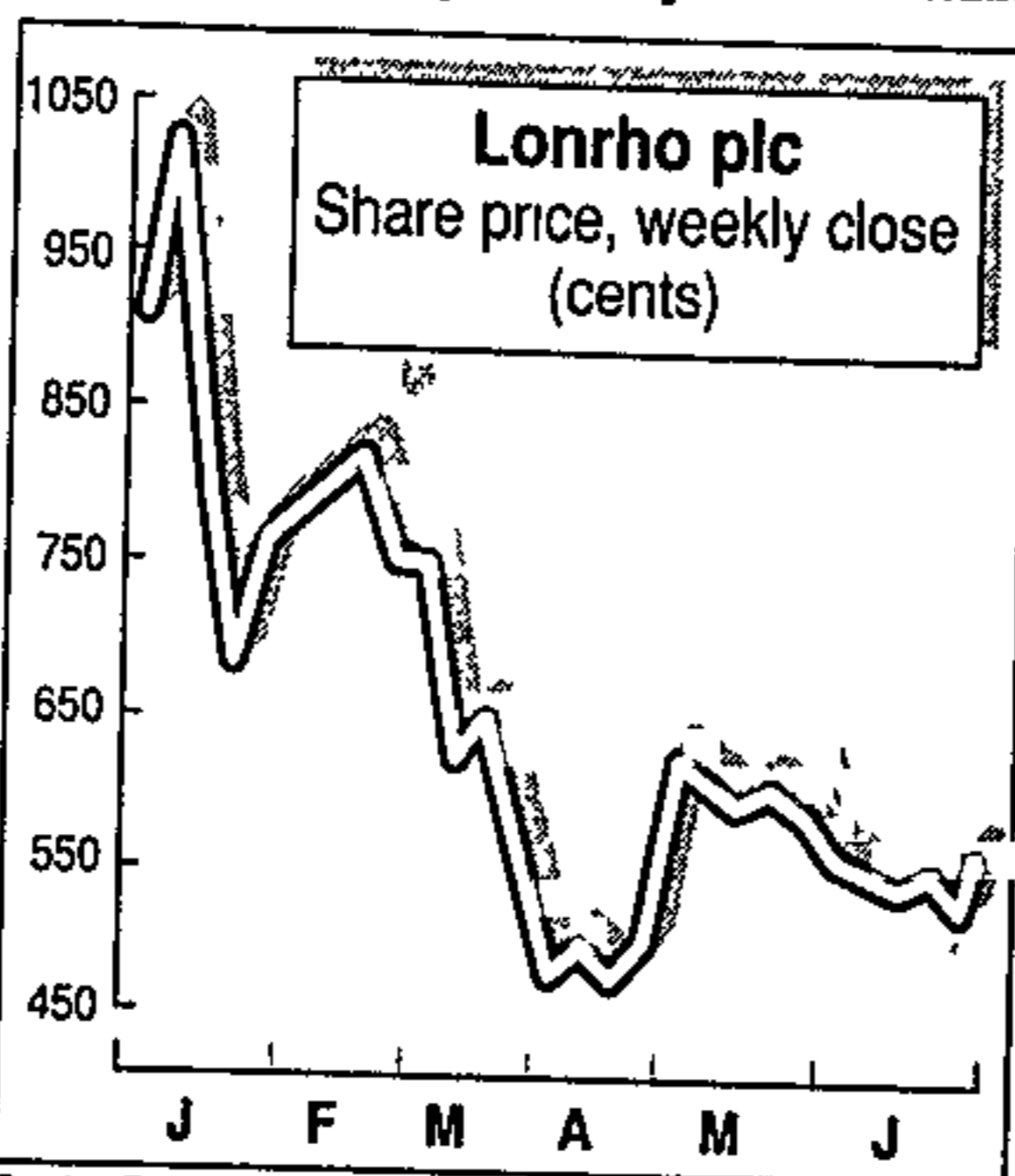
Overall mining profits (including the Ashanti gold interests) slumped from £39m to £14m.

General trading earnings were down from £24m to £9m and the motor distribution division's contribution was almost halved to £6m.

CE Tiny Rowland's statement said: "We have been buffeted by the economic climate and by depressed commodity prices, but Lonrho's wide range of business has enabled the group to remain profitable and strong."

Borrowings had been reduced by nearly £200m to £903m and gearing was being cut from 70% of shareholders' funds to 50%.

Rowland said gearing would be down to 40% by the year end



Graphic RUBY-GAY MARTIN Source I NET

Russians tightening mining ties with SA

STAR 217192

By Neil Behrmann

LONDON — There is increasing evidence that the SA mining sector is providing technical expertise for and considering long-term investments in Russia and other CIS states

However, suggestions that the South Africans will collaborate in marketing key minerals or in dealings on world markets are denied by mining officials of both countries.

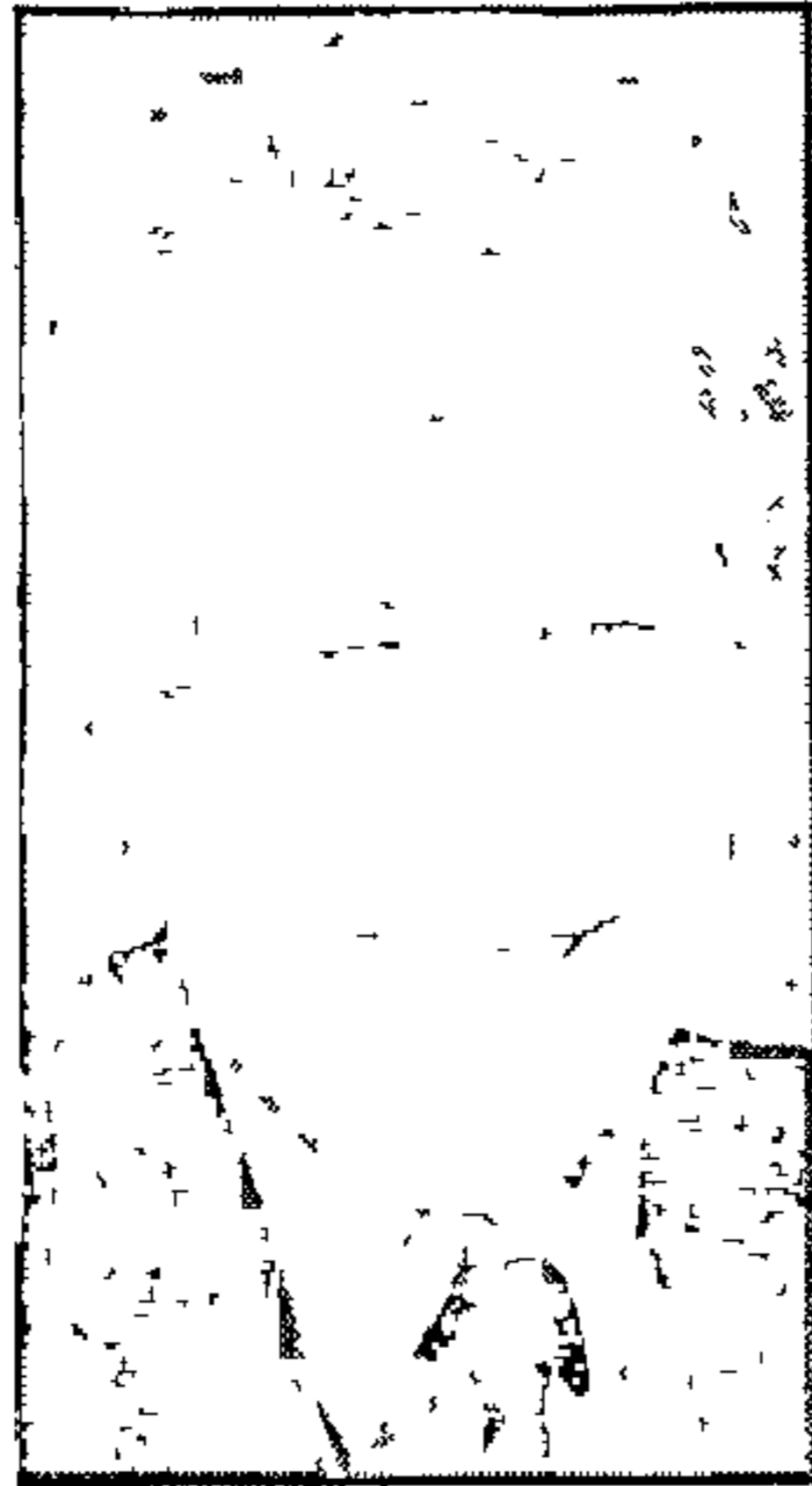
Their combined production accounts for more than 90 percent of the world's platinum, palladium and rhodium, nearly three-quarters of its vanadium, two-thirds of its chrome, almost half of its manganese, 40 percent of its gold and almost a quarter of its diamonds.

But gold cannot be manipulated because of huge above-ground stocks and the surge in North American and Australian output in the past few years

Any efforts to hold the price would not work for long

Moreover, both South Africa and Russia are members of the World Gold Council, the international marketing organisation that promotes the metal for mines worldwide. Any price fixing cartel would be unacceptable to other producers.

European precious metals



Johann Liebenberg . . . far to early to speculate

dealers say, on the other hand, that the SA Reserve Bank, which sells gold on behalf of the mines, and Almazewelirexport, Russia's marketing agency, do appear to exchange information about developments in the bullion market

"They may deny any co-operation, but in recent months it has been clear that the South Africans have had excellent intelligence about Russian sales," a bullion dealer says

John Taylor, mining analyst at

James Capel, says the platinum, palladium, and rhodium markets, which are tiny compared with gold dealings, are much more susceptible to collaboration

SA and Russia could easily withdraw supplies from the market if the price collapsed, he says

But platinum dealers say the Russians and South Africans will avoid any collusion in the platinum and other metals markets because of anti-trust action in the US and Europe.

"More likely, there will be a nod or a wink, as producers of both countries swap vital market information," says a platinum dealer

Regardless of dealings, SA producers will be less inhibited than their North American, European and Australian counterparts in becoming involved in CIS mining enterprises, says Mr Taylor

"As South Africans, they are used to political risk and are very keen to expand international resources"

Leonard Geron, senior partner of DG Oxford Consultants, specialists on the former Soviet Union, says "Sophisticated SA technology will be of great use to the Russians."

He contends, however, that the two countries may eventually be tempted to collaborate

As a result of their increased co-operation, the SA Chamber of

Mines and the CIS will hold a joint seminar on and exhibition of mining technology in Moscow in mid-July

Johann Liebenberg, senior general manager, external relations at the Chamber of Mines, says about 15 SA mining executives will take part in the seminar along with 50 to 60 delegates from Russia and other CIS republics

"It is far too early to speculate about future co-operation," he says He stresses that the present arrangement comprises only technical and mining information.

Geologists and technical experts from Russia and SA have already visited mines in the respective countries in the past year

These visits followed a "protocol of co-operation" between the Chamber of Mines and the former Soviet Union

That agreement, which was transferred to the Russian Federated Chamber of Industries effectively demolished the barriers that prevented the two countries from exchanging technology and expertise

In February, Anatoly Filatov chairman of Norilsky Nickel, the Russian state combine that produces platinum, palladium and rhodium, visited Impala Platinum, SA's second-largest producer

Platinum soars on strike fears

LONDON — Fears that growing political turmoil in South Africa could spread to the mining sector of the world's largest precious metals producer sent platinum prices soaring to the highest level for more than a year yesterday.

But metals analysts said platinum, whose main use is in car exhaust systems and jewellery, might be running ahead of the expected recovery in the major industrial economies and prices could just as quickly go into reverse.

Yesterday platinum hit \$387.90 an ounce at the London afternoon fix — the highest level on the spot market since May 1991 and up \$21 in a week.

A half percentage point cut in

STAR 317192
the US discount rate yesterday to spur sluggish economic growth pushed prices up to \$400 an ounce on the New York futures market.

"It is the type of tense situation where if people think there will be a strike at the mines any bit of news can send the price up \$10," said Brian Nathan, managing director of dealers Ayrton Metals.

South Africa supplied nearly 70 percent of the world's platinum in 1991, ahead of Russia, the second largest producer.

The metal rose originally in the turmoil following the massacre at South Africa's Boipatong township on June 16, then accelerated again after Wednesday's call by the Congress of South African Trade Unions for

(217)
a general strike on August 3.

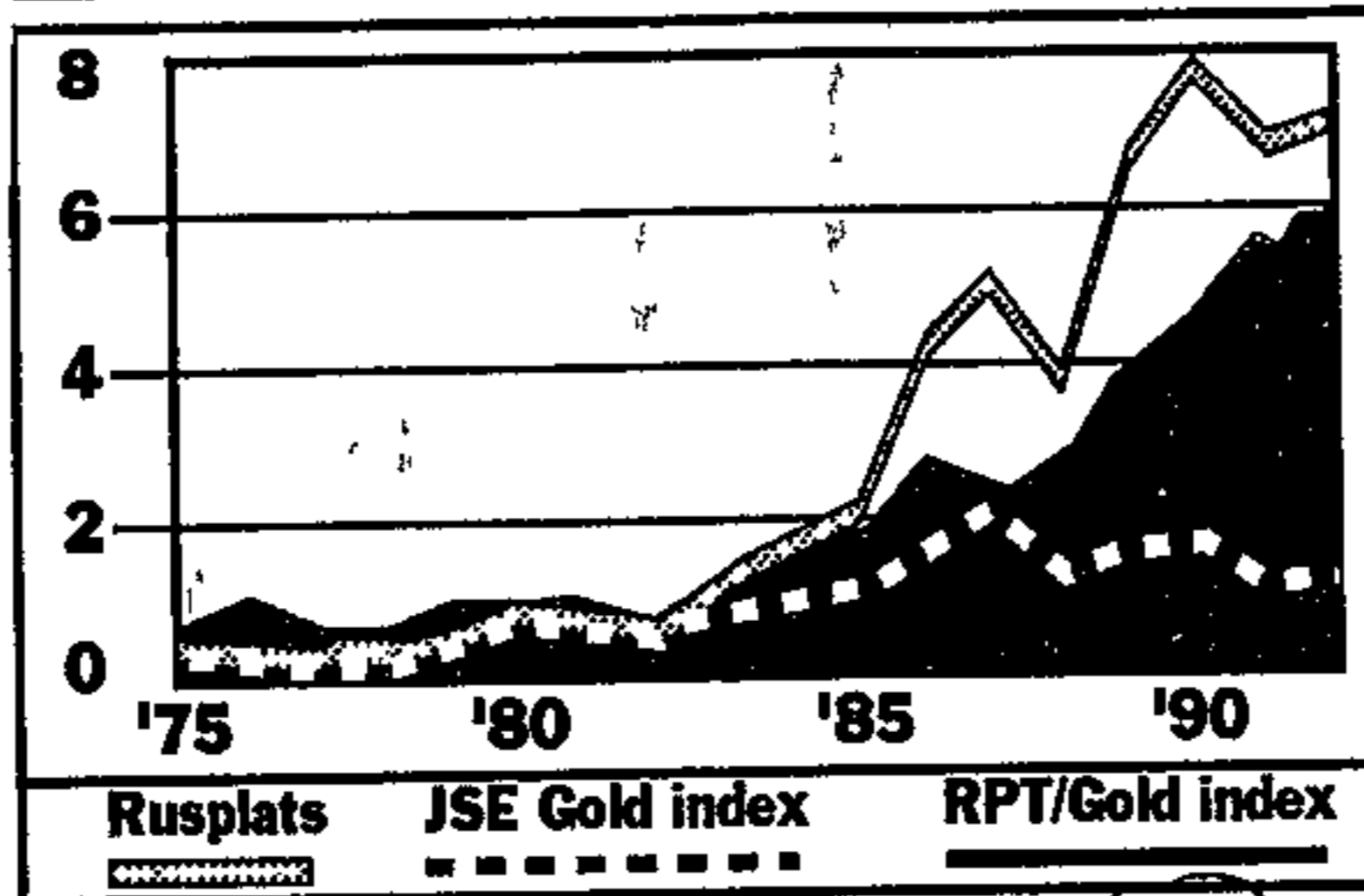
But Andy Smith, market analyst at the Union Bank of Switzerland, said he felt political pressures on the market were easing, with black miners reluctant to hold off wage negotiations as food prices soar due to a severe drought.

He said the market had neglected the economic slowdown in Japan, the world's largest platinum market.

Around 40 percent of world platinum production is used in the manufacture of catalytic converters to reduce pollution from car exhaust gases. Most of the rest is consumed in the jewellery trade and for investment in Japan.

Dealers said speculators would soon be tempted to take profits in platinum. Sapa-Reuter

RUSPLATS VS GOLDS



PLATINUM'S \$20-an-ounce rise to above \$380 a week ago is timeous endorsement, for a paper presented at May's Boston Gold Show

Three people, all British incidentally, spoke about South African precious metals and equity, highlighting the opportunities opening up for foreign investors now that economic sanctions are on the wane

Mike Bedford of stockbroker Silyis Barnard Jacobs Mellet presented Platinum — a portfolio perspective Mr Bedford's aim was to show that even when gold and platinum are similarly priced, the performance of shares in the mines can be dissimilar

His research shows that leading producer Rustenburg Platinum has outperformed the gold index sixfold since 1983. The relative price performance of the metals has not been as dramatic. The reason behind Rusplat's run from 1988 is in part increased contributions from co-products, mainly nickel and rhodium, and from increased production

Historical performance provides two conclusions platinum shares should outperform golds in an environment of high growth and low inflation, and platinum shares benefit from a bull run in the gold price.

Relative to golds, platinum

Platinum ⁽²¹⁷⁾ brighter than gold

shares offer diversity, says Mr Bedford. Their investment merits are independent of the state of the economy because of the fundamental supply and demand advantages. They have relatively limited downside and considerable upside

Mr Bedford says that in the longer term there is no good reason to invest in golds as opposed to platinum

He says the oligopoly JCI, Gencor and Lonrho, is more able to keep platinum supply and demand matched than can producers do for gold. This should ensure platinum's long-term profitability

Platinum outperformed gold in the last big bull run from mid-1979. Current profit margins in platinum are similar to those of 1983 — the start of a major bull run for the shares

Another plus factor is potential secondary supply. Central banks hold the equivalent of 25 years of gold production. But only 3.5-million ounces — less than a year's total supply — of platinum is in investors' hands

517192 (Buss)

Implats miners launch strike

MINERS at Impala Platinum's (Implats) Bafokeng South mine in Bophuthatswana went on strike on Wednesday night after an unauthorised mass meeting on wage negotiations and working conditions was broken up by mine staff and Bophuthatswana police. *Bl Day 10/7/92*

News of the strike sent platinum up \$2 to peak at \$385,50 in early London trade, but the metal slipped back to an afternoon fix of \$383,50.

NUM regional organiser Titi Mthenjane said the stoppage resulted from a mass meeting that was meant to take place between the workers and the wage negotiating committee.

Workers had demanded to meet the committee on Wednesday, but the meeting had been broken up by the mine police. They were assisted by the Bophuthatswana police. Mthenjane claimed shots were fired at the workers and several were injured. He said the workers would occupy their

JONO WATERS

places of work, but would not work until the mass meeting went ahead. (217)

In a statement, the mine management said 10 000 miners had failed to turn out for Wednesday's night shift and yesterday's day shift at its Bafokeng South mine.

The management said it had not been notified of reasons for the failure of the workers to turn out at the mine and that about one quarter of Impala's production was affected yesterday.

An Implats spokesman said later that the mine management was still talking to the workers, but had not established why they were striking.

Strikes last year cost Implats 100 000 ounces in lost production.

Implats is the world's second largest platinum producer.

Yesterday Implats shares closed 25c higher at R50,75.

Mine opponents win half the battle

51 Times

12/7/92

(217) (ES)

By EVELYN HOLTZHAUSEN

"A HALF loaf is better than no bread at all," is the way Save Chapman's Peak chairman Ian Brownlie described the compromise which was reached this week to defuse what had threatened to escalate into the most strident environmental campaign ever seen in South Africa.

The bad news for environmentalists is that a controversial open pit kaolin mine will be dug on the slopes of Chapman's Peak in the Cape Peninsula. The good news is that it will be dug under the most stringent conditions ever imposed on a mining company in South Africa.

"Money isn't everything," said Serina Kaolin (Pty) Ltd owner Mr Sybrand van der Spuy. "I'm a windsurfer, I also enjoy the environment.

I was delighted to be able to reach this compromise with the Save Chapman's Peak Action Group."

Mr Van der Spuy whose company, Partnership Acceptances, recently bought control of Serina from Federale Volksbeleggings, said the company welcomed the "constructive criticism" it had received.

Serina will build a 6km underground pipeline at a cost of R6-million to transport kaolin slurry from the mining site to the company's existing Brakkekloof beneficiation plant in Sun Valley. One of the major objections by Noordhoek residents has been the expected noise, dust and

visual impact of an on-site processing plant.

The mining company will also consult the action group and other local organisations before embarking on any new phases in the development of the mine, which is expected to be operational within three years and to last 13 years.

Mr Brownlie said the compromise had been reached in a series of meetings in the last few weeks with Serina executives, following the granting of a government permit.

He said "reasonable people" were happy with the compromise. The campaign would remain in existence to ensure Serina kept its promises, he said.

By ROY RUDDEN

ROY MACPHERSON, the man at the helm as Richards Bay Minerals heads into the stormy waters of the Lake St Lucia mining controversy, is understandably hurt over perceptions of the company as a ruthless pirate bent on ravishing one of the world's great natural beauties.

The issue, as most South Africans know by now, is whether the mining of heavy metals on part of the eastern shores of the lake should be allowed.

RBM, of which Mr Macpherson is managing director, holds the right to mine there and fully intends to do so. Unless, that is, a current environmental impact assessment predicts irreparable ecological damage, or Parliament approves an opposition private member's Bill (backed by CP, ANC, DP and even some Nat MPs).

Scarring

What makes Mr Macpherson's hurt understandable is that RBM really does seem to be as ecologically sensitive as it is possible for a big mining company to be.

Even its critics acknowledge that no one could have done more to ensure that the scarring caused by its mining is temporary, and



ROY MACPHERSON
Hurt by bad press

that natural rehabilitation is a prime objective

They also acknowledge that RBM has brought substantial material and sociological benefits to the indigenous people in the Richards Bay area, already one of SA's foremost development centres

Mr Macpherson points with some pride to the social upliftment programme that has accompanied RBM's R4-billion investment in existing operations, which already produce exports worth more than those of the entire sugar industry.

"I don't know of any more extensive private industry citizens' welfare programme in South Africa," he says.

Among RBM's educa-

tional provisions are three creches, seven rural schools, the R5-million Tisand Technical High School at Esikaweni and valuable endowments, including an impressive computer centre, at the University of Zululand (on whose executive council Mr Macpherson serves)

The revenue produced in the projected 17 to 20 years of St Lucia mining would be about R6-billion. The tax payable on this would be about R1-billion and the royalties R100-million.

Although only about 160 people would work at St Lucia itself, the extended mining would mean jobs for about 700 at Richards Bay where smelting would take place

Fishing

Mr McPherson produces a prognosis, backed by Industrial Development Corporation estimates of the multiplying effect of St Lucia, that the mining operation would generate another 9 470 jobs and benefit a total of 66 000 people.

Mr McPherson loves fishing. "That's one of the reasons why, apart from its sheer beauty and ecological importance, I love St Lucia and would hate to see it harmed. I genuinely believe that our limited and superficial mining plans will have no long-term adverse effect.

"If we don't go ahead, though, I wonder what hope there is for the poor people of St Lucia. Eco-tourism would supply some jobs, but eco-tourism needs money for development, and where is that to come from when the Natal Parks Board is already strapped for cash?

"We now pay royalties of up to R25-million a year. If the government of the day could be persuaded to allocate some of these funds for the purpose, real eco-tourism could become a reality

Benefit

"That's the realistic way of preserving St Lucia. If our mining goes ahead it will be short-term, will be only in a small part of the area and will leave the shores in arguably a better state than now

"I believe that, with goodwill, the Natal Parks Board and RBM could jointly enhance the cause of eco-tourism and promote the lasting future of St Lucia for the ultimate benefit of South Africa and the world."

We're not rogues,

says RBM chief

STimes 12/1/92

(217)



Copper prospects look good — Mhangura

JONO WATERS (217)

PROSPECTS for the industrialised countries coming out of recession looked good, and hopefully copper prices would respond positively to greater demand, Mhangura Copper Mine (MCM) chairman Muchadeyi Masunda said in its annual report.

Despite volatility in the copper market the price performance was better than anticipated, he said. Price fluctuations ranged between £1 150 and £1 350 a ton

Total milled throughput at Miriam and Norah was 1,23-million tons at an average grade of 0,69% copper which produced 7 950 tons of concentrate. Tonnage was expected to fall in the current financial year as the Norah mine was closed.

The share price was unchanged at 20c on the JSE yesterday. It last traded in July.

FM 20/11/92 (217)

mates Russian sales will drop to 0,75m oz this year (1,1m oz) following a return to normality in the marketing of metal from that country.

JM last year expected SA mines to supply more than 3m oz in 1992 but instead has revised the forecast to 2,82m oz. Industrial and political action, combined with mining problems and low platinum group metal prices, have knocked production from existing producers and slowed down expansion programmes.

The review adds. "Mines were protected from the full impact of the decline in platinum prices while the price of rhodium remained high in 1990 and 1991. Returns are now inadequate to provide funds for investment and, without a recovery in prices, there could be more delays in expansions, or even cutbacks in production at high-cost areas."

On the demand side, the autocatalyst sector continues to grow and is forecast to reach a record 1,65m oz (1,56m oz), but jewellery demand is marking time at 1,46m oz (1,47m oz) and investment demand is expected to fall sharply to 0,23m oz (0,41m oz).

Rhodium prices are declining because of an expected 3,8% oversupply of metal to the market caused mainly by Japanese auto companies drawing down existing stocks. The palladium market, however, has remained firm, with consumption expected to rise by 0,11m oz to 3,86m oz thanks to greater use for the metal in various types of autocatalysts.

Brendan Ryan

PLATINUM 1992

FM 20/11/92

Lowering their sights (217)

The fundamentals supporting platinum are far stronger than those for any other commodity, according to Johnson Matthey (JM) business and market research manager Michael Steel, but the JM interim platinum report for 1992 underlines how the industry has suffered from the world recession.

While JM's authoritative assessment of market supply and demand conditions shows a predicted surplus of just 30 000 oz for 1992, the weak market has forced JM to revise its price forecasts on platinum.

At the end of September, JM director Graham Titcombe repeated the forecast made at the beginning of the year, that platinum should reach US\$400/oz by the end of 1992. That's no longer the case as the JM interim review says the price is expected to average \$370 in the fourth quarter of 1992 and \$385 in the first quarter of 1993. "Any firm signs of economic recovery may make these predictions look conservative and the price could test \$400," the report adds.

That outlook holds out little hope for any short-term recovery in platinum share prices which have buckled in recent months along with the worsening market.

Steel attributes the metal's price weakness to the recession in the major world economies, which has dragged on far longer than JM had expected. He points out an economic recovery in the US has been engineered in every American election year in recent decades except this one.

JM is forecasting platinum supply will drop by 6,5% to 3,89m oz for 1992, from 4,16m oz in 1991, while demand will fall 4,2% to 3,86m oz (1991 4,03m oz).

Key factors accounting for the fall in supply are lower Russian sales and lower-than-expected growth in SA production. JM esti-

Namakwa Sands on track

ANGLO-American would proceed with its R1bn heavy minerals Namakwa Sands project on the west coast, chairman Julian Ogilvie Thompson announced yesterday.

The project was expected to create nearly 900 jobs and a further 3 500 jobs in the region through the multiplier effect. It would be built at a capital cost of R946m, but this was expected to increase to R1,39bn with inflation.

Anglo would put up 80% of the R576m in equity to finance Namakwa, while De Beers would provide 20%. The balance of R370m would be loaned by the Industrial Development Corporation (IDC)

Project director Neville Keys said the intention was for the IDC's money to "remain a straight loan" The IDC has a 17% stake in SA's other heavy mineral project, Richards Bay Minerals

The operation near Brand-se-Baai, about 80km north of Vredendal, would have a life of more than 35 years with 530-

JONO WATERS (217)

million tons of ilmenite-rich sands in reserves Namakwa was to treat 16-million tons a year when it reached full production in 1998 and generate R360m in revenue. Initial production was expected to start in 1994 at a rate of 4-million tons a year

Ogilvie Thompson said Namakwa would bring new opportunities to the region and earn important foreign revenue for SA. The entire production was expected to be exported.

Keys said the operation would qualify under Section 37E of the Income Tax Act for accelerated tax write-offs for the smelter and secondary processing facilities, but this would make a difference of only 1% to the internal rate of return.

He said Anglo had not discussed listing, although it could become possible in the future

□ To Page 2

Namakwa Sands

Ogilvie Thompson said Anglo and Mintek had developed a state-of-the-art smelting process which would add greatly to the project's international competitiveness.

Sand would be conveyed from the mining area to a primary concentration plant where the heavy minerals would be concentrated. The washed heavy minerals would then be trucked to a smelter feeder preparation plant north of Koekenaap.

The main product was ilmenite, which would be beneficiated at the smelter near

Saldanha to produce 195 000 tons a year of high quality titanium slag and 120 000 tons a year of pig iron.

About 140 000 tons a year of zircon and 38 000 tons a year of rutile would also be produced.

Keys said no special deals had been made with Eskom, but negotiations were continuing.

Anglo will rehabilitate 4 960ha of land during and after its mining operations at a cost of R15 000/ha.

□ From Page 4

BIDAM 20/11/92

SA exports of minerals

Blom 24/11/92
THE Energy and Mineral
Department released
preliminary figures for
September's mineral ex-
ports yesterday. (217)

Figures for strategically
important minerals such
as platinum, ferro-
chrome, cobalt and anti-
mony are classified.

The commodity named is
followed by the export
volume for September
1992, then, in brackets,
export volumes for
August 1992 and Septem-
ber 1991; then export val-
ue for September 1992

Gold: Production (export
volume not available)
52,238kg (50,452/49,288
kg), R1,663bn (\$594,3m)

Coal: 3,458-million tons
(4,392/3,561-million tons),
R266,3m rands (\$95,17m).

Diamonds: Production (ex-
port volume and value
not available) 944,133ct
(716,836/760,533ct).

Chromite 21,135 tons
(77,844/23,786 tons),
R3,108m (\$1,11m).

Copper: 6,806 tons
(8,277/8,214 tons), R44,1m
(\$15,7m).

Manganese ore: Production
(export volume not avail-
able) 219,541 tons
(214,152/259,127 tons),
R32,22m (\$11,51m). —

Sapa-AFP

**Big drop at
Lydenburg
Platinum**

JONO WATERS

217

LYDENBURG Platinum's 61% drop in net profit reflected the artificial boost profits received last year from the special dividend from Knights Gold Mining Company.

Company results released today show that in the year to end October 1992 net profit declined to R25m from R64,5m in the comparable period last year.

Lower earnings of 164c (258c) resulted in a lower final dividend of 83c a share, bringing the total dividend to 135c (205c) a share. Last year's earnings did not include the special dividend.

Pre-tax profit fell 36% to R23,7m from R37,3m and the company paid lower tax of R29 000 (R131 000).

As a result, after-tax income was almost static, but the special dividend received of R1,35m was much lower than the R27,4m received in the previous year.

The company retained R5,58m compared to R35m in the 1991 financial year. Net asset value a share fell to 5 294c (5 890c).

Lydenburg, in which Old Mutual has a 64% stake, derives most of its income from its 8,4% interest in Rustenburg Platinum.

The share traded unchanged at R45 on the JSE yesterday.

87172 26/11/92
Lydplat's
dividend cut

Finance Staff (217)

Old Mutual's Lydenburg Platinum, which holds 8,4 percent of Rustenburg Platinum and smaller stakes in other platinum mines, reports an 85 percent drop in earnings to R5,6 million (R35 million) for the year to end-October

Earnings per share fell to 164c (258c).

The poor results, bringing a dividend cut from 205c to 135c, reflect the depressed performance of SA's platinum mines

Pre-tax income dropped to R23,7 million (R37,3 million) and special dividends received plunged to R1,4 million from R27,4 million.

could have satisfied themselves in terms of after our mid-1993 results" elsewhere in recent weeks

Johnson Matthey extends Rustenburg deal

LONDON — Johnson Matthey had signed an extension of its platinum market agreement with Rustenburg Platinum Mines, Johnson Matthey said in a statement accompanying its first half financial results

"This secures the future of this vital contract into the next century," Chairman David Davies said. Davies gave no other details of the deal, which extends the relationship between the two companies dating from the 1920s

Johnson Matthey sees strong post-

recession growth (217) Davies said the company had shown it could generate profit growth even in depressed markets

The company reported a £1m rise in half year pre-tax profit to £33.2m and raised its interim dividend to 3.2p from 3.0p. **BPM 4/12/92**

Davies said its catalytic systems division was the star performer, benefiting from new laws controlling vehicle emissions

Divisional operating profit rose to £12.9m from £10.6m

Johnson Matthey supplies more than a third of total world demand for autocatalysts

The company said results in both its materials technology division and its colour and print division were close to last year's despite depressed markets

But profit in the precious metals division fell to £10.5m from £11.9m, largely because of drops in the sterling price of platinum and rhodium by 11% and 36% respectively, the company said — Reuter

organisers know ne would not be coming

Loss of tyre operations deflates Darmag results

DUMA GOUBULE

RUBBER and plastics producer Darmag, hit by a loss of sales from discontinued tyre operations, reported a 22% decline in earnings to R882 000 for the half year ending September **BPM 4/12/92**

Chairman Donald Buchanan said the results showed the consequences of a period of trading tarnished by the deepening recession and industrial dispute

Turnover declined by 18% to R11.3m (R13.8m) and operating profit by 26% to R1.1m (R1.4m). Interest payments dropped sharply — due to better asset management, Buchanan said

Attributable earnings came to R882 000 (R1.1m), equivalent to 4c (5.1c) a share

Buchanan said Darmag, with its high market share in the business of supplying the battery industry, remained closely linked to the fortunes of this sector and, indirectly, to that of the car industry

Although some improvement in demand was expected, the market was still very competitive and opportunities to recover rising costs remained limited

Entry into new markets would not make a meaningful contribution during the current financial year

Forecast earnings would, at best, be marginally below the previous year

Linson's profit falls

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Copper companies set to appeal

Competition Board blocks R600m deal

BIDM 14/12/92

(217)

EDWARD WEST

THE Competition Board has halted the proposed R600m merger between SA's two largest copper operations, Haggie subsidiary Copalcor and Non-Ferrous Metals (NFM)

Haggie MD Chris Murray said on Friday the board had recommended that the merger should not go ahead as it felt the deal was not in the public interest

Copalcor and NFM smelt 60 000 tons of scrap a year, producing about R600m worth of semi-finished products, of which R200m is exported. The industry supports about 50 000 jobs

Competition Board chairman Pierre Brooks said the deal was not in the public interest because the merged company would hold a monopoly on both ends of the market — purchasing scrap metal and selling downstream

Furthermore, local markets were protected from cheaper imports through tariffs which, because of higher local prices, affected other downstream copper product manufacturers' export competitiveness

Brooks said Copalcor and NFM had increased their prices directly after the announcement of the deal in anticipation of the proposed merger

Board regulations permit parties to appeal against its recommendations to Public Enterprises Minister Dawie de Villiers. Copalcor MD Piet Malan said at the weekend he would try to convince De Villiers the merger was in the public interest

"We do not believe the board has considered all the aspects of the proposed merg-

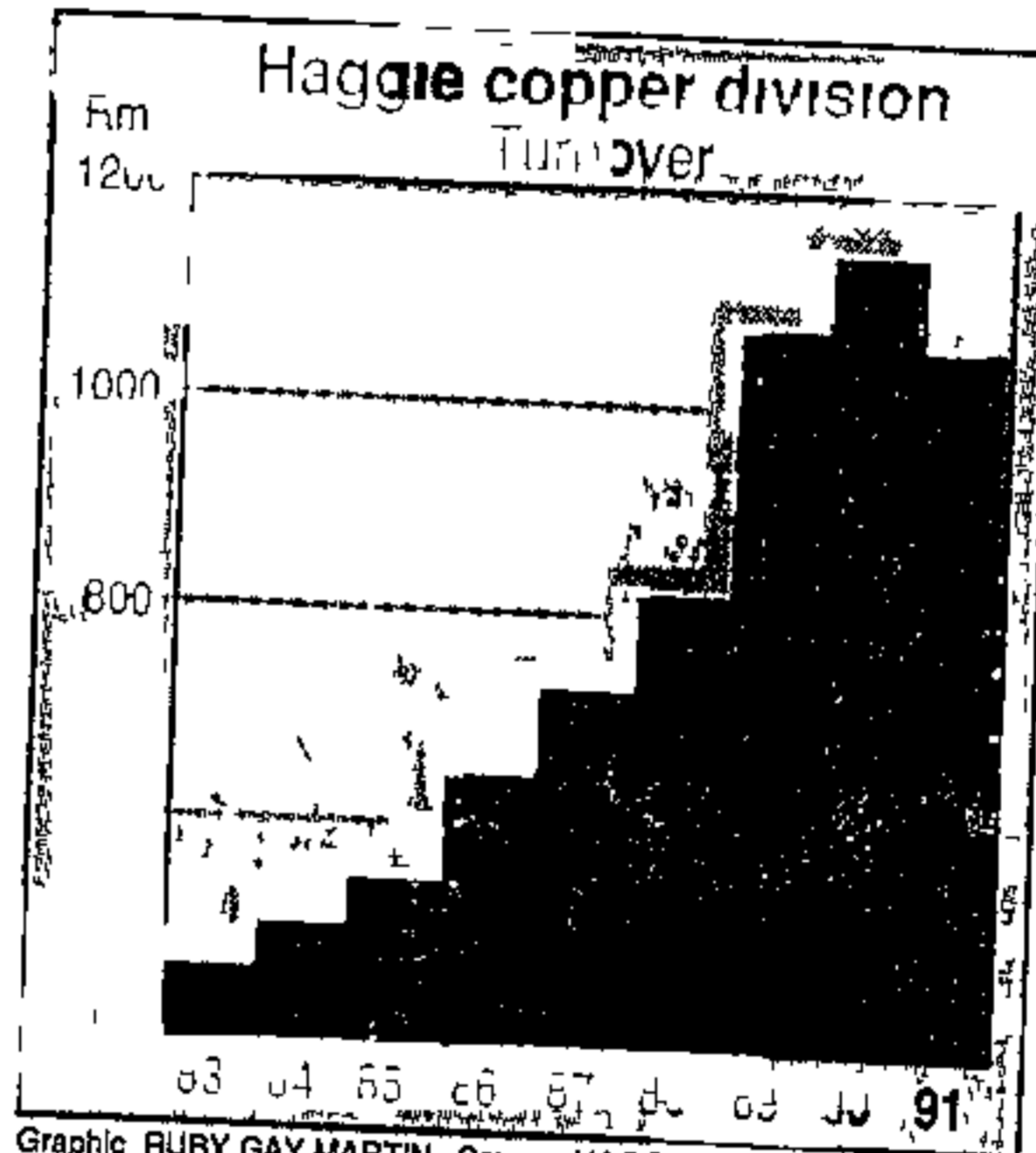
er, nor the serious implications for the SA copper products industry if the merger does not go ahead."

Malan said the merger, which was to have taken effect from January 1, would have generated an additional R100m in exports within the next two years because of improved competitiveness, productivity and economies of scale

Increased export revenues would have produced cost savings for the local market

"The key issue is SA's competitiveness in an international copper products market where size and economies of scale are the major criteria for survival and prosper-

□ To Page 2



Graphic RUBY GAY MARTIN Source HAGGIE

Northam to launch R350m rights issue

NORTHAM Platinum would raise R350m through a rights issue later this month, chairman Alan Wright said yesterday

The money was required to pay off the R169m in short-term bridging finance that had been incurred to date and to finance capital expenditure until the mine reached full production in August next year

Northam would be cash positive by the second quarter of 1994 and could possibly declare a dividend, Wright said.

It had increased its share capital by 40-million shares to 100-million shares in October

Northam's base-metal removal plant

JONO WATERS (217)

had been commissioned and its first nickel sulphate had been sold, he said

However, the copper quality was poor and had been held back

The rights issue would apply to all shareholders registered at the close of business on December 18

A further announcement on the terms of the rights issue would be made on December 14

The share traded on the JSE yesterday at R15,75.

It has fallen steadily from R29 in June this year.

BIDAY 4/12/92

Northam seeking R350-m

By Derek Tommey

(217)

Northam Platinum Mine will take some brokers by surprise, first with the news that it is to raise R350 million, which is some R50 million more than was expected, and secondly that it is to do this by way of a rights issue

The slump in Northam shares this year from R29 to R15,75 had led some brokers to expect

that the mine would raise the money from loans

A rights issue could be seen as selling Northam shares too cheaply

But chairman Alan Wright said earlier this year that raising loans could reduce the level of dividend payments

The price of the rights will be published on December 14 Northam was listed on the JSE

in March 1987 after a private placing at R10 a share

GFSA says the R350 million will be used to pay off short-term debts and finance capital expenditure.

The issue should provide the mine with sufficient funds to finance its working capital and capital expenditure requirements needed to bring it into full production by the middle of next year

STAN 4/12/92

THE only good thing to be said about the worst performers on the JSE in five years is that at least they have not gone into liquidation.

Predictably, gold and mining exploration shares dominate the 50 worst performers table. But the wooden spoon goes to Barplats Mines (Barrmines).

This noble venture started its life in 1987 as Lefkochrysos. It was to be the first producer of platinum from the UG2 Reef only at a mine near Brits.

In the same year, Rand Mines began development at Barplats Investments near Kennedy's Vale in the Eastern Transvaal. It, too, was to produce platinum from the UG2 Reef. The reef had never been mined and treated in isolation, although established platinum operations were tapping their own reserves of the ore to blend with easy-going Merensky Reef.

Barplats' go-ahead added credibility to the would-be pioneer of UG2 mining — Lefkochrysos. When Lefko's management failed to raise more capital to complete development of the Brits mine, control of the company passed to Rand Mines. Barplats became the pyramid holding company of Lefko, which was renamed Barrmines.

STREAM

But Rand Mines itself had underestimated the capital requirements of bringing the two operations on stream. First, it mothballed Kennedy's Vale and was then obliged to sell to Impala Platinum Holdings, which mothballed the Crocodile River mine near Brits.

Revolt from minority shareholders in the group is all that prevents the delisting of the shares. Their worth is only speculative at the moment. From R25 the Barrmine price has crashed to 15c and Barplats from more than R22 to 45c.

Barrmine was not the only platinum mine to struggle. Messina Investments underwent a major change by selling its assets other than the rights to a platinum deposit at Zebe-

HIGH-FLYERS THAT FELL FROM GRACE

Stines (BUSS) 6/12/92

217

Sunday Times

By JULIE WALKER

than 10% a year for shareholders.

Competition in explosives, drought-hit fertiliser, a strong challenge from certain imports and unfavourable tax dispensations made life tough for South Africa's premier chemicals and allied business.

The Frame group's downsizing was not accompanied by improving profits because of the absurdities of SA's structural adjustment programme (SAP). Aimed to boost exports, it was much abused and turned into a nightmare for textile companies such as Frame and Da Gama.

Frame was caught in a Catch-22 position. SA's new-found business philosophy dictates that companies must stand on their own, but not the farmers. SA's cotton-growers have to be paid well above world prices for their crop, yet Frame et al must make fabrics in competition with Far Eastern exporters whose governments subsidise the cotton price.

Amendments to the SAP

have been suggested almost since its launch, but nothing has been done about the iniquitous position.

Engineering group NEI Africa fared 17th-worst, over five years. Significant fraud was uncovered in the former pale-blue chip in 1990, such as accounting entries of bank balances that were actually borrowings.

DELIVER

A total of R55-million had to be written off in 1991 and recessionary conditions in general have been compounded by cutbacks in electricity-generating capacity — a business which was the backbone of NEI Africa. Profit remains elusive, and the share has divided from R45-plus to R3,25.

Unidev and Tollgate were Cape Town companies that failed for various reasons, principally overborrowing. There are signs the Unidev might start to come right under new management after a

diverge from glamour-stock status in the early years.

Tollgate is also on an asset-selling exercise to reduce debt. Now controlled by SA-boy-made-good-in-England Julian Askin, the group has yet to deliver.

Borrowings certainly cause doubts in investors' minds. Take W&A — the Business Times top company two years in a row as recently as 1990, and now the 38th-worst.

Its businesses are holding up well in spite of the recession, but R1-billion of borrowings caused alarm in a long spell of high interest rates. W&A has sold its hospitality division for R200-million and has other disposals in the pipeline. But until the bottom line looks consistent, investors will shy away from the company.

ABSURD

Construction groups Basil Read and Grinaker fared worst of their sector, but on different counts. Basil Read has never been really well capitalised and has always struggled with high gearing, whereas Grinaker's electronics investments were hit by cutbacks in the defence industry.

If ever a listing but absurd heights, Fintech was it. On a euphoric wave of electronic-share hype, Fintech's share price hit R87 — about 10 times its worth. But after the 1987 crash it fell to R3 by 1990. It has since rallied to a realistic R17 on steady profit

the one-year decliners include Iscor (for failing to meet profitability forecasts), Anglovaal Insurance Holdings (for a disastrous investment portfolio and actuarial shortcomings), Saambou on writings), and Board of Executors and Board of Executors on perceptions of too much property. Berzack, Voltex and Elcentre, and Afcol as well as many gold mines.

Over one year, granite share Keeley gave the poorest return to investors. Its share price held up well while those of other granite producers — Kudu and Marlin — were falling, but eventually it succumbed to the same pressure. World recession is hampering the export-oriented granite market.

Other features among

No fewer than 27 out of the 50 worst-performing shares since 1987 are gold-mining companies

Town's agony as 900 miners face the axe

STimes 6/12/92

By LYNN SMERCZAK

NEARLY 900 people in Phalaborwa are facing Christmas with the threat of unemployment hanging over their heads.

Foskor — one of the two main employers in the Northern Transvaal mining town — dropped the bombshell on its 2200-strong work force on Monday, but the individuals who will lose their jobs have not yet been informed.

Managing director John Stanbury told stunned employees the board had decided to retrench 40 percent of the complement in order to cut Foskor's R90-million salary bill.

Initial shock gave way to despair as employees realised that they would not be told immediately who was affected.

"I would rather be told now whether or not I have a job next year. We have already paid for our holi-

day and bought things for Christmas. Had I known I might not have a job, we wouldn't have done those things," said an employee.

The wife of a management official, who would not be named, was more philosophical. She said: "We've had a good life here. If my husband is retrenched, we will make the necessary adjustments. People are being paid off everywhere — why should our corner of the world be different?"

In addition to the personal hardships facing em-

ployees, the town is facing a major economic crisis.

Already hard hit by the drought and a consumer boycott that cost local businessmen millions, Phalaborwa is largely dependent on employees of Foskor and the Palabora Mining Company for its existence.

The boycott followed months of racial conflict after PMC's decision to integrate company housing and ended as a result of negotiations initiated by the Local Dispute Resolution Committee.

National Party town councillor and Chamber of

Business president Mame Kriel, who was involved in the talks, said the Foskor announcement had "not come as a complete surprise".

"We estimate that the town stands to lose about R2-million a year as a result of the Foskor decision," said Mr Kriel.

Schools — already faced with a sharp decline in pupil enrolment — will also suffer, although many have begun taking black pupils in order to stay open.

He said the Foskor cutbacks underlined the need for a business initiative designed to reduce the town's

dependency on Foskor and PMC which had also reduced staff levels through natural attrition and voluntary retrenchment this year.

"What we have to do is to become more effective and entrepreneurial. All we have to do is to set aside our prejudices and get busy," said Mr Kriel.

The Foskor decision has been attributed to "dramatic swings" in international trading patterns following the collapse of the Soviet Union and a 33 percent drop in the world demand for phosphate rock since 1988.

Phosphate fertiliser consumption in South Africa dropped by 22 percent from January to June this year, said Mr Stanbury.

"It has not been an easy decision and Christmas is no time to give people bad news, but we decided to tell employees of the decision to cut back staff as soon as possible so that we could start negotiating terms and procedures."

Concerned

"We plan to have implemented the cutbacks by the end of March which, we feel, gives those affected a reasonable period of notice," said Mr Stanbury.

The National Union of Mineworkers, which does not have a full recognition agreement with Foskor, is concerned that union members will be victimised during the cutbacks.

"We have asked for a meeting with management to thrash out terms and procedures for the retrenchments," NUM regional administrator Mr Patrick Lebea said.

Mr Stanbury said he intended consulting all employee representatives.



Anglo and Eskom in tariffs talks

(217) PETER DELMAR

ANGLO American is negotiating with Eskom on a possible special power deal for its Namakwa Sands heavy minerals project, on the west coast.

The go-ahead for the project, which is expected to cost almost R1,4bn and generate 4 500 jobs directly and indirectly, was given late last month.

Project director Neville Keys said the project, was expected to use more than 50MW of power. This would make it one of the biggest new consumers of Eskom power.

Keys said studies and projections were based on Eskom's standard tariffs available to large users. Discussions were continuing, however, on the possibility of structuring a special deal for the project.

The outcome was unlikely to be similar to deal negotiated for the Alusaf expansion, however. Keys noted that the Alusaf contract was based on linking the cost of power to the aluminium price on the London Metal Exchange. There was no comparable yardstick for the Namakwa Sands project.

Keys said most of the power consumption would be at the smelter site near Saldanha Bay, not at the mine at Brandsebaai near Vredendal.

In planning the project Anglo had been "very conscious of the advice that Eskom has been giving, that they intend to retain the escalation in power costs below inflation," Keys said.

THE virtual dumping of Rand Mines by controlling shareholder Barlow Rand was the feature of another year of relative unhappiness for SA's mining industry.

The century-old mining house, once the greatest in the world, failed to renew reserves through exploration. It lost even more direction after 1971 when it became the only SA mining house to be controlled by an industrial group.

Until then it had been tardy in identifying mining opportunities, preferring to milk its mines of the day. Rand Mines had no stomach for the West Wits Line and Klerksdorp which are prolific producers of gold today. As its options ran out it found itself with a quartet of ailing gold mines — Durban Deep, East Rand Proprietary Mines, Harmony and Blyvooruitzicht.

Expansions into platinum and vanadium ended badly, as did new gold mine Barbrook. Barlow Rand management decided to sell Rand Mines' chrome interests along with its holding in Middelburg Steel & Alloys to a Gencor-Anglo American consortium last year.

Rand Mines was reduced to a coal and minor gold outfit with a few properties. What is left is being unbundled to members and only for technical reasons does Rand Mines continue to exist. The Corner House premises in central Johannesburg are being vacated, ushering in the end of an era.

TRIBUTE

Gold's reluctance to rise meant another tough year for a South African mining industry reluctant to sell its production forward for better prices. Instead, it continued to focus on the cost side of the profitability equation — with some success

The year was one of co-operation between industry players. Miners settled for affordable pay rises with profit-sharing incentives built in. Industrial relations improved from a solid base because of participative management.

Western Deep Levels gave Blyvoor a new lease of life by allowing it to mine part of its title area on a tribute basis.

Another innovation is the path to be followed by ageing West Rand Cons, of which control and management will pass to a consortium led by clean-up specialist Fraser Alexander. Gencor believes Fraser Alexander will do a better job of taking the last remnants out of the mine and rehabilitating it.

Anglo American went ahead with sinking a R1,6-billion shaft in the Moab area to the south of Vaal Reefs. It believes gold's future is sound because of growing jewellery demand.

The platinum industry hit harder times than previously. Although the platinum price fell, its decline was not as harmful as that of rhodium's

The two main producers, Rusplats and Impala, both struggled under industrial action, Lebowa continued to battle on production targets and

Mostly down in the dumps for mining

SI Times (Buss) 6/12/92

By JULIE WALKER

Sunday
Times



Northam fell behind its schedule in need of more money. How it will be funded is still being examined by Gold Fields of SA.

Good reports came from Potgietersrust Platinum. Its directors say it will come into production under budget and at a cheaper level than originally expected.

This year it was the turn of the diamond industry to take a knock as the world refused to emerge from recession and hampered discretionary spending on luxuries such as beautiful stones.

Low demand alone would have been manageable, but a torrent of diamonds were sold outside the Central Selling Organisation's area of influence, many from Angola and the former Soviet Union.

News of a big Canadian find did little to boost confidence.

SURPLUS

De Beers was obliged to lay off employees at several SA operations. All CSO member mines and countries were asked either to cut back on operations or to stockpile 25% of their production for a while.

All in all it was not the ideal time for De Beers to bring on-stream a rich producer of its own, but that is what took place

The R1,1-billion Venetia mine in the North-western Transvaal was of-

ficially opened in August. It will ultimately replace the production from SA's ageing mines — some a century old. But for the time being, its output is surplus to requirements

Samancor, the world's largest ferroalloy company, took the unusual step of closing all its ferrochrome production capacity for several weeks early in the year in a bid to reduce stocks, cut costs and boost prices.

But continuing recession, large stocks and low demand for steel and particularly stainless steel, meant trouble for the world's iron and steel business.

Some ferrochrome contracts were signed at 52c US/lb, but the market dictated otherwise — a large supplier outside SA willing to accept 49c led to lower prices.

Coal continued on an even keel, but prices did not climb. Three mild European winters in a row have allowed buyers to accumulate surplus stocks — as reflected by the relatively low oil price.

WRONG

Withbank Collieries changed its name to Rand Coal and moved its head office to Sandton Eskom's decision to suspend construction of three generating sets at Majuba power station knocked the Rand Coal share price to R4. It was R15,25 in February.

Eskom took the decision because the coal deposit is faulted and Rand Coal's mining costs would have been much higher than expected.

Finally, there were a few changes in the dimension stone industry. It looked at one point as though the listed producers might reach a stage of cooperation or even merge.

In the end, Kudu merged with Anglo American-controlled but unlisted Impala Granite Keeley produced better results than expected, but Marlin battled. Its high production ahead of an expected post Persian Gulf war boost in sales was unfortunately wrong.

Minaco Granite, having acquired subsidiary Prairie, turned in a creditable set of results and the share price doubled to 40c late in November. It provided a glimmer of hope that the market for dimension stone might have bottomed.

Pro-business slant to

ANC anti-trust policy

By Sven Lunsche

7/12/92

ANC is likely to have a "pro-business" bias and is to be separated from policies aimed at addressing the concentration of economic ownership, says ANC economist Tito Mboweni.

He was speaking at the conclusion of a three-day workshop on anti-trust, monopoly and merger policy.

The workshop was attended by ANC economists, private sector managers and a range of international experts on anti-trust laws.

The ANC's strong focus on anti-trust legislation is an indication that it will take the place of large-scale nationalisation as the major tool to redefine the largely state-controlled patterns of ownership.

Mboweni said the ANC had identified a set of key issues in dealing with anti-trust legislation, including setting-up an investiga-

tive arm similar to the UK's Monopolies and Mergers Commission.

Legal powers to take action on such findings should rest with the Department of Trade and Industry, he added.

"We are certainly not convinced that the SA Competition Board, which has a very weak profile, can serve as a basis to investigate monopolies and mergers which impede competition in the economy."

Mboweni said anti-trust legislation could not be seen in isolation from "the power of the conglomerates and a long-term industrial strategy."

Yet, he added, the overriding tone of the workshop suggested that anti-trust policies should be "pro-business" and the ANC identified with this sentiment.

He said the organisation would use the input from the participants in the workshop to draw up a comprehensive anti-trust document, possibly by the end of February next year.

It also seems that the ANC will heed the advice of the se-

nior economist of the UK's Monopolies and Mergers Commission, Geoffrey Sumner, who told the workshop that the confluence of economic power in the economy should not be redressed by retro-active competition policy.

Sumner said investigatory and tribunal agencies should be set up which "as far as possible should not have political bias."

The ANC was also warned that anti-trust policies alone could not achieve a radical change in the patterns of ownership and control.

JSE president Roy Andersen said the inward-looking policies of exchange controls, import tariff protection, import substitution and self-sufficiency during the apartheid years had played a critical role in the development of this concentration.

"These are the underlying causes of concentration which need to be dealt with," he said.

Despite the focus on anti-trust policies, the ANC has not ruled out partial nationalisation of minority groups.

In a paper to the workshop

ANC minerals economist Dr Paul Jordan said the state had a right to equity participation in private mining companies because of its ownership of the natural resources of a land.

Strategies proposed by Jordan included nationalising cross share ownerships between mining groups, particularly De Beers and Anglo American, and giving the state a minority equity holding of about 20 percent.

He said joint control of a mining group was working well in the case of De Beers and the Botswana government through the jointly controlled Debswana operation.

Furthermore, white control could be diminished by "a meaningful employee share holding scheme, which is not based on income".

Mboweni said the proposals addressed the problem of interlocking directorships, but added that it remained to be seen whether this should be dealt with through nationalisation or anti-trust policies.

Palladium rises to 18-month high

By Neil Behrmann

LONDON — Palladium prices surged to their highest levels in 18 months last week in response to lower Russian supplies and a sharp increase in orders from Japan.

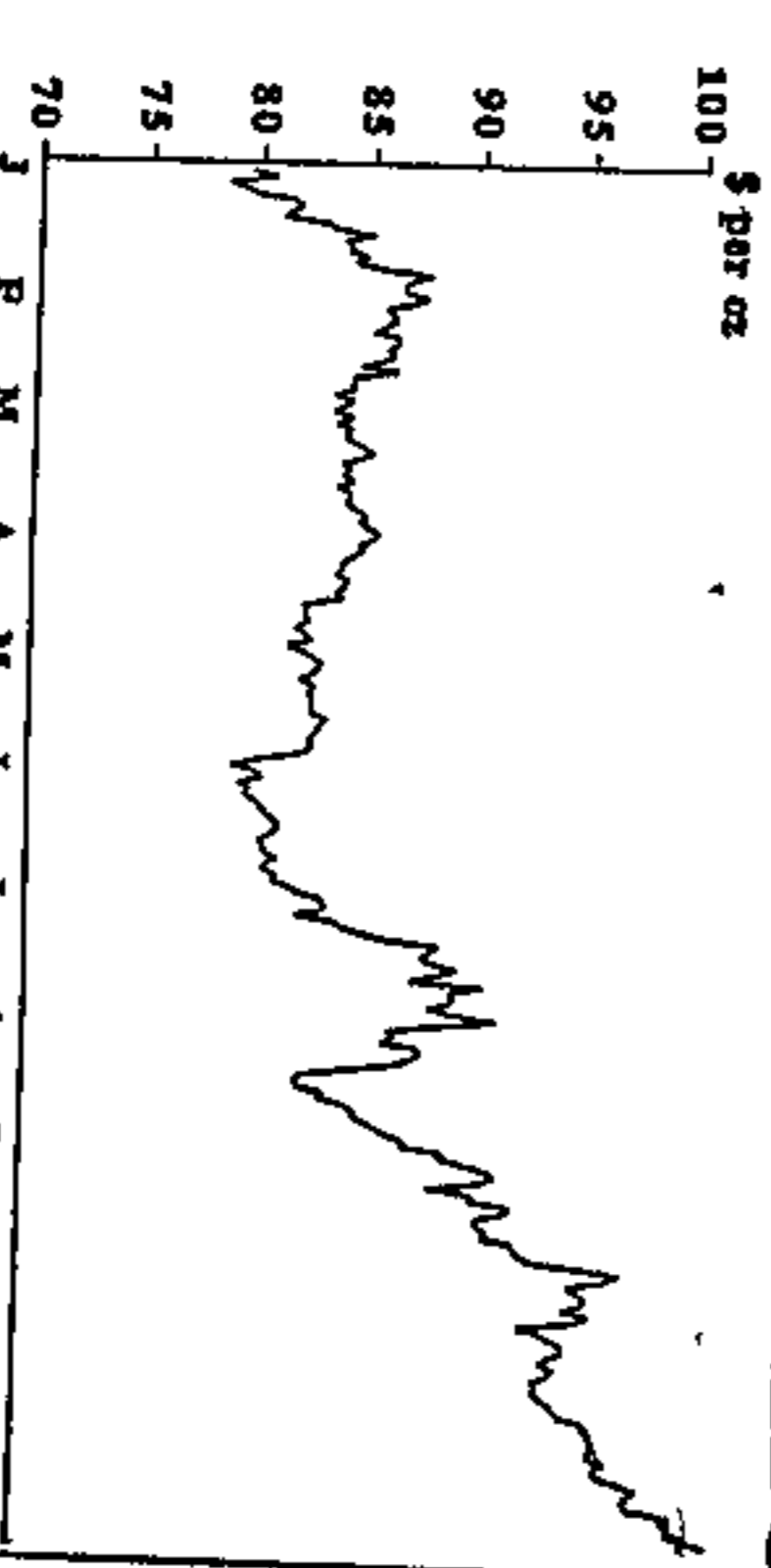
At \$103 an ounce, palladium, the man-by-product of platinum, is 25 percent higher than levels in August. Its trading range was \$80 to \$85 for most of this year.

Palladium, by far, has been the best-performing precious metal. Its appreciation since August compares with a four percent increase in the price of platinum, a constant silver price and a four percent decline in gold.

The rise in palladium prices is a welcome boost to SA platinum companies.

SA palladium production is forecast at 1.28 million ounces this year, compared with 2.82 million ounces of platinum, according to Johnson Matthey.

For each \$10 increase in the



The price of palladium this year

palladium price revenue for Russia, for example, Western and others rises by \$12.8 million — not an insignificant sum.

Platinum's price increased by about \$13 in the same period.

Since the rand has fallen against the dollar, platinum companies which were under pressure earlier in the year, should be

on a better footing

Yet actual revenue gains will depend on contract prices.

A palladium futures contract was introduced in August on Tokom, Tokyo's commodity exchange. Dealers say that on Wednesday volume reached a quarter of a million ounces and on Thursday 650 000 ounces.



Robbie Williams taxing food is untenable

IDC disposes of Senchem shares

Finance Staff

The Industrial Development Corporation (IDC) has placed its R90 million shareholding in chemical group Senchem with 14 fund management groups.

IDC senior general manager Gerard Morse said at the weekend the IDC had sold its 13.5 percent stake as part of its policy of realising mature investments to fund new industrial projects.

Morse said the IDC had had a long, happy and productive association with Senchem, but that its development role had now been fulfilled and it was appropriate that it should realise its investment for other projects.

He said Alusaf, the Columbus stainless steel project and Natmakva Sands were some of the projects requiring IDC support.

The IDC is currently investigating the unbundling of Industrial Selections and National Selections its two listed investment trusts.

All 14 institutions accepting the shares have committed themselves to supporting Senchem's proposed 40-for-100 rights issue.

The rights issue will go ahead only if the purchase of Chemplex Australia is successfully completed.

While the transaction has been delayed as a result of the Government's move to limit the use of the fund for off-shore acquisitions, Senchem chief executive Dr John Job is said to be leaving for Australia soon to finalise the deal.

Job said the IDC's disposal provided an ideal opportunity to broaden shareholder participation in Senchem.

Seven of the institutions, which accepted the shares at 575c each, are new holders.

Williams favours export incentives

By Stephen Cranston

Tiger Oats chairman Robbie Williams has urged the Government to retain export incentives and not to succumb to pressure from In the annual report for the year to September, Williams says group exports and international sales now exceed R1.2 billion.

But it would be most unwise to expect SA to be able to compete effectively without such incentives when export subsidies in one form or another are commonplace worldwide.

"As a group we are acutely aware of the need to be internationally tax-efficient," he says.

Tiger Oats should narrow its focus

By Stephen Cranston

Earnings growth at Tiger Oats has been consistent over the last three years.

After two years of increases in earnings per share of about 13 percent, the group turned in an 11 percent increase in the year to end-September.

This is not the kind of performance that would normally lead to Tiger's demanding rating of a 20:1 P/E ratio and a 1.7 percent dividend yield.

But investors like Tiger because it has taken a long-term view of its food basket. Market share, rather than short-term profitability, is king.

The group seems to tolerate a mediocre performance in some divisions — returns in the edible oil business have been poor for some years — but it has been able to acquire a formidable portfolio of companies and brands which have compensated for this.

Unlike arch-rival Premier, Tiger has held on to its interests in poultry and eggs, even though they have undoubtedly been a drain on margins and profitability.

The exact contribution of these interests cannot be determined from the annual report.

But margins for County Farm and Golden Lay were poor and under pressure and Tiger is waiting for rationalisation of other food suppliers is that it is registered in all the staple categories — and in the case of rice is the only producer, so if there is swamping in consumption between maize, bread, rice and pasta Tiger will be represented.

But as such breadth always an advantage? Tiger might be advised to take a look at its portfolio and concentrate its resources and efforts on areas providing the best returns.

Forefront

Adcock Ingram continues to be at the forefront of new product development and has the country's best portfolio of pharmaceutical brands.

Spar continues to show good growth. Perhaps the best opportunities will arise from its international shipping and trading operations.

It is well-placed to meet new opportunities after the R21 million expansion of its Durban bulk shipping facilities.

Tiger's advantage over other food suppliers is that it is registered in all the staple categories — and in the case of rice is the only producer, so if there is swamping in consumption between maize, bread, rice and pasta Tiger will be represented.

But as such breadth always an advantage? Tiger might be advised to take a look at its portfolio and concentrate its resources and efforts on areas providing the best returns.

FM 11/12/92

FOX

Italy and the US picked up as did contract work

Sales were 12% better at £51,8m but the surplus was only 1,5% up to £6,7m

Pandrol is expanding in France — acquiring two companies with combined revenues of £4,2m — and the UK in a joint venture with another French group

Coal mining equipment saw a 61% improvement at the UK arm, Anderson, previously blighted by the run down of British Coal, offset at National Mine Service in



Chairman Edwardes
JM's shadow

North America Overall turnover was fractionally down and earnings flat

Quarrying suffered a slight downturn because of aggressive competitive prices but by cutting costs Hargreaves managed to raise profits by 12,5% at £1,8m

Creditable as all this is, Charter's investment standing continues to shadow Johnson Matthey With the holding valued at more than 57% of Charter's market capitalisation, the shares moved up to their 12-month high of 555p in London — echoing a JM advance

A historic yield of 5,2% and p/e of 13 compares with 2,7% and 20 for JM Stripped of JM, at current prices and on a maintained dividend which could be 1,5 times covered, Charter would yield 9% and stand on a multiple of 7,5 — before any assumptions about what the liberated cash would earn

John Cavill

CHARTER CONSOLIDATED

Interest rate dent

The sharp fall in sterling interest rates makes the only dent in Charter Consolidated's otherwise good first-half performance in the face of depressed markets and margins At the operating level, profits to September 30 lifted by 3,6% to £31,3m, but the combination of lower interest rates and a £20m reduction in cash balances to £102m cut net receivables by 30% to £5,8m

That left pre-tax earnings 4% off at £37,1m. EPS were marginally less affected at 21,8p (22,4p) and the interim dividend is pegged at 7p

Leaving aside the contribution from the passive 38% stake in Johnson Matthey — which accounts for 57% of £606m group turnover and 40% of profits — the four legs of the operating business coped well Their combined pre-interest surplus inched up by nearly 2% to £16,9m on turnover of £262m, a 15% gain

Buildings products and services (Cape) grabbed a bigger market share in the UK and Continental acquisitions with major contracts in Brunei and Australia raised turnover by 31% to £128m But a devastated UK construction industry meant lower overall margins and no change in profits at £6,4m

Rail track equipment (Pandrol) had a mixed six months Maintenance suffered in the US but sales of fastenings to Belgium,

Lonrho turns down bid by Gencor to buy mines

STAR 11/12/92.

By Neil Behrmann

LONDON — Lonrho has rejected Gencor's offer to buy Western Platinum and the Ashanti gold mine in Ghana.

But analysts at stockbrokers Shearson Lehman do not rule out the possibility of a Gencor takeover of South African platinum mines some time in the future.

Lonrho is heavily indebted, they say

Since chief executive Tiny Rowland is on the way out, the company may well embark on further asset sales

Lonrho, however, may wait until Rowland retires from the board, says David Morgan, an analyst at Shearson.

In a statement to shareholders on Wednesday night in which he signalled his intention to retire within three years, Rowland said that there had been extensive discussions with Gencor

"Gencor has a strong natural interest in buying out our 73 percent control of Western Platinum and your company's important mines in Ghana and Zimbabwe," he said.

Gencor was already a "junior partner" in the Western Platinum mine, he said.

"They came forward with several ideas which would have resulted sooner rather than later in Lonrho becoming South African-controlled

"This was not in line with Lonrho's thinking as the board



sought to do a deal more beneficial to the whole of the company. Although we could not agree to merge in the way they proposed, we are still partners and good friends."

The Financial Times reports that Gencor said yesterday it was still interested in buying Western Platinum mine

Although Gencor and Lonrho had been in merger talks, Brian Gilbertson, Gencor's chairman, also said he did not believe a takeover of Lonrho was the natural route for Gencor

Tiny Rowland's 31-year reign at Lonrho effectively ended on Wednesday when he sold half of his 15 percent stake to Dieter Bock, chairman of Advanta, a

German property group.

In typical Lonrho fashion, the deal is very controversial

The company will raise a total of £300 million (R1,4 billion), leaving Bock controlling the lion's share of Lonrho

Rowland, who is 75, said it was the "right combination for the international trading conglomerate".

Lonrho said it would have three-for-10 rights issue at 85p a share to raise about £169 million. The shares traded at 75p in London yesterday

For the SA listing the issue price is 634c, based on the sterling/financial rand exchange rate

The proceeds of subscriptions

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from shareholders in SA will be used by Lonrho to provide additional capital for operating subsidiaries in SA

The rights issue, the group's first in 12 years, is 50 percent underwritten by Bock, who has guaranteed Lonrho £85 million by underwriting 100 million shares

New shares

If shareholder response beats expectations and denies Bock the 100 million shares, Lonrho will issue up to 17,9 million new shares to Bock at 85p a share

In another move to lessen the £947 million of debt, Lonrho sold VAG, the UK importer of Volkswagen and Audi cars, to Volkswagen for £124 million

Rowland said he would sell half of his 15 percent stake in the group to Bock at a premium price of 115p, for a total of £50 million

Bock can also buy Rowland's new shares in the rights issue, and has put and call options on most of the rest of Rowland's stake in Lonrho

Bock could eventually own up to 25 percent of Lonrho

Lonrho chairman Rene Leclercio said the moves represented an important milestone for the group

"The group has experienced two difficult years and there was need for decisive action to be taken," he said

West Coast towns set for mining boom

WILLEM STEENKAMP

Weekend Argus Correspondent

BOOM time is coming to the Cape's West Coast with the development of the R1 billion Namakwa Sands mining project near Koekenaap which will create thousands of jobs and ensure the economic survival of many small towns in the area

Earth-moving contractors have started preparing the site at Brand-se-Baai where the mineral sands mine will be and their presence has been welcomed by locals as proof that the long-awaited development is underway

Lutzville, a West Coast oasis with a population of 1 547 and which has grown by just 2 percent a year for the past 25 years, will gain most from the mining project which is being undertaken by Anglo American Corporation

Anglo has taken options on 245 plots in the town which means Lutzville will increase in size by more than 70 percent, giving a major boost to the town as a whole and the municipality in particular

And where until recently there had been a real threat that Lutzville High School might have to close because of declining numbers — the school has just over 100 pupils — parents now believe there will be an influx of children which will ensure the survival of the school

The open cast mine near Brand-se-Baai will create 900 direct jobs and a further 3 000 jobs indirectly. It is expected that many border industries will shoot up to supply a need for various services

Production at the mine is scheduled to start in 1994 and the expected life-span is more than 35 years. The main products — largely aimed at the export market — are zircon, for ceramic products, rutile which is used in the manufacture of paint, and other products for the paper and plastics industry

Mr Janne Carstens, town clerk of Lutzville, said people were very excited about the mine and the prosperity it is expected to bring to the region

"There is no doubt that this will ensure Lutzville's survival and prosperity

"We just hope that Anglo will draw its labourers from this area. We have a tremendous unemployment problem and we need the jobs this mine will bring.

"We have already had several studies done to establish the impact on the infrastructure of our town and we feel quite able to cope with the new demands on services we as a municipality will have to supply.

"But there are also some who have concerns about the fact that our once small and peaceful community will now change totally. Obviously there will be some sour together with the sweetness of development and there are concerns that crime may increase. But we need this development and we believe in the long-term our town will benefit tremendously."

The mayor of Lutzville, Mr Mias Louw, a teacher at the high school, said the development was undoubtedly the best thing that could have happened to the region

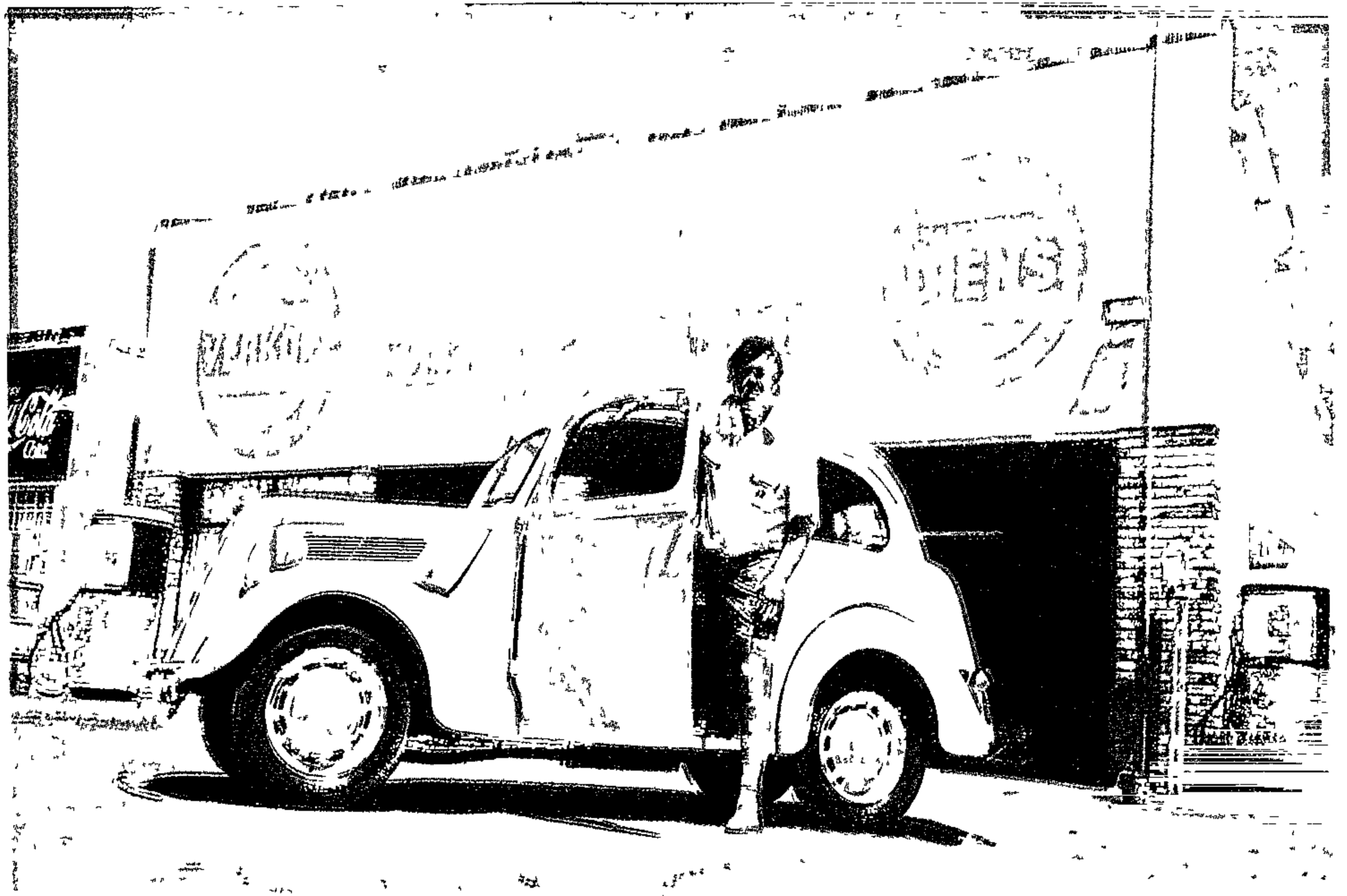
"But there is also a feeling of sadness to know the West Coast with its unique tranquillity and peacefulness will soon be lost for ever as the region becomes a hive of activity

"However, it is the price one has to pay for prosperity and, after all, the West Coast belongs to everyone. It is not something we as locals could keep to ourselves forever," said Mr Louw.

Eight kilometres from Lutzville lies Koeken-

(27) AUG 12/12/92

Excitement is mounting on the West Coast as the first construction teams move in to start preparing the mining site at Brand-se-Baai where the Anglo American Corporation is developing a R1 billion mine which holds major financial advantages for the hard-pressed region.



Pictures WILLEM STEENKAMP, Weekend Argus

WAITING FOR CHANGE: Mr Frans Strauss, unofficial mayor of Koekenaap, is excited by the prosperity the Namakwa Sands mining project will bring to the town. "Change has been a long time coming. This is very good news indeed."

aap, a dusty one-horse-town if ever there was one. With only a butcher, a cafe, garage, general store, three houses and a railway siding this "town" and its people are delirious at the news of the mine.

"This will surely put us on the map once and for all," was the way the unofficial mayor of Koekenaap, Mr Frans Strauss, summed up the feeling in his town.

"We have been hoping for the past two years that the development would go ahead, and now it is finally happening. This will be a tremendous economic injection to our town. The road leading to the mine passes through Koekenaap and together with the smelter feed preparation plant that will be built close to Koekenaap, we will benefit tremendously."

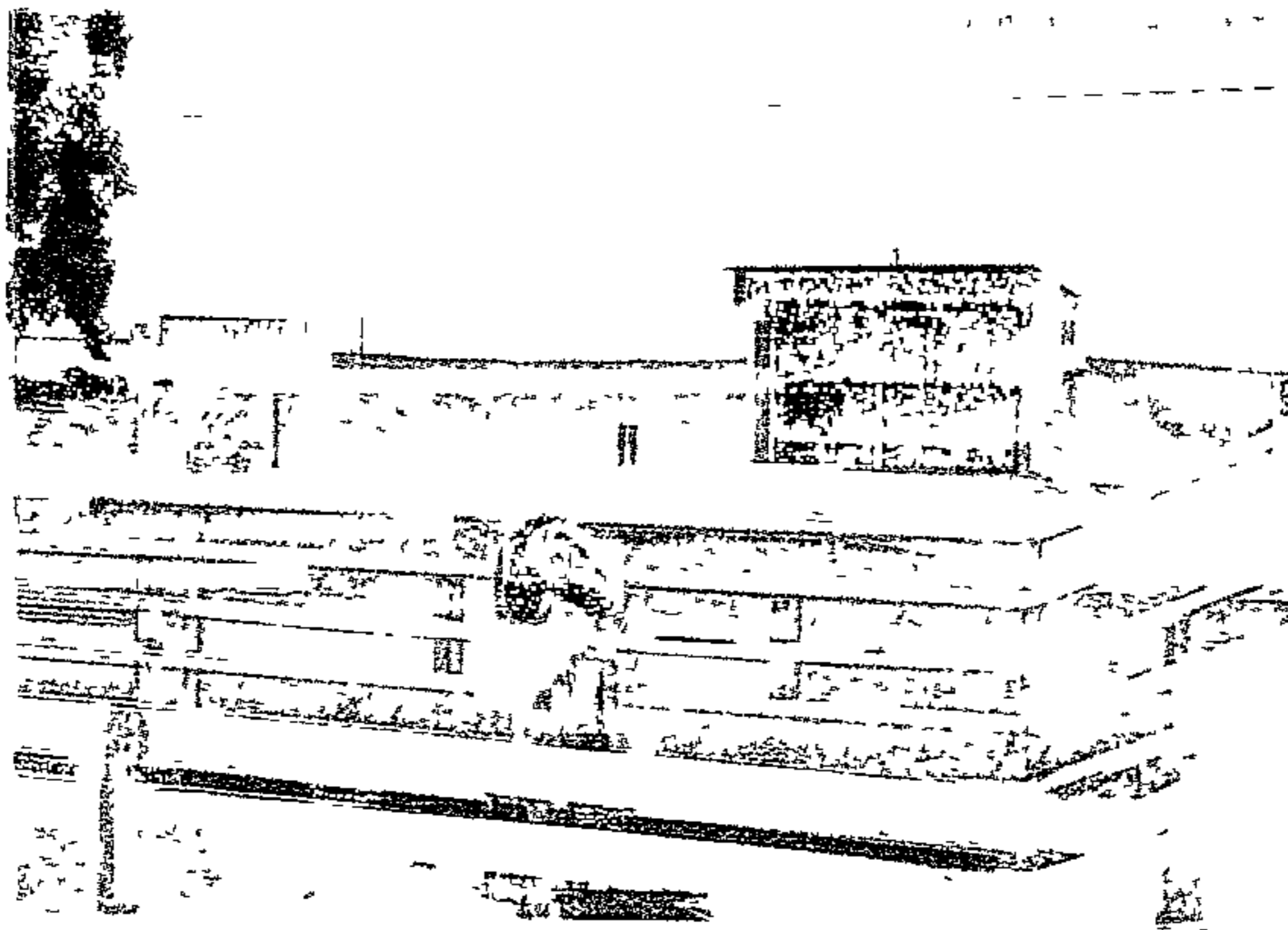
Mr Strauss's optimism was reflected by Mr Stef Kotzé, owner of the butchery and cafe.

"It must be remembered that the people at the mine will earn substantial salaries and obviously they will spend some of their money here. We have great cause to be thankful that this is happening in our region," said Mr Kotzé.

Already the only hotel in Lutzville is fully booked and the manageress, Mrs Riëth Smit, says she and her husband are considering opening a separate guest house to meet the expected demand for accommodation. They may even build temporary dwellings.

"If anyone is against this development, they must surely be crazy. Lutzville is now going to come alive," said Mrs Smit.

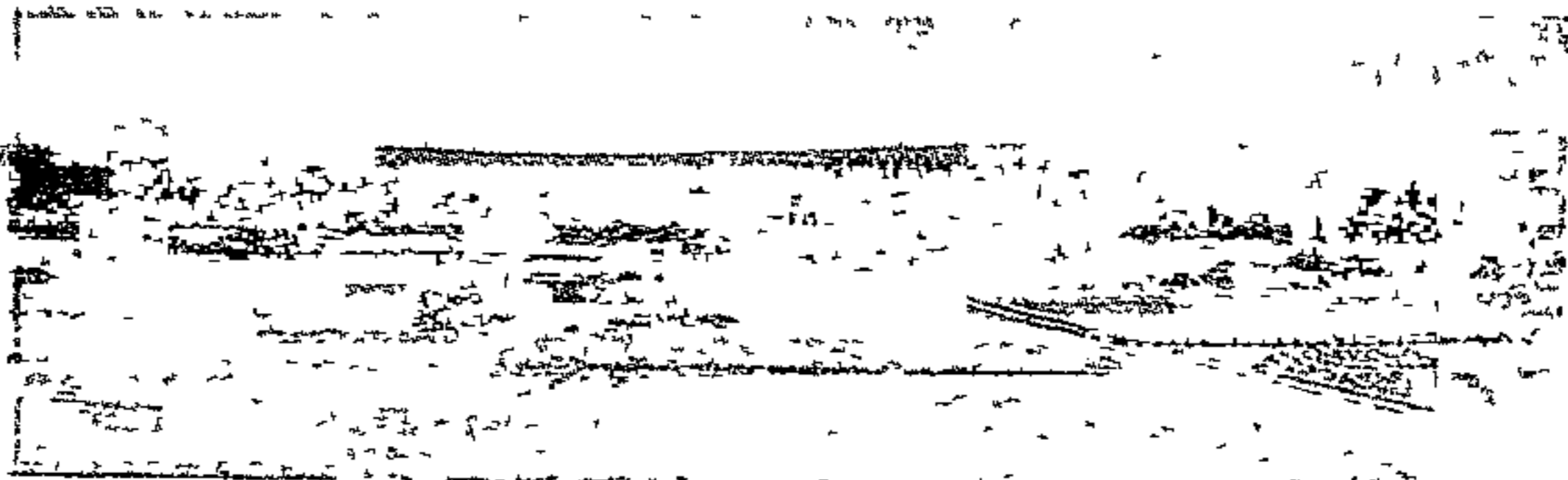
■ Mrs Glynis Finnegan, spokesman for Anglo, gave the assurance that the company would as far as possible make use of local labour for the mine.



□ **ONE HORSE TOWN:** A horse stands forlornly at the railway siding at Lutzville, unaware of the boom the town faces with the development of the Namakwa Sands mining project at Brand-se-Baai on the West Coast.

□ **BIG PLANS:** The mayor of Lutzville, Mr Mias Louw, and town clerk Mr Jannie Carstens look at plans for the 245 new residential plots to be bought by Anglo American Corporation to house workers from the Namakwa Sands project at Brand-se-Baai on the West Coast

□ **BOOM TOWN:** The town of Lutzville which is set to burst at the seams with the commencement of the R1 billion mining project on the West Coast by Anglo American at Brand-se-Baai





TINY ROWLAND: The Lonrho chief executive deserves honorary membership of the pantheon of Africa's post-independence leaders. However, he does not have the same links with the new generation as with the old, who are mostly dead or exiled.

Change takes its toll on Lonrho

LONDON — "Tiny's in town." For three decades the cry has gone up in towns and cities across Africa, from Cape to Cairo, from the lips of politicians, businessmen and journalists.

If the pantheon of Africa's post-independence leaders allowed honorary membership, Tiny Rowland (75), Lonrho's chief executive, could take his place for granted.

Ready to nominate him would be Dr Hastings Banda of Malawi, Kenneth Kaunda, Zambia's president until his election defeat last year, the late Samora Machel of Mozambique and his successor, Joaquim Chissano, Uganda's Milton Obote and Sudan's Jaafar Nimeiri, Joshua Nkomo, Zimbabwe's deputy president, and Kenyan President Daniel arap Moi.

New generation

Yet all those leaders are dead, or dying, exiled or exiting. Age has taken its toll, but so has democracy, with autocratic leaders buckling under domestic and international pressure and succumbing to demands for multiparty elections.

It was with these men that Rowland worked closely. It is said that he does not have the same links with the new generation of African leaders.

And Africa is changing in another respect. Structural adjustment under the scrutiny of the International Monetary

AS TINY Rowland prepares to make his exit from Lonrho, MICHAEL HOLMAN of the Financial Times looks at the multinational giant's changing links with Africa, the continent that made Lonrho what it is.

STAIR 12/11/92 (217)

Fund and World Bank is creating fewer opportunities to exercise presidential power.

The high hopes that marked the emergence of independent African states in the 1960s were dashed in the 1970s. Today those hopes are at their nadir.

All these changes have taken a toll on Lonrho's assets, however efficiently managed. Post-Rowland, Lonrho as a company, with Dieter Bock as its new driving force, will find business in Africa harder and potentially less profitable.

Lonrho has become increasingly dependent on profit from Africa. They accounted for £150 million (about R704 million) out of group pre-tax profit of £207 million for the year ended September 1991. Activities include, in South Africa, platinum, gold, coal and asbestos mining, motor dealer-

ships and sugar investments.

Further north Lonrho has a wide spread of mining, agricultural and commercial assets spread across at least 16 countries. Prominent is the Ashanti gold mine in Ghana, but the list extends to tea, beer, pharmaceuticals, sugar, farming, textiles, soft drinks, timber, paint and hotels.

Yet questions shadow many of Lonrho's businesses.

Kenya's economic difficulties and political uncertainties put question marks against Lonrho's hotel and motor vehicle interests. Plantations in Mozambique depend on successful implementation of a UN-supervised peace plan. In Zambia Lonrho companies are dependent on the success of a fragile economic adjustment programme, as in Zimbabwe, where Lonrho has substantial interests.

Political risk

The future of investments in Malawi is heavily dependent on what happens after Banda, now in his mid-90s, passes on. Lonrho's companies in Nigeria are hit by economic crisis and uncertainty about the handover to civilian rule.

Weak currencies, political risk and hold-ups in remittance of profits and dividends make many holdings worth less than their book value. If sold, it would be difficult to repatriate the proceeds.

Implats merger talk 'speculation'

IMPALA Platinum (Implats) MD Mike McMahon yesterday dismissed as pure speculation a Sunday Telegraph report saying Implats was to merge with Lonrho's Western Platinum.

The report said Implats would merge with Western Platinum to create the world's biggest platinum mining company with output of 1.9-million ounces a year.

However, according to the Johnson Matthey Platinum report, Implats produces 1.1-million ounces a year at full production, while the three Lonrho mines — Karee, Western Platinum and Eastern Platinum — have the capacity to refine about 500 000oz a year.

The report quoted Gencor chairman Brian Gilbertson as saying "It would make Lonrho and Gencor the foremost producer, ahead of Rustenburg Platinum.

JONO WATERS (217)

"There would be enormous potential with \$1bn added to value. We want to go for an agreed route and exploit the synergies that exist." BIDAM 14/12/92

But, McMahon said, Gilbertson had been quoted out of context.

He "could not imagine" that something would happen in his company without him knowing about it.

The London Sunday Times reported that Gencor had valued Lonrho at 120p a share. Lonrho CE 'Tiny' Rowland had turned down the SA approach but Gencor hoped an agreement could be reached with Lonrho in combining Implats with the Western Platinum-Eastern Platinum-Karee mines, in which Gencor held 27% with pre-emption rights over Lonrho's 73%

Northam to offer 'discount' shares

blom 14/12/92 (217)

NORTHAM Platinum will offer shareholders 42 shares at R14,75 a share for every 100 held in terms of its rights issue to raise R350m, its management announced today

The issue would increase the mine's share capital by 24,2-million shares to 81,8-million shares

An application had been made to the JSE for a listing of nil paid letters of allocation, commencing on December 21, and a new listing of shares on January 14.

An analyst said the shares were being offered at a "huge discount" to overcome the negative sentiment in the market

The shares were untraded at R17 on Friday

"Gold Fields is obviously quite keen on getting the shareholders to follow their rights by offering them at such a discount," he said.

Gold Fields of SA is the majority shareholder of Northam

The share capital would be diluted by 30% and this would increase tradeability as a result of the large dilution.

Chairman Alan Wright said at the weekend that Gold Fields had always issued shares under a rights offer at a discount of between 10% and 15% to market value

JONO WATERS

The analyst said the nil paid letters would probably trade at about R3,60, based on a share price of R17

"The rights issue could be met with some resistance from the existing shareholders due to this discount," he said

However, Wright disagreed, saying it was most unlikely that the nil paid letters would trade at such a discount

"This is not the case historically and they will probably trade midway between R3,60 and R17."

The rights issue would bring the capital cost of the mine to about R1,65bn, while the market capitalisation was R960m.

The shares have fallen from R29 in June, but bottomed out last week at R15,50 after the announcement of the rights issue

If Northam had chosen to borrow, the mine would have paid its maiden dividend only in about 1997.

A successful rights issue could see the mine paying its maiden dividend late in 1994

Northam increased its share capital by 40-million shares to 100-million shares at its annual meeting in October

Barlows foresees battle for growth in next year

MARCIA KLEIN

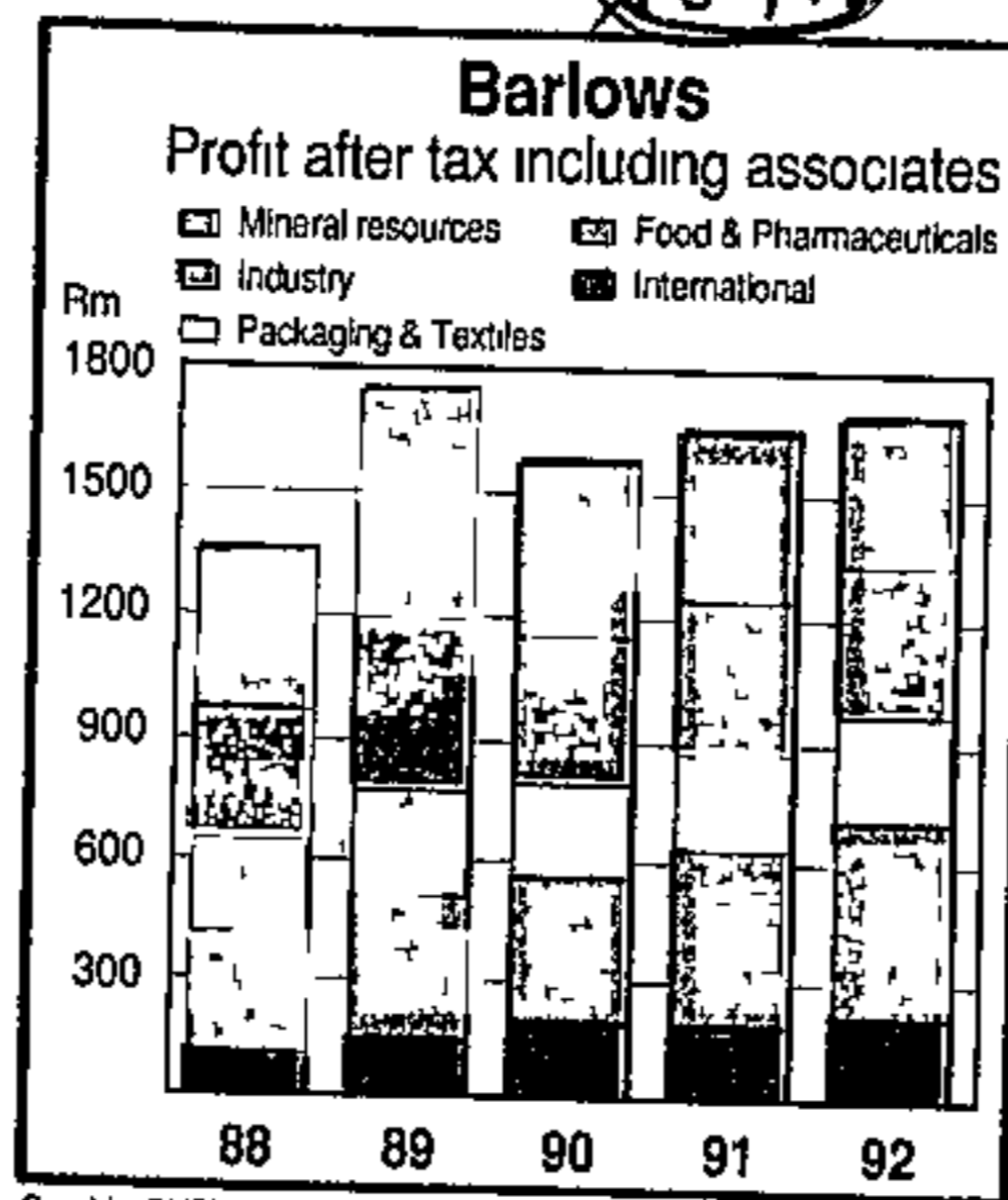
BARLOW Rand would have difficulty showing growth in earnings in the coming year, chairman Warren Clewlow warned in the group's annual review

However, with the group's financial strength, the dividend should be maintained

In the year to end-September, Barlows had increased its turnover by 10% to R35,2bn and attributable profit by 5% to R849m. Earnings were up a marginal 2% at 437,5c a share due to more shares in issue. A dividend of 173c a share was declared.

Major changes during the year were the reorganisation of Rand Mines into four separate companies and the acquisition of Caterpillar equipment dealer Finanzauto by offshore subsidiary J Bibby.

Clewlow said about 11 700 people had been retrenched throughout the Barlow Rand group during financial 1992 as some companies in the group had been downsized because of the recession. This represented more than 6% of the 180 000 people em-



Graphic: RUBY-GAY MARTIN Source: BARLOWS

ployed in group companies

Further progress had been made in sustaining group earnings. Structures had been reviewed and improved to give the flexibility to balance the composition of its investments.

The R1,2bn cash inflow from the sale of Middelburg Steel & Alloys and Rand Mines' chromite mining interests had "greatly strengthened the group's balance sheet and added potential for new investments".

Barlows had continued to invest in

new and replacement capital projects. It had spent R1,8bn in the past year, and budgeted to spend a further R1,75bn in 1993.

The group had cash holdings of R1,5bn and net gearing of 30,8%, placing it well to take advantage of an improvement in economic conditions, Clewlow said.

MD Derek Cooper said offshore company J Bibby had produced satisfactory earnings. The acquisition of Finanzauto and the creation of a capital equipment division had added significantly to its portfolio and signalled "the beginning of a new strategic direction for Barlow Rand's international operations".

However, the acquisition of Finanzauto would not generate positive returns in the short term, although Finanzauto would produce substantial amounts of cash.

Barlows' objective was to maintain the quality of group earnings by balancing selected commodities (so that it could share in the cyclical upturns), consumer products with strong brand names, capital goods and export earnings, Cooper said.

Richtersveld mining firm liquidated

(217) SUSAN RUSSELL

A COMPANY which mines quartzite in the Richtersveld area of the Cape was liquidated in the Rand Supreme Court on Tuesday with debts of R4,1m.

The application for the final winding up of Nama Quartzite (Pty) Ltd was brought by Bankorp, which has a R1,2 claim against the company

Nama Quartzite was provisionally liquidated at the beginning of the month after Bankorp's application had been postponed on a number of occasions

In an affidavit opposing the winding up of the company, director David Munro disputed the amount Bankorp claimed it was owed on overdraft.

The interest calculated by the bank was far more than had been agreed

on, Munro said, and the company was therefore entitled to substantial credits. Munro said he controlled 74% of the company's issued share capital

The mine, he said, was adjacent to the town of Lekkersing, which had a population of about 1 000

He said the mine was the sole source of income for the town and for people living within a radius of about 100km.

"The company's business was adversely affected by the Gulfwar in 1991," Munro said

According to court documents, Nama Quartzite has assets of R1 731 340 against liabilities of R4 111 580

17/12/92
B1047

Copper merger decision expected early next year

START 17/12/92
A government decision on the proposed merger of Haggie subsidiary Copalcor and Non-Ferrous Metals (NFM) could be taken early next year.

The merger of South Africa's two largest firms in the copper industry has been opposed by the Competition Board and its report has been submitted to the office of Public Enterprises Minister Dawie de Villiers.

A spokesman for the Minister's office said this week that once the Competition Board's report had been studied it could be referred to the next Cabinet meeting, which is scheduled for next January.

The board's chairman

Pierre Brooks said the merger had been opposed because it was not in the public's interests.

The export competitiveness of other downstream copper product manufacturers was affected by more costly domestic prices as cheaper imports were subject to tariffs.

The yearly average for 1991 copper prices on the London Metal Exchange was R6 459,78 per ton (equivalent to £1325,11), while the South Africa price was higher at R6 565,38 per ton, according to a Mineral and Energy Affairs Department report.

Prices this year have remained largely depressed because of the re-

duced demand for copper, but analysts expect it to show an upward trend in the short-term.

If the proposed merger went ahead, the new company would hold a monopoly on both ends of the market in purchasing scrap metal and selling downstream.

The two companies concerned are expected to appeal against the Competition Board's recommendations to De Villiers.

The companies say the merger would generate an additional R100 million in exports within the next two years thanks to improved productivity, competitiveness and economies of scale. — Sapa.

Keeping two giants apart

Fm 18/12/92
 The Competition Board's bar on the estimated R600m deal that would have merged copper giants Non-Ferrous Metals with Haggie subsidiary Copalcor is only the second proposed merger the board has blocked in its 12-year existence. The first — last year's Arwa-Burhose merger — went ahead after an appeal to Public Enterprises Minister Dawie de Villiers.

Of course the same could happen in this case — Copalcor and Non-Ferrous Metals have indicated they will appeal to the Minister to reject the board's recommendation. The Minister could, however, go along with the board's recommendation, which would mean that the companies would have to take the issue to a special court of appeal.

Whatever the outcome, the board's recommendation is far-reaching. Describing the proposed copper merger as being "not in the public interest," the board found that a merger between the two companies would certainly lead to a monopoly of the entire

market — from the purchase of scrap metal through to the sale and manufacture of industrial copper products.

The two companies, however, argue that the merger — which was set to take effect from January 1 — would improve productivity and create economies of scale and allow SA to compete more effectively internationally.

They argue that the merger would generate at least R100m in additional export revenue within the next two years.

The board's recommendation, it seems, was heavily influenced by the controls that regulate the industry rigorously. Wouter Meyer, of the board's investigations directorate, says tariff protection and export controls on scrap metal already protect the local industry from cheaper imports and foreign competition. He explains that this protection is so far-reaching that local scrap merchants who want to export scrap have first to offer their wares to Copalcor or Non-Ferrous Metals, who then reserve the option to purchase the scrap at 15% less than the international price.

Says Meyer: "The industry — already dominated by the two companies — also leans heavily on the London Metals Exchange and the *Metal Bulletin* to determine local pricing."

This results in undue hardship to local players, as the price is calculated by including the cost of transporting the goods from London, even though the goods never leave the country.

It also makes life difficult for local manufacturers who want to export their goods. "The high prices they pay locally, makes it near impossible for them to compete internationally with imports and exports," he says. "This is contrary to SA's supposed export-led policy."

Meyer points out that the merger would see the new company control around 95% of all scrap nonferrous purchases and 100% of many links in the manufacturing chain. "This would result in a lack of competition in the market and price-fixing — criteria that need to be absent before the board will approve a merger," he says.

The board is particularly concerned that Copalcor and Non-Ferrous Metals have increased their prices recently, anticipating the merger.

But many would argue that a merger between the two giants would merely rubber-stamp what already appears to be an informal monopoly.

A scrap metal merchant explains that Non-Ferrous Metals' powerful buying arm — Prime Metals, which has operated mainly in Natal for years, recently merged with Powermet, Copalcor's newly founded buying arm, which operates mainly in the Transvaal, raising more concern among scrap merchants.

The board rejected the companies' arguments that the merger was essential to effect the efficiencies and economies of scale necessary to allow them to compete on the interna-

tional market. Says Meyer: "While collusion on prices and market share is prohibited by law for the domestic market, companies can legally join forces to strengthen their position on the international market."

Of course, ending controls such as import tariffs and other barriers to entry to the economy would do more for fostering competition than prohibiting mergers and other deals as they arise. Meyer agrees: "It's much like a chicken-and-egg debate, though. And while we wait for these reforms, preventing these abuses is the best we can do." ■

Barlows results deceptively good

By Stephen Cranston

217

Barlow Rand's results for the year to September have turned out better than the two percent increase in earnings per share implies

The balance sheet looks stronger, with cash up from R842 million to R1,485 billion and net gearing down from 41,6 percent to 30,8 percent.

The returns still look acceptable, with an unchanged 22,2 percent return on net assets and the return on shareholders' funds down only fractionally from 20,2 percent to 19,8 percent

Perhaps most important is the resolution of the Rand Mines problem

Barlows intends to reduce its interest in gold to a 30 percent holding in Randgold & Exploration and has closed the Rand Mines head office

An increasing proportion of income is coming from areas which

are improving profits, such as packaging, food and pharmaceuticals

Unfortunately, only a relatively small proportion of these earnings is attributable to Barlows as they are held through 60 percent-owned CG Smith.

In the case of food and pharmaceuticals there is a further layer in CG Smith Foods, which is 81 percent-held by CG Smith. Only about 26 percent of the strongly performing Tiger Oats is attributable to Barlows

Out of the R564 million in taxed profit for food and pharmaceuticals, just R152 million is attributable to Barlows.

On the other hand, some of the poorer industrial performers are wholly owned

Tube manufacturer Robor Industrial Holdings, hit by depressed conditions and international over-capacity, had sharply diminished margins and lower profits

Home building and improvements group Federated Blaikie incurred a loss

In what used to be the flagship business, Barlows Equipment Manufacturing, profits declined, as they did in Barlow Motor Investments.

Barlows hopes that its investments in capital goods will add a strong stimulus in times of increased fixed investment, but they are acting as a break on the more consistent results of consumer-related businesses

Attributable profit from industry was down 16 percent to R235 million, whereas earnings from packaging and textiles were up 10 percent to R100 million and from pharmaceuticals up 9 percent to R152 million

Brokers Frankel Max Pollak Vinderine are predicting an increase in group earnings per share of barely more than 2 percent to 448c for the year to September 1993

COMPANIES

Lydenburg to increase share capital

LYDENBURG Platinum planned to increase its authorised share capital by 5,6-million shares to 20-million shares at its annual meeting on February 9

Chairman Mike Levett said in the company's annual report for the year ended October 31 that the move was to create additional shares to facilitate the future expansion of the company Lydenburg has 14,4-million authorised and issued shares

Lydenburg director Roland Chute said at the weekend the decision had been taken in case the company wanted to offer a scrip dividend but there was nothing on the go at the moment

Total market value of its investment portfolio fell by R90m over the 1992 financial year to R764m Old Mutual has a 67,8% stake in Lydenburg

217 JONO WATERS

Income in the 1992 financial year was lower as a result of a lower dividend paid to the company by Rustenburg Platinum in which Lydenburg had a 8,4% stake As a result, earnings a share were also lower

Lydenburg also has interests in Lebowa Platinum, Potgieterrust Platinums, independent gold producer Knights, mining holding company Genbel, Lydenburg Exploration and sea diamond operator Benguela Concessions.

The company's net asset value with investments at market value on October 31 was 5 294c a share compared to 5 890c a share on the same day in 1991

The share gained 50c on the JSE on Friday to close at R48,50

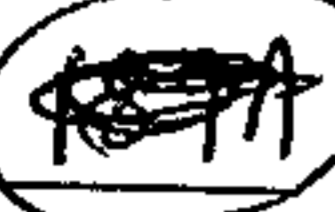
B/DAM 21/12/92

CIS causing anarchy in world metals markets

STAR



By Neil Behrmann



217

22/12/92

LONDON — Encumbered by economic slump, hyper inflation and huge foreign debt, the former Soviet Union is expected to continue to disrupt international metals markets in 1993.

Base metals prices tumbled in 1992 because of chaotic trading of the former Soviet republics, now known as the Commonwealth of Independent States (CIS)

Precious metals exports of the CIS are better organised, although a few tons of CIS gold are smuggled on to Western markets, say Swiss bankers

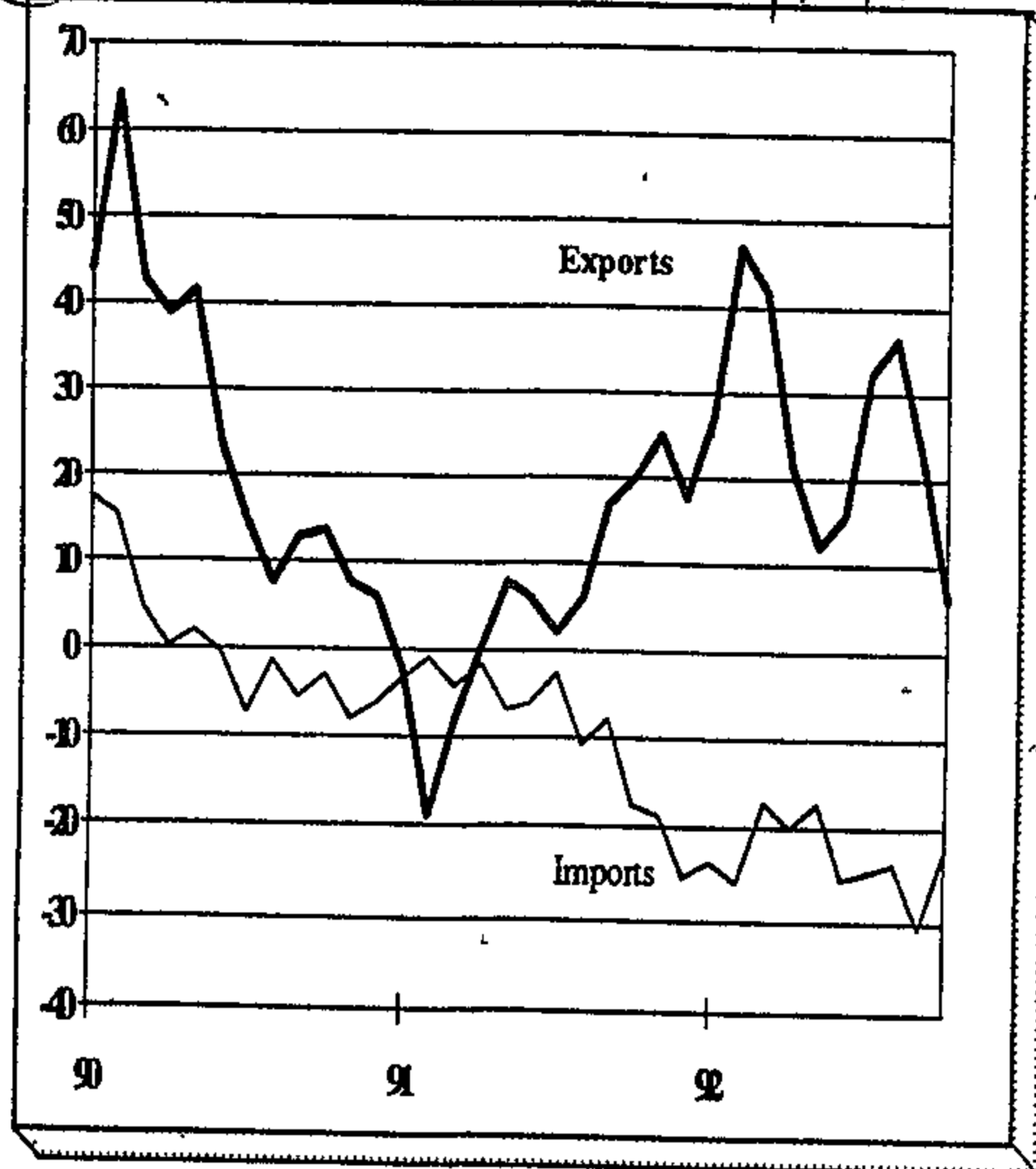
The bulk of gold export dealings are conducted through formal sales agents such as Vneshtorgbank of Russia and other foreign trade banks in Uzbekistan and Kazakhstan, according to Swiss bullion dealers.almazjuvelirexport takes care of platinum sales

CIS exports of gold, platinum and palladium fell sharply this year, because production is falling. The trend should continue.

Total 1992 CIS gold sales, mainly from Russia may decline by about 20 percent, or about 50 tons to around 190 to 200 tons, estimates Stewart Murray, chief executive of Goldfields Minerals Services.

At least two thirds of CIS gold is produced in Russia and the industry there is in such crisis, that some locals are forecasting a 30 percent decline in output, he says.

Meanwhile, exports of plati-



SA's precious metals exports have declined sharply following weaker metal prices. — Source: Davis Borkum Hare

num and palladium, by-products of the Norilskiy nickel mines in Siberia, are falling because the mines are cutting nickel production.

While lower CIS precious metals exports are helping depressed markets to some extent, base metals markets are suffering from huge surpluses.

"Without CIS exports of 750 000 tons this year, the Western aluminum market would be in deficit," says Angus MacMillan metals analyst at Billiton-Entho-

ven Metals

CIS base and strategic metal exports have flooded the market for almost three years running

"At last production is beginning to slide, but domestic demand is so slack that surplus output, stockpiles and metals scrap are being dumped on Western markets at huge discounts," says Jim Lennon, research manager, special steels and alloys at Commodities Research Unit.

CIS trade in base and strate-

gic metals has become "anarchic", says a London dealer who is closely connected with the former Soviet republics

"The right hand does not know what the left one is doing"

Nickel, aluminium, copper, cobalt and magnesium, manganese, chrome metal, scrap and alloys are being sold from industrial and military stockpiles by a network of CIS and Western traders with the help of former corrupt Communist agents and officials, says the dealer

"The CIS is being raped," he says. He "would not be surprised" if part of the proceeds end up in Swiss banks and other offshore havens

"Estonia, a Baltic Republic, is now one of the world's largest exporters of rare metals," says Serguey Bragunsky, a consultant to Salomon Brothers. "The metals are smuggled from Russia without any hindrance to the authorities," he says adding that a "privileged minority are generating fantastic profits"

Take nickel as an example.

Official exports of Norilskiy are estimated at 60 000 tons according to mine executives. Norilskiy, the largest producer in the world cut output by 15 percent in 1992 and will make further cuts in 1993 Nevertheless total sales of Russian nickel metal, scrap and alloys are estimated at 110 000 to 120 000 tons this year

Most of the nickel that is "sold through other channels", is being sold at discounts of around 15 percent to world market prices.

Newmont pulls out of Rio Chiquito venture

BLOOM 23/12/92
DENVER — Newmont Mining has agreed to withdraw from a joint exploration venture with Mallon Resources Corp. The companies have been exploring Mallon's Rio Chiquito gold and silver property in Costa Rica.

Mallon said Newmont had indicated the proven reserves in the existing pit area did not meet its internal minimum threshold, which is thought to be a million ounces.

Newmont would continue to pay Mallon \$30 000 a month until March 31 1993, the original expiration date for the joint ven-

ture, but would be relieved of some carrying costs.

Mallon said it had expected Newmont's decision and was already in advanced negotiations with "a large international engineering company" for the preparation of a feasibility study for Rio Chiquito.

It had also retained Librion Group which specialises in arranging financing for mining projects worldwide.

The company said it was confident it could arrange financing for Rio Chiquito as soon as the feasibility study had been completed — Reuter

217

Lydex back on track with (217) slimes project

JONO WATERS

LYDENBURG Exploration's (Lydex) Project Pluto slimes on the East Rand would be back in production at the beginning of next year, chairman Peter Bieber said in his annual statement. *BIDAM*

The pump station and related infrastructure were commissioned during the year, well within the capital budget. *28/11/92*

However, a pipeline burst resulting in total capex exceeding the budget.

Lydex acquired the project from ERPM

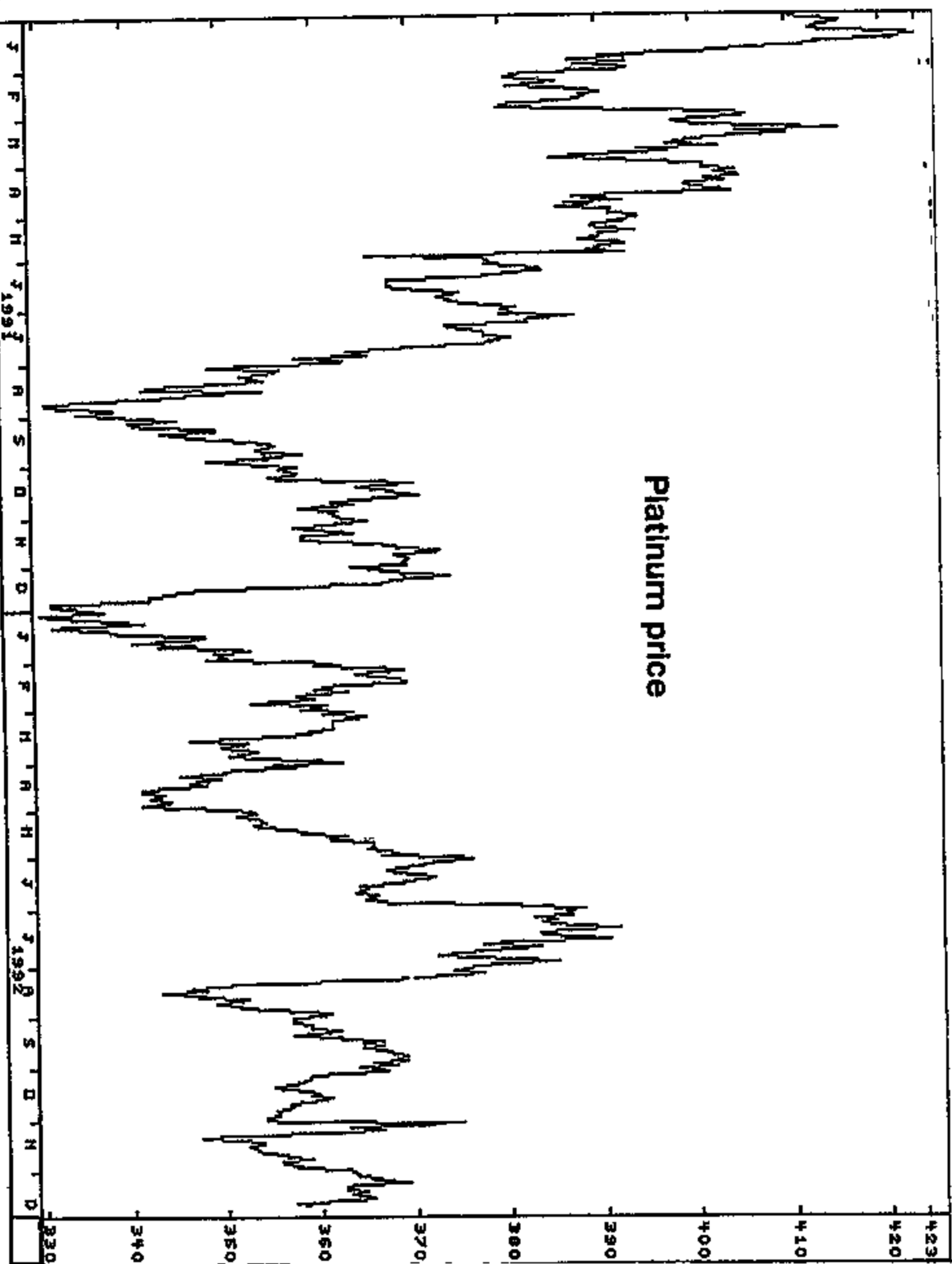
"The treatment of slimes material will be reaching full production in the near future and the revenues from this project will increase the availability of funds to the company"

Lydex was evaluating the viability of a mineral sands project, a platinum venture and a chrome project, he said. The projects had shown sufficient potential to warrant the required exploration expenditure.

Lydex has cash resources of about R18m

The exploration sector had evoked little interest because of lacklustre demand for minerals and metals. The cycle would change over time producing rewards for those who waited, but "an early revival of interest in exploration should not be anticipated".

Gold could be a lead boot on the platinum price



Platinum price

LONDON — The price of platinum will be closely linked to the pace of global economic recovery in 1993, bullion market analysts say.

"I expect platinum back up to \$400 at some point in the first half of next year as its upside is better than gold and silver," said Tony Chung of the Commodities Research Unit.

Platinum was fixed in London last Wednesday at \$359,60 an ounce.

Chung said platinum would be underpinned by autocatalyst demand for the metal as car sales revived in line with the major industrial economies and robust Japanese jewellery purchasing.

"Platinum appears to be running into a strong ceiling around \$372 to \$375," said Brian Nathan managing director of dealers Ayrton Metals, the marketing arm of Impala Platinum.

"The main issue is when the world's economic upturn comes and whether the gradual US pick-up can build and become

the base for a better time for platinum, palladium and rhodium."

Andy Smith, analyst with the Union Bank of Switzerland, said he was not optimistic on the pace of world economic recovery and expected platinum prices to average less than \$360 in 1993.

He said prices would peak near the end of 1993, but Japan's economic slowdown and a low gold price weighed on the upside.

"Platinum really hinges on whether the Russians will supply less again next year, because Japanese demand accounts for between 40 and 50 percent of the market and that will be lower again in 1993," Smith said.

Platinum is widely used in autocatalysts to reduce exhaust pollution and this accounts for more than 40 percent of the market for the precious metal. Jewellery demand, largely in Japan, makes up nearly another 40 percent of sales.

The UBS analyst said the market was concentrating on production of platinum-group metals in Russia — the world's second largest producer after SA — and neglecting domestic consumption and stock levels, which are equally vital for determining supply.

While Russian nickel production and associated platinum group metal output is expected to drop further next year, after an estimated 15 percent fall in 1992, consumption is falling faster.

Smith said the bearish outlook for the gold market next year would act as a drag on platinum as he doubted whether the white metal would sustain a \$60 or \$70 premium to its yellow rival.

"Gold will act like a pair of lead boots on platinum next year, as gold will be a lot nearer \$300 than \$400," he said.

The platinum fix on Wednesday showed a \$26 premium to the gold fix of \$333,00 an ounce

Ayrton's Brian Nathan argued that Japanese platinum consumption in jewellery has held up surprisingly well in 1992 and would underpin the market's recovery next year.

"Japan's had a slowdown in a recession. If the US starts to pull-out out of its trough, it dip in Germany and Japan economies will be less severe," Nathan added.

He said platinum could quickly become the market's favoured metal, in the same way speculation has driven its sister metal palladium to 28-month highs, if unexpected supply demand factors seize investor imaginations.

"If we have reports that catalyst demand for platinum higher than expected, or much production is down in Russia again, platinum could become the flavour of the week," Nathan said.

"If platinum gets through \$372 to \$375 then testing \$390 definitely a possibility," added — Sapa-Reuter

COMPANIES

Deals boost Northam shares

NORTHAM Platinum traded about three times its monthly average share volumes yesterday when two deals resulted in 261 900 shares worth R3,99m lifting the price off its 12-month low by 25c to 1525c

The deals follow an announcement this month of a R350m rights issue to finance capital expenditure to bring the mine into full production in August 1993 and to pay off R169m short-term bridging finance.

The issue brought the capital cost of the mine — which has taken six years to develop — to R1,65bn while yesterday's market capitalisation was only R878m.

An analyst said the share had steadily drifted lower over the past year from a high of 2900c on 18 July 1992 amid persistent negative sentiment regarding the Goldfields-owned Northam Platinum project.

Factors spurring scepticism included the number of rights issues undertaken,

EDWARD WEST

that the mine was a relatively high-cost deep-level operation, and the capital outlay *BIDM 30/12/92*

Other considerations were that it was Goldfields' first platinum project, the mine had lower head grades than originally expected and the world-wide recession.

"If the share price falls again as much as it has done in the past year, it could become very difficult for Northam," the analyst said. *(217)*

Northam chairman Alan Wright was confident of the mine's prospects and said all development at the mine had settled in well

"It looks as if, with a decent metal price, we might make quite a bit of money there."

The rights offer was pitched at 1475c a share in the ratio of 42 for 100.

RBM 'has advanced environmental ethic'

B/DAM 17/11/92

(217)

RICHARDS Bay Minerals (RBM) has often been accused of disturbing the ecosystem along Natal's north coast, but MD Roy McPherson says RBM has demonstrated an advanced environmental ethic that goes beyond the legal requirements of the mining lease

RBM operates one of the largest heavy mineral mines in the world, producing titanium minerals, high purity iron and zircon, and it is the first time they have entered for the Non-Listed Award

McPherson says RBM launched its environmental programme in 1976 when environmentalism was not listed high in corporate and industrial policies

In recognition of its achievements in the field of environmental management, the company was given the Environmental Planning Professions Interdisciplinary Committee award in 1989

He says it is safe to conclude that RBM's long-term commitment to the stated environmental ethic will stand the test of time

Poverty

McPherson adds that a major component of RBM's environmental ethic is the realisation that overpopulation, lack of education and poverty are major contributors to environmental degradation

To this end, the company embarked on a rural development programme in 1978 and has commissioned a major study to discover ways of linking rural development with the needs of conservation

RBM was formed in 1976 to mine and beneficiate the

mineral-rich sands that extend 17km in a 2km-wide strip from just north of Richard's Bay. In 1985, the company acquired further rights to the north and south of existing deposits

RTZ has a 50% stake in RBM and the other partners Genmin (25%), the Industrial Development Corporation (17%) and the SA Mutual Life Assurance Society (8%), make up the rest

Titanium is not a household name, but titanium dioxide pigment has wide usage in the production of paints, plastics, rubber, paper and ceramic tiles to provide high quality finishes. Zircon is used in ceramics, steel refractories and glass refractories industries

RBM has recently completed a significant expansion programme which involved an investment of more than R1bn. In the past three years the money was spent on the construction of a fourth mining plant and furnace and upgrading all other processing plants.

"The expansion pro-

Mining pond C at dusk.

gramme, together with various marketing initiatives, means that RBM has become a dominant force in world markets, particularly in titanium dioxide slag," McPherson says

RBM is now able to produce more than 1-million tons of titanium dioxide slag, 120 000 tons of rutile and 300 000 tons of zircon for local and international markets

The company also produces high purity iron which it exports after supplying more than 95% of SA foundries

Sales top the R1,2bn mark, which represents a 32% increase against the 1990/1991 financial year. Of this total, 94% is export revenue

World

During 1991, RBM's world market share of titanium dioxide slag reached 25%, zircon 20.5%, rutile (welding) 31% and high-purity iron 18%

McPherson says RBM is well-positioned for the new SA in that it is internation-

ally competitive and generates significant foreign exchange earnings and wealth

He says RBM gives generous assistance in the fields of education, housing, social upliftment, health and job creation

"We do this through building schools and equipping classrooms, notably the Tisand Technical high school at Esikhaweni"

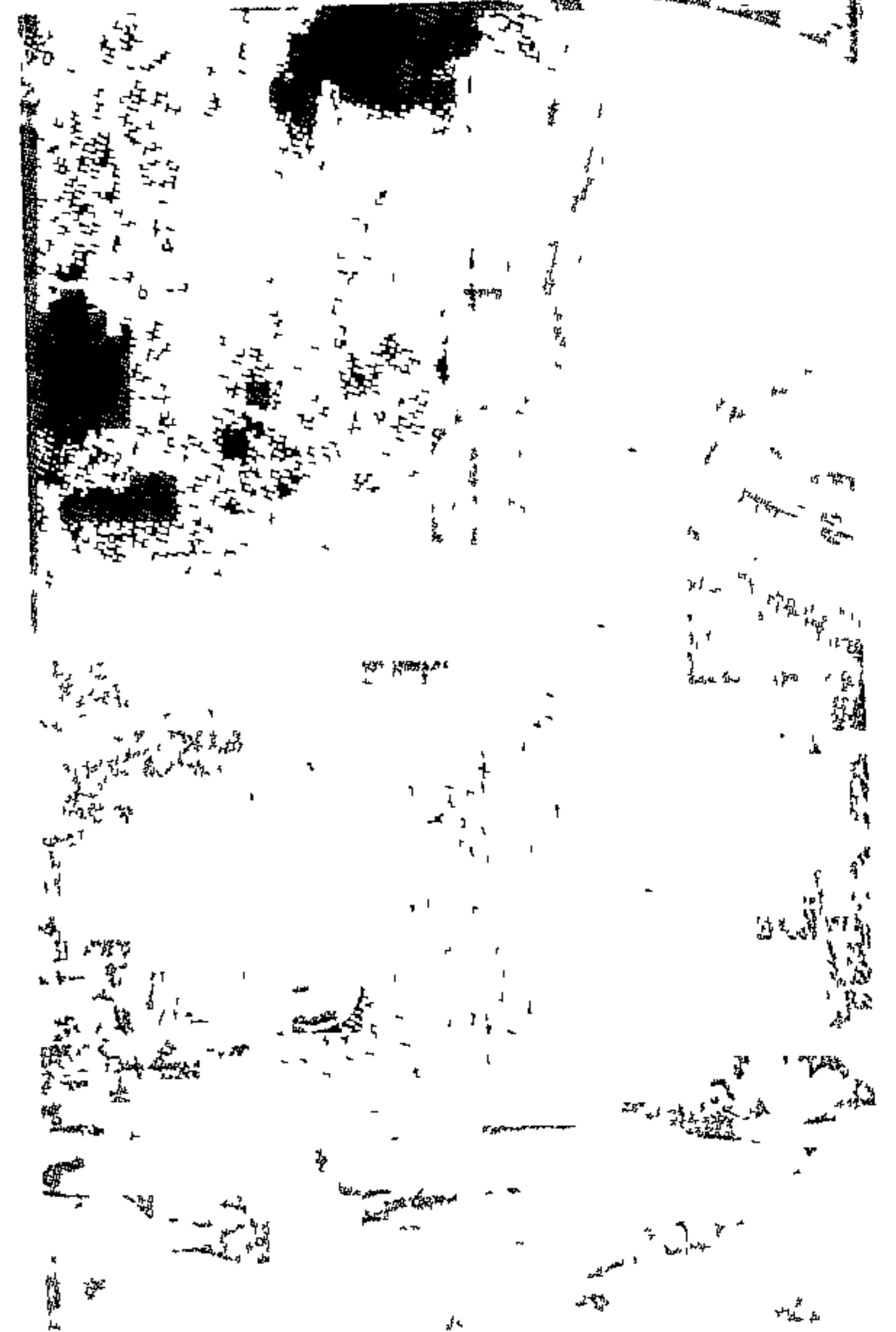
McPherson says RBM also assists in the upliftment of local communities by providing wells for drinking water, providing rural toilets, and implementing agricultural projects and marketing

RBM also sponsors a local business advice centre which has created jobs for more than 1 000 people, and given legal and financial advice to thousands of others

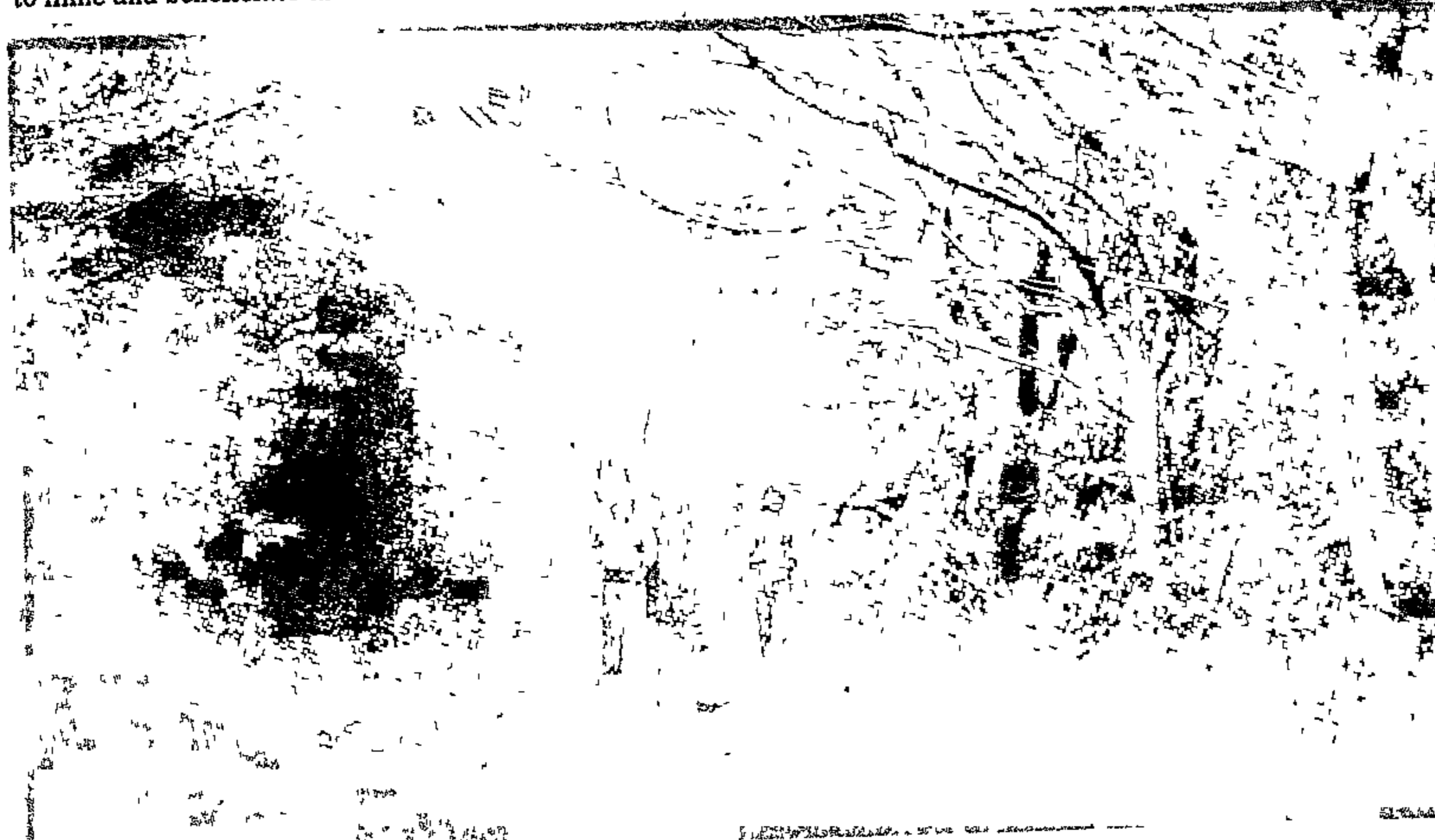
"To succeed, the new SA will need more companies that operate to First World standards, have a strong environmental conscience and are internationally competitive and successful," he says



Drawing water from a well dug by means of concrete collars supplied by RBM.



RBM environmental officer taking a water sample from stream for purity analysis



View of 12-year-old rehabilitation.



MARCHING ORDERS ... conservationist Ian Player in his natural element
Picture: JIMMY HUTTON

Ousted from Natal Parks Board over strong opposition to mining claim

SI Times

217
12/17/92

By ROY RUDDEN

WORLD-RENOWNED ecologist Ian Player has been kicked out of the Natal Parks Board in a move which has rocked national and international conservationists.

Although Dr Player refused to comment yesterday, sources close to him said "Ian has no doubt that a major factor is his relentless opposition to the St Lucia mining"

Also removed from the NPB is another staunch opponent of the proposed mining operation on the shores of St Lucia, Dr Nolly Zaloumis, former president of the Wild-

life Society of SA

life Society of SA

Dr Zaloumis was dropped after 18 years on the board, and Dr Player after eight, although he was an NPB employee for 22 years

One of their replacements is Durban attorney Graham Cox whose firm, Cox Yeats and Partners, acts for Richards Bay Minerals, the conglomerate that wants to do the mining



GEORGE HUGHES
Parks Board boss

Player told to take a hike

★ SUNDAY TIMES, July 12 1992 3

Famous author and environmentalist Sir Laurens van der Post, in London, reacted with "a consternation that will be shared by a wide circle of world conservationists"

Sir Laurens, who is a patron of the Campaign for St Lucia (Player and Zaloumis are committee members), said "I don't know the reason for the outrageous removal of Ian Player, but I don't believe any reason is good enough."

"What astounds me perhaps most is the stupidity of getting rid of the services of such a man who represents the history of conservation in South Africa since the last war as no one else does"

Threats

"I also feel great unease at learning that one of the consequent vacancies on the NPB has been filled by someone linked with vested interests representing one of the greatest threats to conservation in South Africa that we have experienced this century."

DP deputy spokesman for environmental affairs Mike Ellis said he was "shattered" by the men's removal

"If there is any political intrigue behind this it must be exposed — and I will make it my business to do so."

A senior conservationist in the public service, who asked not to be named, said there was a strong feeling among officials that, although most NPB staff were vigorously opposed to St Lucia mining, certain members of the hierarchy felt differently

Parks Board executive director Dr George Hughes denied any hostility towards Dr Player or Dr Zaloumis and dismissed suggestions of Richards Bay Minerals involvement in the board's affairs "with contempt" Appointments were not made by him, but by the Administrator.

Incorrect

Natal Administrator Con Botha said it was with great reluctance that certain people had not been reappointed. He denied any antagonism towards Dr Player.

"There were other considerations," he said. "We wanted young blood, we wanted a woman on the board and we wanted an Indian too. We already have two blacks Then it's

our practice to have lawyers and businessmen represented. In any case, we've left Dr Player on our museums body."

New board members include the first woman, Natal Wildlife Society chairperson Mrs Jean Senogals.

A spokesman for RBM said there was nothing sinister in Mr Cox's appointment to the board, which it had been unaware of.

Mr Cox said he was a frequent visitor to game parks.

Haib Copper (217)

taken over by ^{STAR} 13/17/92

Mega Holdings

JSE-listed Haib Copper Mining and Exploration Investment, a subsidiary of Revere Resources SA, which holds two copper deposits in southern Namibia, has been taken over by the Pretoria-based Mega Holdings of Corne Kooiman and Louis J Mieme.

Sponsoring broker Frankel Max Pollak Vinderine, on behalf of Revere Resources, Mega Holdings and Haib, says an agreement has been reached in terms of which Revere has sold its 80 percent interest in Haib to Mega for R550 000 in cash.

Mega has also procured the release of Revere's obligation to pay GE Swanson R1,2 million for the original acquisition of the option to purchase the Haib mineral claims and other rights in southern Namibia and has secured these rights for a consideration of R550 000.

Mega also obtained Revere's interest in Haib without taking over any liabilities other than Haib's liabilities to Mr Swanson.

Revere has incurred a R497 000 loss on the sale of its Haib investment

However, this transaction will have no impact on the earnings or net asset value of Haib. — Sapa

Fired wildlife duo to fight for St Lucia

By David Katz (SA) (217)

Top conservationists Dr Ian Player and Dr Nolly Zaloumis have vowed to continue their battle to prevent mining along the eastern shores of Lake St Lucia, despite their dismissal from the Natal Parks Board (NPB).

Commenting yesterday on his shock dismissal, Dr Player said he had accepted his discharge "without rancour".

Conservation sources believe the renowned ecologist was dismissed because of his ardent opposition to St Lucia mining.

Dr Player was on the board for eight years, after being an employee for 14 years.

Dr Zaloumis, former president of the Wildlife Society of SA, was on the NPB for 18 years.

Both conservationists are committee members of the Campaign for St Lucia, which ardently opposes proposed min-

ing by the Richards Bay Minerals company.

Dr Player said yesterday: "I am proud to have served on the board to the best of my ability. The discharge is quite a relief. I can now devote my time to really speak out against the mining of the St Lucia dunes."

"Richards Bay Minerals has conducted a smear campaign against us, saying we are against all mining in the area. We are against the mining of the sand dunes on the eastern shore of the lake

New age

"I believe the full wrath of the public is yet to be felt. The St Lucia issue has become a catalyst for a more powerful amalgamation of non-government conservation groups. Our fight has attracted national and international concern."

Backing Dr Player's view, Dr Zaloumis said "We are moving into a new age. Caring for the earth, sustainable development

and real conservation are very important.

"There must be better alternatives to the mining of St Lucia. Short-term and long-term priorities must be balanced. Mining is not as relevant as it used to be," he said.

NPB executive director Dr George Hughes yesterday said the board was officially against mining "We have spent an enormous amount of energy to ensure a high-quality environmental impact assessment."

In a statement earlier, Natal Administrator Con Botha said it was with great reluctance that certain people had not been re-appointed to the board.

"There were other considerations. We wanted young blood, we wanted a woman on the board and we wanted an Indian too," he said.

Durban attorney Graham Cox, whose firm Cox Yeats and Partners acts for Richards Bay Minerals, is one of the replacements for the sacked conservationists.

STAR 13/7/92

Soweto inquiry has yet to start

ADRIAN HADLANIK

AN URGENT inquiry into fraudulent construction company activities in Soweto has failed to begin its deliberations, three months after it was ordered to do so by the Central Witwatersrand Regional Services Council (RSC) ^{6/17/92}.

In April the RSC requested the Soweto City Council to set up an inquiry "forthwith to investigate and apportion culpability for irregularities in the approval of contractors' certifications of payment by Soweto City Council employees"

Initial investigations by consulting engineer Van Wyk & Louw found almost R500 000 unaccounted for in just one project to supply roads and stormwater drainage to Soweto, undertaken by the recently sequestered Homball civil engineering company

The RSC ordered the disciplinary inquiry to produce a detailed report, including "any punitive or corrective actions taken", by not later than May 22 this year

Three months after the inquiry's urgent creation was ordered by the RSC, it has yet to meet

Newly appointed RSC CEO Leon de Wet said the Soweto council had requested financial aid to pay for the disciplinary inquiry and RSC assistance with structuring the inquiry

"We are all anxious to proceed and are trying to sort out the details," he said

De Wet said it was a matter of time before it met and compiled its report. He could give no indication of when the report could be expected

SADF officer kept tabs on Coetzee

BIDAY 16/7/92

TIM COHEN

three days before being sent home. Du Randt was secretary to chief of staff, intelligence, Gen Christoffel van der Westhuizen, who has allegedly been linked to the assassination of four eastern Cape activists in 1985

The SADF said that two members of the defence force were sent to London in April to confirm a possible international terrorism link between Umkhonto and the IRA.

"During the visit one member, acting without sanction, authority or knowledge of the SADF or any other government authority, allegedly decided to arrange for the monitoring of Dirk Coetzee"

The SADF denied the defence force had ever had any interest in Coetzee "The possibility of collusion between the individual in question and an individual or individuals who are not members of the SADF is also being investigated"

De Klerk said he was fully informed of the situation at the time the incident occurred, and gave instructions that every assistance be given to the British authorities "Departmental investigations are continuing and I hope to be informed of the final results in the near future"

"These results will be communicated also to the British authorities, at which time a decision will be taken whether a further public statement is deemed desirable," the statement said

PRETORIA — The SADF admitted yesterday that a senior officer had "monitored" SAP renegade Capt Dirk Coetzee in the UK, but denied the monitoring had been authorised officially.

The SADF statement followed a report in the Independent newspaper in Britain that two SA agents were arrested by British authorities in April after allegedly plotting to kill Coetzee.

An SADF spokesman said no disciplinary action had been taken against the officer, but the SADF and President F W de Klerk said in statements yesterday that the matter was being investigated.

The Independent said the agents allegedly plotted to murder Coetzee in co-operation with Ulster loyalists, but the plot was foiled after a tip-off to British intelligence from within the SAP

Coetzee fled to Zambia in 1989, where he told of his role in poisonings and killings by SA security agents. He subsequently joined the ANC, Sapa reports.

He sought asylum in Britain in 1991 and has been under police protection. Coetzee was quoted as saying he had only narrowly escaped death "Scotland Yard (London police headquarters) confirmed to me that this was a very serious attempt on my life," he said

The two agents, Capt Pamela du Randt and Leon Flores, a former policeman, were arrested just before their departure from London and were interrogated for



Gengold MD Gary Maude at yesterday's presentation of the group's quarterly results. Maude said Gengold, as a whole, had a good quarter. Picture CATHERINE ROSS

Russian tender may lure SA firms

THE Russian Federation would soon call for tenders for development of what could be the largest undeveloped copper deposit in the world, and it was likely that companies such as Anglo American and Gencor would be among the large international companies approached

Executive-director Richard Gnodde of London-based Goldman Sachs International said last night that the Udokan project presented a unique opportunity to participate in a world class copper project with a potential life measurable in decades. Market analysts said it was likely

that Anglo American and Gencor would be competing with large international companies such as Phelps Dodge of the US, RTZ of the UK and BHP of Australia

Udokan's copper deposits were estimated at 1,25-billion tons of ore containing about 18-million tons of copper. The deposit, discovered in 1949, was near the rail service connecting to the Trans-Siberian railroad. Analysts said this was likely to be the first of many tenders concerning Russian mineral reserves

MADDEN COLE

REVERE/HAIB FM 17/7/92

Digging in (219)

The sale of Haib Copper and the liquidation of Foston subsidiary New Arbor colliery reveal tough political and economic times are

FM 17/7/92 (217)

forcing Revere Resources MD Glenn Laing to consolidate his fledgling mining group's position

The Revere share price has reflected this situation, dropping from a 12-month high of 33c in January to the current low of 10c

Laing sold Haib because he was unable to find the R8m needed to get his proposed copper mine off the ground. Holding company Revere Resources' income was also hit hard by the seismic event at Rand Leases, which stopped mining operations from April 7 to May 18

Rand Leases has poured all its ready cash and the proceeds from the insurance claim on shaft damage into getting the mine back into operation. Laing says by September operations should be back to where they were in April

"The Haib project would have flown if I'd started it a year earlier," he says "Under present political conditions, I have been unable to find anyone prepared to invest money in Haib." Revere's 80% stake in Haib has been sold for R550 000 to a virtually unknown private company, Mega Holdings, controlled by Pretoria-based businessman Corne Kooiman (40)

The Securities Regulation Panel has waived Mega's requirement to make an offer to minorities because of the nominal amount paid for control, of 0,1c a Haib share. The share stands at 7c on the JSE and looks way overpriced

Kooiman describes himself as an enigma and entrepreneur extraordinaire but declines to give specifics now about Mega's business. The company's business practices are, however, under preliminary investigation by the Business Practices Committee in terms of Section 4(1)(c) of the Harmful Business Practices Act "They have been at it for four months but won't tell me what precisely they are looking for so I have no idea what it's about," claims Kooiman

Feasibility studies

Kooiman says it's planned to develop a small copper mine at Haib, producing 100 t/month of metal at a capital cost of under R4m, depending on the outcome of feasibility studies under way. Longer-term, Mega is going to be reversed into Haib

Revere lost R497 000 on the sale of Haib. Mineral rights holder George Swanson has agreed to accept R550 000 from Mega compared with the original R1,2m deal he had struck with Revere, but for which he never received payment

Laing says Foston's coal exploration, mining and trading activities remain profitable, but liquidation of New Arbor was necessary because this company was in a "messy situation" which had to be resolved. Foston is the largest creditor in New Arbor

Revere's third arm involves the gold and base metal mineral rights at Gravelotte in the eastern Transvaal, where a small zinc mine is being established

"Revere has three potentially good operations which have to be patched up and

consolidated. Revere will then be able to sit tight and wait for the opportunities that will come," Laing comments

Brendan Ryan

PP Rust warns of rival prospecting bid

POTGIETERSRUST Platinums (PP Rust) has warned its shareholders that a third party is trying to get prospecting rights in Lebowa, in conflict with its arrangement with the Lebowa government

A cautionary statement by the JCI-controlled company said these groups were trying to persuade the Lebowa government to repudiate PP Rust's agreements and prospecting grants

It added there were no legal grounds on which any rights, which infringed the company's rights, could be granted to a third party, and the company would act against

MADDEN COLE (217)

any infringement of its prospecting grants. PP Rust was listed on the London and Johannesburg stock exchanges in the latter part of 1991 after the unbundling of JCI's platinum interests, which allowed Rustenburg Platinum, Leplat and PP Rust to stand alone.

JCI director Bruce Sutherland declined to comment on the cautionary announcement last night, saying the group did not wish to release further information at this stage.

17/7/92
LAWYERS

Campaign for St Lucia hots up

By EDDIE KOCH

THE campaign to stop the shores of Lake St Lucia being stripmined for titanium stopped up this week as a powerful consortium of conservationists vowed to block all mining on wetland sites in South Africa.

This follows the abrupt ousting of Ian Player, and Nolly Zaloumis, respected anti-mining activists, from the Natal Parks Board (NPB), and their replacement by a lawyer whose company represents Richard's Bay Minerals (RBM), in what is widely seen as a crass attempt to pave the way for mining.

Members of the Campaign for St Lucia believe a decision has been taken at government level not to buckle under demands for tight curbs on mining activities that damage the environment.

They point to the recent government go-ahead for kaolin mining on Chapman's Peak in the Cape Peninsula, as well as Mineral and Energy Affairs Minister George Bartlett's statement in May that the government was in favour of mining at St Lucia, as evidence that the government is desperate for large foreign exchange ventures like these to go-ahead.

These two developments have galvanised a powerful anti-mining lobby.

Player said 120 organisations affiliated to the Campaign for St Lucia would now press for legislation to ban all mining on South Africa's protected wetlands.

"The public outrage here is now so strong that it looks like a spilt of environmental activism in the classic sense — people throwing themselves in the path of bulldozers — has finally come to South Africa," a member of the alliance told *The Weekly Mail*.

Player was reluctant to speculate about Natal administrator Con Botha's motives for ousting him.

Mystery British buyer eyes Tek

Business Day Reporter

A UK electronics company is reported to be in the process of buying troubled East London-based Tek Industries (TI), SA's largest manufacturer of printed circuit boards.

Tek Corporation, TI's holding company, said it and co-owner Siemens had been involved in negotiations for the past six months. **310A-1**

The media would be informed at a later date, Tek said. **221712**

But a source close to the company said the takeover would mean a change in focus, enabling TI to produce for the international market.

It was also agreed with the potential buyer that 90 workers would be sacked at the end of this month.

It has been disclosed that poor consumer confidence and the economic downturn have forced Tek to retrench about 146 workers at East London subsidiaries Tek Appliances and Tek Electricals.

'Converter' knocks platinum

g,10#y
221712

MERVYN HARRIS (217)

YET another claim of a platinum-free catalytic converter for motor cars put the skids under the metal's free market price yesterday, pulling the price down almost \$10 to a London afternoon setting of \$380.90.

The decline came despite the fact that the announcement by the Japanese National Institute for Resources and Environment of a palladium-based catalyst referred only to diesel catalysis.

The news was also dismissed as of little significance to platinum by both Ayrton Metals and Johnson Matthey, Reuters reported. Platinum depends on catalysts for about 40% of total world demand.

Ayrton MD Brian Nathan said diesel catalysts were already based on palladium rather than platinum and rhodium, while a Johnson and Matthey spokesman said the announcement was "not dramatically new or a possible product".

The news was the latest in a string of such announcements over the last

few years which have adversely affected the price of the metal. There were three such announcements in 1991.

These included the development of a converter by Nissan which was of limited application while that of Isuzu was applicable only to diesel. A third involved a manganese-based converter.

The platinum market faced its biggest scare in the late 1980s when Ford announced the development of a platinum-free converter, sending the price of the metal into a free fall.

Analysts said a feature of all the announcements was that while they had pulled the market down, they had little or no effect on the use of platinum or rhodium in catalysis.

Moreover, industry sources remain confident that platinum and rhodium are essential ingredients in efforts to meet stricter clean air standards enforced in Europe and the US.

Rusplats SI Times (12455) says yes to pay (217) 26/7/92 increase

By ADRIAN HERSCH

RUSTENBURG Platinum Mines and the NUM have agreed on a pay increase averaging 11,5%.

An agreement is close between the skilled, mostly white, mineworkers and Chamber of Mines gold mines. The parties have settled on coal mines

Rusplat increases on the lowest job grades are 15%.

JCI platinum director Bruce Sutherland says the Rusplat underground monthly minimum rate increases from R719 to R827 and for surface workers from R569 to R655.

Pay talks at Impala Platinum continue

Management is holding indirect talks with the NUM through an Impala "negotiating council" assisted by the union, because Bophuthatswana law does not allow employers to recognise SA unions

NUM spokesman Zolile Mtshelwane says workers want a 20% pay increase and management offers between 12% and 13%. He says a dispute may be declared.

An Implats spokesman will not comment on details of the negotiations; but says the gap appears to be "bridgeable".

Mass action threat pushes up platinum price

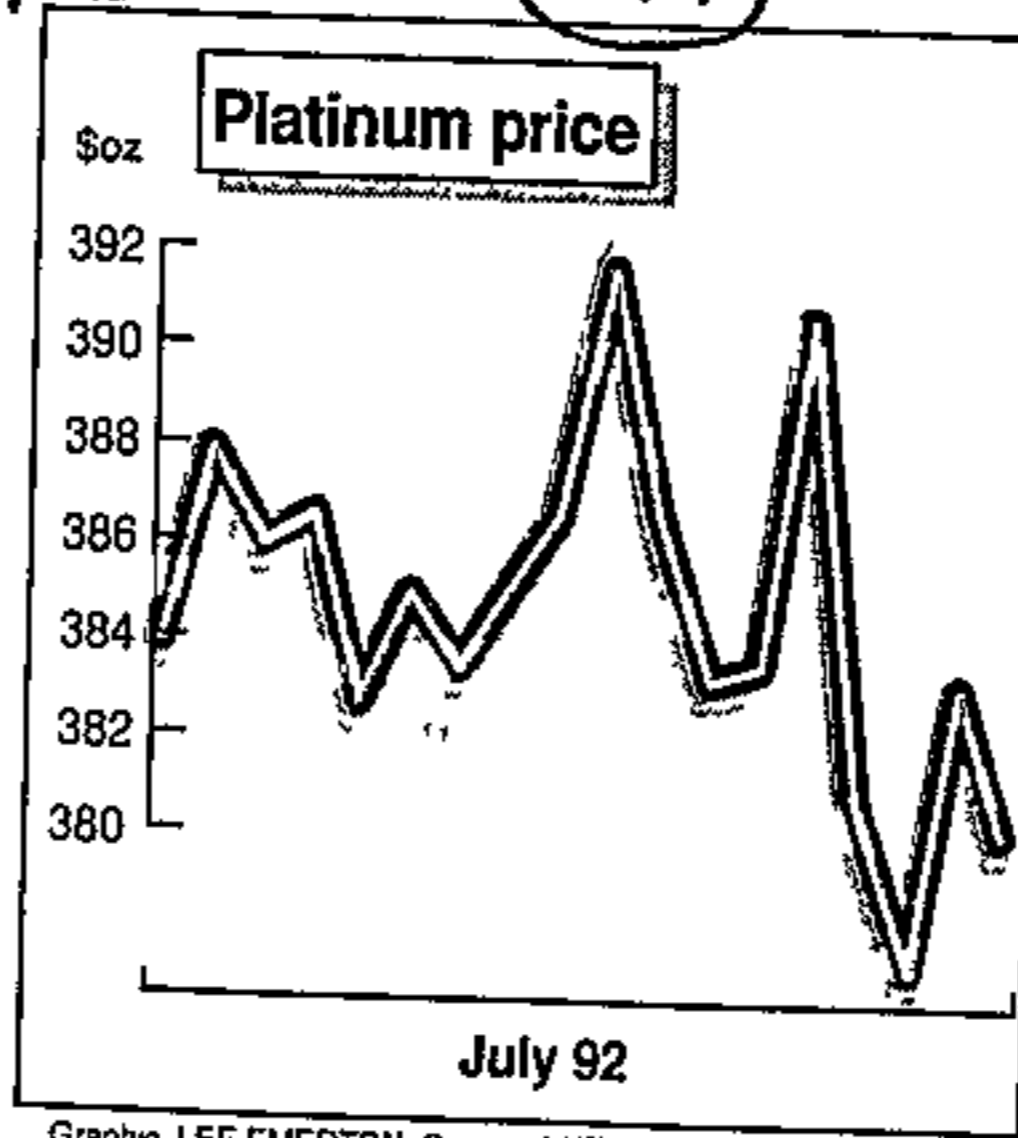
FRIDAY 21/7/92 (217)
JONO WATERS

PLATINUM fluctuated in markets last week, first forced down after an announcement that a Japanese group had found a way to replace platinum with palladium in the diesel autocatalyst and then sent upwards on threats of SA mass action.

The metal fell by \$10 on Tuesday after the catalyst announcement while palladium rose past \$90 on Thursday.

Platinum, palladium and another platinum group metal — rhodium — are used in autocatalysts. Platinum for autocatalysts accounts for about 10% of world demand.

Platinum fell to \$380,25 on Tuesday but recovered later in the week only to slip back slightly, to be fixed at \$380,35 in London on Friday afternoon. Palladium was trading weaker



Graphic: LEE EMERTON Source: I NET

at \$89,25/oz while rhodium was unchanged at \$2,675/oz.

Davis Borkum Hare analyst Alex Wagner said the platinum fall was "just an excuse for market players to take profits." This was seen by the

lack of movement in the rhodium price after the announcement.

He said long-term fundamentals for platinum were still in place and he expected the metal to maintain its upward trend.

Wagner said most analysts were interested to see if platinum and gold could maintain their present levels if the US dollar strengthened.

Frankel Max Pollak analyst Kevin Kartun said there were many reasons for the recent movements in the platinum price. The "discovery" of the diesel palladium autocatalyst had not come as news, and investors were watching the labour situation in SA with the commencement of the mass action campaign.

On the demand side, Kartun said there had been signs of growth in the US in the first quarter of this year, but these had faded.

Platinum mines' results better 'by comparison'

MATTHEW CURTIN

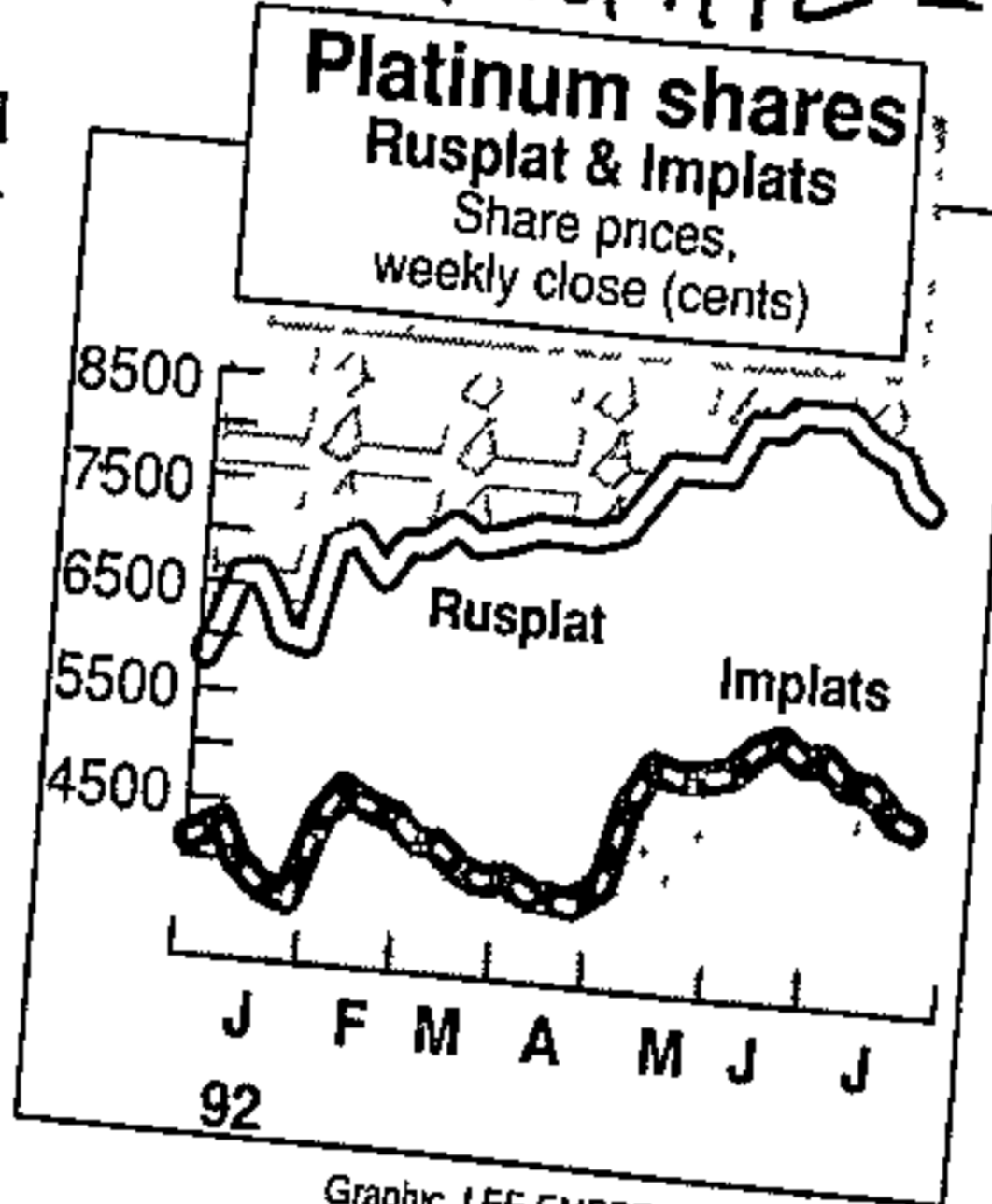
SA's platinum producers would show improved 1992 year-end results, but only in comparison with their unexpectedly poor interim performances, analysts said yesterday

Otherwise, the companies would show the effects of the sustained weakness in platinum, rhodium, palladium and nickel prices, with the best news likely to come from market leader Rustenburg Platinum (Rusplat), which would confirm its position as the "the bluest of the platinum blue chips"

Six months ago Rusplat and Impala Platinum (Implats) cut their interim dividends by 30%. Lebowa Platinum (Leplat) curtailed underground expansion, Implats mothballed developing mine Messina, while it was hit by lost platinum and rhodium production because of wild-cat strikes and refining problems in Bophuthatswana

Rusplat reports its preliminary results at the end of the week, and analysts forecast a sharply lower total dividend on the back of lower earnings.

Davis Borkum Hare analyst Alex Wagner said yesterday that Rusplat would declare a final dividend of 175c a share, bringing the total for the



year to 260c, down nearly 26% from 1991

Frankel Max Pollak Vindermine analyst Kevin Kartun said the total dividend would be 275c, an estimate which could prove too optimistic. Earnings would fall to at least 384c a share, compared with 482c in 1991

He said the only factor which had worked in Rusplat's favour in the past six months was the 7% depreciation in the rand against the dollar. Metal prices had been weaker across-the-board in comparison with 1991 levels

Lower rhodium prices would benefit Rusplat's working costs figure, be-

cause of the group's conservative accounting policy. Rusplat calculates the cost of producing an ounce of platinum by dividing platinum output into overall mine production costs less net revenue from the sales of by-product revenues, of which the key component is rhodium. Rhodium prices are sharply down from the 1991 average of \$4 601/oz received by Rusplat, currently standing at about \$2 600

Kartun said that Rusplat's results would confirm the company's resilience, and the premium of its share price over Implats, because of its high-grade ore bodies, cost competitiveness, high recovery grades and strong balance sheet

Wagner said Leplat's results would show its vulnerability to metal prices as a higher-cost producer, and the company could turn in a small loss in the year. Management was likely to reveal updated plans with regard to Leplat's mining of an outcrop of UG2 ore

Analysts said the key question at Implats, which reports its results in mid-August, would be whether the group had made up for production lost in the six-months ended December 31. Then, Implats lost about R100m in revenue with 50 000 ounces of platinum locked up in the refining pipeline

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Price hikes revive tin operation

JONO WATERS

ZAAIPLAATS tin mine would start up dump re-treatment operations in about two months following the recovery of tin prices on the world market, chairman Norman Tilley said yesterday.

Tin has climbed steadily since the beginning of this year to more than \$7 000/t from about \$5 400/t. It was trading on the London Metal Exchange at \$7 010/t yesterday.

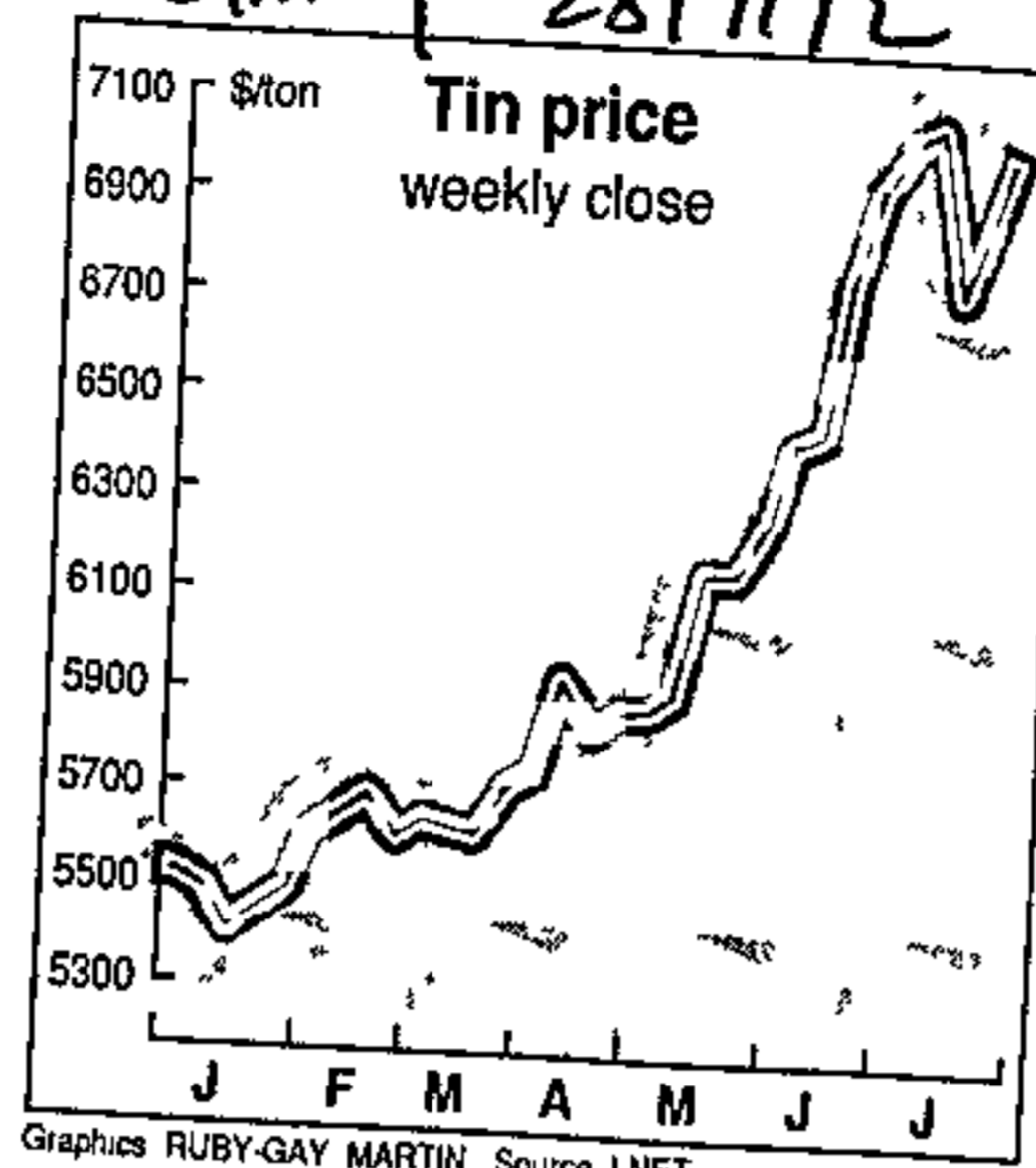
Operations at the mine were stopped in February 1991. It was sold to Geneva-based Tamcor in May 1991. The company was delisted on the JSE a month later.

Tamcor had interests only in the andalusite and sold the tin mine and dumps to Tilley late last year.

He bought the mine to produce bricks, paving stones and concrete fencing from the dumps, but was approached recently by the previous mine manager who suggested that with the 30% increase in the tin price since the mine was bought, processing the dumps could prove profitable.

Tilley said they would process 5 000 tons a month, eventually building this up to 15 000 tons a month.

Mintek ran a pilot plant at Zaa-



plaats about seven years ago. A R4,5m retreatment plant was built in 1990 with the capacity to process 25 000t a month.

There are 3,6-million tons of dump material at the mine and a Mintek study conducted in 1982 showed an average grade of 0,15% tin. However, it was established that the finer fraction of the tailings representing about 21% of the dump had a grade of 0,47% tin, which accounted for 70% of the dump's tin content.

Tilley said they hoped to raise R500 000 from old shareholders to re-start operations. At current forecasts

the mine should make a profit of more than R1m in the coming year. Tilley said they would then apply to the JSE for relisting.

An analyst said the dumps could be profitable even if the tin price dropped to \$6 000/t.

Tin's price recovery on world markets has prompted speculation that some of SA's other curtailed tin operations might start up again.

Iscor closed its Uis mine in Namibia in 1990. Spokesman Neels Howatt said the tin price had to be a good deal better before Iscor considered reopening the mine.

Union mine, owned by a consortium of Cape Town businessmen has been mothballed since 1986.

Chairman Geoffrey Ashmead said they were having discussions with people who believed they were capable of dealing in one or another aspect of the mine. He said the 500 000 ton dump at the mine had an average 0,55% grade tin.

Gold Fields of SA's Rooiberg Tin is the only tin mine still in operation in the country.

Chairman Richard Robinson would not comment on whether Rooiberg would increase production with the higher tin price.

Northam 'is ready to show the sceptics'

BIDAY 28/7/92 (217)

NORTHAM platinum mine is in danger of being unable to match management's original expectations because of its sensitivity to small fluctuations in grade, production costs and metal prices, market sources say

Chairman Alan Wright would not comment yesterday on the spate of bearish reports in Johannesburg and London recently, which highlighted the 500c drop in Northam's share price at a time when platinum prices reached \$390 an ounce earlier this month

He said Northam, a developing mine belonging to Gold Fields, would convince its sceptics when it reached full production by demonstrating its profitability

Northam was expected to produce its first platinum at the end of next month. Analysts said yesterday that production might only start at the end of the year because of difficult mining conditions.

In mid-1988 when Northam held the second of three rights issues, which raised R1,1bn together, the company told shareholders "Several new platinum mines are planned by existing and new producers. However, with an indicated average in situ grade of 10,1g/t of platinum group metals plus gold, production costs should be among the lowest in the industry."

Metal prices at the time the project was given the go-ahead had been higher than those used in the feasibility study, another factor in the company's belief that "Northam will be competitive within the industry and should provide shareholders

MATTHEW CURTIN

with an acceptable return"

Analysts said yesterday that while Northam's long-term prospects were reasonable, the mine was increasingly unlikely to meet these targets

As a deep-level mine extracting ore at up to 2 000m below ground, Northam was vulnerable to becoming an increasingly high-cost producer if grades and prices did not meet expectations.

There have been reports that samples from the Merensky reef at Northam have not lived up to the forecast 10g/t grade, while exploration at Rustenburg Platinum's neighbouring Amandelbult prospect showed average grades of only 7,5g/t

Launch

Also, reports of management's decision to increase stoping widths from 0,9m to 1,2m could knock the mine's forecast grade from 10g/t to only 9g/t

Platinum prices averaged \$466 in 1986, the year Gold Fields decided to launch Northam, and then between \$472 and \$556 from 1987 to 1990, when the three rights issues were held. Platinum was fixed in London yesterday afternoon at \$388,35

However, in 1987 Gold Fields said its feasibility study was conducted on the basis of discounting 1986 metal prices by 25%, which, in the case of platinum would have equated to \$350 an ounce, giving the mine a profit-to-revenue ratio of 65%.

Implats settles on 14% wage hike

BIDAY 29/7/92
MANAGEMENT and workers' representatives at Impala Platinum (Implats) had reached a wage settlement which included an average wage increase of 14%, the parties said in a joint statement yesterday.

The Central Council of Worker Representatives, which represented 45 000 employees at Impala's Bophuthatswana operations in the talks, was a thinly disguised NUM structure. It was established because the homeland's labour laws bar employers from dealing with SA-based unions. Implats said the council was assisted by NUM

Business Day Reporter

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officials during the eight negotiating sessions which lasted three weeks.

The negotiations and settlement followed a period of serious industrial relations problems at Implats caused largely by the homeland's labour legislation. A series of wildcat strikes last year cost Implats 100 000oz in lost production.

The agreement also provided for a living-out allowance option for all employees, three months paid maternity leave and an arbitration procedure.

Copper set to make further gains in London

COPPER was poised to make further gains on the London Metal Exchange, analysts said yesterday

Copper, trading in London yesterday at £1 322 a ton, has risen from around £1 145 in January.

Frankel Max Pollak analyst Kevin Kartun said the price of copper was being driven by fundamentals and pushed up by fund buying

He said the current price of copper in US cents a pound was 115.4c compared with 99.5c/lb that Gold Fields

3/08/92 29/1/92
JONO WATERS

received in the first quarter of 1992 and 102.3c/lb in the second quarter

Kartun said historically the market had been tight because of supply disruptions. Currently prices were increasing because stocks were low on Western markets, placed at five weeks' supplies compared with aluminium at 10 weeks'.

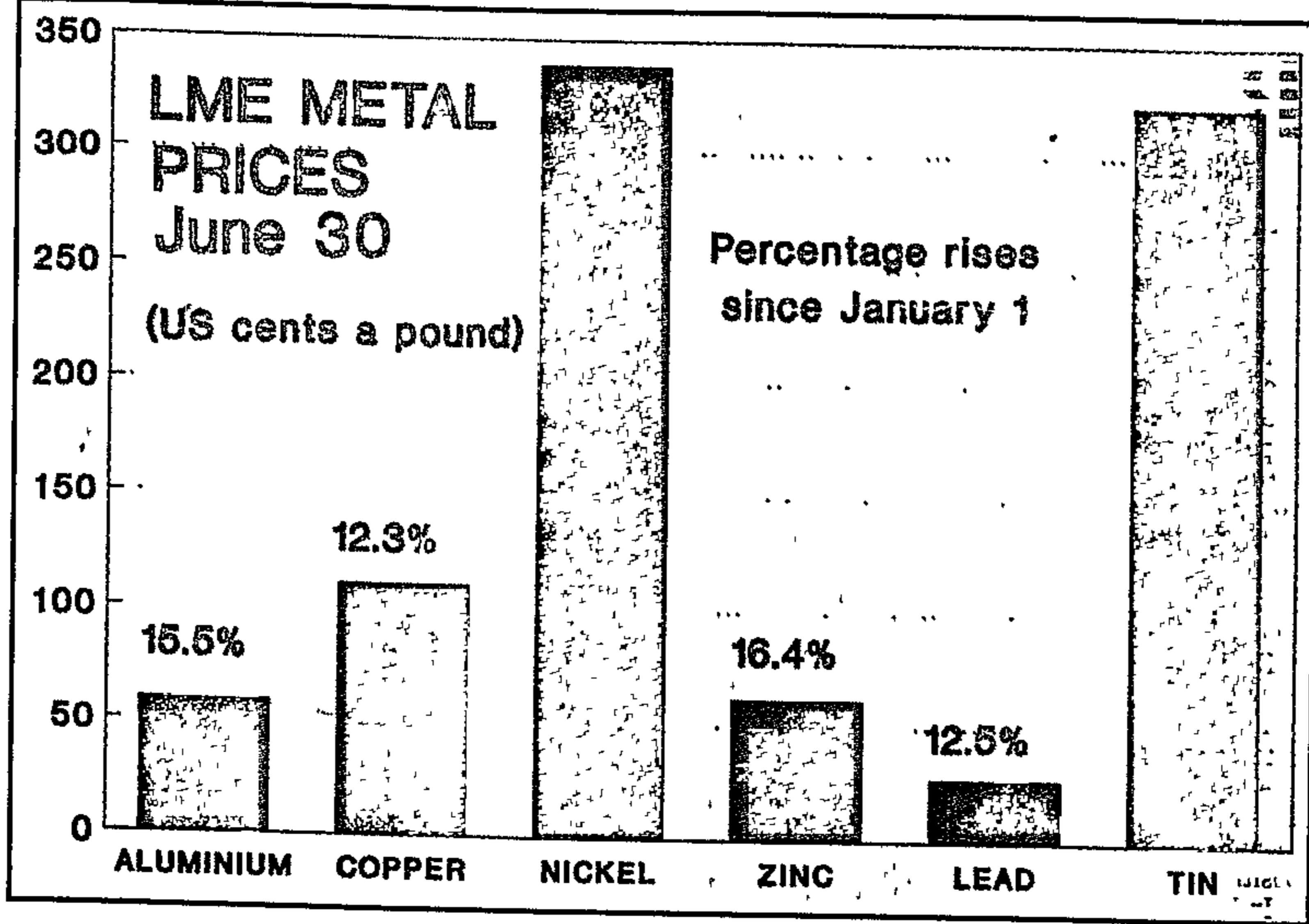
The depressed US dollar and a strike at Polish copper mines also contributed to the bullish copper

price, Kartun said

Irish Menell Rosenberg analyst David Russell said low inventory levels were characteristic of the current depressed world economies.

Consumption had held up particularly well as a result of demand from China for its electrification scheme, but this had pulled down stocks, which were fairly low as a result of an explosion at one of the copper refineries in Chile and the disruption in supplies from Zambia and Zaire

(217)



Too soon to celebrate on LME, analysts say

STAR 30/7/92. (217)

LONDON — Prices on the London Metal Exchange have been rising strongly in recent weeks, turnover is high and some traders have dusted off the vintage champagne bottles to celebrate.

The casual observer might well mistakenly assume that the LME's upbeat mood is signalling that a full-blown world economic recovery is on the way.

After all, LME-traded metals — aluminium, copper, lead, nickel, tin and zinc — are essential to the industrialised world and are used for a wide variety of products.

But the LME is giving some distorted signals

One reason for the present buoyancy is that US-based community funds have piled in with big "buy" orders.

These funds have been excessively influenced by the tentative economic revival in the US, suggests Neil Buxton, research manager at Metal Bulletin Research.

He says: "They see investment in metals as a good way to play that economic recovery Metal

prices have been falling since 1988-89 and other financial markets are not offering such good returns as in the past"

That is not to suggest the funds are entirely wrong. Most analysts believe that metal prices will finish this year at a higher level than they started it

Started low

"That's not saying much," Mr Buxton points out, "because they started at such a low level"

However, it will take some time before the overpowering economic gloom lifts sufficiently to justify a strong rise in metal prices.

As David Humphries, an economist at the RTZ, the world's biggest mining group, suggests, metals demand in Japan, which accounts for about 18 percent of world usage, will fall this year

Prospects in the European Community, accounting for 30 percent, are looking dim because Germany, the driving force, is "coming off the boil"

Only in the US, accounting for 25 percent of world metals usage, is demand showing tentative signs of recovery.

Graham Deller, analyst at the Metals and Minerals Research Services consultancy group, points out that OECD industrial production — an important indicator of potential metals demand — was lower in the first quarter this year than in the final quarter of 1991 and was unchanged in the 1992 second quarter

MMRS is looking for industrial production to improve by only 0.5 percent this year

"As industrial production usually leads metal prices by about six months, even if there is a pick-up in the second half of this year, we would not see any big pick-up in metal prices until late 1993 or even 1994," Mr Deller says

What do the statistics tell us about metals markets in the first half of this year? The sharp price rises in June saw all the LME traded metals finish the month higher than they were in

January.

However, average prices of aluminium, copper, lead and nickel over the six months were all below their 1991 level.

Tin's average price was up, braced by severe producer cuts that will leave the market substantially under-supplied this year.

The average zinc price was sharply up (by nearly nine percent) but this was caused by traders using options to cause a nasty technical squeeze in the LME's market

Buoyed up

Copper, which recently touched its highest price in 18 months, is also being buoyed up by the threat of another LME squeeze in the fourth quarter of this year and early 1993.

Traders suggest that Sumitomo of Japan, which caused an options-related squeeze last year and forced the LME executive to intervene in the copper market, is moving in the same direction again. — Financial Times

Embattled Rusplat cuts payout

By Sven Lünsche

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STAR 3117192

Battered by sharply lower platinum group metal (PGM) prices, JCI's Rustenburg Platinum (Rusplat) has cut its dividends for the year to end-June by 34 percent in line with the decline in distributable profits

The world's largest PGM producer warns that unless the platinum price rises significantly, an improvement in its financial results should not be expected in the current financial year

JCI's other platinum producer, Lebowa Platinum, fared even worse, passing the final dividend after reporting a loss of R28,9 million for the year, compared with a R10,2 million profit in financial 1990/1

Rustenburg's gross sales fell

15 percent to R2,91 billion (R3,43 billion) as income from platinum and other PGMs decreased by 9,9 percent and 19,3 percent respectively

The head of JCI's platinum division, Brian Davison, says the average platinum price received during the year slumped from \$428 an ounce in 1990/1 to \$363 last year

The average palladium price dropped to \$83 (\$97), while rhodium was sharply lower at \$2 684 (\$4 601)

The cost of sales at Rustenburg decreased by 3,3 percent as the lower by-product revenue lifted the value of platinum stocks from R83,4 million to R257,6 million. The unit cost of production increased by 10,2 percent

Distributable profits dropped

by 33,4 percent to R402,3 million (R604 million) and earnings per share fell from 482c to 321c. The total cash dividend for the year has been cut from 350c to 230c

The mine's capital expenditures rose from R429,8 million to R459,3 million

While Lebowa posted a 19 percent rise in platinum sales volume, lower dollar prices resulted in static turnover of R112 million

The cost of sales soared by 42,2 percent largely because of the additional costs of raising the level of production at the mine

Tonnages, grades and metal production fell below targets because of "residual production difficulties caused by the strike in 1990 and the subsequent dismissal of the majority of the

workforce"

However, Mr Davison says the mine is over the worst as an agreement has been reached with the National Union of Mineworkers whereby JCI will hire ex-employees as contractors finish their projects

Lebowa is currently negotiating a R110 million financing deal with a major bank, which could result in a substantial reduction in interest charges and consolidate the R73 million debt incurred so far in financing the expansion programme

Operations at Potgietersrust Platinums are on schedule, and project expenditure to date amounts to R103,6 million

Mr Davison says the group's operations had budgeted for a rise in the platinum price in the current financial year

Rusplat buffeted by tumbling prices

MATTHEW CURTIN
and JONO WATERS

RUSTENBURG Platinum (Rusplat), buffeted by weak platinum and rhodium prices, has cut its total dividend for the year-ended June 1992 by a third.

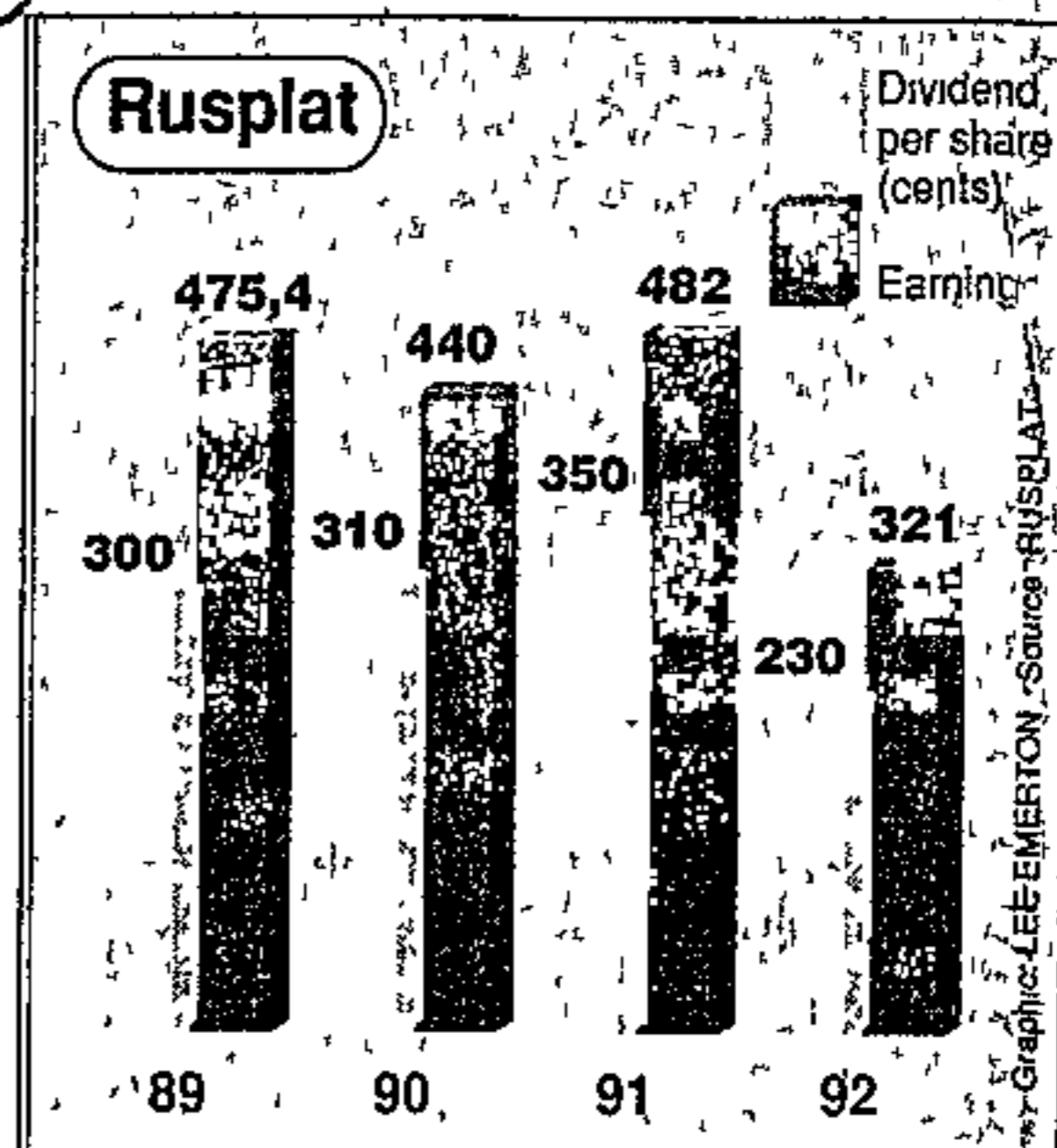
However, Lebowa Platinum (Leplat), JCI's second platinum producer, has borne the brunt of weak prices, which together with continuing production difficulties, saw the company turn in a R29m after-tax loss.

Rusplat has declared a total dividend of 230c a share, compared with 350c in 1991. Earnings fell to 321c from 482c a share in 1991. Leplat passed its dividend

Rusplat MD Barry Davison said that Leplat had suspended its expansion programme until the mine could sustain current production levels of 70 000 tons of ore a month. Management had abandoned plans to reach production of 100 000 tons a month by mining an outcrop of UG2 ore.

He said Leplat had fallen short of meeting its sales contracts. It had to lease metal, equivalent to 60% of the year's sales, which would be met by future production. The company had provided R25m to cover the cost of that production, of which R17m was spent in the year.

Leplat was negotiating a R110m loan to consolidate debt already incurred in fi-



ancing the expansion programme and to meet working capital requirements.

Leplat spent R56m on the programme in 1991/92.

Davison said Leplat's troubles originated in the disruption to production caused by the strike and subsequent dismissal of 1 703 workers from the Atok mine in 1990.

The use of contract labour dented productivity, but Leplat had now re-employed its old workforce. Davison said the attitude of workers had changed completely and workers were keen to better the performance of the contract labour.

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Rusplat

Briefing the Press and stockbrokers in Johannesburg yesterday, Davison said Rusplat had received sharply lower average platinum prices.

Platinum income fell nearly 10% as prices tumbled to \$363 in the year, compared with \$370 at the interim stage and \$428 in 1991. Average rhodium prices fell to \$2 684 from \$4 601 last year.

Davison said there was little prospect of prices improving significantly in the near future, although the fundamental supply and demand balance in the platinum market was good.

He said Rusplat was unlikely to be affected by next week's planned mass action campaign.

Fears of labour unrest sent platinum prices soaring to \$390 earlier this month, but the metal had fallen back to \$376.25, yesterday's afternoon fix in London.

Davison said despite slowing economic growth in Japan, the biggest market for platinum, imports for the first half of 1992 were only 1% lower at 39.1 tons compared to the same period in 1991.

Jewellery consumption was holding up well, but overall growth in platinum demand was unlikely this year, Davison said. There was better news from the US car

industry, which had been pulling out of last year's recession slowly. Demand for platinum and rhodium would be boosted by new clean air legislation in Europe, which required all new cars to be fitted with catalysts from 1993.

He said the rand's depreciation against the dollar partially offset weaker platinum prices, but gross sales revenue at Rusplat fell by 15%. Income from by-product sales, mostly derived from rhodium, fell 19.3%. That helped Rusplat reduce its cost of sales in the year by more than 3% because of its conservative accounting policy which sees the value of platinum stocks increase as by-product revenue falls.

Davison said unit production costs rose little more than 10% in the year. The mill at the company's Union section had suffered mechanical problems in the past few months, but the expansion programme remained on schedule. Capital spending would be 10% lower in the current financial year than the 1992 figure of R402m.

Mineworkers had won an 11.5% wage increase after its wage negotiations with the NUM, marginally lower than last year's settlement. Settlements with the other unions ranged from between 9.5% and 12%, he said.

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Platinum soars on mass action fears

B/DAY 3/8/92 217

MERVYN HARRIS

PLATINUM soared nearly \$10 to be fixed above \$385 at both London fixing sessions on Friday on foreign concern that this week's general strike could result in labour unrest and disrupt supplies

But the ANC-led mass action was discounted by domestic investors who continued to lift leading industrial and financial shares for the fourth successive day on Friday after sharp falls recently

Analysts said the strike was expected to have less impact than initially estimated, although there were still some worries over a flare-up of violence which kept most investors on the sidelines and volumes remained low

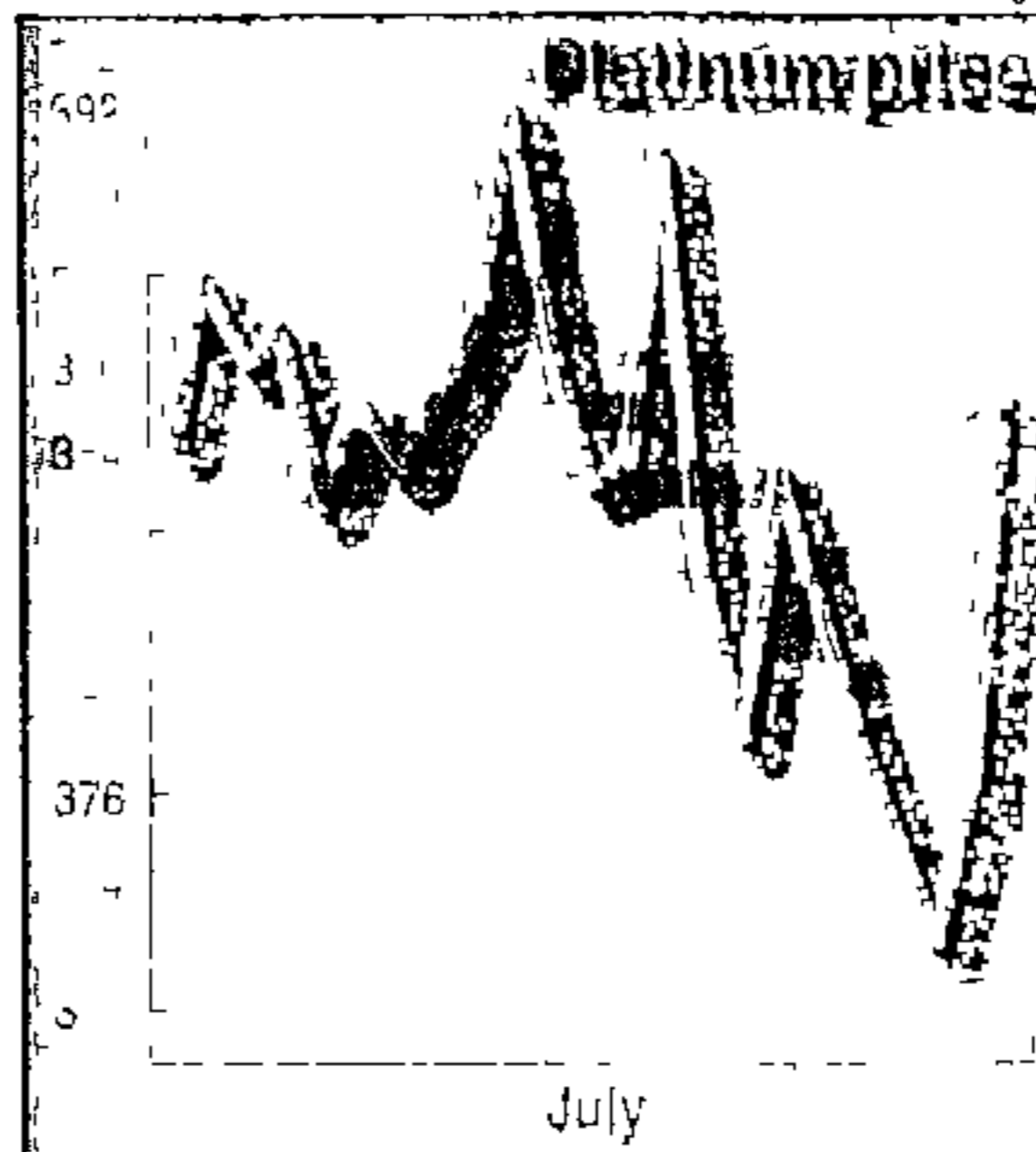
Reuter reports that platinum eased back from early highs after rallying sharply as buying in opening European trade by Japanese trade houses sparked frenzied short covering.

Nobody wanted to go into the weekend short ahead of the general strike, and the early buying caused a panicky scramble to get covered, one dealer said

He said the planned two-day strike was already discounted in the platinum price, but there was still nervousness that the situation might spiral out of control

Dealers said platinum should hold in the \$380s after finding good support at \$372 recently and might test highs of \$391

Platinum was fixed at \$385,50/oz, up about \$10 from the previous \$375,50 close, but off the high at \$386,50 before retreating



Graphic RUBY-GAY MARTIN Source I NET

to retest the \$382 support/resistance level it smashed through in the initial rally

In New York, platinum was the most active sector in the precious metals market, with spot prices jumping about \$7 to close at \$384,50. October Nymex platinum ended \$7,40 up at \$385,10/oz, off an early high of \$388,30

An analyst said \$385 and \$394, basis October Nymex, were awkward areas of resistance for platinum, but the metal appeared on course for a technical upside target of \$425 by year-end

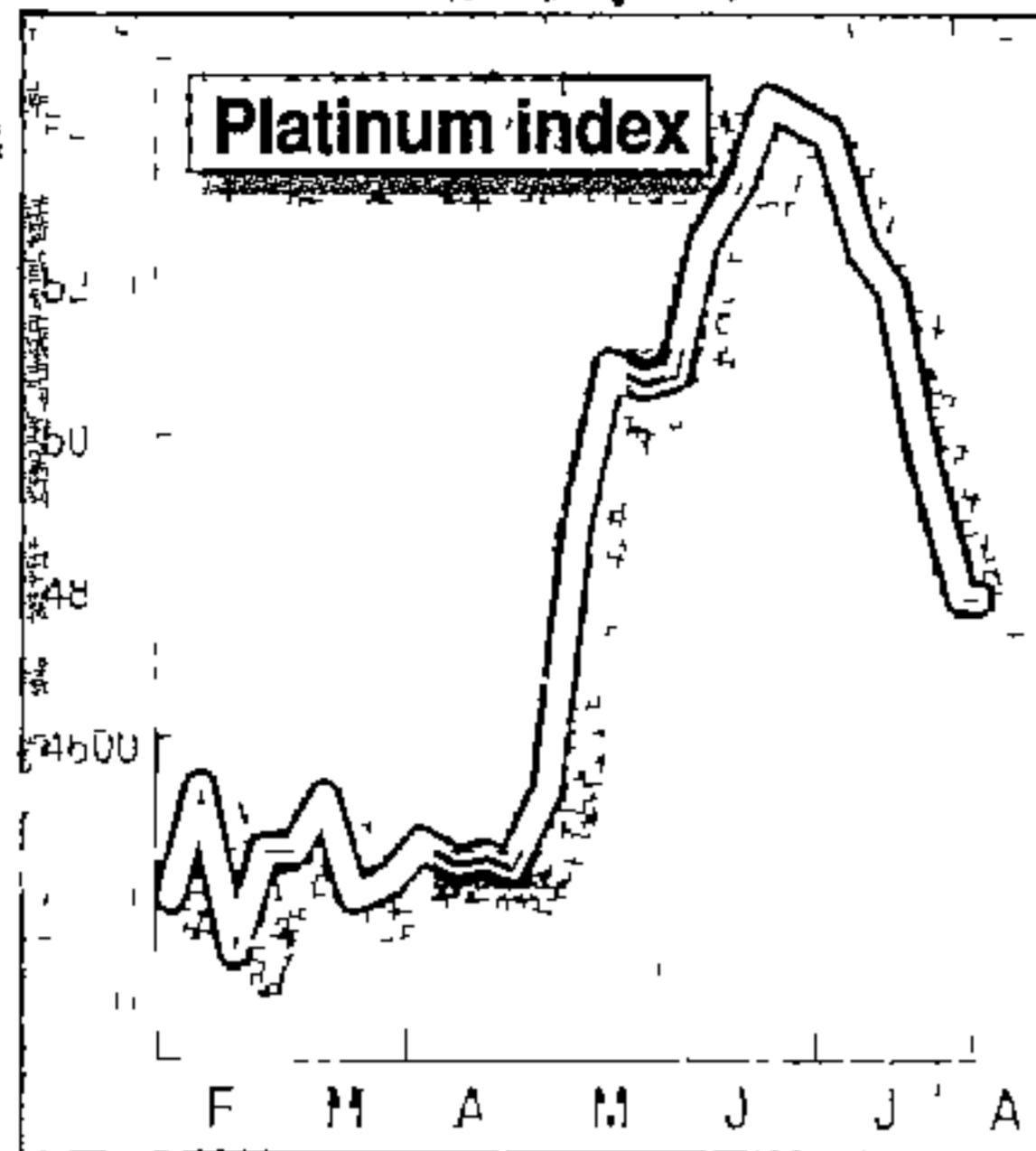
Gold was fixed at \$357,95, up \$1,50 from the previous close on the back of platinum's rise. In Hong Kong the metal ended at \$357,45 from a previous \$356,75 close.

Platinum mines 'unscathed'

B/DAY 4/8/92.

(217)

MATTHEW CURTIN



Graphic RUBY-GAY MARTIN Source I NET

SA PLATINUM production emerged almost unscathed from the first day of the general strike yesterday. Leading producers Rustenburg Platinum (Rusplat) and Impala Platinum (Implats) reported that it was "business as usual" at their mines, employing tens of thousands of workers.

The two companies, with Lonrho's Western Platinum and Eastern Platinum, produce three-quarters of the world's platinum. Fears that strike action might disrupt production pushed platinum prices close to \$390/oz last month.

Platinum prices have subsided since, but continue to swing erratically on either side of \$380. The metal quickly lost most of the

□ To Page 2

Platinum

B/DAY 4/8/92.

(217)

□ From Page 1

\$10 it had gained at the weekend in profit-taking yesterday.

Platinum was fixed in London at \$379.50 yesterday afternoon, sharply lower than Friday's fix of \$385.25, but higher than Thursday's \$376.25.

An Implats spokesman said yesterday its 45 000-strong workforce at its mines in Bophuthatswana reported for work yesterday. However, its base metals and precious metals refineries in Springs were hit by strike action, with 90% of the 1 200 staff members failing to report for work.

He said the stayaway would have no effect on metal output at the refineries, because production could be sustained for "a short time" with a skeleton staff.

Management at the refinery had held talks with workers last week to avoid a complete stayaway, but no agreement was reached. A Rusplat official said there was "normal attendance" at Rusplat's mines and refineries and at Lebowa Platinum's Atok mine.

Implats marketing director John Holley said that the market had discounted the possible effects of strike action in the past few weeks. He said the volatility of platinum prices appeared to be more closely related to the intervention of an unidentified "large player" on the New York Metals Exchange who had bought large amounts of metal last week, before selling on Friday.

Recent surge in price of base metals thought unlikely to last

By Neil Behrmann

(217)

STAR 48192

LONDON — The base-metals price surge of the past few weeks is expected to run out of steam.

London analysts and dealers reason that an increase in base metal demand from the tardy US economic recovery will not be sufficient to offset slack orders from Japanese and European manufacturers, engineering and construction firms suffering from the downturn in their economies.

"Prices rallied mainly because commodity funds and speculators were buying," says Angus MacMillan, analyst at Billiton-Enthoven Metals, members of the London Metal Exchange.

Yet the tentative US recovery, poor demand and high stocks in Japan and most of Europe indicate that industrial demand for metals will not sustain prices.

Moreover, high interest rates and slow economic growth will eventually dampen Germany's

construction industry, a major consumer of metals, he says.

"Metal prices are thus likely to retrace their recent gains and the market is already peaking," says Mr MacMillan.

Such a reaction would not be surprising following the sharp rally of the past two months.

Since the end of May, copper, tin and lead have rallied, largely on the back of the first-quarter revival in US industrial demand.

Copper prices are up 11 percent, Lead has risen 28 percent, and tin is almost 9 percent higher. Aluminium and nickel prices have also edged up since the end of May, but less spectacularly.

Many commodity analysts wonder if the price surge can continue because the advance in base metals comes at a time when the economic recovery is shaky.

Each metal, however, is affected by its own supply/demand factor, says Edwin Arnold, London-based metals analyst at

Merrill Lynch Pierce Fenner & Smith.

He and William Adams, analyst at Rudolf Wolff, expect prices to consolidate and trade within narrow bands during the coming months.

For prices to fall sharply, there must be a steep decline in consumption, says Mr Arnold, noting that China's purchases of copper and nickel have countered lower demand from Japan this year.

Some metals, notably lead, jumped because strikes of key producers constrained supplies.

Zinc surged on the London Metal Exchange, dealers say, because producers squeezed the market by buying options.

Nevertheless, the international economic slowdown and large stockpiles will place a ceiling on prices until producers slash production and there's a consistent worldwide recovery.

Aluminium is a key example and present London Metal Exchange stocks amount to 1.3 mil-

lion tons, compared with 987 000 tons at the end of last year and 311 000 tons at the end of 1990.

Zinc inventories of 341 000 tons compare with 152 000 tons at the end of 1991. Lead, nickel and tin inventories are all higher.

Reflecting a much tighter supply/demand balance, copper stocks, however, fell to 225 000 tons last week from 327 000 tons at the end of last year.

Mr Arnold of Merrill Lynch expects copper to perform better than aluminum, while Chinese demand may boost nickel.

Some analysts are expecting additional gains, particularly when the US economy recovers next year.

They contend that softness and sputtering in the US economy have forced the Federal Reserve Bank to slash interest rates, which should lead to increased demand six months down the road.

Moreover, US inventories have been well-managed by businesses. So, even though stocks of some metals such as aluminium, zinc, and nickel are still high, any resurgence in demand will cause these supplies to dwindle quickly.

With little additional production coming on stream, this year's surpluses could turn into next year's deficits.

Moreover, CIS exports of all metals are expected to decline in coming months because of infrastructural and production problems there.

Uninterrupted production hits precious metals

~~217~~ MATTHEW CURTIN (217)

UNINTERRUPTED gold and platinum production on SA's mines helped knock precious metals prices yesterday, as the mining industry remained largely unaffected by strikes.

Gold fell further from the \$360 mark and closed at \$352.85 in London yesterday, down \$1.20 from Monday's close. Platinum lost ground too, shedding more than \$3 to \$376.25 from \$379.50.

Market sources are divided about whether precious metals prices can maintain their upward momentum of the past two months. Prices could stagnate, waiting for more convincing signs of economic recovery in the US, Japan and Europe first.

International Investment bulletin FullerMoney reported in its latest edition that "it would take only a small increase in speculative demand for precious metals to rebound sharply" Although worldwide deflationary pressure had pulled gold and platinum lower, jewellery and industrial demand had exceeded new production for some time. Platinum and palladium had led the rebound in precious metals, with gold having established a significant floor three months ago. If gold closed above \$360, it would "indicate further recovery scope", the report said.

Commodity price indices are encouraging. The Economist magazine's industrial commodities index has risen nearly 12% this year, to its highest level since mid-'91. The base metals index collated by German trading company Metallgesellschaft has risen more than 15% since January, to its highest mark since early last year.

However, Genmin senior planning and strategy manager Almorie Maule said yesterday the recent increases in base metal prices were not driven by fundamental market conditions. With the exception of copper prices, rising as inventories fall, higher prices reflected the growing activity of commodity funds.

The fundamental demand and supply outlook for gold and platinum was better, but the price spurts in June and July had perhaps come too soon, allowing dealers to take profits quickly and knock prices.

Vansa Vanadium delisted as cash shell period ends

6/10/92 6/18/92 (217)
RAND Mines subsidiary Vansa Vanadium was delisted from the JSE at the close of business on Tuesday

JSE GM Richard Connellan said yesterday Vansa's ordinary shares of no par value were terminated as the company's period of six months as a cash shell had expired.

The shares last traded in December 1991 at 135c but have since gone down on an adjusted basis to 4c. The shares were suspended on the JSE on December 30 1991.

Vansa reported an after-tax profit of R4,8m in the six months to end-March 1992. Income for the period came from the interest on the proceeds of the sale of its operating assets in 1991. The cash proceeds of the sale were distributed to shareholders in the form of a reduction in share capital

The company will remain in existence until the mineral rights of a 4 500ha area — with platinum-bearing reefs — in the eastern Transvaal have been sold and the cash distributed.

Vansa MD David Ashworth said efforts were still being made to sell the mineral assets. He said the company was marketing them to foreign and local investors, but this was not easy with low platinum prices.

JONO WATERS

Analysts said yesterday that higher than expected costs at Vansa's plant and a crash in world vanadium pentoxide prices dashed Vansa's chances of running a profitable operation.

Vansa sold its vanadium mine and its beneficiation plant last year to Vanadium Technologies (Vantech), a subsidiary of ferrochrome producer Chromecorp Technology.

Vantech chairman Ralph Schraader said yesterday operations at the company's vanadium plant were going "reasonably well", although the project had been delayed by three to four months because of water shortages and the initial problems experienced at a new operation.

Schraader said the water crisis had been solved by sinking boreholes.

"Apart from the normal teething problems, the operation is on line and is running at 50% of normal capacity." Vantech is expected to produce 3 000t of vanadium pentoxide a year or 10t a day at full production. It is currently producing 5t a day.

Schraader said he believed costs would be covered at the current spot price of \$2,08/lb.

Rand Mines streamlines head office

RAND Mines is restructuring its head office, after a year in which the group has been transformed from a diversified mining group into a coal mining house with marginal gold mines and exploration interests.

The changes will see the group abandon some of the traditional roles of a mining house, essentially becoming a holding company with two distinct mining divisions, Rand Mines Property and a fourth engaged in exploration activity. There is no official word about how

MATTHEW CURTIN

many jobs will go from Corner House, the group's Johannesburg head office, where a few hundred people are employed.

Deputy chairman Allen Sealey said yesterday the changes amounted to the "divisionalisation" of Rand Mines activities.

The mining house would consist of a coal division made up of Randcoal, and a gold division consisting of Blyvooruitzicht, Durban Deep, ERPM and Harmony gold

□ To Page 2

Rand Mines

mines, plus the property division. The fourth division would consist of "a small team in charge of exploration, developing existing mineral rights and investigating other business opportunities in SA and abroad"

Sealey said the reorganisation would be complete in about 10 days' time.

Rand Mines had been considering for some time what head office structure would best serve the group's interests.

It was decided to move services provided in the past by head office to the divisions. The gold and coal divisions would now have staff dedicated to their own engineering, geological and metallurgical needs, with a few specialist services retained at Corner House.

Sealey said the separate divisions would be better focused now. For example, it made sense for the coal and gold divisions to be separated, given the different economic fortunes of the two sectors which directly affected their ability to pay wage increases. The restructuring of Rand Mines head office follows the drastic streamlining of the group in the past year.

(217)

□ From Page 1

The mining house has sold its platinum interests to Impala Platinum, its vanadium and chrome producers to Vanadium Technologies and Samancor respectively, its forestry operations to Sappi, and its granite mineral rights to Genmin.

Rand Mines retains a stake in its former platinum company Barplats, but had to take on hundreds of millions of rands in debt in the process.

Last year, the group consolidated its coal mining interests in Witbank Colliery, renamed Randcoal.

Analysts say much of the impetus for change comes from controlling shareholder Barlow Rand. With Rand Mines' abortive billion-rand foray into platinum and vanadium mining, four struggling gold mines and erratic results from Barlow Rand's wholly owned subsidiary Middelburg Steel & Alloys, the conglomerate decided to reduce its exposure to cyclical commodities markets as far as it could. Hence the sale of Middelburg to the Highveld Steel & Vanadium/Samancor consortium late last year, and the vigorous reorganisation of Rand Mines.

RUSTENBURG PLATINUM

FM 7/8/92
Looking expensive (217)

While analysts and investors are listening to the positive forecasts on platinum being made by Rustenburg Platinum (Rusplat) MD Barry Davison, they are also keeping a wary eye on the economies of the US and Japan, major markets for the metal

If the mines don't get the improved platinum prices Davison is anticipating, market leader Rusplat faces a flat earnings performance and Lebowa Plats looks increasingly marginal. The slide in the Rusplat price ahead of the results — from R86,25 at the end of June to R77,25 — indicates the market largely anticipated the 33,4% drop in attributable profit. The share dipped only 125c on release of the figures

Even at these levels, Rusplat is on a 3% dividend yield and looks expensive unless the platinum price makes a sustained move

\$428/oz), while the palladium price dropped to \$83/oz (\$97/oz) and rhodium fell to \$2 684/oz (\$4 601/oz)

Davison believes platinum demand and supply have moved more or less into balance. While the US recovery is patchy, he says autocatalyst sales to the American motor industry are going well. Japanese demand has also held up well, with platinum imports for the six months to June totaling 30,9 t, just 1% down on the 1991 first half. He says the Japanese economy is still expected to grow by about 2,5% this year, while autocatalyst demand from the EC will rise as tighter emission standards on all new cars become mandatory from December 31.

Rusplat's production will increase this year as the Amandelbult expansion kicks in, but Davison continues JCI's policy of not disclosing production figures. Despite the additional production, Davison says "I do not believe earnings can be much different unless we get an increase in the platinum price. If the price deteriorates results will be worse."

Davison declines to give details on the situation regarding claims being made by

continue

FM 7/8/92
 above \$400/oz. One reason for lack of market reaction to last week's jump in the metal's price was the correct belief it was linked to worries over labour unrest on the mines and would not be sustained. (217)
 Rusplat's gross sales revenue dropped 15%, with income from platinum down 9,9% and by-product income down 19,3%, mainly because of the fall in rhodium prices. The platinum price received by Rusplat for the year to June averaged \$363/oz (1991

FM 7/8/92 (217)
RUSPLAT REVERSE

Year to June 30	1991	1992
Gross sales revenue (Rm)	3 425	2 910
Cost of sales (Rm)	2 049	1 981
Attributable profit (Rm)	604,0	402,3
Earnings (c)	482,0	321,0
Dividends (c)	350,0	230,0

Trojan Mining against some of the mineral rights owned by Lebowa Plats and Potgietertrust Platinum (PP Rust), saying only "I do not believe it is a serious threat." The mine remains on schedule to start production in the middle of next year.

The R28,9m loss (1991 R10,2m profit) from Lebowa Plats was far worse than expected, but Davison says the company is through the worst and he is more relaxed about its prospects than ever before.

The mine has never recovered from the bitter strike in December 1990 which resulted in the dismissal of nearly all the workforce. Lebowa Plats was supposed to reach an output of 70 000 t/month last year but delayed that until March, and will achieve it only this month. The expansion to 100 000 t/month has been deferred.

A key development is that management has reached agreement with the National Union of Mineworkers to re-employ most of the fired workers. However, the company is negotiating a R110m loan to consolidate its debts and provide working capital.

Lebowa Plats has yet to meet JCI's stated objective of bringing on-line platinum projects only if they move the group down the production cost curve. The company's survival so far may well be linked to JCI's concern about protecting its overall mineral rights position in Lebowa.

Lebowa Plats is now a highly geared, marginal mine. Investors looking for dividends are in for a long wait but, at 130c, the share must be interesting for speculators gambling on a platinum price recovery.

Brendan Ryan

R10bn booster for forex from six projects

SOUTH Africa could boost foreign-currency earnings by more than R10-billion when six industrial projects come on stream in the next five years

They are under scrutiny by the Industrial Development Corporation (IDC) which will partly finance the R29-billion cost of the projects

Their potential foreign earnings are equivalent to 50% of SA's gold production and they will have a knock-on effect for the economy.

The projects are largely export-oriented and are aimed at adding value to SA's natural resources.

They focus on the production of steel, stainless steel, aluminium, minerals and petro-chemicals. One aims to boost eco-tourism

IDC senior general manager Malcolm Macdonald says the size of the projects makes it difficult for individual companies to undertake them without help

They will receive help in the form of an IDC equity stake or loan finance. To fund them, the IDC will have to

By ZILLA EFRAT

realise some of its investments in mature projects

Until final decisions are made, Mr Macdonald is reluctant to detail how this will be done

He is optimistic that most of the projects will get off the ground — good news at a time when industrialists say SA's foreign investment prospects look bleak.

Construction of some could start this year

Smelter

The projects are

● The Columbus Stainless Steel venture between Highveld Steel and Samancor — expected to be the first to be given the green light

It will expand a stainless-steel mill at Middelburg into a world-scale plant with a capacity of 300 000 tons a year

It could cost well over R2,5-billion and be completed by 1996

● Increasing capacity at Alusaf's Richards Bay smelter from 170 000 tons a year to

600 000 The project is backed by Gencor, the IDC and Eskom

It is expected to cost R5,6-billion and generate exports of R2,8-billion annually

● The Flogopite project at Phalaborwa, based on a process developed by the IDC to recover alumina, magnesia and potash out of waste ore from Foskor's mining of phosphate rock.

A demonstration plant is being built at a cost of more than R100-million

If it is successful, a R4-billion plant will be built to make SA self-sufficient in these minerals and a large exporter of magnesia and later of magnesium metal.

The venture could come on stream in 1997 and boost SA's foreign trade account by R1,5-billion a year

● A R600-million IDC loan to expand the infrastructure and accommodation in and around SA's national parks

The IDC's investment is expected to be at least doubled by that of the private sector and parks boards.

Corex

The IDC has received 11 applications for R167-million and inquiries involving R356-million. A total of R25-million has been approved.

● A project which could make SA one of the world's lowest-cost steel producers.

It is based on the new Corex iron-making process developed by Iscor in partnership with Voest Alpine of Austria

It will enable low-cost iron ore to be economically converted to steel. The mill will cost R3-billion and the venture could generate exports of R1-billion a year

A feasibility study is expected to be completed by the first quarter of next year

● A petro-chemical complex based on down-stream processing of gas from Mossgas.

A preliminary feasibility study has been completed and studies are being done by Sentrachem and the IDC. A detailed proposal could become final by the middle of next year

Cost could be about R11-billion. Most of the output would be used for further processing domestically, with 30% being exported initially. Improvement of SA's foreign trade balance is estimated at R2,4-billion a year

The IDC is also investigating a host of smaller mineral beneficiation projects. Some could involve foreign licence agreements

Mr Macdonald says the IDC is spending R16-million on its investigation of these projects this year

Its aim is to assist projects which can stimulate the economy in the long term, provide jobs and earn money for social spending

Lebowa Plats has black beast look

LEBOWA Platinum is beginning to look like the platinum equivalent of Rand Mines' beleaguered East Rand Proprietary Mines.

The JCI-managed mine's poor performance has been mirrored by the share price — down from R11 at the start of 1990 to 115c now.

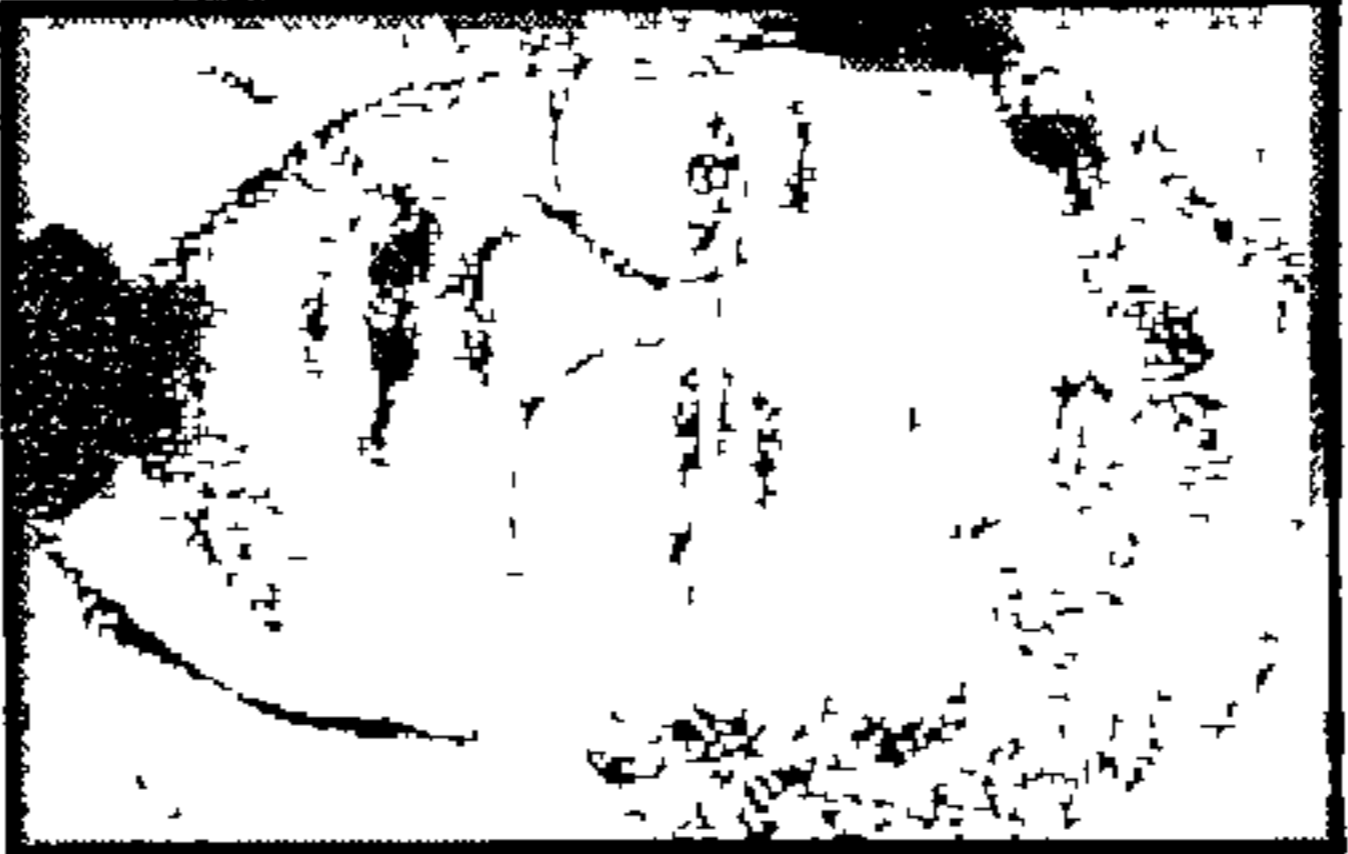
It suffered a R29-million loss in the year to June 30. Net current liabilities are R96-million, of which R73-million is borrowed. It has also reported another year's failure to meet production targets.

The mine, whose origins go back to 1987 when pressure from the Lebowa Government spurred JCI to develop long-held mineral rights, has undergone several changes in mine plan.

At the start of the last financial year, the intention was to take 70 000 tons of Merensky Reef from underground and 30 000 tons opencast from the UG2 Reef outcrop at Alok.

BARRY DAVISON: Better balance expected

He hopes this target will be met soon. Options to raise the tonnage to 100 000 a month are being considered.



The mine was plagued by labour problems, resulting in the dismissal of the workforce and temporary closure in 1990. Former workers are now employed as the re-

placement contract labour tenure expires. Mr Davison expects higher productivity because employee attitudes have changed.

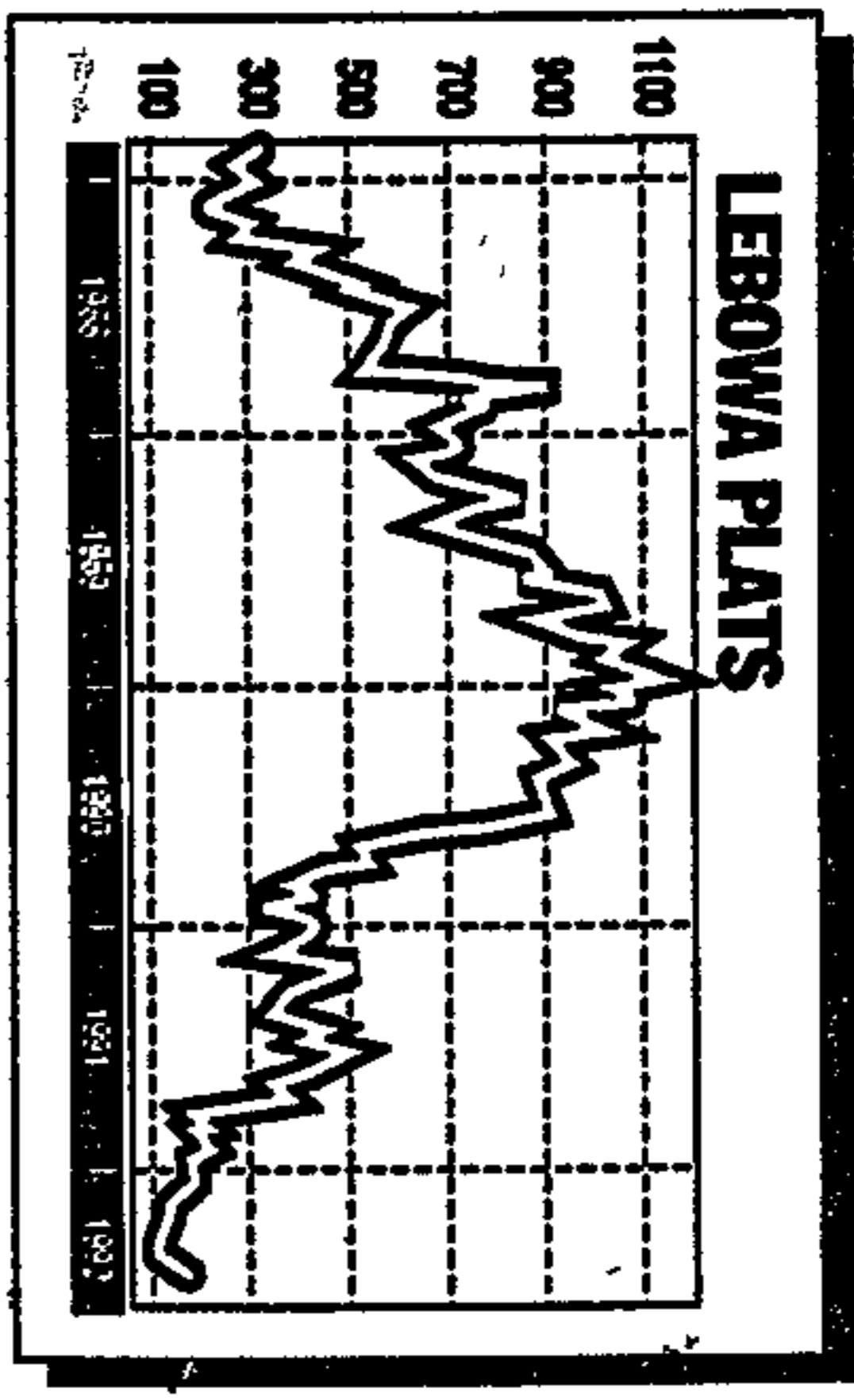
Platinum sales volume rose by 19% last year — the physical figure is a secret — and gross sales revenue edged up to R112-million. But production shortfalls had to be made up through metal leasing for the mine to fulfil its contractual undertakings. The leased metal amounted to 60% of the year's sales and 85% of future sales.

The obligations will be met out of future production and R25-million has been provided to cover costs.

Mr Davison says the company is negotiating a more favourable financing deal for a consolidated loan of R110-million. The current cost of funds is 17%.

He dismisses a suggestion that a rights issue may be necessary.

The average platinum price fell from \$428/oz in 1991 to \$369 in the year to June 1992.



Rhodium's average fell from \$4 061/oz to \$2 664.

Mr Davison expects a better balance between supply and demand for platinum group metals. This should lead to firmer prices, but no fire-works. Much depends on world economic recovery.

Lebowa Plats has also been irritated by claims that the mine's reserves belong to a third party, Sandton-based Trojan Exploration. Mr Davison declines to comment on the state of play in this matter. It is believed that the options on the base-metal claims expired at the end of July.

Mr Davison will say nothing more about an announcement by Potgietersrust Platinums (PPRust). JCI's newest developing platinum mine in Lebowa.

The announcement says PPRust holds agreements and prospecting grants relating to rights in Lebowa, is imple-

menting them and honouring all obligations. It says: "Shareholders should be made aware that certain third parties are attempting to persuade the Lebowa Government to repudiate or breach the agreements by granting conflicting rights to such third parties in respect of base minerals and gold within the platinum group metals ore bodies."

PPRust has been told there are no grounds for granting rights to any third party. It will take legal action to prevent any infringement of its rights.

Market sources suggest that Australian group Challenger Exploration could be involved at PPRust. Trojan's Laurence Blomkamp declines to comment.

Challenger is in the business of mineral rights procurement and is active in SA, Botswana and Zimbabwe. The name has been linked to two diamond deposits in Botswana.

Gold, platinum tend firmer

STAR 10/8/92

LONDON — Gold and platinum markets appeared to take a relaxed view of last week's action in South Africa, the biggest producer of both metals, and prices fell steadily until Friday.

Values then steadied, encouraging the view that gold's recent technical uptrend was still intact.

The gold price on Friday rose by \$2.30 to \$350.95, which was still \$7 down on the week.

The firmer trend was maintained this morning in Hong Kong, where the metal rose \$1.25 to an opening of \$351.25.

Platinum responded to gold's advance to reach \$377.25 an ounce at Friday's afternoon fixing, up \$3.25 on the day, but

down \$8 on the week.

Dealers said at the weekend that US investment funds had been pulling out of gold.

With their evacuation virtually completed by Thursday, market professionals were left on Friday to trade largely among themselves.



US figures

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Their reluctance to carry short positions into the weekend was evident.

Sentiment was supported early on by hopes, later justified, of moderately constructive monthly US employment figures.

Also encouraging buying was

renewed tension over Iraqi weapons-inspection and relief that key support at \$348 had withstood a severe test on Thursday.

Gold's earlier fall had been influenced, though not as much as might have been expected, by the Uruguayan central bank's announcement last Monday that it sold 50 000 ounces last month.

The bank, in line with many other central banks in developing countries, has adopted a new reserves policy involving a switch out of the yellow metal and into fixed-term deposits denominated in US dollars and Deutsche marks — Financial Times.

JSE delists Barbrook, suspends Haib's shares

81-DAY 12/18/92
TWO shares on the mining board yesterday came under the scrutiny of the JSE committee, with trading in Haib copper mine shares suspended and Barbrook gold mine being delisted.

JSE GM Richard Connellan said the financial position of Haib did not look "very good". Haib shares last traded on the JSE on August 6 at 3c.

Connellan said they could not contact the new owners and found this "totally unsatisfactory".

"The financial affairs of Haib are almost unknown and it is our responsibility to find out what is going on," he said.

Glenn Laing sold Revere Resources' 80% stake in Haib last month to Pretoria-based Mega Holdings for R550 000 cash, after he failed to raise the money to get the venture off the ground. Revere made a loss of R497 000 on the sale of Haib.

Mega, which the business practices committee was investigating in terms of the Harmful Business Practice Act, is owned by Corné Kooiman and Louis Mieme.

Kooiman could not be contacted for comment yesterday.

Connellan said that under the Stock Exchange Control Act a meeting would have to be convened within 30

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JONO WATERS

days, when the directors of Haib would be given the chance to present their case.

It would then be decided if the company should be relisted, terminated or the suspension continued, he said.

Meanwhile, Barbrook was delisted at the close of business yesterday. The shares last traded at 4c in January when it was put into liquidation.

The mine was put up for sale by tender in May and an outcome is expected soon. Among the mine's assets are a number of townhouses and mine supplies worth R1,9m.

An analyst said the mine could fetch several million rand as it could be asset-stripped. Market sources said an offer of over R20m had been put in.

Barbrook was commissioned by Rand Mines in June 1989 at a cost of R126m with proven ore reserves of 250 000 tons at an average in situ grade of 6,8g/t.

The mine started production in the first quarter of 1990 and operated until the end of the year, when it was placed on a care-and-maintenance basis.

Palamin 'satisfied' with profit dip

8/DA7 13/8/92. (217)

JONO WATERS

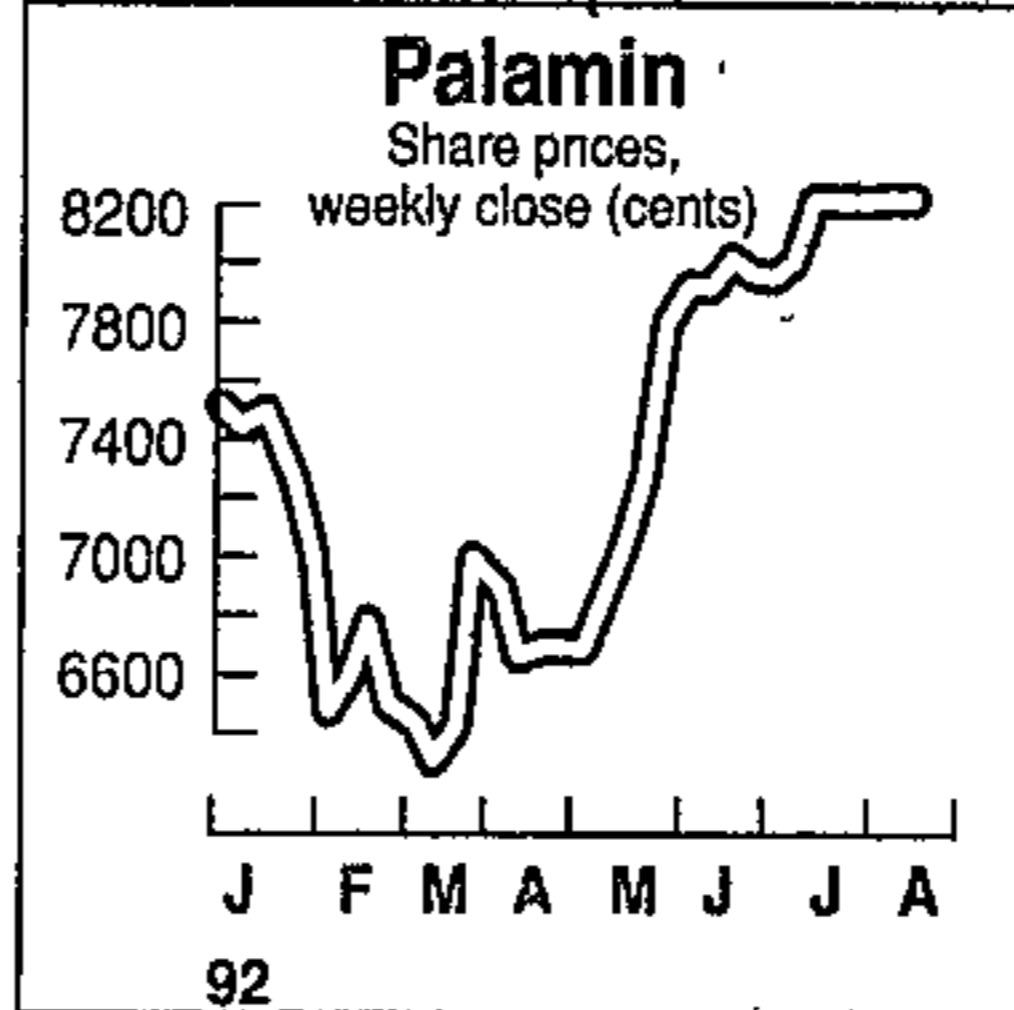
PALABORA Mining (Palamin), SA's only copper mine, reported a 10% fall in after-tax profit in the six months to end June 1992.

Earnings a share fell 17% to 346c from the comparable period last year, but the dividend was up on the last quarter at 140c (110c)

In spite of an increase in the volume of copper sold, turnover was 4,2% lower at R534m than in the corresponding period last year (R558m)

Costs increased by a modest 6,7% over the comparable six months to R333m and operating profit fell to R201m (R245m)

After-tax profit decreased to R106m (R118m), but would have been lower had it not been for the extraordinary item of R8,7m accruing to Pa-



Graphic LEE EMERTON Source I NET

lamin as a result of a tax surcharge reduction announced in March.

MD Frank Fenwick said he considered the profit satisfactory, although it was below that of the comparable period last year. He said this was a

result of lower copper prices and reduced sales of zirconia products

Fenwick said the mine sold 69 569 tons of copper in the six months, 1 442 tons more than for the same period in the previous year

He said the smelter upgrade project to enhance production was proceeding on plan and should be completed by the end of this year

Palamin has in the past been dogged with smelting problems because of the inability of its ageing plant to keep up with the amount of concentrate produced and meet the company's refinement capacity

Fenwick expected production levels to be maintained in the second half of the year and said that while profits depended on the price of the metal, the outlook for the year remained "satisfactory"

Funds put metal price in a spin

MATTHEW CURTIN

RAMPANT profit taking by commodity funds and nervousness about the world economy drove gold and platinum prices towards lows for the year yesterday

Gold, having crashed on New York markets overnight, slumped in London to a close of \$338,40, down from \$345,80 on Wednesday.

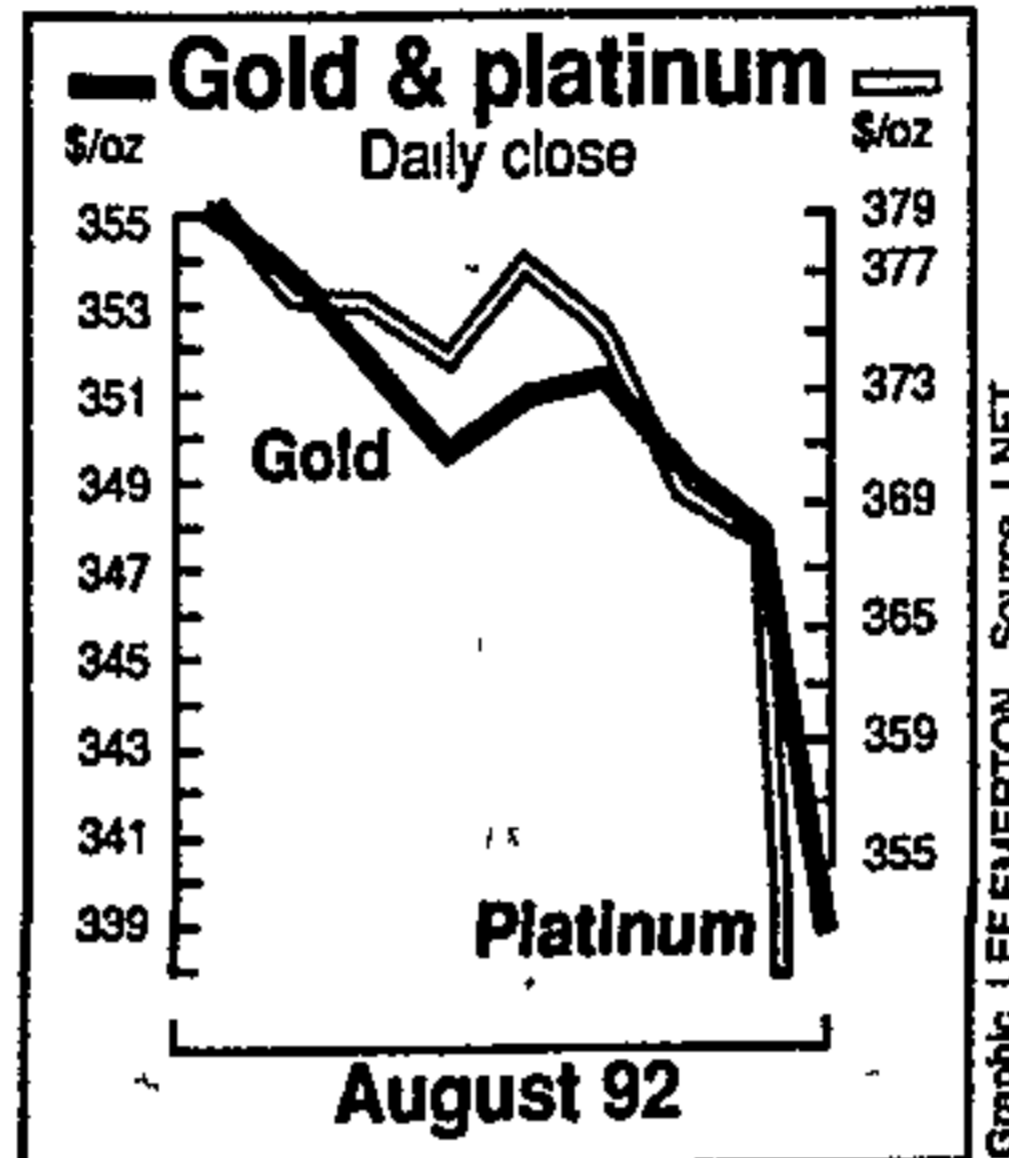
Platinum prices fell nearly 5%, losing \$16 in their fall to yesterday's afternoon fix of \$351,75, against \$368,75 on Wednesday

Analysts said the price free-fall was started by a frenzied selling session in New York on Wednesday afternoon. One dealer noted "There was no news, it was fund selling"

The sharply weaker Nikkei index, which fell to a 77-month low yesterday, also undercut confidence in the platinum market, because of the metal's sensitivity to motor-industry and jewellery demand in Japan.

Almorie Maule, senior manager, strategy and planning, at Genmin, said yesterday the falling precious metal prices were primarily the result of fund selling

She said the rallies in gold and platinum prices in mid-year were not based on a significant improvement in fundamental market conditions,



but in speculative trading on world metal exchanges. Once confidence ebbed and selling started, most dealers joined the bearish bandwagon to send prices tumbling

Commodity funds were now frightened of the precious metal markets, because of fitful economic recovery in OECD countries, a nervousness compounded by De Beers' poor results announced this week

The risk of "a triple-dip recession in the US" was stronger now than it was six months ago.

But Maule said there were no signs of profound economic weakness, with indications Japanese imports of platinum were likely to match first half figures of about 31 tons

Hanson suffers 28% plunge

LONDON — US-British conglomerate Hanson yesterday reported pre-tax profit fell 28% to \$274m in its third quarter ending June 31, leaving profit in the first nine months of the financial year down 21% at £762m from £967m in the year-earlier period.

Hanson maintained its quarterly dividend at 2,75p a share and reaffirmed its quarterly dividend would not be lowered "until further notice".

The conglomerate switched this year to a US system of paying quarterly dividends from the British practice of interim payouts. It has now declared two quarterly dividends of 2,75p a share each, compared with a single interim dividend the year before of 3,15p.

Hanson paid a full year dividend in 1990-1991 of 11p a share and is on track to maintain that dividend in the year that will end on September 30.

Hanson is Britain's eighth-largest company by capitalisation on the London Stock Exchange. Its activities, including the Beazer construction company, Peabody Coal and Imperial Tobacco are about evenly split between Britain and the US.

"These are very good results in the economic climates affecting both sides of the Atlantic," chairman Lord Hanson said. — AP-DJ.

Basil Starke cuts operations by 60%

LINDA ENSOR

CAPE TOWN — Building group Basil Starke had cut back construction operations by 60% and retrenched 300 workers this year as a result of the recession, former MD Maurice Phillips said yesterday.

He said plant had been sold and would continue to be sold until it reached levels required by present construction activities. Last year 150 workers lost their jobs, bringing the total number of workers retrenched so far to 450.

Phillips, who retired as MD after suffering serious injuries in a motor accident this year, said the steps were essential for the group's long-term prosperity. The remainder of the construction division had enough work and was active at present.

In the financial year to end-December 1991, Basil Starke made a slight profit, and is due to release its interim results next month.

Phillips said the purpose of the downsizing operation was to maintain stability under prevailing tough economic conditions. He pointed out the scaling-down had been structured to enable the group to adapt immediately to an economic upswing.

He did not think there would be a massive economic upswing, but only a bottoming out and slight upward trend over the next 18 months.

Phillips remains a director of Basil Starke Investments and the group.

Miffed by... D

Implats forced to defer expansions

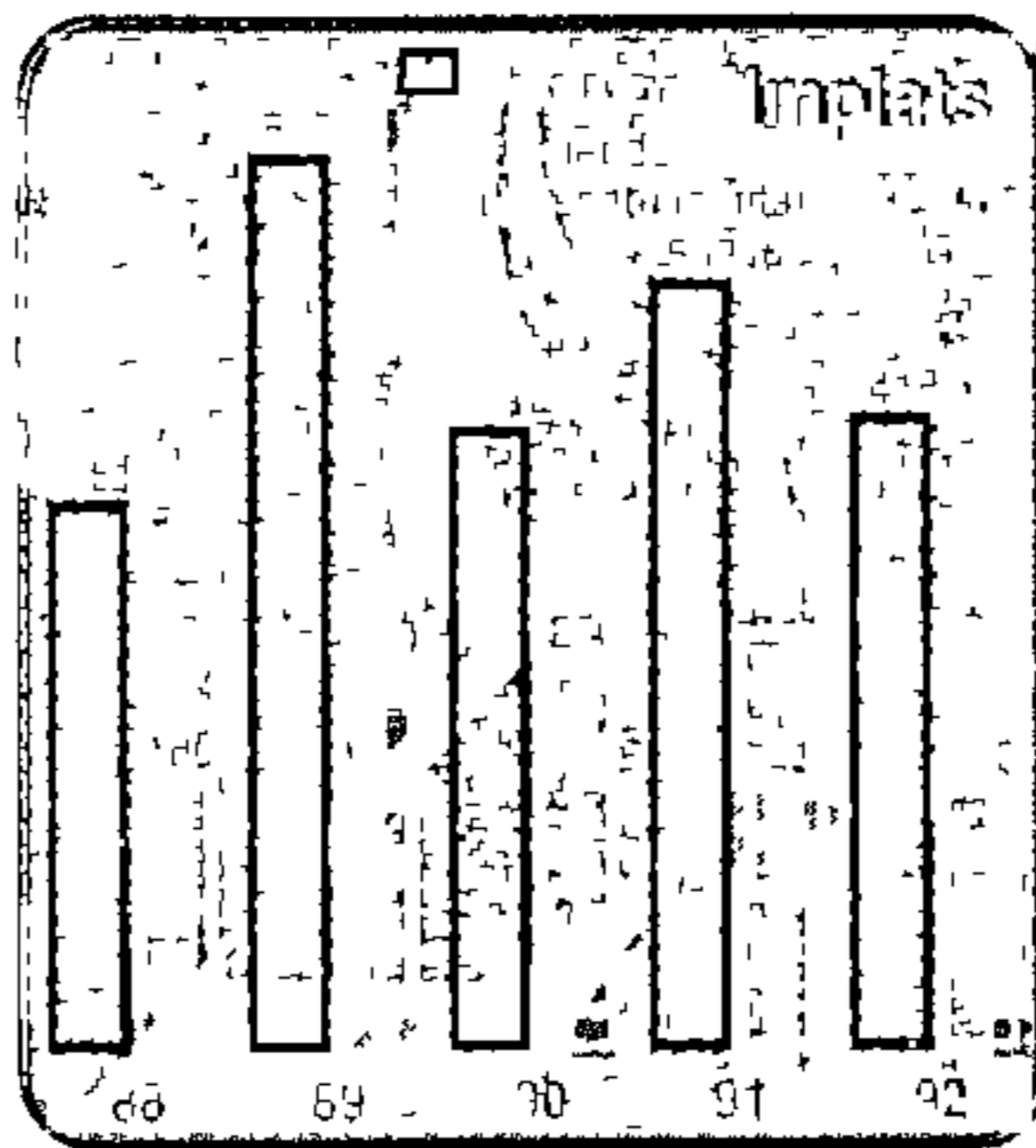
JONO WATERS and MATTHEW CURTIN

IMPALA Platinum (Implats) has deferred its multimillion-rand expansion programme at its mines in Bophuthatswana until the 1993/94 financial year because of weak metal prices

Implats reported 18% lower earnings at 418c (509c) a share and declared a 38% lower total dividend of 170c (275c) in the year ended June 1992

The move is another blow to planned SA platinum output, and follows the mothballing of mines at Implats' Messina and Barplats subsidiaries, and the curtailment of expansion plans at JCI's Lebowa Platinum. Implats now plans to increase platinum production capacity from 1,1-million oz to 1,29-million oz by 1997, against original plans to reach 1,35-million oz by 1995

MD Mike McMahon said the cutbacks would primarily affect plans to expand Implats' mining and refining of UG2 ore. Since the group's decision in 1990 to expand production, metal prices had not matched expectations. Implats would have to raise equity finance or borrow funds to continue the expansion, but the first option was



Graphic RUBY-GAY MARTIN Source IMPLATS

impractical in current market conditions and management "is not prepared to run Implats into debt", he said

However, Implats bounced back from poor results in the first half of the year, defying chairman Brian Gilbertson's prediction six months ago that the group would not match first half earnings in the

□ To Page 2

Implats

second six months Wildcat strikes and refining difficulties late in 1991 cost the mines 100 000 oz in lost platinum production and another 50 000 oz locked up in the refining pipeline

Implats' platinum production fell 19% to 865 000 oz from 1,1-million oz in 1991. Palladium output fell to 405 000 oz (497 000 oz), but rhodium production rose sharply to 94 000 oz, a 42% jump from 66 000 oz.

Turnover was marginally lower at R2,26bn (R2,27bn), but the cost of sales rose 21% to R1,67bn, cutting pre-tax profit to R511m (R843m). A sharply lower tax bill, lease payments and royalties led to a smaller fall in after-tax profit, down 19% at R233m (R287m). Royalties received by the Bafokeng tribe fell to R8,7m (R52,7m)

Income from Lonrho's Eastern and Western Platinum, in which Implats has a 27% stake, was unchanged at R30m. Attributable earnings fell to R260m (R312m). Implats' capital spending stood at R410m in year ended June 1992 and forecast spending of R250m in the current year

Average platinum prices Implats received fell to \$369/oz (\$424), rhodium to \$3 099/oz (\$3 715) and palladium to \$85/oz (\$100)

McMahon said considering average metal prices were 16% lower than last year and the problems experienced at the mines, he was pleased with the year-end results, thanks "to a remarkable turnaround in the second half of the year".

He said the refining problems "are largely behind us" and Implats had recovered the 50 000 oz of platinum lock-up by June. New refining processes were responsible for the sharp rise in rhodium production, but with old and new processes running in parallel, refining costs were unusually high in the year, rising by 18%. On-mine costs increased only 6%

McMahon said demand would again outstrip supply in the coming year. However, this was no guarantee of higher platinum prices, because customers were yet to finish running down their stocks

He said the decision by two of the Implats customers to reduce their offtake of Implats production was "important, but not significant"

McMahon said Implats was sending material to be toll-refined in Russia and Europe. It did not reflect any problems at Implats' plant, but the group's decision to take advantage of competitive overseas refining capacity

Metal prices were "a long way short" of the sustained levels needed to revive the Messina mine and Barplats operations

McMahon said while the short-term prospects for the metal were subdued, fundamental market conditions would continue to move in platinum's favour in the medium to long term. However, he said without a significant improvement in prices, he did not expect better results in the coming year.

□ From Page 1

Impala defers expansion plans

By Sven Lünsche (217)

STAR 18/8/92.

Impala Platinum has deferred its expansion programme for the 1993 financial year after reporting a 33 percent drop in income from platinum group metals for the year to June.

The poor results have forced it to lower dividend payments to 170c (275c) a share.

The announcement of the deferral of the capital programme had been expected, but analysts were surprised at the extent of the cutback.

In terms of the new programme, outlined by MD Michael McMahon yesterday, the targeted production level of 1,29 million ounces per year would not be reached before the 1996/7 financial year, a year later than planned.

Capex in the current financial year would not exceed R250 million (R410 million in 1991/2).

The action was necessary "in the face of the persistent weakness in the market prices of platinum group metals" and took cognisance of notices of reduced requirements by two major customers.

"We are not going to run the company into debt to fund expansion and any further decision will depend on future metal price levels."

The deferral will primarily affect the UG2 plant expansion at Impala and much of the related underground mine development that would have been required to bring the additional UG2 stopes to production.

Impala's 1991/2 production levels were well below those expected earlier in the year and resulted in income from metals sales falling from R882,4 million to R591 million

Sales statistics show that with the exception of rhodium sales, volume and revenue were well below those of the previous financial year. (see chart)

"During the year, Impala milled 2,4 million tons less than it had expected. Of this shortfall, half was due to industrial unrest, while the rest was due to techni-

Sales statistics

Sales volumes*:		1992	1991
Platinum	000 ounces	939	1 061
Palladium	000 ounces	434	517
Rhodium	000 ounces	95	65
Nickel	000 tons	8	10

Prices*

Platinum	\$/ounce	369	424
Palladium	\$/ounce	85	100
Rhodium	\$/ounce	3 099	3 715
Nickel	\$/ton	7 331	8 507

Sales revenues: Rm

Platinum	980	1 164
Palladium	105	134
Rhodium	837	623
Nickel	179	236

R/\$ exchange rate	2,84	2,60
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* The difference between sales volumes and production volumes is a function of the reduction in stocks

cal difficulties," Mr McMahon said.

These factors impacted directly on the cost of sales during the year, which rose from R1,39 billion to R1,67 billion, after turnover was maintained at R2,26 billion.

The lower income reduced the provision for royalties, leases and tax by 73 percent to R278 million (R557 million).

Share of income from the Lonrho-controlled Western and Eastern Platinum remained unchanged at R30 million, leaving attributable income 16,5 percent lower at R260,3 million (R311,8 million). Earnings per share fell from 509c to 418c.

Mr McMahon said the group had overcome a large part of its production problems in the second half.

Platinum production in the second half was 26,4 percent higher than in the first, while profit on metals sales showed a 27,4 percent improvement.

The group had bought a further 50 000 ounces from the market in January to meet long-term contracts, but better production volumes had made further pur-

chases unnecessary.

Mr McMahon forecast that platinum supply at 4,43 million ounces this year would be slightly lower than expected demand of 4,52 million ounces

He warned, however, that destocking, particularly by the former Soviet Union, was holding down the price and limiting the upward potential of platinum in the short term.

In the medium to long term, fundamentals continued to move in platinum's favour — in 1993 demand was expected to reach 4,2 million ounces — 100 000 more than would be supplied, he said.

Weak conditions had depressed prospects for re-starting development at two subsidiary operations, the Messina platinum project, near Potgietersrus, and Barplats' Crocodile River mine

The Messina project was to have been financed by a combination of internal resources and an equity issue

Messina's attributable income was down from R10,5 million to R5,7 million, despite an unchanged contribution from its Premier Equipment subsidiary.

Impala posts 18% slide in earnings

217 ET 18/8/92

JOHANNESBURG. — Impala Platinum said yesterday the group had performed better than anticipated during the second half of the financial year but the world's second-largest platinum producer posted an 18% decline in earnings a share for the year ended June 30, 1992.

Implats MD Michael McMahon attributed the better performance in the second-half to a coordinated programme to cut costs and the successful reduction in operating costs.

Labour disputes at its mines were also settled. "Steps taken to resolve these problems by management and other parties involved were to a large extent successful."

Turnover during the second half of the year

increased by nearly 10% to R1,183bn (R1,080bn during the first six months). Profit on metal sales increased by 27% to R330,9m as opposed to R260,1m during the previous six months.

However, earnings a share were down by 18% from 509c in the previous financial year to 418c in the period under review.

Dividends were also lower at 170c a share compared to last year's 275c a share, a 38% drop.

Revenue from sales of platinum and by-products produced by Impala, at R2,26bn was marginally down on last year's performance but considerably short of the original projections.

McMahon said this was mainly due to weak prices and production underachievements. During the year Impala milled 2,4-million tons less than it had expected.

He said about half of this shortfall could be

will not exceed R250m during the 1992/93 financial year (R410m in 1992) and the targeted production level of 1,29 million ounces will not be reached before 1997.

Deferring the capital expenditure will relieve Impala of the need to resort to equity or debt financing for its expansion programme.

McMahon said the group did not anticipate better results for the coming year unless prices improved, saying short-term prospects for the market were subdued.

However, fundamentals continued to move in platinum's favour which could benefit it in the medium to long term. — Sapa

attributed to technical difficulties and the other half to extensive labour problems.

But he believed these problems had been sorted out and "a much higher level of confidence can be ascribed to total mine production forecasts".

In the light of the current and expected market conditions the group decided to defer its capital expansion programme for a year.

As a result the capital expenditure, for Impala,

COMPANIES

Northam smelts first concentrates

FIRST concentrates from Gold Fields' Northam Platinum mine went into the smelter on Monday, and its first precious metals would go on sale in January 1993, chairman Alan Wright said yesterday.

Platinum was expected to generate 55% of sales revenue, palladium 30%, rhodium 12% and gold, other platinum group metals (pgm), and nickel the balance.

Wright said ore from 1,2m stopes grading an average 9,5g/t of pgm and gold combined was being processed at present. This was the average grade of the 910 000t of proven reserves calculated on the

JONO WATERS (217)

mine's Pothole reef at end-June. The idea was to build up monthly tonnage as quickly as possible to 150 000t. Eventually, production will settle down at a higher grade as the in situ grade averaged 10g/t at an average stope width of 1m.

Wright said the additional 0,2m was mineralised and could be processed profitably along with the richer ore at very little incremental cost. When the targeted tonnage was reached, stoping would revert to the narrower width and higher grade.

SIDA 7 19/8/92

R35m for Palamin's shaft probe

8/28/92 19/8/92

JONO WATERS

217

PALABORA Mining (Palamin), SA's only copper mine, had been given a further R35m by its board to continue investigating the possibility of mining underground, MD Frank Fenwick said yesterday

The investigation into underground mining had cost R54m to date. The next phase was expected to last 15 months.

Opencast mining operations were expected to cease in 2001 when the pit reached a depth of 750m

Fenwick said Palamin would sink a shaft to 1800m if the operation went ahead. There were proven reserves of 418-million tons at an average in situ grade of 0,68% copper. Grade in the six months to end June 1992 was 0,548% copper at a

recovery rate of 84%.

Underground operations would extend the life of the mine to 2030, by which time 3,2-million tons of copper would have been extracted from underground and 3,4-million tons from the opencast area

Fenwick said management would expect to mine more than 65 000 tons a day from underground.

There were two methods management had in mind — block-caving or blast-hole stoping. The block-caving method was low-cost, but the grade was lower. Blast-hole stoping cost more, but the greater control of blasting resulted in a higher grade

Cons Murch suffers antimony headache

B1049 19/8/92 217
 MATTHEW CURTIN

CONSOLIDATED Murchison, the world's largest and SA's sole producer of antimony, is in the unenviable position of mining a commodity in which there is oversupply, rickety demand and weak prices.

Not only that, the most important by-product from its northern Transvaal mine near Gravelotte is gold.

However, thanks to record gold production in the year-ended June 1992 Cons Murch has put talk of closure, prevalent in 1990, even further behind it. New techno-

logy developed by parent JCI may improve gold recoveries further.

Antimony is not a household name, but antimony oxide, when added to plastic fabrics, successfully slows their burn rate and decreases noxious smoke emissions.

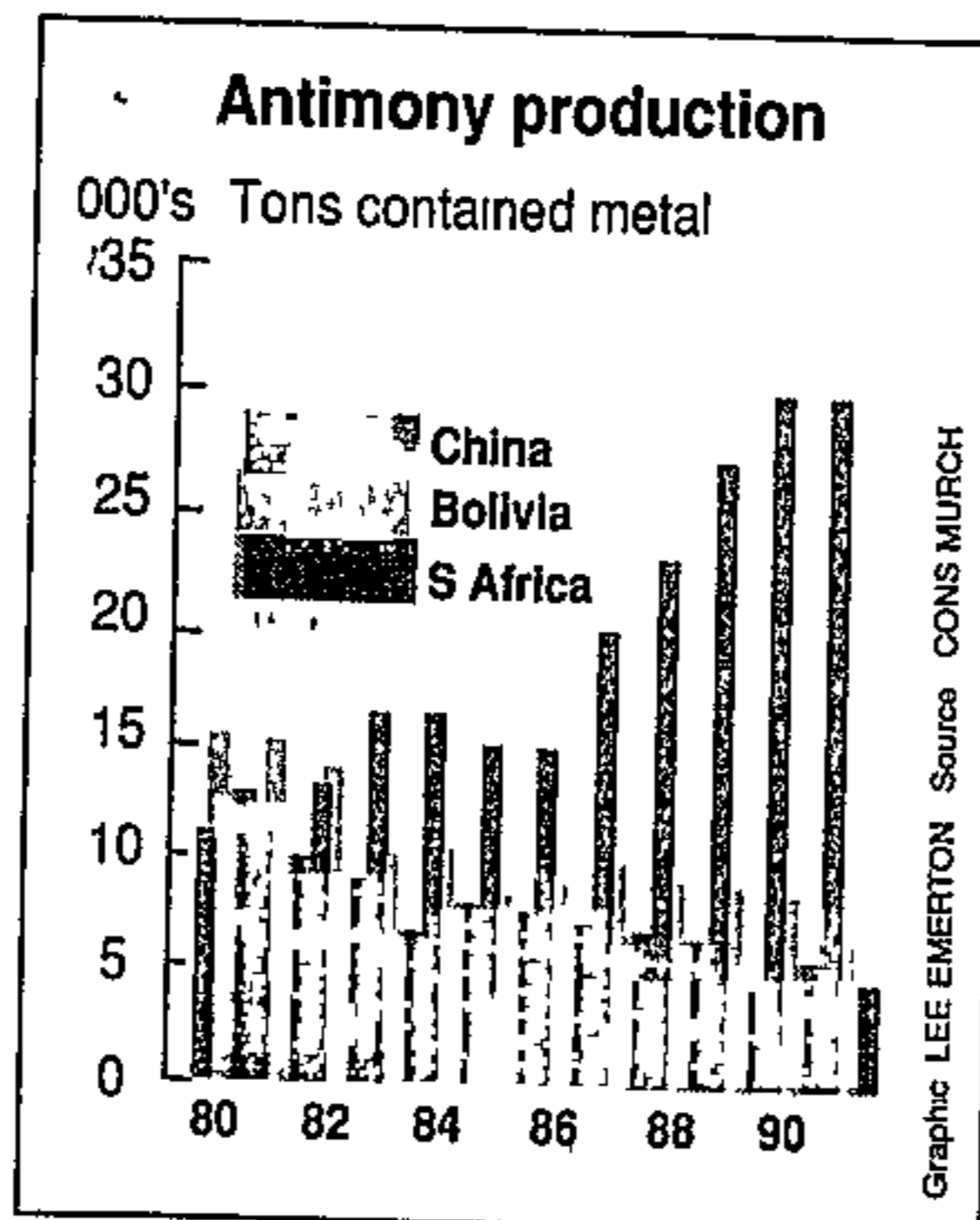
Paul Coenen, marketing manager at JCI's coal and base metals division, which includes Cons Murch, says the flame retardant properties of antimony oxide are not fully understood.

Coenen says that since the '70s, the US has been trying to establish flame retardant regulations to reduce the hazards posed by inflammable furniture. Some European countries have stringent regulations and even tougher regulations may increase demand.

Overall demand for antimony oxide in the western world grows at an estimated 3% to 4% a year, says Coenen.

What has proven a major threat to Cons Murch's survival has been the flood of cheap material from China. US imports from China soared from 7 902 tons in 1986 to 17 256 tons of antimony in 1991.

As prices have fallen, production from outside China has fallen away, most notably in Bolivia and SA. Last year, China produced an estimated 46% of world output, compared with 13% from Bolivia, 15% from Russia and 7% from SA.



Palabora earmarks R35-m for development

By Stephen Cranston (217)

The Palabora Mining Company will spend a further R35 million to investigate the viability of moving from an open-pit operation to an underground mine

Palabora has already spent R54 million on sinking a shaft, 1km of development and drilling 20 000m of core to evaluate the potential of the ore reserves

MD Frank Fenwick told a meeting of the Investment Analysts Society in Johannesburg yesterday that the project would only go ahead if its production costs were in the bottom quartile of copper pro-

ducers of 60c/lb or less.

Mr Fenwick said that an underground mine would extend the life of the mine from 2001 to 2030 and would produce 3,2 million tons of copper for sale. The present open pit will have produced 3,4 million tons by 2001

Palabora has contained its overall costs within the inflation rate. Since mid-1991 the workforce has been trimmed from 3600 to 3300

Palabora's sales of contained copper were slightly higher than last year, due to an improved political situation which allowed the sale of excess concentrates to Zambia and the

former Soviet Union

Mr Fenwick said that the copper price had held up relatively well in the recession because there had been very few new smelters in recent years — partly because of the fear of environmental legislation

Supply of copper cathode was virtually unchanged

He expected copper demand to hold up because of the development of lower end electrical products in developing countries

Some 85 percent of Palabora's revenue comes from copper sales

Of this 52 percent is used lo-

cally for copper rod, which is a diminishing share of sales, 38 percent to overseas companies as cathode and 10 percent in concentrate

By-products account for the balance — five percent from zirconia, six percent vermiculite and four percent other products such as magnetite, sulphuric acid and uranium

Palabora revealed details of its international operations for the first time

It has an operation in the UK with 90 employees in sales, production and research. It has developed a fire-resistant water-based paint. It has 10 employees in the US and two in Japan

Palabora hopes to extend mine life

(217)
By Stephen Cranston

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Managing director Frank Fenwick told a meeting of the Investment Analysts Society in Johannesburg the project would go ahead only if its production costs were in the bottom

quartile of copper producers of 60c/lb or less

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STAR 20/8/92
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Palabora has disclosed details of its international operations for the first time. It has an operation in Birtan with 90 employees in sales, production and research

It has developed a fire-resistant water-based paint. It has 10 employees in the United States and two in Japan

Gencor close to a decision on unbundling

B1 DAY 20/8/92

JANE ARBOUS

GENCOR is close to a decision on whether to split its mining, industrial and finance interests, a move that could radically change the group's nature and structure, chairman Brian Gilbertson said

"Primary unbundling is a distinct possibility, and we are close to a decision in principle," Gilbertson said in an interview

If approved, he said the move would most likely mean splitting up wholly owned General Mining and hiving off its industrial and finance companies while leaving its gold, platinum and coal mines as the core of business.

"The process could take years, but it would change quite radically the nature and structure of the group," said Gilbertson, who took over as chairman in January from Derek Keys, now Finance Minister

Gilbertson said such a move would halve the size of Gencor, currently the world's eighth-largest resource group and SA's second largest mining and industrial group. Its market value is about R17bn and it employs 200 000 people

"At the end of the day, it will be a judgment on what the right course is," he said

The benefits of unbundling were threefold, he said

"It gives us a clearer resource focus — the paper and pulp activities of Sappi, for instance, are materially different from digging holes in

the ground

"It also releases for Gencor's shareholders the 10% or 20% discount inherent in a pyramid structure, and a smaller group would appear to be politically more welcome in the new South Africa. Internationally, not just here, big power blocs appear less acceptable"

The biggest drawback to splitting up the group would be the loss of size needed to undertake large internationally competitive projects in commodities, he said.

"But even as big as Gencor is now, I have to have help and partners. It's not so much the capacity to mount individual projects, but the combination of them, when peak funding occurs in the same two or three years."

Gilbertson's current priority is putting in place two massive projects, which he said would establish SA as a major player in the stainless steel and aluminium markets

Final approval for the previously announced R3bn Columbus stainless steel venture is now expected in October, and the go-ahead for the Alusaf aluminium smelter project, which will need R5-6bn in capital expenditure, by the end of 1992

Locally, resource companies were expected to move from exporting commodities only into

the downstream activities of converting them into exportable end products, he said

However, new investment opportunities within the country seemed limited for Gencor. "Commodities is a competitive business and you have to have an international perspective. We've looked at everything we can in South Africa," he said

Despite tough times for most of its companies, and gloomy earnings forecasts for the coming year, Gencor was pursuing a policy of growth, and it was considering a number of large off-shore projects, he said

He declined to give details, but said approval for one project was imminent

Gencor was also active in many African countries. "We have the skills and can bring the funding to develop deposits"

Gilbertson said a new mining world had arisen to rival the gold-based mining houses on the Witwatersrand, which had been isolated by years of international sanctions

"In a normal world we should have been out there looking out for our business," he said

Instead, the growth of new mining companies in Australia, South America and elsewhere had changed the supply/demand balance in the gold market, among others, and had shifted SA from a dominant position despite its huge reserves. — Reuter

Labour takes its toll

Soon after Rustenburg's disappointing results come annual figures from the other major platinum producer, Impala. Frankly, they're not much better. Impala's EPS fell 18% and the total dividend payout is down 38% — reflecting fairly clearly management's nervousness about short-term prospects.

The year was characterised by extreme labour difficulties and production problems. When the MD of a company as important as Impala uses evocative language to describe events, shareholders should understand matters were serious indeed. MD Mike McMahon, reporting on a series of strikes that struck the company in the first half, says "Unruly elements in the workforce introduced elements of violence, murder, intimidation and arson into the arena."

The strikes were apparently organised by the NUM, a union which was then neither registered nor recognised in Bophuthatswana, and were designed to demonstrate worker dissatisfaction with the pay awards and a negotiating structure they considered unrepresentative.

The technical difficulties hampered production to the extent that the company milled about 100 000 t/month fewer than it intended. This resulted in some shifting and sorting of priorities, and McMahon says he's now satisfied a "higher level of confidence can be ascribed to the total mine production forecasts." Shareholders will be excused for wondering why that wasn't done in the first place.

One result was that the company was obliged either to buy in or "borrow" 120 000 oz of platinum during the year in order to meet contractual commitments. Impala was rescued from any further embarrassment by a reduction in planned demand from two of its major customers, and McMahon says that by the year-end improved production enabled the company to close out its remaining leases.

Turnover at R2,264bn was much the same as last year. Costs, however, increased by nearly 21% to R1,673bn. That was enough to make a sizeable dent in last year's net sales income and it was thanks only to a major reduction in lease payments, royalties and tax that Impala's income after taxation looks

reasonable, at R233,1m.

Interestingly, Impala received almost unchanged income from its investment in Lonrho's platinum operations. The figure comes in at R29,9m and it begs the question of why it is, labour problems apart, that Lonrho seemed to manage a tough year so much better? Considerable prudence with the dividend payment enabled the company to begin a rebuilding of its reserves.

That there has been a sea change in the market for platinum group metals is made evident by the decision to defer the company's expansion plans, first announced in 1990, for another full year. McMahon says platinum and rhodium prices have maintained levels well below those expected "and may take some time to recover." This is a very different story from the Johnson Matthey trumpeting of significantly higher levels of demand and prices made just a few months ago.

In these circumstances it shouldn't come as a surprise that McMahon ends his report by saying "without a significant improvement in prices, the directors do not anticipate better results for the coming year." Impala is trading on a p/e of 13,5 with an earnings yield of 7,4%. Given the state of the international economy and McMahon's view that the recession may be "protracted, beyond our expectations and may yet spread to Japan," this looks a sector to stay away from, at least until there is a real sign of improvement.

David Gleason

LOOKS VULNERABLE

Year to June 30	1991	1992
Turnover (Rm)	2 269	2 264
Operating income (Rm)	882	591
Attributable (Rm)	312	260
Earnings (c)	509	418
Dividends (c)	275	170

The writing on the wall

St. Times (BUS) 23/8/92 (217)

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THE mining exploration sector of the JSE is among the most vulnerable to value deterioration if an interim government implements an ANC economic policy to restore mineral rights to the State.

The ANC policy guidelines for a democratic South Africa discussion paper says: "The mineral wealth beneath the soil is the national heritage of all South Africans."

"A fundamental component of ANC mining policy will be the introduction of a new system of taxation, financing, mineworker safety, mineral rights and leasing, with public ownership and joint ventures being considered where appropriate."

A new system of mineral rights and leasing could result in companies whose assets comprise mineral rights being dispossessed.

The valuation of mineral rights is a vexed issue in itself and whether compensation is paid or not, many shareholders of mining exploration companies would come off second best.

The JSE does not compile an index of mining exploration counters, but a look at a few of the share prices shows the downtrend in recent years.

Barnex was 650c in January 1990, now it is a tenth of the price. Benco is down by half to 50c. Freddev was R14, but is now below R1, Randex is down from R5 to 40c and Lydex from 240c to 34c.

This is the exact reverse of what was supposed to have happened. The risk is theoretically greatest at the start of a mining exploration venture. In the JSE's bull run of 1987, investors were encouraged to buy while shares were on the ground floor. They were told that value would be added to the mineral rights

Although a low success rate was mentioned by the promoters of the day, the mark-up on success was put at 10 to 50 times the investment. Right ball-park, wrong direction.

Conventional wisdom says the shares are down because commodity prices are low and the dates of turning to account are more distant.

Another scenario: if the mineral rights belong to the people, there will be no profit for the investor, so why hold

mining exploration shares anyway?

Lessons learned the hard way in the Soviet Union should not be dismissed in the new South Africa.

A 1982 article in Resources Policy by Daniel Papp says that "Lenin's theoretical interest in the raw materials problems of the capitalist world did little to prepare him to manage the raw materials problems of the world's first socialist state."

"The first world war and the Civil War had tremendously reduced Russia's mineral production capacity. In 1913, iron-ore output was 9.2-million tons. In 1926 it was 3.4-million tons.

"Extractive capital equipment which had survived the war was generally archaic and in disrepair. Many skilled personnel had died or emigrated and external investment which had been encouraged under the Czar had been withdrawn, destroyed or otherwise terminated, inevitable consequences of a revolution opposed to the private ownership of the means of production.

"The Soviet minerals industry, like the rest of the Soviet economy, had collapsed.

"Given this simple fact, it was not surprising that the Soviet representative to the 1922 Genoa economic conference argued for the 'systematic and organised distribution of these raw materials throughout the world'."

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ble today might be ridiculous tomorrow"

all the competing institutions are in the same boat.

Still fishing for NCI

S/Times (BUSS) 23/8/92

OUT of the NCI frying pan into the Terra fire is the way I see the latest ploy to affect investors in unlisted securities.

The listing of NCI, punted as a potential blue-chip venture capital company, was terminated on the JSE in June. The company was technically insolvent, R14-million of shareholders' funds having been wiped out and not a cent having been made.

NCI issued shares for several years before listing.

Terra describes itself as a mining holding company with interests in mineral rights and deposits. It has applied for a listing on the JSE.

Terra offers NCI shareholders the opportunity to convert NCI shares into Terra at no cost — provided they subscribe for one Terra at 25c for every NCI held.

The offer is signed by Butch Vernon, Senior Consultant (sic) of REF Marketing, housed at the same Lonehill offices as Terra and its major shareholder Falcon.

To tempt NCI shareholders to subscribe for this offer, a geological report by CB van Niekerk is included with the circular.

Dr Van Niekerk values the reserves of Terra's four projects at a staggering R627,7-million.

This comes at a time when mining and exploration companies value their mineral rights at zero on the grounds that they are worthless until turned to account.

An alternative seems to be available to beleaguered NCI members. Chief executive Mike Clarke proposes in a letter to them that they "equitably participate in the financing of the salvaging of the company".

A holding company, The Opportunity Company, will be formed to recapitalise NCI and thereafter furnish financial services to its projects.

These look like the original clothes Mr Clarke donned when he launched the idea of venture capital management through NCI six years and R14-million ago.

Yet another option is available to NCI shareholders. A hundred shares plus a rand can be swapped for shares in General Holdings Investments (GHI), a company yet to be formed.

It will receive a stake in the New Uitkyk colliery near Middelburg. Needless to say, New Uitkyk's production and profitability will double or even treble if it gets the development capital through GHI.

Membership of NCI is basically a lure to raise money for GHI.

An investor should consider whether any fresh capital he puts into any of these propositions is really the best opportunity of the moment.

I say it would be like subscribing to a post-graduate course in how to lose money after failing the undergraduate course.

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MidWits earnings rise by 16%

IN SPITE of the current state of the mining industry, Anglovaal's investment, finance and exploration company Middle Witwatersrand (MidWits) increased its attributable earnings by 16% in the year to end-June 1992. *BIDA 26/8/92*

Profit attributable to shareholders rose to R54,1m (R46,6m), which provided earnings a share of 16,8c (14,5c). The group declared a final dividend of 5c (4c), which brought the total dividend for the year to 7c (6c). Pre-tax profit was 2,8% higher at R80,9m from R78,7m in the comparable period last year.

The tax bill decreased by 21,7% to R27,3m (R34,9m) and MidWits earned R8,83m (R10,1m) from associate companies. These included Rhino Andalusite Mines, ET Cons, Anglovaal Coal, East

JONO WATERS

Rand Coal, Lavino, Lucus Block Minerals and Prieska Copper Mines. *(217)*

Preference dividends for the year amounted to R6,95m (R7,23m).

When the interim results were announced earlier this year, the board expected earnings similar to last year. The board warned earnings were subject to uncertainties such as world metal markets, interest rates and De Beers' Venetia diamond mine development.

MidWits has a 65,6% stake in Saturn Mining, Prospecting and Development, which is entitled to 12,5% of Venetia's profits until the mine's full capital cost has been recovered. After this, Saturn will be entitled to 50% of the profits.

World stone industry weathers fitful year

INVESTORS may not be enthusiastic about the SA granite sector, where shares have plummeted this year, but Italian stone association Società Editrice Apuana (SEA) says in its 1992 report that worldwide the industry has weathered a year of fitful economic growth with ease. *BIDA 26/8/92*

The report said the world stone trade grew by nearly 7% to 9,1-million tons from 8,5-million tons in 1991.

SA exporters maintained their 7,2% share of world trade, as exports rose 6,6% to 650 000 tons. That was in spite of fierce competition and sharp increases in Chinese and Indian exports. SA was the fifth largest exporter in 1991, after Spain, India, China and Italy which dominated the trade, exporting 2,2-million tons of granite and marble in the year.

SA exported 313 000 tons of granite to Italy compared with 274 000 tons in 1990, and 100 000 tons to Japan, unchanged from the year before. These two markets accounted for nearly two-thirds of SA granite exports.

The SEA report said that after a poor first half of the year, the stone sector regained more normal growth.

Previous forecasts that exports would grow at 6,5% a year were confirmed by the sector's performance in 1991 in the face of the Gulf War, the slump in North American construction and problems associated with economic change in Eastern Europe.

The report said the rate of growth could exceed current levels, with world production rising from the current 30-million tons a year to more than 60-million tons by the end of the decade.

MATTHEW CURTIN

Demand in the Far East was particularly strong. Consumption in Japan and Taiwan was high enough to absorb local supplies, with India and China able to meet demand elsewhere in southeast Asia. Latin America was increasingly well-placed to serve North American markets when they picked up.

The report said the impact of economic slow-down in 1991 on the use of granite and marble was offset, to a higher degree than other competitive materials, by a number of factors, most importantly their adaptability to a range of uses "structural works, the funeral trade and urban landscaping".

Substitute

It said architects and builders continued to prefer stone over other materials — granite is particularly hardwearing and resistant to city pollution. And construction projects already under way before the start of the year continued to use stone until completion.

However, substitute materials, especially ceramics which could be made to look like stone products and were far cheaper, gained in popularity.

Most shares in SA granite companies are hovering near lows on the JSE.

Market leader Kelgran, the operating company of holding company Keeley, has shed 20c or 14% in the past month, closing at 125c yesterday. Marlin Corporation closed untraded at its low of 23c yesterday, with Kudu 20c off its low at 40c. Minaco Granite closed untraded at a low of 40c.

Gold loan rates cut 0,5%

FIRST National Bank (FNB), a leading provider of gold loans to the local jewellery industry, dropped its gold loan interest rates by 0,5%, senior GM Norman Axten said yesterday. The reduced rates are

JONO WATERS

4% for quantities over 5kg and 5% for quantities under that amount. *(217)*

The international gold loan interest rate in dollar terms is 2,7%.

"By reducing the gold loan interest rates, we hope to stimulate the gold and jewellery industries by offering members a competitive advantage to market movements," Axten said.

EXECUTIVE SUIT

HERE ARE SOME RECOMMENDED COVERS FOR THIS YEAR'S ANNUAL REPORT, MR. STONE.



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Mining house shares lose shine

MATTHEW CURTIN

SHAKY diamond, gold and platinum prices have dulled the appeal of SA's mining houses. However, some analysts say many of the shares should not be ignored because they offer protection against weak individual commodities and the potential of good growth once the cycle turns around.

George Huysamer analyst Koos Pretorius said yesterday the shock turnaround in De Beers' fortunes had made the market wary of single commodity mining companies, and knocked the appeal of other groups linked to the diamond business.

De Beers shares rallied a little on the JSE yesterday, closing 40c up at R53,10, still R40 off highs for this year. Anglo American shares fell 25c to R94,75, a fall of more than R11 or R16% in the past month, and are 21% lower since the beginning of the year.

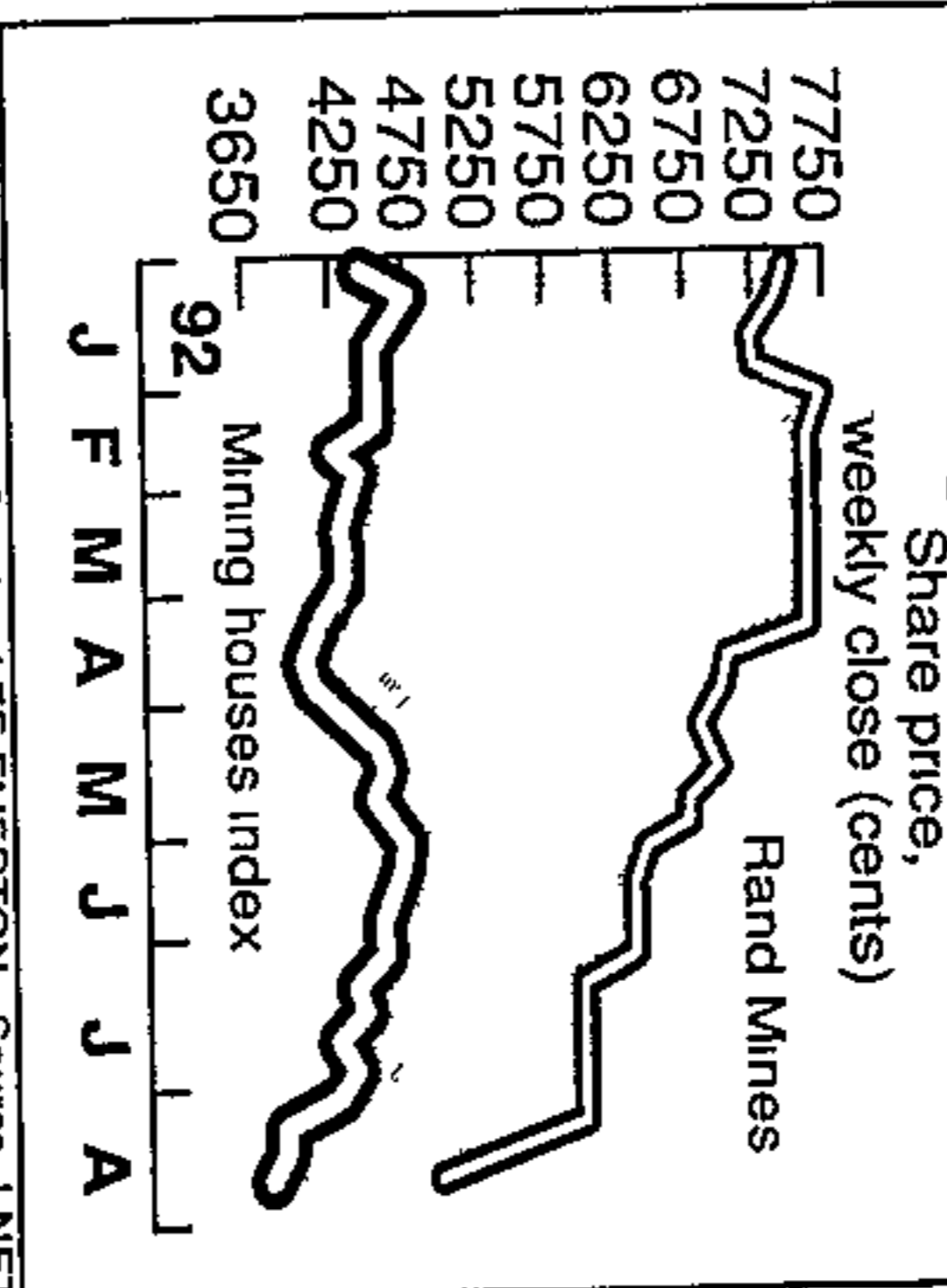
Mathison and Holidge analyst Barry Sergeant said Anglo American particularly and Anglovaal — through investment company Middle Wits, which has an indirect stake in De Beers' Venetia diamond mine — had lost ground on the JSE recently because of their exposure to diamonds.

Anglovaal fell 50c to R70,50 yesterday, a fall of nearly 10% or 750c in the past month.

However, Anglovaal, Johannesburg Consolidated Investment (JCI), and Gencor are the three mining houses the stock of which has held up the best so far this year, losing only 3% to 10% of their value since January.

Pretorius said these groups offered investors the security of diverse interests with limited exposure to any one commodity. He said their "downside" was that they would sacri-

Rand Mines & mining houses index



Graphic: LEE EMERTON Source: INET

fice the spectacular growth in earnings should a commodities' boom occur.

He said Gencor was "a real steal" at current prices. The stock closed 10c higher at R10,75 yesterday, giving Gencor a price/earnings ratio of 10,4.

Pretorius said Gencor offered shareholders the prospect of real earnings growth in the 1990s, once the Alusaf smelter and the Columbus Stainless Steel expansion projects got off the ground, with the bonus of fuel group Engen's solid prospects.

However, Sergeant cautioned that Gencor faced huge cash demands through its links to more than R10bn in capital projects, the aluminum and steel projects, the developing Oryx gold mine, Engen's share of further stages of the Genref expansion projects, and the revival of Impala Platinum's mothballed platinum mines.

Both analysts said it would be premature to "write off De Beers", and agreed a "down-weighting" of Anglo stock in portfolios was in order.

Pretorius said Gold Fields, "theoretically" a good stock, seemed to have been neglected by investors. The group's shares have sunk 25% so far this year, and closed 25c lower at R57,75 yesterday.

Sergeant said Gold Fields, because of the strength of its balance sheet and the quality of Driefontein and Kloof gold mines, was a safe haven for investors.

Concern over financing the later stages of development at Northam Platinum was mitigated by the chances that a rights issue would be held by the mining company, not the mining house.

He said JCI was also attractive, because platinum was the most likely commodity to turn around sharply, bringing super profits to Rustenburg Platinum and outweighing the mining house's exposure to diamonds.

JCI stock has fallen 16% in the past month to R49,75, but is still near levels at the beginning of the year.

Analysts agreed that Rand Mines was the mining house in which investors had lost interest. The group's shares have fallen 33% this year to R50, and were bid at R40 on the JSE yesterday, after ambitious bids of R17,50 on Tuesday.

Divested of its platinum, forestry and base metal interest, and lumbered with four marginal gold mines, Rand Mines amounted to little more than coal-mining subsidiary Rand-coal, an attractive investment in its own right, they said.

The restructuring of Rand Mines' head office, involving the "divisionalisation" of the mining house's operations, is still under way.

Genbel sees some encouraging signs of a worldwide economic recovery

By Stephen Cranston



The current portfolio weightings in Genbel are similar to the South African components of the Financial Times Actuaries World Indices.

In the annual report for the year to June, MD Anton Botha says that if Engen, which re-classified as a consumer goods and services company, the similarities would be very close.

Genbel holds 22 percent of its portfolio in finance, insurance and property shares, compared with a 19,6 percent weighting in the Financial Times SA Index and 59,9 percent in basic indus-

tries as against 56,4 percent in the FT index

Genbel's energy component is 15,5 percent, compared with the FT index's 4,1 percent, and the consumer goods and services holding is 2,6 percent, compared with 17,1 percent.

Chairman Tom de Beer says that although certain commodity prices have risen in line with increasing demand since January, these had little or no impact on the fortunes of many of Genbel's underlying investments.

He adds that the South African investment environment was also affected by continuing high interest rates and political uncertainty. Genbel increased

its earnings by seven percent to 34,2c a share

Mr de Beer says there are encouraging signs that the major world economies are improving and that the bottom of the commodity cycle may have passed

Mr Botha says that foreign exchange control and a continuing healthy balance of payments surplus have sustained the value of the commercial rand.

"These factors reduced the profitability of many of the companies in which Genbel is invested.

"We are therefore only mildly optimistic that the profitability of companies in the portfolio will show any improvements in the current year."



Anton Botha... only mildly optimistic



REMBRANDT



REMBRANDT

The Star/Allie
Advance bookings for this week's retirement planning seminar organised in conjunction with Allied Bank have now closed, but bookings can still be made by phone.

The seminar is at the

CHARTER CONSOLIDATED



217

FM 28/8/92

Putting away the port

Activities: Manufactures rail track and mining equipment, conducts quarrying and coal mining, supplies building products and services

Control: Minorco 36%

Chairman: Sir Michael Edwardes, MD JW Herbert

Capital structure: 105.7m ords Market capitalisation. R3,8bn

Share market: Price R35,70 Yields 3,2% on dividend; 5,9% on earnings, p/e ratio, 17, cover, 2,5 12-month high, 4 075c, low, 2 615c Trading volume last quarter, 930 000 shares.

Year to Mar 31	'90	'91	'92
ST debt (£m)	38,5	25,6	24,9
LT debt (£m)	56,7	48,9	65,1
Debt equity ratio	n/a	n/a	n/a
Shareholders' interest	67,6	70,3	70,2
Int & leasing cover	4,2	4,0	4,4
Return on cap (%)	10,9	11,3	9,6
Turnover (£m)	957	1 035	1 055
Pre-int profit (£m)	75,8	79,9	73,8
Pre-int margin (%)	7,9	7,7	7,0
Earnings (p)	43,6	44,6	42,5
Dividends (p)	19,5	21,0	21,5
Net worth (p)	475	488	519

Charter has moved a long way from Anglo American Corp's original plans for it in the decade of the Sixties. It was meant to be Anglo's international arm, a vigorous mining house that would exploit mining opportunities worldwide. How things have changed!

Of course, a few projects went wrong. There was the disaster of the Akjoujt Copper Mine in Mauritania and the failure of the Yorkshire potash development undertaken with ICI. And, as the problems multiplied, so Charter fell from grace. Minorco, grown out of Zambian Anglo American, is now Anglo's favoured vehicle for international mining expansion, though some wags would say it hasn't met with much overt success either.

Charter has changed its aims and its style of management. Chairman Sir Michael Edwardes says in his most recent statement to shareholders that the company is now "well settled into our smaller head office in Victoria, which is proving to be ideally suited to our needs". Gone is the prestigious Holborn Viaduct address, tucked neatly next to De Beers' CSO, gone are the trappings of a major mining house with international pre-



Charter's Edwardes settled into a smaller head office

tensions — the splendid lunches, the well aged port, the chauffeur-driven motor cars for executives.

Charter is now an industrial group that concentrates on rail track and mining equipment, quarrying and building products and services. And the question for observers and shareholders alike must be, how is it doing?

Actually, rather well. 1992's pre-tax profit was only 5% down on the previous year's record and Edwardes says, rightly, he "considers this a good result in difficult trading conditions". Confirming this, finance director Nigel Robson says the group encountered difficulty in all of its markets — evidence of the grip of a worldwide recession.

The group has an unusually strong balance sheet. Effectively, it is ungeared and is sitting on a cash pile of £211m. However, Robson says management's task in the next year is to increase operating profit, currently at £30m, at a rate faster than the fall in income from interest earnings. The UK's interest rate pattern is falling fast.

The anticipated problem area for 1992 was the supply of coal mining equipment to an industry that did not want it. That was cleverly managed by what Robson calls "rationalisations" and the net effect was that Anderson Plc turned in a better profit than for 1991. The future for this mining equipment supplier will depend largely on what happens to British Coal and whether it is awarded any new power station contracts.

The other problem area was Cape, which was dragged down by the effects of the recession in the building industry. The comparatively poor performance in this sector was countered by good results from Charter's quarrying and mining operations and from Pandrol, its international rail track

equipment company.

Johnson Matthey, the platinum conglomerate held 38% by Charter, contributed £25,5m to total operating profit. Its profits depend on demand for platinum and related metals but, in the past 10 years, this area of precious metals has performed substantially better than gold and it is clearly an investment Charter intends to hold onto.

Robson is reluctant to be drawn on prospects for the next year. All he will say is that "the City is expecting rather better results than for 1991 — probably around £75m pre-tax".

It's interesting to note the extent to which Charter has diversified out of the UK, which now accounts for only 40% of its business. The balance is in the US (30%), Europe (15%) and other international operations accounting for the remaining 15%.

The counter is trading in Johannesburg on a p/e of 17 — rather high for its sector. But that probably reflects a genuine need in this country for rand hedges and Charter certainly fulfils this role admirably for SA investors.

David Gleason

CAXTON/CTP



Opaque but promising

FM 28/8/92

Activities: Publishes newspapers and magazines through subsidiary CTP Holdings, also has printing, packaging, and ink manufacturing subsidiaries.

Control: Afmed 74,5% Modern Media Promotions and Argus Holdings have ultimate control.

Chairman: M Short, Joint MDs T Moolman; N Coburn

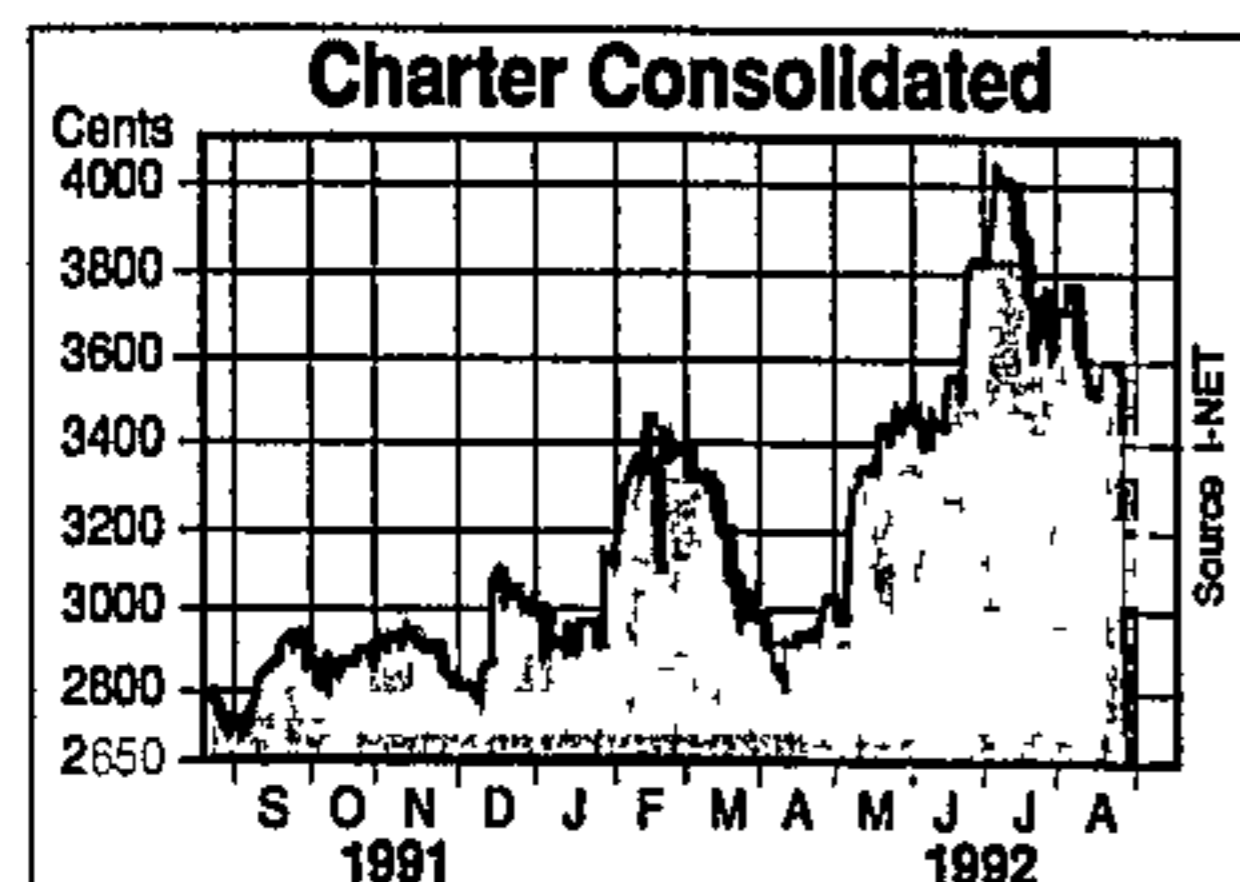
Capital structure: 25,1m* ords Market capitalisation R136m

Share market: Price 540c Yields 2,1% on dividend, 20,2% on earnings, p/e ratio, 5,0, cover, 6,9 12-month high, 545c, low, 500c Trading volume last quarter, 57 000 shares

Year to March 31	'89	'90	'91	'92
ST debt (Rm)	37,8	22,5	21,2	16,9
LT debt (Rm)	12,1	10,2	5,3	20,3
Debt equity ratio	0,41	0,22	0,11	0,07
Shareholders' interest	0,51	0,63	0,62	0,59
Int & leasing cover	5,0	6,7	12,3	17,5
Return on cap (%)	15,4	16,8	16,0	19,8
Turnover (Rm)	416	454	482	563
Pre-int profit (Rm)	37,3	38,7	47,1	69,5
Pre-int margin (%)	8,6	8,4	9,5	12,0
Earnings (c)	1 526	1 452	1 818	2 765
Dividends (c)	222	246	303	399
Net worth (c)	6 300	7 365	8 662	1 221

* Since year-end a capitalisation share issue and subdivision of ordinary shares, caused Caxton's share capital to increase from 717 526 ords to 25,1m ords.

Caxton, the printing and publishing company that derives most of its income from 53%-held CTP Holdings, remains a closed



Northam 'planning R275m rights issue'

NORTHAM, Gold Fields of SA's developing platinum mine, is expected to unveil within a month its plans to raise the R275m needed to achieve full production by June.

Northam will have to borrow the money or raise it through a rights issue. Chairman Alan Wright said yesterday Northam was looking at both options. 31/8/92

The move would enable the mine to maintain a positive cash flow until June, when it would have reached planned production of 150 000 tons a month, he said.

Northam raised nearly R1,2bn in three rights issues to develop the mine after being given the go-ahead in 1986.

BIPAY 31/8/92
JONO WATERS

Simpson McKie analyst Henny Vermeulen said if Northam borrowed the cash, the mine would have to raise an extra R50m to service the interest charges. As a result, the mine probably would pay its maiden dividend only in 1997. But if Northam raised new equity, its first dividend was expected in 1994. (217)

Wright said Northam might borrow money to pay a dividend.

Speculation on the price at which Northam was likely to offer its shares in a rights issue varied from R4 to R20 a share.

Northam 'has solved reserves problems'

BIDAM 1/9/92

JONO WATERS

217

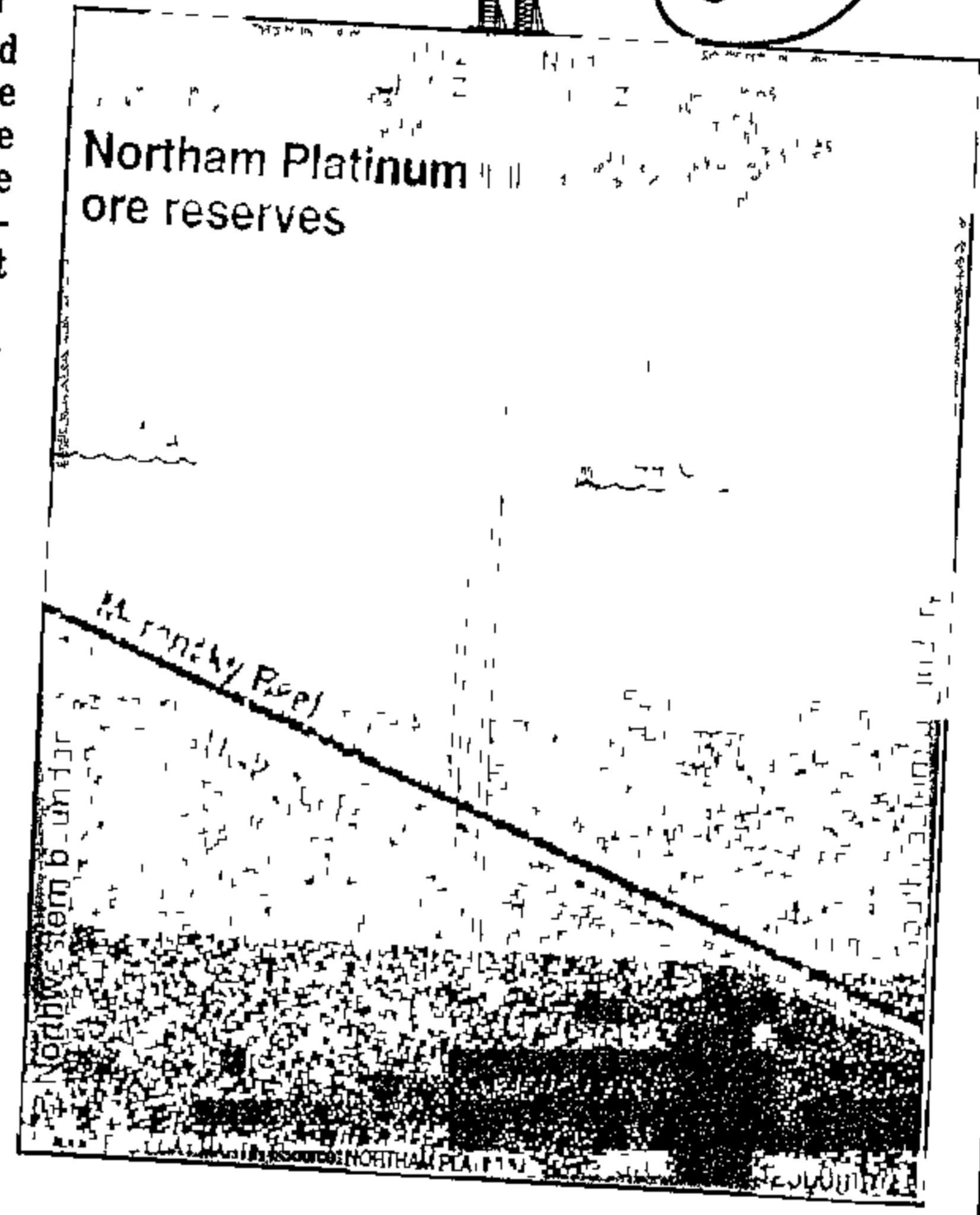
DIFFICULT underground working conditions and the question of accessible ore reserves are among the problems Northam platinum mine management claims to have overcome. Analysts who recently visited the mine said half of Northam's reserves on the Merensky Reef were above 2 000m and the rest below, giving the mine a life of about 12 years if the ore reserves below 2 000m could not be accessed as a result of heat problems. In situ virgin rock temperatures in the Bushveld complex are 65°C at 2 000m and 75°C at 2 500m.

Northam chairman Alan Wright said management believed it was possible to mine down to 2 500m, but mining engineers seriously doubt if this is possible, since it would be difficult to operate men and machinery at that level.

"The temperatures being experienced on the West Wits line at 3 000m are what we are experiencing at 2 000m. The West Reef is down below 3 500m at the moment, so why should we not be able to go down 3 000m?" Wright said.

An analyst said temperatures should be cooled to 28°C, because anything above 34°C wet bulb temperature resulted in a sharp increase in fatalities from heat stroke.

When Gold Fields issued



its prospectus on the mine, the planned stoping width was 0,9m with an in situ grade of 10,1g/t platinum group metals (pgm) plus gold. The current stoping width is 1,18m, which management said was needed to build up its tonnage to 150 000 tons as the incremental cost of mining the extra 0,2m was virtually nothing. However, some analysts saw this as an attempt by Northam to optimise its ore reserves.

Reserves calculated by analysts excluded those from the UG2 Reef. If the UG2 reserves were extract-

ed, the mine would need another R150m to equip and upgrade its plant.

Frankel Max Pollak Vinderine analyst Kevin Kartun said the mine was at the upper end of the cost curve and "balanced on a knife-edge".

Kartun believed the heat problem was more serious than had been made out, and the mine could be looking at purchasing two more refrigeration plants at a cost of R275m.

Analysts are also divided on how Northam would raise the R275m if it went about a rights issue.

Haib Copper is delisted 217

JONO WATERS

HAIB Copper was delisted from the JSE yesterday because the company was bankrupt, listings and equity markets GM, Richard Connellan said *BLOAN*

He said the company was "technically insolvent", but refused to elaborate.

Haib's shares last traded on the JSE on August 6 at 3c and were suspended on August 11 *219192*

Meanwhile, a spokesman for Glenn Laing's Revere Resources — which sold the mine to Mega Holdings in July — said the company was considering legal action for breach of contract and non-performance

The company failed to come up with the R550 000 cash it was supposed to have paid for the mine

Revere had originally intended to develop Haib as a low-cost, low-grade copper mine, but was unable to raise the development capital

World stockpile keeps platinum down

BIDAY
2/9/92
217
JONO WATERS

AS PLATINUM see-sawed on world markets yesterday market sources said the size of world stocks was holding back a rise in prices in spite of good demand for the metal.

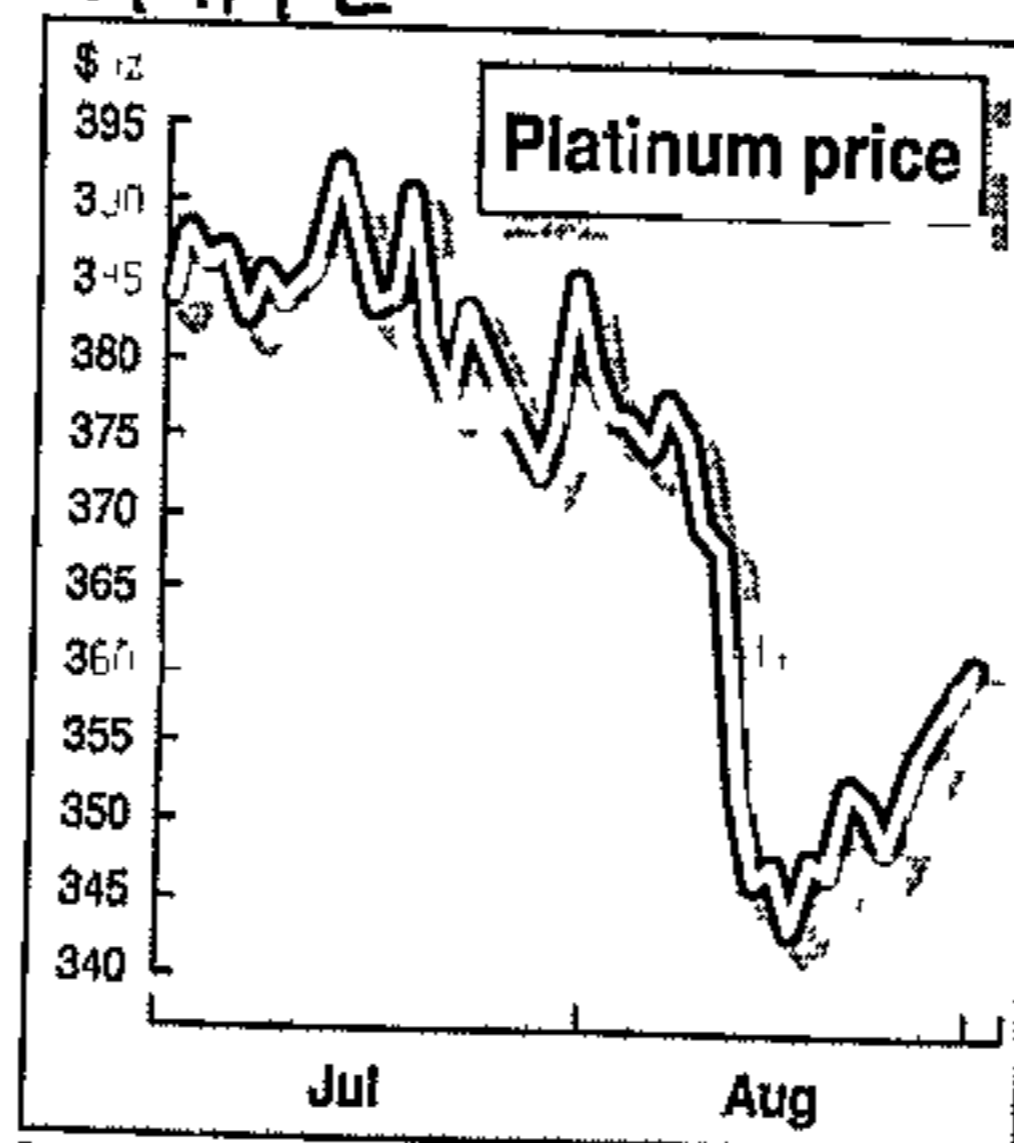
Platinum was fixed at \$360.25 in London yesterday, down from \$361.75 in the morning. In New York it lost \$3.50 to close at \$357.50.

Reuter reports US market sources as saying a decline in Japan's Nikkei average and a decrease in July US construction spending also weighed on values.

"The market came in higher on some overnight Swiss buying but funds were sellers. Since conditions are thin, the funds were able to push the market and create wide ranges," said a commission house analyst.

"The decline in the dollar should be a plus while the construction data is a bit of a negative," she said.

Over the last five days the metal has been climbing steadily since the Japanese government approved an economic stimulation package of 10.7-trillion yen last week. Analysts



Graphic: RUBY-GAY MARTIN Source: I-NET

said the metal could hit \$365 by the end of the week.

Analysts said the weakness in platinum prices, which were still about 11% down on highs of near \$390 this year, contrasted with expectations that worldwide platinum would outstrip demand again in the forthcoming year. That, should bring pressure for price increases.

World platinum supply in 1991 was just over 4-million ounces while world demand was slightly above 4.1-

million ounces. One analyst estimated world stocks to be in excess of 600,000oz.

Analysts said the fundamentals for a price increase were in place and still expected the price to reach \$400 by the end of the year if the world economy recovered and if no more metal was dumped on the market.

Impala Platinum (Implats) senior marketing manager John Hollely said stocks of platinum were causing considerable downward pressure on the price. Stocks had been built up as a result of the Russians releasing large quantities on to world markets last year to earn foreign exchange.

Although there were thought to be fairly large stocks in Europe and especially Japan, thought to have overbought last year, the stocks were said to be "firmly held." In other words, they were not likely to be dumped on the market.

Hollely said it was thought that the Russian stocks were substantially depleted, but an analyst said that Russian platinum held as collateral in Swiss bullion houses was estimated to be in excess of 300,000oz.

Northam error

IN THE story yesterday on Northam Platinum, Business Day said its refrigeration plants would cost R275m. According to the source quoted, Northam could be looking to purchase two refrigeration plants with part of R275m it intended to raise

BIDAM 29/9/2007 (217)

New deal obviates uranium glut

MATTHEW CURTIN

A DEAL struck by the US and Russian governments has allayed fears that a vast additional supply of uranium would be released from military stockpiles after the sudden end to the Cold War and the collapse of the Soviet Union

The Financial Times reported yesterday that the governments had initialled an agreement for the conversion of highly-enriched uranium from dismantled Soviet nuclear weapons to low-enriched uranium for use as commercial nuclear fuel

The agreement specifically mentioned that there would be no adverse impact on US consumers or Western world producers who had been hit by tumbling prices associated with a large oversupply

Spokesmen for SA's Nuclear Fuels Corporation (Nufcor) were unavailable for comment yesterday, but a uranium industry source said the agreement was a favourable development

However, he said, threats that a sudden influx of converted weapons grade fuel would worsen the already substantial glut on the uranium market had been exaggerated

SA currently produces about 6% of world uranium output, but production had fallen away steadily in the '80s. Demand slackened with the curtailment of nuclear power programmes and supplies grew with the release of material from large US and then Russian stockpiles

Uranium output from SA's gold mines fell 30% in 1991 to 1 885 tons from 2 697 tons in 1990. (2170)

The FT reported Uranium Institute director-general David Kay had said the agreement "ensures that not all the weapons-grade fuel will be entering the market at once, but will be released over many years"

"The arrangement seems guaranteed to have zero impact on the market by ensuring there is no vast new capacity".

He said early estimates that dismantling nuclear weapons would provide about 100 000 tons of uranium — or about two and a half times last year's. Western world sales of 38 000 tons — were proving wide of the mark.

BIDAY 3/9/92

Assmang's distributable profit dives 38%

B/DAM 31/7/92

JONO WATERS

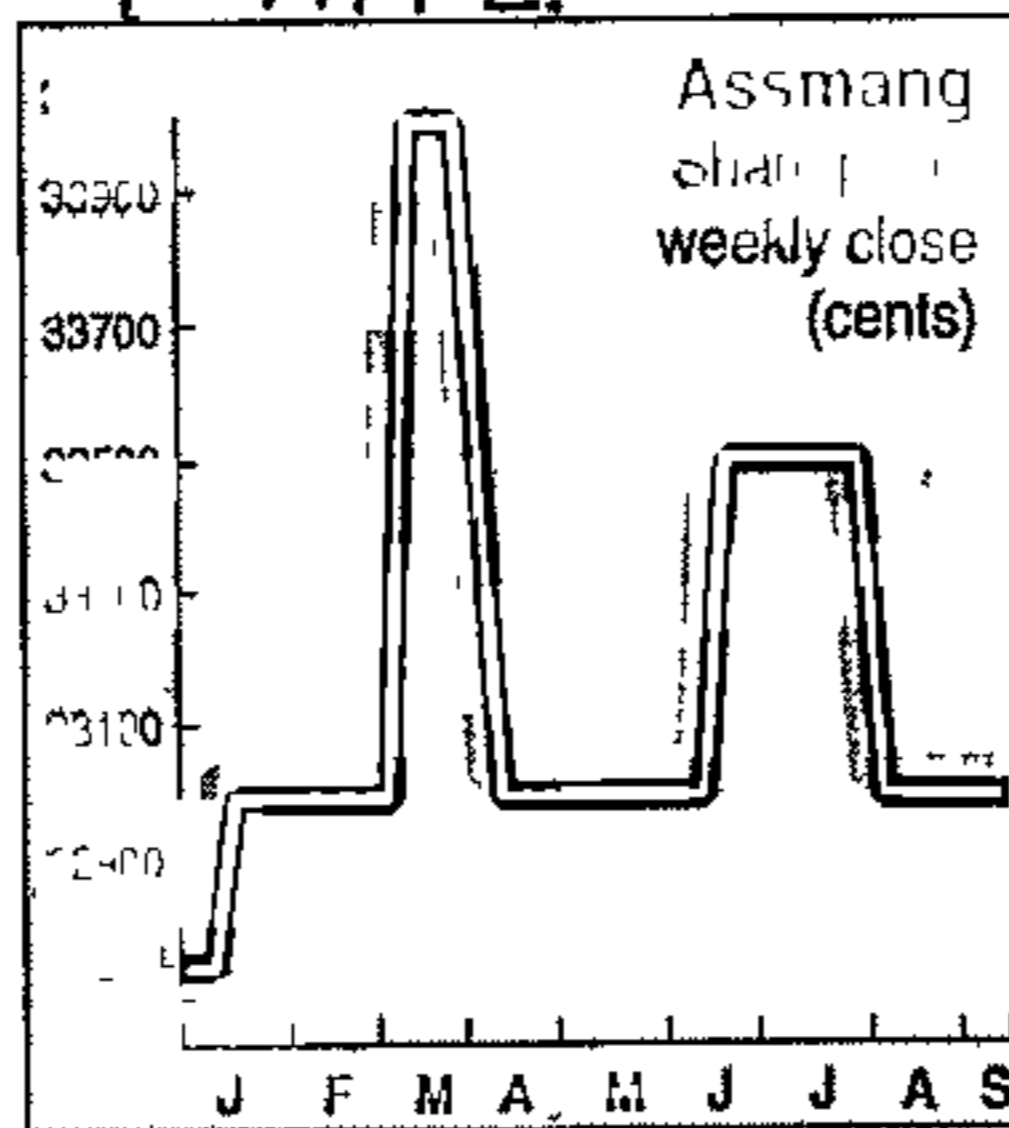
LOWER sales volumes and prices received for all products of Anglovaal's Associated Manganese Mines (Assmang) resulted in a 38% fall in distributable profit in the six months to end June 1992

Earnings a share fell to 993c from 1 599c in the comparable period last year, but the company declared an unchanged interim dividend of 250c

The dividend was covered four times (6,4 times) by earnings

Turnover in the period was lower at R253m (R299m) and, as a result, operating profit fell 22% to R90,2m (R116m)

Interest payments decreased to R4,33m (R7,09m) following the reduction in Assmang's borrowings to



Graphic RUBY GAY MARTIN Source I N E F

R45,9m (R50,4m) Pre-tax profit fell 21% to R85,9m (R108m)

The lower tax-bill and the state's profit share of R46,6m (R51,7m) produced a 30% fall in after-tax profit to

R39,3m (R56,8m)

MD Basil Hersov said it was expected that market conditions were unlikely to improve in the current financial period ending June 1993

Assmang, now a subsidiary of Anglovaal, changed its year-end from December to June

Capex increased to R4,35m compared to R1,62m in the comparable period in 1991

Assmang exported most of its manganese and iron ore, which was mined in the northern Cape. The rest was sold locally — mainly to the company's subsidiary Ferroalloys

Demand for manganese and iron ore, both used in the manufacture of steel, had been low as a result of depressed local and international steel markets

(217)

ARG 3/9/92

Russia and US uranium deal blow for SA

The Argus Foreign Service
WASHINGTON — A United States decision to buy 50 tons of highly enriched weapons-grade uranium from Russia over the next five years is likely to come as a blow to smaller uranium producers such as South Africa and Canada

The United States will dilute the uranium and sell it as commercial reactor fuel, President Bush has announced. A further 30 tons would be similarly transferred and sold after that, he added

The deal is expected to flood the United States market with cheap enriched uranium fuel for decades to come

The US-Russian agreement is said to have been aimed in part at preventing the material — removed from nuclear weapons now being dismantled — from falling into the wrong hands.

Some of the profits from the sale of the Russian fuel, Mr Bush announced, would be used to improve the safety of nuclear power stations in the former Soviet Union

Many are believed to need urgent attention and at least six, built to the same design and at the same time as the Chernobyl reactor, are regarded by some Western scientists as dangerous

While the agreement, initialled in Moscow and subject to formal ratification within 12 months, appears to limit the sale of the diluted fuel to commercial users in the United States, there is no clarity on the matter

Some observers suggest that pressure from Russia for foreign exchange could encourage the sale of the commercial fuel internationally.

There is no indication yet what reaction the agreement is likely to get from the US Senate, which would have to ratify any formal treaty, but senators of both major parties have expressed concern about the risks involved in the nuclear disarmament of the former Soviet Union — so the agreement may well be encouraged and quickly endorsed.

SVETI STEFAN (Yugoslavia). — Reclusive US chess star Bobby Fischer has made a triumphant comeback, beating old rival Boris Spassky in a match he agreed to play in Yugoslavia in open defiance of UN sanctions.

Fischer, 49, emerged from 20 years self-imposed seclusion to beat Spassky in six hours and 49 moves yesterday in the first game of a \$5 million (about R13 million) re-match of their legendary 1972 world championship duel.

"I had a good opening advantage, and basically that was it,"

Fischer i

a confident Fischer told reporters after the game.

"It was a pretty good game."

Spassky, robbed by Fischer of the world crown in their 1972 Reykjavic encounter amid allegations of cheating and even spying, was generous in defeat.

"I think I missed the best plan. Bobby had a nice line and eventually I was killed," Spassky said to a guffaw of laughter from Fischer.

ARG 3/9/92

'Repression and arrests in Malawi'

LONDON. — Malawi's ageing President Kamuzu Banda is attempting to suppress burgeoning opposition with mass arrests, raids on offices and homes and church harassment, says Amnesty International.

The London-based human rights organisation said that hundreds of people had been arrested in the past four months and crammed into overcrowded prison cells, some deliberately flooded with excrement.

Ill-treatment included forcing political prisoners to clear up excrement with their bare hands, the report said

"The government is facing unexpected opposition and it is reacting with repression," said Amnesty International. "We have reports of 285 people being crammed into one small cell, of people being kept in leg irons, of severe beatings and electric shocks. There is also a frightening pattern of deaths in custody."

President Banda, believed to be in his 90s, has ruled this central African nation since independence from Britain in 1964.

He presides over a one-party state as president-for-life and is resisting post-Cold War pressure on Third World dictatorships to hold multiparty elections.

The crackdown followed a

Lenten pastoral letter in March by Malawi's Roman Catholics criticising the government and calling for greater democracy. The letter sparked public debate, including anti-government demonstrations

A bishop, Irish Monsignor John Roche, was expelled and others threatened with execution by ruling Malawi Congress Party leaders

In its report, Amnesty International said that since May police had swooped on homes and offices, sometimes simply on suspicion that a photocopier was used to reproduce multiparty literature.

In separate raids the entire staffs, totalling about 30, of the computer sections of the National Bank of Malawi and of the Electricity Supply Commission were picked up, the report said

The commission's acting computer manager, Grey Nyenje, was feared to have been tortured and might have died in custody, it said.

"The government has taken some steps to improve respect for human rights — possibly more than 60 political detainees have been released this year — but that is all undermined by these continuing arrests," said Amnesty International.

The Malawi High Commission in London did not return telephone calls seeking comment. — Sapa-AP.

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Dabi shares soar on plans to sell portfolio

MERVYN HARRIS

217

JCI's mining holding group DAB Investments (Dabi) soared 42% or 400c to R13,50 on Friday on news that it plans to dispose of its entire investment portfolio and distribute the profits to shareholders by way of a cash dividend.

Major holding in the portfolio is nearly 2-million Consolidated Metallurgical Industries (CMI) shares, which constitutes about 23% of Dabi's portfolio. CMI eased 25c to 875c on Friday.

Dabi has smaller holdings in De Beers, Dries, Palatin, JCI and JCI group platinum mines Rusplat, Leplat and PP Rust.

Dabi said in a cautionary statement to shareholders that the decision to realise the underlying value of the portfolio for the benefit of shareholders was made because of the substantial discount to net asset value at which Dabi shares consistently traded.

Analysts said the move was unlikely to be followed by other mining holding groups such as New Wits and New Cent.

They said Dabi differed from other mining holding groups as its investments comprised listed holdings and the portfolio had no mineral rights or unlisted companies.

This made it easier for Dabi to sell off its holdings and clear its decks.

Friday morning's trade of just over 4 100 shares worth almost R56 000 changing hands in five deals means a few investors made about R16 000 profit.

The other big rise on Friday was registered by embattled Harmony Gold Mine which rebounded almost 27% or 200c to 950c on news that government might render assistance to save the mine from closure.

The rise included a foreign purchase of the shares at 935c and came after the price touched a low of 675c earlier last week after falling from a high of R22 in February.

IGI makes an R18m turnaround in spite of pressures on market

GAVIN DU VENAGE

IN SPITE of severe recessionary conditions that had an impact on short-term Insurer IGI's traditional consumer market, underwriting results made an R18m turnaround from a loss of R9m in 1991, to an underwriting profit of R9.5m this year, chief executive Ima Lewis said in the company's annual report.

Premium income increased 10% during the year under review, net income rose to R29m (R23m), which Lewis ascribed to strong management, aggressive marketing and strictly controlled costs.

Group attributable income declined marginally to R26m (R27m), but the final dividend was up 13% to 35c (31c), bringing the total dividend for the year to 55c (48c).

The solvency margin was up 12% to 59% (47%) and, as this exceeded the minimum requirement of 15%, Lewis said the board might review its dividend cover policy.

Dividend cover remained three times the earnings in spite of a loss resulting

from discontinued operations and losses incurred by Abacus. Capital employment exceeded R1bn for the first time this year.

Investment income dropped from R35m to R25m because of a marked swing from monthly to annual premium payments, in large commercial accounts as well as in individual accounts, where advantage was taken of this facility.

This trend was experienced throughout the industry and he expected investment income to improve next year as the full effect of monthly premium annualisation was felt.

He said the overall results should be seen against a backdrop of more claims in the crime classes of insurance as a result of the prevailing socio-economic climate.

Lewis said reductions in interest rates, and further cuts that could follow as inflation declined, might well be the turning point in the current low economic cycle

Club Med recovers from Gulf war downturn

PARIS — Club Mediterranée, the French resort and tour operator, announced that it swung to a net profit of Ff20,3m in the first half of its fiscal year to end-October, from a loss of Ff87,4m in the year-earlier half.

The result was roughly in line with the company's prediction for a profit of Ff21m in the November-April period.

Club Med published the figures in the French bulletin of obligatory legal announcements, known as the Balo.

Club Med noted good attendance at its European and African resorts, particularly in the Mediterranean basin, crippled last

year during the Gulf conflict. Its Alpine ski resorts benefited from good snow conditions last winter.

The company, which targeted full-year profit of Ff240m, remained cautious about the near-term tourism outlook, noting the poor economic conditions still prevailing.

Club Med posted a full-year 1990/91 loss of Ff17m francs. The group would have posted a profit of Ff175m if its air charter operations were excluded. The company's exposure in charters has been greatly decreased in the past year. — AP-DJ

MINING house Johannesburg Consolidated Investment would report lower earnings in the year to end June 1992, and a key factor would be an expected sharp fall in income from its unlisted diamond interests, analysts said yesterday

"The big question is what it will get from its Central Selling Organisation interests, which are likely to be taking a pasting in current market conditions," said

JCI 'to lose some sparkle'

BIDAY 7/9/92
Nigel Dunn, an analyst at stockbrokers Anderson Wilson Partners

JCI is due to report 1991/2 results tomorrow

Analysts' forecasts ranged from a 5%-10% drop in equity accounted earnings to 343c-365c in the financial year to June 30, from a previous 383c. They expect JCI to maintain the

1991/2 dividend at 132c for the third year in a row

Dunn said earnings could be closer to 325c if the drop in income from its diamond interests was worse than expected

Peter Davey, of Frankel, Max Pollak, Vinderine, expects income to be at least 18% down to R57m from R70m in 1990/1, and said the turmoil in world dia-

mond markets would continue to affect earnings in the current financial year

Boosting earnings was the R14,5m dividend in specie from Rustenburg Platinum, which analysts said would be taken above the line on the income statement. They expect the contribution from JCI's platinum interests, a major portion of total earnings, to be flat, gold up and coal slightly up — Reuter

STAR 10/9/92
Question
over ET Cons
earnings

By Derek Tommey

Eastern Transvaal Consolidated Mine's (ET Cons) earnings this year will depend mainly on the rand gold price, says chairman RAD Watson.

Mill throughput and recovery grade will remain relatively constant at last year's levels, but working costs will continue to rise, though below the inflation rate.

Additional revenue should come from the re-treatment of the calcine dams, which will start in January at an initial rate of 1 200 tons a month at an estimated recovery grade of 7,5g/t.

The company is investigating retreating the Consort and Sheba tailings dams.

ET Cons spent R7,7 million (1991; R8,8 million) on prospecting during the year.

Drilling on the Slaaihoek nickel/copper/platinum prospect shows it is a complex mineralised body.

Further work will be done in the current year to determine its potential.

Capital expenditure this year will be about R11,7 million, mainly on the calcine retreatment plant, shaft deepening and sludge pumping at Sheba, shaft deepening at Consort, employees housing and amenities, and on matters related to the environment.

Platinum gains on SA disruption fears

CT 10/9/92
217

JOHANNESBURG — Platinum gained \$5 in London yesterday on fears of political disruption in SA.

It was fixed at \$364.15 an ounce in the afternoon from \$359 at the Tuesday afternoon fix. When London closed, platinum was even higher at \$366.

The performance of platinum shares reflected fears of ANC political action spreading to Bophuthatswana. Impala Platinum fell to R40 from R42.50, while Rustenburg Platinum, which made early gains, lost ground again and remained unchanged at R73 at the close of business.

Analysts said ANC threats to march

Closing gold prices

(In \$ an ounce)

NEW YORK

341,80/342,20

LONDON:

342,50/343,00

Fixing am: 343,10

Fixing pm: 343,30

ZURICH: 342,00/345,00

— Reuter

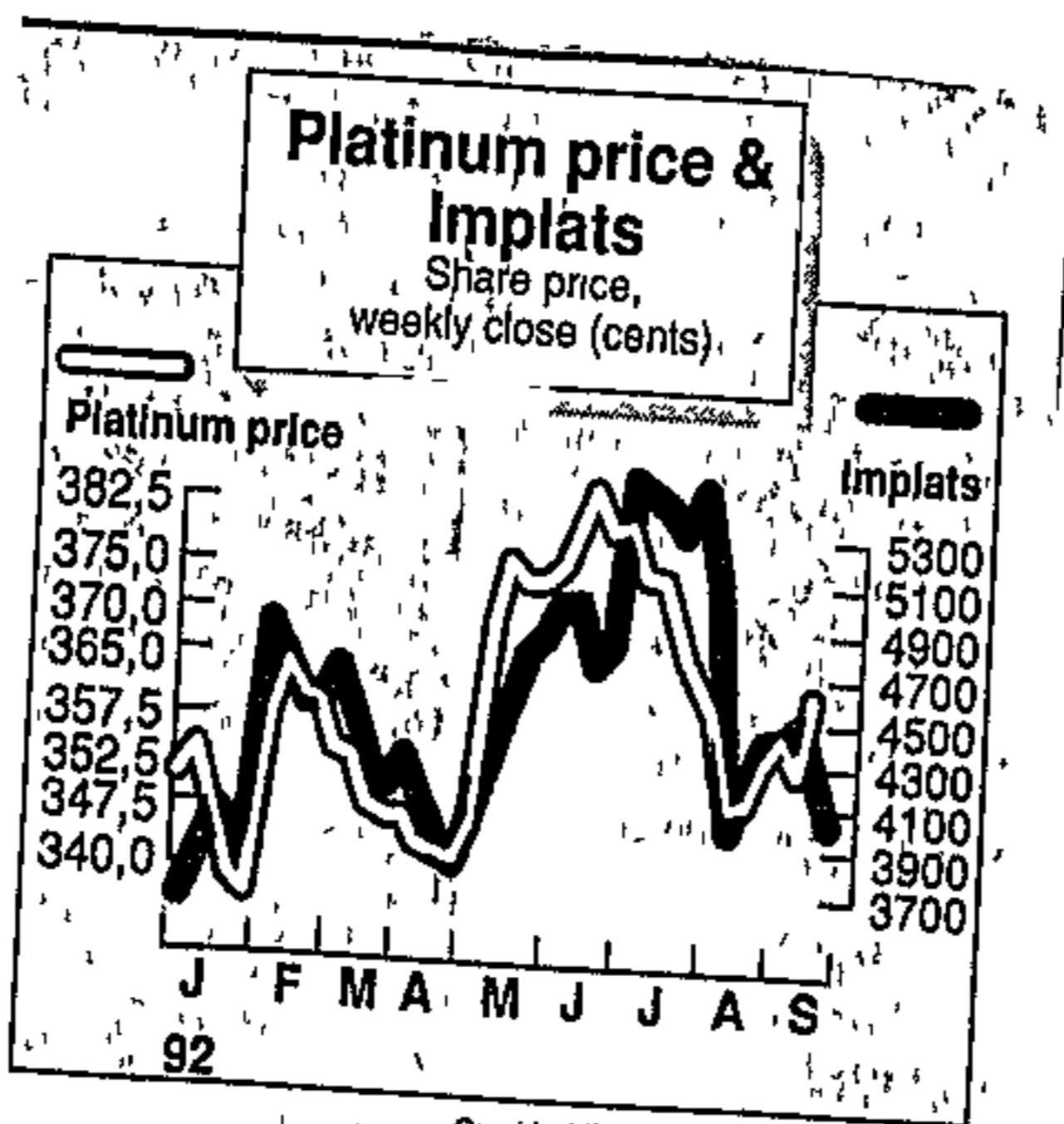
on Bophuthatswana had worried investors.

Gold bullion remained higher in afternoon business in London but edged down to close at \$342.50/343.00 an ounce from an afternoon fix of \$343.30. An earlier rise in gold was attributed to the strength of platinum and concern about the possibility of further violence in Ciskei.

Dealers said gold was still stuck in a \$338/344

range.

Silver bullion rose slightly in sympathy with the other precious metals with the metal quoted around 373/375c an ounce, up from Tuesday's close of 372/374c. — Own Correspondent, Reuter



Graphic: LEE EMERTON Source: I.N.E.T.

Fears of disruption push up platinum

JONO WATERS 217

PLATINUM gained \$5 in London yesterday on fears of political disruption in SA. It was fixed at \$364,15 an ounce in the afternoon from \$359 at the Tuesday afternoon fix. When London closed, platinum was even higher at \$366.

The performance of platinum shares reflected fears of ANC political action spreading to Bophuthatswana. Impala Platinum fell to R40 from R42,50, while Rustenburg Platinum, which made early gains, lost ground again and remained unchanged at R73 at the close of business.

Analysts said ANC threats to march on Bophuthatswana had worried investors. But Implats chairman Brian Gilbertson said the mines were running normally and he was unable to pass comment on hypothetical questions.

Frankel, Max Pollak, Vinderine analyst Kevin Kartun said he believed there could be disruptions at Implats, as this would "cripple" the government of Bophuthatswana.

Fergusson Brothers analyst Philip Marillier said the ANC's threats could boost platinum sentiment. But he said the market could be a little cynical as the platinum price rose and fell just as quickly when expected disruption of supply during the August general strike did not materialise.

Marillier said there was a good chance of trouble, but whether this would occur at Implats was debatable.

"Relations between the management and the workers at Implats is fairly good and the chance of a strike is less than it was a year ago"

Mid Wits has modest expectations

3/DAY 10/9/92 (217)

MATTHEW CURTIN

MIDDLE Witwatersrand, Anglovaal's mining investment and exploration subsidiary, will report a modest increase in earnings in the current financial year after record earnings in the year ended June 1992, says chairman Clive Menell.

Menell said in his annual review the key factors affecting earnings would be prevailing metals and minerals prices, interest rates and the level of royalties received from De Beers' new Venetia diamond mine.

Mid Wits has a 65,6% stake in Saturn Mining and Prospecting which is entitled to a minimum royalty of 12,5% of Venetia's profits until the mine's capital spending is recouped. Thereafter Saturn will have a 50% share of profits.

Mid Wits earned R7m from its stake in Saturn in 1992 (1991 R29 000), which boosted attributable earnings to R54m (R47m).

Menell said "Although the world

diamond market is presently going through a difficult period, it is anticipated that Venetia will over the years make a major contribution to group earnings." Venetia was officially opened on August 14.

Mid Wits's exploration activities would slow down dramatically in the year. Menell confirmed that the group would not continue its exploration programme, conducted in conjunction with Anglovaal, on the Sun gold prospect in the northern Free State because market and political uncertainties outweighed encouraging drilling results. Mineral option and prospecting agreements over the Oribi prospect, north of Sun, were being abandoned.

Menell said analysis of results from an early drilling programme for platinum in the eastern Transvaal bushveld did not justify further

exploration at present. Base mineral exploration was continuing in SA and Namibia.

Meanwhile, R A D Wilson, chairman of Anglovaal's Eastern Transvaal Consolidated Gold Mines (ET Cons), said in his annual review that the company's initial exploration programme on the Slaaihoek nickel-copper-platinum prospect indicated "the existence of a complex mineralised body" and further work would be done this year to determine the economic potential of the deposit.

Reviewing Village Main Reef's performance in the year ended June 1992, Wilson said without a marked improvement in rand gold prices in the current year the treatment of some surface dumps and the continuation of underground operations could become uneconomic and the life of the company's mine would be reduced accordingly.

Impala Platinum

FM 11/9/92

217

Putting off the expansion plan

Activities: World's second largest producer of platinum from its mines situated in Bophuthatswana

Control: Gencor 41%

Chairman: B P Gilbertson, MD J M McMahon

Capital structure: 62,2m ords Market capitalisation R2,74bn.

Share market: Price 4 400c Yields 3,86% on dividend, 9,5% on earnings, p e ratio, 10,5, cover, 2,46 12-month high, 5 500c, low, 3 600c Trading volume last quarter, 680 000 shares

Year to June	'89	'90	'91	'92
Short-term debt (Rm)	214,0	230,5	399,5	488,2
Long-term liabilities (Rm)	15,8	15,8	19,0	224,0
Turnover (Rm)	2 091	2 090	2 269	2 264
Pre-tax profit (Rm)	1 049	738,4	843,3	511,0
Attributable prof (Rm)	362,1	250,5	311,8	260,3
Earnings (c)	592	410	509	418
Dividends (c)	250	250	275	170

Anyone seeking reasons why Impala Platinum (Implats) share price has performed so badly against market leader Rustenburg Platinum need look no further than this annual report. Under present market conditions, the differences between the two rivals are particularly marked.

When Rusplat's production is growing, with the Amandelbult expansion due to come on stream this year, Implats is postponing its own expansion because of lower demand for platinum group metals (PGM) and financial strains on the balance sheet. The group announced earlier that the proposed Barplats and Messina projects have been put on ice because of low PGM prices.

Implats chairman Brian Gilbertson now reveals the group is deferring the expansion on its existing mines in Bophuthatswana (Bop) by a year so that a target production level of 1,29m oz will not be reached before 1997. Reasons include not only the low market prices for PGM but reduced metal requirements from two of Implats' major customers, as well as "the need for financial prudence while the outlook for Western economies remains so bleak."

The crucial point appears to be the revised demand by the two Implats customers which the group will not identify but which Irish & Menell Rosenberg analyst Dave Russell be-



Impala's Gilbertson ... a need for financial prudence

lieves to be General Motors and Chrysler. Implats depends heavily on the fortunes of the automobile industry. Russell estimates GM takes between 50% and 60% of Implats' output. He says the group had embarked on its expansion at the request of GM to meet anticipated rising vehicle production.

GM and Chrysler have lost market share and have revised their PGM offtake to the minimum contracted levels with Implats. The companies have lost ground in the vehicle markets to Ford, Honda and Toyota which Russell says source their PGM requirements from Rusplat.

Main saving to Implats from the decision to defer the expansion is on capital expenditure. Gilbertson says spending will not exceed R250m in the 1993 year, compared with R410m in 1992. MD Mike McMahon adds the decision means Implats will not need to hold a rights issue or increase debt to pay for its expansion, intended to lift annual group output from 1,1m oz of platinum to 1,35m oz.

The group remains wary on the outlook for the platinum market, though it forecasts a net supply deficit for calendar 1992 of 93 000 oz, with supply estimated at 4,429m oz and demand at 4,522m oz.

"Looking to the 1993 calendar year, the world economic recession may be protracted beyond our expectations and may yet spread to Japan," says McMahon. "In this scenario, platinum and rhodium demand may grow more slowly than generally assumed."

Rusplat MD Barry Davison sounded more optimistic on platinum's prospects at the beginning of August when the group released year-end results. Should the market remain weak, Rusplat is in a better financial position to cope.

Implats' long-term liabilities jumped to

R224m (previous financial year — R19m). It returned to a net borrowings position of R69,1m, from having net cash of R76,7m the previous year. That must rankle with Gilbertson, whose views on holding large cash balances are well known. Still, he says Implats "is well placed to weather the present circumstances."

Implats' results were helped by a 42% surge in rhodium output to 94 000 oz (66 000 oz) while the group's platinum production dipped 19% to 0,86m oz (1,07m oz). That was caused by extensive labour unrest as well as underground mining problems and technical difficulties in the refineries.

McMahon says the refinery problems were overcome in the second half of the year. Some of Implats' production was toll-refined in Europe to ease pressure on the refinery while the process improvements were being made. That accounted for the surge in rhodium output.

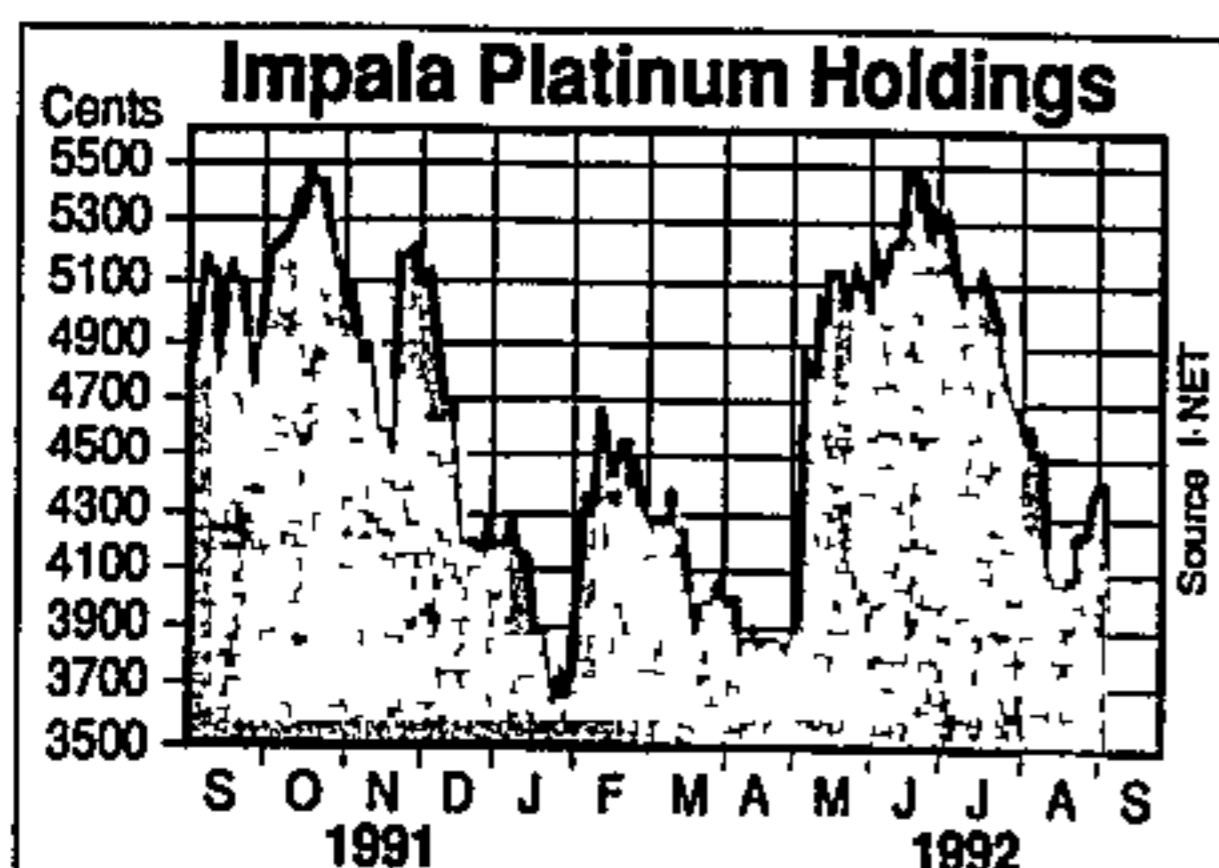
Biggest uncertainty in evaluating Implats' prospects remains its labour situation. The annual report spells out in depressing detail the costs of the unrest — 37 employees dead, R11m in damage to property caused by looting and arson, more than 2 000 workers dismissed and 120 000 oz of refined platinum output lost.

Root cause of the trouble lay largely outside Implats' hands. It involved a politically motivated confrontation between the National Union of Mineworkers (NUM) and the Bop government which does not recognise it.

McMahon says: "pending final resolution of the issues surrounding NUM's recognition in Bophuthatswana, a series of independently monitored elections has resulted in a credible and acceptable Council of Worker Representatives emerging on our mines. This body successfully and peacefully negotiated the June 1992 wage settlement at an average increase of 13,5%."

While all is almost back to normal, some analysts remain concerned that the underlying political cause of the trouble — the ANC versus Bop president Lucas Mangope — could erupt again. That risk means some analysts are applying higher discount rates in evaluating Implats than Rusplat and they reckon the share price — at a whopping 39% discount to Rusplat — is justified.

Brendan Ryan



CONSOL FM 11/9/92

Looking abroad

Consol's balance sheet has strengthened significantly, thanks to the glass operation's strong cash flow generation and last year's

Continue

I&C produces R4m surge

EDWARD WEST

INDUSTRIAL and Commercial Holdings (I & C), which has as its major asset a 12,5% stake in Saturn Mining and Prospecting, has upped attributable income to R4,57m from R135 000 in the year to end-June 1992.

Saturn had rights to receive 12,5% of Venetia diamond mine's profits until the mine capital spending was recouped, after which it was entitled to a 50% share of the profits. Anglovaal and Mid Wits held 87,5% of Saturn. I & C was owned by its directors with a 63,6% stake.

I & C results published today show dividends received from Saturn in the 12 months to June 30 1992 amounted to R434 000. After expenditure of R221 000, tax of R6 000 and an extraordinary income of R4,35m, attributable income was R4,57m.

A dividend of 2c a share was declared. *SDAM 11/9/92*
Since year-end Saturn has declared a further dividend.

(4)
CORONATION SYNDICATE

FM 11/9/92
Gilt-edged vehicle

(217)
(232)

Sleepy little investment holding company Coronation Syndicate (Corsyn) could be turned into a speculator's stock with a bond market "wunderkind" at the helm, intent on cashing in on boom conditions for SA gilts.

That's the conclusion drawn from last week's acquisition of 66% of Corsyn — 3,96m shares — by former UAL employee David Barnes, UAL Merchant Bank and UAL executive director Gavan Ryan.

Barnes, 39, is the key player — described by some of his competitors in the gilts, options and futures markets as "brilliant," and "one of the most astute bond market dealers in the country." He spent 10 years with UAL running the merchant bank's bond trading division for much of that time, and making himself a multi-millionaire in the process, according to one source.

Barnes says he has been happy at UAL but wants a structure where he has more freedom. He will be solely responsible for day-to-day trading decisions, though Ryan and UAL CE Geoff Richardson will be directors.

The SA gilts market has just experienced three boom months, with the prospect of more good times over the next year or so. Lower inflation and falling interest rates mean rising bond prices under normal conditions. Activity in SA gilts has been feverish, as institutions have piled in because of unattractive prospects in equity, property and money markets.

Among the questions raised are the complexity of the deal, and the apparent conflict of interest for UAL, as Ryan is in overall charge of the bank's securities division. If Barnes wants to play the gilts market on his own, he doesn't need to go to these corporate lengths, a point he concedes.

He says he has "longer-term objectives," which he won't specify now. He adds Corsyn will not be a market maker in gilts, but will take principal positions. UAL executive director Tim Sewell says there is no conflict of interest because the bank will be a passive shareholder in an "interesting" investment situation.

FM 11/9/92

(217)

One of Corsyn's key assets in this regard may well be its listing on London's stock exchange, as well as on the JSE (232).

Barnes won't specify the price being paid for Corsyn at this stage, but it is related to NAV which is about 100c a share at present.

The JSE price has moved to 100c from a year's low of 60c in mid-July. An offer to minorities will follow but holders of the remaining 2.1m shares in issue might be well advised to stay on board because, short-term, it could be an exciting ride.

Brendan Ryan

Fraser Alexander pays a mint for a lesson

S/Times (B455) 13/9/92

217

FRASER Alexander chief executive Peter Flack is not the kind of man who talks about the weather.

But he was obliged to mention an unseasonably warm European winter of 1991-92 and the severe drought in this part of the world when he presented the group's results for the year to June to the Investment Analysts Society

Europe's warm winter might yet help the group if the coming one is cold because Fraser Alexander has large stocks of coal. Mr Flack says Fraser Alexander's United Kingdom coal outlet at Swansea was established as a hedge and sanctions beater through which it could export.

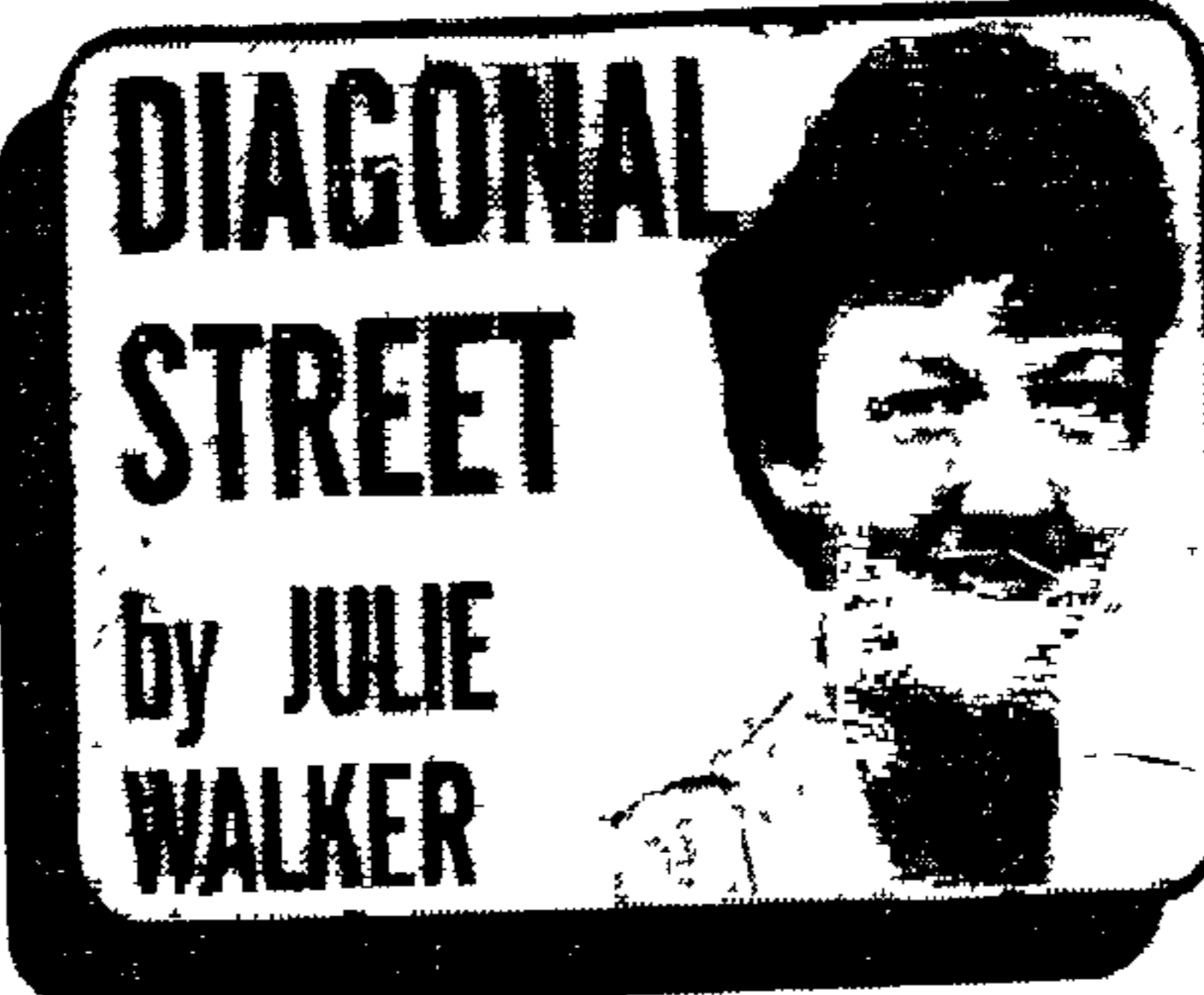
"We looked around to buy a company. The only ones available had poor assets and poor management yet the sellers were looking for a premium on the purchase price of about 15 times earnings."

"We decided to invest the premium in school fees, which at R5-million have proved very expensive." Along the learning curve, the group was taken for a ride by two customers. The good news is that the cost is a one-off.

On the other elementary front, low rainfall in SA has meant fewer clean-up jobs because the number of blocked sump and sludge traps fell.

Otherwise, Fraser Alexander has learned well from nature's rules. Its new corporate video draws parallels between the way both the company and nature adapt to changing conditions.

Two more lessons had to be learned in what Mr Flack calls avoidable losses. In one underground mining operation



it was ripped off to the tune of R3-million by staff members. That was taken on the chin, although the R1.5-million cost of closure was written below the line.

The construction division at Veneta diamond mine sacrificed R1.5-million in the face of competition for the main tailings dams contracts.

Finally, although this too might not be a disaster if new contracts are secured, R2.5-million was spent on research and development for discard handling.

Mr Flack put the losses at R12-million — twice the amount financial director Les Maxwell arrived at through a different perspective.

On turnover of R350-million and pre-tax income of R26-million, R12-million is a big knock. Nothing ventured...

Mr Flack says the group is likely to do a deal with West Rand Cons — an old gold mine facing closure. Fraser Alexander might be able to milk

the last value from the mine more efficiently than current manager Genmin.

If it succeeds, other mines are ripening for the picking in the next few years and it could be a whole new line of work for Fraser Alexander.

As it moves into new fields, so too does competition from other companies rise when times are hard.

"When civil engineering companies catch a cold we get pneumonia because they undercut us on certain quotes and shrink margins. The bad news is that we don't get the work, but the good news is that they don't make any money out of it, and don't do such a good job."

Mr Flack concedes that Fraser Fyfe suffered a setback in not landing Everite.

But Fraser Fyfe was still one of the year's success stories. It successfully introduced an ore-pass system now sought by gold mines.

Concrete lavatories are an-

other winner

But traditional work in reticulation piping and culverts is a cause of frustration. Mr Flack says the money, projects and capacity are all there, but it is impossible to work in townships. Even the concrete foundations are stolen overnight.

Other things happen outside management's control, such as the three-month closure of Samancor's ferrochrome plants which meant lower coal sales for Fraser Alexander. It is hoped that that was also a one-off.

Waste-Tech, last year's acquisition, performed beyond forecasts after management was tightened. The whole environment clean-up offers opportunities. Nobody in the world makes money out of recycling, except where a material of high inherent value, such as gold, platinum or diamonds, is concerned.

The clean-up of discards in an environmentally responsible manner produces some revenue from the good coal recovered to help meet costs. It also wins a lot of Brownie points.

Much of the group's competition, ironically, comes from its own customers. Mr Flack's task is to market Fraser Alexander as being able to do those jobs better and cheaper than the others do — and to make sure it delivers.

The analysts clearly rate its chances high, as they do for many companies, if only the politicians could get their heads together.

Northam 'to start cash generation in August'

BLOM 14/9/92

(217)

MATTHEW CURTIN

NORTHAM Platinum will start generating cash next August, two months after it reaches full production of 150 000 tons of ore a month, says chairman Alan Wright

At the weekend he said that the company would decide next month whether to raise the last R300m in capital needed to bring the mine to full production from borrowings or the stock market. Either way, Northam shareholders could expect their first dividends in 1994

He said Northam, Gold Fields' developing mine south of Thabazimbi in the north-western Transvaal, would be "cash positive by August" on conservative estimates of a \$355/oz platinum price, \$2 500 rhodium price, an average grade of only 6,5g/ton, and an 86% recovery rate from the mine's concentrator plant

Northam, put at the top end of the local platinum production cost curve by many analysts, would produce 250 000oz of platinum a year from 1993 at a cost which put it mid-way between the metal production costs of its rival SA producers. Wright said Northam planned to cut costs to R195 a ton milled by June next year

Management had "engineered away" the difficulties posed by high virgin rock temperatures and water underground.

Mine manager Ian Watson said Northam had been designed with high temperatures

in mind. Several factors had turned out to work in the mine's favour

Virgin rock temperatures encountered underground proved to be consistently lower than calculated. The steep geothermal gradient of the Bushveld complex seemed to be offset in part by the relatively low thermal conductivity of the rock, which cooled quickly by itself. By powering its drills with water chilled to 5°C, the air temperature on the mine's 1 800m-deep seventh level was 18°C, compared with an original rock temperature of 62°C

The mine was using waste material from its crushing plant and concentrator as backfill for underground support. The sludge, packed tightly in reinforced bags, solidified in 48 hours to provide a concrete-like support for stopes.

Watson said Gold Fields' decision to increase its stoping widths by about 15% had sacrificed average grades. However, the larger amounts of metal the mine would now extract more than offset the cost of raising more ore to surface and would enable Northam to run its concentrator and base-metal refinery more efficiently at a higher throughput.

Despite delays, Northam would meet contractual sales commitments.

Plans to increase Northam's share capital

BIPM 15/9/92 (217)
JONO WATERS

NORTHAM platinum mine planned to increase its authorised share capital by 40-million shares to 100-million shares at the AGM next month, chairman Alan Wright said in the mine's annual report yesterday

He said this method of raising money would enable Northam to provide for a rights issue. Northam needed R300m to bring the mine to full production in August next year

Northam was still giving serious consideration to borrowing the money, but Wright said the mine already had used short-term bridging facilities and had borrowed R21m in the

year to end June 1992

The base metal removal plant would be commissioned in October and Northam would produce cathode copper and nickel sulphate for sale in November, said Wright

Its first precious metals would be available in January. Precious metal concentrate would be flown in batches to Europe for toll-refining

"Northam's entry into the platinum market should coincide with healthier market conditions than those witnessed in 1991," he said

The reason for his optimism was that so far this year Japanese imports of the metal had remained "materially unchanged" from 1991, and there had been lower exports from the CIS and increased demand from European autocatalyst producers

Wright said the company had concluded sales agreements which accounted for the majority of the precious metal production

Capex was R16m lower than the predicted figure of R330m in the 1992 financial year, and in the coming year Northam planned to spend R180m, he said

Future looks bright for Northam

STAN 15/9/92.

217

By Derek Tommey

Northam Platinum mine, which will be selling its first output in January, is starting production at a propitious time, believes chairman Alan Wright

After last year's depressed markets, sentiment has changed, he says in his annual statement to shareholders.

One reason for the change is labour and metallurgical problems at some large domestic producers, which have resulted in production shortfalls

Depressed market conditions have also led to the suspension of several new projects.

And exports from the former Soviet Union are unlikely to match last year's historical highs.

These developments, together

with the imminent structural increase in European autocatalyst demand, indicate that the fundamental outlook for platinum is encouraging in the short to medium term, says Mr Wright.

The view is supported by the strength of Japanese imports in the first half of this year

Unchanged

These have remained materially unchanged from 1991's record levels despite the slowdown in growth.

Northam's entry into the market should therefore coincide with healthier conditions than those of 1991

Projections also suggest that demand will continue to underpin the market in the medium to long term

Northam has concluded sales agreements for the majority of its precious metals production

At the mine itself the rate of development has more than doubled, but this is insufficient to make up time lost in 1990-91

However, the number of raises available for stoping is now sufficient to provide working face to produce the tonnage required for continuous smelting

Concentrate feed to the smelter started on August 17

Once sufficient matte has been accumulated, the base metal plant will be commissioned and cathode copper and nickel sulphate will be available for sale in November

The first precious metals should be available for sale in next January

The major problem facing the R1,2 billion mine, which is now short of cash, is how it will finance operations until it achieves a positive cash flow.

Mr Wright says R180 million will be needed for underground development and running the mine until it comes into production.

Bridging

At the moment the mine is using bridging finance

But consideration is being given to whether a rights issue or a long-term loan will be the more efficient method of financing working capital and capital expenditure requirements

To provide for either eventuality, it is proposed to increase the authorised share capital from 60 million shares to 100 million shares at the annual meeting on October 9.

SECTOR: ENGINEERING - see McGregor's

Big leap in earnings for Scharrighuisen group

BIDAY 16/9/92

MATTHEW CURTIN

CONTRACT mining and plant hire group Scharrighuisen has reported a 25,2% leap in earnings in the six months ended June to 37,3c a share from 29,8c in 1991.

Scharrighuisen declared a 25% higher interim dividend of 12c (9c) a share, and announced it was planning to re-organise its corporate structure, to improve prospects of further growth and "unlock wealth to shareholders".

Joint MD Laurie Fisher said the restructured group would consist of a holding company and two operating subsidiaries, holding its mining and industrial interests.

Shareholders would receive a dividend in specie in terms of JSE requirements, and they should exercise caution in their share dealings until another announcement was made.

Scharrighuisen stock closed untraded at 395c yesterday, just off a year-high of 400c compared with a recent low of 290c in mid-July

Fisher said in a statement yesterday that the group "achieved excellent interim results which reflect its continued growth and momentum, despite the prevailing economic conditions". The group's main business is contract coal mining and the rehabilitation of collieries, but it has ventured into opencast gold mining for Consolidated Mining Corporation subsidiary West Wits.

Turnover rose 38% to R52m from R38m at the interim stage last year. Pre-tax profit rose 31% to R14m from 10m, and with only a small increase in its tax bill, Scharrighuisen's after-tax income increased 40% to R10m from R7,3m.

The group's bottom line was boosted by a R10m extraordinary item, compensation stemming from renegotiated contracts which it had "with certain parties".

Scharrighuisen acquired the plant

hire division of the troubled Frigate group last year, and began mining the group's coal mines

However, Frigate said yesterday it had stopped coal mining, having renegotiated its cancellation contract at a cost of R17m.

Fisher said Scharrighuisen had strengthened its balance sheet in order to minimise any possible effects of the current recession

Shareholders' funds were increased to R80m from R45m, reducing gearing overall to 32% from 43%, although long-term liabilities increased to R26m from R5m. Assets rose to R40m from R17m, against liabilities of R8,8m (R7m).

Meanwhile, the JSE agreed yesterday to the delisting of the Frigate at the request of its directors.

GM Richard Connellan said there was no reason for the exchange to stand in the way of delisting, given Frigate's parlous financial position. The company reported a R10m interim loss, and has large debts

been largely removed Sceptics say it is too early to relax and remain unconvinced that all technical difficulties are out of the way, despite recent underground visits to the mine by analysts and journalists

Northam is the mining industry's pioneer in a number of technical aspects. It is the first mine designed for hydropower — the use of chilled, high-pressure water to power hydraulic rock drills and cool the workings — and to introduce backfilling from scratch to improve ventilation and support

The visits provided an impressive look at the future of deep-level mining Temperature in the stope at a depth of 1 700 m was in the low 20°C — that's cold by mining standards — even though the temperature gradient in the virgin rock here is double that on Witwatersrand series gold mines The hydraulic drills are quiet enough for conversations to be held in the stopes

Wright says the heat and other problems at Northam "have been engineered away We knew what they were and we planned for them." While stope temperatures must rise as the mine workings spread out, he is adamant the target of 28°C wet bulb will be maintained throughout the mine thanks to the chilled water and the backfill, which will limit the flow of heat into the operations from the old workings.

A key point in the mining operations is that the stoping width has been widened from the planned 100 cm to 118 cm to overcome the delay in underground production build-up and meet the target throughput of 150 000 t/month milled by June

Mine manager Ian Watson points out that though this means a 7,6% drop in grade — from 10,32 g/t *in situ* to 9,53 g/t — metal production will rise because the metal content of the ore will be 9% higher at 1 125 cm g/t (previously 1 033 cm g/t) That's because the grade of additional material being mined is still payable Once the mill is running at capacity, the stoping width will be cut back to improve recovery grade.

Wright says Northam will pay its maiden dividend in 1994 based on current metal prices — US\$355/oz for platinum, \$2 500/oz for rhodium and \$80/oz for palladium — and assuming a head grade to the mill of 6,5 g/t Once full throughput of 150 000 t/month is reached, working costs will drop to R195/t milled in January 1993 money values This, says Wright, will put Northam just below the halfway mark on the industry cost curve

Northam will increase its authorised share capital at next month's AGM but Wright says the board has not yet decided between a rights issue and debt Should the mine opt for borrowings the 1994 dividend would still be paid but it would be lower than if Northam had raised equity finance

Irish & Menell Rosenberg analyst Dave Russell suggests Northam may go for a mix of equity and debt, or perhaps a convertible debenture issue He agrees that much of the risk has been taken out of Northam and, applying a 6% real discount rate, comes up

continue

NORTHAM PLATINUM

Moment of truth

FM 18/9/92

After six years of development and R1,3bn in capital expenditure, Gold Fields of SA's Northam Platinum mine is approaching its moment of truth — production of the first base metals next month followed by the first platinum group metals in January

The mine is a year behind its original development plan for various reasons Its problems, combined with the poor track records of all other recent new platinum developments — Messina, Barplats and the expansion of Lebowa Platinum's Atok mine — have fuelled an intense debate between analysts on Northam's prospects

The share price has dropped in two months from R28 to around R20, mainly because of worries over how Northam will raise roughly R300m it needs to keep going until next August, when it will become self-financing

At present price levels some analysts are calling the share a buy because they accept chairman Alan Wright's position that development has reached the stage where the inherent risk in the deep-level operation has

continue

issue or debt

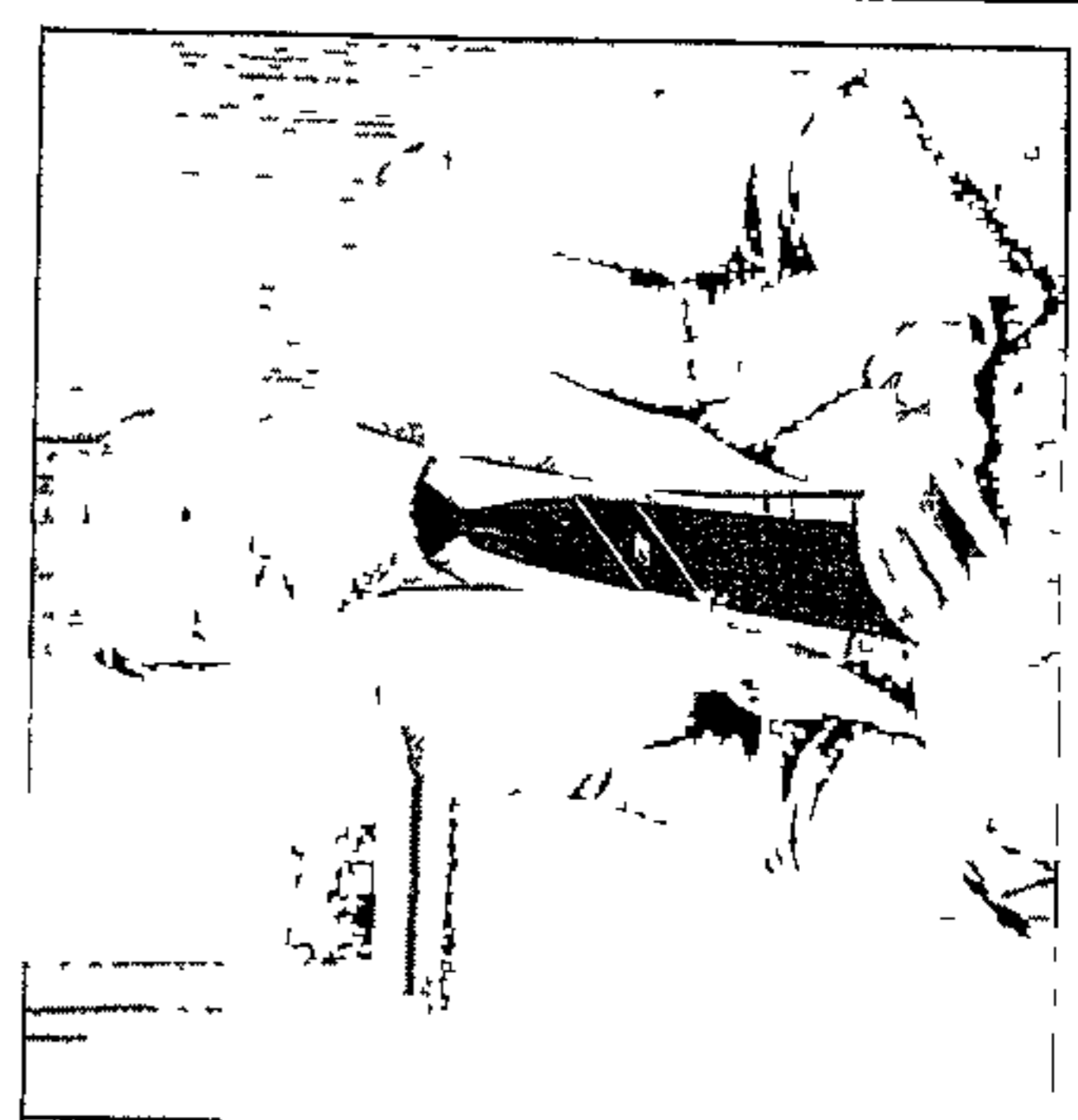
and if anything goes wrong it could have serious consequences The head grade of 6,5 g/t compares with original estimates of around 9 g/t and there's a long way to go to reach 150 000 t/month Even then, at best the mine's operations will be breakeven and I think the share price is way over the top"

Russell reckons the contingency factor is there in the form of GFSA's conservative estimate on the head grade Assuming a 15% dilution on the stated *in situ* grade of 9,53 g/t, he estimates actual head grade should be 8,1 g/t

Wright adds 75% of the expected output has been sold on long-term contracts to customers around the world All that remains is for GFSA to produce the metal on schedule and prove that, with its financial muscle and technical expertise, it has cracked open the mining industry's toughest nut — the platinum business.

Brendan Ryan

with a value for the share of around R27 Frankel Max Pollak Vinderine analyst Kevin Kartun is far more cautious "It's still early days and we have yet to see the full-scale mine in operation There's no contingency factor built into Northam's finances



Northam's Wright ... a rights

FM 18/9/92 ~~218~~ (217) FOX

tions They were achieved largely on the back of improved income from some unexpected sources, as well as success in staunching the losses at ferrochrome producer CMI. The results are all the more surprising because management has reversed its decision, taken at the interim stage, to report R14,5m above the line from the dividends in specie declared by Rustenburg Platinum

STABLE EARNINGS		
Year to June 30	1991	1992
Income from invest (Rm)	350,7	369,6
Pre-tax profit (Rm)	445,2	463,8
Attributable earnings (Rm)	418,0	439,6
Equity earnings (Rm)	576,1	572,1
Attributable earnings (c)	283,0	298,0
Dividends (c)	132,0	132,0
Net worth (R)	61,0	68,9

when it distributed its interests in Lebowa Platinum and Potgietersrust Platinum. That was criticised at the time because the dividend in specie was essentially a shuffling of JCI's interests and should have been taken below the line as an extraordinary item.

Executive director Vaughan Bray says "We decided to follow the path of accounting virtue, took the amounts below the line and used them to make provisions against some of our investments." Companies against which provisions have been made include exploration company Barnex, gold producer Lindum Reefs and antimony and gold producer Consolidated Murchison.

Chairman Pat Retief says JCI's performance was satisfactory given the extremely difficult year, with mining income for the first time contributing less than the industrial and property interests.

Mining contributed R242,8m — 42,4% — to 1992 equity accounted earnings of R572,1m, while industrial and property weighed in with R267,8m, equivalent to 46,7%. In the 1991 year mining contributed 54,8% and industrial and property only 35,2% to total equity earnings of R576,1m.

Main contributors to the improved industrial earnings were SA Breweries, Premier and Argus, while CMI contributed R2,1m in preference dividend payments compared with a loss of R11,3m in 1991.

Treasury operations did exceptionally well and net income from this source, after allowing for interest payments, jumped to R21,6m (R12m). Other substantial contributions came from the Lennings engineering operation which kicked in R15m (R0,7m), as well as mining finance and other income which contributed R11m (R3,2m).

These last two items have some analysts muttering about "fancy accounting footwork." JCI disposed of its Lennings interests last year and even Retief, at last week's briefing, confessed he had been "surprised" to see funds still coming in from this source.

Bray explains that, though Lennings sold nearly all its assets, the company remains part of the group. The bulk of the money consists of interest accrued during the year.



JCI's Retief . . . predicting lower earnings

FM 18/9/92 ~~218~~ (217) on suspensive sales along with interest on funds already received. About R2,5m was from on-going operations not yet sold. He expects another R16m-odd from Lennings this year.

Bray describes the mining finance and other income as a lot of "bits and pieces," the major items being R2m dividends from Shaft Sinkers, R2,6m dividends from the property company that owns JCI House and about R1m from Dabi.

Outlook for this year is not good, with Retief predicting lower attributable and equity earnings given the depressed world economy and the continued violence and political uncertainty in SA. Income from Rustenburg Platinum will drop further, as will income from investments in De Beers and the diamond trading companies.

Most analysts expect a maintained dividend, though attributable earnings may be as much as 13% lower. The share price has yo-yo'd in the past two months, dropping from a high of R64,50 to R48 before recovering to around R53,50, yielding 2,5% against the 3,1% sector average. At these levels JCI appears to offer fair value.

Brendan Ryan

JCI (210) (217) FM 18/9/92
Showing flexibility

Improved results from JCI, which showed a 5% increase in attributable earnings for the year to June, were ahead of market expecta-

46% drop, but Minvest keeps investors happy

5:10 PM 18/9/92 (217)

MATTHEW CURTIN

COPPER, diamond mining and exploration company Messina Investments (Minvest) reported a 46% drop in earnings to 42c from 78c a share in the year ended June 1992. However, Minvest raised its dividend by 22% to 9,75c from 8c a share.

Executive chairman Tony Buchan said in a statement yesterday that earnings were 4% higher than the directors forecast in mid-1991 at the time that the company was listed.

He said the impact on earnings in the current financial year from the expected closure in December of the Messina copper mine, which has run out of ore reserves, would be offset by output from subsidiary Star Diamonds.

It was scheduled to start diamond production in the current quarter, and there would be an improved contribution from subsidiary Messina Diamonds.

He said management was budgeting for a moderate increase in earnings by year-end as long as copper and diamond prices did not fall below last year's levels.

Minvest's turnover rose 60% to R77m from R48m because of a contractual change in the pricing period for copper

sales, which raised sales volumes 89%.

Operating profit fell sharply to R8,4m from R15m, knocking Minvest's operating profit margin to 11% from 32%, because of lower copper prices and "a significant increase in production costs", Buchan said.

Pre-tax profit fell to R8,3m from R15m, and although the company's tax bill fell by almost half to R2,7m, after-tax profit dropped to R5,6m from R10m.

Attributable profit fell less sharply to R8,9m (R11m) because of extraordinary income from Minvest's sale of the assets of Messina copper mine and some property at its Maraisburg head office.

Buchan said the company realised R3,6m from the sales. This was used partially to finance its purchase of Star Diamonds for R8,3m in July, so no special dividend was declared.

Minvest's cash resources fell to R5m from R12m after its purchase of the Bellsbank diamond interests earlier in the year.

Minvest shares closed untraded at 115c on the JSE yesterday, up from a low of 100c, but well below their high of 200c.

Platinum group revenue dips

BIDAY 18/9/92

(217)

JONO WATERS

REVENUE from platinum group metals (PGMs) fell 17% to R4,88bn in the year to end-June 1992, says a report in the latest issue of Minerals Bureau bulletin

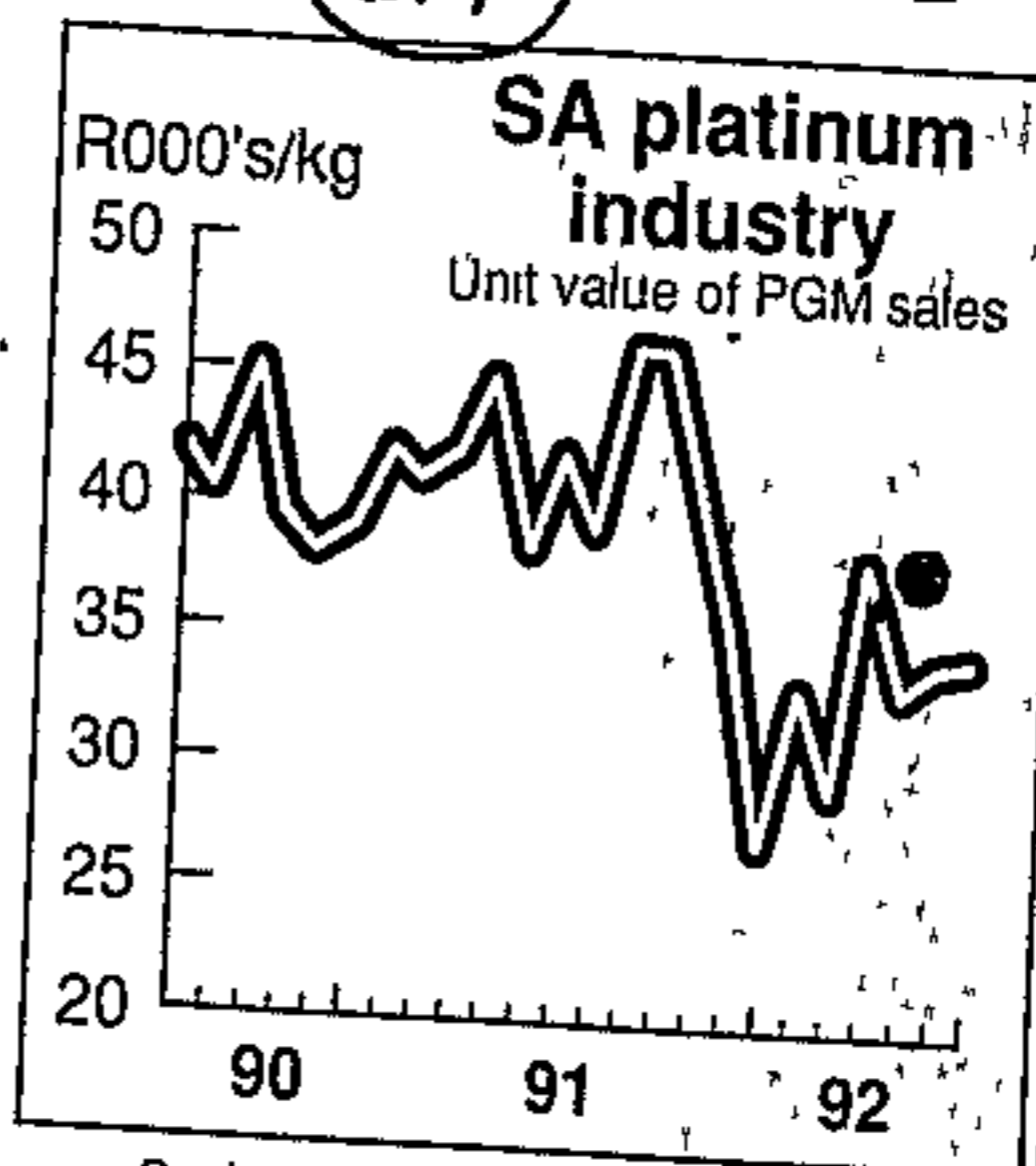
The report said the decline resulted mainly from falling commodity prices because of the world recession and a 2% drop in production caused by labour disruptions and recovery problems at some of the mines.

Revenue at platinum-producing mines came from the production of 14 commodities.

These commodities were six PGMs, gold, silver, nickel, copper, cobalt, sulphuric acid, and sodium and ammonium sulphate.

The report said local nickel sales decreased to R185m from R206m in the comparable period last year and export sales of the metal declined by 19% R330m

However, because of a sharp increase in the price of cobalt, local sales climbed to R7,5m (R3,1m) and



Graphic LEE EMERTON Source MB BULLETIN

export sales increased one and half times to R24,9m (R9,7m).

Platinum and rhodium provided the largest revenue for the platinum mines. In the year to end-1992, Rustenburg Platinum received an average platinum price of \$363/oz and \$2 684/oz for rhodium

Impala Platinum received a marginally higher average price of \$369/oz and \$3 099/oz for rhodium.

Sir Laurens slams mining giant

SIR Laurens van der Post has attacked mining giant Rio Tinto Zinc over what he claims is a false attempt to imply he approves of the proposed mining at St Lucia by its subsidiary, Richards Bay Minerals.

In a statement to the Sunday Times this week Sir Laurens, environmentalist guru to Prince Charles and godfather to his son, Prince William, described RBM's mining intentions as "a smash-and-grab, Canadian-inspired raid".

Revolution

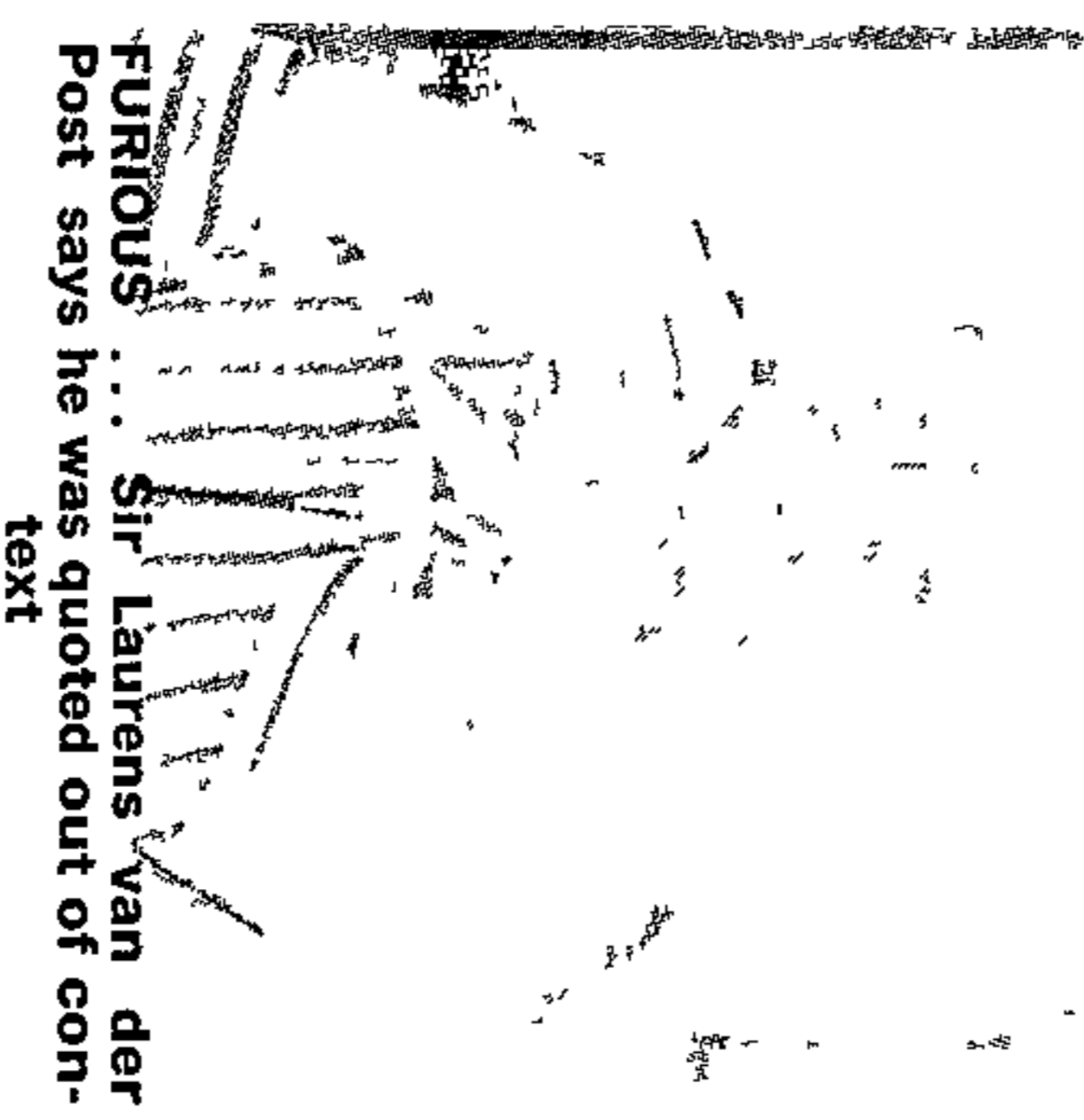
And he threatened to enlist the aid of the British press in "doing battle" against mining on the eastern shores of the Lake St Lucia estuary.

The attack was provoked by the publication of the minutes of Rio Tinto's latest AGM in which the chairman, Sir Derek Birkin, boasted of his giant conglomerate's "positive contribution to the enormous tasks facing the world".

In support, Sir Derek said that Sir Laurens had written of Rio Tinto (which owns 50 percent of RBM) "They have humanised mining. I have been to these places and they do one's heart good. They have set a wonderful example which is beginning to revolutionise the whole of mining".

mining giant

STW 20/9/92



FURIOUS ... Sir Laurens van der Post says he was quoted out of context

ROY RUDDEN reports on the latest in the St Lucia mining controversy

But an angry Sir Laurens, who is a patron of the Campaign for St Lu-

Patron says he is ready to fight to save St Lucia

cia, said the quote was totally out of context. It had been made nearly 10 years ago at the height of a sanction move against South Africa and was in

for the exploitation of the last remaining natural areas in this country.

Sir Laurens said he was not anti-mining and was a defender of its valid aspects — "but not of this smash-and-grab, Canadian-inspired raid". (BIM has strong Canadian origins and most of its heavy metal products are exported to Canada.)

He said Rio Tinto's mining, when under direct control — particularly at Palabora and Rossing in Namibia — was contemporary mining at its best, "and therefore makes what is now proposed by Richards Bay Minerals even more unpardonable".

Speaking from his London home, Sir Laurens said "It is to this specific project that I, and most of the people of South Africa, am so profoundly opposed. The op-

Horrified

"I have the conviction that at heart RTZ and its shareholders in Britain will be horrified at what Richards Bay Minerals is trying to do to us in South Africa — not least in overpopulated and increasingly distressed Zululand."

● The St Lucia mining controversy will be featured in a special feature to be broadcast in the 50/50 programme on TV1 at 7pm today

Implats shareholders grill bosses

BIDMY 21/9/92
JONO WATERS

IMPALA Platinum (Implats) management was quizzed at length by minority shareholders on Friday about the authenticity of the company's mineral rights in Bophuthatswana

Chairman Brian Gilbertson and MD Mike McMahon faced a barrage of questions at the company's annual meeting from proxies representing four minority shareholders, each holding five shares bought three weeks ago.

Management and analysts were clearly taken aback by the minorities' persistence.

One of the questioners, Bobby Levine, said he had sent a letter to the Implats management on September 14 from lawyers Bell, Dewar and Hall requesting that questions about the Bafokeng tribe's mineral rights be discussed at the meeting.

Levine said he was disturbed by "the aggressive tone and content of correspondence that emulated from the company".

He said the request to discuss the mineral rights was turned down by McMahon, who said the complex is-

sues had been dealt with in the past

Another letter was sent to Implats requesting that the subject be discussed, to which a reply was issued saying it could be discussed on a day after the meeting.

Levine said in an article that appeared in Executive last year, McMahon was quoted as saying that Implats would deal with "whoever is the legal representative of the tribe"

Bell, Dewar and Hall previously represented the former Bafokeng leader, chief Edward Molotlegi, who went into exile in December 1988 and was replaced by his brother George

Levine asked if the agreement with the trustee of the lease area, President Lucas Mangope, carried the approval of Edward and if the agreement would stand when he came out of exile and replaced George

Gilbertson replied that the question of tenure had been dealt with in the 1990 annual report

Levine said he was not interested in being "fobbed off" and continued to

question Gilbertson on the subject Gilbertson eventually said he was not concerned by the return of Edward and said he wanted no more questions from Levine.

"Your conduct is unheard of," retorted Levine, to which Gilbertson said the comment was noted

Another proxy, S E Hurwitz, then took up Levine's questioning, asking Gilbertson why royalty payments the Bafokeng had dropped, but the turnover and earnings a share had remained almost constant Gilbertson said this was as a result of lower platinum prices and large capex

Hurwitz questioned him on Implats' off-shore companies, tax breaks, the refineries and royalty payments, before Gilbertson said he would take no more questions from him in spite of his protests

Two more proxies, Mark Antrobus and James Sunderland, entered the fray, asking more questions on Implats' mineral rights Gilbertson answered their questions and said the Bophuthatswana government and the Bafokeng tribe had been fully briefed on Implats' performance in the year

Rand Mines to take on a radical new look

By Stephen Cranston

STAR 23/1/92

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Rand Mines will cease to exist as a classical mining house once it has been restructured into four self-standing business units.

At a press conference at Barlow Park yesterday, the mining house's controlling shareholder Barlow Rand announced that each Rand Mines shareholder would receive 63 Rand Mines Properties shares for every 100 Rand Mines shares held.

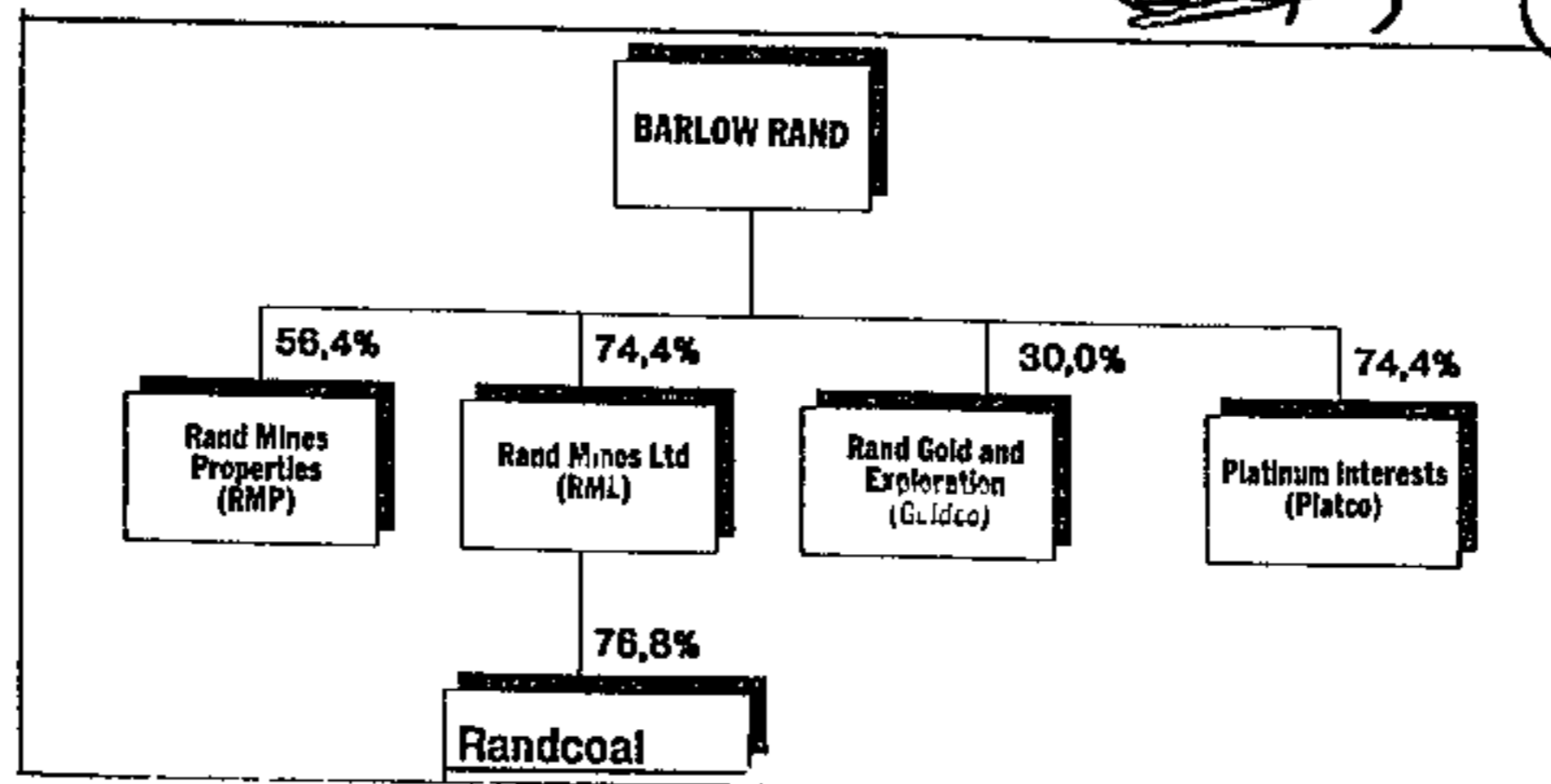
Shareholders will also receive 200 shares in a new company Rand Gold and Exploration (Goldco), which will hold the group's gold mining interests and mineral rights other than coal and platinum.

Distribution

Barlow Rand intends to reduce its interest in Goldco to 30 percent by a distribution to its own shareholders.

Rand Mines platinum interests, which primarily consist of a 45 percent holding in Barplats, which controls the Crocodile mine, will be listed as Platco, on the basis of one share for every Rand Mines share held.

Rand Mines will dispose of its remaining coal interests, such as T & DB, and its mineral rights to Randcoal for the issue



The new-look corporate structure of Rand Mines

of 26,5 million new Randcoal shares, valued at R225 million at current market prices.

Ideally, Rand Mines would have distributed its interest in Randcoal, but this would not have proved tax-efficient.

Barlow Rand vice-chairman Derek Cooper said yesterday the restructuring placed the different businesses in self-standing companies that could be evaluated on their merits without cross-subsidisation.

The gold exploration budget will be reduced from more than R20 million to less than R5 million.

"Rand Mines used to represent a polyglot of investments. We found that cross-subsidisation, which has worked in some of our other businesses, was not working to the benefit of shareholders.

"Often good dividends from

coal would be diverted into gold exploration. Now the investor can focus his investment on coal, gold, platinum or property," Mr Cooper said.

He said that managements would be able to focus on their businesses without the distraction of other, often unrelated, activities.

Debt

Goldco and Platco will be listed without debt because Rand Mines will raise R110 million in redeemable preference shares.

Of this, R35 million will be accounted for by a loan to ERPM.

Barlow Rand has agreed to follow its rights in any future Barplats rights issue, which will take place once Barlows and Genmin, which has manage-

ment control, agree that prospects for the platinum industry have improved.

Barlow Rand's portion of the issue is worth about R160 million.

Rand Mines chairman John Hall said a great deal of energy would be unlocked by the divisionalisation.

He said Rand Mines aimed to be a low-cost producer and no longer had the grandiose visions of a few years ago.

Problems

It had re-evaluated projects such as its vanadium and chrome interests, found that the businesses had problems and removed them from the portfolio.

But he said Rand Mines still had 500 000 hectares of mineral rights, including 200 000 in the promising Limpopo area.

Rand Mines is moving out of Corner House, Johannesburg, which will soon be sold.

The coal division is moving to Illovo and the gold division to Ormonde. Some 200 people are being retrenched.

The divisions will form part of Barlow Rand Mineral Resources, which will also include Pretoria Portland Cement.

COMPANIES

New mining project 'on track'

PIETERSBURG — SA's developing Potgietersrust Platinums Ltd said the project's anticipated returns had been enhanced by lower than expected working costs and capital expenditure

"Progress has been excellent. We are well on track for a successful mining venture, with a maiden dividend in 1995," said platinum division GM Ray Menne for owner Rustenburg Platinum Holdings

Menne was briefing media and analysts on progress at its bushveld site, where construction started 11 months ago

PP Rust was listed in October last year and will be opened officially in May 1993, when planned output of 170 000 tons of platinum ore milled per annum will start

Menne declined to disclose actual antici-

pated yield but said new data had greatly enhanced the forecasted 12% per annum return for Sandsloot, the project's initial open-cast working pit

Menne said planned capital expenditure had been reduced by R79m to R475m as a result of competitive contract tendering and a reduction in the contingency reserve to R25m from R50m

The total funding requirement for the mine was R521m, he said

Drilling to date had shown a 30% increase in Sandsloot's mining reserves to some 30-million tons from an earlier forecast of 23,2-million tons.

Menne said the latest data showed that PP Rust's position in the lower quartile of the SA platinum industry's cost curve seemed assured — Reuter

23/9/92
B1/19/92

(217)

THE terse statement last week, that Rand Mines was considering restructuring the group, seemed an inadequate way of announcing the demise of a group which, in its time, was the greatest mining house in the world.

John Hall, chairman of Rand Mines and now head of Barlow Rand's new minerals division, announcing the details at a news conference yesterday, put it as unemotionally "Rand Mines," he said, "to all intents and purposes, ceases to exist"

The decision closes a key chapter in SA mining history. Without Rand Mines, the development of the Witwatersrand could have been delayed for many years.

It was said that mining on the Witwatersrand really began with the formation in 1893 of Rand Mines by mining industry legends Alfred Beit, Julius Wernher, Hermann Eckstein, Lionel Phillips and Percy Fitzpatrick.

After the South African War it accounted for 40% of SA's gold production, was the Transvaal's largest employer and its biggest landowner. The company's budget was larger than that of the Transvaal administration of the period.

During its heyday it controlled 15 of the biggest and richest gold mines in the world, including City Deep, Crown Mines, Durban Roodepoort Deep, Ferreira Deep, Geldenhuis Deep, Modder B, Rose Deep, Village Deep and Nourse Mines and, later, ERPM. In 1910, the market value of these mines, excluding ERPM, totalled £69m. A 100% dividend was paid in 1904, 180% in 1906 and 200% in 1909.

The formation of Rand Mines, which always operated from The Corner House (there were four Corner Houses in the past 100 years), changed the whole character of mining finance, and through its success SA's gold mines achieved international fame.

In France at the turn of the century, Rand Mines shares were regarded "with something approaching veneration". The man in the street believed a good return on investment could always be expected from "a Corner House company".

What went wrong? A P Cartwright

Decades of slow decline catch up with Rand Mines

B10AM 23/9/92

MADDEN COLE

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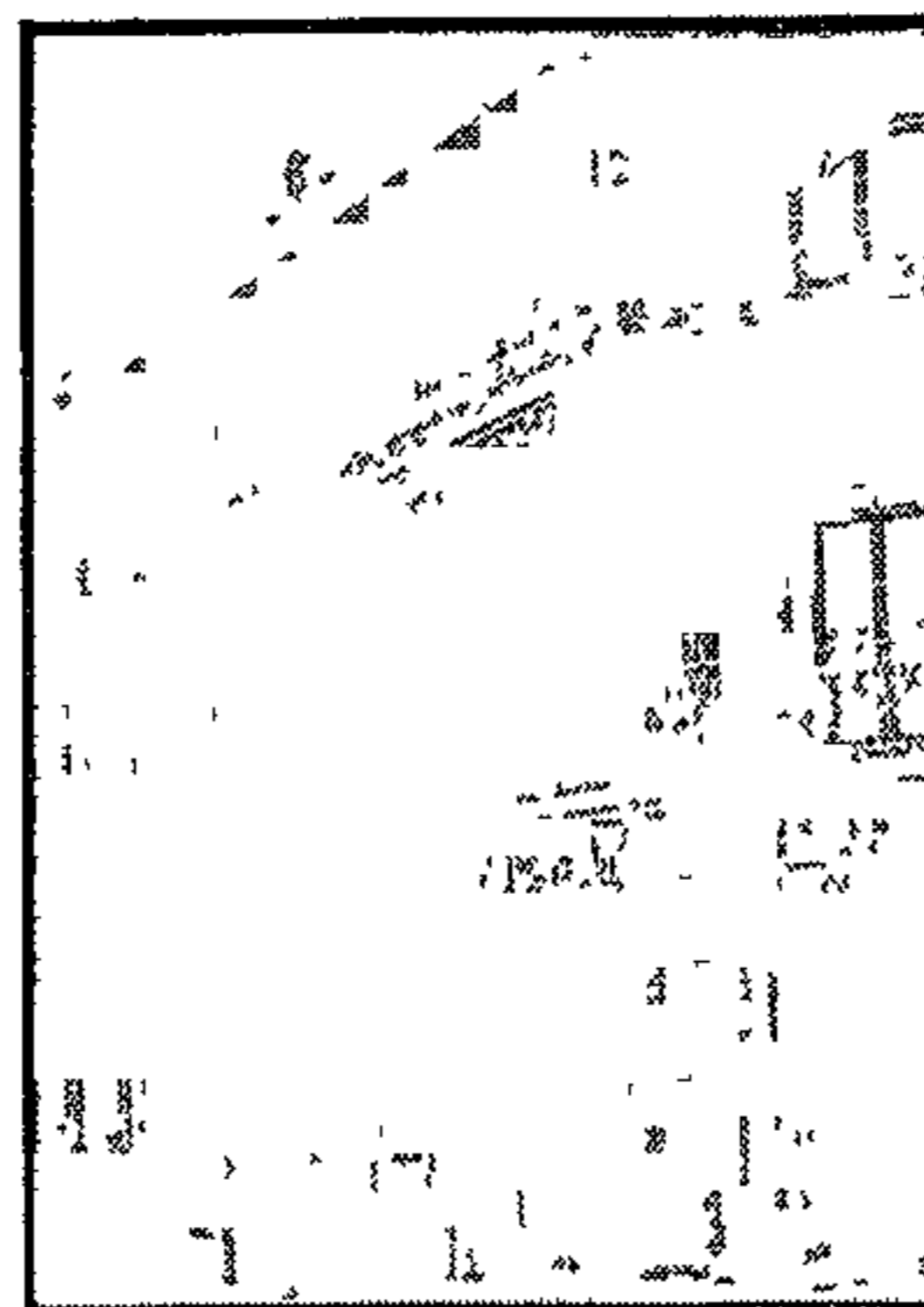
in The Corner House and The Golden Age traces the history of this once illustrious mining house.

When John Martin was appointed chairman in 1930, The Corner House's position as the biggest and best mining financial house in the world remained unchallenged. But soon afterwards the company's fortunes tilted downwards. The tilt was started by what Cartwright described as "the lost chance" and the "dropped option".

In the '30s, the company which was then controlled from London by the Central Mining and Investment Corporation (which had incorporated the interests of Wernher, Beit & Co and H Eckstein & Co) started to decline, albeit imperceptibly at first. Its 15 gold mines had dropped to 11, and during that period it had failed to gain control of a single new profitable gold mine.

The lost chance related to Rand Mines-Central Mining turning down an offer in 1932 by New Consolidated Gold Fields to participate in the exploration of the West Wits Line. Prospecting in the area had started at the turn of the century by the Pullinger brothers. By 1932, a company, West Witwatersrand Areas, was formed to drill a number of boreholes on farms which included Venterspost and Libanon. Early offers of participation had also been turned down.

Martin regarded the venture as "a prospecting gamble" and decided that it was "advisable to leave it



The second Corner House, in front of which Johannesburg's first stock exchange began trading.

alone". Which was a pity, for 21 of the boreholes sunk by West Witwatersrand Areas struck what was described as "highly payable reef".

Cartwright notes that Rand Mines then looked around for any crumb from Gold Fields' "banqueting table". The company managed to secure 724 morgen, Blyvooruitzicht, "in the centre of the 4 000 morgen held by West Witwatersrand Areas".

There was another missed opportunity. Cartwright recorded that after Sir Abe Bailey died in 1940, Martin was appointed one of the executors of his estate. Included in the estate was the company, Western

Holdings, the first company to strike gold in the Free State goldfields. Before his death Bailey had proposed Central Mining-Rand Mines take over all his interests. Cartwright explained Western Holdings was still highly speculative, and Martin was not a gambler. Anglo American then snapped up Western Holdings.

What was known as the "dropped option" followed Rand Mines' options in the Free State covered three farms around Odendaalsrust. In 1940 it was decided to drop the options on the farms north and south of the town, and keep those to the east. The southern options bordered on what became the most profitable mine in the Free State, Free State Geduld. The options taken out to the east, proved disappointing.

One could speculate whether Alfred Beit, who was never averse to a gamble, or Lionel Phillips, who was reputed to have had "a nose for gold", would have let those opportunities slip.

A new vitality was introduced into Rand Mines in 1958 with the appointment of American Charles Engelhardt as chairman. So much so that the then deputy chairman and joint MD, Peter Anderson was able to say in 1968 that Rand Mines planned "still to be in occupation of The Corner House in the year 2000". His prediction has fallen short by a little more than seven years.

In 1971 Rand Mines merged with Thos Barlow & Sons in 1971 to form Barlow Rand. In recent times the

mining group's fortunes declined sharply, caused by unfortunate management decisions, the fall in international metal prices and deteriorating social and economic conditions in the country.

Its four remaining gold mines — Harmony, Blyvooruitzicht, ERPM and Durban Deep — are all marginal and reported a combined after-tax loss of R40,9m in the June quarter. Barbrook, commissioned by Rand Mines in 1989, was placed under liquidation before being delisted last month after ore processing difficulties and crippling industrial action pushed up costs. It was the group's only new gold mining operation to come on stream in recent years. The "little gamble" cost R126m.

Former giant Harmony gold mine, struggling for survival, is trying to put together rescue plans to prevent closure. Other reverses include the delisted Vansa which sold its vanadium mine last year, and the ill-fated Barplats. Rand Mines retained a stake in the latter, since sold to Genmin, but in the process had to take hundreds of millions of rands in debt.

There is a finality about yesterday's announcement, unlike the lost opportunity and dropped option which allowed Rand Mines to continue operating from The Corner House. Some management figures see it as an opportunity for renewal. But ordinary members of the staff, especially those who started their careers in the third Corner House, think differently. For them, the end of Rand Mines is akin to a personal bereavement.

With hindsight, analysts believe the decline in group fortunes began because Rand Mines did not replace its gold interests in the '40s, '50s and '60s, and made a series of poor decisions in the '80s. They blame poor management decisions decades ago for the group's present condition.

However, 20 years ago when major decisions, contributing to the decline and fall of the group, were taken, few people could have predicted the present global recession and the desperate political, social and economic events that have overtaken the country.

But then forecasting in mining always has been difficult. As Lord Bailieu, chairman of Central Mining from 1945 to 1958, once remarked, "there are no safe bets in mining".

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Barlow Rand wary of cyclical commodities

BARLOW Rand has emerged from a 20-year flirtation with the commodities business in control of a quality coal mining business, but with its other mining investments thrown to the wolves

In announcing the unbundling of Rand Mines yesterday, Barlow Rand has reduced its exposure to cyclical commodities businesses to a bare minimum. John Hall, chairman of the group's new mineral resources division, says that the group has now put into practice its belief that the best way to invest in the commodities business is to prudently spread the risk.

The strategy was already evident early last year. The group first thought of reducing its exposure to the cyclical markets, by floating wholly owned subsidiary Middelburg Steel & Alloys, before selling it to the Columbus Stainless Steel joint venture.

Group MD Derek Cooper says that the unbundling was the product of Barlow Rand's evaluation and reassessment of the Rand Mines portfolio, and the restructuring now allows shareholders to do the same. Both say the restructuring will enhance the value of Rand Mines' assets, the businesses are transparent and on a sounder, more independent management and financial footing.

Barlow Rand's only significant stake in the mining business is its 75% holding in Rand Mines, divested of all its assets except for its 77% stake in Randcoal. It has

MATTHEW CURTIN

only a 30% stake in the new Rand Gold and Exploration (Goldco) which has acquired Rand Mines' gold mining assets, and a 74% stake in Platco, whose major asset is a 45% interest in Barplats.

Analysts question whether talk by Barlow Rand and Rand Mines management of enhancing Rand Mines' assets through the restructuring has any substance.

One expects owners of the new Goldco shares to dump them as soon as they come on to the market, given the poor quality of its assets. The short-term outlook for Harmony gold mine is bleak, Blyvooruitzicht is two years from running out of payable ore reserves, Durban Deep remains a marginal producer, and ERPM is crippled by its R400m debt-burden.

Hall is candid about the mistakes Rand Mines made in the 1980s. "Rand Mines had great visions of the commodities business in the 80s, but in the past two years we evaluated our assets, on the basis that they had to be low-cost producers, and found we had problems."

"Never again will we borrow money to finance a commodities business," he says. He calls the Vansa Vanadium venture "a mistake" and notes Rand Mines had to bite the bullet at Barplats — taking on millions of rands worth of debt.

Anglovaal ST/M earns less 23/9/92 (217) pays more

Despite the severity of the recession and a three percent decline in attributable profit for the year to June, Anglovaal has raised its final dividend by 5c to 67c a share, making a total payout of 100c.

Gold accounted for much less revenue than previously, the company drawing the bulk of its earnings from base metals and minerals (20 percent), packaging and rubber (20 percent) and finance, interest and other income (21 percent)

Consumer goods accounted for a further 25 percent.

The company says the lower earnings at R278 million were the result of the continuing recession, combined with weak foreign demand for some mining products

Turnover

Turnover was six percent higher at R8,20 billion, while operating profit was eight percent lower at R747,8 million

Major contributors to earnings were Anglovaal Industries and, to a lesser degree, Associated Manganese Mines, which became a subsidiary in the course of the year.

Both companies posted higher earnings which were, however, insufficient to offset lower net contributions from gold mining, base metals and mineral investments. — Sapa

Rand Mines is split into four entities

BIDAM 23/9/92

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MATTHEW CURTIN

BARLOW Rand has broken up Rand Mines, the mining house which pioneered the development of the Witwatersrand gold mines

The group has split Rand Mines into four companies, creating two new ones in the process, Rand Gold and Exploration (Goldco) and Platco

Both will be listed on the JSE in the near future and hold Rand Mines' gold and platinum interests respectively

Rand Mines, reduced to a holding company for its coal division Randcoal, will take on R110m in debt to capitalise the new companies, through the issue of redeemable preference shares.

At a news conference held at Barlow Rand head office in Sandton yesterday, Rand Mines chairman John Hall said "Rand Mines, to all intents and purposes, ceases to exist"

Hall has been appointed chairman of Barlow Rand's new mineral resources division, consisting of Pretoria Portland Cement (PPC), Rand Mines — which may be renamed to reflect its status as a coal holding company — Rand Mines Properties (RMP), Goldco and Platco

Barlow Rand MD Derek Cooper said while Rand Mines had been effectively "unbundled", the move did not mean Barlow Rand was planning to do the same to its industrial interests

Cooper said that for some time Rand Mines had suffered from "cross-subsidisation", a system which was "no longer working to the benefit of shareholders" as the profits and dividends of some operations were dented by the costs and expenditure of others

He said Barlow Rand and other inves-

tors could better evaluate the relative merits of the operations, because the Rand Mines interests had now been separated into self-standing companies

In addition, dividend flows, from Randcoal for example, would now flow as directly as possible to those shareholders primarily interested in the coal business, without being diluted by Rand Mines' old obligations to its gold, exploration and other mining interests.

Randcoal has acquired all Rand Mines' coal interests, including mineral rights, Eskom contracts and management contracts, for R225m through the issue of 26,5-million new Randcoal shares

Goldco will acquire Rand Mines' gold mining assets shares in the four marginal gold mines it manages, and extensive gold mineral rights Platco will acquire the 45% stake in Impala Platinum subsidiary Barplats and other platinum mineral rights

Cooper said both new companies would be debt-free and capitalised, through the R110m Rand Mines redeemable preference share issue, to enable them to meet all known liabilities and short-term commitments, other than Rand Mines' obligations to a possible Barplats rights issue Platco's commitment to Barplats would be underwritten by Barlow Rand

He said R70m would be used to capitalise Goldco which was obligated to provide ERPM with a R35m interest-free loan Platco would be a platinum investment holding company, "an investment which will be a valuable one in the longer term" Barplats' two mines are currently moth-

□ To Page 2

Rand Mines

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□ From Page 1

balled, waiting for a significant rise in platinum prices before being restarted.

Shareholders in Rand Mines will receive 63 RMP shares, 200 Goldco shares and 100 Platco shares for every 100 mining house shares they hold

Hall said "The purpose of the deal is to enhance the value of the assets that were contained in the Rand Mines group By placing each business in a separate entity,

we have achieved transparency, focus and enhanced flexibility That has to be good for shareholders both present and future"

The financial restructuring reflects the reorganisation of Rand Mines at the operational level Its head office functions have fallen away and management concentrated in the separated new-look coal, gold and exploration and platinum companies

● See Pages 6 and 10

Improved prospects for platinum market — JCI

Blom 24/9/92
 MATTHEW CURTIN

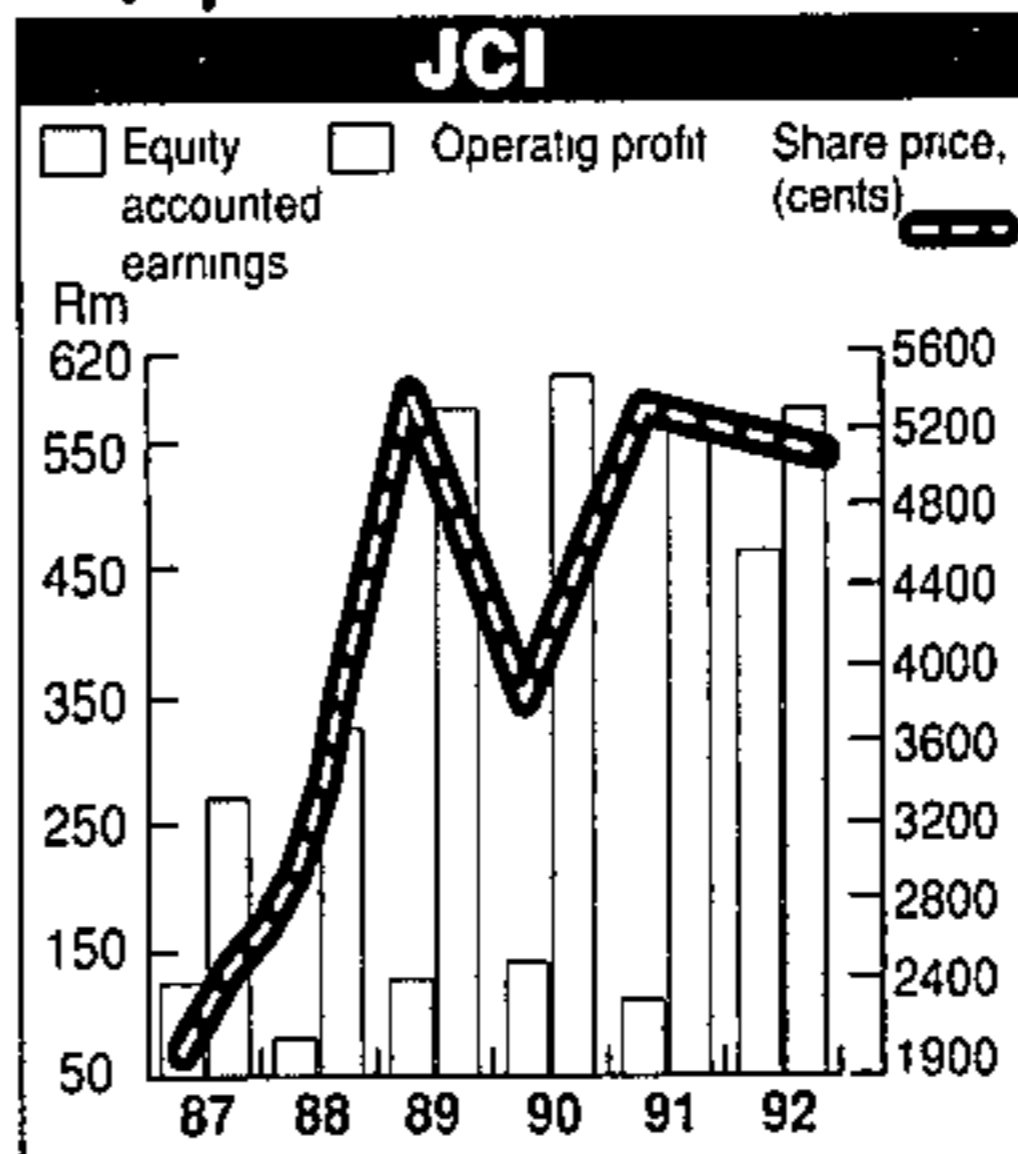
JOHANNESBURG Consolidated Investment (JCI) chairman Pat Retief has highlighted bullish factors, which may boost the fortunes of the platinum market, in his 1992 annual review

Retief said supplies of platinum from Russia were subsiding to more normal levels, SA platinum output would be flatter this year and consumer demand for the metal was "holding up well"

Retief's comments follow predictions earlier this week by precious metals group Johnson Matthey that platinum prices would hit \$400 an ounce by the end of the year

"Although subject to uncertainties, supply and demand prospects appear hopeful for 1992," said Retief

He noted unprecedented Soviet sales of platinum — some 1,1-million ounces altogether — were responsible largely for the fall in metal prices to a six-year low of \$330 in December last year. However, lower prices helped more than double investment demand to 240 000oz in 1991



Graphic: LEE EMERTON Source: I NET

Retief said the expansion programme at Rustenburg Platinum (Rusplat), and development work at Potgietersrust Platinums — which said yesterday it had managed to cut the capital cost of the new mine by 13% or R79m — were on schedule

JCI's main investment is Rusplat but its contribution to group earnings fell to a fifth from a third in 1991 because of weak platinum group metal prices in the year

Retief was more circumspect

about the prospects for JCI's gold division. He said the gold mining industry would become increasingly vulnerable unless there was a sustained increase in the gold price

A "satisfactory trend" in gold prices was essential if JCI was to bring its South Deep gold prospect — the subject of "a most thorough and painstaking" geological and technical evaluation — to account, he said

JCI's industrial interests overtook its mining interests, which include diamonds, ferrochrome and coal, for the first time in the year-ended June 1992. Retief said although SAB, its key industrial investment, had mixed fortunes in the year, the group had broadened its penetration of the mass-consumer market by buying the Plate Glass group.

Recent restructuring and acquisitions by the Premier Group were reaping rewards, and its operations were now focused on the manufacture and distribution of groceries and pharmaceuticals, Retief said

He said JCI had set up a business strategy unit which was "exploring a number of possibilities that could lead to new business developments"



Impala's Gilbertson *the agreements are legally binding*

Dewar & Hall. "Impala is telling shareholders that its relationship with the Bafokeng tribe and its rights to mine the Deeps are all hunky-dory. We wanted to make the point that that is simply not the case."

To make that point, Chief Edward is paying hefty legal fees. Attending the meeting were Robert Levine SC, junior counsel Mark Antrobus and attorney Cyril Hurwitz of Joel Melamed & Hurwitz, as well as Sutherland. The lawyers were holding proxies organised by stockbroker Lowenthal & Co.

The implied threat is that should Edward reclaim his position as chief, by either returning from exile or winning a pending legal action, he may challenge the agreement, which he has already rejected.

Edward's action against the appointment of George as acting chief in his absence is still unresolved. In September last year, the Appellate Division of the Bop Supreme Court referred the case back to the trial court to hear more evidence.

Gilbertson maintains Impala's position is secure because the agreements are legally binding and soundly based on a legitimate process which is not affected in law by the persona of the chief of the tribe.

Last year, in a deal with Keeley Group chairman Fred Keeley, Genmin acquired the tenuous claim which Bafokeng Minerals held to the Deeps. Edward had previously tried to grant rights to the Deeps to Bafokeng Minerals, which was controlled by the Keeley group and of which Edward was a shareholder, though that grant had never been authorised by the tribal council, nor signed on behalf of the tribe by the trustee.

Fred Keeley initially claimed he was going to mine the Deeps but then sold the rights to Genmin when he merged his granite mining operations with Genmin last year.

The AGM was acrimonious. Gilbertson eventually refused to allow the lawyers to ask more questions, saying the issues raised had been dealt with in previous annual reports and that the questions were not relevant to the purpose of the AGM.

Sutherland calls this action "arrogant." Gilbertson's handling of the situation could have been more tactful but the lawyers did not help matters by treating the meeting as a courtroom, not a boardroom.

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An AGM is designed to allow shareholders to ask pertinent questions about the running of a company. Levine started with a 14-minute speech rehashing old correspondence, and then, followed by Hurwitz, asked vague questions. Only Antrobus and Sutherland got to the point with direct questions that elicited direct answers from Gilbertson.

Sutherland hopes Edward's suit against George will be resolved by mid-1993. Nothing is likely to change till then, unless Edward returns from exile — which he has refused to do for nearly five years. *Brendan Ryan*

IMPALA PLATINUM

FM 25/9/92

Tribal politics

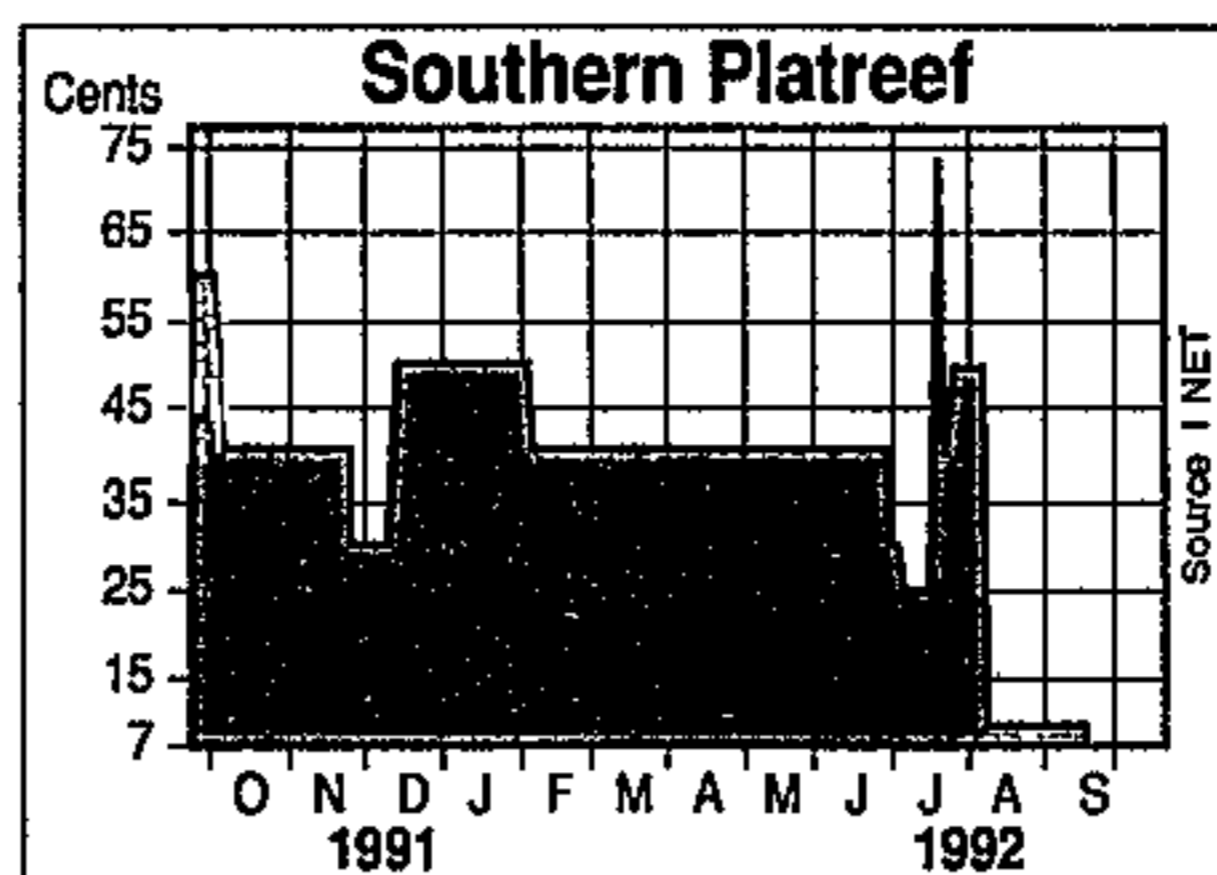
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A confrontation at Friday's AGM between chairman Brian Gilbertson and four lawyers representing minority shareholders was deliberately staged at the request of exiled Bafokeng chief Edward Molotlegi.

The intention was to debate Impala's rights to mine the Deeps extension to its lease area. This was negotiated early in 1990 with the Bafokeng tribe led by George Molotlegi, acting chief since his brother Edward fled to Botswana in February 1988 after a failed coup against Bophuthatswana president Lucas Mangope — and approved by the majority of Bafokeng counsellors and headmen.

Says attorney James Sutherland of Bell

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6 000 t/month and 8 000 t/month This would start development of the ore body, generate funds and keep alive the possibility of a much larger — perhaps 200 000 t/month operation — in the future, given better metal prices that would allow a re-assessment of the ore reserves

The trouble is that Southplat is out of money Nearly all the R4,2m netted from the listing has been used up and the chances of raising more under present market conditions are remote. Stavrakis says the approach being followed is to try to involve a third party which would provide funds.

Brendan Ryan

R30 000/t, compared with the present R21 000/t He says the Southplat directors believe there is scope for a viable operation and are looking at ways of setting it up with the help of technical adviser LTA Process Engineering, which managed the feasibility study

Results from 15 331 m of drilling gave estimated ore reserves of 7,3 Mt at a cut-off point of 0,4% nickel. Dropping the nickel grade to 0,25% brings available tonnage up to 28 Mt

The work showed an inverse link between nickel and platinum group metal (PGM) grades, with higher nickel values accompanied by lower PGM values, also, the thicker the reef, the lower the PGM grade The Platreef ore body is peculiar in that it is up to 200 m wide in places Narrow reef zones in this study are those less than 15 m

Metallurgy is crucial in platinum/base metal projects Welcome news is that the study shows treatment of a 200 t bulk sample at pilot plant scale confirms the encouraging metal recovery results achieved by Mintek on benchscale tests

Proposed scale of operation in the study was a 60 000 t/month treatment plant, giving a 10-year life-of-mine Stavrakis says an independent, small-scale optimisation assessment concluded the project would be profitable if scaled at a throughput which would ensure an 11-year life based on a head grade of 0,7% nickel

That grade could only be achieved by high-grade mining of the Southplat ore body, which Stavrakis thinks can be done Current thinking is to go for a plant costing around R11m, which would treat between

SOUTHERN PLATREEF MINING
Off the pedestal (217)

Activities: Controls deposit containing base and platinum group metals near Potgietersrus

Control: SouthWits Group 81%

Chairman and MD: N Stavrakis

Capital structure: 10,7m ords Market capitalisation: R5,4m

Share market: Price 50c 12-month high, 50c, low, 10c Trading volume last quarter, 400 shares

Year to Feb 28	'90	'91	'92
Available cash (Rm)	0,5	1,3	0,08
Exploration expenditure (Rm)	0,2	3,0	1,3
Operating loss (Rm)	—	2,7	1,2
Earnings (c)	(2,1)	(27,0)	(11,5)
Dividends (c)	nil	nil	nil

The market knocked Southplat off its pedestal after it was listed in 1990 Its price fell steeply from the 315c high, when it was realised that the grades of its base metals/platinum deposits were not as good as was being speculated

Stability has returned thanks to more information being released about the Platreef deposit controlled by the company near Potgietersrus in the northern Transvaal The deposit lies south of the section of the Platreef being developed by JCI's Potgietersrust Platinum (PP Rust)

The price is at a 12-month high of 50c, despite Randex deciding not to get involved in the project and the venture being marginal at current metal prices Randex, which holds 10,5% of Southplat, turned down its option to buy another 60% for R30m

Chairman Nick Stavrakis points out the project is particularly sensitive to the nickel price and should be viable once this gets to

COMMODITY PRICES

FM 25/9/92

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No silver lining in sight

South Africans have been hoping for an upturn in the major industrialised countries, which would boost the price of the country's commodity exports. The extent to which these hopes have failed to materialise was brought home by a comment, reportedly made at the weekend by World Bank economist Lawrence Summers. Commodity prices, he said, are at their lowest level in real terms, since records were started 100 years ago.

In nominal terms, many commodity prices have been rising on international markets, but benefits to SA have been limited. Commodities which have gained the most are not major contributors to SA's export earnings.

The Economist's Metals (dollar) Index for instance, which has been pointing upwards for most of the year, is composed of

- Aluminium with a weighting of 41,8%,
- Copper 28,4%,
- Zinc 9,9%,
- Nickel 9,2%,
- Tin 6,3%, and
- Lead 4,4%

According to figures provided by the Department of Mineral & Energy Affairs, in 1991 SA's exports of

- Aluminium were worth R331,7m (which amounted to about 0,5% of total exports),
- Copper R699,2m (1%),

- Nickel R146,5m (0,2%),
- Lead R75,3m (0,1%); and
- Zinc R4,7m (0,006%)

Figures from other sources show SA's main exports are gold, valued at R19,6bn in 1991, nearly 30% of the total, coal worth R4,3bn, 6,6%, and diamonds which one estimate puts at R2,2bn, 3,4%.

The gold price fell from an average US\$362/oz in 1991 to \$340 in August. The monetary role of gold is limited and central banks with reserves estimated at more than 12 years of gold demand are becoming net sellers. IMF figures show recent sales by Canada and Belgium pushed official world stocks to a 31-year low of 35 344 t in June. Central banks seem prepared to sell into any price rise, which helps to cap the price at around \$350/oz.

The coal market is oversupplied, says Gerald McCloskey, editor of the *Financial Times Coal Letter*. Spot prices are well down and SA sellers are accepting \$10 below contract levels. He suggests, however, that there are opportunities for SA producers. "The challenge for them now is to use their reliability and quality of product to persuade contract buyers to ignore spot prices. In theory, SA should be well placed and there should be scope for prices to be sustained."

Diamond sales have been well down. De Beers' warning that it may cut its final dividends in 1992, for the first time since 1982, is an indication of this year's outlook. As for the future, a recent report by the Economist Intelligence Unit predicts average growth in sales of rough gemstones will be about half the annual rate achieved in 1986-1991.

The outlook for other SA exports is equally grim.

The slump in stainless steel production, plus increased supplies of ferrochrome from India and the former East bloc has devastated SA exports of ferrochrome, which the Commodities Research Unit (CRU) in London estimates will fall by nearly 25% this year. It will reduce SA's market share from 43% to 34,5%. Hence SA producers have been discounting their official price of US\$2c/lb for Europe and the US, which aroused a storm of protest from stainless steel mills earlier this year — to a mid-range of 47c/lb to meet the competition. Last year, SA ferrochrome was fetching 49c/lb.

The price of manganese ore quoted by the *Metal Bulletin* is 14% below the 1991 year-end level.

But the biggest fall among SA exports has been vanadium pentoxide for special heat resistant alloys — reflecting the downturn in international defence spending. Highveld's list price has been cut by 24% to \$2,20/lb in

the last 12 months.

Even for those countries which are major exporters of the commodities which make up *The Economist's* metals index, the rise may turn out to be a false dawn.

Rudolph Wolff & Co, leading London metal trader, says "There is little fundamental justification for the price rises, partly explained by a shift in investment interest into the metals sector. There has also been fund and merchant/producer action in the markets, anticipating recovery in the medium term."

As forecasts of recovery continue to be pushed further into the future, the prospects for metals are not exciting. The August edition of *The International Mining Review* notes "The relative strength of the metal markets in a depressingly weak economic environment is primarily put down to a combination of dollar weakness and commodity fund and investor buying support."

Where there are fundamental factors underpinning prices, they are related to supply problems or are the result of special circumstances. ■



Going into coal

(217)

Activities: Mining exploration company controlling a number of gold, base metal and coal prospects

Control: First National Nominees 64%

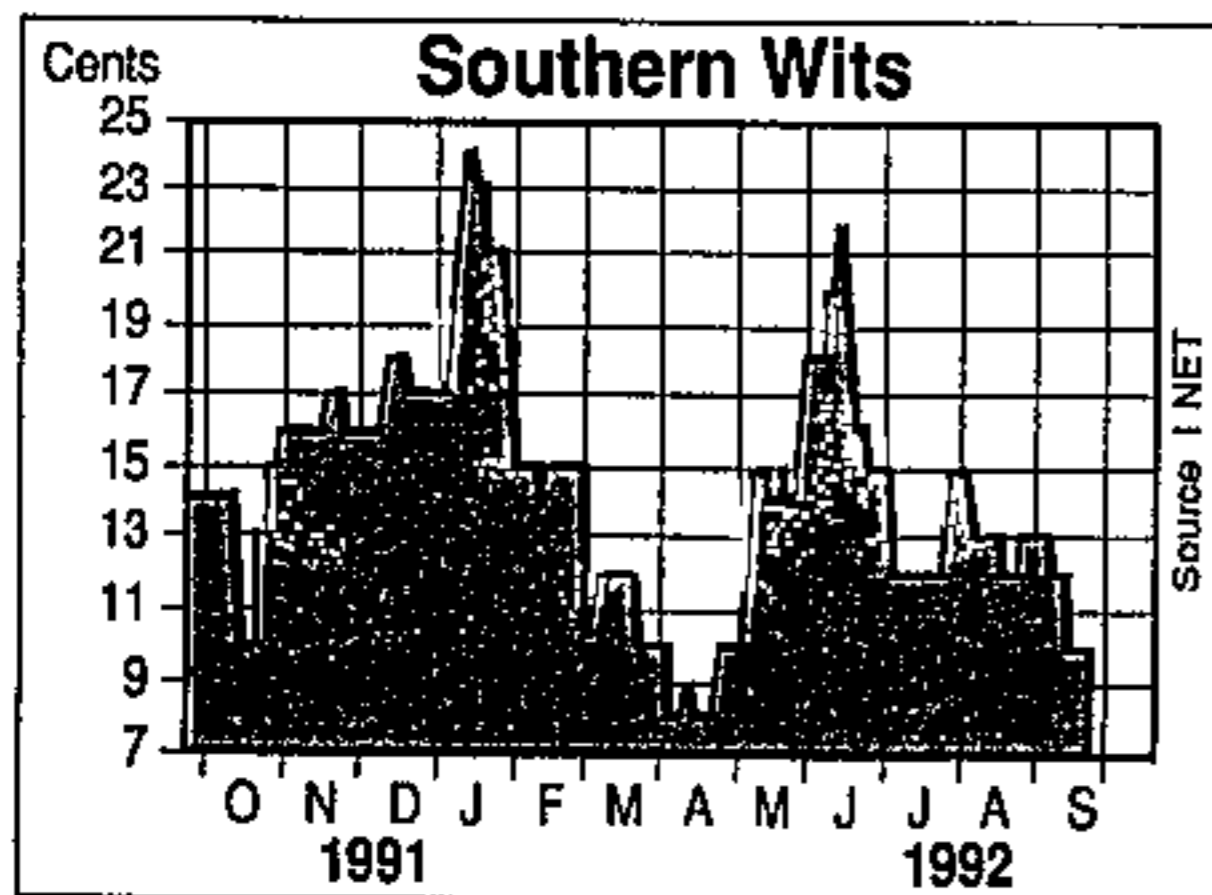
Chairman & MD: N Stavrakis

Capital structure: 32,8m ords Market capitalisation R3,3m

Share market: Price 10c 12-month high, 24c, low, 8c Trading volume last quarter, 0,7m shares

Year to February	'89	'90	'91	'92
Available cash (Rm)	2,6	2,0	1,9	1,2
Exploration expenditure (Rm)	1,8	1,1	5,1	2,9
Net loss	1,4	0,7	0,1	0,5
Earnings (c)	(5,0)	(2,2)	(12,6)	(1,5)
Dividends (c)	nil	nil	nil	nil

SouthWits is still battling to find a profitable mining operation that will generate cash to spend on exploration. The only financial success so far underlines the fact that chairman



SouthWits' Stavrakis dealing in mineral rights

Nick Stavrakis and his team appear better at dealing in mineral rights than developing them into working propositions.

Last year, rights to a chrome deposit near Brits were sold to Swiss-based Ferinter Holding AG for R4,4m. Included in the deal was 92,5% of the precious metal rights in the area, with SouthWits retaining 7,5%. Apart from this, it has been a rough ride — the South Murchison gold dump operation at Gravelotte proved a failure, while the Deep River diamond mine in the western Transvaal has been closed, it will be sold by auction on September 24.

SouthWits threw in the towel on South Murchison last year when Stavrakis did the deal with Glenn Laing, through which Laing listed his Revere Resources group by acquiring South Murchison. SouthWits ended up with a 6,5% interest in Revere. The plan was that Laing would be better able to turn these assets to account, while SouthWits would share in the benefits of Laing's other new projects, such as Rand Leases and Haib.

Laing, of course, has run into financial trouble of his own. He was forced to dispose of Haib while earnings from Rand Leases have been disrupted through the severe damage caused earlier this year by a bad seismic event. Stavrakis says Laing still owes SouthWits R1,3m plus interest relating to the South Murch acquisition. He is confident SouthWits will receive this money and Laing's own operations will come right.

SouthWits' latest hopes are pinned on coal through its Middelburg Coal venture. Its partner, Logan Mining, will do the mining but this project has also run into delays. The 80 000 t/month washing plant should have been commissioned by August but instead will be commissioned by end-October.

Original partner LTA Process Engineering has been replaced by a third party that Stavrakis declines to name. He says revenue should start flowing early next year and SouthWits will receive "a few million" annu-

ally from its stake

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SouthWits earns monthly royalties of R9 000 on its Southside Coal deposit, to be mined by Side Minerals. Once mining starts, the royalty jumps to 2,25% of the pithead price of coal mined. SouthWits is negotiating to find a company to mine the 7 Mt reserves of B grade coal it owns in the Delmas Coal deposit.

Most important of SouthWits's other projects is 81%-held Southplat (see separate story). SouthWits has abandoned several of its gold prospects. The only one left with short-term promise is Doornhoek, which would be an open cast mine if it goes ahead.

Grim times for the exploration companies have driven the SouthWits share price near its record low of 8c. Stavrakis believes shareholders should sit tight because SA's minerals industry will recover from the depression and SouthWits has the experience and skills to benefit from an upturn.

For anyone who believes the mining industry in SA has a future, SouthWits shares, at 10c, are probably worth a buy if only on the strength of the coal interests and the stake in the Southplat platinum/base metal project.

Brendan Ryan

COMPANIES

Mine clean-up a feature of Minerals Act

Blom 29/9/92
JONO WATERS

THE new Minerals Act of 1991, which was implemented at the beginning of the year, presents the mining industry with a huge challenge especially in the cleaning up of mining operations, industry sources say

Energy and Mineral Affairs Minister George Bartlett says the Act rests on "three legs" — the best use of resources, the health and safety of workers and the rehabilitation of the environment. Bartlett believes that the Act will provide a balance between economic growth and the environment.

The biggest changes introduced by the Minerals Act concern rehabilitation of the environment

A senior evaluator in a major mining house says buildings have to be levelled to a metre below surface unless the owner of the land wishes to retain the structure, and buildings must be perceived to have a value

He says if Freegold were to be closed tomorrow and rehabilitated in strict accordance with the Act, it would cost the company more than R1bn

Base metal and opencast mines must submit their rehabilitation plans by the end of the year and precious metal mines have until the end of 1993.

Edward Legg of Harties and Richard Wills of Anglovaal delivered a paper to the Massmin conference recently, saying the new Minerals Act repealed and consolidated virtually all previous mining legislation.

They added that, for the first time, legislation dealt substantively with rehabilitation of the surface of the land that had been subjected to prospecting and mining.

This meant that everything related to the mining operation had to be dismantled and the land returned to its pristine state with streams and wetlands.

As a form of self-regulation, the Chamber of Mines environmental committee drew up a guideline for the recently completed Environmental Management Programme Report, of what should be in mines' environmental plans.

The report was submitted to the Inspector of Mines who forwarded the document to the Water Affairs and Forestry, Agricultural and Environmental Affairs departments for comment

Consulting engineers, Steffen, Robertson and Kirsten director Fanie Geldenhuis said Water Affairs had expanded on the requirements for rehabilitation and the regulations were extremely onerous

There was also the element of cost. Geldenhuis estimated a properly put together environmental report would cost a medium-sized gold mine between R50 000 and R100 000.

Geldenhuis said a mine could lose its mining authorisation if the environmental report was not accepted. Penalties for not abiding by the regulations are R5 000 plus R1 000 a day and up to 18 months in jail.

— A lta buyout

Copper giant on the horizon

STAR 29/9/92

Finance Staff

(217)

Manufactured copper product exports worth an additional R100 million annually could be generated within the next two years if a proposed merger in the SA copper products industry goes ahead.

So says Piet Malan, MD of Copalcor, the copper products subsidiary of the Haggie engineering group.

The proposed merger is between Copalcor and Non-Ferrous Metals (NFM), a family-owned business.

It is presently being studied by the Competitions Board at the request of Copalcor because of the dominant position that would be held by the merged company.

Mr Malan says the merger would also place the local copper products industry, which is heavily dependent on scrap, onto a firm competitive footing in the international market.

"Our long-term goal is to continue to move the local copper industry from a commodity exporter to a finished products exporter," he says.

"This will further enhance industrialisation and job creation in related industries."

Already, Copalcor and NFM smelt about 60 000 tons of scrap annually, producing about R600 million of semi-finished products, of which R200 million is exported.

When the value added to these semi-finished products by the rest of the industry is taken into account, the total market is

worth about R2 billion annually.

"Electricity consumption in smelting alone is worth about R18 million annually to Eskom," says Mr Malan.

"We reckon that at least 50 000 people are employed throughout the copper industry. This excludes mining and the cable industry."

Copalcor, which already exports 20 percent of its production, produces copper and alloy products for use in the construction, electrical, automotive and general engineering industries.

NFM, with a similar product range, has associated companies in Zimbabwe, the US, Israel and Italy.

Mr Malan says the merger will improve price competitiveness for both local and export customers through the lowering of scrap input prices, reduced transport costs, elimination of duplication of trading branches and reduced working capital and capex requirements.

Alluding to possible objections to the merger by smaller market participants because of the dominant position that would be held by the merged company, Mr Malan says

"Only through a strong merged entity able to deliver economies of scale and invest in technology will South Africa be able to survive in the face of international competition."

"Most of our customers understand this and many of them have expressed their support for the merger."

Decision awaited on R600m merger

SA's two leading copper product producers, Copalcor and Non-Ferrous Metals, were awaiting a decision from the Competition Board before going ahead with a R600m merger, Copalcor MD Piet Malan said yesterday.

The board was investigating the merger because of the dominant position which would be held by the merged company. The effective date of the deal was envisaged to be January 1 1993, said Malan.

Haggie subsidiary Copalcor and Non-Ferrous Metals, owned by the Lazarus family, together smelted about 60 000 tons of scrap annually, producing about R600m of semi-finished products of which about R200m was exported, he said.

BY DAY 29/9/92.
EDWARD WEST

The merger would enable the local industry to become more competitive.

It would improve price competitiveness for local and export customers by lowering scrap input prices, reducing transport costs, eliminating duplication of trading branches and reducing working capital and capex requirements, he said.

The long-term goal was to move SA's copper industry from a commodity exporter to a finished product exporter, he added.

Malan said only a strong merged entity could deliver economies of scale, invest in technology and survive in the face of international competition.

EC car slump dents demand for rhodium

BIDAM 1/10/92

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MATTHEW CURTIN

EUROPEAN car makers are buying much smaller amounts of rhodium than they were expected to in the runup to the implementation of new clean air rules in the EC, says Impala Platinum (Implats) senior marketing manager John Hollely

Hollely says the slump in the EC car industry has dented rhodium demand and prices. The metal is a key ingredient in modern three-way car catalyts, and high rhodium prices have helped SA platinum producers weather falling platinum prices in the past two years.

Rhodium prices have fallen 16% to \$2 270 an ounce this week from recent highs of \$2 700 in mid-July. Firmer platinum prices have not brought any respite to producers because the metal has consistently fought shy of the \$370 mark. Platinum was fixed in London yesterday afternoon at \$367,40, more than \$3 higher than Tuesday's afternoon fix of \$364,25, but \$0,10 down from the morning mark.

The prospect of another year of disappointing platinum group metal prices has hit market sentiment on the JSE. Only

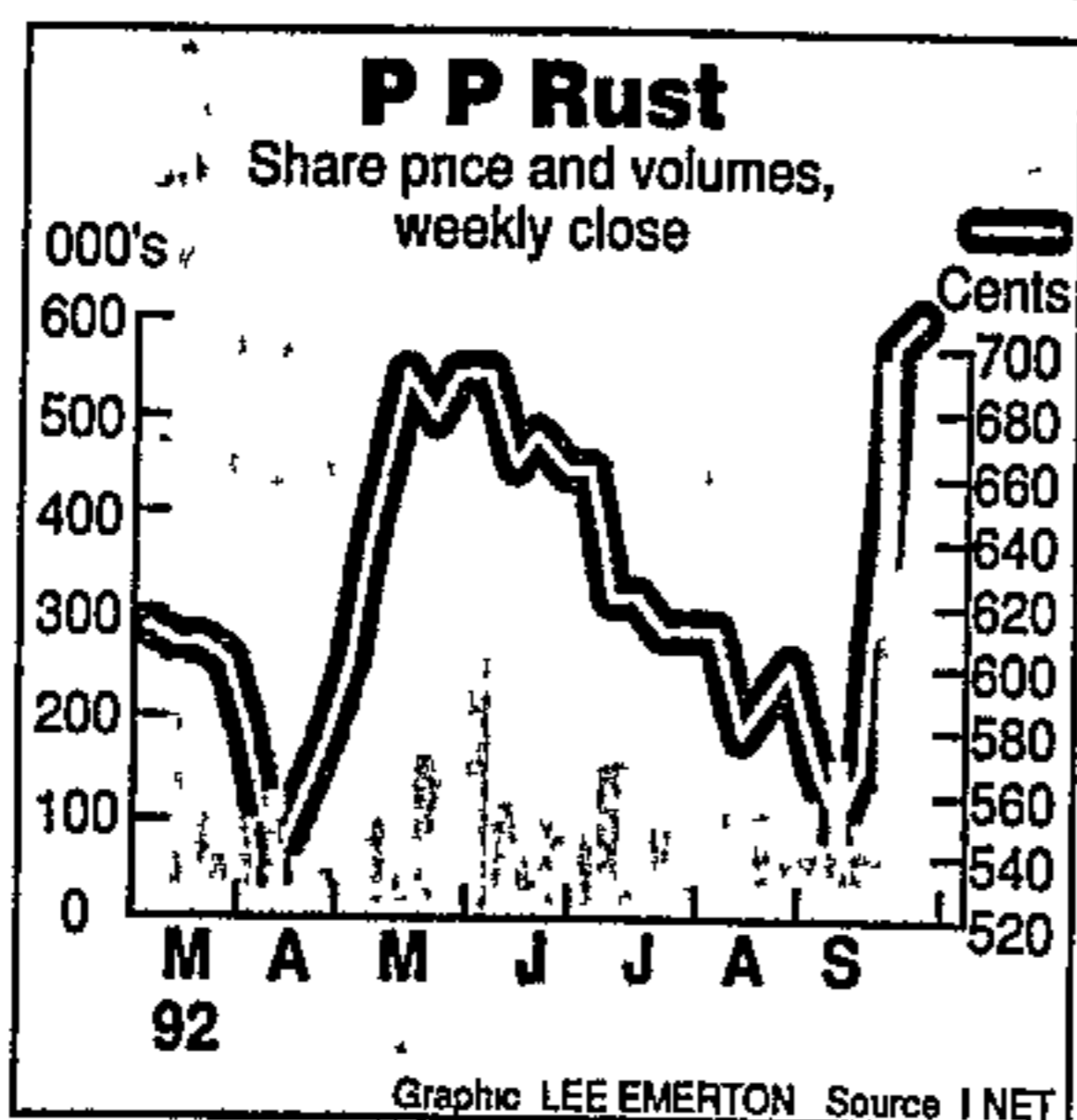
shares in market leader Rustenburg Platinum (Rusplat) and developing mine Potgietersrust Platinums (P P Rust) have weathered erratic platinum group metal (pgm) prices so far in 1992.

P P Rust closed at a new high of 725c yesterday, equivalent to a 25% increase since the start of the year. Rusplat shares have risen 34% in the same period, although they closed 35c down at R78,00. Heavy trade in P P Rust shares followed last week's announcement that management had cut the Platreef open-cast mine capital cost by R79m to R475, and revised estimates of its working costs, 18% down at R100 against R122 a ton milled.

Bearish market sentiment has knocked the shine off Implats, Lebowa Platinum, and Messina shares. Analysts said market confidence in Implats, dogged by labour unrest in 1991, was knocked by fears that the ANC's mass action campaign might spark political unrest in Bophuthatswana which could spill over into the group's mines. Implats shares rose 75c to R42 on the JSE yesterday, equivalent to a 46% or R36 discount to Rusplat stock.

Hollely said yesterday that the build-up in demand for rhodium in the EC, whose new clean air legislation mandated heavier pgm loadings in catalytic convertors in all new cars from 1993, had turned out to be more sluggish than expected.

He said British and French car manufacturers had appealed to their governments for dispensation from the new regulations because their stock of 1992 models, not fitted with the new catalyts, were so large that they would have to sell many of the vehicles in 1993.



FOX FM 2/10/92 (217)

POTGIETERSRUST PLATINUMS
FM 2/10/92
Better and better (217)

A steady rise in share price from 570c last Monday to 700c follows bullish reports from analysts who visited the mine last week. The market likes the revised look of Potgietersrust Platinums (P P Rust). Not only is this opencast mine on schedule for completion in May but management has cut the forecast capital budget and working costs.

P P Rust has acquired three key members of the opencast team from Namibia's Rossing Uranium, which has been forced to cut back by the depressed state of the uranium market. RTZ, which manages Rossing and Palabora Copper, is acknowledged as a world leader in open pit mining.

Estimated ore reserves in the first pit at Sandsloot have been raised by 30% from the prospectus forecast of 23,2Mt, at the cost of a 15% drop in base metal grades. Management feels this trade-off is worthwhile.

Total funding requirement has been cut to R521m from the original R600m. Capex of R54m will be saved on the process plant and pit while R25m has been lopped off the R50m contingency budget.

Tough economic times allowed P P Rust to negotiate better deals with contractors. More savings came from changes to the

continues

design and scope of the pit. P P Rust raised R400m equity when it was listed and will now have to borrow only R121m instead of R200m to complete the project.

Platinum and rhodium annual output will remain at the prospectus forecasts of 170 000 oz and 13 000 oz respectively when the pit hits full production. Nickel production will drop 15,5% to 3 800 t from the original 4 500 t, but total nickel production over the extended life will increase.

Extensions to the pit reduce the stripping ratios of waste to ore by 20%-25%, bringing down working costs to R100/t milled and R1 425/oz platinum produced, against prospectus forecasts of R122/t and R1 670/oz.

Estimates of the value of the share vary. Frankel Max Pollak Vinderine analyst Kevin Kartun takes a conservative view, calculating P P Rust is worth 680c. Fergusson Bros, Hall Stewart's Philip Marillier reckons it's worth 775c and Irish & Menell Rosenberg's Dave Russell goes as high as R11.

If there's a cloud anywhere to dull some of this good news it's the rumbles and rumours about challenges to P P Rust's mineral rights in Lebowa from Lawrence Blomkamp and Martin Brink. P P Rust issued a terse cautionary announcement about this previously and JCI platinum division MD Barry Davison elaborated during the visit.

"We are not aware of any dispute between ourselves and the Lebowa government. We are aware that certain parties have been telling analysts they have a case to acquire certain rights we already hold."

"We have taken extensive legal advice and are confident about the validity of our mineral rights and the legality of our agreement with the Lebowa government. As far as we are concerned it's business as usual."

Brendan Ryan

JCI

FM 2/10/92

217

Looking abroad for new business

Activities: Mining House with interests in gold, platinum, coal, base metals as well as industrial and property investments

Control: Anglo American Corp 40%

Chairman: P F Retief

Capital structure: 147,7m ords Market capitalisation: R7,7bn

Share market: Price: 5 225c. Yields: 2,52% on dividend; 7,42% on earnings, p/e ratio, 13,5, cover, 2,9 12-month high, 6 450c; low, 4 800c Trading volume last quarter, 1,5m shares

Year to June 30	'89	'90	'91	'92
Investments				
Book value (Rm)	1 063	1 273	1 756	2 248
Market value (Rm)	6 586	8 112	8 252	9 761
Performance				
Investment inc (Rm)	294,3	363,0	350,7	369,6
Other income (Rm)	122,0	89,0	94,5	94,2
Attributable prof (Rm)	363,4	429,6	418,0	439,6
Attrib earnings (c)	246	291	283	298
Equity earnings (c)	386	408	391	388
Dividends (c)	110	132	132	132
Net worth (c)	4 820	6 010	6 100	6 886

Running a mining house under present conditions seems to involve cautious optimism coupled with planning for the worst and the adoption of a wait-and-see attitude towards commodity prices.

JCI's annual report shows the house is doing precisely this, through such actions as using the net proceeds of the R101,7m dividend in specie from Rustenburg Platinum to provide against investments in group companies like Barnex, Lindum Reefs and Consolidated Murchison. However, the tone of chairman Pat Retief's review reveals his patience is wearing thin, particularly on the domestic political and economic fronts. He forecasts lower earnings this year while analysts expect JCI to maintain its dividend for the fourth consecutive year.

One of the key parts of the report is the carefully worded section on new business, which indicates JCI is increasingly looking abroad for new business opportunities. Says Retief "We have concentrated much of our initial effort on familiarising ourselves with international developments in mining and metallurgy and on progressively refining our ideas about the kinds of external business opportunities we should pursue."



JCI's Retief ... lower earnings this year

He adds: "We are now exploring a number of possibilities that could lead to new business developments for Johnnies. These include discussions with international mining and related companies, with which we share complementary strengths, and the promotion of particular mining and metallurgical projects."

JCI is not alone. Gencor is seeking to increase its international exposure. It apparently wants to get into bauxite mining outside the country, while coal arm Trans-Natal is negotiating to take a stake in Oakbridge, the second largest coal exporter in Australia.

Anglo American's long-standing overseas interests are held through Minorco, but the *Financial Times* International Coal Report speculates that Amcoal and Gencor are both showing interest in the expected privatisation of British Coal.

The JCI report gives no specifics, though the section on Barnato Exploration (Barnex) indicates much of the exploration effort is concentrated in Ghana and Zambia.

Commodity prices have fallen to the point where, for the first time in the group's history, mining income contributed less to earnings than JCI's industrial and property interests. Mining contributed R242,8m — 42,2% — to 1992 equity earnings, while industry and property provided R267,8m, equivalent to 46,7%.

This was because of improved contributions from SA Breweries (held 15% by JCI), Premier (29,2%) and Argus Holdings (22,7%). Trouble is, this year all these groups could be caught by recession, while commodity and precious metal prices show

few signs of recovery. Recovery in the major world economies keeps being delayed, with adverse effects on prices of gold, coal, base metals and platinum.

Hence Retief's displeasure about SA domestic developments, where the economy is being hammered by the political battle.

"Overall, however, I must confess to a strong and growing sense of frustration with the political process in recent months," he says. "On the one hand, government, disregarding the clear message of the referendum, seems to be motivated more towards preserving its power than towards successfully negotiating new and democratic political structures."

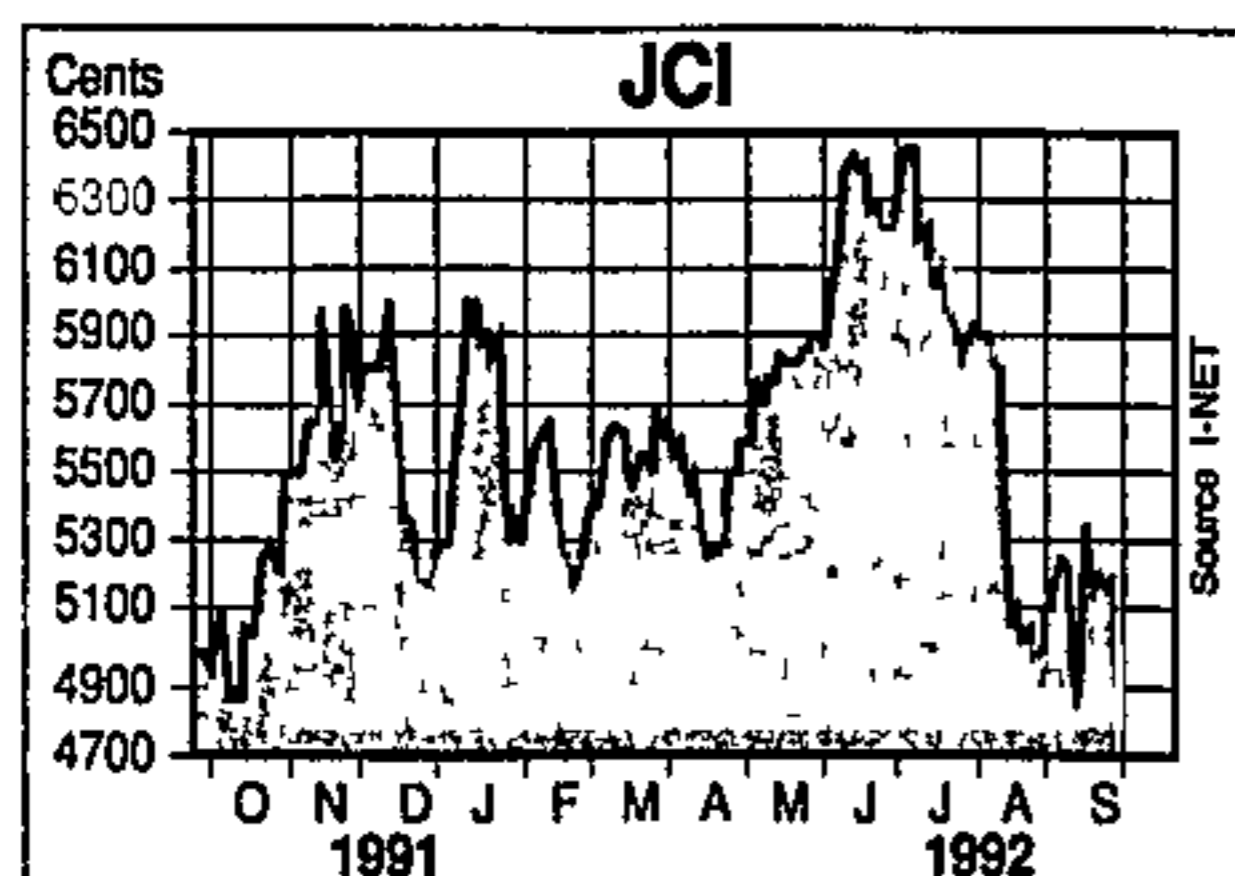
"On the other hand, the no-less partisan leadership of the ANC alliance recklessly claims legitimacy for actions of mass protest, regardless of the damage thus inflicted on the mood of the country and its already weak economy. SA simply cannot afford such intransigence and political manoeuvring," Retief adds.

JCI's spread of mining and industrial activities has coped admirably so far with the local and international recession. The only effect on the balance sheet has been a rise in short-term loans to R560m (247,1m). Net current liabilities have inched up, to R446,4m (R428,3m).

Finance director Vaughan Bray considers this insignificant, pointing out JCI's debt: equity ratio was 27,7% (25%) at June 30, and this drops to 7,7% (6,3%), when the balance sheet is expressed in market value terms.

JCI offers a 2,5% dividend yield against the sector average of 3,2% and looks fairly priced. But some analysts believe Anglo American, which holds 39,8% of JCI, offers better recovery value, on the grounds that Anglo has been oversold in the wake of the De Beers debacle.

Brendan Ryan



GOLD FIELDS FM 2/10/92

A longer plateau

While JCI is facing the prospect of maintaining its dividend for the fourth consecutive year (see separate report), Gold Fields has been on an even longer plateau — it is likely to peg its payout for the fifth year in financial 1993.

On the face of it, the fortunes of the two houses should not be so similar. JCI holds a diversified portfolio of mining and industrial investments, Gold Fields continues to depend heavily on gold, which contributed 57% to group income in the 1992 year. Largest contributor to JCI's earnings was its industrial portfolio, which provided 42,2%, while its

Platinum mines in dispute over mineral rights

217

6/10/92 5/10/92

MATTHEW CURTIN

LEBOWA Platinum (Leplat) and Potgietersrust Platinums (P P Rust), JCI's two Lebowa platinum mines, have confirmed a dispute with Trojan Exploration.

In their annual reports released at the weekend, both mines dismissed allegations by Trojan that it had bona fide claims to the companies' base metal and mineral rights.

Leplat and P P Rust chairman Barry Davison said Trojan had been at liberty to set down its mineral rights dispute with Leplat for a court hearing from February this year, but had failed to do so.

The hiatus in the Leplat dispute coincides with another dispute between Trojan against the Lebowa Minerals Trust (LMT), involving base mineral rights owned by P P Rust.

Davison said Trojan had informed P P Rust of its application to the LMT for prospecting rights on several farms in Lebowa where P P Rust already had the rights to precious metals and base minerals.

He said. "Since the company's rights were granted prior to the Trojan application, we see no basis for the granting of Trojan's application"

Trojan "was attempting to persuade the Lebowa government to repudiate agreements and prospecting grants held by the company by granting conflicting rights" for base minerals and gold contained within the platinum-bearing ore bodies. "There are no grounds on which any rights, which would in any way infringe this company's rights, could be granted to a third party," Davison said.

It is understood that Trojan may be basing its case against the LMT on alleged legal irregularities in Lebowa's agreement with P P Rust. Trojan directors Martin Brink and Louis Bloukamp were unavailable for comment at the weekend.

In his review, Davison said shareholders were informed in 1991 of allegations regarding the infringement of base metal rights at its Atok mine.

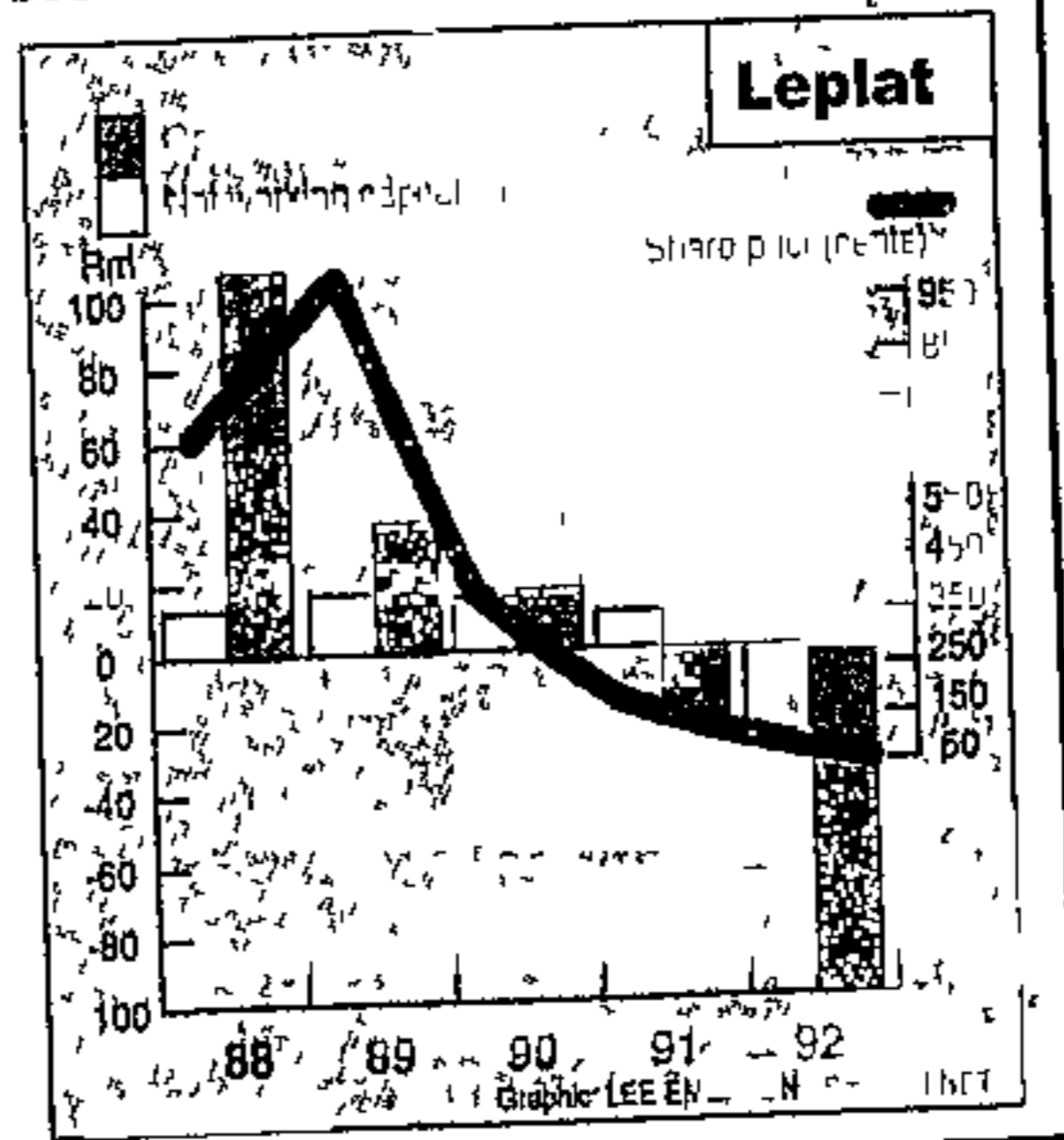
"A company styled Trojan Exploration (Pty) Ltd has applied to court for a declaratory order relating to base mineral rights on a portion of the farm Umkoanesstad which is being mined . . . and for which a mining lease has been obtained from the Mining Leases Board," he said

Davison said that Rustenburg Platinum (Rusplat) had become involved in actions against Leplat because of its toll refining agreement with the Lebowan operation.

He noted that last year AFC Investments and North Vaal Mineral Company had alleged along with Trojan that Leplat might have infringed their base mineral rights on Umkoanesstad. Trojan had brought an action and AFC started one against Leplat in 1991. But upon legal advice Leplat directors had concluded that the allegations were unfounded.

Davison said "The directors of Leplat continue to believe that the plaintiffs' allegations are unfounded and consequently Leplat is opposing the application and the claim"

Pleadings with regard Trojan's application and AFC's claim had closed, and "it has been agreed that the AFC action will not be set down for hearing" until the Trojan application had been disposed of. Trojan was yet to secure a court date for the hearing.



Prospects seem better for the platinum market

MATTHEW CURTIN

PLATINUM market prospects seemed better for 1992/1993 than they were a year ago, said Rustenburg Platinum (Rusplat) chairman Pat Retief in his yearly review.

"Platinum supply fundamentals, which two years ago looked to be negatively influenced by the rash of announcements concerning new projects and expansions, have improved as a number of these projects have been curtailed," he said in the review.

He noted Implats Platinum (Implats) had mothballed the Messina project, expected to produce 75 000oz of platinum a year by 1995/6.

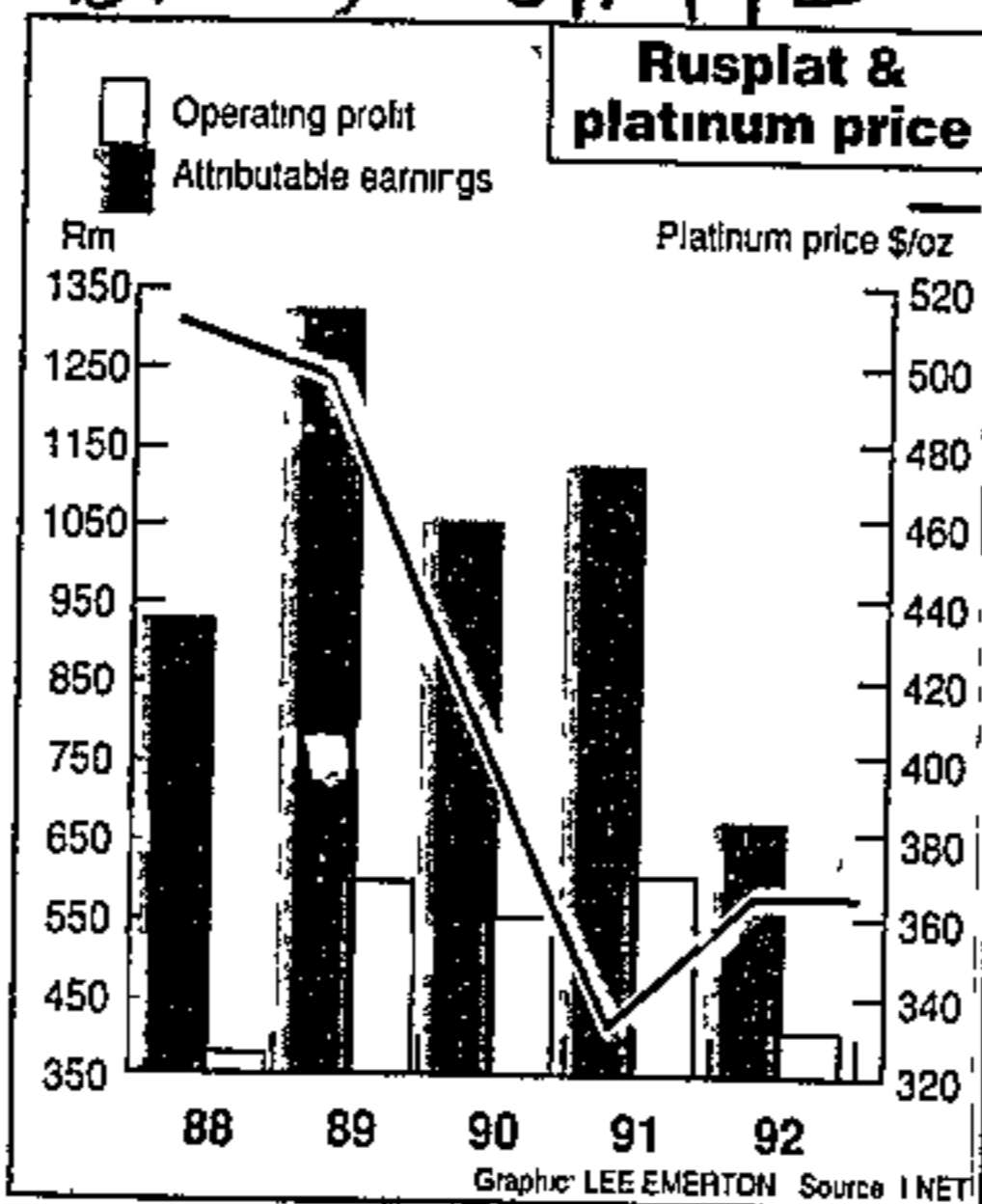
Implats had announced the deferral of its expansion projects, so that another 200 000oz would reach the market only in 1996/7 instead of 1994/5 "if there are no further delays".

Rusplat's sister company Lebowa Platinum (Leplat) had also suspended plans to increase production from 70 000 tons of ore a month to 100 000 tons a month.

Steady growth in platinum and rhodium demand coupled with modestly increasing supplies should bring the market more into balance, with a smaller surplus expected in 1992 than in 1991, Retief said.

In a market survey in Rusplat's 1992 annual report, the JCI group of platinum producers — Rusplat, Leplat and Potgietersrust Platinums — called for "vigorous market development and promotion efforts by all market participants" to ensure that "the growth in platinum demand is commensurate with supply".

The platinum market could, however, confidently expect growth in demand for platinum from



□ The development of new platinum jewellery markets and growth of existing ones,

□ The trend towards stricter car emission standards in North American, and Europe,

□ The continuing adoption of car emission legislation in most regional car markets where sustained growth was expected, and

□ The commercialisation of fuel cells

The report said that in 1991/1992 demand for platinum jewellery in Japan, the largest consumer worldwide, had held up well.

European consumption of jewellery had increased only marginally because of falling Italian exports to Japan and the US, but platinum jewellery had established a solid market niche in Germany, while demand for platinum watches in Switzerland had shown "spectacular growth".

Demand for platinum jewellery in southeast Asia grew 40% in 1991.

The JCI group, in conjunction with Johnson Mathey, Implats and Lonrho, had persuaded the International Platinum Association to support a

three-year campaign to promote platinum jewellery in the US.

The motor industry is the largest consumer of platinum, and the report said although the boom in car sales in Germany after reunification was falling away, it masked good demand elsewhere in Europe. Western European car sales, excluding Germany, were more than 3% higher in the first half of 1992 than the previous year.

In Japan, a trend towards larger cars, using heavier platinum group metal loadings in catalysts, was curbing the fall in car sales — production and sales fell to their lowest levels in six years in 1991 — associated with slowing economic growth.

Although the weak US economy was hitting car sales and platinum demand, the report said tough clean air regulations first instituted in California were being adopted more widely across the country, while tougher new road testing rules would see new more stringent emission tests for catalytic converters.

Clean air laws were being introduced or tightened in the EC, eastern Europe and Malaysia, and were being considered in Russia, while car sales in Latin America and South Korea were increasing rapidly.

Emission-free vehicles based on electric batteries would be commercialised in the '90s, but still faced many obstacles and were not necessarily the environmental panacea they were made out to be, because of their use of coal-powered electricity supplies.

Fuel cells were still in the early stages of commercial application, but "platinum-catalysed phosphoric acid fuel cells are almost certain to be the only fuel cell technology which will achieve full commercialisation during the '90s".

Weak demand will flatten base metals prices this year

STAR 6/10/92, (217)

LONDON — Weak demand for base metals from major economies will flatten prices for the rest of this year, Billiton-Enthoven Metals Ltd. predicted in a market survey released yesterday.

"Given the poor demand outlook we do not expect copper prices to stage a major breakout on the upside in the final quarter and indeed further downward pressure may emerge," the survey said.

Chinese copper purchases, which helped underpin the copper price recently, had petered out, it added.

In addition, aluminium prices have been hit by rising Western production and signs that exports by the Commonwealth of Independent States could equal 1991's record, the survey said.

Interest in lead, nickel and tin was also flagging, the company said.

Billiton's forecasts of average annual prices for 1992, in US cents per pound with 1991 comparisons in parentheses, were copper 105 cents (106), aluminium 57.5 cents (59), zinc 57.5 cents (51), lead 26 cents (25), nickel 327 cents (371) and tin 275 cents (254).

Mild weather and reduced car production was depressing demand for batteries — lead's single biggest market, the report said.

Stainless steel production, which uses about 60 percent of the world's nickel output, was rising in the United States, the survey said. But this was likely to be more than offset by falls

in Japan and elsewhere this year.

"Hence, although the supply of nickel is expected to be lower this year as a result of lower Western production and Russian exports, the anticipated even sharper fall in demand means that the market is likely to record another hefty surplus," the report said.

The company also predicted a fall this quarter in the tin price. Like zinc, tin has been supported recently by supply-side problems and technical market shortages.

"On the whole supply problems for tin have not proved to be as acute as originally feared, whilst demand has remained surprisingly uninspiring," it said. — Sapa-AP.

Doubts on Albanian chrome deal

MORE than two years of talks between Samancor and the Albanian government about the group's possible involvement in the former communist country's chrome industry are drawing to a close, but analysts are sceptical that a deal will be signed. *BIDM 6/10/92.*

Samancor MD Hans Smith said yesterday that the group had submitted a final proposal to the government for the exploration, mining and upgrading of Albania's high-grade chrome deposits.

Albania is a small producer in world terms, with a yearly output of 30 000 to 40 000 tons of ferrochrome, compared with Samancor's capacity of more than 1-million tons a year. However, the country has high-grade chrome reserves, and high-grade ferrochrome sells at a premium to lower grade material on world markets. Smith said that if an Albanian joint ven-

~~1992~~ MATTHEW CURTIN (217)

ture went ahead, it would give the group access to a wider product range, adding to its existing output of charge chrome and high-carbon ferrochrome. However, no deal had been signed as yet. Samancor was interested in other overseas chrome reserves, the best of which were in Albania, Russia, Turkey and Zimbabwe.

Frankel, Max Pollak, Vinderine analyst Kevin Kartun said "Turkey and Albania have always been on SA producers' shopping lists", but the attraction of Albania's high-grade chrome reserves was offset by the irregular geology of the deposits, and political instability in the Balkans.

Irish Menell Rosenberg analyst David Russell said the poor quality of Albania's economic infrastructure would entail a huge capital commitment by a group like Samancor.

**PP Rust: no
legal dispute**

BIOM 6/10/92
IT WAS incorrectly reported in Business Day yesterday that JCI's Potgietersrust Platinums (PP Rust) was in dispute with Trojan Exploration over base mineral rights the platinum company owns on farms in Lebowa. *(217)*

There is no legal dispute between PP Rust and Trojan or any other party.

Trojan has notified PP Rust that it has applied to the Lebowa Minerals Trust for the issuance of prospecting grants for base minerals over these farms and over which PP Rust already holds the rights to precious metals and base minerals, in terms of existing agreements with the Lebowa government and as well as prospecting grants issued by that government.

Business Day also wishes to make clear that, with regard to Trojan's dispute with Lebowa Platinum (Leplat), Rustenburg Platinum (Rusplat) has been joined in actions brought against Leplat, by Trojan and other parties, because of Rusplat's toll refining agreement with Leplat.

Business Day regrets the error.

Base metal mines show strong growth

By Sven Lunsche

217

Gold Fields' base metal operations showed strong earnings growth in the September quarter as a result of improved sales and tighter cost controls.

Lead and zinc producer Black Mountain boosted sales from R37,5 million in the June quarter to R54,3 million in the three months to September, lifting taxed profits to R7,1 million (R5,1 million).

O'okiep Copper boosted its profit after tax sharply from R1,9 million to R5,9 million as a R3 million rise in sales

to R42,8 million was matched by a R1 million drop in costs to R38,1 million.

Rooiberg Tin sharply reduced its costs by 50 percent to R2,2 million and returned a taxed profit of R466 000 from its June quarterly loss of R1,6 million.

Despite slightly reduced sales of R68,4 million (R71,1 million), GF Coal lifted taxed income to R7 million (R5,2 million) after cutting costs.

Zinc Corporation taxed profits fell slightly from R6,7 million to R5,6 million as sales fell to R77,2 million (R90,2 million).

Slump 'set to linger'

27
BLOOM 7/10/92
MATTHEW CURTIN

GOLD Fields of SA's coal and base metal division reported much improved results in the September quarter because of firmer commodity prices, but the outlook in the current quarter was more bleak.

Although the mines received higher copper, lead, and tin prices, with higher zinc prices not being enough to offset the rand's strength against the dollar, division GM Richard Robinson said prices had fallen since the end of the quarter.

At a media conference yesterday, Robinson said the international economic climate was to blame. Customers had restocked in mid-year and interest from commodity funds had bolstered prices, as expectations were high that the major economies were gathering pace.

However, this favourable impetus had come to an end with the realisation that economic slowdown would last "longer, rather than shorter".

Unlisted lead and zinc producer Black Mountain had a good operating quarter. Turnover rose to R54m from R38m, operating profit increased to R11m from R5m, and after-tax profit improved to R7m from R5m.

Higher copper prices lifted results at O'okiep Copper and Gold Fields Namibia, which was in the process of investigating two new and "exciting" copper prospects.

Roosberg Tin, whose operations were drastically curtailed in the past year, benefited from higher tin prices, an improvement in grade at its C mine, although the mine's bottom line was affected by rehabilitation costs at its defunct operations. The mine turned a R1,6m after-tax loss in the June quarter into a R466'000 profit.

STAR 8/10/92 (217)
Platinum group prices ease

Sales by investors in the Far East and the United States sent prices of platinum group metals falling on overseas metal markets yesterday.

Platinum was fixed \$7 lower at \$356.75 in London, Sapa-Reuters re-

ports, while the rhodium price at \$2,000 an ounce was trading at its lowest level this year.

Platinum hit a high of just under \$400 in July but the price has declined steadily since then. — Finance Staff

Two drivers killed, one robbed ● Support of prisoner hunger strike

Truck drivers ambushed

(218)
Sowetan
8/10/92

■ **GUERRILLAS BLAMED** Renamo ac-

cused despite ceasefire with government:

MAPUTO - Despite Sunday's signing of a peace agreement between the Mozambican government and the guerilla movement Renamo, ambushes are continuing on the country's roads.

The latest casualties were two South African truck drivers killed on Tuesday on the road between Maputo and Swaziland. The general staff of the Mozambican armed forces yesterday blamed Renamo for the attacks on three trucks. Two drivers died and a third was beaten up and robbed.

One of the vehicles was set on fire and totally destroyed. The other two

were partially burnt out. The independent newssheet *Mediafax* said one of the drivers was burnt alive in his cab.

According to the authorities, these were the first ambushes on this stretch of road in about two months. There had been a general increase of ambushes since the signing of the pact.

This attack took place just hours before President Joaquim Chissano returned from Rome with the peace agreement he had signed on Sunday with Renamo leader Afonso Dhlakama.

Both sides have agreed to suspend hostilities in advance of the formal enforcement of the ceasefire.

Platinum mines' income is at risk

UNLESS platinum prices reach \$385 on average by mid-1993 and the rand weakens to R3 to the dollar, earnings at Rustenburg Platinum (Rusplat) and Impala Platinum (Implats) will fall sharply for the second year in a row, says a leading analyst

Both producers would also suffer the effect of lower rhodium prices, which at current levels of \$2 000/oz were significantly lower than the average prices received in the past two years

The analyst said yesterday that precious metals group Johnson Matthey and Johannesburg Consolidated Investment, owner of three of SA's platinum producers, were right to be optimistic about platinum's prospects in the medium to long term. However, predictions of prices at \$400 by the end of 1992 were probably unrealistic

He believed prices would average \$380 to \$400 by late next year, with the slump in rhodium prices an indication

B (NY) 8/10/92. (217)

MATTHEW CURTIN

of current soft market conditions

Reuter reported heavy selling of platinum futures on the Nymex, and fears that Japanese platinum jewellery consumption was dropping off knocked prices on world markets yesterday.

Analysts agreed that although Rusplat remained the premier platinum mining stock, it was too expensive at current prices because of the immediate bearish outlook for platinum

Rusplat was trading at a dividend yield of 3.2 compared with a historic yield closer to 5. Concern about the status of mineral rights and fears of labour unrest were dulling the attraction of Impala Platinum in spite of its huge discount to Rusplat

One analyst said that the "fundamental conditions for better platinum prices are in place, but unless market sentiment improves to encourage invest-

ment in platinum metals or the futures market, it's unlikely prices will rise"

He said jewellery demand in Japan had held up well in spite of the contraction in the Japanese economy, and although car sales were sluggish in the EC and US, clean air legislation was driving demand for platinum and rhodium

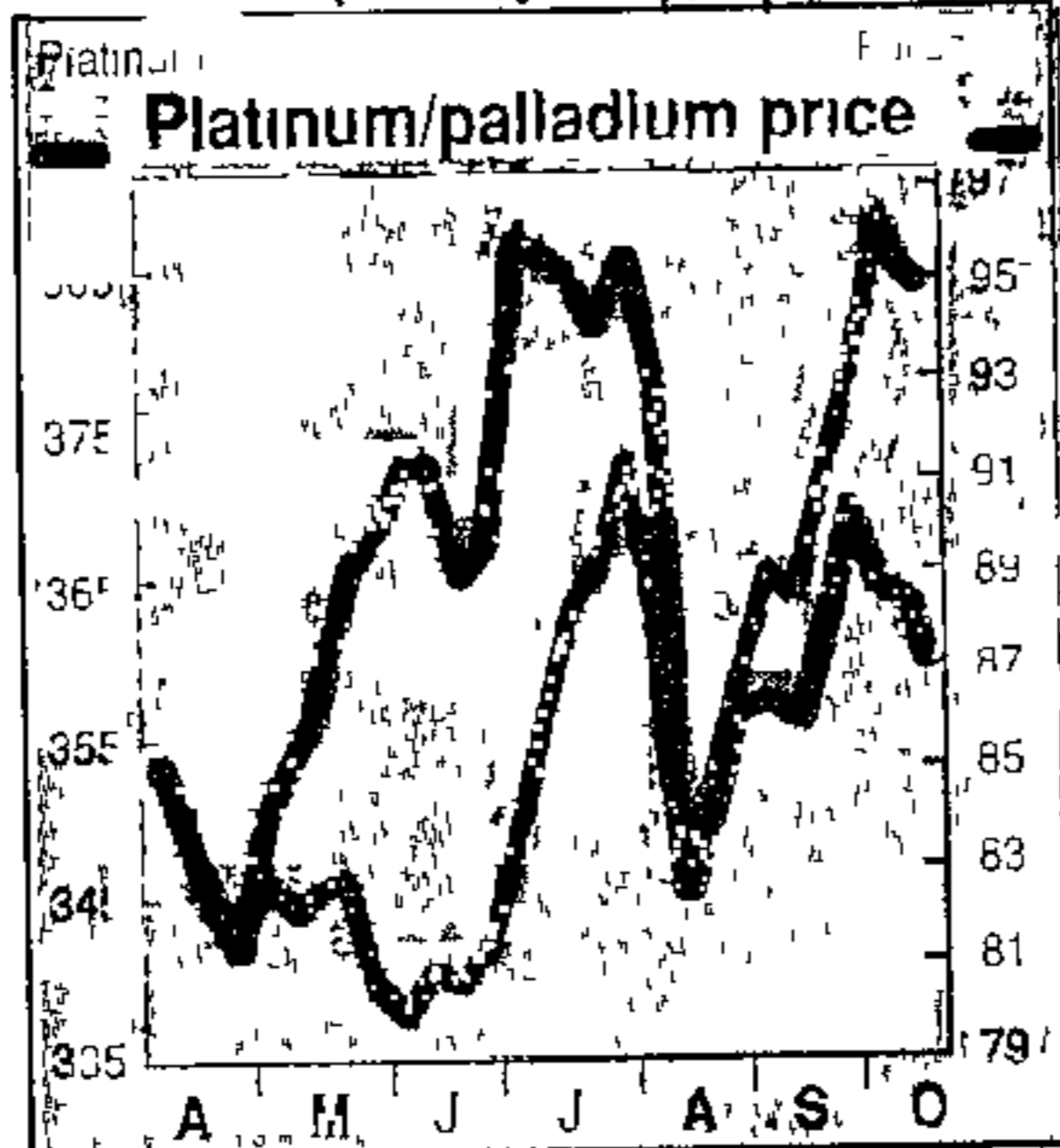
Another noted that European car makers' platinum and rhodium stocks were high, and with large numbers of 1992 vehicles unsold, the expected upturn in demand for platinum and rhodium because of tighter environmental regulations, effective from January 1993, was proving disappointing

Only Rusplat had succeeded in bringing its expansion programmes on stream on schedule, so a platinum shortage was likely by the mid-1990s. Implats and Lebowa Platinum had fallen behind in their expansion plans, while the Messina and Barplats mines had been mothballed

Platinum, rhodium prices hit

BLOOM 8/13/92

MATTHEW CURTIN



Graphic RUBY-GAY MARTIN Source I-NET

PLATINUM and rhodium prices stumbled yet again on world markets yesterday, reinforcing fears that SA platinum producers would be hard pressed to match their sharply reduced 1992 earnings by year-end in June 1993

Market nervousness about world economic growth, and profit-taking on New York and Tokyo metals exchanges sent platinum prices tumbling nearly 2% and well below the \$360 mark. Rhodium prices fell to nine-month lows at \$2 000 an ounce.

Market sources said underlying supply and demand balance favoured sharp increases in platinum prices, but market sentiment was proving a crucial factor.

● See Page 9

Claims about mineral rights

(217) FM 9/10/92

The whole basis of the success of a mining operation, wherever it might be, is predicated on the security of the underlying mineral rights. When those are called into question investors have cause to feel uneasy.

That's what has happened in the case of two JCI-controlled and managed platinum operations, Lebowa Platinum (Leplat) and Potgietersrust Platinums (PPRust), as revealed in recently issued annual reports. In both cases the company involved in raising the doubts is little-known, unlisted Trojan Exploration, a private company controlled by Lawrence Blomkamp and Pretoria attorney Martin Brink.

PPRust chairman and JCI executive director Barry Davison says the company is not involved in a dispute with Trojan. However, he has told shareholders that Trojan has made application to the Lebowa Minerals Trust "for the issuance of prospecting grants in respect of base minerals over various farms in Lebowa and over which the company already holds the rights to precious metals and base minerals."

That's not entirely correct, says Trojan's Blomkamp. "In fact, we've applied for all rights to precious and base metals and base minerals." The underlying basis for the application, apparently, is that a notarial agreement between PPRust, Rustenburg Platinum, Maandagshoek Platinum, the Lebowa government and the Lebowa Minerals Trust is invalid on the technical ground that it was executed by an attorney who held an interest in one of the parties.

Brink says he's reluctant to conduct an argument with JCI companies through the press. However, on the face of it, it appears Trojan's approach is based on the premise that an important agreement between PPRust and the Lebowa government lacks validity. If this is correct it means, in theory at least, that it's now possible for a third party to acquire those rights with the consent of the Lebowa government.

Davison says this is nonsense. "PPRust holds three separate joint venture agreements with the Lebowa government. We are perfectly satisfied that the company's rights to the precious minerals and to the base metals and minerals contained within that orebody are inviolable."

In addition, Davison says the Lebowa authorities have issued prospecting grants, independent of the joint venture arrangements, which entitle PPRust to apply for mining title in respect of the Platreef for precious and base metals and minerals on all those farms on which the company intends to conduct mining operations as set out in its prospectus.

Asked about the validity of a key agree-

ment, Davison says he's been appraised of doubts in this area. "However, we've established that the agreement didn't need to be notarised in any event. What's more, the agreement which has been called into question isn't the key agreement. The arrangements conferring the mineral rights on PPRust are contained in another document, the validity of which is beyond question."

The key issue, therefore, is how mineral rights which appear, on the face of it, to have been issued perfectly legally to a *bona fide* mining company, which has undertaken vast capital expenditure on the basis of a not unreasonable presumption of tenure, can be the subject of doubts of this kind.

Pressed to answer, Lebowa Minerals Trust manager Colin Corser says "I am not in a position to comment at all."

The situation with regard to Leplat is more complex. Davison, who is also chairman of this company, confirms in his annual statement that Trojan has made claims regarding the alleged infringement by Leplat of certain base mineral rights. These appear to revolve around technical interpretations of the law. Leplat's rights to the precious metals of the Lebowan farm Umkoanesstad are governed, says Davison, by the interpretations included in the Mining Rights Act of 1967.

Other legal authorities confirm it is generally accepted in SA that precious metals "and the ores of any such metals" refers to the contents of a discrete reef such as the Merensky or the UG2. However, the rights to base metals and minerals over the same farm (Umkoanesstad) have been acquired, says Brink, by Pyramid Platinum, a company in the Trojan group. Trojan's position is that it is entitled to the base metal and mineral portions of the reefs being mined by Leplats for precious metals.

Not so, says Davison. Trojan's mineral rights, bought from Johannesburg company AFC Investments, relate to the base metals and minerals which may be contained in other reefs, as is the accepted SA practice. Lebowa's Corser says interpretation of the definitions is not the only problem. "Another question is whether the base metals and mineral deposits are economically viable on their own."

The matter may have to be resolved by the courts. Brink says Trojan intends to join its own company, Pyramid Platinum, and the Lebowa government in the application it has brought against Leplat.

Meanwhile, selected documents from the files of the Lebowa Minerals Trust have been appearing, unbidden, on the desks of various Johannesburg financial and mining journalists. Corser again refuses to be drawn on the

subject and declines to comment on whether certain of the trust's files have gone missing.

All Lebowa government director for economic affairs and technology Gilbert Ratlabala will say is "I am not in a position to discuss this matter."

If nothing else, Trojan's actions have succeeded in rattling JCI's platinum cage. The irritation index on JCI's management floor, in response to what are perceived as ill-founded claims, is palpable. The unease among shareholders will continue until these matters have been satisfactorily resolved.

David Gleason

Gencor boss predicts no mining at St Lucia

By ROY RUDDEN

AN executive director of Gencor, the mining giant which is the biggest South African shareholder in Richards Bay Minerals, is quoted as predicting that mining at Lake St Lucia will not go ahead.

Under the heading, "No and no again," Gencor's Naas Steenkamp, who is also president of the Wildlife Society of Southern Africa, is reported in the society's Expo News as saying that he believed "ultimately they will not mine at St Lucia."

Mr Steenkamp, former president of the Chamber of Mines, was speaking at the opening of Durban's

recent Wildlife Expo

Gencor owns about 25 percent of the shares in RBM. The other South African shareholders are SA Mutual (8 percent), known for its vigorous pro-conservation advertising, and the Industrial Development Corporation (17 percent). The remaining 50 percent is owned by international mining conglomerate Rio Tinto Zinc.

In his opening address at Expo, Mr Steenkamp also came out forcibly in favour of further government measures to protect the environment.

"Unless adequate safeguards are entrenched at the highest level," he said, "our national parks and nature reserves might be subjected to indiscriminate over-exploitation."

The Wildlife Society believed that the state's environmental obligations involved accepting ultimate responsibility for the compromises that needed to be struck between environmental constraints and the need for economic growth and development. The government had to acknowledge the maxim, "You cannot build a thriving economy on a bankrupt environment," he said.

Mr Brian Gilbertson, chairman of Gencor, said he had not seen the publication, and could not comment.

Conflict

Mr Steenkamp is out of town and could not be contacted for comment on a possible conflict of interests between his professional and environmental positions.

Dr Ian Player, founder of the Wilderness Leadership School, said he was delighted by the speech.

"We hope this will give further impetus to the move to pass the Wetlands Conservation Bill, which would effectively empower the government to prevent mining at St Lucia," he said.

in napaaons Aiven
The danger was that lower inflation could lead to deflation, but Brown saw

Sanlam approves of regulation

CAPE TOWN — Sanlam has approved the comprehensive approach to the regulation of financial markets recommended by the Jacobs report, says finance and planning senior GM George Rudman, who will be formulating the life industry's response to the proposal

12/10/92

LINDA ENSOR

The Jacobs committee took the view that two regulatory authorities, namely the Registrar of Deposit-Taking Institutions and the Financial Services Board, complicated financial regulation and recommended the establishment of a financial regulation policy board.

The report recommended that there be a new financial services Act requiring registration of everyone in the sector.

Rudman noted, however, that the British 1986 Financial Services Act had resulted in its financial sector being one of the most regulated in the world.

He pointed out that life and pension products tended to be more complex than bank and building society products, and had their own distribution requirements.

However, Rudman warned at the weekend of the danger of overregulation and of the need to recognise vital differences in the risk management of life offices on the one hand and banks and building societies on the other.

"We fully agree that any institution that markets a financial service with a possible future financial risk should be required to comply with basic financial disciplines to ensure the long-term financial soundness of that institution."

"We are concerned, however, that in order to reach a common approach to the risk capital required, the present more scientific actuarial basis used for controlling the financial soundness of life offices

The closure of certain operations in the past financial year resulted in 1 539 retrenchments at a cost of R16m and plant to the value of R12m being written off. After the year end, the apparel business had shrunk to a marketing operation, and 350 people were retrenched at a cost of R3m.

King said the group now operated from five mill complexes, with sales of R652m. In 1980 there were 14 complexes spread from Blantyre to East London with 32 000 employees and sales of R230m.

The main change during the past year had been a bid from Seargreg. This had resulted in Seargreg becoming the largest shareholder in Frame Group Holdings, and brought the group into association with the Seardel Group and Gregory Knitting Mills. Although these companies dealt with

Afmin seeks new opportunities

12/10/92

EDWARD WEST 217

AFMIN Holdings, the struggling independent mining group, is investigating new opportunities through which the company can secure real growth in earnings and distributable earnings, chairman Cyril Heever says in his 1992 review.

The company closed its gold mining operation during the year. Subsidiary assets were written down to a realisable value. That created a large deficit in Afmin's non-distributable reserves.

Because of falling zinc prices, Afmin mothballed its zinc operations in January, writing down the investment in the operation. This added to the deficit in reserves.

The closure of several gold mines and declining activity in the gold mining sector led to closure of mining suppliers Technomix.

However, Heever said Nambian Lithium was operating well, with production on the increase. Turnover was up, but the market remained tight. Minaco Granite & Marble, in which the group had a controlling interest, achieved satisfactory results.

Minaco exercised its option on January

described as "adequate band-aid" — in the industry and allow it to grow in 1993/94. If the "band-aid" was sufficient, Frame could break even in the current financial year. If not, thought would have to be given to further closures, retrenchments and write-offs.

Simeoni said improvements in the group's financial performance this year would have to come from better management of working capital, cost cutting and efficiencies.

He said the collection of receivables had been extremely difficult. The group's infrastructure for dealing with trade debtors had been strengthened for the new financial year. It was in this area that continuous problems were foreseen, he said.

Increased activity at Minaco caused an increased cash outlay in both debtors' and stock balances. Coupled with the cash invested in Prairie and Virgran, Minaco directors deemed it prudent to pass the dividend. Afmin also passed its dividend.

The base metal industry, from which a major portion of Afmin's income was derived, suffered from consumer cutbacks and drastic product price adjustments.

Although prices had improved since hitting a low in November/December 1991, medium-term prospects were uncertain and it was prudent not to reopen mothballed operations, Heever said.

Dinette's order book is looking healthy

12/10/92

EDWARD WEST

FURNITURE group Dinette achieved a healthy increase in production and sales in July and August, and the group is looking forward to improved profit, the venture capital listed company's latest annual report discloses.

Dinette's trading traditionally peaked in the second half of the year. Current order books were more than satisfactory and trade acceptance of the

by overexpenditure of R800 000 on fixed assets. Part of this expenditure, incurred in the second half of the year, was now justifying itself. A changed product mix was required.

Losses incurred, at R1.567m after financing costs of R282 000, made deep inroads into cash resources, substantially reducing shareholders' interests. The company reported losses equivalent to 52.2c a share for the year.

▶ 30,000 miners may lose jobs

Miners threaten to strike

(217)
■ There's no option - NUM:

Sowetan 15/10/92.
LONDON - As anger mounted over a sweeping programme of British pit closures that will throw 30 000 coalminers out of work, a militant union leader predicted yesterday that his members would go on strike

The National Union of Mineworkers (NUM) was due to meet in London, ahead of a special conference today at which a strike ballot will be proposed

NUM president Arthur Scargill, a fiery radical who led the miners into a bitter year-long strike in 1984, said he believed his members would walk out again, despite warnings from British Coal that they risk losing redundancy payments if they do

"We've no alternative," he told the BBC "There is every chance of the miners supporting a call for industrial action and possibly strike action" - *Sapa-Reuter.*

Susfan 15/10/92

UN monitors due 218

MAPUTO - The United Nations observers who will monitor Mozambique's peace process are to begin arriving today, sparking events consolidating the October 4 accord

As soon as the UN monitors arrive the Mozambican parliament's ratification of the accord will be published in the government gazette and with this the ceasefire will formally take effect. Within six days of that date the forces of the Frelimo government and the Renamo rebels must be confined to designated assembly points supervised by the UN

Platinum price 'will trail world recovery'

(217)
NICE, France — The MD of Rustenburg Platinum said he did not see platinum prices rising until global economic recovery began and he expected rhodium prices to hit recent historical lows

"I do not think commodity prices generally, and platinum specifically will rise until economic recovery is

CT 16/10/92
in place and those conditions are not in place," Barry Davison told a conference here.

Davison added that because European car companies were not currently buying rhodium for manufacturing auto catalysts he would not be surprised to see the metal test recent price lows around \$1,500 an ounce

World recession offers Minorco opportunities

BIDON 19/10/92

217

JONO WATERS

THE difficult economic conditions in the European construction material sector provided opportunities for Minorco to make acquisitions at attractive prices in the short to medium term, chairman Julian Ogilvie Thompson said in the group's annual report.

Minorco spent \$308m on acquisitions in the past financial year, of which \$253m was in the industrial minerals sector, and Ogilvie Thompson said the group's balance sheet remained strong with total cash at June 30 amounting to \$1.8bn, while debt was \$528m.

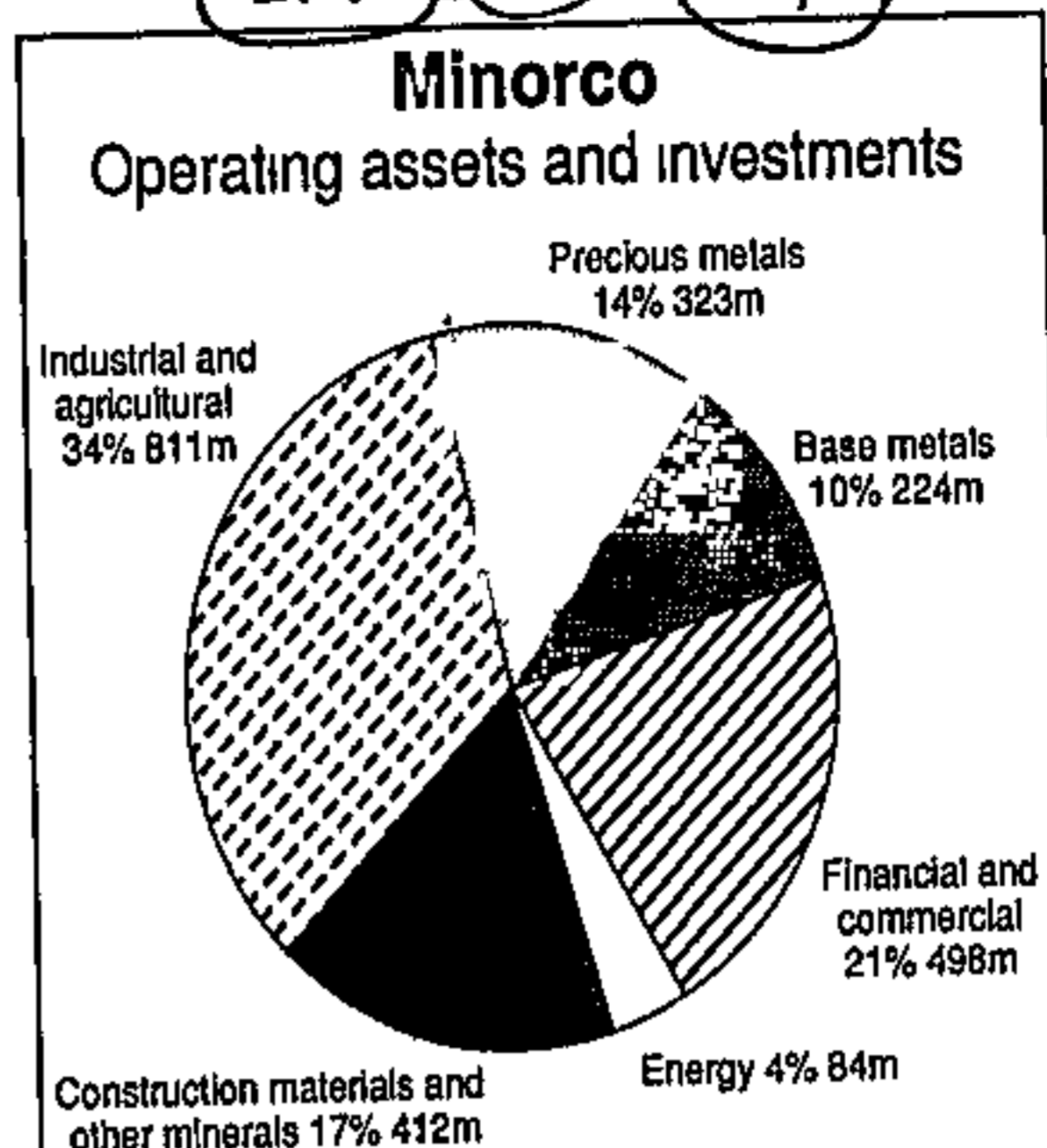
He said the short-term economic outlook was uncertain. However, in the medium to long term, the achievement of the restructuring of the world economy without widespread economic and political disruption should create conditions for sustainable economic expansion "by a greater family of developed nations".

"Given this scenario, it is not possible to forecast with certainty the prospects for Minorco's earnings in the short term, although it should be recognised that continuing weakness in US dollar interest rates and the gold price would have negative impact."

Joint MDs Tony Lea and Roger Phillimore said Minorco's central purpose was to acquire and develop, within its chosen fields, high quality natural resource assets with large reserves, low costs and proven management at fair prices.

"Our strict adherence to carefully defined criteria has meant that the pace of acquisition has been steady rather than dramatic," they said.

While market conditions had been poor, Minorco had used the time to invest "sub-



Graphic RUBY GAY MARTIN Source MINORCO

stantial money and effort" in developing strong management structures, systems and databases with the capacity both to enhance management of existing operations and to accomplish strategic acquisitions, they said.

Acquisitions over the past year by Minorco's industrial minerals division included Lausitzer Grauwacke GmbH — the largest hardstone quarry in the former East Germany — in November last year and ICI's lime products business which Minorco paid £115m for in December last year and renamed Buxton Lime Industries.

Buxton was the largest supplier of lime products in the UK with a capacity of about 6-million tons, and plans were afoot to increase this to 10-million tons.

Minorco's principal investments are a 36% stake in Charter Consolidated, a 24% interest in Eastern Investments, a 20% stake in Normandy Poseidon and a 21% holding in Anglo American South America

Demand for minerals expected to stay low

~~217~~ MATTHEW CURTIN (217) ~~217~~

RECOVERY in the global economy is likely to improve prospects for SA's mining industry only from 1993, but factors such as environmental pressures and oversupply will still depress the outlook for some minerals, says the Minerals Bureau.

"In view of the slow economic recovery in the major industrial countries, international demand for minerals is expected to remain depressed for at least the remainder of 1992", the bureau said in its 1991-1992 review of SA mining and minerals.

SA's declining but still high inflation rate continued to threaten the competitiveness of SA's mineral industry in world markets. *B(DM) 20/10/92*

The bureau said the medium-term outlook for gold was not overly-optimistic.

Oversupply would hit coal prices in the medium term, but "the European market for imported coal is anticipated to increase substantially due to privatisation, the abolition of coal subsidies, and politico-economic developments in Eastern Europe".

SA coal producers would increase their share of the export market, with a small improvement in exports to the US and Africa expected too.

Platinum group metal exports would improve from 1993 to 1995 because of growing demand for platinum-based car catalysts in Europe, driven by tightening clean-air legislation.

The bureau expected some increase in demand for SA ferro-alloy exports as customers built up stocks in anticipation of a recovery in industrialised economies, but iron and steel prices were unlikely to rise because of oversupply worldwide. The same situation applied to non-ferrous base metals such as copper, lead, zinc and zirconium.

Prospects were better in the industrial minerals sector, although environmental pressures would hit demand and prices of asbestos and fluorspar.

Minerals' prospects expected to improve

B/D/004 20/10/92

THE prospects for SA's mineral industry are expected to improve over the next five years after the depressed levels of demand, export volumes and prices of most commodities in 1991 and 1992.

The latest edition of the Minerals Bureau's review of SA's minerals industry says the optimistic forecast for total mineral export revenue is that it could reach R54,7bn next year based on a declining exchange rate of R3,34 to the dollar.

The Mineral and Energy Affairs Department bureau's pessimistic forecast of minerals export revenue for 1993 is R46,2bn with the realistic level at R50,2bn.

Gold export revenue could be realistically expected to reach R24bn next year while platinum group metals (PGMs) should contribute R9,3bn, coal R5,5bn and processed minerals R4,6bn.

In 1997, the bureau forecasts total export revenue could top R91,2bn based on R4,89 to the dollar, and optimistically could total R108,1bn.

In the same year, gold could be expected to contribute R39bn to export revenue, PGMs R15bn, coal R11,3bn and processed minerals R12,5bn.

Expanding on the prospects for various minerals, the bureau says excess gold supply is expected to continue for a number of years, and its price to rise at about the same rate as world inflation.

SA's inflation rate is expected to be higher than the world average, causing the domestic gold mining industry to contract. The bureau also believes the monetary role of gold will decline further and financial institutions become less inclined to hold the metal as a store of wealth.

SA could be expected to increase the size of its share in Europe's coal market as the demand for coal should improve substantially due to privatisation, the abolition of coal subsidies and politico-economic development in eastern Europe.

The bureau says although coal prices are not foreseen to increase significantly in the

(217)

short to medium-term because of current world oversupply, a marginal improvement in exports to Africa and the US is expected.

PGM exports are likely to improve in the next few years due to the increasing demand for autocatalysts in Europe and other industrial countries.

Due to a general overcapacity situation in the world, iron and steel prices are not expected to rise significantly but export volumes of ferrous metals and related processed products are expected to improve over the next five years.

World markets for non-ferrous base metals are generally in oversupply, a situation expected to continue into the near future SA's export of titanium and zirconium minerals and of zinc are expected to increase because of increases in productive capacity.

The prospects for the country's industrial minerals sector are positive due to the expected higher growth rate in the world economy from next year onwards. Export volumes and prices are foreseen to maintain positive growth rates.

However, environmental factors could adversely affect the growth of specific minerals such as asbestos and fluorspar.

Processed minerals' outlook is expected to improve along with increased exports, generally following the fortunes for base metals. Prices would not increase substantially due to expected oversupply.

The commissioning of ventures such as the Columbus, Alusaf and other base metal projects is likely to lead to an expansion in exports of beneficiated mineral commodities, the bureau says.

It says the domestic inflation rate could be a threat to SA's mineral industry's competitiveness on international markets.

"Although lower than the 15,3% of the previous year, it (the domestic inflation rate) is still substantially above the inflation rates of SA's major trading partners, and competitors in the world mineral markets" — Sapa.

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RUSTENBURG PLATINUM

FM 23/10/92

217

At the mercy of the world economy

Activities: World's largest producer of platinum group metals

Control: JCI 32,6%, Anglo American 23,9%

Chairman: P F Retief, MD B E Davison

Capital structure: 125,3m ords Market capitalisation R8,1bn

Share market: Price R65 Yields 3,5% on dividend, 4,9% on earnings, p e ratio, 20,2, cover, 1,4 12-month high, R86,25, low, R58

Trading volume last quarter, 1,1m shares

Year to Jun 30	'89	'90	'91	'92
Turnover (Rm)	2 931	2 943	3 425	2 910
Pre-tax profit (Rm)	1 584	1 465	1 520	1 020
Taxed profit (Rm)	600,6	555,9	608,4	407,0
Earnings (c)	475	440	482	321
Dividends (c)	300	310	350	230*

* Plus 249c dividend in specie

Performance this year is hanging in the balance MD Barry Davison spells out clearly the dangers of continuing low metal prices, despite increased production from the Amandelbult expansion The extra metal will not help profits if prices stay below average revenues for the year to June 1992, of US\$363/oz for platinum (1991 \$428), \$83/oz for palladium (\$97) and \$2 684/oz for rhodium (\$4 601)

Comments Davison "Despite the additional production, I do not believe earnings can be much different unless we get an increase in the platinum price If the price deteriorates, results will be worse" So far, PGM prices are deteriorating despite the numerous arguments by Rustenburg and its marketing agent Johnson Matthey (JM), that prices should be firming

JM is looking for a platinum price of \$400 by year-end while Rustenburg chairman Pat Retief says supply and demand prospects seem better than this time last year Reasons include the tightening of supply through the mothballing of SA projects such as Barplat and Messina as well as slowdowns in expansion at Impala and Lebowa Platinum

Russian sales of platinum this year are down 35% and back to normal after last year's binge of sales and collateral swaps to earn hard currency, while the two key demand sectors — autocatalyst and Japanese jewellery demand — are holding up well

According to a presentation to analysts at



Rustenburg's Retief optimistic for Japan

last month's visit to Potgietersrust Platinums by Mototsugu Naito, GM for the Platinum Guild in Japan, the crunch in Japanese equity and property markets has not really affected platinum demand He says the vast bulk of young Japanese who buy platinum jewellery were untouched by any adverse "wealth effect" from plummeting stock and property markets because, by and large, they had no stakes in these markets Further, platinum remains cheap in yen terms.

Rustenburg/JM remain optimistic about the Japanese economy Comments Retief "(It) continues to operate at a relatively high level and the authorities are hoping that their economic resuscitation measures will boost the economy by 2,4% in the coming 12 months Net imports of platinum in the first six months of 1992 are, at 29,15 t, only slightly behind the same period in 1991"

Davison does say that though fundamentals favour an increase in the platinum price, a recovery in the world economy is a prerequisite But despite the caveats, this seems a more optimistic tone than has been coming from Impala MD Mike McMahon

In his review early in September, McMahon commented "The world economic recession may be protracted beyond our expectations and may yet spread to Japan While in the longer term we see the fundamentals for platinum and rhodium becoming increasingly supportive of stronger metal prices, good reason exists to take a relatively cautious attitude on the direction of PGM prices, at least for the next financial year"

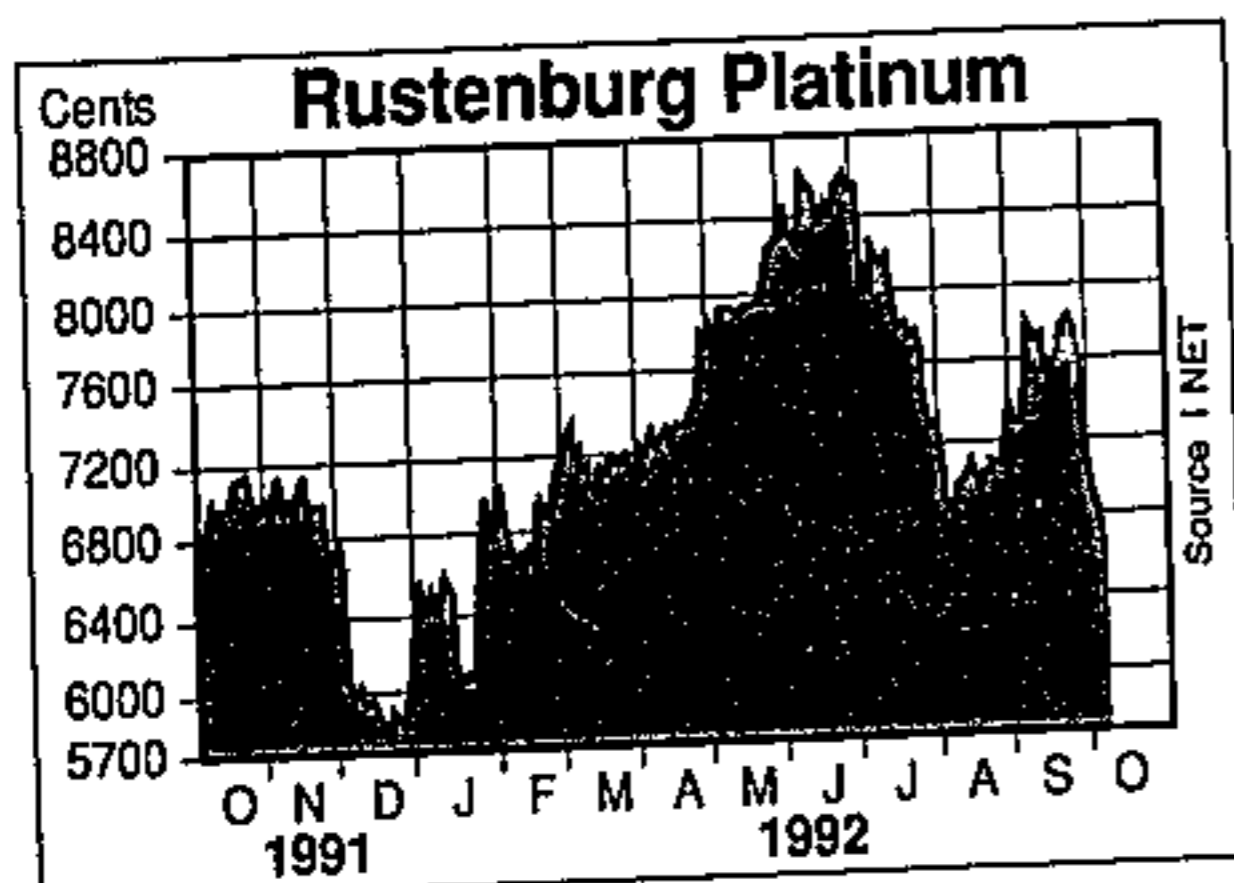
Last week's drop in prices, bringing platinum back below \$360 and rhodium to a nine-month low of \$2 000, make his point Plati-

num went from \$330 in December to peak at \$392 in July before sliding back

As described in the Impala review (*Companies*, September 11), Rustenburg is the best-placed producer to cope with adverse market conditions It is much stronger financially than Impala and the fact that its Amandelbult expansion has come on stream as planned speaks volumes for the group's abilities when compared to the problems encountered by all its rivals

However, the share has slipped to around R67 from R86,25 at end-June because of the prospect of lower earnings and further dividend cuts

Brendan Ryan



POTGIETERSRUST PLATINUMS

Going well

(217)

(10)

Activities: Is developing a mine to produce platinum group metals and base minerals from the Platreef deposit in Lebowa

Control: JCI 30,2%

Chairman: B E Davison

Capital structure: 120,3m ords Market capitalisation R818m

Share market: Price. 680c 12-month high, 725c, low, 500c Trading volume last quarter, 1,2m shares

Year to Jun 30

Fm 23/10/91 '92

Expenditure on mining assets (Rm)	2,3 103,6
Cash on call (Rm)	0,8 315,3

The first annual report from this developing mine is already obsolete in that since chairman Barry Davison's review, dated September 11, further information was given to analysts and the press and circulated to shareholders — who actually received it before they got the annual report



PP Rust's Davison cutting back capex

MINORCO

Spending money

217
FM 23/10/92

Activities: European-based Natural resources group which is Anglo American's International arm

Control: Anglo American 39%, De Beers Centenary 21%

Chairman: J Ogilvie Thompson, joint MDs A W B Lea, J R B Phillimore

Capital structure: 170,3m ords Market capitalisation R8,2bn

Share market: Price R48,25 Yields 3,2% on dividend, 6,9% on earnings, p e ratio, 14,5, cover, 2,2 12-month high, R53,35, low, R42,50 Trading volume last quarter, 4m shares

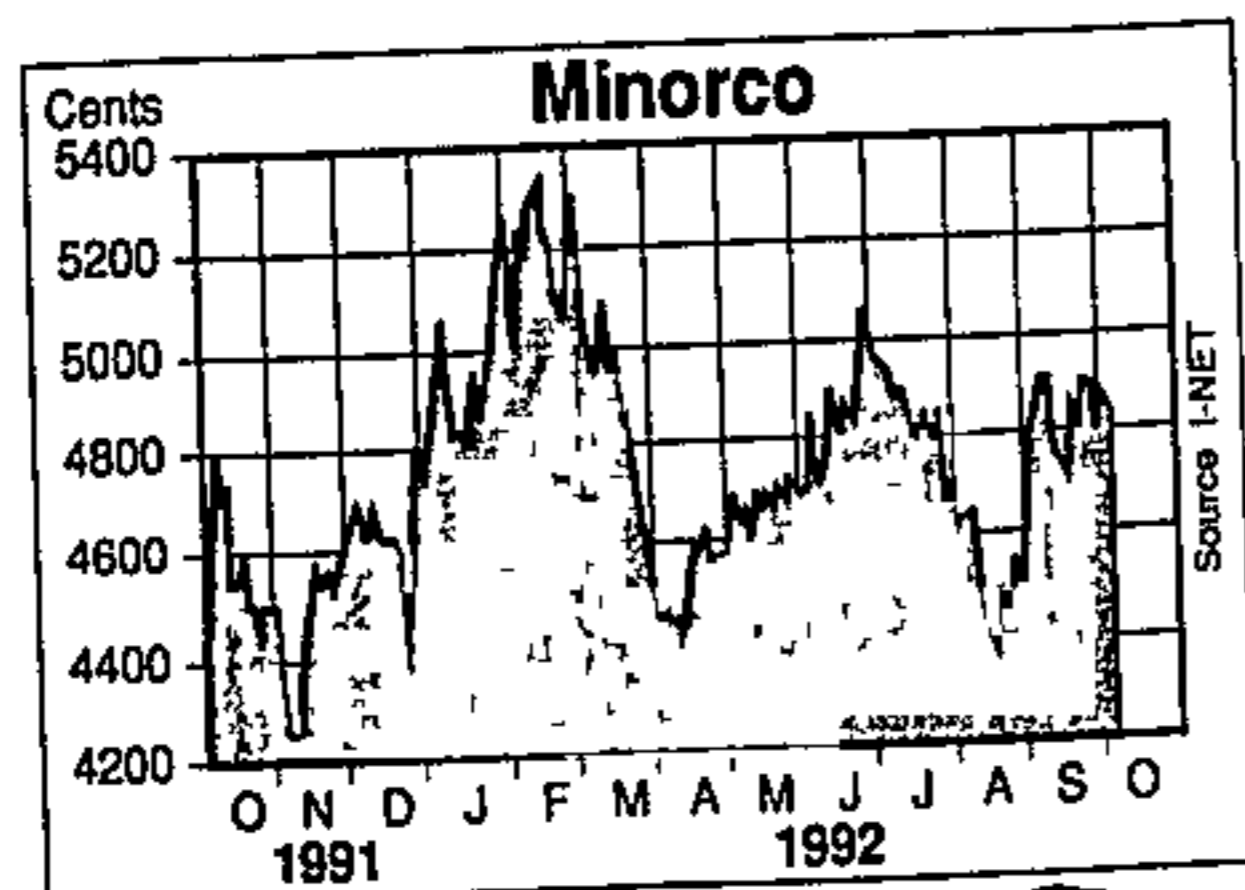
Year to June 30	'89	'90	'91	'92
LT debt (US\$m)	—	—	287	279
Turnover (US\$m)	—	28,9	771,0	1 666,6
Pre-tax profit (US\$m)	369	260	244	253
Net profit (US\$m)	-280	229	194	206
Earnings (USc)	164	135	114	122
Dividends (USc)	42	48	51	54
Net worth (USc)	2 063	1 806	1 687	1 635

At a time when the share prices of parent groups Anglo American and De Beers are playing "all fall down", Minorco is holding up well, at least in rand terms. Minorco is extending its transition from a passive holding company into an operating natural resources group and several factors are running in its favour

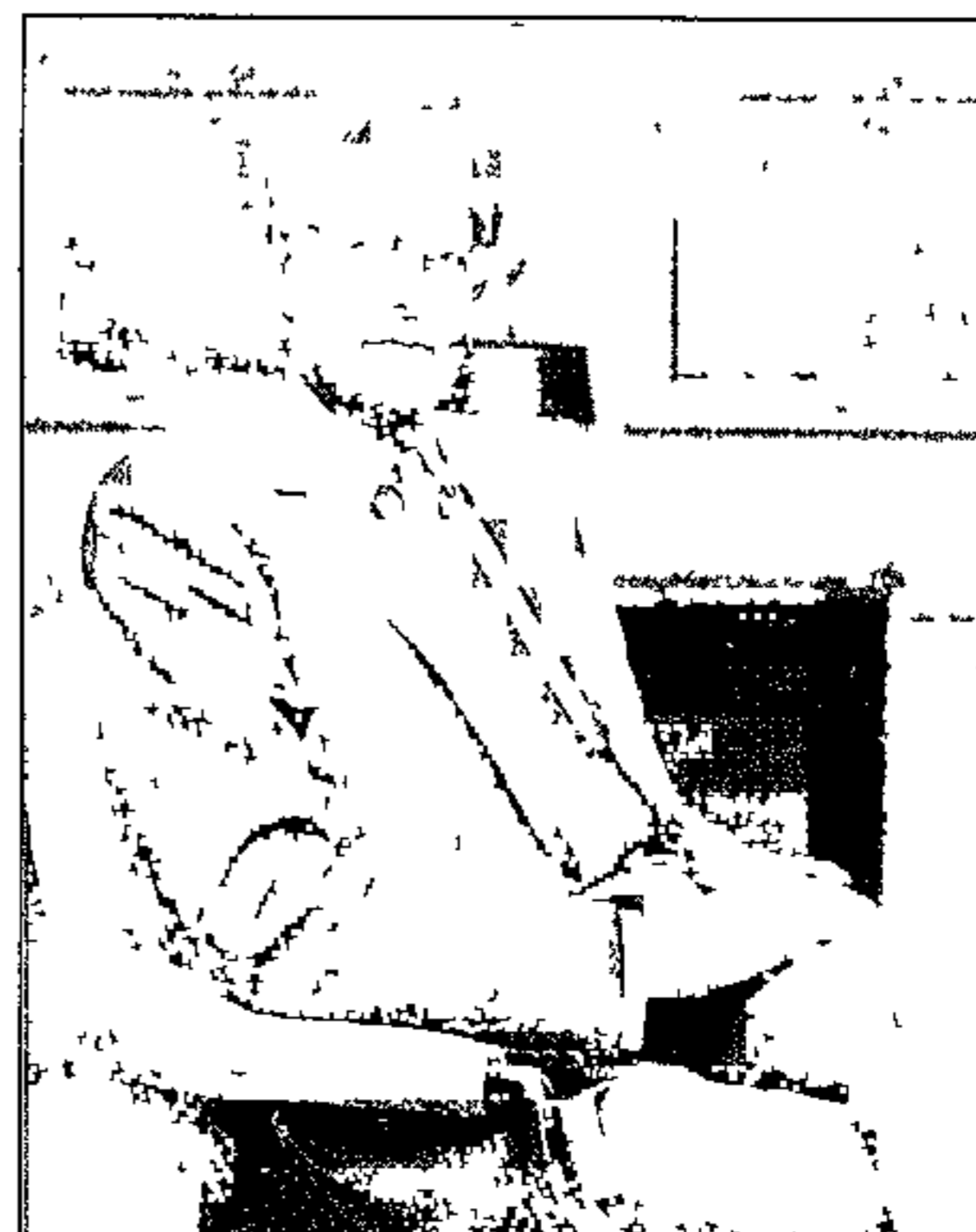
Not least is the cash pile of US\$1,78bn. And Minorco is looking to buy at a good time. Comments chairman Julian Ogilvie Thompson "The continuation of depressed worldwide economic conditions has accelerated the flow of quality acquisition opportunities at more realistic prices." Also, 1992 results were better than analysts expected

Some US\$308m was spent on new businesses last year, \$253m of it on industrial minerals operations in Germany and the UK. Minorco is still on the acquisition trail, with speculation that it is after BP's 49% of the Olympic Dam copper, gold and uranium mine in Australia, as well as Chevron's 35% of Chilean copper mine Collahuase

The group embarked on this campaign in the wake of the failed bid for Consolidated Gold Fields. Ogilvie Thompson picked three main areas of interest: gold and base metals in North America and aggregates in Europe



COMPANIES FM 23/10/92



Minorco's Ogilvie Thompson moving into aggregates

217
So far, new industrial minerals/aggregates interests have performed far better than gold. Earnings from precious metals, mainly from US mining company Independence, fell from a profit of \$10,7m in financial 1991 to a loss of \$1m

Base metals — essentially from Hudson Bay — kicked in a pleasing \$12m (1991 \$4,2m), while there was a \$20,8m maiden contribution from the new industrial minerals operations. Earnings from agribusiness dipped to \$32m (\$42,1m)

Ogilvie Thompson says it is not possible to forecast earnings this year with any certainty, though he points out continuing weakness in US dollar interest rates and the gold price would be negative

Some analysts feel earnings should rise and dividends could go up by another two or three USc, but there are a couple of worries. One is that Minorco will make a large acquisition using up much of its cash, which would hit short-term earnings, though long-term growth should be enhanced

Another is that cash resources might somehow be tapped by De Beers/Centenary to support the flagging diamond market

The share price stands at a hefty 44% discount to nominal NAV, though this is not reflected in FM statistics, because cash is being converted into mining assets which the FM classifies as intangible. NAV calculated otherwise is around \$20 — R86 a share at current firand rates

The reasonable earnings outlook, large discount to NAV and rand hedge status all add up to rate Minorco a buy, provided worries about getting embroiled in De Beers' problems are unfounded

Brendan Ryan

High level talks on Moz ceasefire

Southern *29/10/92*
MAPUTO - Representatives of the government and Renamo rebels met for a third day yesterday to discuss ways of implementing a ceasefire and called the talks "very positive", news reports said

The meeting began on Monday and it is the first time high level delegations from the opposing sides have met in Mozambique's capital, the national

■ **'Positive' outcome as Renamo rebels meet government to implement agreement:** (218)

AIM news agency said There was no word on how long the talks would last

The United Nations' special representative in Mozambique, Aldo Ajello, called the meeting after each side accused the other of violating an October

4 peace accord to end 16 years of civil war Transport Minister Armando Guebuza and the head of the Renamo organisation department, Raul Domingos, led the delegations. - *Sapa-AP*

FM 30/10/92 (217)

ad

"We could start producing slag by 1995 — with mining at 4Mt a year beginning in 1994 — and work towards full production by 2000, depending on world market trends," Brown says.

In addition to the mining operations, the project would include two other facilities. a minerals separation plant north of Koekenaap to produce zircon, rutile and ilmenite, and an ilmenite smelter at Saldanha to produce pig iron and titanium slag. The exports would be shipped through Saldanha harbour and earn about R360m/year in 1991 terms.

"The Namaqua Sands project would be the first major industrial development in the north-western Cape and could serve as a nucleus for further development of infrastructure and services, while also providing a stimulus for additional industrial growth in the area," says Brown.

Meanwhile, Columbus is examining whether to launch a drive to promote the use of manganese-based stainless steel. But a major effort is several years away, says Fred Boshoff, CE of Columbus Joint Venture, which is owned by Samancor and Highveld Steel and is the holding company for Columbus. The R3,1bn Columbus stainless steel expansion is waiting for final corporate approval.

"The Canadians, the world's major nickel producers, have been popularising the nickel-based stainless steel 300-series since the Twenties," says Aidan Edwards, CE of Mintek, which is promoting the development of mineral technology. The government agency is also pushing local industries to increase beneficiation. "We should capitalise on our dominance in manganese production by promoting the 200 series. The 10,5Mt global stainless steel market is growing at about 3,5% a year. There is ample scope for projects such as Columbus to meet continuing demand — especially if we could promote the harder and far cheaper 200 series."

SA would see little competition for manganese-based stainless steel. "The 200 series is being produced in relatively small quantities — about 30 000 t a year — by Allegheny Steel in the US, while India produces the 200 series for domestic consumption," he says.

"While the 200 series may be cheaper (stainless steel uses three times as much manganese as nickel but manganese is now selling at \$700/t while the world nickel price is \$7 500/t) and lasts longer, the 300 series has other attributes — better resistance to corrosion and greater pliability — that make it ideal for specific markets."

BENEFICIATION FM 30/10/92
Sand dollars? (217)

Anglo American and De Beers are only a few months away from finalising a huge mineral beneficiation project that would turn Namaqualand's sand into lucrative export commodities. The R950m scheme should create about 900 jobs and could be producing titanium slag and pig iron for export by 1995.

A second major beneficiation project is also being studied. Columbus is considering whether to have its planned stainless steel plant produce manganese-based stainless steel or the more popular nickel-based variety. SA is rich in manganese and, with few countries producing manganese-based stainless steel, it could capture as much as a US\$5bn share of the nearly \$30bn world stainless steel market.

In the past, SA has simply extracted its minerals and shipped them out, instead of adding value and then exporting much more valuable products. Even now, few mineral beneficiation projects have been launched by the private sector so these two would add significantly to the country's beneficiation efforts.

Financing for the Namaqua Sands project should be tied up "within the next month or two," says project manager George Brown.

The project, on the west coast near Vredendal, would be 80% owned by Anglo and 20% by De Beers. It would have a life span of about 35 years, at a maximum mining rate of 16Mt/year from ore reserves of about 530Mt. About 95% of the output of pig iron, used by foundries, and titanium slag, used to produce pigment for the plastics, paper, paint and metal industries, would be export-

Bottom of the cycle?

The preliminary results illustrate the dilemma that faces natural resource groups subject to commodity cycles — times have probably never been tougher but Gencor is in the throes of big expansions in SA and abroad.

Gencor has raised its dividend payout, despite lower earnings for the second consecutive year. If chairman Brian Gilbertson has his way, the house will raise the dividend again this year even though earnings are forecast to fall again.

By comparison, Gold Fields has pegged its payout for four successive years and JCI for three, Gencor's generosity seems almost out of place. Gilbertson reckons it can afford it, despite potentially heavy commitments to projects like Columbus and Alusaf.

Gencor's underlying operating income rose 7% to R1,17bn in the year to August, while cash EPS increased 4% to 59,9c (1991: 57,8c). The overall 17% decline in earnings was because of lower income from non-recurring items and share dealing surpluses, as well as the increased issued shares after January's R2bn rights issue.

The business outlook, however, is grim. Says Gilbertson. "Conditions in the local economy have never been worse and we can see absolutely no sign of any international

Continued

FINANCIAL MAIL • OCTOBER • 30 • 1992 • 75

economic recovery during calendar 1993."

That means lower earnings from Gencor contributors such as Samancor, Impala Platinum, Trans-Natal, Gengold and the minerals division. This will be partially offset by improved industrial earnings from Sappi, Malbak and Engen.

"Our priority is to get through the economic storm in good shape even if it lasts until the end of 1994 but, provided the decline in earnings in financial 1993 is not too dramatic, I would like to think we could pay another 1c or so on top of this year's dividend," says Gilbertson.

Focus of investor attention is the group's expansion plans, to be funded by the R2,4bn in cash and liquid assets held at end-August. The two key projects are Columbus and Alusaf.

Both have been approved by the boards of the joint venture partners, subject to certain financial conditions. Final approvals have been delayed. The underlying causes appear to include nervousness about the magnitude of the funds needed: R3bn for Columbus and R6bn for Alusaf.

The impression in the market is that even Gencor started getting worried about the cost of Alusaf. Hence its decision to limit its commitment to R1bn and the moves to raise R1,3bn from local institutions. It seems the institutions are not being persuaded easily. Gilbertson says only that they are in the deadline period for deciding Alusaf. MD Rob Barbour says there has been enough positive response to believe the project will go ahead. A final decision is expected by the end of November.

He says Gencor is not worried about the magnitude of the Alusaf project and describes an exposure of around R1bn as "prudent." The IDC will commit about R800m, while R3bn will come through debt and export-related finance.

Gilbertson expects the R2bn from the Gencor rights issue to fund the expansion plans for around five years "unless we tackle something else the size of Alusaf."

He says Gencor wants to expand its business in two main directions: by gaining more involvement in beneficiation of minerals — hence Columbus, Alusaf and the proposed R800m expansion of Genref Refinery — and through diversification offshore.

Sappi's acquisition of Hannover Papier is an example of the latter, while Gilbertson confirms market speculation that Gencor is talking to TNT Holdings, which holds 46% of McIlwraith McEachern, which in turn

controls major Australian coal producer Oakbridge. He won't comment further.

The share price has been knocked back to the rights issue level of R10, where it offers a prospective 4,7% dividend yield, assuming an increase in the payout to 47c. That's not cheap, especially given Gilbertson's grim short-term outlook on the SA and international economies, but an attraction has to be the enormous growth potential when the commodity cycles turn positive again.

Brendan Ryan

Rights issue considered

BYDAY 4/11/92

JONO WATERS

NORTHAM platinum mine would decide whether to raise about R300m by rights issue or through borrowing before the end of the month, chairman Alan Wright said yesterday.

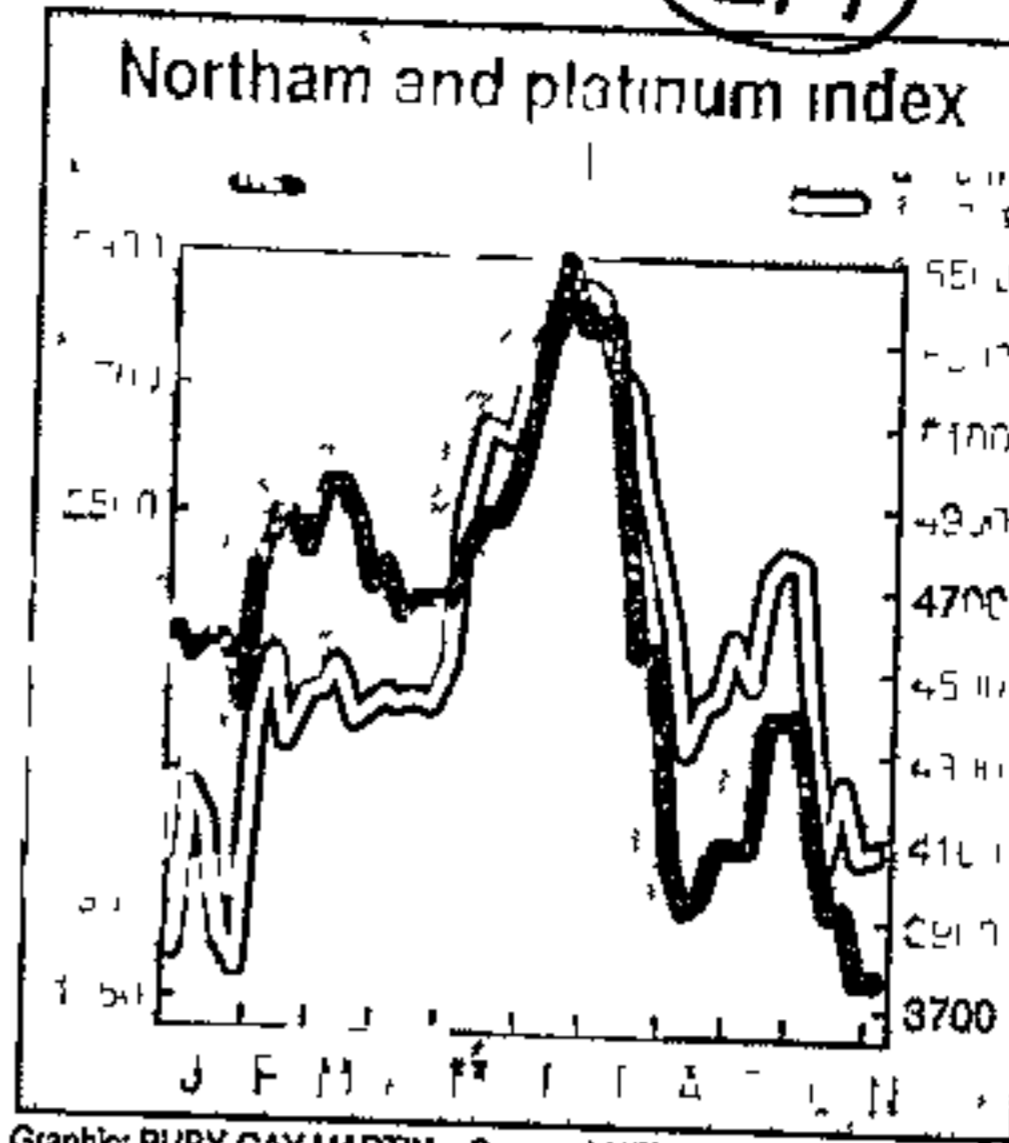
The money was needed to keep the company in the black until it reached full production in the middle of next year.

He said short-term facilities to borrow up to R150m would serve the mine's cash needs until the decision had been taken.

Northam increased its share capital by 40-million shares to 100-million shares last month.

Its base-metal removal plant was being commissioned. Wright said the company's first nickel sulphate and copper would be ready for sale before the end of the year.

The mine had shipped its first precious metal concentrates for toll refining by precious metals group Her-



aeus, and the mine's first sales of platinum group metals would take place in January.

Fergusson Brothers analyst Philip Marilher said he believed the lower the share price went, the more likely it would be that the company would borrow. The share price has fallen on the JSE from R29 in June to R18.

ay, November 9 1992

Platinum price expected to rise

B/DAY 9/11/92
JONO WATERS

PLATINUM gained \$11.25 on Friday to be fixed at \$366.50 in London on Friday afternoon following Thursday's gains on the New York Metal Exchange.

Frankel Max Pollak Vinderine analyst Kevin Kartun said dealers usually bought platinum ahead of the release of Johnson Matthey's (JM) platinum report, which was to be released on Thursday and was expected to be bullish

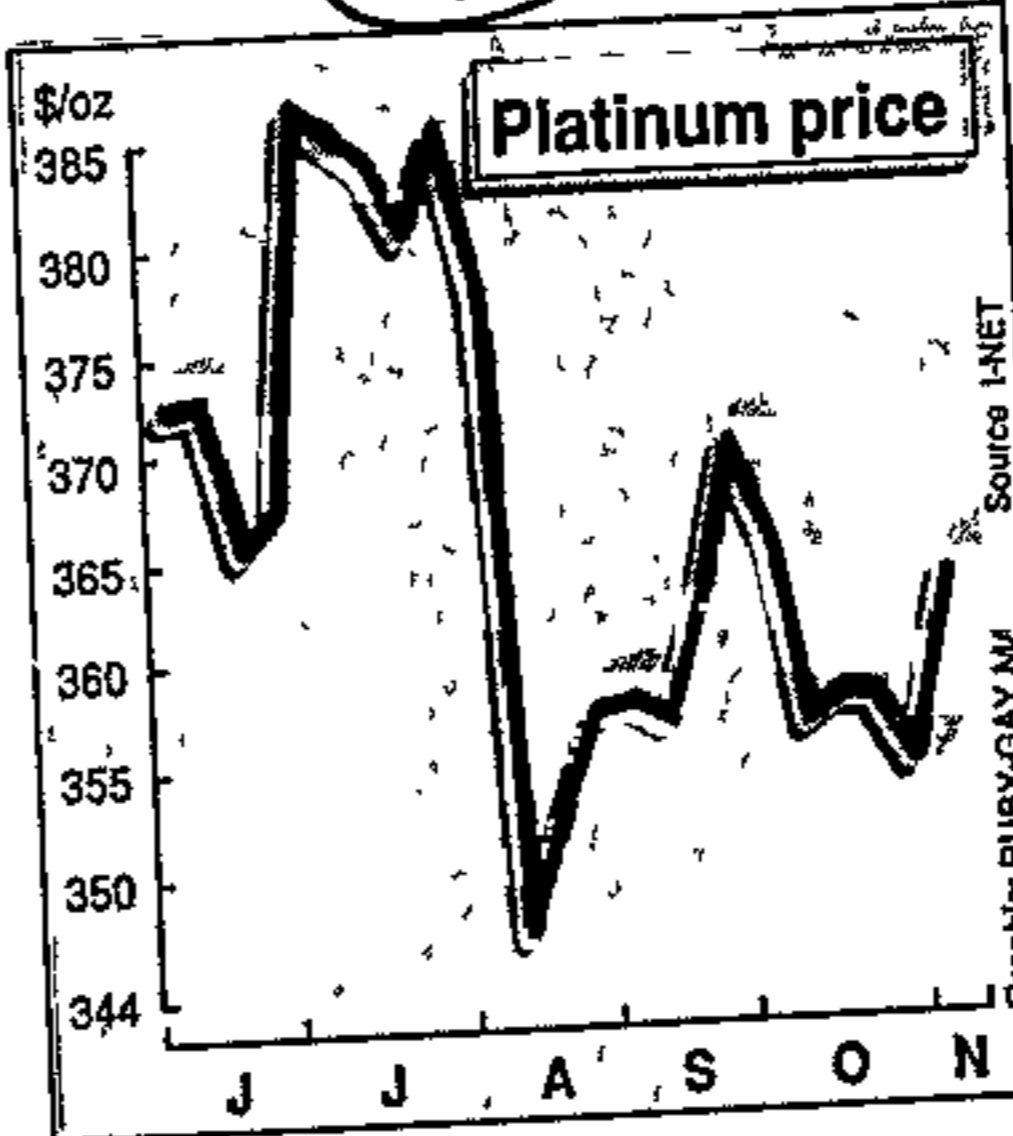
Meanwhile, Rustenburg Platinum (Rusplats) MD Barry Davison said Rusplats agreed with JM that the platinum price was set to rise, but differed on the timing.

He said his comments at a recent conference in Nice had given analysts the impression that JM was more bullish about platinum than Rusplats.

Davison was quoted in the UK-based Mining Journal as saying he did not think commodity prices generally, and platinum specifically, would rise until the conditions for an economic recovery were in place.

Both groups believed that in order for commodity prices to rise there had to be a recovery in the world economy.

JM precious metals marketing MD Graham Titcombe said in September the organisation believed platinum would reach \$400 an ounce by the end



of the year. However, Davison said Rusplats' was not saying when the price was going to rise.

JM publications manager Jeremy Coombes said from London at the weekend there would not be a full response in the market to the fundamentals until there were signs of an improvement in the world economy.

Fergusson Brothers analyst Philip Marillier said supply and demand fundamentals for platinum looked good, but the price remained low as most trading was technical.

He said the sentiment surrounding platinum was negative and positive news did not affect the price.

However, Marillier said he believed platinum would reach \$390 an ounce by the end of the year as the tightness of supply in Europe was "prevalent" and the whole picture looked good for platinum.

Export of minerals up

JONO WATERS

9/11/92
SA's mineral exports in the year to September increased by 8% on last year's figure, but gold, platinum group metals and base metals were marginally down

3/10/97
Safto figures released at the weekend showed mineral exports, including coal and ores, increased to R5,68bn, while base metals exports, including the ferro-alloys, fell 2% to R6,96bn

In the unclassified and balance of payments category, of which gold and platinum group metals make up the most value, exports fell 1% to R18,1bn

Analysts said the figures made sense since commodity prices in general, and the gold price, had remained low over the past year

They attributed the increase in mineral exports to increased coal exports, in spite of low prices

Rand Mines dividend ends an era

RAND Mines declared its last dividend as a composite mining house — ending the 100-year history of a group that once had a market capitalisation larger than that of Anglo American

Rand Mines increased its final dividend by 8% to 215c (200c), bringing the total dividend for the year to 315c (300c). Earnings a share declined by 30% to 1180c.

The mining house was split into four business units at the beginning of last month. Randcoal, Randgold and Exploration, Rand Mines Properties (RMP) and PGM Investments now operate under Barlow Rand's Mineral Resources division.

Chairman John Hall said the final details of the restructure were nearly com-

~~215~~ JONO WATERS 217

pleted and its financial effects would be published within the next two weeks. A meeting to approve the new outline would be held at the same time as the annual meeting in January.

Turnover increased by 15% to R1,83bn compared to R1,69bn in the 1991 financial year, but operating profit fell 10% to R370m (R410m).

Investment income declined to R62,5m (R88,6m), but payments towards amortisation, interest and exploration were unchanged at R176m.

Pre-tax profit dropped 21% to R256m

□ To Page 2

Rand Mines ^{BIDAM} 10/11/92 (217) ~~215~~ □ From Page 1

from R322m. The tax bill was lower at R15,6m (R21,5m) and after-tax profit declined to R241m (R301m).

Attributable profit to outside shareholders in subsidiaries increased by 27% to R64,8m (R50,9m), but attributable earnings to shareholders in Rand Mines decreased by 30% to R176m (R250m).

Hall said the profits of Rand Mines came mainly from the coal operations which contributed 68% of attributable earnings. However, the 5% fall in the contribution from coal operations was as a result of

lower margins on export and domestic coal, and a significant increase in amortisation charges following continued high levels of capex. "The fall in attributable profits reflect the increasingly difficult trading conditions," he said.

The gold division share of attributable profits fell to R500 000 (R2,7m) because of the weak gold price, Hall said.

The property division's share of attributable profit held up well, he said, as it decreased slightly to R10,9m (R11,8m).

Smelter project nets tax incentives

Blom 12/11/92.
ANGLO American's second billion-rand project in less than a month — Namakwa Sands — has been granted tax incentives in terms of Section 37E of the Income Tax Act.

Details of the R1bn heavy minerals project are expected to be released by Anglo chairman Julian Oglvie Thompson at a news conference organised by Anglo's new mining business division on Monday.

The project was delayed until finalisation of the application for tax incentives.

Oglvie Thompson triggered off the first blast at Anglo's R1,7bn Moab gold project in the north-eastern Free State last month.

The west coast project, at Brand se Baai outside Vredendal, about 80km north of the Olifants River, involves the construction of a R1bn smelter which will process heavy minerals for export. The project will be owned 80% by Anglo and 20% by De Beers.

The project will involve the removal of 16-million tons of sand annually, at peak production, from the mining area to concentration plants where the heavy minerals will be separated and then transported to a separation plant. Two heavy mineral concentrates, ilmenite and a mixture of ru-

tile, leucosene and zircon, will be produced for export.

The area is rich in titanium minerals like ilmenite, rutile and leucosene, which when processed are used as a base for the manufacture of paint and other products. Zircon — used in ceramics manufacture — and small quantities of monazite are also present.

The project is the second heavy minerals operation in the country Richards Bay Minerals on Natal's north coast, which is principally owned by RTZ (50%) and Genmin (25%), has been operating since the mid-1970s. The Namakwa Sands site boasts a higher component of zircon than the Richards Bay site.

The mine will have a lifespan of 35 years, which could be increased by using ore reserves from elsewhere in the west coast region.

About 900 new jobs will be created, operating expenses were estimated last year to amount to about R80m annually.

An Anglo spokesman said no details of the project would be made available before the news conference on Monday.

LINDA ENSOR
and JONO WATERS

MINORCO

FM

13/11/92.



217

A global player in copper

The announcement by Minorco that it is to buy a 49% interest in Australia's Olympic Dam Project near Adelaide has triggered speculation about where the international natural resources group is headed. Interest is evidenced by renewed volatility in the stock which has risen 22% on the JSE in the past three weeks

Olympic Dam is one of the world's more notable ore deposits. At June this year, the mine was estimated to have proven reserves of 37 Mt of copper and uranium and a further 2.5 Mt of gold with copper, all at varying but economic grades. However, it is the indicated reserves which cause eyebrows to rise. 413 Mt of copper grading 2.5%, along with gold, uranium and silver. This makes it one of the longest life mines around — by one estimate, close to 200 years.

Minorco has agreed to buy BP's interest in the joint venture for US\$456m together with BP's loans (unspecified). However, the 51% partner and joint venture manager, Australia's Western Mining (WM), has a pre-emptive right to BP's interest, which it must exercise within 90 days of receiving formal notice from BP. Market analysts consider that possibility unlikely.

But it is what the deal presages that is fascinating Anglo group watchers. Some are suggesting Minorco is positioning itself to become one of the world's most significant copper producers. It already holds control of Hudson Bay, the Canadian base metals company which last year produced 85 000 t of copper and 97 000 t of zinc.

To this must be added its holding, through Anglo's South American operation, in Mantos Blancos copper mine in Chile, which has an annual production of about 80 000 t. What's more, Minorco announced a few weeks ago that it has acquired, with Mantos Blancos, the right to buy from Chevron its one-third interest in the Collahuasi copper prospect in Chile, owned jointly with Shell and Falconbridge. Estimates of reserves are around 1.1bn tons of copper grading more than 1%.

Minorco holds an effective 14% interest in Zambia Consolidated Copper (ZCCM) which produces about 360 000 t/year, an investment which might become a lot more significant if Anglo is invited, as it may be, to return to a powerful shareholder position in that country's major industry (see *Fox* November 6). The Australian deal will put Minorco into copper production on a global basis: North and South America, Africa and now the Pacific.

A perceived drawback to the Australian deal is that Minorco, once again, will have no management involvement. However, Minorco says it actively seeks to establish work-

ing relationships with other natural resource groups.

Joint MD Roger Phillimore says the company isn't put out by the Olympic Dam arrangement which fits into its philosophy. "The joint venture arrangement is that while WM manages the operation on a day-to-day basis, overall policy is determined by a management committee," he says. "Decisions by that committee require unanimity and since Minorco will have a strong representation it follows that our involvement in the direction of the project will be at a high level."

A further aspect is intriguing the market. Anglo has been trying since the Sixties to break into Australia on a meaningful basis, an endeavour which hasn't exactly been crowned with success. Now, however, a new window of opportunity may be opening.

The concept is that Anglo's strong involvement with Normandy Poseidon, that company's reasonably close relations with WM and now Minorco's close involvement with the Australian mining company may all lead, eventually, to a closer union in which Anglo, in some form, would have a powerful stake.

Of course, this may not be the case, but the idea is bound to have strong adherents in Johannesburg.

David Gleason

Platinum expected to average \$370/oz

B/DAY 13/11/92

217

JONO WATERS

THE platinum price would average \$370 for the fourth quarter of this year, Johnson Matthey business and market research manager Michael Steel said yesterday.

Speaking at the firm's 1992 platinum interim review in Johannesburg, he said platinum supply and demand were close to being in balance and there should be a surplus of 30 000 oz this year compared to last year's surplus of 135 000 oz.

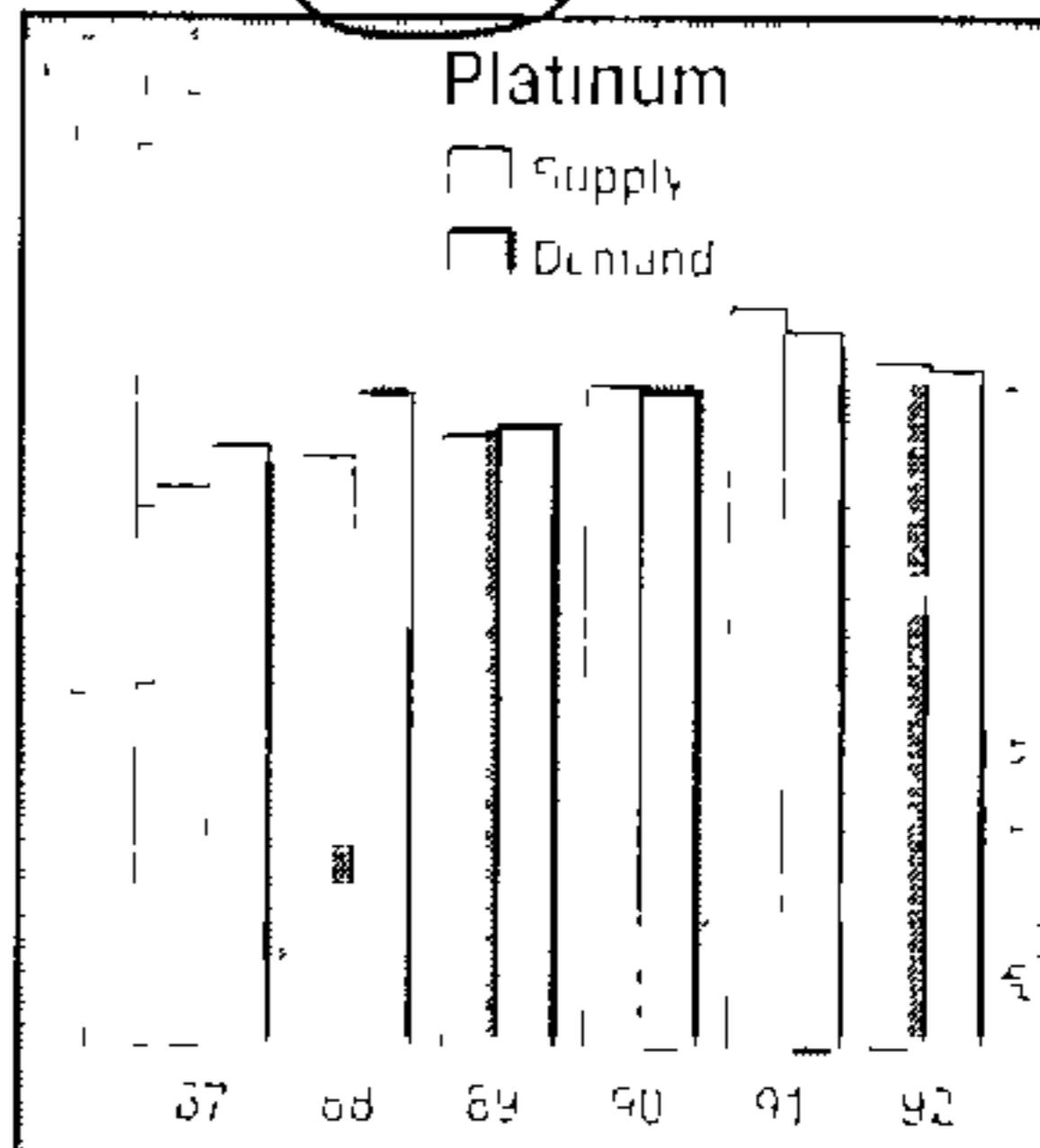
Western platinum demand was expected to fall 4,1% to 3,86-million oz in 1992 mainly because of a fall in investment demand to 230 000 oz from 410 000 oz last year.

Steel said supply would fall 6,5% to 3,89-million oz, largely as a result of a 30% drop in Russian sales.

SA increased its supply to 2,82-million oz or 72% of world production, still below the 3-million oz expected production. This was as a result of technical and labour problems and Northam coming on stream later than expected, Steel said.

Non-investment demand was heading for the ninth successive growth year following increasing autocatalyst demand. Demand for catalysts remained strong, 6% up to 1,66-million oz (1,56-million oz).

Steel said jewellery demand would fall slightly during 1992 to 1,46-million oz (1,47-



million) while industrial demand was expected to drop to 760 000 oz (800 000 oz).

The platinum price averaged \$360,31 during the first nine months of 1992, compared to \$376,17 for the whole of 1991.

Rhodium would be in surplus by 13 000 oz, while palladium would be in deficit by 110 000 oz, as supplies were expected to fall by 160 000 oz to 3,75-million oz compared to a 3,86-million oz demand.

Platinum was fixed at \$350/oz on the London Metal Exchange yesterday afternoon, down \$0,25 from the morning fix. Rhodium was trading at \$1 975/oz while palladium was trading at \$93,50/oz.

(217)
S. Times
Buss
15/11/92

Tanning plant

CONSTRUCTION has started on a R12-million chrome tanning plant at Richards Bay.

Richards Bay Chrome is a joint venture between process engineers Advanced Process Design, the KwaZulu Finance and Investment Corporation, DHT and Deroma Heritage Investments, a Durban investment company.

The plant is expected to come into production early next year.

When in full production, it will produce about 9 000 tons of chrome tanning salts a year and provide about 70 jobs.

Exports could earn R20-million a year.

MINING — OTHER

1993

JAN. — JUNE

Alumina recovery project beginning to take shape

STAR 6/1/93

The Industrial Development Corporation (IDC) expects the first phase of a project to recover alumina, magnesia and potash from phlogopite in Phalaborwa to be completed by the middle of this year.

A pilot project in the northeastern Transvaal town is being conducted to establish the commercial viability of treating phlogopite and could lead to the establishment of a full-scale plant.

IDC projects and technical general manager Ted Droste said yesterday that recovered alumina would be supplied almost entirely to the Alusaf smelter in Richards Bay.

The magnesia would be exported because the expected high grade of the beneficiated mineral was not in substantial demand domestically.

The recovered potash, used in producing fertilisers, would make SA self-sufficient.

Irish Menell and Rosenberg mining analyst Dave Russell said the supply of alumina to Alusaf would be significant if it could be produced more cheaply than it was by international suppliers.

Once the magnesia and potash was sold it would create production cost benefits for the alumina.

However, Russell said it was still too early to comment on whether a full-scale project would be commercially viable.

Phlogopite, a mineral of the mica family, is a waste product produced in large quantities by Foskor in its phosphate processing operation.

Droste said the proposed full-scale phlogopite plant would treat

1,5 million tons of waste producing 350 000 tons of alumina, which would be able to supply about a third of Alusaf's needs.

He would not elaborate on the cost of producing the alumina, but said it was sufficiently competitive.

Alusaf is expected to receive most of its alumina from Alcoa Australia and Shell Oil's Billiton at a price linked to the aluminium price on the London Metal Exchange.

The total cost of the entire phlogopite project could reach R3,9 billion if the pilot commercial project indicates it is viable.

Droste said the treatment of the phlogopite to recover alumina, magnesia and potash was financially viable and would ensure a good return on the capital. — Sapa.

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1891

'Mining firm has titanium options besides St Lucia'

STAR 8/11/93

By Julienne du Toit

(217)

mean loss of foreign revenue or jobs

Richards Bay Minerals is underplaying the fact that it has options other than St Lucia where titanium could be mined, said Wits University resource economist Dr Frank Vorhies at a meeting of the Campaign for St Lucia last night.

Vorhies has been involved in the environmental impact assessment (EIA) on the effect of mining at St Lucia

Richards Bay Minerals has an option to mine titanium at Zulti South in Natal but did not allow this factor to be taken into consideration during the EIA, said Vorhies

If mining at St Lucia was disallowed, this would not

"In any case, this would mean a few million rands and maybe a few dozen jobs, not billions of rands and hundreds of jobs," said Vorhies

Using St Lucia as an eco-tourism resort would attract more income and create more jobs over a far longer term than mining.

Nolly Zaloumis, chairman of the campaign, said St Lucia could soon be declared a World Heritage site

Executive director of the Wildlife Society Tony Ferrar warned against "demonising" Richards Bay Minerals. The main enemy was the Government which had granted the mining rights.

Northam makes its first delivery

JONO WATERS (21.7)

NORTHAM Platinum made its first delivery of precious metals last week, ahead of its official opening later this month. But chairman Alan Wright declined to disclose who Northam's customer was.

Wright said regular shipments of precious metal concentrate were sent to Germany to be toll-refined by precious metals group Heraeus.

Northam's base-metal removal plant was commissioned in October and had already sold its first nickel sulphate. After initial problems, it was producing good quality copper.

The company's recent rights issue to raise R350m for capital expenditure brought the total cost of the mine to R1,65bn. Development took six years after setbacks caused by water problems on the Pothole reef.

Analysts' scepticism about temperature and water problems have been largely overcome, but Northam is still one of the highest cost producers in the industry, with costs of about R190/ton milled. Mathison and Hollidge analyst Rob Gillan said this cost would rise to about R210/t once the mine returned to the revised 1m stoping width. *BIDAM 11/1/92*

Northam increased the stoping width to 1,18m to build up tonnage, but would return to 1m once the mine reached full production of 150 000 tons a month in about July this year.

The mine is expected to produce 250 000 ounces of platinum a year.

Gillan said Northam would have a life of about 35 years with reserves on the Merensky reef estimated at 65-million tons. This would yield an average recovery grade of 7,64g/t (platinum group metals and gold).

The UG2 reef was not expected to offer substantial reserves but the higher grade areas were located conveniently near the shaft system.

Doornfontein running down its underground operations

STAR 12/1/93

By Derek Tommey

The Gold Fields Group gold mine, Doornfontein, which was one of the major post-war successes on the Far West Rand, is to run down underground production.

Heavy debts — the mine owes about R50 million — and continuing operating losses are behind the decision.

However, two other Gold Fields mines, Driefontein and Kloof, report significantly higher profits in the December quarter and another gold producer Deelkraal, also increased its earnings.

Fire

And all three would have done even better had operations at these mines not been affected by fire.

Doornfontein has been operating at a loss for some time, but was able to reduce the loss to R6,05 million in the December quarter from R16,9 million in the September quarter.

However, it further increased the mine's net liabilities to over R50 million.

Alan Munro, head of the Gold Fields Group's gold division, said yesterday that following a

reassessment of the underground tonnage and the financial situation of the company, it had been decided to start selling the company's assets.

"Underground mining will continue in the short term to enable the company to maximise the return on the recovery of its underground assets," he said.

Analysts point out that this does not mean that the mine will cease production completely because it has about 16 million tons on low-grade surface dump averaging about one g/t.

Munro warned at the end of the September quarter that Doornfontein might have to close.

But at the same time he pointed out that this did not necessarily mean that the mine's 6 000 workers would have to be retrenched because efforts would be made to place them in other mines belonging to the group.

It was an outstanding quarter for Kloof which increased its pre-tax profit to R130,4 million from R116,4 million.

Tax took R5,2 million (R1,1 million).

The increased profit was achieved in spite of a fire which reduced underground produc-

tion by 24 000 tons and a R7,6 million loss in the Libanon division.

Factors responsible for the higher profit included an increase in working profit at the Leendoorn division from R8,8 million to R12,1 million, a higher gold price and well-contained costs.

Driefontein increased its pre-tax profit to R205,6 million from R195,0 million in the September quarter.

A drop in tax paid from R79,2 million to R68,2 million resulted in taxed profit rising from R115,7 million to R137,4 million.

Increase

Dries was also helped by an increase in the gold price received.

The East Dries division had a working profit of R65,2 million (September, R81,8 million), the West Dries division a working profit of R106,0 million (R99,3 million) and the West Dries reclamation plant a working profit of R3,4 million (R3,6 million).

Deelkraal earned R14,6 million (R13,5 million) before tax and R13,7 million (R12,6 million) after tax. A fire cut production by 7 000 tons.

Northam Platinum stopping move pays off

By Derek Tommey

(217)

The decision by the Northam Platinum to go for a 120cm stopping width instead of the 100cm initially proposed appears to be paying off by producing more ore with a high platinum content.

Development figures for the six months to December show that despite the 20 percent increase in the stopping width and tonnage mined, the grade of ore mined dropped by only 8,6 percent.

In the six months to December, Northam mined 301 682 stope

tons at an average grade of 8,5 grams over 120cm.

In the same period, 1 400 metres was developed on reef with an average in-situ grade of 9,3 grams over 100cm.

Concentrator rates were better than expected. However, because of the high proportion of reef development tonnage milled, the 357 050 tons of ore milled in the six months period averaged 5,9 g/t.

The smelter and base metal removal plant have been commissioned and are operating well. The first product was shipped for

refining last October and the first sale of metal took place this month.

The company says a steady build-up of stoping square metres is taking place and every effort is being made to meet the planned milling rate of 150 000 tons a month by the end of the current financial year.

At December 31, Northam had net current liabilities of R201,8 million. This will be financed by the rights issue which will raise R350 million and which closes on Friday.

6100m
14/11/93
(217)

'Platinum demand will grow'

JONO WATERS

PLATINUM demand from car manufacturers would grow significantly in 1993 in spite of a fall in European car sales, the December issue of Johnson Matthey's Platinum Metals Report said.

Volkswagen and Peugeot predicted car sales would fall 10% and 4% respectively. However, from the beginning of January, EC law required new petrol-engined cars to conform to compulsory emissions standards which could only be met by using an autocatalyst.

As a result, platinum demand, which grew 23% in western Europe last year, was expected to increase by the same margin in 1993 to more than 700 000oz, the report said.

The report said platinum's December peak of \$369.20 was attributable to fund buying, but it weakened towards month end under the pressure of a declining gold price and a stronger dollar.

Palladium continued to hold up well around \$110/oz as a result of tight supply in the physical market and rumours of lower supplies from Russia this year.

Rhodium traded lightly in early December, but Far East buying caused a rapid price to \$1 975/oz by December 9 before a US trading house started selling rhodium, weakening the price to \$1 825.

Platinum was fixed in London at \$356.25/oz in the afternoon.

RHOMBUS VANADIUM

Aiming high

(217)
FM 15/1/93

Activities: Mines vanadium near Brits
Control: Rhombus Exploration/AIOC 60%
Chairman: F Kotzee, MD R G Still
Capital structure: 52,5m ords Market capitalisation. R13,1m
Share market: Price 25c 12-month high, 35c; low, 15c. Trading volume last quarter, 400 000 shares.

After an exhaustive weighing of options during the past year, management has taken the plunge and committed itself to building its own vanadium plant. In these market conditions that's a brave step, but Rhovan has rounded up some heavyweight financial support and is preparing for the pending rights issue

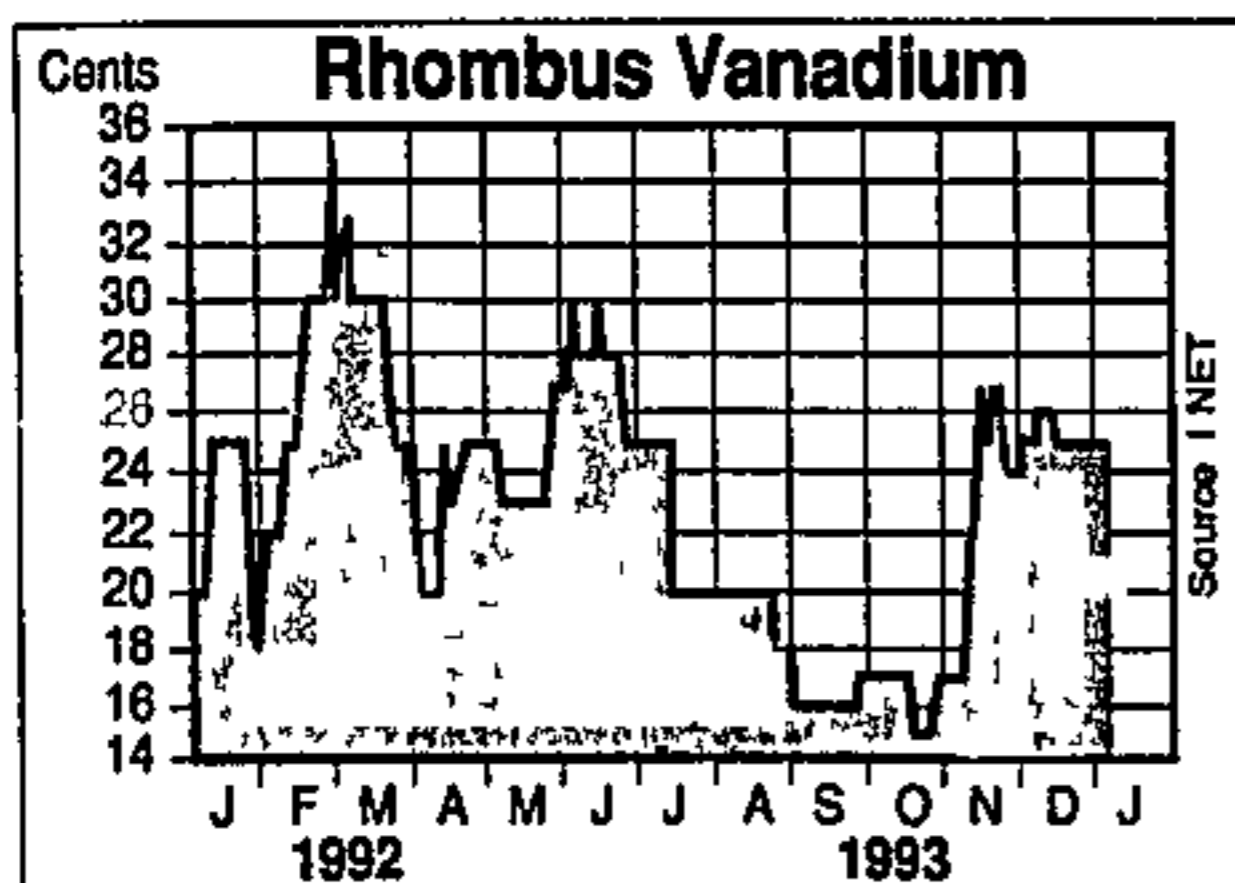
Having successfully, and profitably, extri-

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COMPANIES

FM 15/1/93

(217)



cated the company from its arrangement with former joint venture partner Usko, Rhovan CE Rob Still and his team now face another daunting task.

The proposed plant will cost R85m and have an annual production capacity of 13m lb of vanadium. Still says the forecast low production costs, long life and potential for further downstream development mean Rhovan will be able to survive the difficult times ahead

His management team cannot afford to put a foot wrong in this market, given the virulent opposition to the Rhovan project from industry leader Highveld Steel & Vanadium. Highveld chairman Leslie Boyd has publicly predicted Rhovan's failure and last year also criticised the financial involvement of the IDC in the project.

It is putting up R31,5m in loans which will be repaid over five years from the date of commissioning of the plant. A further R35m will be raised through the rights offer, while Rhovan will contribute R6m of its own cash. Plant and equipment valued at R12,5m from the mothballed Usko vanadium plant at Verweniging will be incorporated in the new

plant, to be built at Rhovan's mine near Brits.

Rhombus Exploration (RhoEx), which controls Rhovan through a holding company, Rhosco, has brought in a foreign partner, commodity trading group AIOC, headquartered in New York, to help fund the project and market the production. AIOC has taken a 33,3% interest in Rhovan by investing R28m in Rhosco, equivalent to 64c a Rhovan share. Rhovan's market price was 25c when the deal was struck

RhoEx and AIOC have agreed that RhoEx will continue to control Rhovan by retaining 51% of Rhosco, though AIOC now has 55% of that company. Final adjustments to ensure RhoEx has 51% will be made after the rights issue. The Securities Regulation Panel has agreed to this, which means there is no offer to minorities who could, understandably, be peeved at not being bought out at 64c a share

Included in AIOC's investment was R7m towards underwriting the 40% balance of the rights issue due from minorities. This will be matched by a further R7m from RhoEx, which sews up the funding. Details of the issue are due around the end of the month. Assuming a price of 25c a share, minorities look like being offered at least two shares for every one held.

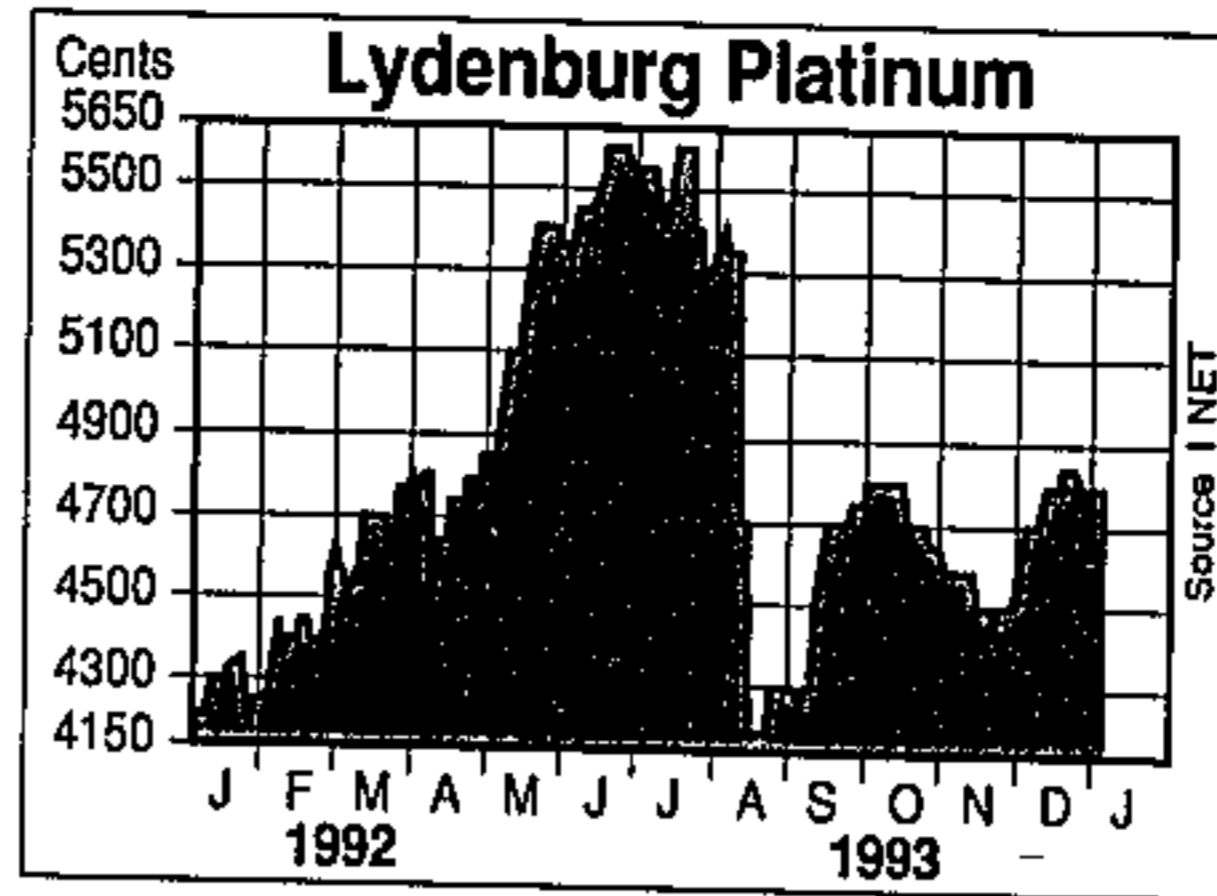
The annual review gives details of the contract to build the plant awarded to IMS Process Plant, which has provided guarantees on plant performance as well as financial undertakings against shortfalls. What the report does not spell out, is the specifications of the final product. Still won't say whether it will be vanadium pentoxide or

trioxide, nor will he elaborate on the "downstream development potential"

That seems to imply plans to produce ferro-vanadium, as much of the expected production has been committed through long-term contracts for conversion to ferro-vanadium and AIOC will market it.

Minorities accepting the offer will be taking a high-risk, high-reward gamble that the company can survive in an extremely depressed and competitive market. It could be worth taking, given Rhovan's successes so far, but this is no share for widows and orphans.

Brendan Ryan



is R852m, the other major components being 9,4m Potgietersrust Platinum, 1,6m Genbel and 26m Lydenburg Exploration

Lydplat's Rustplat stake is worth R50,90 per Lydplat share, while the full portfolio has a value of R59,17 per Lydplat share. At R48, Lydplat is at a 5,7% discount to the value of its Rustplat stake and an 18,8% discount to the value of the portfolio. A year ago, Lydplat's price was 21,8% below the value of the portfolio.

In the 1992 report, the directors say they intend increasing the authorised capital from 14,4m to 20m shares. Chairman Mike Levett says this is being done "to facilitate the future expansion of the company through the raising of share capital."

No acquisitions planned

That is a 39% increase in the authorised share capital and it would seem to indicate some imminent acquisition or other business activity. Not so, according to Lydplat director Roland Chute. He says nothing is planned and the additional shares are being created in case it's decided in future to offer shareholders a scrip dividend as an alternative to the cash payout. Such a development is just a possibility, he adds.

As an aside, this reminds one of the increase in authorised capital proposed by SBIC's board in 1991.

SBIC was proposing a smaller expansion of authorised capital, it did have a scrip dividend plan, but was vague about the purpose of the capital expansion. That proposal was resisted by Mutual (controlling shareholder of Lydplat).

If the Lydex proposal is that vague and, as Chute comments, "there's nothing on the cards," one is left wondering why the step is being taken.

There is no apparent answer. With the PP Rust shares acquired and paid for, there is no obvious reason why Lydplat would need suddenly to issue more shares.

The discount to NAV makes Lydplat a cheap way into two of the best platinum companies — Rustplat and PP Rust — but the savings are academic given that the discount appears to have been persistent.

Lydplat also offers investors exposure to the mining exploration sector through its 21% stake in Lydex. The policy is to retain any shares or stakes in new ventures acquired this way. Unlike the mining exploration companies, these shares are not passed through to the Lydplat shareholders.

Brendan Ryan

LYDENBURG PLATINUM
Still undervalued FM 15/1/93

Activities: Investment holding company with interests in JCI's platinum operations

Control: Old Mutual 64,5%

Chairman: M J Levett.

Capital structure: 14,4m ords Market capitalisation. R691m

Share market: Price 4 800c Yields 2,8% on dividend, 3,4% on earnings, p.e ratio, 29,3, cover, 1,2 12-month high, 5 600c, low, 4 200c. Trading volume last quarter, 400 000 shares

Year to October 31	'89	'90	'91	'92
Earnings (c)	226	231	258	164
Dividends (c)	180	185	205	135
Net worth (c)	5 860	5 216	5 890	5 294

Some things, it seems, do not change and that includes the persistent discount at which Lydenburg Platinum (Lydplat) shares stand to the underlying value of the investment portfolio.

Major component of the portfolio is Lydplat's 10,6m shares — 8,4% — in Rustenburg Platinum. Current value of that stake is R734m, while the total value of the portfolio

Crisis prompts sanctions rethink

By Hugh Robertson
Star Bureau

WASHINGTON — Because of South Africa's massive unemployment, ANC president Nelson Mandela is considering a call for all remaining sanctions to be lifted as soon as a date for non-racial elections has been set and a multiparty committee established to monitor them, according to The Washington Post.

In an interview with the newspaper's South African correspondent Paul Taylor, Mandela is quoted as saying he and other political leaders had been "sobered up" by the derailment of negotiations in recent months.

The interview includes a prediction by Mandela that non-racial elections will be held some time this year.

Taylor noted that official ANC policy on sanctions was to retain them until an elected democratic interim government was in place. But he reported that Mandela had said that once a date for a non-racial election had been set, and once multiparty authorities had been established to ensure the fairness of such an election, he would consider asking the ANC to call for an end to sanctions.

Taylor said both those steps were expected to occur within a few months.

Mandela told the newspaper he did not expect to serve in the interim government creat-



Nelson Mandela... concern about high unemployment.
Star 1571193

ed by such elections, but would seek the country's highest elective office after a new constitution had been drawn up.

Referring to the resumption of negotiations between the Government and the ANC, Mandela said: "All of us made mistakes in the past. But I think there is a realisation that the international community, the business community, academics and church groups are getting fed up with politicians."

"We can't afford to call each other names, point fingers, say that I am virtuous and so-and-so is wrong. Nobody is prepared to put up with that today."

The interview quotes Mandela as saying the condition of the economy had injected a

sense of urgency to the political process.

"One cannot overemphasise the importance of a very quick solution so that we can have investments from the international community," he told the newspaper.

Mandela said he envisaged a series of bilateral discussions between the ANC, the Government and other political groups over the next several months, coinciding with a resumption of the multiparty negotiating forum that was suspended six months ago when the ANC withdrew from Codesa.

Commenting on an outburst from his estranged wife, Winnie, at last week's funeral of civil rights activist Helen Joseph, at which Mrs Mandela denounced negotiations as a pact between "the elite of the oppressed and the oppressor", Mandela said: "Where in the world do you not have extremists? The important thing is to keep your head cool and to be sure your organisation is disciplined."

He was quoted as saying that although he had been frustrated by the slow pace of change, a beneficial side effect may have been the lowering of inflated expectations.

"One of these things that worried me when I was in jail was the tendency to make one a demigod, a messiah. I am very happy to be seen now as an ordinary human being."

Call to wait

for St Lucia dunes study

Star 1571193

South Africans should await the outcome of an environmental impact assessment (EIA) on mining northern Natal's unique St Lucia dunes before judging the situation, mining company Richards Bay Minerals (RBM) said yesterday.

The company was reacting to the Campaign for St Lucia's (CSL) relaunch of its anti-mining lobby last week.

RBM, whose majority shareholder is the Canadian-based mining giant Rio Tinto Zinc, said it was dismayed by CSL's view that mining could radically affect delicate ecosystems, destroy pristine dune forests, flood wetlands and cause erosion.

According to the company's statement, the campaign's views were propaganda, and RBM referred to "the most extensive and comprehensive EIA ever undertaken".

A review panel would test public opinion at public meetings and add their comments to the report before submitting it to the Cabinet, the mining company said.

The EIA findings are due for release on March 18. — Sapa.

● RBM mum on finances
— Page 9

RBM keeps mum on Lake St Lucia finances

STL 15/11/93.

Some economic questions on St Lucia are not being answered, reports JAMES CLARKE.

THE company that wants to mine Lake St Lucia's dunes on the Natal coast will not divulge what it has paid to lease the wetland — even though the land is owned by the taxpayer.

Richards Bay Minerals told resource economist Dr Frank Vorhies of Johannesburg — he was working on the economics of mining St Lucia as opposed to developing it for tourism — his question was "outside the terms of reference" of the current inquiry

what deposit it would be required to put aside in case, in the event of the market collapsing, it found itself unable to afford to clean up?

He was told the question was irrelevant.

Vorhies, an American economist married to a South African and now living in Johannesburg, told a Campaign to Save St Lucia strategy meeting in Johannesburg that the finances of RBM, being a privately owned company, were a private matter.

He said he believed it was not in the interests of South

Africans to allow mining at St Lucia.

He admitted he originally felt no need to see St Lucia and simply asked for the "numbers to be sent up to Johannesburg so I could crunch them up here". But he was persuaded to go to see the area.

He said it was then he realised it was unique. "It is so unique that there would have

to be a unique reason for mining the place up. And titanium is not a good enough reason

"Nobody has been able to quantify, even superficially, the value of the existence of these dunes in an unspoiled state."

He said it was important to find out the value of the region to tourists, anglers, hunters, hikers and others.

He warned against thinking only in terms of what foreign exchange mining might bring in RBM claims it will bring in far more foreign exchange from St Lucia over 20 years than would tourism

"We need to know what the value of (an intact) St Lucia is to South Africans. It is not all about foreign exchange

"If foreign exchange is the sole reason then we'd be keeping South Africans with their rands out of Kruger Park and allowing in only foreign tourists"

He said another important

but unanswered question was: what would happen to RBM if its bid to mine St Lucia failed? Would the company collapse?

He said RBM had other nearby titanium deposits but preferred St Lucia because the profits were better.

The mine had created the impression that billions would be lost. Vorhies said only the company would lose and it would lose "a few million rands".

He said if RBM got the go-ahead it would mine with subsidies from the South African taxpayer. □

STL

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Metal producers face another tough year

LONDON — Metals producers are bracing themselves for another punishing year.

Among the metals traded on the London Metal Exchange only copper is priced at a level that gives efficient producers a reasonable return.

For the rest, prices are not high enough for producers to survive in the long term.

They are cutting investment, stopping exploration and postponing projects in a way that is storing up trouble for the future.

But most analysts believe there will be no substantial rebound in 1993.

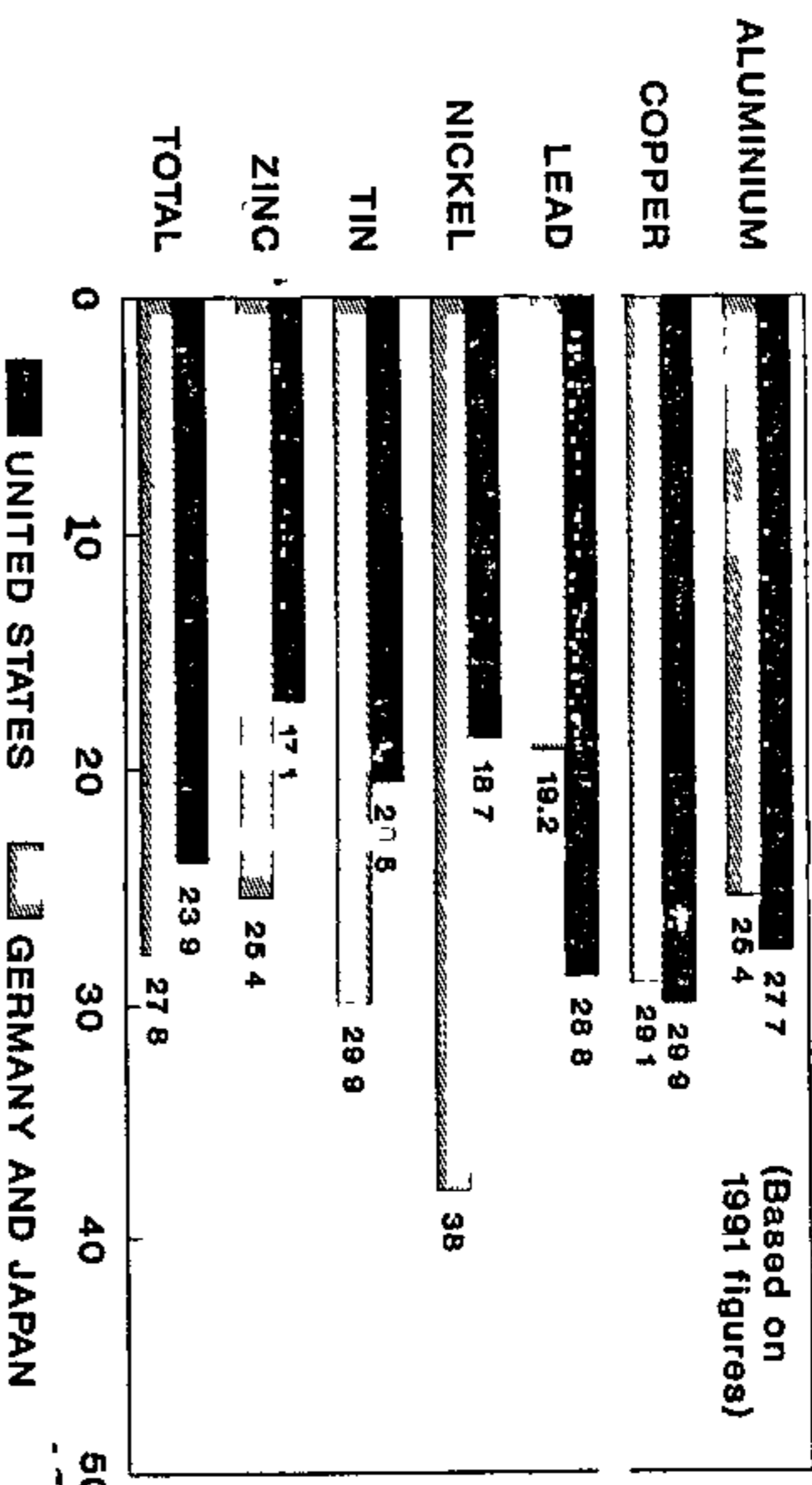
"Prices will remain soggy unless there is a significant upturn in the world economy," says Philip Crowson, chief economist at RTZ, the world's biggest mining company.

He does not believe base metal prices will fall much further but thinks they will not improve until well into 1993.

"In important areas such as construction and automobile production and many capital goods sectors, activity will remain below the peaks of the late 1980s, even as we go into 1994."

More production cuts by aluminium, nickel, lead and zinc producers are needed if prices are to show a short-term recovery, he says.

START 18/11/93
PERCENTAGE OF WESTERN CONSUMPTION



Germany and Japan together have become more important consumers of metals than the US and the slowing of economies is expected to offset any pick-up in US consumption.

Crowson is not alone in this belief. LME prices have been on a rising trend in the last weeks of 1992 and the first days of the new year but this is not good news for the industry, according to Neil Buxton at the Metal Bulletin Research consultancy organisation.

"It means the industry will delay the production cuts needed to reduce stocks and raise prices," he says.

These comments are echoed by Thomas Baack, chief economist for Germany's Metallgesellschaft mining and metals group.

"The underlying situation of the non-ferrous metals markets hardly changed at all in the course of 1992 and in all probability will not do so in 1993 either," he says.

"Production and consumption in the western world are stagnating or growing at an equal rate.

"However, the imbalance caused by east-west trade persists and at this moment there are no prospects of improvement in this respect."

Most metals market forecasters subscribe to the view held by the 24-nation Organisation of Economic Co-operation and Development, which is forecasting only a very weak recovery in 1993.

The OECD's central projection is that economic growth in 1993 will be about 1.9 percent, a substantially lower figure than the 3 percent it was forecasting six months ago.

Growth last year is estimated to have been a lowly 1.5 percent.

When growth is as low as this in the OECD countries, there is a strong chance that growth in manufacturing output will be lower still.

As the Economist Intelligence Unit comments in its latest World Commodity Forecasts "Even allowing for a higher rate of growth

among the less developed countries, world manufacturing output may well rise slowly enough to make any increase in world consumption of metals very doubtful."

The only good news in the OECD forecast is that the US economy — the most important in the world for metals consumption — is picking up at a slightly more rapid pace than previously expected.

But this is being offset by the bigger-than-forecast fall in Germany and the slowing of growth in Japan.

But this is being offset by the bigger-than-forecast fall in Germany and the slowing of growth in Japan.

Euan Worthington, head of the mining team at S G Warburg, points out "Together Germany and Japan are even more important metal consumers than the US."

Most forecasters assume there will be no easing of the pressures arising from the sudden swing in east-west metals trade seen since 1990.

Import demand for lead, tin and zinc in the former eastern bloc countries dried up while the region's exports of aluminium, copper and nickel to the west grew at a frightening rate.

Much of the extra exported metals were the main factor in the collapse of base metals prices since 1991. — Financial Times

Gencor deflates Lonrho talk

JONO WATERS

MARKET speculation that Gencor would buy up Lonrho's assets in SA if the group restructured was not an issue at the moment, chairman Brian Gilbertson said yesterday. *6/10/93*

In spite of Lonrho's failed rights issue, neither Lonrho nor German financier Dieter Bock, who had bought nearly half of Tiny Rowland's 14,1% Lonrho stake, had indicated they wished to sell the SA assets, he said. (Laerstate, the Dutch company owned by Bock, had subscribed for 27,6-million of the 29,1-million shares taken up in the rights issue). *(217)*

"But, in all truth, we have not given much thought to the buying of Lonrho's assets in this country," Gilbertson said

Lonrho has a 73% interest in Western Platinum and Eastern Platinum near Rus-

tenburg, with Gencor holding the balance. Lonrho also has a 78% stake in coal and anthracite producer Duker Exploration, which holds 36% of Eastern Gold Holdings. Duker has a 25,8% stake in a joint venture with Anglo American and Freegold to explore Freegold's northern division

An Anglo spokesman yesterday declined to say whether the corporation would be interested in a possible sale by Lonrho. "We don't comment on market speculation," she said

Lonrho also has two fully owned subsidiaries — vehicle distributors LSA Motors and aircraft distributors National Airways and Finance Corporation.

Feelings high over St Lucia

By Julienne du Toit

(217)

STAR 21/1/93

Emotions ran high last night when about 100 members of the public crammed into an airless room in Johannesburg for an information meeting on possible mining at St Lucia.

Richards Bay Minerals spokesman Barry Clements and Natal Parks Board officer in charge of planning, Bill Bainbridge, explained the consequences of mining or not mining.

Clements said St Lucia offered the highest grade of ilmenite, or titanium ore, available to RBM.

If the company mined only its other option at Zulwi South in Natal, which it planned to do anyway, it would have to leave the country five years earlier than it would otherwise, he said

In other words, it would be in the country for 17 years instead of 22.

If Parliament decided mining could go ahead, RBM would be happy to comply with conditions like guaranteeing a fund to rehabilitate the mined area if the company went bankrupt.

Bainbridge said 90 percent of all tourists to South Africa came to see the wildlife and wild areas, and St Lucia was potentially a big and ongoing money-spinner.

He said 360 new jobs could be created if the area was developed for eco-tourism.

Clements said 150 jobs would be provided on site if mining went ahead, but said the spin-off industries would generate many other jobs.

Bainbridge said the eastern shores of St Lucia belonged to South Africans, and the land

use decided on should be in the interests of the public.

He said it was still not established that revegetating the dunes was effective, and the environmental impact assessment (EIA) had been done over only one year.

Eco-tourism was the best, most sustainable way of using the land, said Bainbridge.

The Greater St Lucia Wetland Park would have the status of a national park. If mining went ahead, overseas countries would question South Africa's commitment to conservation.

Clements and Bainbridge said they would abide by the conclusions reached in the EIA, which will be made public on March 18.

Bainbridge said copies of the EIA would be found in public libraries and with interested parties.

Mining water needs 'could hit farmers'

DURBAN. — Farmers and environmentalists expressed concern yesterday that the massive water requirements of Richards Bay Minerals' sand-mining operation on the KwaZulu coast would have far-reaching human and ecological consequences.

Farmers near the mouth of the Umfolozi said they had taken legal advice because they feared that plans to draw millions of litres of water from the river would affect cane irrigation.

The Zululand Environmental Alliance also expressed concern that RBM's present and future water needs could have a severe ecological impact at Mapelane, Lake Nhlabane and Lake Mzingazi — and also lead to the displacement of several cattle farmers.


RBM conceded yesterday that some cattle farmers might lose grazing land at Nhlabane, but dismissed several other concerns as unfounded. The project still has to be approved by the Natal Water Court.

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Wakeford Fish Hoek candidate

FISH HOEK businessman Mr Clive Wakeford has been elected the Residents' Association candidate for councillor to fill the vacancy caused by the death of Dr Rob Laing last month

Mr Wakeford was born in Fish Hoek. Recently he moved to Rondebosch with his family, but will be returning to his home town in November

Mr Wakeford said he'd been asked by the mayor, Mr Malcolm Wallace, to stand in the election held at the quarterly general meeting of the association last week.

Mr Wakeford is vice-chairman of the Fish Hoek Chamber of Business and president of the Fish Hoek Surf Life-saving Club

Expert looks into mine's noise levels

THE kaolin mining company Serina has appointed an acoustics engineer from the University of Cape Town to investigate noise levels generated at its Brakkeloof plant in Fish Hoek after complaints from residents.

In papers tabled at a recent Fish Hoek Town Council meeting, Councillor Pat Landon said she'd met a representative of the company after residents in the area objected to noise pollution from heavy mechanical equipment during the early hours of the morning.

Bunker houses

She said: "The noise which has been heard by Sun Valley residents during the night and early hours is caused by a front-end loader which operates continuously in one of two open-fronted buildings referred to as bunker houses

"Part of the operation to feed raw clay into the production line required the front-end loader to move from one bunker house to the other, across an open roadway. The intermittent noise may be due to the prevailing winds"

Although the front-end loader has been fitted with a sophisticated noise-dampening system, Mrs Landon said the acoustics engineer is considering recommending that a blanket of plastic strips be fitted to both of these open-fronted buildings.

FM
22/1/93

IS JCI THE BUYER?

(217)

It must be very unlikely that control of UK-based Johnson Matthey (JM), the world's largest refiner of platinum group metals, will be allowed to escape from the wider Anglo family net.

Asked if JCI is the buyer of a substantial block of Charter Consolidated's holding, perhaps as much as 30% of JM's issued equity, chairman Pat Retief said: "Of course, Johnson Matthey is of great importance to Rustenberg and Rustenberg is vital in the context of JCI. I can certainly confirm that we've been in touch with both Charter and Johnson Matthey. Beyond that I'm afraid I can't comment."

The value of Charter's holding in JM last Friday was about £364m (equivalent to about R1,73bn on the commercial rand, or CR, rate). The purchase by JCI

of, say, 29,5% of JM's issued equity — just below the LSE's trigger of 30% requiring an offer to all shareholders, would cost about £279m.

Using the CR for payment is, presumably, unthinkable. Applying the financial rand (FR) would cost JCI, at current rates, R2,1bn. And the vital issue, now that the shutters have been drawn down on the use of FR for the purchase of overseas assets, is how JCI would pay Charter.

Asked how the issue would be resolved, Retief denied talks had been held with Minorco, Charter's controlling shareholder, and then added: "You'll just have to speculate." Still, if Anglo is indeed determined to maintain its strategic interests in platinum, JCI seems the obvious candidate.

David Gleason

Northam chief wants change in working practices

THABAZIMBI — Unless the mining industry changes its working practices it will be starved of further large-scale investment, says Northam Platinum chairman Alan Wright

He said at the opening yesterday of Northam's R1,5 billion platinum mine, Zondereinde, near Thabazimbi, that the indus-

try had to remain internationally competitive

"Our competitors elsewhere in the world do this by working 20 out of a possible 21 shifts per week, thereby achieving optimum use of the assets employed. South African mines do not work even half of those shifts

"There is now an urgent need

for the introduction of enlightened work patterns if the mining industry is to remain viable"

Mr Wright urged the Government, through the Department of Mineral and Energy Affairs, to review statutory restrictions preventing the industry running 24 hours a day, seven days a

week.

Finance Minister Derek Keys officially opened the new mine which taps the Merensky Reef in the bushveld

It is the first platinum mine in the Gold Fields group and will employ about 6 500 people — Sapa

(217)

STAN 22/1193.

COMPANIES

Duiker earnings a share slide

DUIKER Exploration, Lonrho SA's coal and gold producer, has reported virtually unchanged earnings of R4,1m (R4,2m) for the December quarter.

Earnings a share slipped to 28,6c as reduced income from mining operations was offset by increased non-mining income, including contributions from an associate and interest earnings on loans and cash balances.

Steam coal sales fell to 900 420 tons from nearly 1,1-million tons the previous year. Anthracite sales fell to 103 325 tons from 139 961 and gold sales increased to 76kg from 64kg.

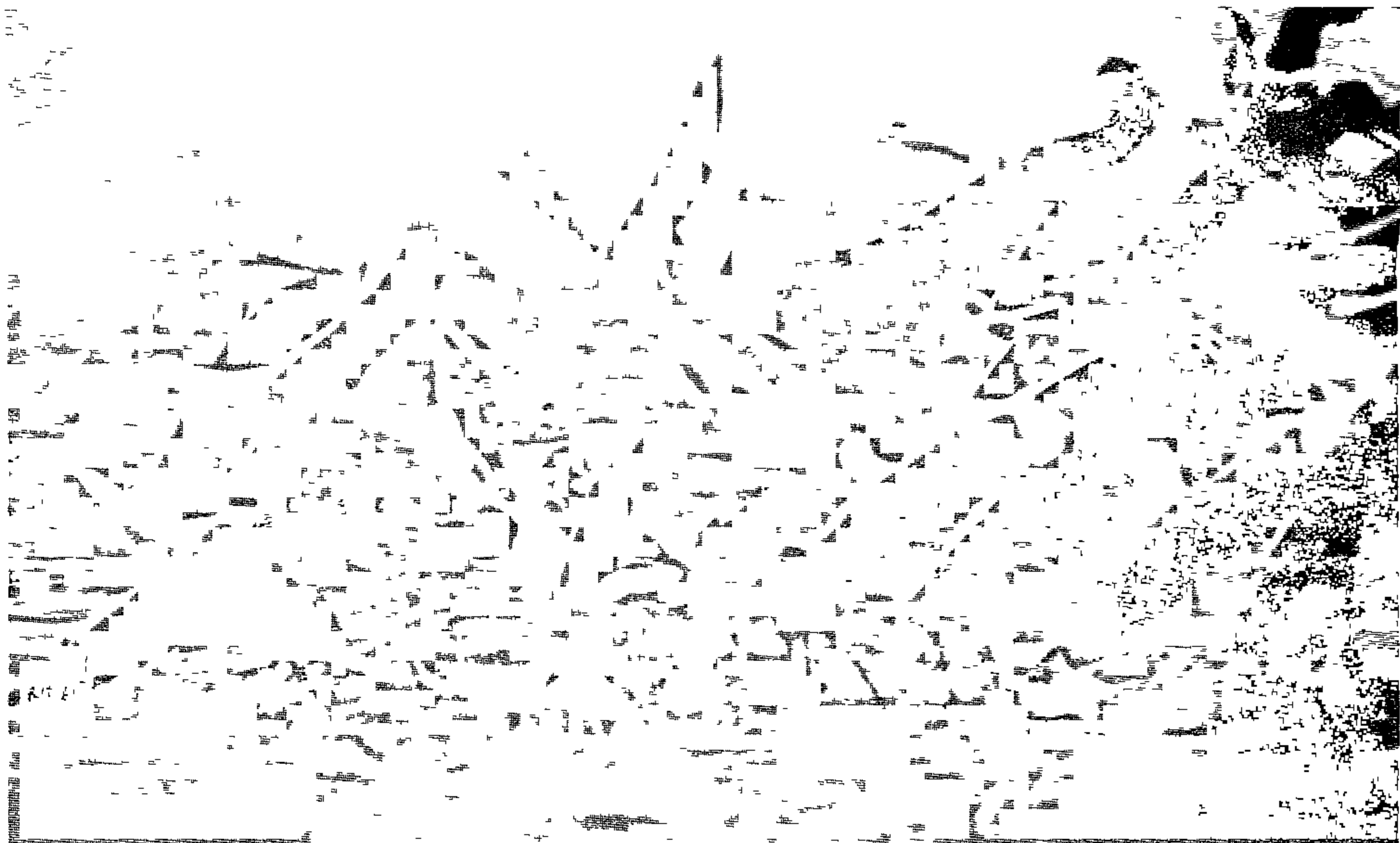
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DUMA GOUBULE

Mining income dropped 43% to R3,3m from R5,8m, suggesting lower prices. This was offset by a jump in other income to R2,2m (R1,6m) and sharply higher contribution from an associate of R2,9m (R1,2m).

Pre-tax profit was R9,1m (R8,6m) while tax absorbed R5m (R4,5m), leaving after-tax income of R4,1m.

The group's 30%-owned Erfdeel gold operation, managed by Anglo's Freegold, more than doubled its working profit to R3,2m (R1,3m).



Flocking together ... Unionists may join the fight to save the flamingoes' habitat — temporarily

NUM against mining

W/Mail

22/1-28/1/93

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THE National Union of Mineworkers (NUM), one of the biggest black unions in the country, is likely to block Richard's Bay Minerals' (RBM) controversial scheme to mine titanium in St Lucia.

If the National Union of Metalworkers (Numsa) backs its sister union in opposing the scheme, RBM could be blocked by a powerful lobby group of conservationists and the country's two biggest unions.

The NUM's southern Natal region is in the process of adopting a resolution to this effect. A few months ago the union sent a letter to RBM, withdrawing support for the mining scheme. Commented NUM organiser Enoch Mbuyasi: "We feel it is too early to mine St Lucia due to the fact that it will only benefit certain groups. We want to hold mining in the area until a new government is in place, when the wealth of the country will be distributed to all the people of South Africa. We are saying, however, that maybe in the long run we will need to mine the area."

The union's position is that the current scheme to mine the titanium strip will offer relatively few new jobs in the fast-diminishing mining industry — particularly if the raw material is exported and not processed here to stimulate further industry.

Already, say unionists, RBM is cutting back on labour. While 300 people stand to gain jobs from the titanium mining, at least 27 laboratory workers are about to lose their jobs. RBM is reluctant to give guarantees of permanent employment to existing workers, many of whom still have temporary status after being in the company's employ for as long as three years.

The mining scheme has the backing of most of the chiefs in the area known as Reserve Four, and sections of the community, who have benefited from infrastructure like schools, clinics and tribal courts supplied by RBM, and who stand to gain employment.

However, accusations that the chiefs are being "bought off" are rife, particularly among the youths who oppose the authority of the tribal structures and harbour anger at the level of exploitation of workers at RBM. One youth said there was simmering resentment over the fact

The National Union of Mineworkers could soon join conservationists in opposition to the controversial scheme to mine St Lucia. By PHILIPPA GARSON and EDDIE KOCH

that RBM was canvassing support for its scheme via the tribal authorities and neglecting consultation with other organisations with a measure of support in the area.

Numsa regional organiser Mike Mabuyakhulu said understanding of the complex debate of the benefits of tourism over the mining has not filtered down. "There are not many in the affected communities who understand the debate. It is mostly the white community which has been canvassed to support the no-mining campaign. Black communities who have not been informed however are looking at the simple answer to their problems — more jobs."

Mabuyakhulu says that the fight to save St Lucia is perceived among the black community living in Reserve Four as a mainly white issue and that conservationists have done very little to win popular support for their campaign.

At least 20 000 people, including a number of blacks, have signed a petition against the plan to mine St Lucia. But the unions feel there needs to be more direct consultation with a variety of community and labour groups in the black communities who will be directly affected by mining.

Until recently, the NUM and Conservative Party supporters were in bizarre alliance over opposition to RBM. "We can support each other in one area — not to mine St Lucia — but we are saying that maybe in the long term we will need to do so. They are against any mining taking place in the future." Discussions between the two parties have now ground to a halt.

Journalist Fred Khumalo, from *City Press*, reports that there is also mounting hostility to the conservation lobby amidst a 17 000-strong community that live in the indigenous Dukuduku forest on the outskirts of Richard's Bay.

The Natal Provincial Administration, along with a delegation from the Wildlife Society of

Southern Africa, have been trying to negotiate with the forest dwellers to move out of the rare forest and on to a 1 400 hectare site near the town of Mtubatuba.

Both the African National Congress and Inkatha are unhappy about the plan to shift the residents, saying there has to be proper and effective consultation before any removals take place.

"We are back here not because we want to disturb nature but because this land belongs to us. We were kicked out of here in 1973 and we lived like nomads in search of suitable land on which to grow our crops and graze our cattle," said resident Joseph Ngcobo.

"We've always lived peacefully with different kinds of animals in the forest. But if we're all cramped together on a small patch of land, there is likely to be a lot of overcrowding which results in soil erosion and the general depletion of natural resources in the surrounding areas."

There is clearly an uneasy tension between those in favour of conserving the natural resources in and around St Lucia and black villagers who want to exploit these resources for their survival.

But an informal pact between organised black labour and the Campaign to Save St Lucia is emerging as a powerful obstacle in the way of the company's plans to mine the dune forests.

"We welcome the unions' indication that they will not support mining at St Lucia and we want to stress that we are not anti-mining in principle but want it to take place in the right place," says Andrew Duthie, conservation ecologist for the Wildlife Society of Southern Africa.

"It is absolutely true that we haven't consulted widely with the unions at Richards Bay about the mining issue but feel that the whole issue of saving the dunes is in the interests of everybody in South Africa."

RBM plans to release the findings of an extensive environmental impact assessment of its plans to mine — the biggest study of its kind ever conducted in this country — in March this year.

There is currently a private member's Bill — the Wetlands Conservation Bill — before parliament which calls for all wetlands to be spared from mining activities. If it is passed, the Bill will save the St Lucia dunes from being mined.

St Lucia 'dries up water reserves'

STimes 24/1/93

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By ROY RUDDEN

FARMERS and conservationists expressed alarm this week over massively increased demands on Natal/Kwazulu's water table by Richards Bay Minerals' mining operations.

Not only are they worried by RBM's vast freshwater consumption — which they say is drying up reserves — but by the prospect of further depletion should the company be allowed to go ahead with heavy-metal mining at the already endangered Lake St Lucia

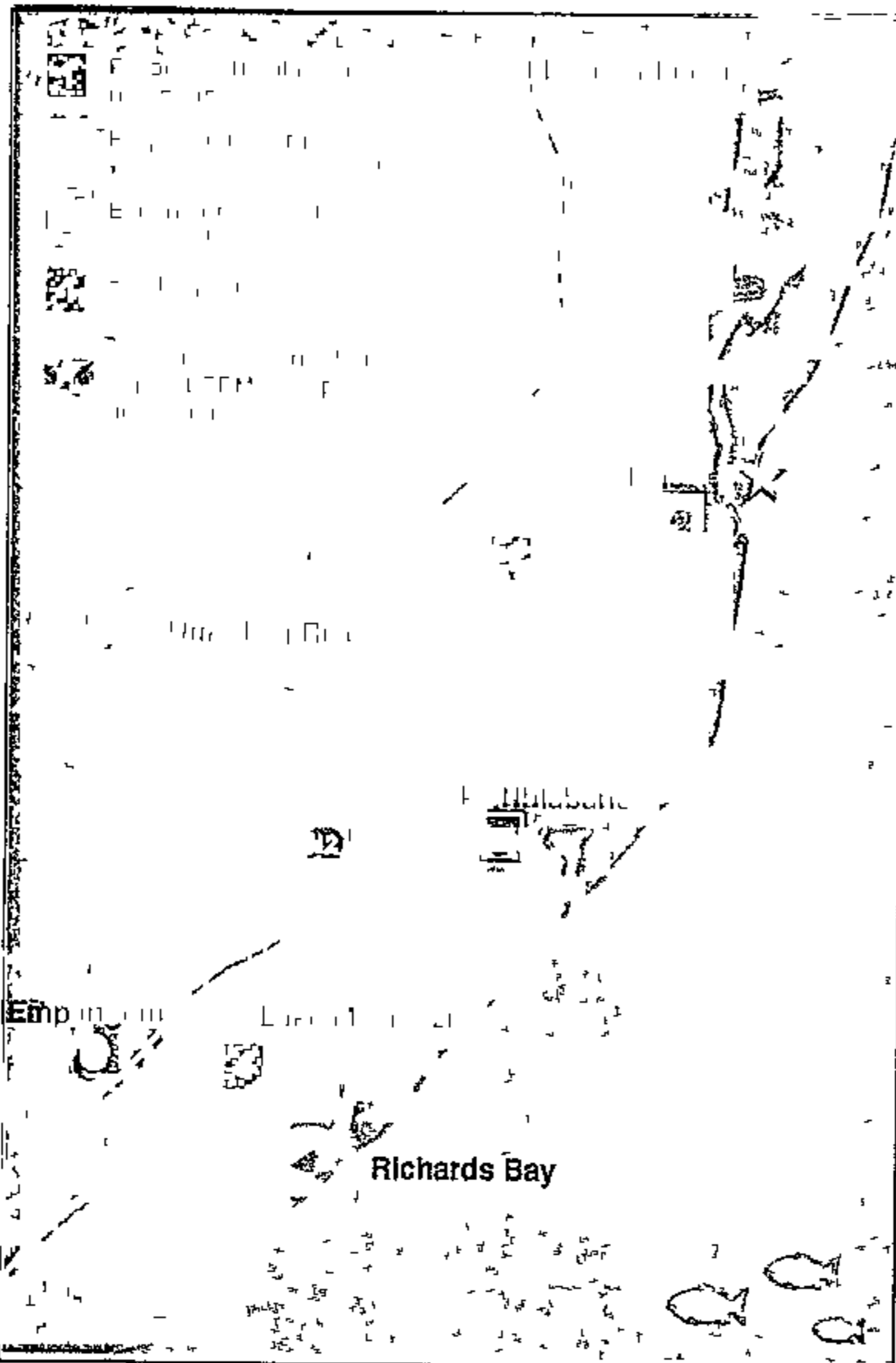
The long-awaited environmental impact assessment mining at St Lucia is due to be released in March. Farmers and conservationists fear that if the government gives the go-ahead for mining after studying the report, the results will be calamitous — not only for the estuary but for agriculture

Terrible

Only fresh water is used to meet mining's huge demands, and RBM is already said to be experiencing difficulty in getting enough water for its present operations at Richards Bay.

The Wildlife Association's Dr Nolly Zaloumis, who is also chairman of the Campaign for St Lucia, said the whole area, including the lake, was suffering from a water shortage.

"RBM has already doubled its production and its water demand is becoming more and more insatiable," he said. "We and the farmers are desperately worried about the company's



Sites of existing and proposed sources of water for Richards Bay Mining current mining requirements. Mining on the eastern shores of St Lucia (see *) would mean further depletion of the water table

immense water consumption. Heaven help us if mining is now to be allowed on the eastern shores of St Lucia Estuary itself"

The Zululand Environmental Alliance is concerned that RBM's present and future water needs could have an adverse

impact on Mapelane, Lake Nhlabane and Lake Mzingazi and that this could lead to cattle farmers being forced out

An official of the SA Sugar Association said his industry was also deeply concerned. The Umfolozi river — on which the

Umfolozi Sugar Mill and the Mtubatuba township and agricultural area depend for water for industrial, agricultural and residential purposes — was already drying up due to the drought, he said

He said RBM has been drawing huge quantities of water from the Hlabane Wetland and the area was depleted

RBM officials have conceded that some cattle farmers might lose grazing land at Nhlabane, but they have rejected several other concerns as unfounded

Mr Dennis Gibson, RBM's chief civil engineer, said a proposed Umfolozi water extraction project had yet to be approved by the Natal Water Court. RBM has applied for permission to build a 10-million-litre reservoir, fed from the Umfolozi, to supply current needs

He said a separate environmental impact assessment of the Mapelane project had not been carried out. However, a firm of water consultants had assured RBM that there would be a minimal or non-existent effect on the ecology

Nevertheless, Mr Charles Wally, chairman of the Monzi Farmers' Association, said cane farmers were worried

"They are uncertain that their needs are being considered and they fear they might be bulldozed by RBM into a situation in which their water needs are further threatened"

Farmer Wally Menne, chairman of Zeal, said "At Lake Nhlabane estuary, RBM's proposals to raise the weir by 1.5m to extract underground water could affect the fish population, flood swamp forest at Mapelane and displace farmers

"We are also particularly worried about what is happening at Lake Mzingazi, where RBM is drawing water at an enormous rate. The ecology is already under terrible stress because of the drought and freshwater plant communities are dying," he said

Disastrous

Said Dr Zaloumis "All these worries are bad enough, but the water problems can only get worse, given RBM's enormous thirst for fresh water

"It would be folly of disastrous proportions if the government allowed mining to go ahead at St Lucia as well

"We hope against hope that Parliament will pass the private member's Wetlands Conservation Bill (introduced by the ANC's Mr Rob Haswell and already supported in principle by the Conservative and Democratic parties) at its next session

"This is the only thing that could give the government legal power to forbid mining in the heart of St Lucia, one of the world's last great wetland areas."

Platinum mines will push production to new highs

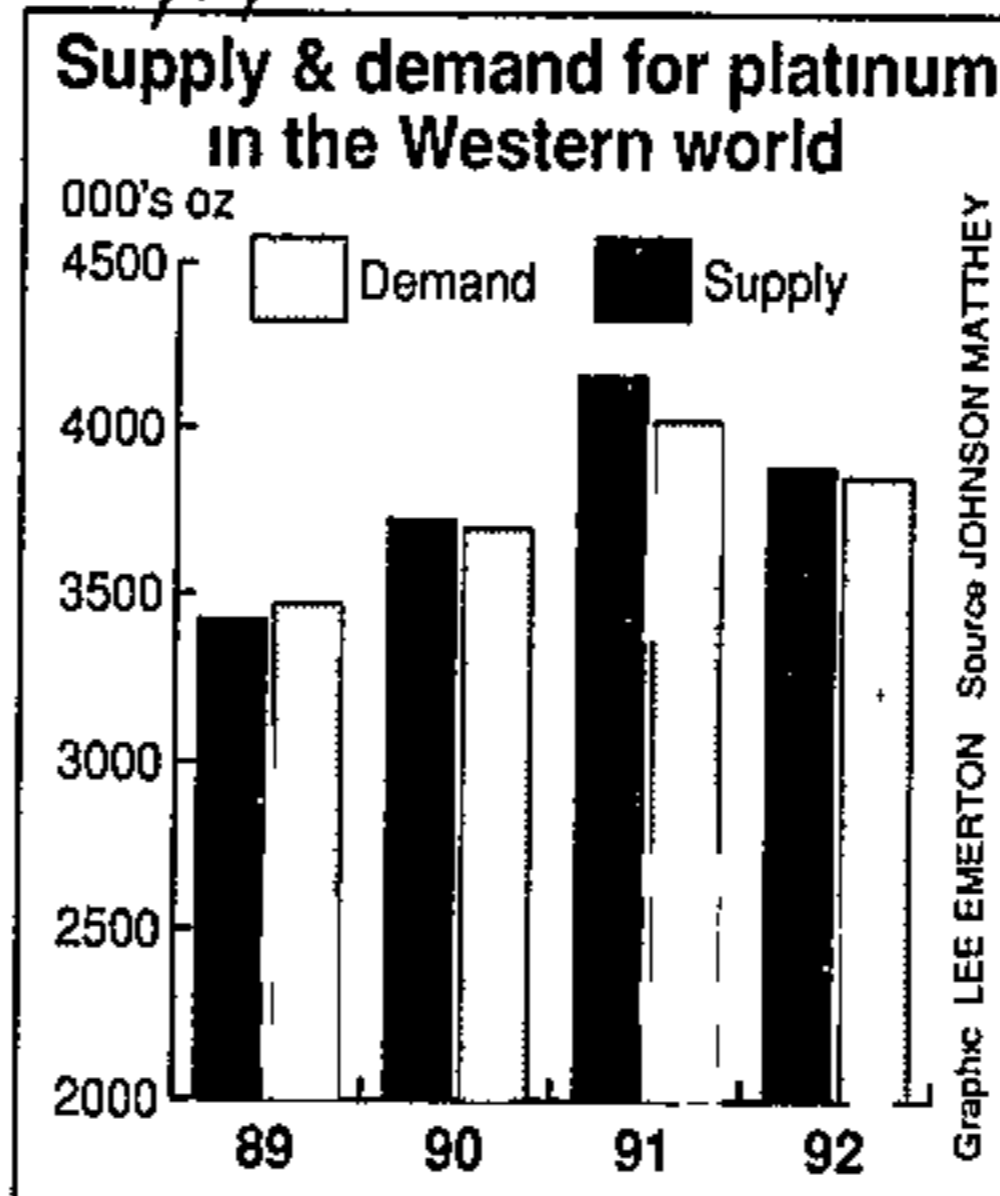
B10am 25/1/93. 217

JONO WATERS
THE two new platinum mines reaching full production this year are expected to push annual SA platinum production above 3-million ounces.

Northam Platinum, officially opened last week and expected to reach full production by July, would produce 250 000oz of platinum a year. JCI's Potgieterus Platinums (PPRust) was expected to reach full production in May this year and produce 170 000oz a year.

Even with the mines achieving full capacity in the course of the year, SA platinum supply was expected to top the 3-million ounces mark.

Johnson Matthey predicted SA would produce 2,82-million oz in 1992, an increase of 50 000oz on 1991. Its prediction, made towards the end of 1991, that SA's platinum production in 1992 would top 3-million oz, was revised as a result of industrial and political action, technical problems



and mining inefficiencies.

Politically motivated strikes at Gencor's Impala Platinum, resulted in the loss of 120 000oz in the 12 months to end June 1992. The expansion at Lonrho's Western and Eastern Platinum mines was slower than expected and Lebowa Platinum postponed a planned production increase.

Northam was expected to come

onto production in early 1992, but mining problems delayed production. The mine delivered its first platinum to customers two weeks ago.

Frankel, Max Pollak, Vinderine analyst Kevin Kartun said JCI's Rustenburg Platinum, the world's largest producer, accounted for about 1,5-million ounces of total SA production. Implats produced around 1-million ounces and the Lonrho mines about 320 000oz.

Johnson Matthey predicted platinum demand in 1992 would be 30 000oz short of total world supply of 3,89-million ounces.

Autocatalysts account for the majority of platinum demand — an expected 1,66-million ounces in 1992 — with jewellery, industrial and investment demand making up the balance.

Continued pressure from green movements was expected to keep platinum buoyant in the future. Tighter laws on vehicle emissions would provide continued strong demand.

From JONO WATERS

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SA faces loss of stake in platinum refinery

(217) ARG 26/1/93

DEREK TOMMEY

JOHANNESBURG. — Brokers are today speculating over how Johannesburg Consolidated Investment (JCI) and associate company Rustenburg Platinum Mines (part of the Anglo American family) will prevent a valuable and strategic shareholding in platinum refiner Johnson Matthey falling into the wrong hands.

The speculation follows an announcement by Charter Consolidated (also part of the Anglo American family) that it wants to sell its 38,4 percent stake in Johnson Matthey because of the low return it has been receiving on the investment.

Johnson Matthey (JM) has close ties with Rustenburg, the world's largest producer of platinum.

It is the sole marketing agent for the group's precious metals and jointly manages Rustenburg's precious metals refinery.

Analysts believe this heavy reliance on JM makes it essential for Rustenburg to prevent a large shareholding in JM falling into potentially hostile hands.

The risk of a change of control at JM, and the resultant possible dislocation of Rustenburg's marketing effort, must be too great for Rustenburg and JCI to accept.

This in spite of JM's other shareholders being said to include De Beers, Anglo American, Rustenburg and platinum producer Engelhard — also members of the Anglo family.

Analysts point out that Rustenburg and JCI would have two problems to overcome before they could acquire the JM shares.

The first was to find the money. The 38,4 percent stake in JM was valued in London at

R1,707 billion at commercial rand rates and R2,684 billion at financial rand rates

This would be a great deal of money for the two companies to find.

But even if they were able to raise the cash, they would face a second problem — would the Reserve Bank allow them to buy the JM shares through the finrand?

The monetary authorities said recently they were cracking down on the use of the finrand for foreign acquisitions. In such circumstances it would not be easy for them to agree to such a huge acquisition.

This has turned the attention of the speculators to the possibility that Minorco, another Anglo company, might be used to warehouse the shares.

However, a spokeswoman at Minorco, which has a 36 percent stake in Charter, said that as far as she was aware Minorco had no interest in acquiring any JM shares.

Minorco said it supported Charter's view that the sale of the JM shares would be in the best interests of Charter shareholders.

But it pointed out that any proposed transaction would require the approval of Charter shareholders.

From this it is clear that Minorco with its 36 percent stake in Charter would, except in the most unlikely circumstances, clearly have the final say.

Minorco added that it would examine all proposals put to it by Charter to ensure that the sale was in the best interests of all Charter shareholders.

As one would assume that this would automatically be the case, one can't help wondering about the reason for the statement — unless there has been a suggestion in the British Press that Charter might let Rustenburg have the JM shares at less than their worth — highly unlikely

Charter offers problem for JCI

By Derek Tommey

Brokers are speculating over how JCI and associate company Rustenburg Platinum Mines (part of the Anglo American family) will prevent a valuable and strategic shareholding in platinum refiner Johnson Matthey (JM) falling into the wrong hands

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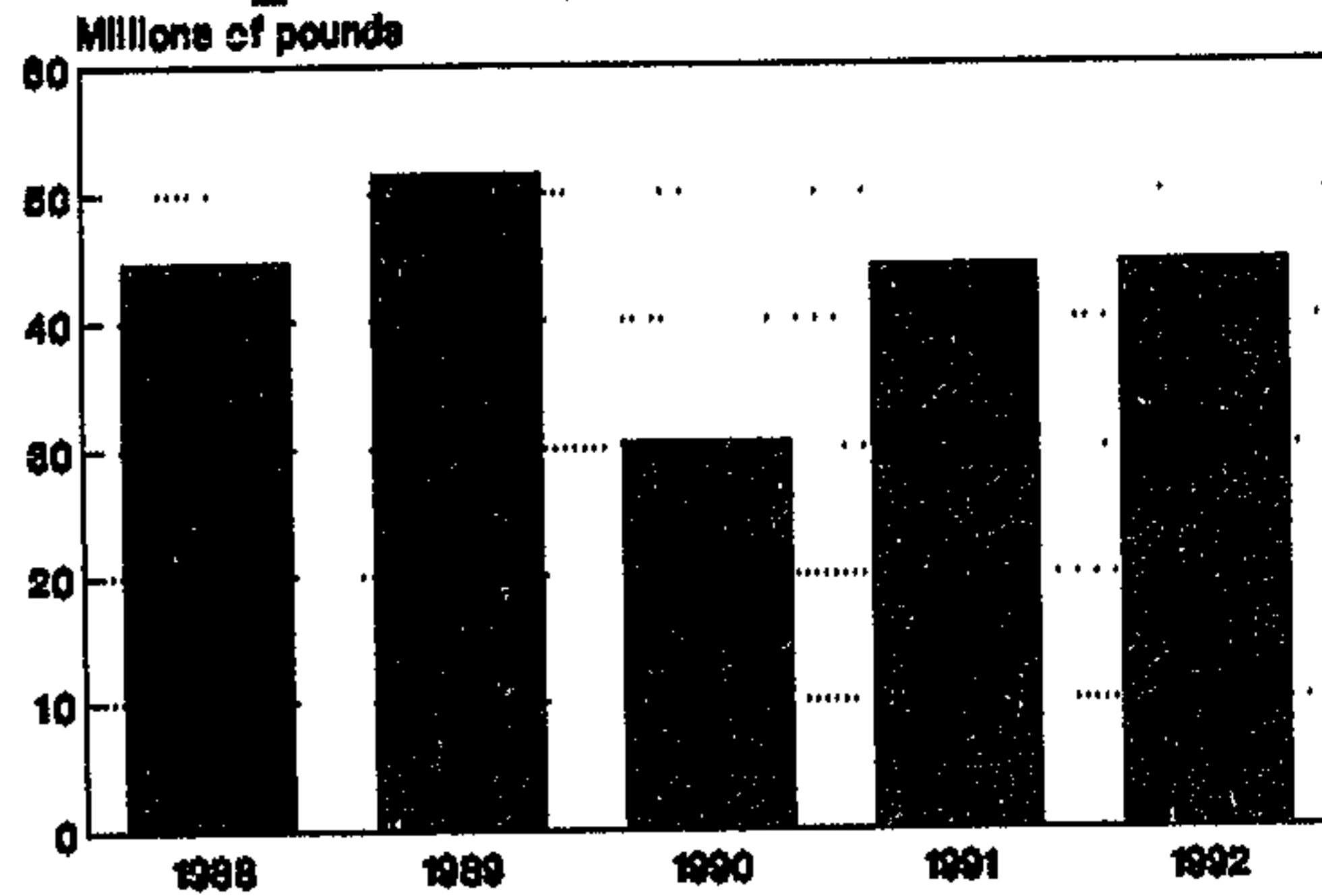
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The risk of a change of control at JM, and the resultant possible dislocation of Rustenburg's marketing effort if the shares fell into other hands, must be too great for Rustenburg and JCI to accept.

This despite JM's other shareholders being said to include De Beers, Anglo American, Rustenburg and platinum producer Engelhard — also members of the Anglo family.

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The first is to find the money. The 38.4 percent stake in JM is currently valued in London at



Stagnant profits at Johnson Matthey
26/11/93

Stagnant profits at Johnson Matthey

£344 million — equal to R1,707 billion at commercial rand rates and R2,634 billion at financial rand rates.

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(217)

STAR 26/11/93 (217)

Japanese may invest in SA chromium mine

Two Japanese companies have joined South Africa's Consolidated Metallurgical Industries in a feasibility study on the development of a chromium mine in the Lydenburg district, northeastern Transvaal.

The Japanese companies are world's largest steelmaker, Nippon Steel Corporation, and trading house Mitsui.

If they are eventually involved in the mine they could bring the first major Japanese investment in South Africa since Japan

lifted sanctions

CMI chief executive Sandy Woods said the joint feasibility study had begun last year

"There is the potential for us to develop our own mine and supply our own chrome ore."

He hoped CMI would be able to mine chrome ore cost effectively

CMI, owned by Johannesburg Consolidated Investments, at present buys chrome ore from Winterveld, part of the Randgold group. — Sapa

Cracks appear in Anglo facade

By Derek Tommey ^{5/10} 2/11/93

Mining analysts are agog over prospects of a clash among executives in the normally monolithic Anglo American.

The man triggering the clash is Hank Slack, Harry Oppenheimer's son-in-law, and president of Minorco, Anglo's offshore arm.

Slack appears to have embarked on a course of action beneficial to Minorco, but potentially harmful to Anglo's South African platinum interests.

The threat to group solidarity emerged last week when Charter Consolidated, effectively controlled by Minorco, said it planned to sell its 38.4 percent stake in platinum refiner Johnson Matthey (JM).

The news caused considerable concern at mining house JCI, which saw it as a threat to own interests. It called an urgent meeting of directors.

JCI, 48 percent-owned by Anglo, is concerned about its 32.6 percent stake in Rustenburg Platinum, the world's largest producer of platinum group metals, for which JM is the sole selling agent.

Neither JCI nor Rustenburg

and the permission to export capital, it would not want to buy the whole 38.2 percent stake as this would be regarded as a takeover and JCI would have to make an offer for the entire share capital.

JCI therefore is limited to bidding for 30 percent of JM's shares, which would cost about £267 million (R1.95 billion) if it were to buy the shares through the finrand.

Another complication is that the Reserve Bank has clamped down on buying overseas investments.

Consequently, unless JCI can do a special deal with the Reserve Bank, it seems it will not be able to buy the shares from Johannesburg.

JCI is believed to have complained to Slack and other Anglo executives about the deal at the weekend.

On Monday, Minorco appeared to have tried to cool the situation. It said it fully supported Charter in the sale of JM shares.

But it said it would ensure that the sale be conducted in the best interests of all Charter shareholders.

Some analysts interpret this as a coded message to Anglo — the biggest investor in Charter — that its interests would be

looked after.

There was another twist in the saga when a spokeswoman for Minorco told the British press that the sale of JM shares to another Anglo company would not be in Minorco's best interests.

Minorco has a 30 percent stake in the US company Engelhard, which is a major competitor of JM's in the field of platinum exhaust catalysts.

Minorco would like to increase its stake in Engelhard, but it could fall foul of US anti-trust requirements if it took this step while still holding a stake in JM.

Analysts say that Slack's action could well be in the best interests of Minorco. The US economy is expected to start expanding and Engelhard probably has much brighter prospects than JM, whose performance in recent years has been poor.

On the other hand, Rustenburg and JCI are left with a major problem.

But if the thinking at Anglo is that it is time for the group to concentrate on building up its foreign investments, even if it is at the expense of its SA interests, then Slack's actions are understandable and could have the support of the Oppenheimer family



Hank Slack... action beneficial to Minorco

would want the JM shares to fall into hostile hands.

This has been confirmed by Pat Retief, chairman of JCI, who has said that JM is of great importance to Rustenburg, which, in turn, is vital in the context of JCI.

He has refused to comment further on the matter, other than to say that he has been in touch with both Charter and JM.

The offer by Charter to sell the JM shares poses many problems for JCI if it wants to buy the shares itself.

Even if JCI had the means

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Gold mines experience good December quarter

JONO WATERS

GOLD mines in SA had benefited from the increased rand gold price and higher grades which led to a satisfactory December quarter, analysts said yesterday.

Fergusson Bros, Hall, Stewart and Co analyst Trevor Pearton said it had been an acceptable quarter and showed that the industry was in good shape. "This indicates that the industry is hell bent on survival."

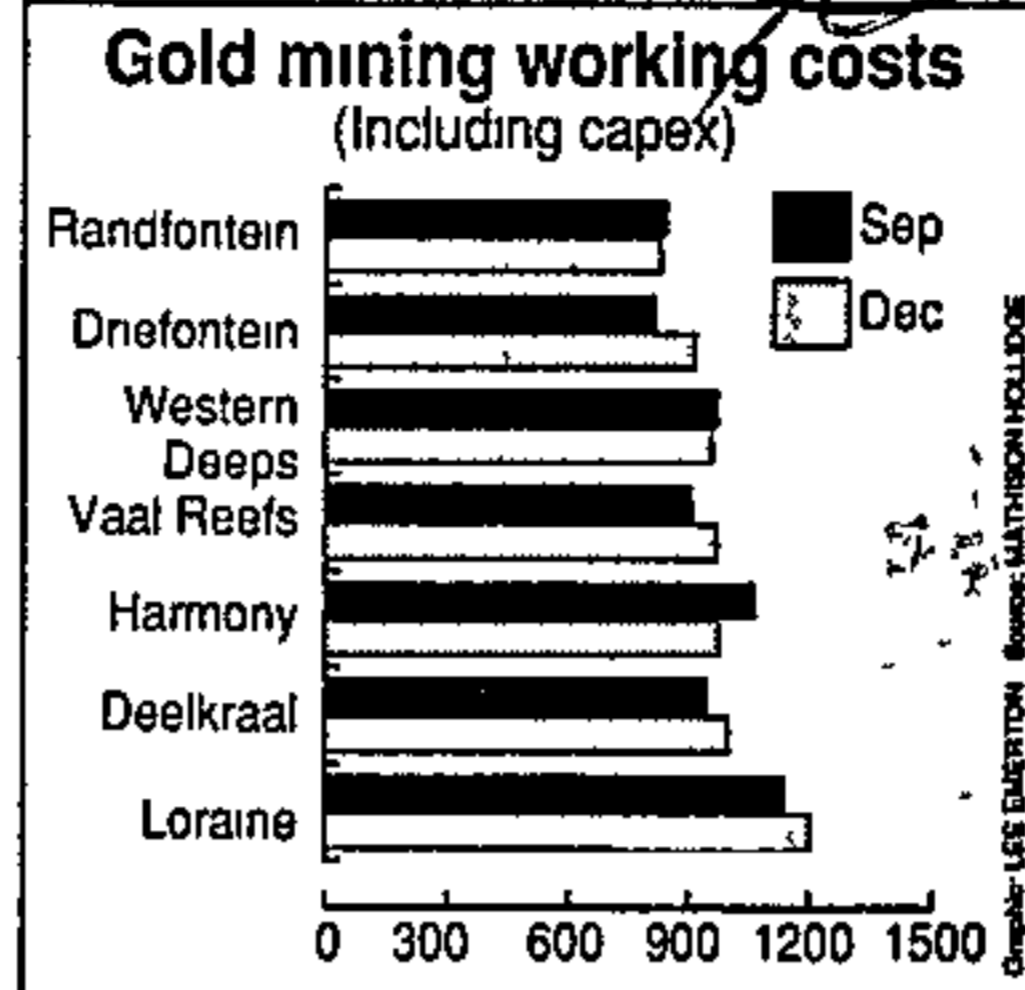
The higher gold price saw distributable profit rise to R411m from R344m in the September quarter.

The gold price received by the industry increased 2,7% to R33 128/kg over the past quarter, but the average spot price rose 4,2% to R32 267/kg. Pearton said this showed the extent of hedging, adding that some of the mining houses held positions that were "running down".

The 2,1% increase in grade in the industry to 5,41g/t offset a 1,2% fall in tonnage milled to 26,8-million tons gold production rose 0,8% to 145 tons.

Pearton said the industry had managed to increase grades for the past three quarters.

Frankel Max Pollak Vinderine analyst Adrian Finch said if the rand/gold price improved during the year, there would be more good quarters for producers. However, the mines were increasing pay limits and this was damaging in the long run.



The 0,38g/t grade increase at Harmony showed how marginal the mine was. "Harmony can probably keep this up for the next six to nine months, but can't go on forever."

Mathison and Hollidge analyst Rob Gillan said Harmony should not bank on making a large profit as government could stop seven-day a week operations. The mine was likely to trim profit in the current quarter and increase capital expenditure.

Capex at the mines had risen as expected, but some mines still came in with "fantastic results". Capex in the industry rose R89m to R505m in the December quarter.

E W Balderson analyst Nick Goodwin said the star performer had been Anglo American, but generally all the mining houses had a good quarter.

Finch regarded Gengold and Anglo as the best performers. They were

managing to increase their grades and contain costs.

Pearton singled out Harmony, Harties and Beatrix as good operations in the quarter, but pointed out the results of ERPM, Deelkraal and Driefontein had suffered.

He believed the rand gold price would remain flat in the current quarter with grades not increasing by as much as in the previous quarter.

"We will see a lot of marginal variations in the current quarter and there is little potential for dividend growth."

Gillan expected the current quarter to be much the same as the last, except for higher capex.

The outlook for the current quarter was positive, said Goodwin, even with the gold price static in dollar terms as the rand was expected to weaken further.

Most analysts see the gold price averaging about R1 050 this year as the rand gets weaker. Mining house executives, who include JCI's Bill Nairn and Gengold's Gary Maude, see the rand reaching R3,50 to the dollar before the end of the year.

Analysts expect GFS's Doornfontein to close before the end of the year and an announcement on the fate of Anglovaal's Loraine mine.

Randgold's debt-ridden ERPM mine would not be allowed to continue operations if it could not stem its losses, an analyst said.

Sechold rises to challenge

DUMA GOUBULE

SECHOLD reported an 18% rise in attributable earnings to R9,5m for the six months to end-December.

The banking group said its four deposit-taking institutions — Securities Investment Bank, Secfin Bank, NDH Bank and District Securities Bank — had all improved profits under challenging conditions.

Sechold would increase its holding in District Securities Bank to 75% on Saturday. Executive management would acquire the remaining 25% from Bolland Bank. 27/1/93.

The group's income statement showed net income after tax and internal reserves transfers of R9,5m, equivalent to 40,6c (34,4c) a share. The interim dividend rose 7% to 15,5c (14,5c) a share.

JCI 'unlikely to go it alone'

JANE ARBOUS

JCI has been widely tipped to buy a major stake in Johnson Matthey, but SA analysts doubt that it will go it alone on a deal of that size.

To buy the 38% offered by Charter Consolidated, analysts said JCI would have to raise about R2bn.

JCI's Rustenburg Platinum Holdings has a long-standing marketing contract with Johnson Matthey. Like Charter and its major stakeholder Minorco, both companies are part of the Anglo American Corp-De Beers Consolidated Mines family.

Analysts said a more likely scenario would be for JCI to take a small stake along with other parties connected to Anglo, which would be loathe to see the shareholding leave its controlling ambit.

"I don't see how JCI can take on that kind of additional debt, but there are a number of other permutations," said Rene Hochreiter of Anderson Wilson Partners.

Analysts said an offshore rights issue was possible, but such a large placing would be difficult to achieve.

JCI has so far declined to comment on whether it has made an offer for the Johnson Matthey stake. A spokeswoman said it would issue a statement this week.

Analysts said strict foreign exchange regulations were a major stumbling block to financing the deal, as were fears of anti-trust legislation in the EC and US.

Dave Russell of stockbrokers Irish & Menell Rosenberg Inc said there were no overwhelming strategic reasons for JCI or Rustenburg to buy the entire stake on offer. Most of the platinum technology and contracts developed by Johnson Matthey for Rustenburg were legally protected, Russell said.

"I have been told Rustenburg considers Johnson Matthey a 'hollow shell'."

"There is nothing much in there that they are frightened of losing, although they obviously would want to keep the close links," Russell said.

Speculation that the Charter sale, coupled with cash flow needs in Anglo/De Beers, could mean a wider shake-up in interlinked Anglo/De Beers shareholdings was "off track", analysts said.

Analysts said the ANC remained critical of the potential controlling and monopolistic influences of companies such as Anglo — Reuter.

Randgold, PGM expect to profit ^{29/1/93}

JONO WATERS

RANDGOLD & Exploration and PGM Investments published their formal pre-listing statements today and both forecast profit in the current financial year.

The two companies are due to list on the JSE on Monday. (214)

Randgold, which comprises Blyvooruitzicht, Durban Deep, ERPM and Harmony, forecast a R4,6m profit for the year ended September 1993 compared with R2,7m in 1992.

PGM expected a profit of R1m (R1,4m).

At the current gold price, it was unlikely any dividends would be declared in the current financial year, the statement said.

Randgold and PGM, now part of the new mineral resources division of Barlow Rand, would be debt-free as they were to be capitalised by a R110m Rand Mines redeemable preference share issue. This would enable the companies to meet existing liabilities and short-term commitments, the statement added.

Rand Mines' mineral resources division had assets of about R3bn and the ability to generate profit of more than R400m a year.

Gencor unbundling is still on the cards

Blomby 1/2/93

217

JONO WATERS

THE unbundling of Gencor remained a distinct possibility, Gencor Beherend chairman Marinus Daling said in the company's annual report for the year ended August 31 1992

But, Gencor had deferred a decision on the matter as it had to overcome fiscal problems to complete the process at an acceptable cost to shareholders, he said.

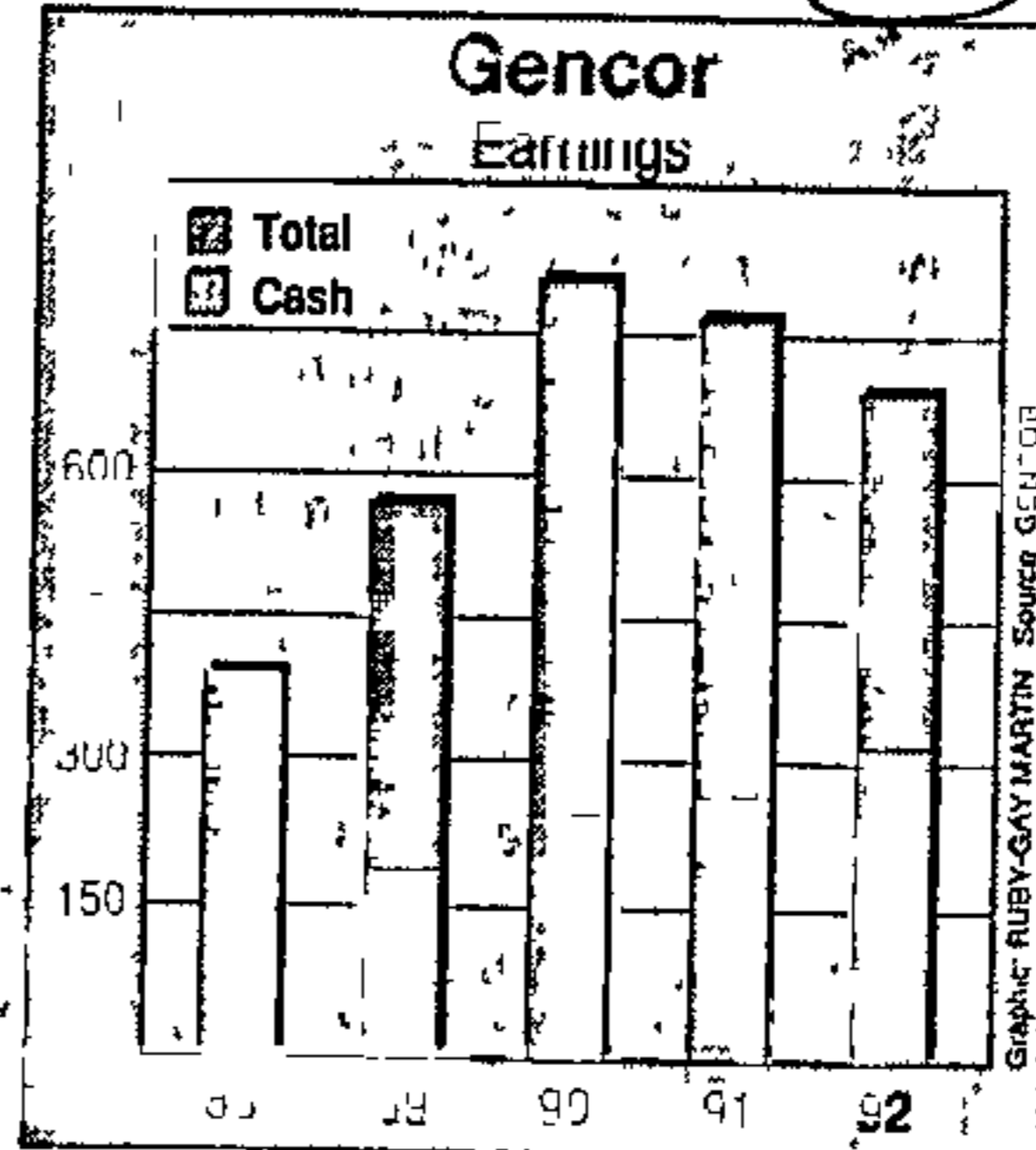
"The Gencor Beherend board will consider the matter in the light of the Gencor board's eventual decision, the timing of which is not possible to indicate at this stage"

Gencor Beherend's only investment is a 54.8% stake in Gencor. The Sanlam group has a 54% interest in Gencor Beherend and the Rembrandt group holds 25%.

"Weakness of major world economies resulted in weak demand for Gencor's export products in the past financial year. International commodity prices came under severe pressure and with few exceptions average export prices were down on previous years, he said.

"Limited weakness in the rand/dollar rate provided some relief, but not enough to counter the effects of a stubbornly high rate of domestic inflation"

Trading conditions in the domestic market were difficult as a result of the recession and were aggravated by the drought and political uncertainty. But Gencor divisions were well positioned to benefit from the next upturn, by advancing or completing major projects and important strategic acquisitions.



Daling said the current year would be difficult for Gencor as the economy was not expected to improve and earnings were likely to be lower. But, Gencor's businesses were healthy and investments made over the past year provided the group with a sound platform for the future.

At the end of the financial year, Gencor had R2,4bn in liquid financial resources for investment in growth projects, he said

Star 2/2/92

'Time for St Lucia (217) decision'

CAPE TOWN — The time for making a decision on mining at Lake St Lucia was fast approaching, Minister of Environment Affairs Lous Pienaar told an international press briefing yesterday.

However, he gave no indication either way of whether or when the Government would give Richards Bay Minerals the go-ahead to mine.

"We have something very special in the site of St Lucia. It is something that needs to be protected." — Political Staff.

COMPANIES

Platinum needs 'will increase'

PLATINUM and rhodium demand for autocatalysts in Europe in 1993 could increase by 25% compared with 1992, says Rustenburg Platinum marketing and planning director Todd Bruce.

He was reacting to a report in Business Day that platinum demand might not receive a boost from European legislation requiring all new cars to be fitted with autocatalysts from January this year.

The report said according to analysts most new cars had already been fitted with autocatalysts by August last year and that latest information indicated lower car sales in Europe. *B/DAY 2/2/93*

Bruce said of all new cars sold in Europe during 1992 only some 60% were equipped with autocatalysts.

"It is estimated that during 1993, the

MERVYN HARRIS

percentage of cars sold with autocatalysts will increase to 85-90%. (217)

"The amount of platinum and rhodium consumed in autocatalysts in Europe during 1993 could thus increase by some 25% compared with 1992, taking into account the possible overall reduction in European car sales this year and the car size distributions in each country."

Todd said the platinum market was currently characterised by significant pressure on physical metal supplies. Platinum in the form of "sponge" — the usual form used by industry — was in short supply.

"In addition, platinum borrowing rates are at 4,5 to 5% a year, levels which further indicate the relative tightness of physical metal availabilities," he said

EP Building Society and Fedlife in new link

B/DAY 2/2/93

FEDLIFE is to take up a R25m debenture issue by the EP Building Society, which will further entrench the relationship between the two organisations, a joint statement said yesterday.

EP Building Society CE Trevor Jennings said the debenture issue would provide the building society with a source of secondary capital, and heralded a strategic change of direction on its part.

"The debenture issue will be made possible by an amendment to the Mutual Building Societies Act, which should be promulgated in February.

"This will enable the EPBS to generate profits in line with the banking industry and close the gap between ourselves and commercial banks."

Fedlife group CE Arnold Bassarabie said it was natural that Fedlife should take up the issue, as a mutual synergy had developed between the groups since 1988, when Fedlife formed an association to offer its life products to EPBS clients.

Jennings echoed this, saying the issue

ANDREW KRUMM

would give Fedlife a seat on the building society board, and see the building society give preference to Fedlife products.

"In fact, if the EPBS ever decided to go the equity route and become a deposit taking institution, then the Fedlife group would be very favourably placed to take up a strategic shareholding in the EPBS."

Jennings added that "the new legislation allows more flexibility in the changing financial services environment, and puts us in a position to restructure"

Plans were "well advanced" for the society to move in the direction of a general mortgage bank. This included moving away from retail building society services in all provinces except the Cape.

In addition, the installation of a new computer system, and a thorough review of the building society's work processes, required a re-assessment of its staff needs, Jennings said.

Talks on Dabi's sale continuing

JCI cash shell Dabi Investments chairman Martin Cross said today negotiations were continuing with potential buyers of the company. *B/DAY 2/2/93*

Last year Dabi disposed of its share portfolio, with the exception of 1,82-million Consolidated Metallurgical Industries shares, which were distributed in November as a dividend in specie of 40 CMI shares for every 100 Dabi shares.

The company declared a special dividend of 787c a share at the same time.

Cross said the company as a cash shell had a value of about 200c a share.

Results for the six months to December

JONO WATERS (270)

31 1992, showed after-tax profit had declined marginally to R1,07m compared with R1,16m in the same period in 1991.

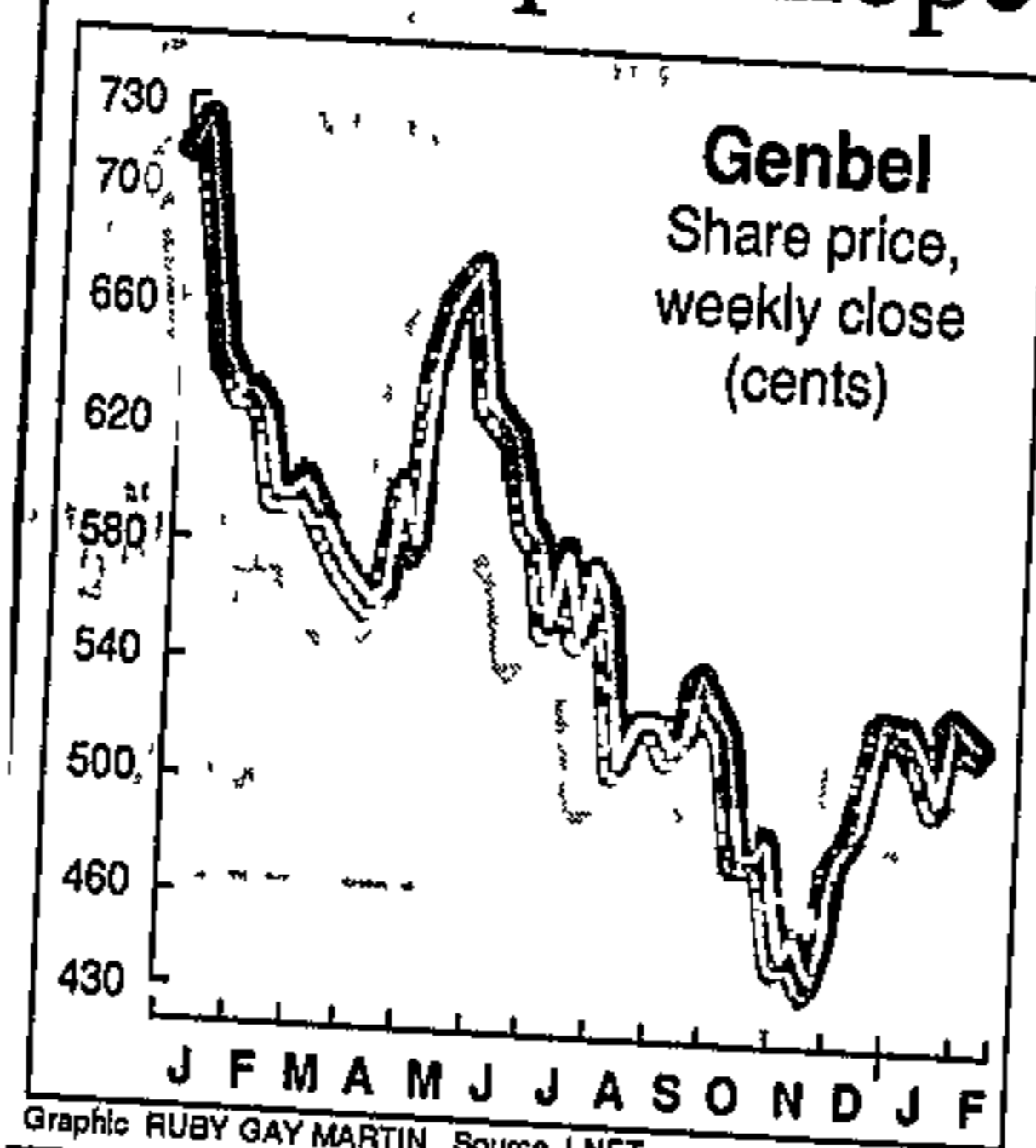
However, the extraordinary item of R33,9m and R11,7m from non-distributable reserves, had boosted distributable profit to R48,7m (R2,22m).

The company's shares were suspended on the JSE and London Stock Exchanges last November, and the directors have a period of eight months from the date of suspension to realise the residual value of the company.

FE
Policy.

DMR&B S15787

Genbel pins hopes on world markets



GENBEL, Gencor's investment arm, reported a 2,4% earnings increase to 19,5c a share, but its dividend remained unchanged at 15c a share for the six months ended December 31.

Distributable earnings rose to R84m from R82m in the comparable period in 1991. However, the group's net asset value fell to 591c (693c) a share.

MD Anton Botha said that although inflation outpaced growth in earnings, any reasonable upturn in international economies and commodity markets would improve Genbel's earnings growth potential. Genbel increased its share portfolio in

To Page 2

Genbel 810A9 2/2/93

gold, buying shares in Kloof and Southvaal and increasing its interests in Kinross, Unisel and Winkelhaak.

"The decision to increase our gold holdings reflects our belief that we are close to the bottom of the current gold price cycle. Forward dividend yields are also attractive," Botha said.

The group had purchased 598 000 shares in the R6,5bn Alusaf project at a cost of about R100m.

While Genbel disposed of 74 600 Engen shares, Engen remained the group's largest investment, making up 17,3% of the value of Genbel's total investments of R2,56bn. The group also sold 750 000 Malhold shares. Genbel's other major investments remained unchanged, but dropped in value compared with June 30 1992.

(217) From Page 1

Trans-Atlantic was still Genbel's second-largest investment at R347m (R371m), Genbeheer third at R295m (R363m), Impala was valued fourth at R264m (R354m) and Sappi fifth at R231m (R311m).

Botha remained cautious on Genbel's prospects for the next six months. Without an improvement in commodity sales volumes and prices, Genbel would be hard pushed to show anything more than a "token improvement" in earnings.

"The recent strength in the dollar has helped to raise export revenues in rand terms but commodity markets are still depressed," he said.

Genbel's wholly owned short-term trading company Unisel Investments paid an unchanged dividend of R15m for the period. Total dividends of at least R25m were expected for the full year.

JCI postpones its results 'pending deal'

JONO WATERS

JCI's interim results, initially due out this afternoon, have been postponed as an announcement is expected next week regarding the acquisition of part of Johnson Matthey, sources say.

Charter Consolidated, in which natural resource group Minorco has a 36% stake, announced two weeks ago it wanted to dispose of its 38,4% in Johnson Matthey, the platinum fabricator, marketer and high-technology group, for about £360m.

JCI is expected to buy just less than 30% of Johnson Matthey at a cost of about £277m, but analysts are uncertain as to how the mining house will finance the deal with SA's currency restrictions

The group would need about R1,25bn on the current commercial rand rate and R1,89bn on the financial rand. At the June 30 1992 year-end, JCI's liabilities of R2,32bn exceeded assets of R1,88bn.

Frankel, Max Pollak, Vinderine analyst Kevin Kartun said JCI might sell its interest in the CSO to buy Charter's stake in Johnson Matthey.

JCI chairman Pat Retief confirmed last week that the mining house had been in touch with Charter and Johnson Matthey, but declined to comment on whether the group had made an offer.

3/2/92
S10M

(217)

Star 4/2/93

Depressed prices slash Rusplat's profit and dividend

By Derek Tommey

Rustenburg Platinum Holdings (Rusplat), the world's largest producer of platinum, has been hit by the world recession in commodities and reduced its interim dividend.

MD Barry Davison says net operating profit in the six months to December was halved to R310,8 million from R620,5 million in the same six months in 1991. Distributable earnings dropped from 175,3c to 87,9c a share.

The interim dividend has been cut by just over 28 percent from 87,5c to 62,5c a share.

Analysts say it was known that Rusplat was having a difficult time, but that the reduction in profits was far greater than expected.

Davison holds out little hope for a profit recovery in the short-term.

Platinum is now selling at \$361 an ounce (\$381 in the second half of last year), palladium is \$112 an ounce (\$91), rhodium is \$1 800 an ounce (\$2274) and nickel is \$2,60 a pound (\$3,03).

But Rustenburg is well placed for an upturn. It remains profitable, is bringing the Amandelbult section into production and had cash (R630,3 million) in the bank at end-December.

Davison yesterday would not discuss the proposed sale of shares of Johnson Matthey, Rusplat's sole selling agent, by Charter Consolidated, except to say he could see no negative outcome in the proposed transaction.

He said the JCI platinum division expected to continue to enjoy considerable benefits from

its link with Johnson Matthey and that the contract with that company had recently been extended until the turn of the century.

Lebowa Plats reduced its loss before tax from R19,5 million in the six months to last June to R9,4 million in the six months to December and is aiming to break even after capital expenditure.

Work at Potgietersrust Platinums is running slightly ahead of schedule and the first concentrate should be shipped to Rusplat for toll smelting and refining by end-May.

Efforts to persuade the Lebowa government to repudiate its agreements will PPRust have failed and it has confirmed the mine's leases and that they will be notarially executed and registered.

Rustenburg's revenue from platinum sales rose 5,3 percent in the six-month period thanks to higher sales volumes and a marginally improved price.

But gross sales revenue declined by R86,6 million, or 5,8 percent, because of significantly lower prices being received for rhodium and nickel. Net sales revenue was R1,34 billion (R1,41 billion).

On-mine costs rose by R122,6 million, or 15,7 percent, to R905,5 million, mainly as a result of increased production at Amandelbult.

Davison said Rustenburg would get the benefit of this in the second half of the year. Treatment and refining costs declined marginally.

Pre-tax profit was R168,7 million (R489,8 million) and taxed profit was R112 million (R221,6 million).

COMPANIES

JCI postpones release of results

BIDM 4/2/93
JCI had postponed the release of its interim results, which were scheduled for release yesterday, until next week, JCI spokesman Amelia Soares said yesterday.

Soares rejected media claims that the delay in the announcement of the results had anything to do with JCI's expected acquisition of part of UK-based Johnson Matthey, one of the world's biggest producers of platinum and platinum products.

Soares said the announcement of the results was postponed because JCI chairman Pat Retief, who normally made such announcements, was out of town.

"He has been out of town all week. We thought it would be proper to wait until he

comes back. The delay would have nothing to do with Johnson Matthey," Soares said.

Soares said the results would be announced either on Wednesday or Thursday next week. (217)

JCI recently confirmed it had been in touch with Charter Consolidated and Johnson Matthey in the UK since Charter announced plans to sell its 38% stake in Johnson Matthey.

The 70.9-million Johnson Matthey shares Charter wants to dispose of are worth an estimated £360m and financial analysts have said JCI might sell its interest in the CSO to buy Charter's stake in Johnson Matthey. — AP-DJ

Rusplat's after-tax profit drops 50%

B10A 4/2/93

JONO WATERS

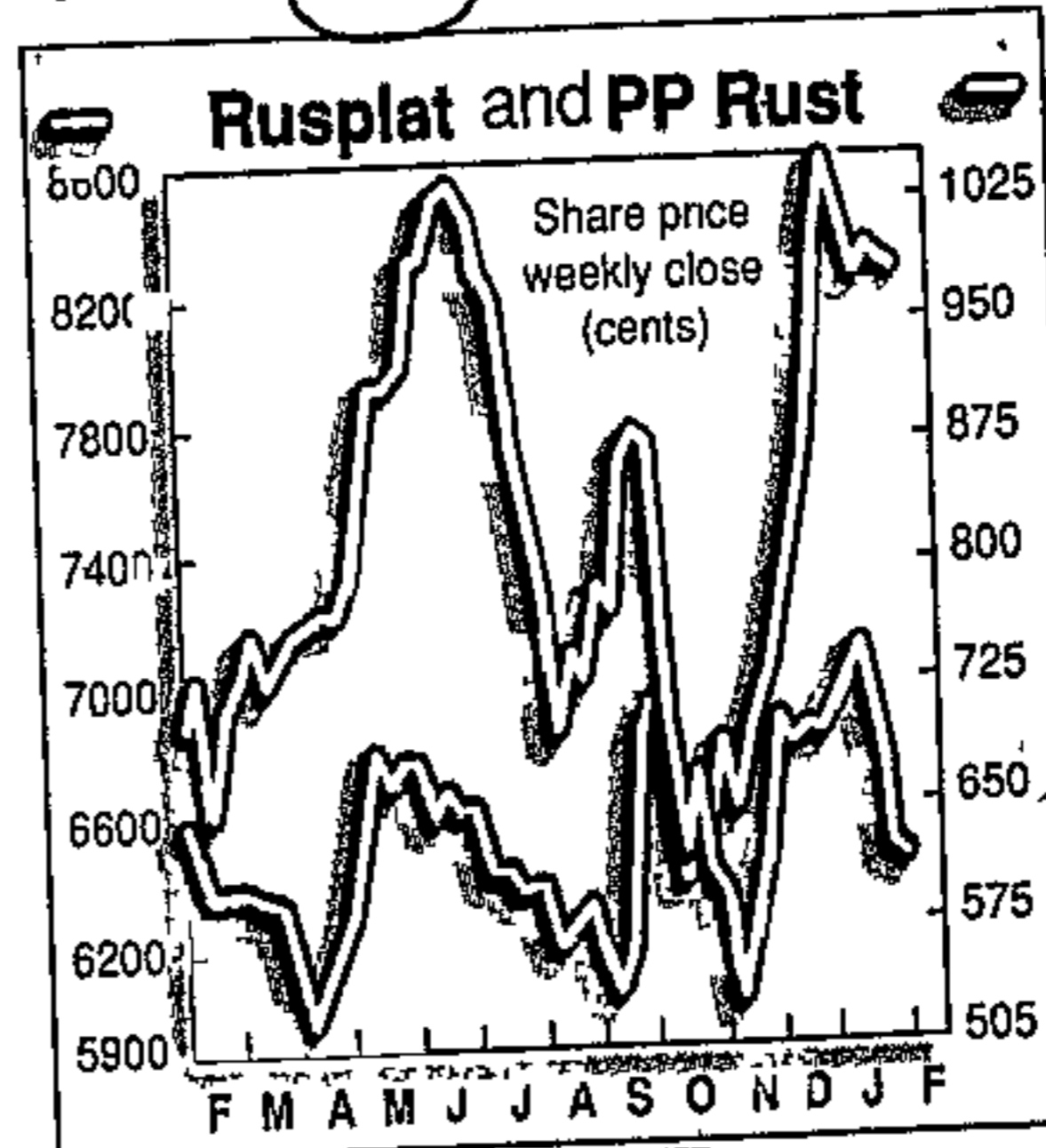
RUSTENBURG Platinum (Rusplat) slashed its interim dividend by nearly a third to 62,5c a share as its after-tax profit dropped nearly 50% in the six months ended December 31 1992

The other producer in JCI's platinum division, Lebowa Platinum (Leplat), continued to make a loss, but developing mine Potgieterus Platinums (PP Rust), was "on track", MD Barry Davison said at a briefing in Johannesburg yesterday.

After-tax profit at Rusplat fell to R112m (R222m) while Leplat's after-tax loss was unchanged at R9,4m

The major reasons for Rusplat's fall in profitability were a 5,8% decrease in gross sales revenue to R1,41bn (R1,5bn) and a 15,7% increase in working costs because of increased production from the recently completed Amandelbult section

A 24% fall in rhodium prices and a 15% drop in nickel prices were the main con-



Graphic RUBY GAY MARTIN Source I NET

tributors to the fall in sales revenue. Davison said prices from rhodium averaged \$2 369/oz in the second half of 1992 compared with \$2 999/oz in the first half. Nick-

□ To Page 2

Rusplat

B10A 4/2/93

el fell to \$3,34/lb (\$3,58/lb) in the second half.

Platinum prices fell to \$356/oz (\$370/oz) in the second half of the year, and palladium to \$81/oz (\$85/oz) Prices for the first half of 1993 were higher for platinum at \$381/oz and palladium at \$91/oz, but lower for rhodium at \$2 274/oz and nickel at \$3,03/lb.

Although the palladium price received this year was lower than the current spot price of about \$112/oz, Davison pointed out that prices received for the other metals were considerably higher than current spot prices Rhodium was trading around \$1 800/oz, platinum at about \$360/oz and nickel was as low as \$2,60/lb

The rise in costs was due mainly to the increased tonnage from Amandelbult. Costs were unlikely to come down in absolute terms, but Davison expected unit costs to fall Wage increases, higher than those on gold mines, were a contributing factor

Asked why Rusplat was expanding when prices were low, Davison said the extra production would be needed in the long term "There is a significant increase in platinum demand for autocatalysts and platinum's fundamentals are still good"

Rusplat had completed its expansions, had R539m in cash and was well positioned for an upturn in the world economy.

Capex to June 1993 would amount to R380m and Rusplat expected to spend the

same amount in the 1994 financial year

Leplat had reduced its losses compared with the 1992 financial year Production was to remain at 70 000 tons a month and management would focus on grade and cost control, he said

"The current plan Leplat has in place should enable the company, again with the caveat on prices, to break even in 1994"

Gross revenue rose 21% to R66,1m (R54,8m) and unit costs were now within striking distance of breakeven, Davison said. However, better prices were required for the company to break even

At PP Rust, the commissioning of the plant would take place in March and the first concentrates would be shipped to Rusplat for toll smelting and refining at the end of May

PP Rust revised its capital cost in September last year to R521m from R600m The company was expecting to make a further reduction in the capital cost

The dispute over PP Rust's mineral rights had been resolved in a recent Supreme Court decision

Davison reiterated his view that the platinum price was unlikely to rise until there was a sustained recovery in the world economy Results for the second half of the year would depend on prices of platinum group metals and nickel.

● Picture: Page 3

(217)

□ From Page 1

Star 5/2/93

Don't prejudge St Lucia study, pleads Minister

(217)

Political Staff

CAPE TOWN — The Government would lose some R350 million a year in taxes if Richards Bay Minerals (RBM) were denied permission to mine the sand dunes at Lake St Lucia, Minister of Mineral and Energy Affairs George Bartlett said yesterday.

He was being questioned at an international press conference at St Lucia after Minister of Environment Affairs Lous Pienaar said RBM would not get the go-ahead "if there was irreparable damage" to the environment.

Bartlett appealed to people not to "prejudge things" The environmental impact study being carried out was the most intensive study of its kind ever done, he claimed. Some of the "best brains in the world" were involved, and 23 disciplines were being covered.

"I appeal to South Africans to start to think, and to use their



George Bartlett . . don't prejudge impact study.

heads and not their emotions," Bartlett said.

RBM had said that if the study's report were against mining operations, it would withdraw the application.

Bartlett said he operated under an Act that called for the optimal utilisation of South Africa's mineral resources

People had to ask themselves what contribution to the gross domestic product came from mining.

"Without mining, South Africa would crumble," Bartlett

said.

The Government had to ensure that mineral resources were "not going to be sterilised".

There was between R6 billion and R9 billion worth of heavy minerals at St Lucia.

If RBM were allowed to mine there, it would extend its present operations by between 12 and 17 years.

The huge smelting plant at Richards Bay also had to be taken into consideration.

"You have to get your basic ore from a place close by. You have to take a look at all these implications."

Other people had to be taken into consideration, Bartlett said.

The industry would provide R350 million in tax a year, he said. If mining did not go ahead, this tax money would escape the economy.

The decision to allow mining at St Lucia would be taken by the Cabinet

Bartlett said neither he nor his director-general knew what was in the environmental impact report.

Dip in Minvest's net income

BIDAY 572193
MESSINA Investments (Minvest) should exceed last year's earnings of 42c, provided diamond and copper prices remained at current levels, executive chairman Tony Buchan said in a statement accompanying the company's results.

In the six months ended December 31 1992, net income fell to R2,41m (R2,93m). Turnover decreased slightly to R32,5m (R33,8m), but operating income which fell to R2,72m (R5,93m) was in line with management expectations, Buchan said.

Finance charges of R75 000 (R43 000) reduced pre-tax profit to R2,64m (R5,89m), but the company footed a lower tax bill of R115 000 (R2,97m). As a result, after-tax profit decreased marginally to R2,53m (R2,92m).

Buchan said Messina Copper Mine ceased production last month, but proceeds on 2 498 tons of copper already mined would be earned in the next six months. Integration of the Bellsbank diamond interests was now complete and operating results for Messina Diamonds were forecast to meet expectations for

217
JONO WATERS

Minvest's financial year.

Star diamonds started production in December and would contribute to earnings for the remainder of the financial year. Star diamonds was purchased by the company in July last year for R8,3m

Net borrowings of R7,8m are expected to be wiped out by the end of the financial year as a result of the disposal of a major portion of Messina Copper's mining assets

Capital expenditure commitments more than doubled to R2,51m from R1,08m in the previous year.

In the annual report for the year ended June 30 1992, Buchan said primary exploration was concentrated upon a titanium deposit at Muden in Natal. Prospecting for diamonds in Botswana was also under way with an Australian partner.

Minvest shares closed unchanged yesterday at 150c in the mining holding sector. This was midway between its high and low over the past year, placing the share at a historical dividend yield of 6,5%.

Bartlett not a cut above his fellows

By S. J. 2/19/93

CAPE TOWN — Have you ever wondered why Ministerial and Energy Affairs Ministers, George Bartlett does not consider himself a cut above his fellow man? The NP's Natal leader went to great lengths at a news conference to convince foreign and local media of his respect for various cultures.

He said, "I understand the Zulus," and "I respect their cultural accoutrements, which some people call dangerous weapons."

From the Zulus, he turned to the British "If you go to Scotland you may find a Scotsman walking around with a woman's clothes on, but he also will have a jagger at his side."

But it was Bartlett's next assertion that raised eyebrows. "I respect Jews being circumcised," he said before making his startling disclosure. "Not that I was."

By last night Bartlett was being referred to in political circles as the uncircumcised member for Amanzimtoti

Sunday blasting law will not be changed

By S. J. 2/19/93

CAPE TOWN — Legislation banning Sunday blasting would not be changed, but exemptions would be granted if it was in the national interest, Ministerial and Energy Affairs Minister George Bartlett said yesterday.

He said government would help marginal mines survive if they could be viable. There was no virtue in giving long-term financial support to fundamentally unviable mines.

Government was doing what it could, he said. This week Cabinet had agreed to provide Gazgold with bridging finance because of the difficulties it was facing.

A pumping subsidy had also been agreed for Rand Mine's Durban Roodepoort Deep, he said. He declined to give details of the assistance, but said the subsidies took the form of repayable loans granted on evidence of a viable development or recovery programme.

Durban Deep received a quarterly pumping subsidy of about R2,1m.

Reuter reports that Bartlett said "Gazgold has asked for a little bit of extra bridging finance because of various problems. They have gone to a seven-day shift and they have put in some improved plant that is going to improve extraction and recovery. In the case of Durban Roodepoort Deep, it's in my budget for next year. We have agreed to assist with pumping subsidies there."

TIM COHEN

Bartlett said he was aware of the support for allowing blasting on Sundays, but if changes to legislation were permitted, this would not be done without the support of all parties including the trade unions.

He said he had agreed to allow blasting at Harmony and Lorraine gold mines after extensive negotiations with all parties. Harmony had since become profitable.

No other mines had applied and there were no plans to change legislation to allow mines to decide on Sunday blasting on their own accord.

Our political staff reports that Bartlett denied that government had seen the results of a study into the impact of the proposed dune mining of Lake St Lucia's eastern shore — and urged others not to prejudge the issue.

His comments came amid increasing speculation that government was poised to give the nod to the controversial impact assessment were made public on March 18.

"I don't know what is in it," he said. He described the assessment as "the most intensive ever done in the world" and repeated assertions that government would not approve the project if it was shown irreparable damage would result.

Dalling predicts that the DP will be crushed

TIM COHEN

CAPE TOWN — Independent MP and ANC member Dave Dalling yesterday predicted the DP would be "crushed", and the ANC and SACP would separate.

Dalling said at a media briefing he did not regard the DP as an enemy and felt it would have a future role. But fighting corruption and advocating "puritanical" free enterprise was unlikely to win the party the 5% popular support necessary to gain representation in Parliament.

The major difficulty facing the DP was that it contained three camps: one inclined towards the ANC; one inclined towards the NP; and another faction which wanted the party to retain its independence to support liberal values.

The problem was that each camp felt so strongly about its position that if the party shifted towards the view of any one of the camps, it would have to shed the supporters of the other positions.

The party appeared to be taking the independent path and if it maintained this position "I think it will be crushed", he said.

On the SACP, Dalling said he was not a communist — he never had been and never would be. Although he realised whites considered the connection between the ANC and the SACP to be a problem, surveys had shown that blacks did not. "Quite the opposite."

The connection occurred for historical reasons and the policies of the organisations would probably cause their separation in time, although this was not imminent, he said.

Meanwhile, Sapa reports that Labour Party leader Allen Hendrickse said his party was seeking a further alliance with the ANC. He said the matter would be discussed at a meeting with the ANC on February 15. Hendrickse emphasised that the Labour Party would not support the NP in an election. — Sapa.



Rusplats has growing pains

SITimes (B-155) 7/2/93 (217)

"WELL at least you have a headline for your newspaper on Sunday," one of the mining analysts told me at JCI's platinum division interims presentation: "Train smash at Rusplats".

The analysts take themselves very seriously when it comes to forecasting the results of companies. I gathered that almost all of them had been expecting better things from flagship Rusplats, whose earnings halved.

The share price, already down from R70, shed another 10% to R59,50 before rallying.

Managing director Barry Davison pointed out before discussion of the actual numbers that production costs had been incurred through the expansion of production at the Amandelbult section, but that not all corresponding revenue had accrued.

In a departure from normal practice, Mr Davison also provided details of the capital expenditure -- R360-million in ongoing renewals and replacements and R20-million on expansion for the year to June 1993.

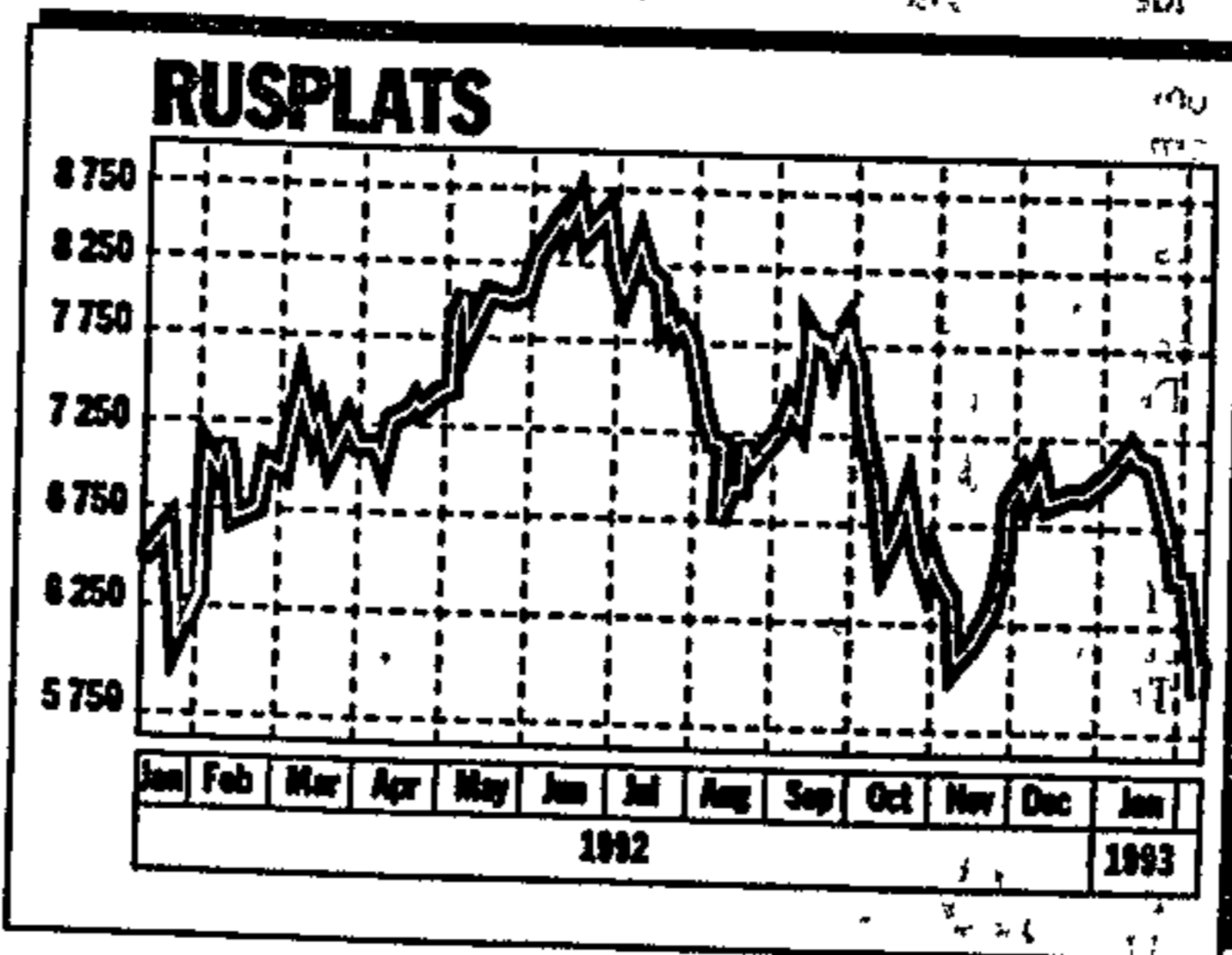
Average prices realised by the group were up a bit for platinum and palladium, but down a lot for rhodium and nickel.

Gross revenue at Rusplats was down 6% to R1,41-billion and although the on-mine cost of sales jumped 16% to R905-million, unit costs were only 5,8% up.

Reduced stock increases gave rise to other accounting differences and the net outcome was a halving in earnings to 88c a share and a 29% cut in dividend to 62,5c.

He said the fundamental outlook for platinum and associated metals was strong, but until the world economy was perceived to be improving, commodity prices would continue to be depressed.

Rusplats was in a marvelous position to benefit when the recovery came, and its R539-million cashpile would allow it to withstand a period of weak prices.



Mr Davison discounted any negative effects the development by Johnson Matthey of orbital and lean-burn engines might have on the demand for platinum. Orbitals are supposed not to need a PGM catalyst, but he said that lean-burns will

JCI's other two platinum companies had mixed fortunes. Lebowa Plats continued to make losses, but not nearly as fast as before. Revenue, tonnage and ounces produced all climbed and unit costs and metal-borrowing fell.

But, said Mr Davison, better prices were required before prospects could improve.

At developing mine Pot-

gietersrust Platinums, things could hardly be better! Everything is on or ahead of schedule, the first concentrate is due to be toll-treated by Rusplats at the end of May, and the cost might be lower than forecast.

The cherry is the resolution of the challenge to PPRust's mineral rights. Shareholders were warned in July of attempts by other parties to persuade the Lebowa government to repudiate or breach agreements reached with the company. It has now been notified by the authorities that leases have been granted.

● Mr Davison declined to comment on speculation regarding JCI's purchase of a stake in Johnson Matthey.

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SA set for major role in developing Mozambique

(218)

SOUTH Africa may only have a minor role in the current peace process in Mozambique but it seems destined to play a major role in that country's post-war development.

In fact, South Africa is set to become Mozambique's biggest investor, trade and tourism partner and foreign friend, according to the head of the South African Trade Mission in Maputo, John Sunde.

South Africa does not yet have full diplomatic relations with Mozambique but it is the nature of the relationship that matters, says Sunde.

"We are on excellent terms with our African brothers, the Mozambicans" he said "If we are both to survive in the new world economic order we must

stand together along with other southern African nations to form a common market capable of competing with the European, American and Japanese markets," he said

He said it was only a temporary situation that the mission did not fly the South African flag and there was no ambassador in Maputo

"We need to look 10 years down the line when South Africa is fully integrated into the region New trade, aid and co-operation links will have to be set up."

And these are already being established with Maputo.

Sunde sees great potential in tourism between the countries and is confident this will increase with the establishment of peace in Mozambique

Despite its shady role in the power struggle for the former Portuguese colony, South Africa will become Mozambique's biggest partner in trade and development once peace is established, MARCO GRANELLI reports from Maputo.

He said 4 000 visas had already been issued to Mozambicans wishing to visit South Africa in the first three weeks of this year, compared with 9 500 for the whole of 1988

"It is a clear indication of their business and tourism interests in our country," he said South Africa is a member of only one of the nine commissions set up by the United Nations to monitor Mozambique's return to peace. As a player in CORE, the Commission for Reconstruction, the Republic will

help in the restoring of areas devastated by the war This includes the provision of housing for demobilised soldiers

But Sunde said the South African Government was eager to get more involved in reconstruction and redevelopment. "Financial assistance is proving difficult because we have our own development needs at home, but we can't ignore the Mozambicans and we are investigating ways we can help without providing money," he said. In this area South African ex-

pertise and knowledge could be important.

"We have taken a look at the United Nations' list of what is needed for Mozambique's reconstruction and many of the training and education needs can be met by South Africa."

Already South Africa has set up a centre, sponsored by the Department of Agriculture, to train farmers

Another project in which South Africa has been involved is the upgrading of Maputo's harbour

But it is not only in its official capacity that South Africa is renewing links with Mozambique. Trade, industry and tourism links are being forged almost daily by South African companies

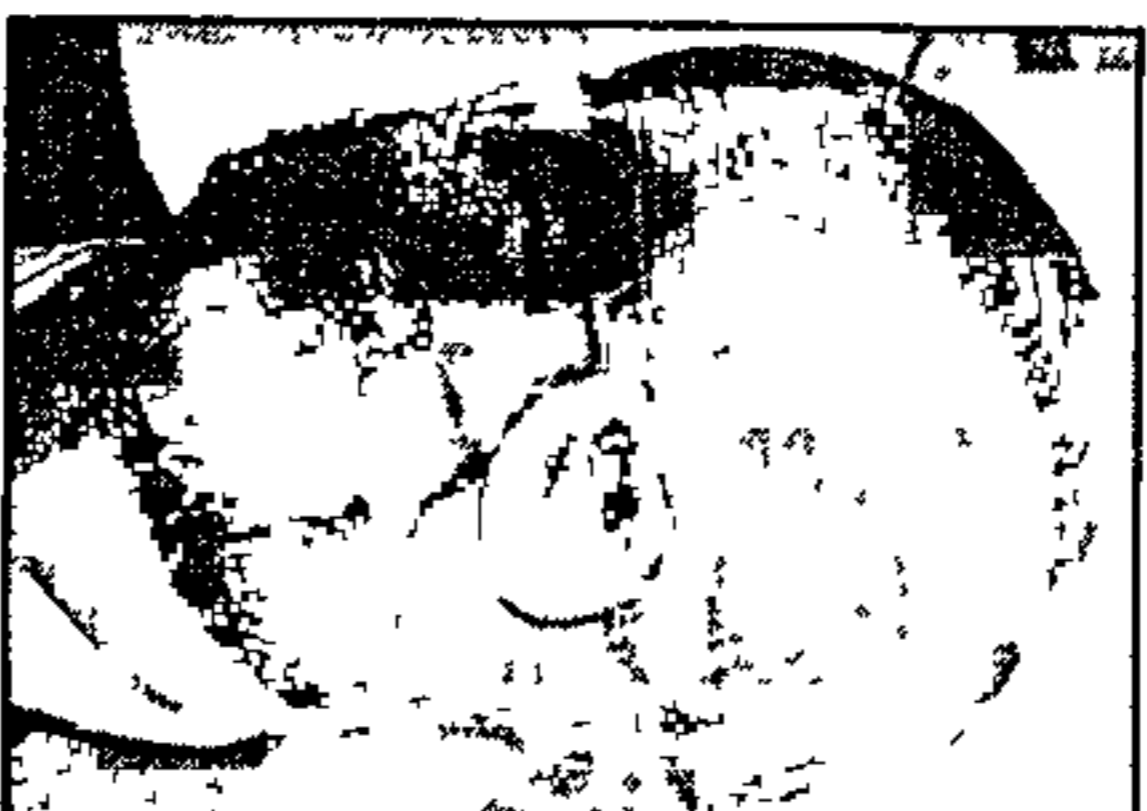
Last year South African firms invested more than

R90 million in Mozambique, mainly in agriculture and tourism. The Office for Foreign Investment Promotion in Maputo says it cannot keep up with the queries from South Africans

"There are almost too many South Africans wanting to invest here," said Musa Usman, vice-president of the office.

South Africa is already the largest exporter to Mozambique and more companies are investigating trade links as the political situation in Mozambique normalises.

For example, a group of South African doctors plans to establish a clinic in Maputo and has already imported the equipment and secured premises. The clinic will begin operating as soon as approval is given by the Mozambican government. — Star Africa Service □



John Sunde . . . It is the nature of the relationship that matters.

JCI likely to maintain dividend ⁽²¹⁷⁾ analysts

Blomby 9/2/93

JCI was expected to maintain its 1992/3 half-year dividend at 42c a share in spite of sharply lower income from its major mining interests, analysts said yesterday.

JCI's results are expected out tomorrow, when it may also state whether it is bidding, as speculated, for part of the UK-based platinum marketing and refining company Johnson Matthey, analysts said.

They said JCI was unlikely to cut either the 42c half-year dividend or final of 90c

"The situation is the worst it's been in years, but it will drop dividend cover before cutting the dividend," Mathison Hollidge research chief Rob Gillan said

Its 1991/2 dividend cover of 2.3 times earnings was above the sectoral average and it had room to lower it, he said.

Earnings forecasts ranged from a static 113c a share in attributable earnings to about 100c, with harder-hit equity accounted earnings falling to about 116c a share from 134c.

Analysts said despite tough domestic trading conditions because of the recession and drought, they expected maintained or improved income from its industrial and property interests, which constituted 43.7% of total equity accounted earnings in the past financial year.

But the forecast improvement would not offset the continued fall in income from its major commodity exports, they said.

Market conditions had generally deteriorated since JCI chairman Pat Retief said last September he did not expect the group to maintain earnings in the current year.

Rustenburg platinum holdings, the single largest company contributor to earnings, recently announced worse-than-expected results.

Its share earnings plunged 50% to 87.9c for the six months to end-December and it cut its interim dividend to 62.5c from a previous 87.5c.

Far from its optimistic forecast last year, ferrochrome subsidiary Consolidated Metallurgical Industries slid deeper into the red, reporting a loss of 62c a share for its recent half-year versus a loss of 7c and passed the dividend.

Analysts said JCI's income from its coal and base metal interests, as well as its unlisted diamond interests in the De Beers Central Selling Organisation would be well down.

Income from its gold mining investments, the star of which is Randfontein Estates, continues to improve, but it is still off a low base — Reuter.

Star 10/2/93
Oxfam worker killed

MAPUTO — Two vehicles in a convoy passed safely over a landmine but a third detonated it, instantly killing an official of the British charity, Oxfam, and a Renamo officer.

Both Renamo and Frelimo had believed the road to be unmined and several other convoys had used it without mishap. — Star Africa Service.

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Star 10/2/93

JCI's overseas interests may get separate listing

By Sven Linsche
and Stephen Cranston

JCI is considering listing its overseas interest separately after buying a 10 percent stake in UK platinum marketer and refiner Johnson Matthey (JM)

Minorco and JCI yesterday settled their apparent dispute over control of JM, by acquiring a joint 20 percent interest from Charter Consolidated.

JCI chairman Pat Retief said at a press conference yesterday that its purchase consideration would be settled in two tranches of £48,6 million each, one on completion of the deal and the second three years after that date.

Retief said JCI would finance the acquisition from existing offshore resources and from offshore borrowings and had received Reserve Bank approval for the transaction.

A separate listing for its overseas interests would allow it to finance future borrowings and serve as a vehicle for its offshore activities.

Platinum

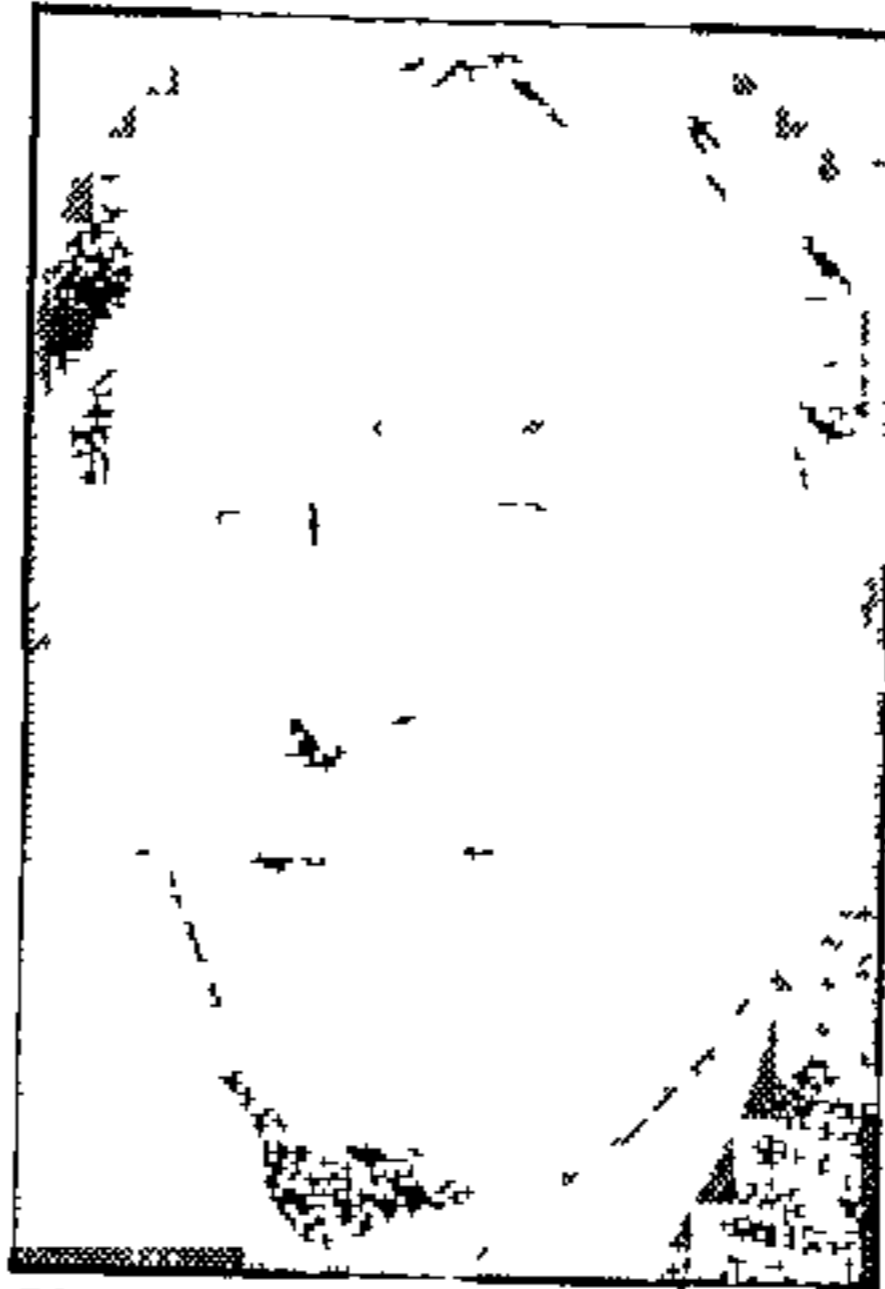
The deal was significant for both JCI and JM "because of the shared interest in the future development of the market for platinum group metals."

JCI's equity earnings could improve slightly as a result of the acquisition.

Charter Consolidated, in which Minorco holds 36 percent, will receive a total of £188 million (about R880 million), equal to 490p per JM share, from JCI and Minorco.

Charter's remaining 18 percent stake in JM will be bought by merchant banks Barlays de Zoete Wedd and UBS Phillips & Drew for about £154,6 million to be placed in the London market.

In a statement Minorco said it would pay £90,6 million in cash for its 10 percent stake.



Chairman Pat Retief ... JCI unlikely to cut dividend.

The announcement of the deal coincided with the release of JCI's interim results for the six months to end-December.

Retief said the group had performed reasonably given the poor state of commodity markets.

Attributable earnings fell by over six percent to R155,6 million (R166,1 million), while equity accounted earnings were 7,4 percent lower at R176,5 million from R190,6 million.

Earnings were buoyed by JCI's industrial investments such as SA Breweries, Premier, Argus and Times Media — all of which reported increased earnings — but depressed by lower earnings from its platinum interests.

JCI's diamonds interest reported a 19 percent earnings decline, while coal's earnings were disappointing and gold mines were forced to continue with strenuous cost-containment efforts.

Attributable earnings a share for the period dropped 7,1 percent to 105c (113c), while equity accounted earnings fell 7,8 percent to 119c (129c).

An unchanged interim dividend of 42c is being paid.

Retief said results for the full year were likely to be significantly lower but the group was unlikely to cut the dividend.

JCI acquisition will boost mining, research operations

8/10/93 10/2/93 (217)

THE £100m acquisition by Johannesburg Consolidated Investment (JCI) of a 10% stake in Johnson Matthey (JM), the UK-based precious metals group, is unlikely to prove to be the most lucrative deal the mining house will sign.

However, it does consolidate JCI's platinum mining and research operations, and may prove to be a useful base for the group to realise its ambition of setting up an offshore mining arm.

The transaction was triggered by the determination by Charter Consolidated — vendor of the 38.3% stake in JM — to establish its position as an industrial conglomerate independent of the wider Anglo American group. JCI denies its involvement was spurred by pressure from Anglo to keep JM firmly in the family.

JCI and Minorco have bought 20% of Charter's stake in JM for a total of £188m. They are paying 490p a share for the 37.4-million shares, compared with the 455p market placing of the remaining 18% stake through London stockbrokers.

JCI's investment will be financed mostly by borrowings and dividends from offshore investments such as the diamond trading companies. But it will generate only a 2% yearly return — JM's historical dividend yield — at a time when capital spending

MATTHEW CURTIN

commitments and weak commodity prices have started to dent JCI's balance sheet.

At first sight, the fact that JM is a sound business, highly rated on the London Stock Exchange on an earnings yield of 5.1%, and fits JCI's platinum interests, does not seem justification enough for the purchase at that price. However, the close links between JCI and JM because the company is Rustenburg Platinum's sole marketing agent and, more importantly, its technology partner, may hold the key.

JM spends £20m a year on research and development, critical for maintaining Rustplat as industry leader, and potentially at risk if a non-Anglo group controlled JM.

The structure of the deal limits its impact on JCI's earnings and borrowings. JCI is paying two tranches of £48.6m, the second due in three years' time.

Corporate finance GM Chris Tayelor says the first tranche will be mostly financed by borrowings and JCI's limited offshore cash reserves, but financing costs will be matched by JM's dividend contributions. With regard to the second tranche, group strategy and public affairs consultant Nick Segal says the group has "plenty of time and a range of options .."

JCI buys slice of Johnson Matthey

B/DMM 10/2/93 (217)

JONO WATERS

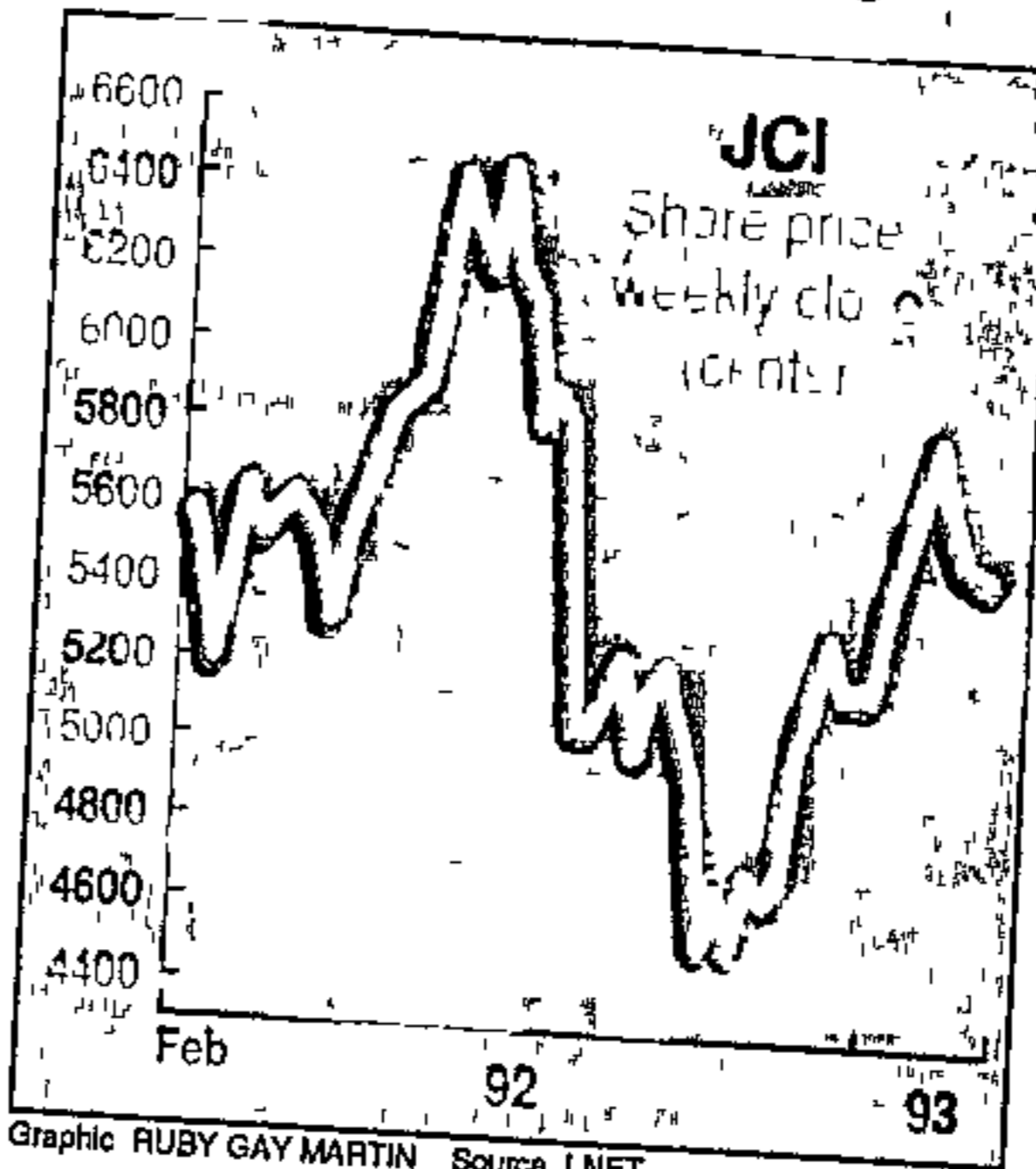
JCI would spend £97.2m on a 10% stake in Johnson Matthey (JM), JCI chairman Pat Retief announced at a briefing in Johannesburg yesterday.

The deal would be financed by a mixture of offshore assets and borrowings. The transaction consisted of two payments and had Reserve Bank approval.

The first payment of £48.6m was due on completion of the deal and the second of £48.6m in three years time, unless JCI took the option to settle early. Interest payments were included in the price.

Minorco also took a 10% stake in JM but would pay £90.6m in cash on completion of the deal. JCI's and Minorco's interests in JM of 36.98-million shares were acquired through a new company which they would control jointly.

Retief said it would have been "rational" to take a 20% interest, but JCI took a 10%



Graphic RUBY GAY MARTIN Source I NET

stake as it was as much as it could afford. The acquisition would not significantly

To Page 2

JCI B/DMM 10/2/93

weaken the group's balance sheet. JCI could separately list its overseas assets in order to finance borrowings and this could become a vehicle for JCI's activities overseas, he said. He would not disclose the value of JCI's overseas assets.

Asked why JCI had acquired the stake, Retief said it did not want JM, the marketing agent for JCI's platinum interests, falling into "unfriendly hands". The acquisition would provide a "new dimension" to the relationship between the two groups.

Earlier at the briefing, Retief released the interim results for the JCI group, which maintained its interim dividend of 42c a share in the six months ended December 1992, despite a 7.1% fall in earnings to 105c (113c) a share.

Turnover fell 5.7% to R166m (R176m) and tax was almost unchanged at R10.1m (R10.3m), which reduced attributable earnings to R156m (R166m). The group retained R93.5m (R153m).

Retief said the past six months had been

(217) From Page 1
difficult and under the circumstances the group had performed very well. "Just about every commodity is suffering at the moment."

There was not a large fall in earnings, which said a great deal for the group's mining and industrial interests.

Platinum was the biggest sufferer with a 50% fall in after-tax profit from Rustenburg Platinum, but coal was also disappointing, he said.

Improved efficiencies and cost-containing measures at the group's gold mines had resulted in a better performance from the gold producers, especially Randfontein.

The outlook was not good and results for the year were likely to be "significantly" down on the 1992 financial year, Retief said. However, the group was well positioned to take advantage of an upturn in commodity prices.

● Picture Page 3
● See Page 8

Star 11/2/93

Johnson Matthey deal dilutes Anglo's stake ⁽²¹⁰⁾

By Neil Behrmann

LONDON — Minorco's direct stake in Johnson Matthey paradoxically places the company in a stronger position with US regulatory authorities, company officials say.

Some analysts are concerned about Minorco's 10 percent direct stake in Johnson Matthey because it also has a 30 percent holding in Engelhard — another autocatalyst and precious metals refiner that is based in the US

These analysts contend that Minorco would encounter problems with US anti-trust regulators if it were to bid for Engelhard sometime in the future.

A Minorco spokesman said however, that US regulators would not look at Minorco in isolation. It would examine the entire Anglo American holdings and links.

Previously, through Charter,

the Anglo group owned a 38,3 percent stake in Johnson Matthey.

Now 18,3 percent of this stake is being sold on the market, leaving the Anglo group with the much lower holding of 20 percent.

This interest is via a new company called Newco, which will be jointly owned by Minorco and Johannesburg Consolidated Investment (JCI).

The spokesman said that since Minorco regarded its 10 percent holding in Johnson Matthey as a direct investment it would equity account the holding.

More flexible

Thus earnings of Johnson Matthey will be credited to the company's profit and loss account. Minorco previously held 14 percent of its Johnson Matthey investment indirectly through Charter

Johnson Matthey would also be a much more flexible investment, now that it had a direct holding.

Charter Consolidated announc-

ed on Tuesday that it had agreed to sell its 38,3 percent stake in Johnson Matthey for around £342 million (R1,5 billion).

It sold 20 percent, or 37 million of the shares, to Newco for £187,8 million (R845 million).

The remaining 18,3 percent, or 33,9 million shares, are being placed on the market by Barclays De Zoete Wedd and UBS Phillips & Drew for £154,6 million (R688 million).

Charter directors said at a press conference there was no reason to hold on to Johnson Matthey, since they had little influence over management.

Although the Johnson Matthey holding accounted for 50 percent of Charter's market capitalisation, Charter did not have direct access to the company's cash flow.

Robert Davies, an analyst of Lehman Brothers International, said the 10 percent holding in Johnson Matthey was obviously a strategic investment of JCI, "but it is an expensive purchase."

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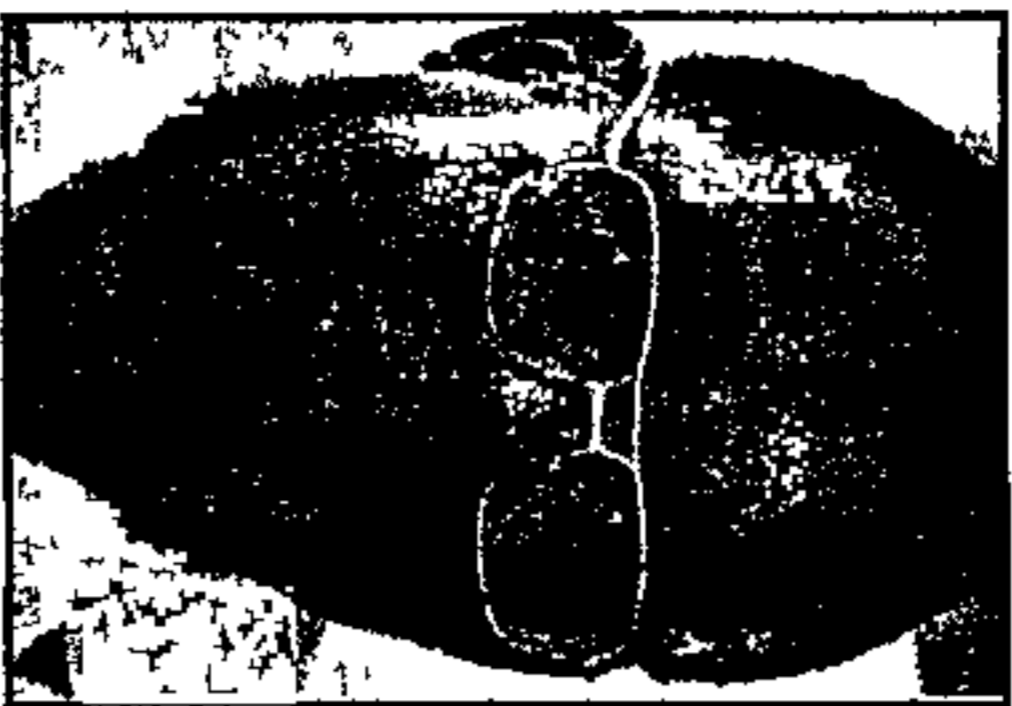
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A new game called democracy

Star 11/21/93
(218)



Newcomer to politics.
Mozambique United Front
leader Domíngos Arouca

DEMOCRACY is a new concept to most Mozambicans but they are enjoying it.

Before 1990, Mozambicans had known only Portuguese colonialism and one-party Marxism. Then the ruling Frelimo party did an about-face and abandoned Marxist ideology.

Now, however, the country is preparing for its first multiparty elections under the peace accord signed in Rome last year.

New political parties are sprouting like mushrooms and the local press is having a field day with the tentative first

steps of the inexperienced new politicians.

After a tottering start, opposition leaders have started flexing their muscles and the news media are filled with heated debate, disagreement and even slander. In Maputo, people are viewing the process with some scepticism and much humour.

Only four months ago there was only one registered political party, now there are eight. In addition to Frelimo and Renamo there are the Mozambican Nationalist Movement (Mozambique United Front (Fundo), the Mozambique National Union (União), the National Convention Party (PCN), the Mozambican People's Progress Party (PPP), and the Democratic Party of Mozambique (Pudemo).

All the new parties registered

Mozambicans, long starved of democracy, have begun exercising their new political freedom with relish. Eight new parties have registered, all supporting a free market. MARCO GRANILLI reports from Maputo for The Star Africa Service

with the Ministry of Justice support a free-market system.

Despite Renamo's claim to have massive support, most political observers believe Frelimo will remain in power.

A view widely held in Maputo is that Renamo has achieved its objective of bringing democracy to a one-party state and should gracefully bow out and let the new politicians take over.

However, Renamo is deter-

mined to come out of the bush

and join the political race as a

legitimate contender. From its small, inconspicuous office in Maputo it hopes to gain recognition as a political rather than a revolutionary force.

The means Renamo used to gain its end are still fresh in many people's minds, however. Horror stories of barbaric acts of terrorism and intimidation are still recalled. Renamo denies responsibility for these acts

and blames them on bandits, but many people are unconvinced.

In Maputo there is little sign of a coming election, no banners, posters, political meetings, marches or rallies. These things will come, political leaders say, closer to the election. For now, the battle for votes is being waged in the press.

While each of the parties has chosen a leader to contest the presidential election and is intent on fighting the contest on its own, rather than in coalition, the prevailing opinion in Maputo and Renamo have a chance of success.

This has not stopped anyone from enjoying the new freedom of political activity, however.

Pudemo leader Vebua Ripua, for instance, has called for the capital to be moved from Maputo to the central district of Mopela because that is exactly in the middle of the country.

Ripua does not seem to be troubled by the fact that Mopela is not on any railway line or major road, has no telecommunications link with the rest of the country, has no airport and is 120 km from the nearest port — which is far too small for ocean-going vessels.

To foreigners familiar with multiparty politics, the establishment of parties with little support and unrealistic policies might seem a waste of time and money. But to a country dealing for the first time with the notion of freedom of choice, it is an essential exercise in the adoption of democracy. □



Holding the fort in Maputo
Renamo secretary-general
Vicente Ululu

COMPANIES

Supply threat pushes platinum price up

PLATINUM climbed to its highest level in four months yesterday because of renewed threats of a fall in Russian supplies, market sources said. *4017 11 293*

The metal was fixed at \$368/oz, up 25c from the morning fix Palladium, which recently touched its highest levels in two-and-a-half years, was trading unchanged at \$117.50/oz

AFP reported there was concern that Russia had not renewed supply contracts agreed with several countries last year

JONO WATERS

The news agency said there were fears for the fall was as a result of problems on the mines and not for bureaucratic reasons given by Russia *(217)*

An agreement between Japan and Russia to supply platinum only during the first quarter had confirmed fears as market players had expected the contract to be signed for the whole year, AFP said

Fairheads umbrella fund catches eye

CAPE TOWN ^{BIDA} - Fairheads Asset Managers managed an equity portfolio worth more than R300m at the end of 1992 and achieved a return of 20,3% on its Umbrella Provident Fund last year, portfolio manager Andre Joubert said yesterday. The fund incorporates a number of small to medium size companies Benefit funds managed by Fairheads totalling R100m, with the balance of the equity portfolio invested on behalf of individual clients. Joubert said equities provided the basis for last year's performance, generating a return of 24% with the largest holdings at

^{11/2/93}
year-end being those in Dimension Data, Trecor, Anglovaal Industries, Utico and Mutual & Federal. Equities represented 58% of the portfolio, property interests were kept at 10%, while the balance was invested in cash and bonds.

Joubert said Fairheads had been invited to participate in the 1993 Alexander Forbes Survey of Investment Managers and hoped this would establish the group's credibility in the market.

LINDA ENSOR (217)

GENCOR BEHEREND

FM 12/2/93

217

Pedestrian financial performance

Activities: Investment company whose sole interest is ownership of 54,8% of Gencor

Control: Sanlam 54%

Chairman: M H Daling, MD B P Gilbertson

Capital structure: 834m ords Market capitalisation R7bn

Share market: Price 840c Yields 4,8% on dividend, 10,6% on earnings, p e ratio, 9,4, cover, 2,2 12-month high, 1 115c, low, 770c

Trading volume last quarter, 2,5m shares

Year to Aug 31	'90	'91	'92
Dividend income (Rm)	257	277	322
Taxation (Rm)	2	1	1
Attributable income (Rm)	805	764	687
Earnings (c)	113,9	108,1	89,2
Dividends (c)	35,5	38,0	40,0
Net worth (c)	975,3	1 116,8	991,8

Gencor Beherend's annual report for 1992 is about as inspiring as a visit to the dentist. In other words, it is painfully boring. Of course, the company's sole reason for existence is to hold Sanlam's control of Gencor. Being a conduit emphasises its dullness.

The company's financial performance was understandably pedestrian. Dividend income rose an encouraging 16%, in an inflationary era it is always great to beat the index. But attributable income fell to R687m from R764m: that is a decline of 10%, and occurred because of a reduction of R124m in its share of Gencor's retained income.

And therein lies a tale. Gencor's total retained income fell by R225m, largely because of the mining house's need to subscribe heavily in major capital projects. Beherend itself was obliged to turn to its shareholders to enable it to fund its obligations to Gencor, and raised R1,14bn in a rights issue.

Chairman Marinus Daling carries the same message as most of the industry's captains: demand for Gencor's products declined in another year of international economic gloom. And demand weakness was reflected in sharp falls in world commodity prices. "With few exceptions," complains Daling, "export prices received were well down on the levels achieved in the previous year."

For some reason, ever since Gencor former chairman Derek Keys first expounded on the

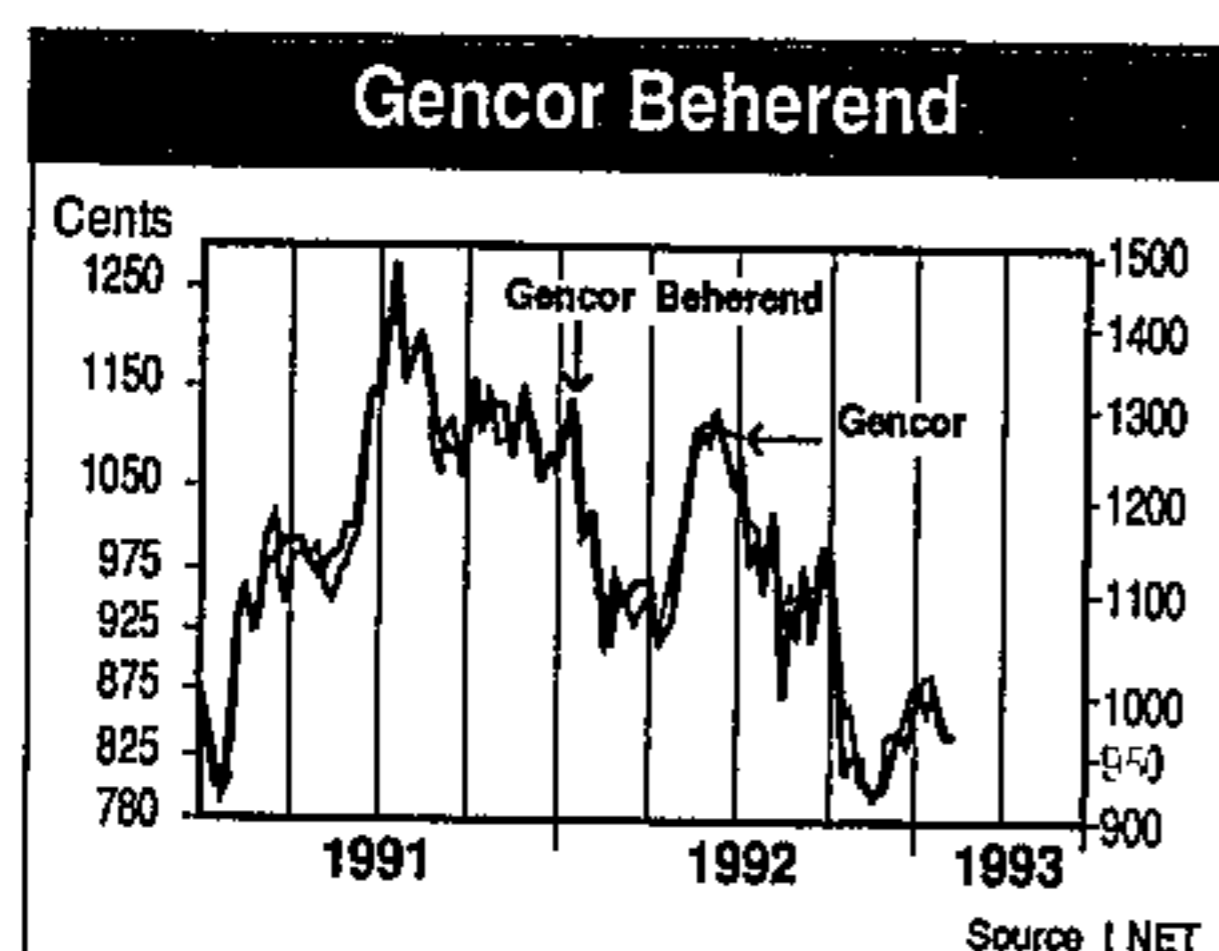


Beherend's Daling export prices well down

subject, Gencor companies have found a reference to the question of unbundling *de rigueur*. Daling is similarly impelled in his chairman's statement this year. Unfortunately, he casts no new light on the subject. We are dealing with the matter, he says.

There is little reason for investors to prefer this company to a direct holding in Gencor unless it is because, in the JSE's perverse way, it is suddenly available at an attractive discount to its sole underlying asset.

David Gleason



RUSPLAT/LEBOWA/PP RUST
FM 12/21/93 (217)
Counting the costs

The 8% drop in Rustenburg Platinum's price from R65 to R59,50 when Rusplat's interim results were released last week underlines the market's disappointment at a performance below most analysts' expectations

Though lower revenues on metal sales were expected in view of the weak market for platinum group metals (PGM), the jump in working costs was not — and it took a number of analysts by surprise. Cost of sales rose 23,4% to R1,05bn (previous interim, R848,7m), so profit on metal sales was slashed by 49% to R286,8m (R558,5m)

Rusplat MD Barry Davison says much of the increase was accounted for by changes in stocks. When the inventory effect is removed, the actual increase in cost of sales was 12,5%. That translates to an increased unit cost per ounce of platinum produced of just 5,8%.

Some analysts remain unimpressed, pointing to the 15,7% jump in on-mine costs, which reached R905,5m (R782,9m). Compared with performances of the better companies in the gold and coal sectors, that is excessive

Davison rejects this, pointing out the rise in on-mine costs results mainly from the increase in production from Rusplat's expanding Amandelbult section. He adds that, while the working costs from the Amandelbult expansion are reflected in these results, not all the revenue from the additional production has been brought to account. Delays in revenue receipts are caused by the lengthy refining pipeline for PGMs

Otherwise, Rusplat is holding its own under trying times for the platinum producers and, with the Amandelbult expansion now complete, will be able to improve its cash position and sit out what looks like another year of flat prices

Capex was reduced to R176,9m (R240m) and is forecast at R380m for the June year, down 17% on the 1992 level of R459,3m. Fergusson Bros analyst Philip Marillier says that, despite the halving of earnings, Rusplat's cash flow is no worse than a year ago. He expects the cash position to improve in the coming year because of lower capex

Marillier estimates EPS for the June year

* continue

FOX FM 12/21/93 (217)

of 215c, 35% down on last year's 321c, and a total dividend of 175c, 31% down on the 1991 total of 230c. Other analysts are not so generous on their dividend expectations, looking for total payouts as low as 125c. Rusplat dropped its cover from 2 to 1,4 to pay the 62,5c interim, but Davison warns this does not signify a change in cover for the full year.

Some analysts believe the share is still expensive — forecast dividend yields range from 2% to 2,9% — and the price could fall further and so provide buying opportunities.

Lebowa Platinum showed a markedly improved operating performance, with platinum production up 48,5% on the six months to December 1991 and 22,4% higher than the six months to June 1992. The after-tax loss of R9,4m is unchanged from the six months to December 1991 but represents a R10,1m improvement on the R19,5m lost in the six months to June 1992

Mining operations will be kept at the present 70 000 t/month because of the depressed market. This company owes its continued existence to JCI's concern about protecting its overall mineral rights position in Lebowa. Otherwise, Lebowa Plats could well have been closed by now. It will need a strong recovery in the platinum market before the share is worth buying

Good news from **Potgietersrust Platinums** is that the mineral rights situation has been cleared up for once and for all, with mining leases granted by the Lebowa government. First concentrate from the mine is due to be shipped to Rusplat for toll-smelting and refining by the end of May

The share has more than doubled in the past six months to around R10, but the increase might have been overdone. At least one broker is advising clients to wait for the share to drop below R8 before buying

Brendan Ryan

JOHNSON MATTHEY/JCI/CHARTER/MINORCO

FM 12/2/93

Shuffling the assets ~~210~~ (217)

The much discussed and long-awaited sale of Charter Consolidated's 38.3% holding in UK platinum refiner and marketing giant Johnson Matthey (JM) was finally consummated this week. And, true to expectations, mining house JCI is a major buyer.

JCI and Luxembourg-registered greater Anglo American group sister company Minorco jointly took up nearly 37m of the JM shares on offer at £4.90 a share, for a total consideration of £187.8m. JCI and Minorco will establish a new company to hold the shares, effectively 20% of JM's issued equity. The domicile of the company hasn't been decided.

However, the arrangements are complicated by JCI's inability immediately to meet its full commitment. An arrangement has been struck between Charter and JCI, in terms of which JCI will pay an initial tranche of £48.6m, followed by a subsequent payment in three years of a like amount.

That means, of course, that Charter is bankrolling JCI's investment. JCI chairman Pat Retief describes it as a "deferred payment" arrangement, which carries an interest burden. Retief says the interest obligations were factored into the calculations in arriving at JCI's tranche payments of £48.6m each. Charter financial director Nigel Robson says the interest rate applied has been pegged at 5%, "rather better than we can get now in the UK money market."

JCI is arranging to make its first payment from what it describes as "existing offshore resources and from offshore borrowings," and the approval of the Reserve Bank has been obtained. Effectively, that means JCI is able to apply the commercial rand rate of exchange. Retief declined to reveal the nature of JCI's off-shore investments other than to confirm these are sufficiently substantial to support the deal (The diamond trading investments, perhaps?).

One area which has surprised some analysts is the involvement of Minorco in the deal. It was felt that Minorco would run into insuperable regulatory problems because of its direct holding in Engelhard Industries (a large US platinum refiner). Minorco's response is it is exchanging an indirect holding of about 14% in JM through Charter for a direct holding of 10%, which hardly constitutes an excessive concentration of power.

Meanwhile, the balance of Charter's holding in JM — another 34m shares or 18% of JM's equity — was taken up by two London brokers, at a strike price of £4.55 a share. That compares with the price paid by JCI and Minorco, effectively £4.90 and the present price on the LSE of £4.75. These shares were immediately laid off with a range of UK institutions.

The entire transaction, said in some UK newspapers to be another shuffle by Anglo of its worldwide interests, was inspired, in fact, by the declared desire of Charter's CE Jeffrey Herbert to make active use of the company's single largest asset.

Charter's investment in JM represents about 55% of the company's asset base, being required in the interests of wider Anglo considerations to sit on such an amount as a passive investment was, to Herbert, an intolerable imposition.

"This is an excellent deal for Charter's shareholders," says an exultant Herbert. "It is right for Charter to convert an asset which we do not control into cash which we do."

And it is a lot of cash — about £293m almost immediately, with £48.6m to follow in three years' time. What will Charter do with it? One option is to buy back from Minorco its 36% holding in Charter, a move which would take Charter forever out of the Anglo orbit.

"That," says a Charter spokesperson, "is definitely not Herbert's intention, though it is an alternative. We are much more likely to make strategic industrial acquisitions. Another suggestion is that a special dividend should be declared. That has more or less been ruled out on the grounds it would be tax inefficient."

In summary, this has been a re-arrangement of chairs which will probably benefit Charter, given its desire to become a true industrial conglomerate, and will achieve little for the other Anglo group participants. Retief speaks ebulliently of the prospects which this creates for greater co-operation between JCI, Rustenburg and JM.

If the truth be known, those opportunities have never needed a shareholding relationship to bring to fruition. It is Charter and, by extension, Herbert, who score from this deal. And SA investors will watch the progress Charter, a solid rand hedge stock, will make.

David Gleason

JCI

Worse to come

The figures show JCI held up well at the interim stage, but there's worse to come in the second half, according to chairman Pat Retief, who declines at this stage to comment on whether the final dividend could be cut.

In his last annual review, Retief warned of lower attributable earnings this year and, at this week's press conference, he stressed results for the year to June will be "significantly lower."

Attributable earnings at the half-way

stage were only 7% down. Retief considers this a reasonable performance in the circumstances. Those circumstances include depressed prices for every commodity in which the mining house is involved and worsening trading conditions in SA for the major industrial groups in which JCI holds stakes, such as SAB (15%-held by JCI), Premier (29.2%) and Argus Holdings (22.7%).

The 1992 financial year was the first in which JCI's industrial and property interests contributed more to earnings than its mining investments. Retief says that trend has continued into the 1993 year, as dividends from major mining investments like Rustenburg Platinum and the diamond interests continue to fall.

JCI has maintained its payout for the past three years and, after the maintained interim, is halfway towards the fourth consecutive year of pegged dividends. A cut final dividend is extremely unlikely, but that still leaves the share on a forward yield of 2.4% with the share at R55. Average yield for the mining house sector is 3.1%.

The share rose sharply at the end of last year from around R46, to a high of R58, before starting to slide. The Johnson Matthey deal provides few short-term incentives, though Retief stresses the acquisition will not weaken JCI's balance sheet. Even so, the counter could slide further back to R50-R53, which would probably represent fair value.

Brendan Ryan

SBIC FM 12/2/93

Bearing offshore costs

It may be partly a result of the hype around Standard Bank Investment Corp's offshore shopping spree and R650m rights issue but SBIC's 17% increase in EPS was significantly less than the market was expecting.

Even after taking into account the expected dilution in earnings from the rights issue, scrip dividends offer (withdrawn for the 1992 financial year-end after being introduced two years ago) and issue of shares for the purchase of ANZ Grindlays African banking operations, analysts were predicting EPS growth of at least 20%.

The additional 16.4m shares issued during the 1992 year dampened the strong 22.4% increase in attributable income. Extraordinary items totalling R200.4m (1991: R19.7m), most from financial rand rate write-offs for last year's foreign acquisitions, taken into the accounts at the commercial rand rate, diminished the retained surplus from 1991's R328m to R210m.

Setting up the offshore operations boosted

Lonrho hit hard by tumbling metal prices

LONDON — The falling price of precious metals had been a prime cause in making 1992 the worst year in Lonrho's 31-year history, the conglomerate's founder and CE Tiny Rowland said yesterday.

He announced grim profits, down from £205m to £80m with the recession-hit turnover tumbling £1bn to £3.9bn. Excluding income from disposals, the profit attributable to shareholders is just £9m.

Despite the disposal of their British VW-Audi distribution company VAG, and rights money raising £236m, Lonrho's debt, mostly short-term, remains high at £754m.

Earnings per share are down from 13.98p to 1.2p and Lonrho will pay a final dividend of 2p, making a total of 4p.

Turnover for southern Africa dropped from £439m to £400m with the region's profits diving from £65m to £17m. Good sugar results helped agricultural profits, down from £19m to £13m.

The worst overall results come from general trading profits plummeting from £35m to £14m.

Emphasising that the continental drought had added to business difficulties in Africa, Rowland told shareholders: "The past year has been the most difficult in your company's history. Falling precious metal prices have been the greatest concern. The depressed world economy has hurt many of Lonrho's businesses, despite our diversification."

Rowland, who for the next three years will share his authority with new German joint CE Dieter Bock, said he retained high optimism for SA's future and Lonrho's business role in it.

There would be no disposals of core business in SA or southern Africa where Lonrho held a majority or close to it.

In advance of yesterday's sombre results, he had confirmed that they could dispose of minority stakes in Anglo American's Leeuwbosch and Eastern Gold Mines and would consider allowing Gencor to

increase its 27% stake in Lonrho's three platinum mines in SA.

Deputy chairman Paul Spicer said the company was not willing to "add or subtract anything" from speculation that they were considering involvement in an ANC-aligned newspaper venture.

"All we can say is that we have great optimism for SA's future and our relationships with all major parties there are excellent. We certainly want to contribute to progress," said Spicer.

He said despite the drought and "other problems" they had made record sugar profits and looked forward to reporting an improved overall result next year.

Lonrho spokesmen said there would be no strict demarcation of responsibility between Rowland and Bock, the biggest single shareholder with an 18.8% stake worth about £130m.

But it is widely anticipated that Bock will concentrate more on the financial side allowing Rowland more time to concentrate on investments in Africa.

Company sources said much more would be seen of Rowland in SA, in which he has a passionate interest.

Bock is reported to be more concerned about Lonrho's dented public image and wants to bring non-executive directors on to the board. He conducted a poll of opinion in the City of London before he purchased his big stake.

Lonrho remains secretive about the future of its remaining British national newspaper The Sunday Observer, which is losing heavily. The company has written off the Observer's "intangible" value of £117m.

The Evening Standard of London last night claimed that Dieter Bock had placed The Observer at the top of a pile of options for disposal. But the Observer's editor, Donald Treford, last night insisted: "We have no plans to sell The Observer."

IAN HOBBS

BIDM 12/2/92

217

Implats to take a knock ⁽²¹⁷⁾ analysts

JONO WATERS

IMPALA Platinum's (Implats) interim results due out on Monday afternoon would show a fall in earnings but not to the extent of Rustenburg Platinum (Rusplat), analysts said yesterday. *B10AM 12/2/92*
Rusplat posted a 50% drop in attributable earnings last week.

Davis Borkum Hare analyst Alex Wagner said results were coming off a lower base because earnings were down in the interim period last year from wildcat strikes and labour problems.

An earnings decline of about 28% to 145c a share was expected, with the dividend likely to be 10c lower at 45c a share.

Irish Menell Rosenberg analyst Dave Russell said it had been a long time since Implats had a "clean six months".

Metal prices were not down substantial-

ly and, as far as the market knew, there had been no labour problems or trouble at the operational level.

Mathison and Hollidge analyst Rob Gilan said the results would not be as severe as Rusplat's 50% fall in attributable profit. He expected earnings would be down 35% and the dividend would be cut by 23%.

Fergusson Bros, Hall, Stewart & Co analyst Philip Marillier said earnings should fall to 110c a share and the dividend would be cut to about 45c a share.

He said although there was a need for capital expenditure, capex would be kept low. But another analyst said it was likely that capex would be increased and the mine would increase its debt to fund it.

AFEX/CONAFEX

217

Curbed by the finrand

Activities: Luxembourg-registered investment company with interests in mining, agriculture and property in Africa and the US

Control: Conafex 53,7%

Chairman: D C Marshall

Capital structure: 6,54m ords Market capitalisation R29,4m

Share market: Price 450c Yields 8,9% on dividend, nil% on earnings, p e ratio, n/a, cover, n/a 12-month high, 450c; low, 450c

Trading volume last quarter, nil shares

Year to Sep 30	'89	'90	'91	'92
Turnover (US\$m)	20,7	32,4	44,0	40,5
Pre-tax profit (US\$m)	3,1	2,6	1,9	(0,6)
Earnings (SAc)	129	113	17,8	(14,3)
Dividends (SAc)	23,4	26,3	26,9	11,2
Net worth (SAc)	1 417	1 330	1 372	1 040

Afex is a company whose rather high hopes for the future as a classical rand hedge stock were dampened in 1992 by the severely constrained outlook of the Reserve Bank towards the use of the financial rand.

That compounded a year made more miserable than many preceding it by the savage southern African drought and the effective devaluation of the rand, as well as the steep devaluation of the Zimbabwean unit to the US dollar.

Afex is registered in Luxembourg and is listed in Luxembourg, London and Johannesburg. Its holding company, Consolidated Afex Corp (Conafex), is a pure pyramid of Afex; Conafex is listed in Luxembourg and

Star 16/2/93

Implats against the ropes

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By Derek Tommey

A \$13 drop in the platinum price and a \$1 579 (40 percent) drop in the rhodium price knocked the profits of Impala Platinum, the world's second-largest producer of platinum group metals, in the six months to December.

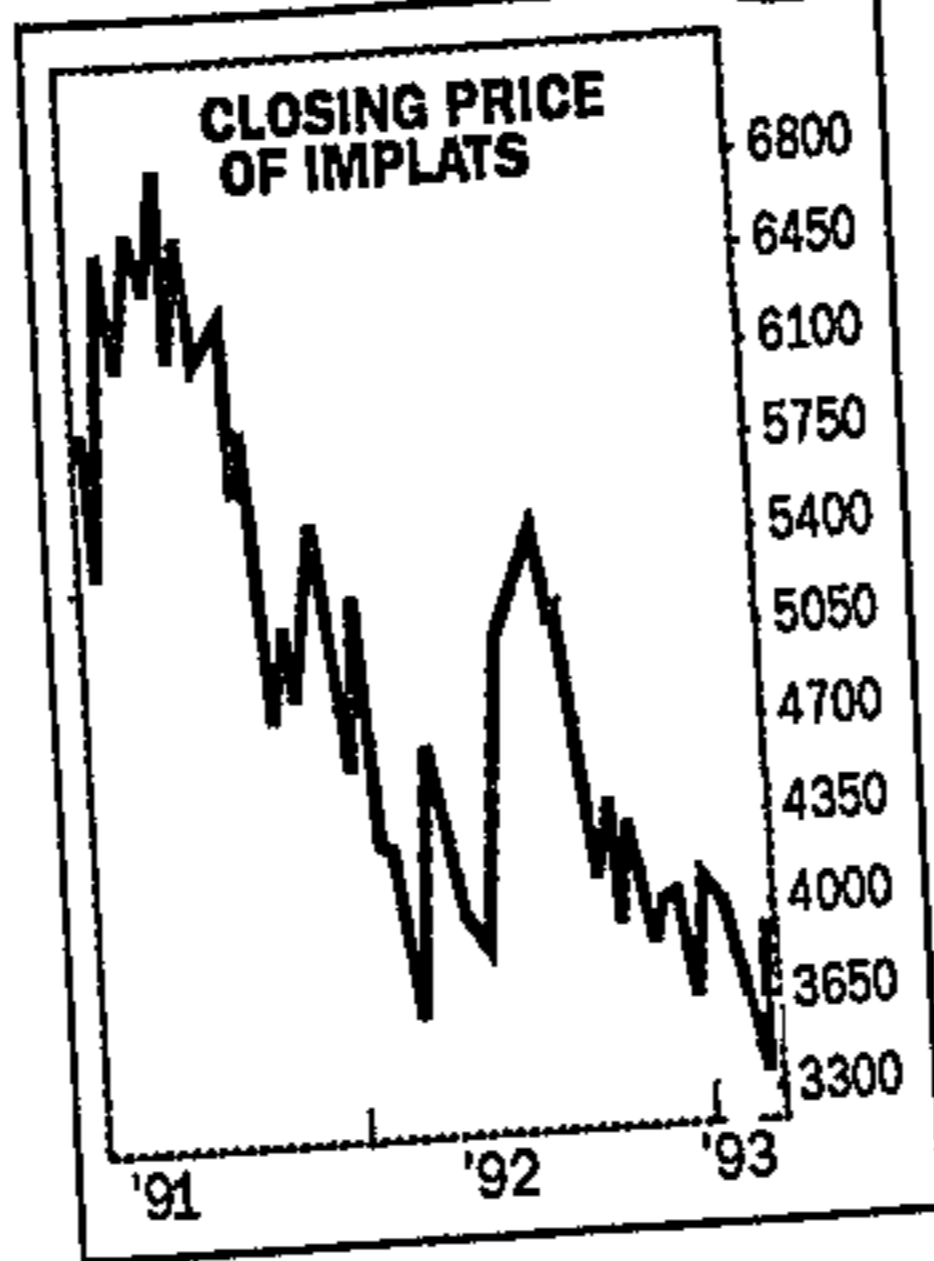
But a 16 percent expansion in platinum production to 514 000 ounces — which led to the cost of an ounce of platinum falling from R1 997 to R1 548 — and a 33 percent rise in rhodium production to 48 000 ounces helped cushion the effects of lower prices.

Earnings a share dropped by 25 percent from 200c in the six months a year earlier to 150c. The interim dividend has been reduced 18 percent from 55c to 45c.

Turnover dropped from R1,09 billion to R1,03 billion, while cost of sales, reflecting the higher output, rose from R820,2 million to R868 million.

Net income from platinum group metals production, after providing R26,8 million (R38,1 million) for capital expenditure on current capacity, dropped 36,3 percent to R137,6 million (R222 million).

The reduction in current cap-



ital expenditure led to an increase in tax payments. But with capital expenditure for future capacity also cut back, the tax provision against tax payments was sharply reduced from R106 million to R18,7 million.

This resulted in taxed income falling only 14,1 percent to R83,3 million (R97,0 million).

But this was not the end of Impala's tribulations. The passing by Western Platinum and Eastern Platinum of their dividends more than halved Impala's share of net income from associates, dropping to R10,5 million from R29,8 million a year earlier.

As a result, attributable in-

come fell 24,9 percent from R124,7 million to R93,6 million.

Altogether, Impala cut capital expenditure on current and future production to R60,1 million from R211,1 million a year earlier. But chairman, Michael McMahon says this low rate of expenditure could not be sustained.

McMahon says the company is managing a difficult situation very successfully. New life had been breathed into the organisation and it is now in better shape to survive present conditions and flourish when the upturn comes.

Process improvements at the concentrators, together with more efficiency at the new furnace, resulted in a record output of 559 000 ounces of refined platinum. This was more than Impala had expected and resulted in some having to be stockpiled. But this should be sold by the end of June.

A further reason for improved operations was the return to normal work patterns. The developing relationship with the Council of Worker Representatives enabled labour issues to be resolved without industrial action during the period.

In the past 18 months the labour force at Impala has been cut by 17 percent.

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War over but misery grows

(218)

MAPUTO — The lifting of landmines scattered across Mozambique during the war began in earnest last month, but for thousands of limbless Mozambicans it was too late.

Helping civilians who have lost legs to the mines is a sadly booming business in Maputo as victims stream in from remote villages for artificial legs, crutches or wheelchairs and perhaps to be taught to walk again.

At the beginning of this month there were 6 500 limbless people in the capital.

More arrive daily as roads closed by the war are reopened. Peter Poetsma, head of the International Committee of the Red Cross's orthopaedic section in Mozambique, fears that landmines in remote areas will not be lifted soon enough.

ONE of the saddest costs of Mozambique's civil war is counted in limbs — the legs of men, women and children blown off by landmines. MARCO GRANELLI reports for the Africa News Service from Maputo.

"Many people were spared injury from landmines because the conflict confined them to their villages. With the end of the war and the return of refugees, I fear we could have many more amputees."

Former Gurkha soldiers from Nepal, now working for a British company, recently began lifting the landmines from selected main roads to allow lorries to run into areas that have largely been cut off, opening the way for the Red Cross to truck relief supplies into famine-stricken areas.

Almost half the 3 500 limb-

less people the Red Cross has helped in the past 10 years are civilians; more than 200 are children.

Every morning about 50 war victims arrive at the Orthopaedic Centre in Maputo. They wait in a corridor in the hope that an artificial limb can be made to fit them.

But funds, equipment and materials are scarce, and in the past 10 years the Red Cross has made only about 3 500 artificial legs. Its capacity now is about 500 limbs a year.

Wheelchairs for those who lost both legs are crudely made

by a local bicycle manufacturer. The Red Cross workshop manages to make 3 000 pairs of crutches a year. Many of the crutches are distributed by food aid convoys to those who cannot reach Maputo.

But the glimmer of hope offered by the Red Cross is fading.

"We will be leaving Mozambique soon because our work is aimed only at war situations. Now that there is peace here, we will be leaving," Poetsma says.

He is trying desperately to find a sponsor for the Orthopaedic Centre, and has trained a number of locals to run its production facilities.

Some orthopaedic assistants are able to fit the limbs and teach people to walk again.

"It is difficult for me to leave while the need is so great, but I believe the Mozambicans will be able to take over this operation soon," he says.

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pending
by David Weissglass
Gordon Coulthart

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Star 16/2/93

UN chief for Mozambique

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MAPUTO — Brazilian Major-General Lelio Gonçalves da Silva took up his post yesterday as commander of UN forces overseeing Mozambique's transition to democracy.

Trepanned by train toilet



The proposed mining area covers 17km of high-forested dunes on the eastern shores of the lake.

Richards Bay Mineral, which is partly owned by Rio Tint Zinc, a British company, have applied to mine the area but they are still waiting for the Environmental Impact Assessment before they can do anything.

The report will be published on March 18



12171



Long wait for St Lucia decision

B/D M 16/2/93

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MARIANNE MERTEN

A DECISION on whether or not to allow titanium mining in the dunes at St Lucia will probably only be taken in the last quarter of this year.

The government-appointed environmental impact study into the controversial mining plan is due to be completed by March 18, but a panel of five experts will then scrutinise the findings, assess public reaction and make further recommendations.

Government might only take a final decision on the issue about six months after publication of the impact assessment report, Environment Affairs chief director of conservation Sydney Gerber said this week.

Damage

Mineral and Energy Affairs Minister George Bartlett recently said he would turn down the Richards Bay Minerals (RBM) application to mine the St Lucia dunes if such mining resulted in "irreparable damage" to the ecosystem in the area.

This week a spokesman for Bartlett's department said there was no official definition of irreparable damage.

It is unknown what the environmental impact assessment team's definition of irreparable damage is. Gerber said his department hoped for an objective impact study.

"We are here to conserve the country's resources, which does not exclude the utilisation of resources. We are approaching the issue with an open mind," he said.

Natal Parks Board spokesman Bill Bambridge said his own definition of

irreparable damage was "long-term severe environmental damage which is not possible to mitigate".

"We hope the report will find against RBM and determine that the best use for St Lucia is nature conservation linked with ecotourism for which there is great long-term potential," he said.

Should the report find that the mining had resulted in no irreparable damage, there was no reason why mining in the area could not proceed as planned, he said.

Richard's Bay Minerals public relations GM Barry Clements said the company would abide by the report's outcome.

He said the impact study was a victory for conservation because of the seriousness with which it was being viewed by government, business and conservation bodies.

Wilderness Trust of Southern Africa chairman Clive Walker believed that for mining damage to be declared repairable the structure of the dunes would have to be able to function as before.

He said St Lucia's hydrology was one of the key issues in assessing environmental impact. The ecosystem channelled rainwater through the dunes into the freshwater pools which were vital to wildlife during drought years.

Bartlett has invited RBM officials, conservationists and journalists to visit the St Lucia area this week in advance of publication of the impact assessment report.

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Implats rebounds after strikes end

JONO WATERS

IMPALA Platinum (Implats) increased its platinum production by 16% to 514 000oz in the six months ended December 1992 as production returned to normal after industrial unrest in the six months ended December 1991.

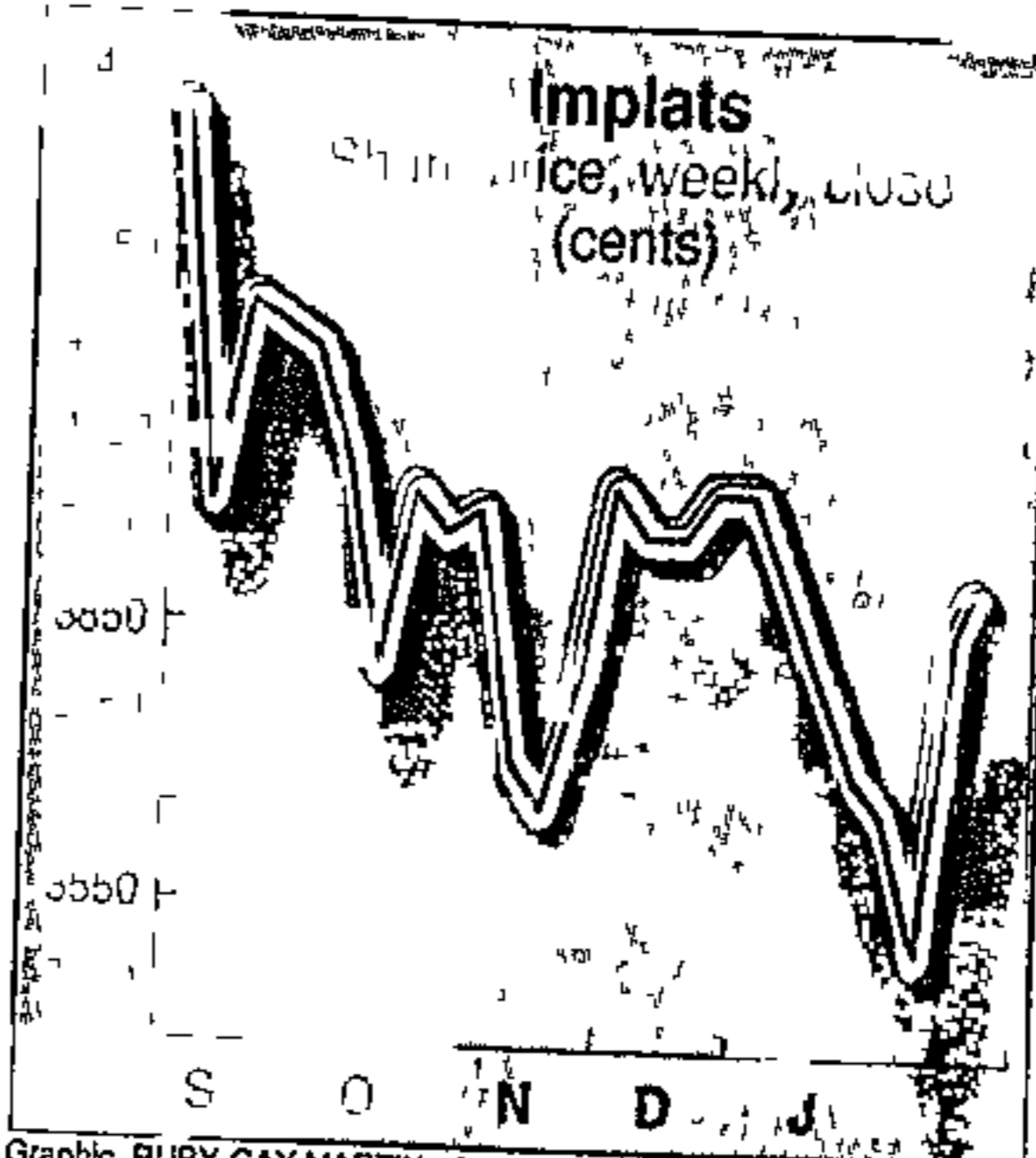
However, MD Mike McMahon warned that production could fall if capex remained low in the long term.

The directors decided to cut capex in the past six months as lower prices for platinum-group metals, nickel and gold and higher cost of sales dented cash flow. Capital spending was cut by half to R60m (R121m) and projected capex for the year was cut at R170m instead of R250m forecast at 1992 financial year-end.

However, Implats expected to increase capex in the next financial year, he said.

Earnings a share fell to 150c compared with 200c in the six months ended December 1991. The group cut its interim dividend to 45c (55c) a share.

Revenue dipped to R1,03bn from R1,08bn as platinum prices dropped to an



Graphic RUBY GAY MARTIN Source I NET

average \$363/oz compared to \$376/oz in the previous six months.

Cost of sales was R868m against R820m in the six months ended December 1991, largely as a result of an increase in mining costs. This led to a 37% reduction in operating income to R164m (R260m).

□ To Page 2

Implats

Pre-tax income dropped to R158m (R248m) and after lease, tax, royalty payments and tax provisions, after-tax profit stood at R83,3m (R97m).

Income from the company's 27% stake in Eastern Platinum and Western Platinum fell to R10,5m (R29,8m), resulting in a 25% drop in attributable income to R93,6m (R125m).

In the year ended June 1992, turnover stood at R2,26bn against cost of sales of R1,67bn. Pre-tax profit was R511m and after-tax profit was R233m.

Borrowings increased by 69% to R210m.

McMahon said industrial relations had returned to normal at the group's mines in Bophuthatswana, after a year of wildcat strikes and violence in 1991/92.

"We have managed a very difficult situation successfully," he said.

The mines' operating performance improved through cost-cutting measures which he attributed to retrenchments, an increase in grade, better efficiencies in the concentrators and smelters and increased recoveries from the refinery.

Implats reduced its workforce by 17% over the past 18 months. About 3 000 employees were retrenched in the six months. However, there was a 6% improvement in metal recoveries over the past year.

The total cost of mining, concentrating and smelting platinum group metals in matte a kilogram, were below R22 000, which McMahon said was competitive by

industry standards. Retrenchment costs of R370/kg were included in the figure.

The company was still toll-refining some of its material overseas, including in Russia, and would continue to do so while it was commercially viable.

McMahon reiterated that Implats was interested in increasing its stake in Lonrho's Western Platinum and Eastern Platinum as it had pre-emptive rights, but he said no new approaches had been made.

Prices were the only bad news, he said. "The passage of time has made fools of us all," he said, referring to expected increases in prices by the industry. Average revenue for every ounce of platinum produced, in spite of increased sales, fell nearly 18% to R2 009, compared to operating costs of R1 548/oz.

Asked about the outlook for prices, he said platinum producers had been "wrong-footed continually" on their outlook. The effect of Russian dumping had worn off and there were signs that the US economy was recovering.

Implats had no plans at this stage to revive its mothballed subsidiaries, Mes-sina and Barplats.

The appeal by minority shareholder Andreas Vaatz against the scheme of arrangement whereby mothballed Barplats Mines would become a wholly owned subsidiary of Barplats Investments was due to be heard in the Supreme Court tomorrow.

□ From Page 1

SA, Japan platinum deal

JOHANNESBURG — Lonrho's Western Platinum is set to receive a R75 million loan from the Mitsubishi Corporation in exchange for the long-term supply of platinum by the South African mine to the Japanese firm.

Lonrho's platinum division commercial director Kevin Wilkinson said today the loan would be used to increase productive capacity at the Karee mine.

He said the new capacity to be installed at the mine would push up the division's total production in line with its earlier plans to increase production to between 700 000 and 800 000 tons of mined ore.

The two corporations have concluded agreements on the loan and Western Platinum's supply to Mitsubishi.

Mr Wilkinson said Western Platinum would increase and extend the period of supply of platinum group metals to Mitsubishi to 10 years from January this year.

He said this was in recognition of the increasing demand for PGM metals in the manufacture of autocatalysts which are essential additions to cars in the United States, the European Community and Japan to comply with environmental legislation.

Western Platinum first began supplying the Mitsubishi Corporation with PGM metals in 1973 and Lonrho believes there will be further co-operation between the two groups in the future.

■ A 13 percent drop in the platinum price and a 40 percent drop in the rhodium price knocked the profits of Impala Platinum, the world's second-largest producer of platinum group metals, in the six months to December.

But a 16 percent expansion in platinum production to 514 000 ounces — which led to the cost of an ounce of platinum falling from R1 997 to R1 548 — and a 25 percent rise in rhodium production to 48 000 ounces helped cushion the effects of lower prices.

Earnings a share dropped by 25 percent from 200c to 150c. The interim dividend has been reduced 18 percent from 55c to 45c.

Turnover dropped from R1,08 billion to R1,032 billion, while cost of sales, reflecting the higher output, rose from R820,2 million to R868,0 million. Business Staff and Sapa.

whether he will make a statement on the matter? B30E

†The DEPUTY MINISTER OF FINANCE (Mr J A van Wyk)

(1) In view of the position of trust existing between financial institutions and their clients, I am not prepared to disclose personal particulars of the Land Bank's clients without the client's written consent

The person whose name was furnished, did not in any event apply for a loan at the Land Bank

(2) and (3) Fall away

SAP: resignations because of stress

*3 Mr H D K VAN DER MERWE asked the Minister of Law and Order †

(1) Whether any members of the South African Police have resigned since 1 January 1990 because of stress, if so, how many,

(2) whether any of these members have been admitted to institutions for persons suffering from nervous disorders, if so, how many,

(3) in respect of what date is this information furnished? B31E

†The MINISTER OF LAW AND ORDER

(1) Yes

1990—Not available
1991—37 members
1992—231 members

(2) Yes, but as a result of the magnitude of the administrative processes involved in order to determine the information, the information cannot, unfortunately, be made available at short notice

(3) 1 January 1991 until 31 December 1992

†Mr H D K VAN DER MERWE Mr Speaker, arising out of the hon the Minister's reply, I should like to know what the hon the Minister and his Department are doing to oblige and to render assistance in the cases concerned

†The MINISTER Mr Speaker, I think that is a very reasonable question, but the reply is rather

HOUSE OF ASSEMBLY

comprehensive However, I shall try to convey it as briefly as possible

The Psychological Auxiliary Services Section, a subsection of the Institute for Behavioural Sciences, renders a professional psychological service to members of the SA Police and their families On 6 March 1992 the Psychological Auxiliary Services Section initiated a proactive programme for the treatment of stress in the South African Police At that time existing as well as future services were discussed The services being offered now are of a preventative nature and comprise guidance, crisis management and psychotherapy To prevent these problems, very strict psychometric selection of all new applicants is carried out

Secondly, in respect of crisis management, the SA Police Force has installed a crisis line operating 24 hours a day This gives members the opportunity to discuss personal problems with a trained counsellor by means of a toll free telephone service The psychometric auxiliary services to members of the force still operate on a daily basis, and a significant percentage of these patients have symptoms of stress What would, however, be more effective, is a stress management centre for the SAP where members may unwind completely and learn the necessary stress management skills The establishment of such a centre is being investigated by the police at present

Mamelodi: leasehold title

*4 Mr S P BARNARD asked the Minister of National Housing †

(1) Whether the Transvaal Provincial Administration intends granting leasehold title in respect of the occupants of certain sites in Mamelodi township, if so, in respect of how many sites,

(2) whether any improvements have been effected on these sites,

(3) whether these sites plus improvements have been or will be made available to the occupants,

(4) whether he will make a statement on the matter? B36E

The MINISTER OF LAW AND ORDER (for the Minister of National Housing)

(1) It is the policy of the Government in

terms of the Conversion of Certain Rights to Leasehold Act, 1988 (Act 81 of 1988) to eventually grant leasehold or freehold in respect of all State financed sites in Mamelodi township to occupants thereof Approximately 13-400 sites will qualify for this.

(2) Yes Improvements have been effected on some of the sites.

(3) Yes

(4) No

Ministry of Law and Order: offices refurbished
*5. Mr P J GROENEWALD asked the Minister of Law and Order †

(1) Whether any of the offices of his Ministry in Pretoria were fitted with new carpets and refurbished in 1992; if so, (a) how many offices were involved, (b) what was the cost involved and (c) what was done with the old carpets and furniture,

(2) whether these offices had been fitted with new carpets and refurbished on a previous occasion, if so, when,

(3) whether he will make a statement on the matter? B39E

†The MINISTER OF LAW AND ORDER

(1) The Ministry offices were supplied with new carpets (with the exception of one large office) as a result of the fact that the existing carpets were threadbare and faded Most of the old furniture was retained and only a few items were acquired for purposes of addition and replacement Due to the appointment of a Deputy Minister of Law and Order on a full-time basis, an office had to be allocated to him and furniture was procured for this office

(a) Nine offices, the passage, the entrance hall and the conference room

(b) R43 811,71

(c) The Department of Public Works disposed of the old carpets and furniture in terms of the State Expenditure regulations

(2) Six years ago a few offices were hastily prepared for the previous Minister of Law and Order and supplied with carpets The offices were supplied with used furniture with a few exceptions As a result of changes to the existing offices, which included the preparation of a reception area and conference facilities, the carpets also had to be replaced

(3) No

Export incentive policy: company benefiting
*6. Mr J CHIOLÉ asked the Minister of Trade and Industry †

(1) Whether a certain company, the name of which has been furnished to the Minister's Department for the purpose of his reply, was benefited financially by the Government's export incentive policy during the latest specified period of 10 years for which figures are available, if so, (a) by what total amount and (b) what is the name of this company,

(2) whether the Industrial Development Corporation of South Africa Limited granted loans to this company during the above-mentioned period, if so, what (a) was the amount of each of these loans and (b) were the conditions of repayment attached thereto,

(3) whether this company enjoys lower tariffs, rebates and/or other special privileges as a result of its geographic situation, mining activities and/or other factors, if so, what are the relevant details? B43E

The DEPUTY MINISTER OF TRADE AND INDUSTRY

(1) (a) and (b) Richards Bay Minerals controls two companies, namely Richards Bay Iron and Titanium (Pty) Ltd and Titanium (Pty) Ltd These companies have during the period 1981 to 1990 benefited financially by the Government's export incentive policy, as follows

HOUSE OF ASSEMBLY

Richards Bay Iron and Titanium (Pty) Ltd

Claim period	Claim value (R)	Interest (R)
1 9 80-31 12 80	920 313	224 714
1 1 81-31 12 81	3 919 654	951 035
1 1 82-31 12 82	5 152 385	1 248 889
1 1 83-31 12 83	5 459 073	1 311 244
1 1 84-31 12 84	8 574 107	1 990 050
1 1 85-31 12 85	16 033 667	3 641 788
1 1 86-31 12 86	20 063 783	3 773 998
1 1 87-31 12 87	17 925 033	3 371 699
1 1 88-31 12 88	26 913 955	5 062 514
1 1 89-31 12 89	34 895 204	6 563 788
1 1 90-31 12 90	8 110 995	1 525 678
	147 968 169	29 665 397

Tisand (Pty) Ltd

Claim period	Claim value (R)	Interest (R)
1 1 80-31 12 80	12 511	—
1 1 81-31 12 81	44 968	14 502
1 1 82-31 12 82	40 669	13 116
1 1 83-31 12 83	34 070	10 988
1 1 84-31 12 84	37 580	8 722
1 1 85-31 12 85	30 585	7 099
1 1 86-31 12 86	41 716	7 847
1 1 87-31 12 87	65 610	12 341
1 1 88-31 12 88	70 765	13 311
1 1 89-31 12 89	68 820	12 945
1 1 90-31 12 90	9 655	—
	456 949	100 871

In addition, Richards Bay Iron and Titanium (Pty) Ltd received in total an amount of R165 852 615 under the electricity rebate scheme during the period 1983 to 1992, which scheme was discontinued on 31 December 1992

- (2) Yes, loan funding has been provided by a consortium of banks, including the Industrial Development Corporation (IDC), to the company concerned
- (a) and (b) The information cannot be provided as IDC loan particulars are confidential. The information is, however, known to the Minister of Trade and Industry and can, on a confidential basis, be furnished to the hon member
- (3) The company does not, apart from the above-mentioned, receive any other assistance from the Department of Trade and Industry

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament

Monetary donations by State to companies

*7 Mr J CHIOLÉ asked the Minister of Trade and Industry:†

- (1) Whether the Government made any monetary donations to certain companies during the period 1 January 1989 up to and including 31 December 1992, if so, (a) to what companies and (b) why, in each case,
- (2) whether an analysis of the profits of these companies was made during this period, if not, why not, if so, with what results;
- (3) whether it is envisaged to donate state funds to these companies in 1993, if so, what estimated total amount,
- (4) whether he will make a statement on the matter? **B44E**

The MINISTER OF TRADE AND INDUSTRY

- (1) The period referred to in the question suggests that the hon member is referring to the threshold support granted to companies in terms of the Innovation Support for Electronics (ISE) Programme, administered by the Department of Trade and Industry in conjunction with the Industrial Development Corporation. Accordingly the following information is furnished

- (a) Particulars of the companies which received funds for completed projects, as well as of projects which are still in progress for which funds have been allocated since the inception of the programme up to 30 September 1992, have been published. A copy of the latest six-monthly report for the period ending 30 September 1992 was made available to the hon member. The next report will cover the period up to 31 March 1993 and will be released shortly after that date
- (b) The financial support provided is in respect of research and develop-

ment of new electronic products. This threshold support covers fifty per cent of specified costs and is subject to a financial ceiling set for each project, not to exceed R2 million for a single project

- (2) Analyses of the financial position of companies applying for support are made before allocation of funds, to establish whether the companies receiving the support would be able to fulfil their contractual financial obligations in terms of the programme. Companies must be in the position to fund the costs of the development in respect of which an agreed amount is refunded after the completion of each specified milestone, based on actual expenditure. Payment is effected against audited claims. The company must also certify with each claim that its financial position has not substantially deteriorated

- (3) Payments will be made to beneficiaries in 1993 in terms of existing uncompleted contracts as and when milestones are reached. An amount of R42,7 million has been allocated for outstanding milestones scheduled to be completed after 30 September 1992. Claims for assistance may be submitted in accordance with the underlying contracts in respect of new applications considered after 30 September 1992 with milestones to be completed in 1993 and thereafter. According to the latest six-monthly report on the ISE Programme, an amount of R69,3 million is available for new applications. The allocation for the ISE Programme for the 1992-93 financial year has been reduced from R40 million to R19 million. No provision is made for the ISE Programme in the 1993-94 financial year.

- (4) In the light of the success achieved with the ISE Programme, which demonstrated multiple returns on Government's investment in electronic product research and development, Government has decided to extend the ISE Programme to cover all sectors of industry. A proposed new Support Programme for Industrial Innovation (SPII) will be introduced on 1 April 1993. Apart from its wider product coverage, the SPII will differ from

the ISE Programme in that support will be limited to one third of the specified development costs of new innovative products to a maximum of R1 million per project. This will permit the accommodation of the larger number of applications expected. Consideration is also being given to the repayment of financial support received by companies in the case of successful products, following the example of other similar schemes locally and overseas. In this manner, financial assistance can be rendered on a broader base in support of essential product innovation, which holds the key to technological advancement and the international competitiveness of South Africa's manufacturing industry.

The SPII will be launched on 1 April 1993 with the available ISE funds (approximately R88 million) as well as funds allocated for the general promotion of technology (approximately R18 million). These funds could be supplemented by Government in view of future requirements and the success of the new programme.

Call-up instructions complied with

*8 Dr W J SNYMAN asked the Minister of Defence:†

- What percentage of (a) Commando and (b) Citizen Force members of the South African Defence Force had complied with their call-up instructions during the latest specified period of 12 months for which information is available? **B45E**

The MINISTER OF DEFENCE

1 January 1992-31 December 1992

If the percentage of members who complied with their call-up instructions includes those members who obtained deferment/exemption or could not report for a specific reason, then the percentages are as follows

- (a) 89,3%
(b) 86,2%

Mitsubishi in platinum loan deal

LONRHO's Western Platinum is to receive a R75m loan from the Mitsubishi Corporation, the Japanese vehicle manufacturer, in exchange for the long-term supply of platinum.

Lonrho platinum division commercial director Kevin Wilkinson said it was one of the first Japanese loans to SA since the moratorium ended. The loan would be used to increase the productive capacity at the Karea mine, acquired two years ago, and would not increase Western Platinum's overall debt.

Two years ago total production was planned to rise to 700 000oz. Current capa-

(217) JONO WATERS

city was about 450 000oz, but that could rise to 500 000oz with "fine tuning".

Western Platinum embarked upon an expansion programme several years ago to meet an expected increase in demand for platinum group metals (pgms) from the vehicle industry and others, specifically the jewellery and electronics industries, Wilkinson said.

The company's long-term debt at year-end September 1992 stood at R502m. Net short-term borrowings were R80m. The

To Page 2

Platinum

company, in which Gencor has a 27% stake through Impala Platinum (Implats), did not pay a dividend at year-end.

Implats MD Mike McMahon said it was an ordinary loan to the company. "It is normal for companies to receive loans from their customers. This is nothing of deep significance."

The agreement provided for the increased supply of pgms to Mitsubishi for a further 10 years

(217)

From Page 1

Fergusson Bros, Hall, Stewart & Co's Philip Marillier said he did not attach too much significance to the announcement. "It is merely a financial agreement for an extension to an existing arrangement"

He added that all major producers had major supply agreements and this was no different.

Western Platinum began supplying Mitsubishi in 1973.

Flat prices knock Palamin earnings

Own Correspondent

JOHANNESBURG. — Palabora Mining (Palamin), SA's largest copper producer and owned by Rio Tinto Zinc, reported a sharp drop in earnings a share in the year ended December 1992 as profit was knocked by flat rand copper prices, lower copper metal sales and rising costs.

Earnings before extraordinary items amounted to 671c (825c) a share. Palamin paid out all its earnings to shareholders — a final dividend of R3,10 a share was declared — bringing the total pay-out to R7, compared with R7,80 the previous year.

Palamin does not publish turnover

figures in its year-end statement, but the company said operating profit fell to R374m (R452m)

Pre-tax profit fell to R392m (R458m) and Palamin paid out R202m (R225m) in tax and lease considerations. After-tax profit dropped to R190m (R234m) and extraordinary items of R8,67m (R10,9m) pushed attributable income to R199m (R244m).

Company secretary Keith Lendrum said "better than expected" copper prices averaged R6 596/t (R6 537/t) on a 5% drop in metal sales to 108 000 tons. However, copper concentrate sales more than doubled.

Palabora hit by poor copper prices

Finance Staff

(217)

Earnings of RTZ's copper producer Palabora Mining (Palamin) fell sharply last year as a result of poor rand copper sales.

Profit from its operations decreased from R452,2 million in 1991 to R374,4 million last year while attributable earnings were down from R244,5 million to R198,7 million.

This equals earnings per share of 700c, all of which was paid to shareholders through four dividends during the year.

In 1991 shareholders received 780c a share, which is in line with Palamin's policy of paying 90 percent of earnings in dividends.

Sapa-AFP reports from London that RTZ's US subsidiary, Kennecott, is to halt production temporarily at its

57m 18/2/92.
Greens Creek silver, lead and zinc mine in Alaska because of low metals prices.

Jobs lost

About 230 jobs will be lost in the "temporary curtailment" of mining operations, the company said, announcing a provision of \$48 million after tax against the closure.

RTZ is thought to have been hard hit by the col-

lapse in world metal prices last year

The Greens Creek mine is 54 percent owned by Kennecott in a joint venture with Hécla Mining, CSX Energy Corporation and Exalas Resources

The decision to close the mine was "regrettable" but resulted from the collapse in silver, zinc and lead prices over recent months, the company said.

Palamin takes knock but shareholders get payout

BIDM 18/2/93

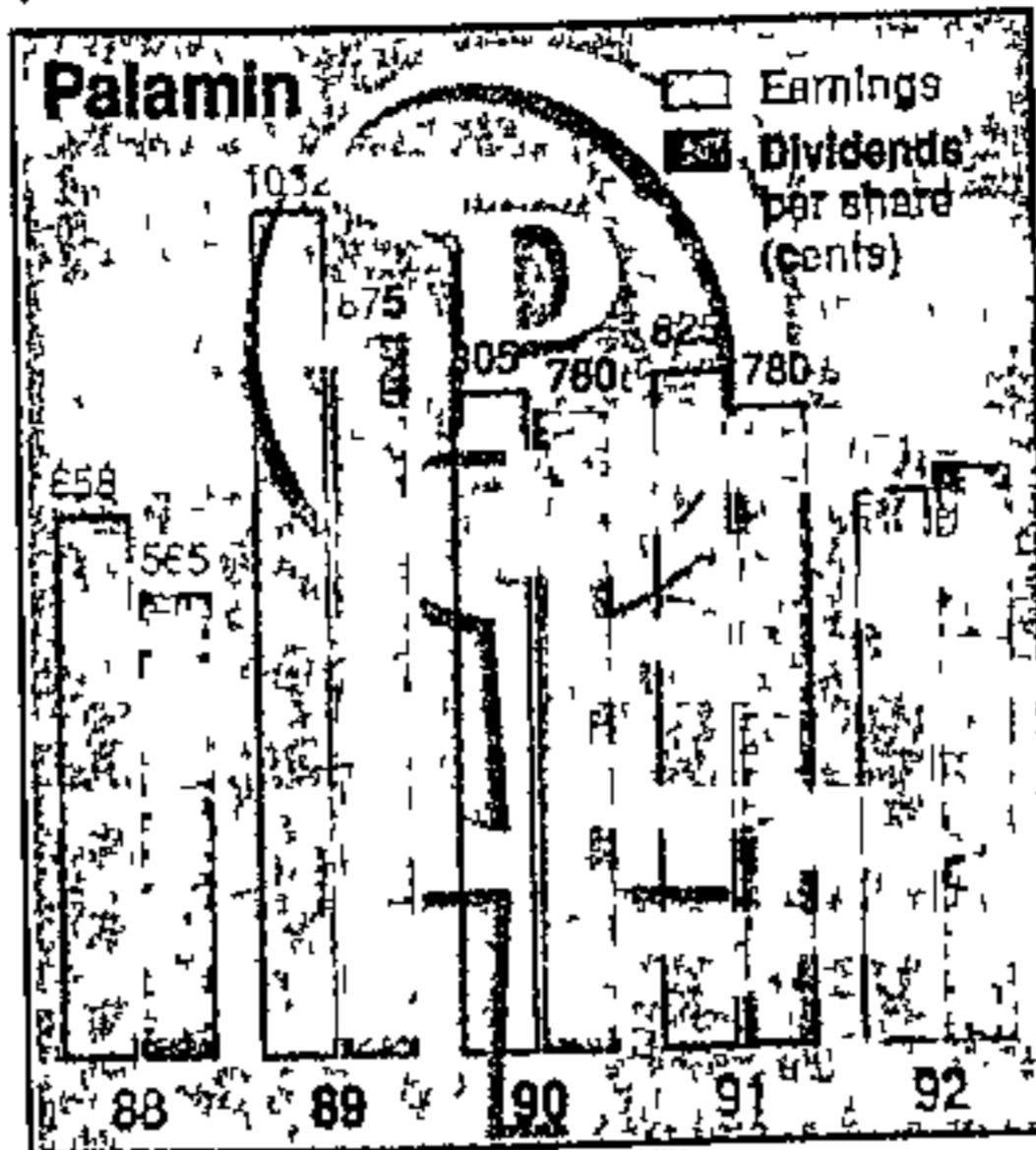
JONO WATERS

PALABORA Mining (Palamin), SA's largest copper producer and owned by Rio Tinto Zinc, reported a sharp drop in earnings a share in the year ended December 1992 as profit was knocked by flat rand copper prices, lower copper metal sales and rising costs.

Earnings before extraordinary items amounted to 671c (825c) a share

Palamin paid out all its earnings to shareholders — a final dividend of R3,10 a share was declared — bringing the total payout to R7,00, compared with R7,80 the previous year

The group normally pays out 90% of earnings to shareholders, but company secretary Keith Lendrum said yesterday that the company paid out "a 100% dividend instead of 95% as



planned as the difference was only R10m".

Palamin does not publish turnover figures in its year-end statement, but the company said operating profit fell to R374m (R452m).

MD Frank Fenwick was not available for comment, and the group

gave few details of the volumes of copper metal and concentrate sold

Pre-tax profit fell to R392m (R458m) and Palamin paid out R202m (R225m) in tax and lease considerations

After-tax profit dropped to R190m (R234m) and extraordinary items of R8,67m (R10,9m) pushed attributable income to R199m (R244m)

Lendrum said "better than expected" copper prices averaged R6 596/t (R6 537/t) on a 5% drop in metal sales to 108 000 tons. However, copper concentrate sales more than doubled

Output from Palamin's smelter was "below budget", Lendrum said, but declined to say whether this reflected lower recoveries from the plant

He added that the project to upgrade the ageing smelter was at "an advanced stage". Most of the work would be completed by mid-year.

Profurn performs strongly despite liquidation setback

BIDM 18/2/93

MARCIA KLEIN

IN A difficult year to end-December which included the liquidation of ultimate holding companies Supreme Holdings and Supreme Investment Holdings, Protea Furnishers (Profurn) reported a 15,4% rise in attributable earnings to R6m (R5,2m)

Earnings a share were reduced to 6c (7,3c) on an increased number of shares in issue

CE Alex Maraney said yesterday the results were achieved in a difficult trading environment, which included the severe effect of the liquidations

A 20,2% turnover rise to R158,2m reflected good trading in November and December and the inclusion of several new stores.

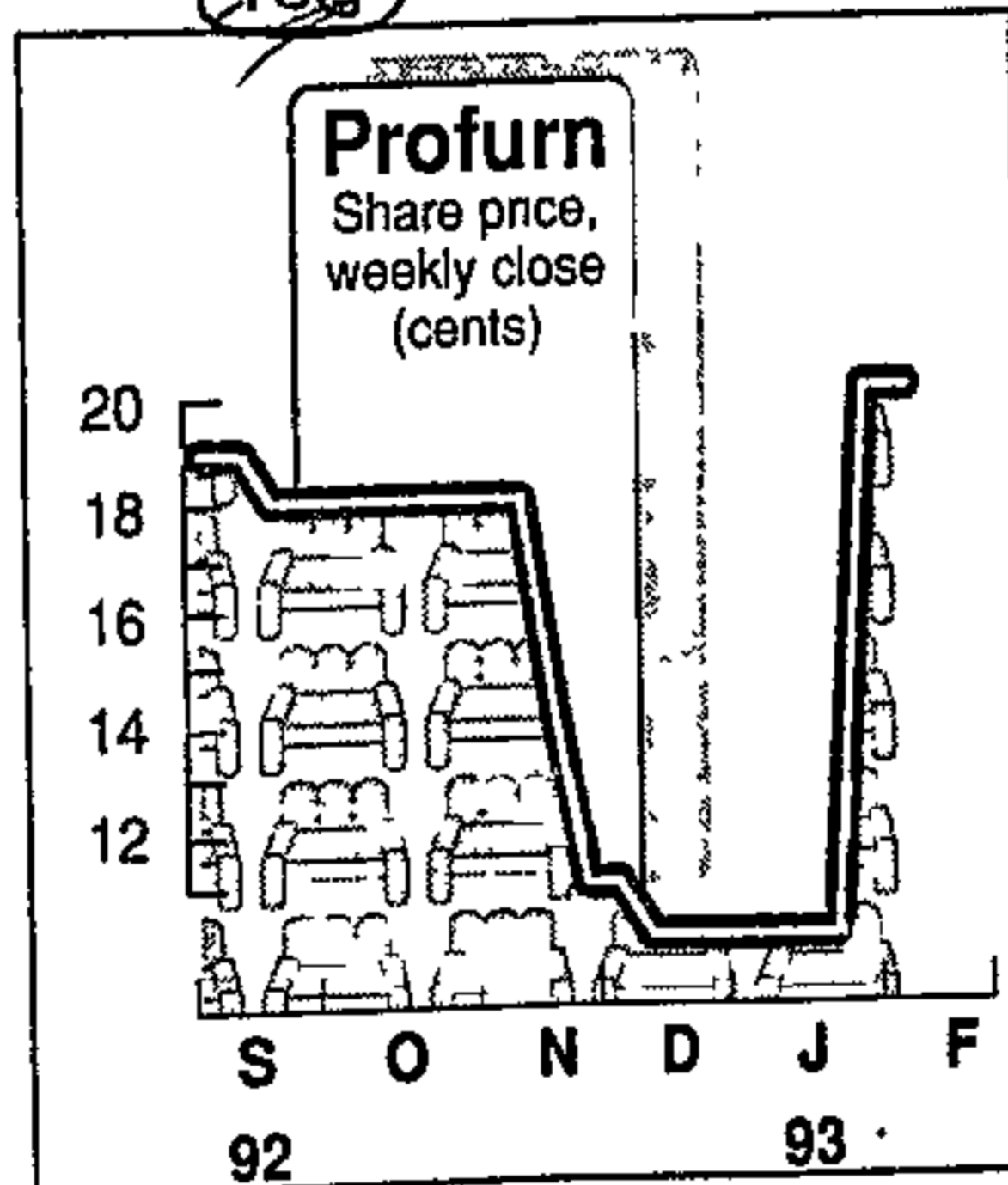
Operating profit was 13,8% higher at R26,3m with the pressure on margins reflecting difficulty in obtaining supplies.

The interest bill rose 16,7% to R14,9m.

Financial director Brian Rosenberg said agreement had been reached between the liquidators, the trustee for the holding companies' debenture holders, Profurn and other parties to capitalise R45,3m debt due to the liquidated holding companies. The agreement, awaiting approval of debenture holders, would see controlling companies receive 252-million shares at 18c each in settlement of the debt

If the debt were to be capitalised, results and gearing would reap substantial benefits, he said.

Gearing would be reduced to below 15%



Graphic LEE EMERTON Source I-NET

from 200%, and would be kept low as Profurn would not use borrowings to expand.

Taxation was reduced by 2,9% to R4,7m, bringing profit after tax up 21,7% to R6,6m. But after an increase in profit attributable to outside shareholders, attributable profit was 15,4% up on the previous year.

An R8,5m extraordinary item referred to provisions for losses from the closure of 11 stores

No dividend was declared

Maraney said results were now comparable with the major furniture groups. Debtors provisions amounted to 38,4% (25,4%) of the gross debtors book.

Bank scraps

paper rule

BIDM 18/2/93

DUMA GOUBULE

THE Reserve Bank has bowed to pressure and scrapped a regulation which had been hampering the development of a significant commercial paper market in the country

It relaxed the requirement that companies wishing to borrow from each other by issuing commercial paper should have commercial bank endorsement for the transactions.

The Reserve Bank, however, restricted such transactions to companies with a net asset value of R100m. The minimum amount for the transactions is R1m

Standard Merchant Bank treasurer Chris Kenny said yesterday the Reserve Bank had cleared a major obstacle to the development of a commercial paper market in SA

He knew of only two corporate issues which had been floated last year

Some major corporates had not been prepared to seek bank endorsement, believing they were more creditworthy than some of the major banks involved.

FOX FM 19/2/93



results see-sawing between the two divisions
At the previous interim, packaging carried the day while profits from rubber fell by 7%

Packaging remains the bigger contributor to operating profit, at R75m, but the figure fell by 15% The net effect is a 3% dip in operating profit to R133m Lower volumes held the turnover gain to only 2%, at R1,1bn

With the acquisition from Trencor, Consol now owns 100% of its rubber investment Chairman Clive Menell says this indicates the group's confidence in the business Support from Goodyear US places the investment in a commanding competitive position

The rights offer in October 1991 of 5% convertible debentures helped financing costs, which have moved to income of R1,7m from an outgo of R6,5m a year ago But with long-term borrowings up more than three-fold to R155,7m, that favourable position could change by year-end

The share has gained about 38% since the September and



Impala's McMahon .. positive

FM 19/2/93 (217)

on prospects
platinum market Management has apparently got on top of the difficulties which plagued the group last year, causing production shortfalls through serious labour unrest and problems in the refinery.

"We have fixed everything that is fixable," says McMahon. Platinum production jumped 46% to 559 000 oz (previous comparable quarter: 382 000 oz), and the cost per ounce of platinum produced has dropped 22,4% to R1 548 (R1 997).

This begs the question: has Implats at last got its act together, so that the share could be bought on the grounds that it deserves to be rerated more favourably against sector



Impala's McMahon positive

FM 19/2/93 (217) on prospects
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IMPALA PLATINUM FM 19/2/93

Taking charge at last (217)

Damage done to Impala Platinum's earnings and dividend at the interim stage is less severe than analysts expected, and MD Michael McMahon is positive on prospects despite forecasts of another flat year for the

FM 19/2/93 (217)

say what will happen about Implats's proposed expansion.

The workforce has dropped by 17% — 7 000 people — since September 1991, with 3 000 retrenched in addition to 2 400 fired. Retrenchments were made across the board but the toll was proportionately heaviest on middle management The balance is from natural attrition

Production has risen and unit costs over the two years to end-December have been held to 10,4% a year McMahon wants to cut costs further in real terms

Irish Menell Rosenberg analyst Dave Russell believes the improvements justify a rerating of the share. Fergusson Bros analyst Philip Marillier agrees, but says investors should be prepared to trade Implats, depending on price movements, while holding Rusplat as a long-term investment in platinum

Brendan Ryan

FM 19/2/93 (217)

leader Rustenburg Platinum?

Implats produces slightly less platinum annually than Rusplat, but has half the number of issued shares In theory, it should be the more attractive stock in terms of market capitalisation per ounce of platinum produced Yet Implats's share price stood at a 39% discount to that of Rusplat last September The discount has since widened to 43%

A major reason has been the labour troubles which resulted from the political confrontation between the ANC and Bophuthatswana President Lucas Mangope All Implats's operations are in Bop It got caught in the crossfire in the year to June, with 37 employees killed, R11m in damages caused by looting and arson, and about 2 300 workers fired

Things have quietened and management is successfully resolving labour issues through the mine's Council of Worker Representatives — an employee representative body to which the National Union of Mineworkers consults The NUM is not recognised in Bop.

McMahon says the working atmosphere has become markedly less political, but acknowledges the basic problem — the ANC vs Lucas Mangope — remains He hopes this will be resolved through the constitutional negotiations

Another big worry is the antagonism towards Implats of the exiled head of the Bafokeng tribe, Chief Edward Molotlegi The issue was raised at the last AGM by Chief Molotlegi's attorneys The tribe owns the mineral rights to much of Implats's ground

McMahon maintains the mining rights are secure "Through the agreements we are married to the Bafokeng tribe till death do us part," he says. "If there's any hostility in the marriage, we have to work to resolve it"

Key points in the interim results are the savage cuts in capital expenditure, as well as good cost control and improved productivity.

In the last annual report, chairman Brian Gilbertson estimated capital expenditure for financial 1993 would be cut to R250m from 1992's R410m That estimate has been chopped further, to less than R170m

Only R26,8m was spent on maintaining production capacity in the first half The balance went on the expansion programme, which was postponed for a year until May this year, but certain projects had to be completed

The cuts have some analysts worried about production McMahon says output this year will not be affected, but concedes the group cannot repeat the exercise in financial 1994 without ill effects He won't

SLIDING EARNINGS

Six months to	Dec 91	Jun 92	Dec 92
Turnover (Rm)	1 080	1 184	1 032
Pre-tax inc (Rm)	248,5	262,5	158,2
Attributable inc (Rm)	124,7	135,6	93,6
Earnings (c)	200,0	218,0	150,0
Dividends (c)	55,0	115,0	45,0

WESTERN PLATINUM FM
Relief from Japan 19/2/93
217

Western Platinum's R75m loan from Mitsubishi will help ease the financial burden of its expansion programme, which forced Westplat to pass its dividend for the year to September. The group has now reached the peak funding requirement of about R800m in its programme to lift production from the combined Westplat and Eastern Platinum mines to 650 000 oz-700 000 oz of platinum a year by the end of 1995

Westplat commercial director Kevin Wilkinson says the Mitsubishi loan is for two years, and will be repaid over another three years out of revenue from sales of platinum to Mitsubishi.

The loan does not mean Westplat's platinum production will rise beyond the announced expansion level. While some platinum production has been earmarked for Mitsubishi because of the loan, it will be sold to the Japanese corporation at market prices, with part of the proceeds being used to repay the loan.

"In no way is this like a gold loan, with metal being sold in advance," says Wilkinson. "We think this deal is a coup, getting a Japanese group to invest up front in an SA

FM 19/2/93

FOX

217

platinum operation in this way. We will use the money to replace some of our short-term borrowings which will help our debt burden."

Last year's dividend was passed because of the depressed platinum market. When the expansion was planned, management did not expect the platinum price to fall below US\$400/oz. Operations were also affected by technical problems with the UG2 ore concentrator at Eastplat, which Wilkinson says have been resolved.

Impala Platinum (Implats) is contributing to the Westplat expansion following the deal that put Implats's former Karee division into Westplat, in return for a 27% stake in Westplat and Eastplat (see page 104). The group paid in R53,7m in September, as its share of the R199m raised by Eastplat through a rights issue to help fund the expansion.

Brendan Ryan

Assmang battles in depressed market

By Derek Tommey (217)

Distributable profit of Associated Manganese Mines of SA (Assmang) was more than halved in the 12 months ended December to R50,3 million from R103,7 million a year earlier.

As Assmang's year-end is now June 30 it has declared a second interim of 250c a share which is half the 500c declared a year ago, making a total of 500c (750c) for the 12 months.

The company says the severely depressed international markets depressed its sales volumes of manganese and iron ores, as well as its subsidiary's ferro-alloy products. Prices were also generally lower.

Group turnover fell 18

percent to R472,9 million (R575,2 million) and net operating profit was 28 percent down at R151,9 million (R210,3 million).

Interest paid dropped to R8,7 million (R12,6 million), while tax and State's share of profits charge was R78,6 million (R92,4 million).

After-tax profit was R64,6 million (R105,3 mil-

lion).

Distributable profit after capital expenditure of R14,3 million (R1,7 million) was R50,3 million (R103,7 million)

This was equivalent to earnings of 1418c a share (2922c).

Subsidiary Feralloys lost R22 million and has not paid an interim dividend.

19/2/93

Second phase of the St Lucia mining debate

BDM 19/2/93

217

DUNE mining at St Lucia is virtually certain to go ahead. Environmentalists have not given up their fight, but some are already considering how best to squeeze money for conservation out of the multimillion-rand project they had hoped to stop.

Officially, nothing has yet been decided. An environmental impact assessment is to be published on March 18, there will be public hearings in August and a review panel will make recommendations to government, which has promised a decision by the end of this year.

Unofficially, few doubt that the project will be approved. Environment Minister Louis Pienaar has said the determining factor will be "irreparable damage", a term he has declined to define. However, as mining company Richards Bay Minerals (RBM) has an impressive dune rehabilitation scheme at its current mining site, and conservationists' fears are largely of the unknown, there is a wide expectation that government will decide the mining damage to the dunes is repairable.

During a tour of the area this week Pienaar hit out at critics of the project for whom "emotionalism was the yardstick" and said government would wait until it had all the facts before making a decision.

"If the study indicates that any damage to the environment and the ecology of St Lucia conservation area can be repaired or eliminated, and will therefore be acceptable, I see no reason why the mining cannot proceed as planned."

"However, if the study shows that the damage to this natural treasure will be permanent or substantial, and therefore unacceptable, the department and I will be the first to ensure that the integrity of the area is protected."

His Cabinet colleague in charge of Mineral and Energy Affairs, George Bartlett, was enthusiastic about the economic benefits of mining, but stressed that the environmental study would determine whether mining was allowed. He said it made sense to extract minerals before an area was permanently sterilised "especially if the process of extraction is such that the environment is not permanently harmed".

Permanent harm is the question around which the debate will revolve. It will be heated, and international, because RBM is 50% owned by London-based RTZ, and because St Lucia is recognised as a wetland of international importance. Conservationists hope the greater St Lucia conservation area will be designated

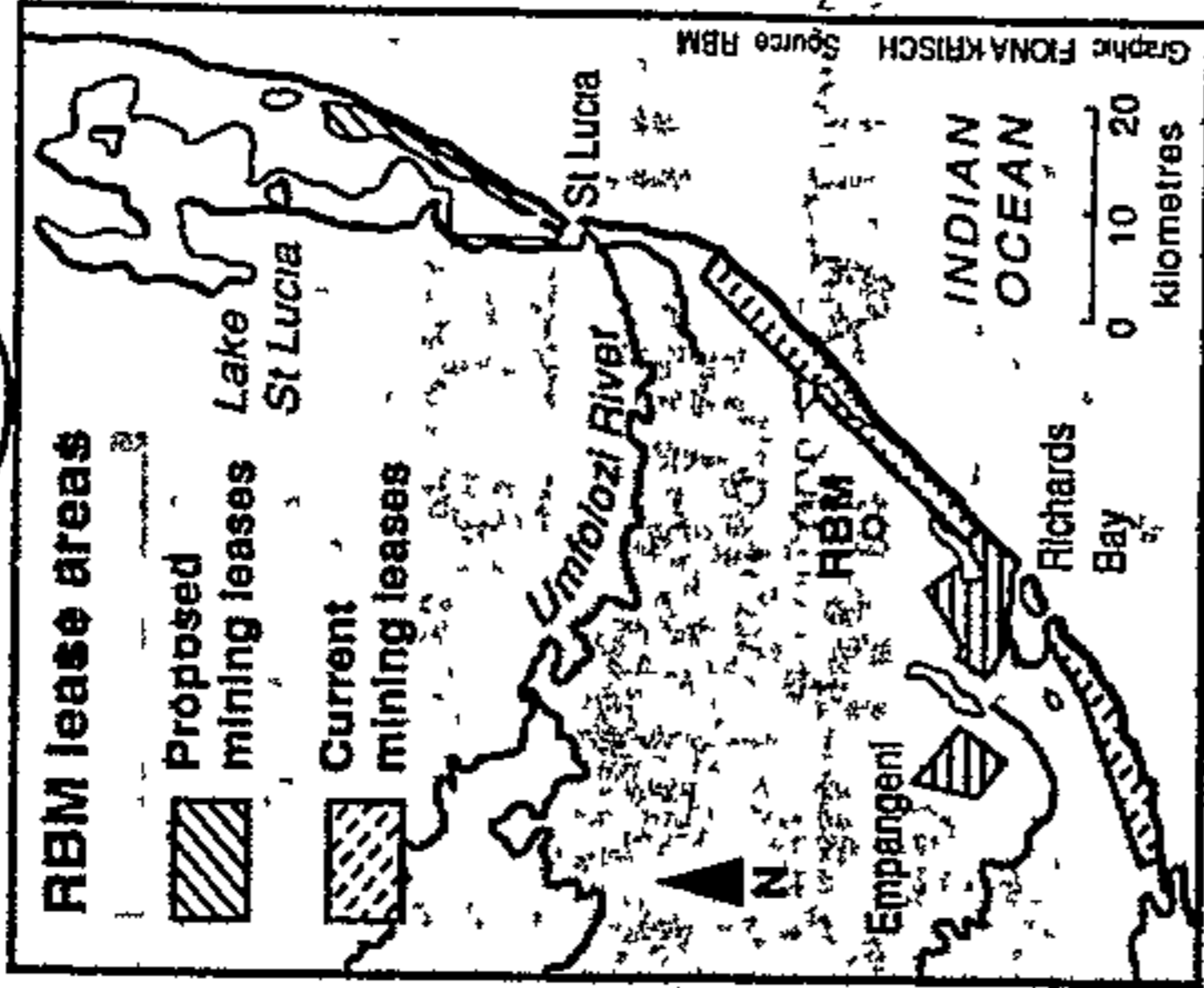
MICHAEL ACOTT

a World Heritage site.

The dredge mining process for the extraction of heavy minerals — the dark streaks in Natal beach sands consisting largely of titanium, rutile and ilmenite — destroys the dune structure. After gravity extraction of the minerals, the dune is reconstructed, shaped as closely as possible to the original, covered with topsoil and seeds, and revegetation begins.

Rehabilitated dunes going back 14 years are returning to natural forest; RBM is confident that the St Lucia dunes will not only look like they did, but that they will be returned to grassland instead of the pine forest covering much of the area.

Conservationists, and in particular the Natal Parks Board under whom most of the St Lucia area falls, say most of their fears cannot be addressed. Apart from opposing mining in St Lucia on principle, they doubt that the reconstituted dunes will be the same as the originals in important ways, including shape and hydrology. The coastal dunes are part of the process of filtering water to the wetlands and then the lake.



People on both sides of the argument are now asking how mining could benefit conservation. Government has already been asked informally to consider using its R100m in royalties for that purpose.

There is concern, however, that the money should go into a conservation trust to prevent it from being diverted to other uses. Conservationists also want a fund set up in advance to guarantee that rehabilitation would be completed should RBM strike financial disaster.

RBM says St Lucia will not be saved if mining is stopped, because mining will take place in one small area which will be rehabilitated; the company says the real threat to St Lucia is the fact that its catchment area is degraded, eroded, overgrazed and overpopulated.

Conservationists talk, with some reservations, of the inevitability of trade-offs, if mining is to go ahead; they want it monitored and stopped if it proves environmentally disastrous. They also believe that if big money is going to be generated, some of it should be put aside for conservation.

Once the tumult and the shouting dies, this is the probable second stage of the great St Lucia debate.

But, if it comes to a "balance sheet" competition between the economic benefits of mining and the economic benefits of St Lucia tourism, the conservationists are likely to lose. They cannot compete with RBM's projections of R7bn earned in foreign exchange in 17 years, of R1.3bn paid in taxes, R500m paid in salaries and R100m in mineral right royalties to government.

LETTERS

International conditions halve Assmang's earnings

BIDAY 17/2/93

MATTHEW CURTIN (217)

ASSOCIATED Manganese Mines (Assmang), the Anglovaal subsidiary, saw its earnings crumble by more than 50% in the 12 months to end-December 1992 because of depressed demand and prices for its ore and ferro-alloy output.

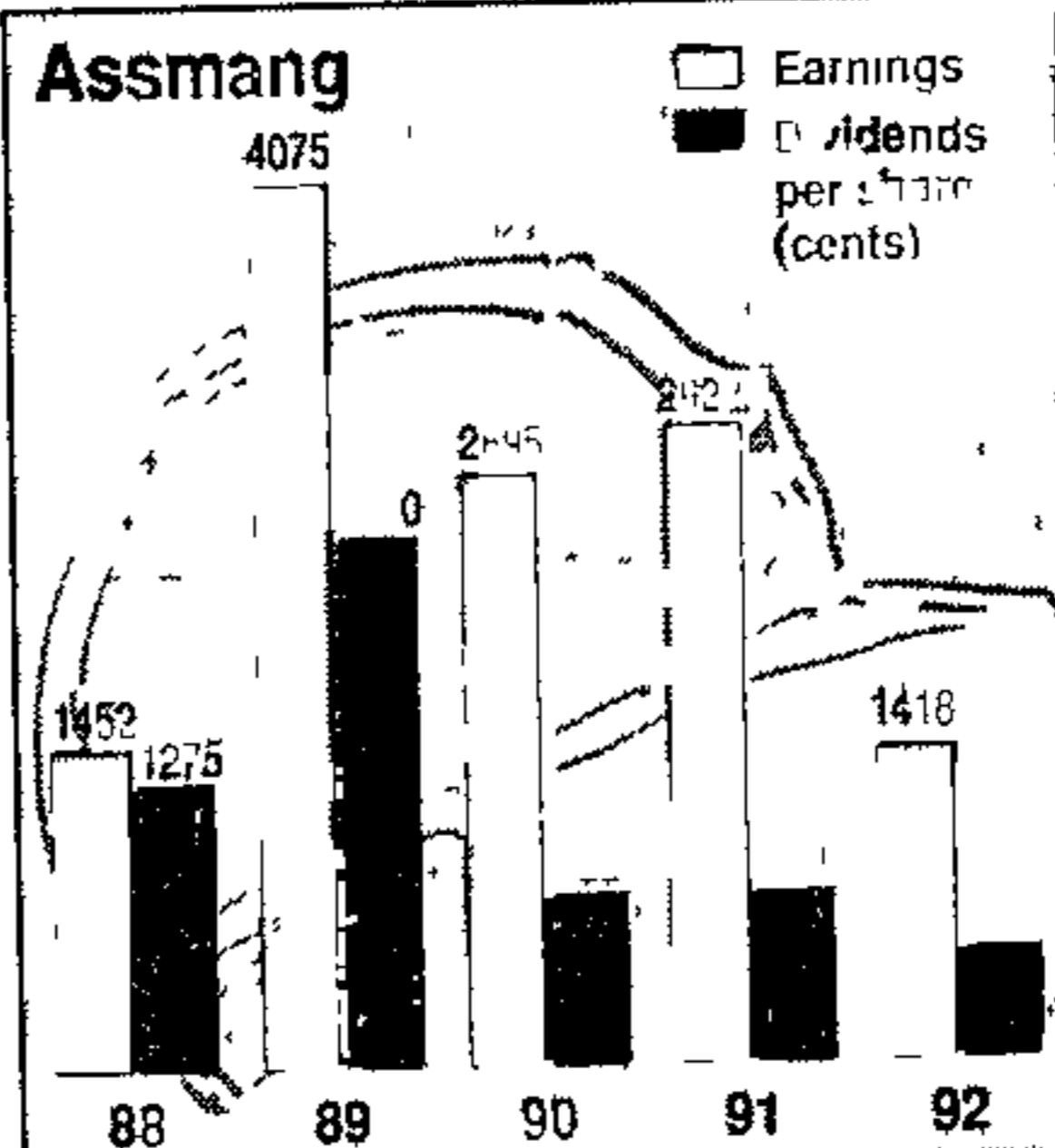
Earnings a share fell to 1418c from 2922c. Assmang reduced its dividend for the year to 500c (750c) a share.

In announcing Assmang's second interim statement — its year-end is changing to match Anglovaal's after becoming a subsidiary in 1992 — chairman Basil Hersov said "severely depressed international market conditions adversely affected sales volumes of all group products"

Turnover fell to R473m from R575m, exacerbated by "generally lower prices" for manganese ore, iron ore and ferro-alloys.

Net operating income declined to R152m from R210m, with higher costs reducing the group's operating profit margin to 32% from 37%.

Interest charges were cut to R8,66m



Graphic RUBY GAY MARTIN Source ASSMANG

(R12,6m), and pre-tax profit fell to R143m (R198m). Assmang's tax bill was reduced to R78,6m (R92,4m), leaving after-tax profit of R64,6m (R105m). Capital spending rose to R14,9m from R4,84m.

Hersov said the group's Feralloys subsidiary turned in a R22m loss in the year, and paid no interim dividend.

Implats defends cash position as earnings fall

B/OAM 19/2/93

MATTHEW CURTIN

IMPALA Platinum (Implats) has enough room for manoeuvre in the management of its cash resources to pull through the current period of poor platinum prices without putting pressure on its balance sheet or resorting to a rights issue, says finance director Viv Menell

Menell was responding to diverse market reaction to Implats' results for the half-year to December 31, published on Tuesday. The platinum producer reported a 25% fall in earnings a share to 150c (250c)

A report issued this week by London stockbrokers Credit Lyonnais Lang said in spite of Implats' good first half results, underlying problems remained.

"The company has negative cash flow after capex (and dividends) at the current metal prices, but needs to increase its capex in the long term. The answer must be a rights issue, but Impala management appear naturally loathe to do this while the share price is so low," the report said

However, Menell said Implats' cash position "was not uncomfortable", and with "conservative prices built into our forecasts, we do not see the situation getting out of hand"

Implats was in the process of reviewing its capital spending programme, aiming to optimise the resources at its disposal

She added there was a tendency for some analysts to assume a rights issue was on the cards whenever a mining company increased its borrowings significantly.

Frankel, Pollak, Vinderine analyst Kevin Kartun said capital spending at Implats, to be reduced to less than R170m in 1992/93 against an original R250m estimate, was "suspiciously low". At the same time, long term borrowings had risen to R320,5m (R16,9m) at the half-year stage

Although Implats contributed its 27% share of a near R200m capital spending programme at Lonrho's Western Platinum, its position in comparison with Rustenburg Plati-

num was revealing. Rusplat had completed much of its expansion programmes, built a new refinery, leaving it with more-than-adequate cash resources.

Implats' expansion plans were deferred or mothballed, and a new refinery had yet to get off the ground

Given heavy future capital commitments, and although Implats' working capital position was sound, the jump in long term liabilities could be cause for concern, especially without a significant recovery in platinum prices, Kartun said

In contrast, Irish Menell Rosenberg analyst David Russell said the improvements Implats had achieved in productivity and metal recoveries gave it ample cash-flow to meeting day-to-day capital expenditure, and finance its borrowings

He suggested Implats would be content to concentrate on rebuilding its balance sheet when market conditions improved, rather than "chase market share", especially with its ties to Lonrho's expanding operations next door.

(217)

Improved world prices boost Msauli's earnings

STAR 23/2/93

By Derek Tommey

Mining shares have been depressed lately but Msauli Asbes should help relieve the gloom in this section of the share market. (217)

Msauli's turnover rose only 14 percent in the 12 months ended December. But operating income almost doubled, rising from R8,5 million to R15,6 million.

And while tax paid increased owing to the ending of the exporter's allowance, net profit rose 43,3 percent from R7,9 million, equal to 121,9c a share, to R11,3 million, equal to 174,7c a share.

The final dividend of 22,5c makes a total payment of 32,5c, which is 30 percent more than last year's 25c.

Chairman Pat Hart says that improved world prices, favourable exchange rates, and tight cost control helped boost earnings.

However, he does not expect much improvement this year in world prices. The mine's entire output would be placed mainly with traditional customers.

Owing to a higher tax rate, earnings are expected to be lower this year, but a favourable exchange rate could boost profits. He forecasts a slightly higher dividend.

Price of platinum falls \$20

Finance Staff *STAR 23/2/93*

The platinum price fell by almost \$20 in New York yesterday on news that Japanese car manufacturers would meet their platinum group metal (PGM) needs from stockpiles and might sell excess metals.

Platinum closed \$19.50 lower at \$338 in New York after falling by \$14 to \$348.50 in London yesterday afternoon. (217)

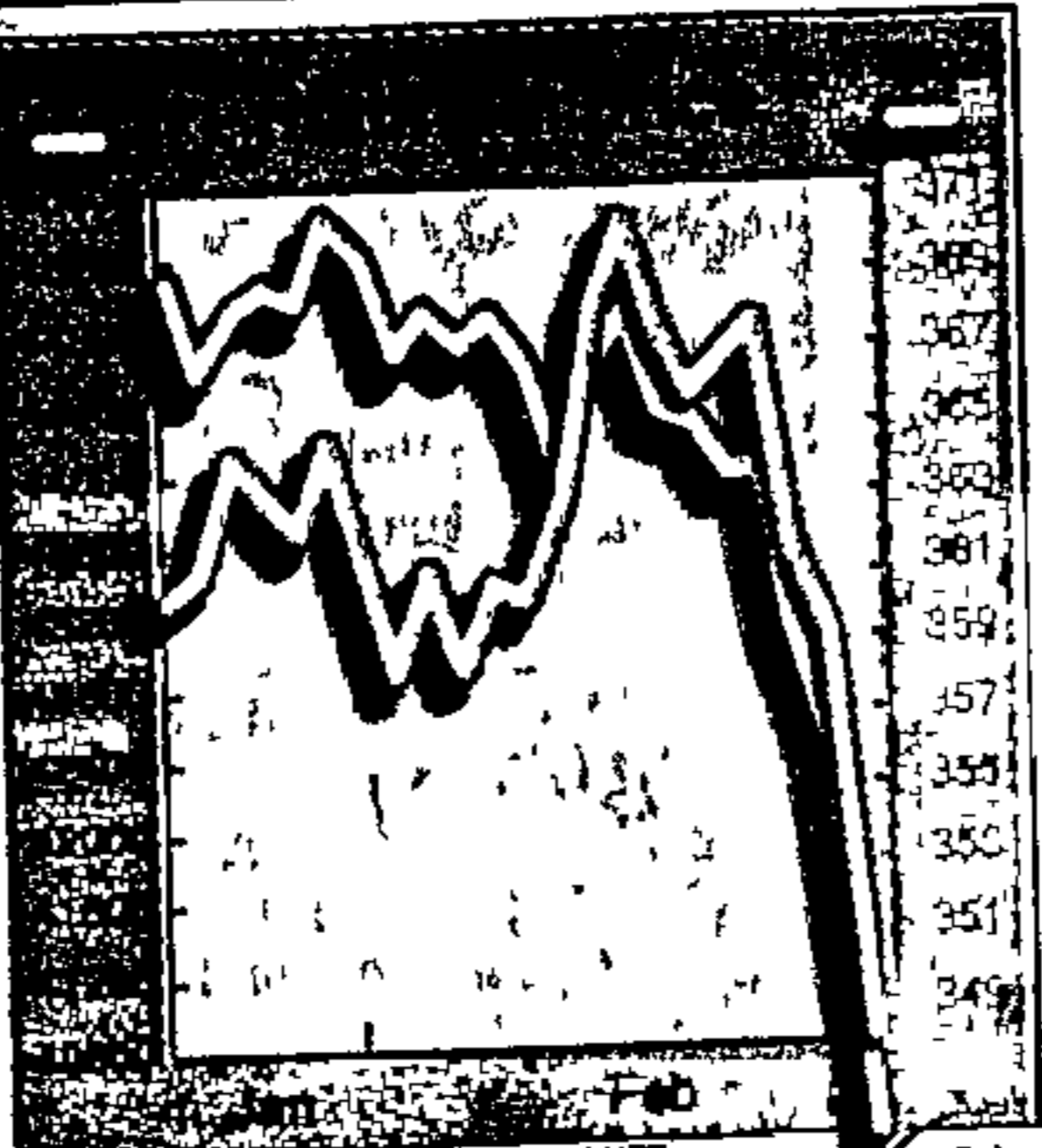
Palladium also fell steeply

by \$9 to \$96.85 in New York.

The slump started in Tokyo yesterday morning as dealers on the commodity market liquidated platinum and palladium futures

Rhodium prices plunged to \$1,400 an ounce last week, their lowest levels since 1991, when Nissan and Toyota first announced their decision to cut their stockpiles of PGMs, used in the making of catalytic converters

Japan accounts for 40 percent of world platinum consumption.



Graphic: RUBY-GAY MARTIN. Source: I.M.E.T.

Platinum prices tumble in London

DIRK VAN EEDEN and MATTHEW CURTIN

PLATINUM prices tumbled more than \$14 to \$347.75 in London yesterday morning. Dealers on Tokyo's Tocom futures exchange liquidated platinum and palladium futures contracts in a bout of profit-taking, sending precious metal prices lower on world markets. *BIDM 23/2/93*

Prices rallied in the afternoon, with the metal fixed slightly higher at \$348.50 in London. Gold prices weakened to end the day down at \$330.05 (\$330.95) in London.

Falling prices knocked the JSE's platinum board, with the platinum index shedding 117 points to 4 012. Market leader Rustenburg Platinum (Rusplat) fell 215c to close at R62.85. Impala Platinum (Implats) fell to R40.50 from R41.00.

Analysts attributed the falling prices to a loss of market confidence after last week's announcement by Japanese car makers that they would cut back on the amount of platinum and palladium they would import for the making of car catalysts. They added that the car manufacturers had threatened to sell part of their platinum group metals stocks.

Platinum prices are sensitive to news from Japan because Japan is responsible for more than 40% of world platinum consumption. About 34% of all platinum is used in car catalysts.

Rusplat finance director Alan MacCon-

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Platinum *BIDM 23/2/93*

chie said yesterday fundamental demand for platinum remained strong. Although platinum prices found support at lower levels, it was disappointing that such "sell-offs" continued to depress prices regularly.

Implats marketing manager Derek Engelbrecht said it appeared the Japanese announcement was aimed primarily at Russian suppliers that had offered only short-term supply contracts rather than the long-term deals preferred by the car makers. The announcement was neverthe-

less bearish enough to knock market confidence enough to send prices lower.

Fergusson Brothers analyst Phillip Marshall suggested that stock levels of platinum were not high, but more than adequate to meet current demand, given weak car sales in Europe.

Mathison & Hollidge analyst Rob Gillard said "Neither new cars nor jewellery are essential goods, which means demand for platinum will not improve until the world economy has recovered significantly."

□ From Page 1

(217)

NEWS IN BRIEF

BY OBM 24/2/93

RBM received R300m

RICHARDS Bay Minerals has admitted receiving at least R300m in export incentives in the past 10 years — but has denied it was singled out for preferential treatment by government.

RBM also acknowledged that the incentives — which were discontinued last year — were a factor in ensuring the company's growth and competitiveness.

However, MD Roy MacPherson said as far as RBM was aware, it was subject to higher levels of corporate tax than any of its international competitors in Australia, North America, Asia or Africa.

FM 26/2/93

(217)

PALABORA MINING

Facing quandaries

FM 26/2/93

Palabora, SA's sole listed copper producer and the envy of many international base metal producers, turned in mediocre financial results for its 1992 financial year. EPS declined nearly 19% from the previous year, which speaks eloquently of the problems faced by this important mining operation.

Pre-tax profit was R392m, a fall of 14% or R66m. Not even a huge increase of R16m in foreign exchange gains could offset the effects of a lower world copper price, combined with a fall in production of new refined copper. Financial director Barry Aitken says the foreign exchange windfall results from profits arising on forward contracts and some gains on foreign loans.

Interest payable nearly doubled to R13,4m and long-term borrowings increased to R76m at year-end, compared with 1991's R15m. However, most of that relates to increased capital expenditure. Palabora's net borrowing position is still less than a tenth of capital employed, an indication of the profound strength of the balance sheet.

The increase in the capital spending programme highlights the nature of Palabora's quandaries, short and long term. Over 1992, smelting operations were affected by changing mineralogy and an ageing smelter. This plant is being upgraded, but construction and commissioning activities affected smelting operations to the extent that refined copper output fell 12% to 104 246 t.

That problem will be out of the way soon; the same can't be said of the difficulties relating to the ore reserves and the quantities remaining which can be mined by existing open cast methods. The finite nature of these is emphasised by the feasibility study now in progress at an estimated cost of R35m, to determine whether underground mining operations will be viable.

On present estimates, the open cast operations cannot last beyond the turn of the century. That makes Palabora's continuance heavily dependent on the economics of underground mining. The company says results of the study will be available in 1994.

FOX FM 26/2/93 (217)
All investors, not least Anglo American Corp, which chose to invest heavily in the operation only comparatively recently, will await the outcome with more than a passing interest
David Gleason

RHOMBUS EXPLORATION

Final stage of transition

(217) FM 26/2/93 1

Activities: Mining exploration company with interests mainly in base metal prospects

Control: Directors 48%

Chairman: A G Fletcher, MD R G Still

Capital structure: 33,6m ords Market capitalisation R17,8m

Share market: Price 53c Yields 9,49% on earnings, p e ratio, 10,5 12-month high, 70c, low, 35c Trading volume last quarter, 300 000 shares

Year to September	'89†	'90†	'91*	'92,
Exploration expenditure (Rm)	3,7	3,8	5,6	1,4
Earnings (c)	(4,6)	1,6	14,0	5,0

† Year to June * 15-months to September

The past year has seen the final stage of RhoEx's transition from a wildcatting gold exploration outfit to a potential base metal producer, with the go-ahead given for the R85m vanadium project being set up by subsidiary Rhombus Vanadium (*Companies* January 15)

That is going to be the driving force influencing the company's fortunes, one way or the other, over the next few years, but RhoEx has another prospect which looks increasingly like coming to fruition as well

This is the Natal Mineral Sands project, in which Shell SA is the majority partner, splitting the equity 60/40 with RhoEx. CE Rob Still says the feasibility study has been completed, with encouraging results and a decision on whether to proceed with a detailed design phase will be taken in the first half of this year.

The key point is that this next phase is going to be expensive because it must involve research into smelting technology to produce high titanium slag from the deposit's ilmenite content. That could cost more than R15m. The estimated cost of the project, if it goes ahead, is R400m in 1992 money.

Maybe Shell can afford to lay out this kind of money, but RhoEx cannot — even though, for an exploration company, it's financially healthy.

RhoEx put R20m of the R30m raised at its listing in 1987 into two endowment policies. Estimated value at maturity is about R44m and the company realised R21,5m of this when one policy matured in September



RhoEx's Still encouraging results from mineral sands study

last year. Maturity date of the second policy has been deferred to September 1995.

The company, therefore, easily has the cash to take up its rights in, and cover its underwriting commitment to, the RhoVan rights issue. This will raise R35m through the issue of 175,6m shares at 20c, in the ratio of 230 shares for every 100 RhoVan shares held.

RhoEx has brought in US commodity broker AIOC Corp as a partner in RhoVan but will retain control by maintaining a 51% stake in holding company Rhosco, which owns 60% of RhoVan.

However, Still concedes that meeting RhoEx's commitments to Natal Sands poses problems, especially as the company does not want to have its interests diluted.

He says RhoEx has reached an agreement with Shell, which means Shell will pay most of the costs of the design phase of Natal Sands, but he will not provide specific details. He adds that, in a worst-case scenario, even if RhoEx contributes nothing further to Natal Sands, the company will still retain a 9% stake.

If the project is a runner, RhoEx shareholders are likely to be called on to fund their share of it, either through a rights issue or, preferably, through the rights in Natal Sands being passed directly through to them.

RhoEx also has the Transkei Mineral Sands project in which Rand Mines was the joint venture partner. That was before Barlow Rand decided to unbundle this mining house and turn it into a holding company for Randcoal.

Still said two years ago that negotiations were under way with a potential new partner which he refused to identify. RhoEx, with its "potential" partner, has now applied to the Transkei government for a mining lease. The partner remains unidentified, which seems

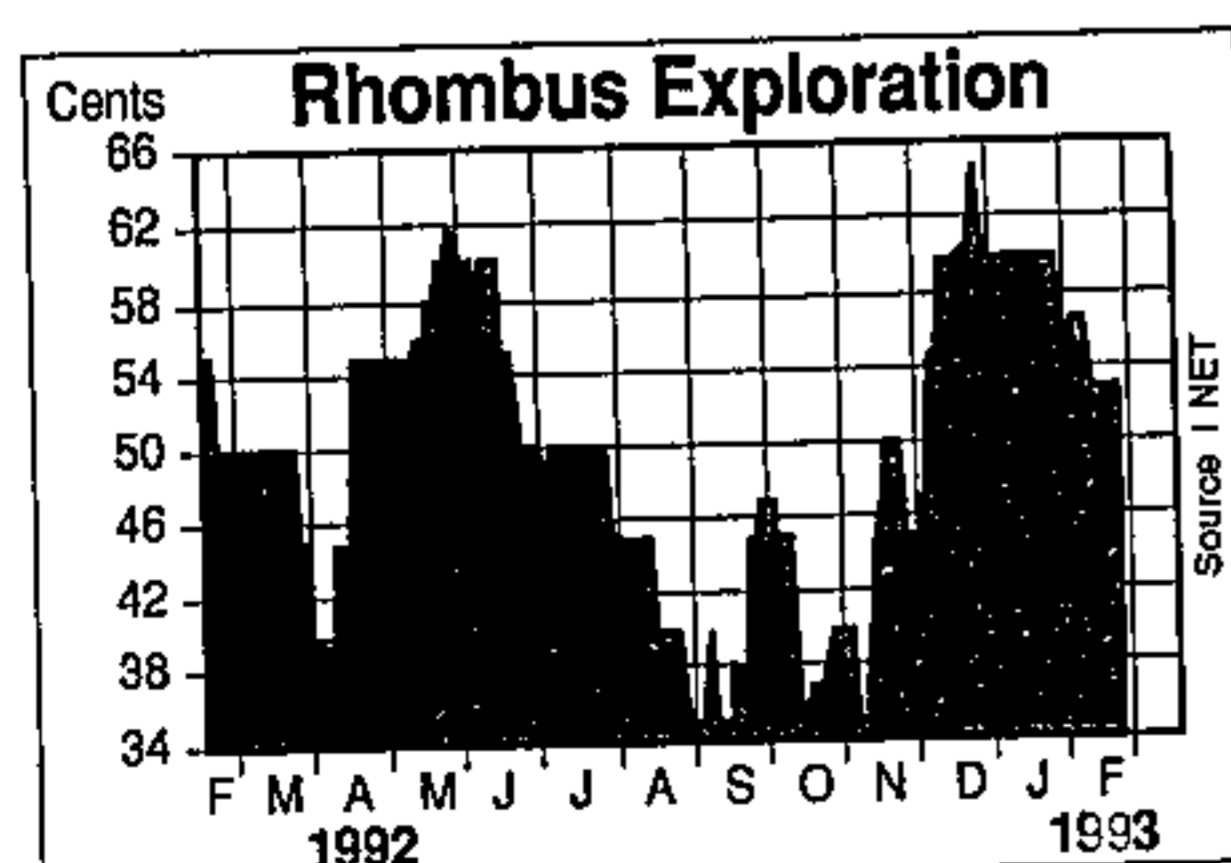
unacceptably poor disclosure

However, the *FM* is told it is not the same partner that Still had in mind two years ago and the partner does not want to be identified now. If the plans come to fruition, its identity will be revealed.

Last year, RhoEx paid R1,5m for 10% of Eagle Granite. The *FM* queried the wisdom of the deal (*Companies* February 14, 1992) and with good reason because Eagle Granite went bust in June.

But the R4m invested for a 50% stake in the Taaboschspruit Colliery is paying off and will contribute profits this year, according to Still. Regrettably, he declines to provide relevant details such as what kind of coal is being sold to which customers and for what revenues. Chairman Anthony Fletcher says these details cannot be disclosed as negotiations are still under way.

At 53c, and with the US starting to recover slowly from its long recession, RhoEx looks a cheap, speculative play on a recovery in the base metal markets. *Brendan Ryan*



GENCOR FM 26/2/93

Who's going up? (217)

Gencor watching is fast becoming almost as exciting as reviewing musical chairs at Anglo. As always, the question is who is doing what to whom? Gencor's recent round leaves as many questions unanswered as it offers solutions.

However, the appointments of former Trans-Natal MD Mike Salamon and Impala MD Mike McMahon to the Gencor board give some indication of what's in the wind. New brooms appears to be the message from chairman Brian Gilbertson, who completes his restructuring with the main board appointment of Engen MD Rob Angel.

A senior Gencor source says Salamon and McMahon are widely regarded in the group as the kind of instant success material which has to be encouraged and rewarded if it is to be retained. Salamon, who is also appointed new CE of Samancor, is seen by analysts to have completed a particularly remarkable job in managing coal producer Trans-Natal over a trying period.

Samancor, of course, is regarded as a key position in Gencor. Not only is it a significant contributor to profits, but its heavy involvement in the massive Columbus stainless steel project, one of SA's most important private schemes in recent years, makes it a vital cog in the house's expansion programme.

These appointments lead inevitably to speculation about the future role of Genmin. Until now, these companies have reported through Genmin. With their CEs all on the main Gencor board, reporting through a lower level makes little sense. Of course, if unbundling becomes a prime requirement, the removal of Genmin is seen as inevitable, though that might depend on some legislative changes and an effort by the fiscus to make corporate restructurings cheaper.

The two Smiths take up residence in Gencor's New Business division, though Bernard Smith remains chairman of Engen. One observer says Gilbertson's intention is to give a much sharper focus to Gencor's pursuit of new business opportunities. The divisions have gone off in different directions, all intent on producing their own versions of the

FM 26/2/93

(217)

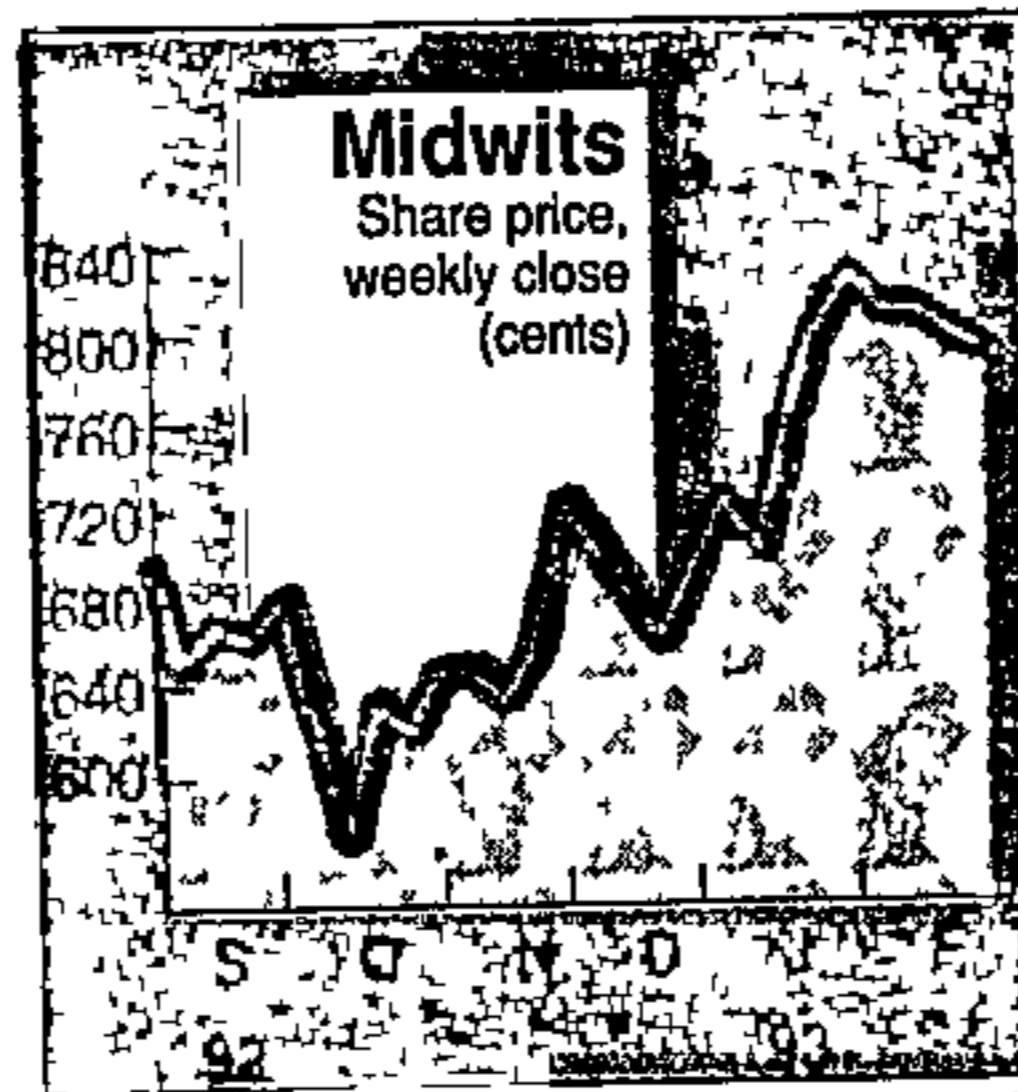
FOX

new business direction which the house should follow. Clearly, that won't happen in future.

Another analyst disputes the common view that Hans Smith, former CE of Samancor, has been sidelined. "He has done all the right things at a time of falling commodity prices. That's when it's most difficult. When prices recover, Samancor will benefit from the cost-cutting exercises implemented by Smith. It's no wonder Gencor wants to use him in finding new opportunities."

One thing is certain from the rearrangement in the passages of corporate power at Gencor: Gilbertson has placed his own, distinctive, hands around the mining giant.

David Gleason



Graphic: LEE EMERTON Source: I-NET

MidWits ups earnings 28%

(217) DUMA GQUBULE

MIDDLE Witwatersrand, the Anglo-vaal group's mining, investment and exploration subsidiary with a stake in the Venetia diamond mine, reported a 28% increase in earnings to R31,8m for the half-year to end-December.

The company turned in earnings of 9,9c (7,7c) a share, from which an interim dividend of 2,2c (2c) a share was declared. *BIDAM*

Income from the group's investment in De Beers' Venetia mine rose 66% to R4,7m (R2,8m). MidWits receives an 8,2% share of Venetia's profit through its stake in Saturn Mining and Prospecting. *26/2/93.*

Chairman Clive Menell said De Beers had informed MidWits that diamond production from Venetia would not increase as fast as expected as a result of the CSO's imposition last year of production quotas on its mine suppliers.

MidWits made a surplus from investment realisations of R4,5m after the sale of a portion of the group's portfolio of gold shares.

Total income slipped to R44,5m (R46m). The investment portion rose to R18,3m (R12,5m) and interest received fell to R17m.

Expenditure came to R6,3m (R6m), which was mostly for prospecting R5,3m (R4,5m). Tax absorbed R9m, outside shareholders R950 000, preference dividends R1,1m and an associate contributed R4,6m, resulting in attributable earnings of R31,8m (R24,9m).

Doing it their way

Savelon 26/2/93

OLD DIEHARDS Entrenched attitudes refuse

THE old South African mentality will never die. Last weekend a large contingent of environmentalists, journalists and other interested parties converged on St Lucia in northern Natal for a congress. Most of these people had one thing in mind — to halt the proposed mining by Richards Bay Minerals of the dunes on the eastern shores of the lake.

But the people who gathered there had the same mentality that has driven this country to ruin. There we were, all the elitists, debating and discussing the future of this area. The local people were not there.

When black people who were there asked why local people were not attending, there was a vague reply that the "indigenous" people were informed but, it seemed, they did not want to attend.

That is the whole problem. The majority in this country are never consulted but are informed.

Another excuse was that the mining company

to die nor will they fade away:

has allegedly "bought off" the chiefs to agree to the mining. Maybe, maybe not. But if the anti-mining lobby was really interested in getting the people involved, they would have consulted the people — instead of informing them.

While the anti-mining lobby has not got the money and the resources available to RBM, the oversight smacks of arrogance. If the people there come out for mining and against eco-tourism, which is being touted as an alternative, it would not be surprising.

Maybe eco-tourism is an alternative but the anti-mining lobby has not been very convincing in this regard either. From the air, the lake looks absolutely splendid.

The group of hippos can be clearly seen. There

SS (217)

are also buffaloes, zebra and other animals. The natural forests covering most of the area around the lake lifts your spirit as you soar above them in the tiny plane.

Then, suddenly, the natural pattern is rudely broken by a big scar caused by dredge mining. The muddy waters in the area being mined makes you think of a gaping wound.

This is the emotional and spiritual impression of the area. But the question the anti-mining lobbyists are not answering is how soon would eco-tourism provide for the local people as opposed to mining?

It is easy for elitists to make decisions — but until people on the ground can decide as well, even the best intentions will not work.

**Sharp fall
for Assore**

Finance Staff

Star 11/3/99
217

Associated Ore's earnings per share fell sharply to 132c in the six months to end-December from 626c a year earlier as subsidiary Assmang halved its dividend contribution to R4 million.

Its other chrome operations were hard hit by the weak chrome ore and ferrochrome markets, reducing turnover to R22,8 million (R32,4 million)

Assore's interim dividend is down to 100c from 300c

It has placed its Zeerust and Rustenburg chrome mines on a care and maintenance basis

Western Platinum stake could be sold

Lonrho debt may revive Gencor deal

BIDAY 2/3/93 217

POOR platinum group metal prices may be speeding up talks between Lonrho and Gencor. The SA mining house may increase its stake in Lonrho's Western Platinum in a debt-equity deal which would ease the burden of Western Platinum's R800m borrowings.

The London Financial Times reported yesterday that Lonrho was negotiating with Gencor about a cash-raising exercise which would see its shareholding in its SA platinum assets reduced to 51%.

Lonrho SA MD Terence Wilkinson would not comment yesterday, beyond noting the current close ties between Lonrho's and Gencor's platinum operations.

Gencor CE finance Philip Rademeyer said he could not comment at this stage.

The Financial Times said Lonrho directors expected talks to be concluded within a month, but an industry source said in Johannesburg negotiations were likely to prove protracted.

News of the talks reflects the strain SA's platinum producers are feeling from the collapse in platinum group metal prices last week. Platinum fell nearly \$30 to below \$350, while rhodium prices, particularly important to Western Platinum which mines a high proportion of rhodium-rich UG2 ore, have sunk to below \$1 500/oz against \$1 800 in January.

Rustenburg Platinum, the world's lead-

MATTHEW CURTIN

ing producer, said at the weekend that poor prices had led it to review production. And Impala Platinum faces working capital commitments more keenly exposed to poor prices.

Gencor's Implats has a 27% stake in Western Platinum, and Gencor chairman Brian Gilbertson has said the mining house is interested in increasing its holding. There are close management and technical links between Western Platinum and Implats, but Lonrho has said talks regarding a merger broke down last year.

The Financial Times said Lonrho was contemplating selling a 22% tranche of Western Platinum. Lonrho valued Western Platinum at £1bn but independent brokers said it was worth only half that.

Market sources said Lonrho was investigating three ways of raising money to reduce Western Platinum's borrowings.

□ Gencor would buy another 22% of Western Platinum, with the Lonrho mines floated on the JSE,

□ Western Platinum would be listed, with a new share issue to pay off its debts, or

□ Lonrho's platinum assets would be put into one of its existing JSE-listed mining holding companies — Coronation Syndicate, Duker Exploration or Tweefontein United Collieries — which would then hold a debt-relieving rights issue.

Minorco hopes to buy Aussie mine dashed

JOHN CAILL

LONDON — Minorco, the £1.5bn international arm of Anglo-De Beers, has been thwarted in its ambitions to buy 49% of Olympic Dam, the giant copper-gold-silver-uranium mine in South Australia. *BID MY*

Yesterday Western Mining Corporation of Perth, which owns 51% of Olympic Dam, said it will exercise its pre-emptive right to buy the 49% stake from British Petroleum (BP) for which Minorco had bid \$455m (\$240m equity and \$216m loans). *3/3/93*

Olympic Dam would have been Minorco's second-biggest investment since it launched its worldwide buying spree after its takeover of Consolidated Gold Fields was aborted in 1989.

Minorco reached agreement with BP in November 4 last year but in terms of the joint venture agreement Western Mining had 90 days in which to consider taking up its pre-emptive option for the 49%.

A spokesman for Minorco, which holds £1.8bn in cash, yesterday said "We are naturally disappointed — we were looking forward to being a partner in one of the world's major copper mines.

"But we are not really surprised. We obviously obtained such a good deal with BP that Western Mining could not resist the opportunity to buy complete control at our negotiated price," the spokesman said.

Lonrho/Gencor 'deal' confusion

BID MY 3/3/93 *(217)*

MATTHEW CURTIN

CONFUSION surrounding the future of Western Platinum, Lonrho's debt-heavy platinum mines, intensified yesterday as the troubled international trading company denied a report that a deal between Western Platinum and Gencor was imminent.

Reuter reports Lonrho deputy chairman Paul Spicer said the report by the London Financial Times — which said Gencor might be about to increase its 27% stake in the platinum mines to 49% — was "purely speculative". He would not comment on whether talks were in progress, but dismissed suggestions, which the Financial Times said had come from a senior Lonrho source, that discussions had narrowed to three options, one involving a deal with Gencor.

Although Gencor and Lonrho spokesmen in SA remain tight-lipped, it is not the first time conflicting accounts have emerged about the future of two parties' relationship in SA. Lonrho said it had walked away from a possible merger with Gencor last year, opting for the involvement of German businessman Dieter Bock.

In contrast, Gencor has argued it was interested only in increasing its stake in Lonrho's SA platinum assets and other African mining interests, rather than any deal involving Lonrho's varied non-mining interests which range from hotels, and vehicle distribution to tomato farming.

Analysts said yesterday the irony

of the situation confronting Western Platinum, Gencor and Impala Platinum was that while the depressed platinum market was putting pressure on Western Platinum to lighten its debt-burden, weak market conditions prejudiced the chances of a rights issue succeeding and Gencor/Implats' ability to pay a satisfactory price for an increased share in Western Platinum.

Frankel Pollak Vinderine analyst Peter Davey said Western Platinum was struggling to cover interest payments. The group reported sharply reduced after-tax profit of R81m (R149m) in 1991/92, and passed its dividend payment, R97.1m in 1991.

Davey said doing a deal with Gencor, as opposed to trying to list the platinum mines on the JSE in their own right or via a quoted mining holding company, would be "the cheapest route out of their troubles".

However, cash-strapped Implats was unlikely to be willing to inject the finance Western Platinum would want. It could argue that investing in Western Platinum was sound in the long-term, but parent Gencor would be required to put up the necessary cash at a time when it faced multi-billion rand capital commitments in Alusaf and the Columbus Stainless Steel joint venture.

Simpson McKie analyst Rodney Yaldwyn said. "Both sides are in a pickle."

Star 3/3/93

Minorco foiled in bid to gain foothold in Australian mining

By Sven Lunsche

(217)

Australia's Western Mining Corporation (WMC) has used its pre-emptive rights in the lucrative Olympic Dam project to foil Minorco's bid to gain a meaningful stake in the Australian mining industry.

In November last year Minorco agreed to buy BP's 49 percent interest in Olympic Dam for \$465 million together with an unspecified amount for BP's loan to the project.

In terms of a joint venture agreement between WMC and BP, WMC had pre-emptive rights to BP's shareholding and had to notify Minorco within 90 days of the offer.

By choosing to acquire BP's participating interest WMC assumes full control of Olympic Dam, one of the world most exciting copper and uranium deposits.

In a terse statement yesterday Minorco simply announced that it would not be acquiring either the participating interests or the historic loans.

Most market analysts

had not expected WMC to exercise its rights, but it seems that the "reasonable" price tag of \$460 million, coupled with the undoubted potential of Olympic Dam's reserves, swung the decision.

According to latest estimates the project's indicated reserves of 413 million tons of copper, grading 2.5 percent, along with the gold, silver and uranium reserves, give Olympic Dam a life of about 200 years.

Unscathed

While Minorco comes out of the deal financially unscathed — it is sitting on a \$1.6 billion cash pile — it has failed once more to gain a foothold in the Australian mining industry.

Minorco's investment in Australia is limited to a minority shareholding in Normandy Poseidon.

It was widely speculated that Normandy's reasonably good relations with WMC would be another factor in preventing WMC from exercising its pre-emptive rights.

Lonrho's financial burden 'overstated'

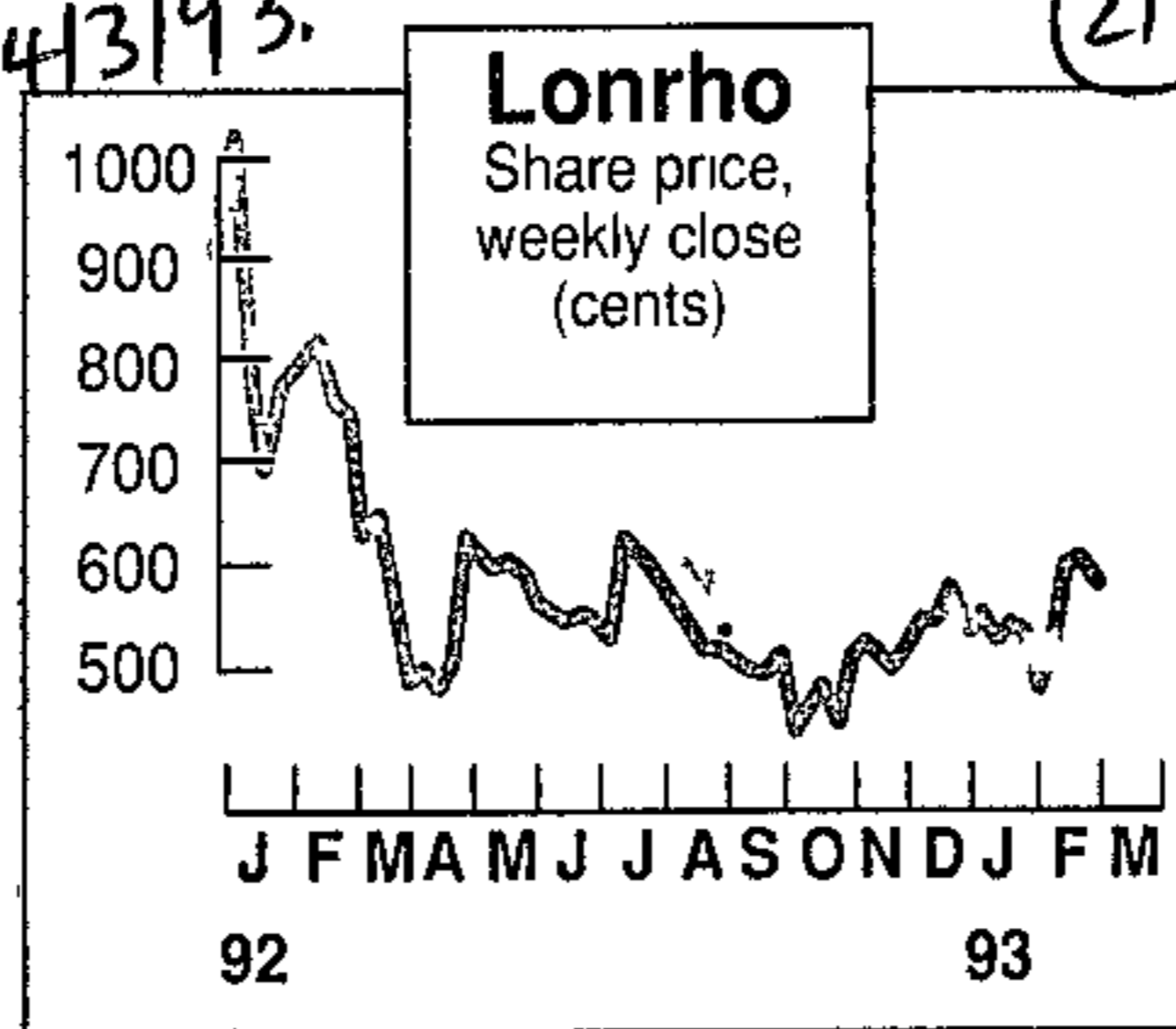
MATTHEW CURTIN

THE WEIGHT of the financial burden facing Lonrho and its SA platinum mining interests — Western and Eastern Platinum — has been overstated, and there is little pressure on the group to do a deal with Gencor, says Mathison & Hollidge analyst Barry Sergeant

Sergeant was commenting on Lonrho's 1992 annual report and speculation, denied by the group on Tuesday, that it was preparing to sell a stake in Western Platinum to Gencor or hold a rights issue to raise money in SA

Sergeant said, in spite of high debt-levels, sales of non-core assets and restructured borrowings, both mines were relatively well-placed for the year ahead

The report, including increased financial disclosure, showed a turnaround of more than £500m in cashflow in the year to September 30



Graphic LEE EMERTON Source I NET

The group reported a net cash inflow of £405m compared with a £149m outflow the year before Lonrho raised £319m through the sale of assets, subsidiary and associate com-

pames At the same time, it repaid £327m in long-term loans (1991 £143m) and £258m (£105m) in short-term loans

Sergeant said savings in interest costs alone could boost Lonrho's earnings a share in 1993 by 6.5p Earnings stood at 1.2p (13.9p) in 1992

Lonrho had reduced debt and gearing levels to the lowest levels in at least 10 years, he said Interest-bearing debt fell to £1.1bn from £1.38bn, and the group would benefit from lower interest rates in Britain

Sergeant said the mines would benefit from improved cashflow as capital spending wound down, productivity and refining improvements were made and borrowings were re-organised. Interest was largely being capitalised on R586m (R454m) in interest bearing debt at Western Platinum and R140m (R260m) at Eastern Platinum He noted Eastern Platinum's long-term debt included a R150m interest-free loan from Western Platinum

Rusplat closes Boschfontein shaft

Blom 24/3/93

SONO WATERS (217)

RUSTENBURG Platinum (Rusplat) announced yesterday it would close one of its shafts and buy metal on the spot market to meet any shortfall in its commitments.

The world's largest platinum producer said it would close the Boschfontein trackless mining shaft as "the current low level of platinum and rhodium production rendered production at the shaft uneconomic".

The move follows the decision by Almazjuvelirexport, the Russian platinum group metal exporting agency, to limit shipments in 1993.

Platinum reacted favourably to the Russian news, with Comex prices rising nearly \$4 on Monday. The news was released after the London markets had closed. Platinum

was fixed at \$354 in London yesterday afternoon, up 40c from the morning fix.

Rusplat's announcement is likely to boost prices further. But SA producers are suffering from low platinum group metal prices, which have prompted Impala Platinum to defer expansion plans.

Financial director Alan MacConachie said he could not say how much production would fall or how many jobs would be lost.

The decision to close Boschfontein would improve Rusplat's financial position as the cost of purchasing metal from the market was less than the cost of production from the shaft, the company said.

'Resilient' Anglovaal expected to hold its own

DIVERSIFIED mining group Anglovaal is expected to have held its own in a tough first half that saw continuing recession, inflation pressures, and low mineral and metals prices, say analysts

"It's been the most resilient of all the mining houses because of its good industrial exposure," said Syd Vianello of stockbroker Ed Hern, Rudolph Inc

Anglovaal is due to report results tomorrow. Most analysts forecast main-

tained or slightly increased interim earnings compared with a previous 240c a share, but others said profits could fall by 7%-10% to 22c-216c

They noted that share earnings in the period under review would be heavily diluted after several rights issues within the group in the past year's second half

A cut in the dividend of 33c is not expected, and some analysts did not rule out an increase

Subsidiaries Anglovaal Industries (AVI) and Associated Manga-

nese Mines of SA (Assmang) are the two main contributors to Anglovaal's earnings in the first half. At the end-June 1992 — recession — profits were widely different from the end-June 1991 figures. In harsh economic conditions, AVI, which said it had a 10% increase in profit, showed successive financial earnings to a diluted level in the six months to December 1992 from a previous 425c a share. "They always seem to do something out of the blue," Vianello said.

Analysts said AVI, which contributes about 50% of group earnings, would more or less offset the poor performance at Assmang. Anglovaal's 1992 earnings fell 30% to 18c a share

The important contributor, Mt-Valterstrand (Western Ltd (Midwits)), increased earnings, mainly on the back of the sale of its 44.7m stake in the Venetha diamond mine, and the realisation of investments — Reuter

Platinum price plunge may force production cut

B/DAY

4/3/93

217

MATTHEW CURTIN

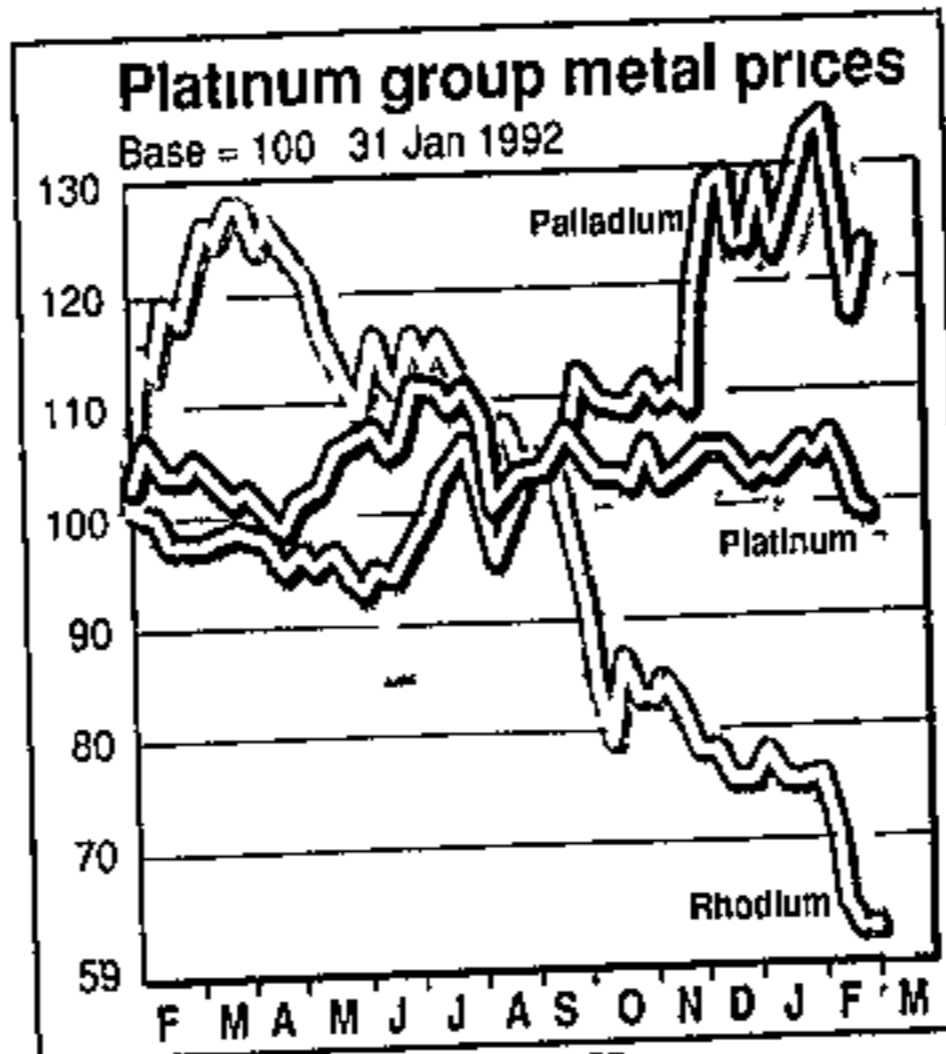
SOME shafts at Rustenburg Platinum (Rusplat), the world's leading platinum producer, were losing money and if prices did not recover in coming months, Rusplat would consider production cutbacks, MD Barry Davison said yesterday.

Davison said JCI was reviewing production at all its platinum mines because of the collapse in platinum and rhodium prices.

However, Rusplat was well placed to weather lower prices because of its strong balance sheet and the completion of expansion programmes at its Amandelbult and Rustenburg sections which gave it the flexibility to slow output from less efficient shafts and concentrate on more efficient ones.

Sister company Lebowa Platinum, a high cost producer, was meeting the technical aspects of its survival plan of mining 70 000 tons of ore a month. But weak prices were putting pressure on its "funding arrangements".

Development work at Potgietersrust Platins (P P Rust) was



on target

Davison returned on Monday from a trip to Japan, during which platinum prices collapsed from near \$370 an ounce to \$340, following reports suggesting Japanese carmakers would sell platinum group metal (PGM) inventories, and announcing a new palladium based catalytic converter.

Rhodium prices fell near five-year lows to \$1 450 an ounce.

Davison said it was "absolute nonsense" that Japanese car makers were planning to sell off their platinum group metal stocks.

His views were based on conversations with Rusplat's car making customers and companies

which held PGM stocks in Japan. He said even if some car makers decided to dispose of their stocks, it would have little impact on fundamental market conditions. Similarly, the announcement by US metals group Allied Signal of a new palladium-only converter, to be used in tandem with existing platinum and rhodium-based units, would lead only to an increase in PGM use in cars.

Both announcements contributed to the "recessionary psychosis" gripping commodity markets, which in the case of PGMs was conspiring to keep prices low despite good fundamental market conditions.

Platinum jewellery demand in Japan was holding up although industrial demand was weak, general demand for PGMs would increase in the US as economic recovery gathered momentum and clean-air legislation would drive European PGM consumption.

However, Davison said higher PGM prices were dependent on confidence on commodity markets that world economic recovery was underway.

"Unfortunately, there are no signs that is happening," he said.

GENCOR DIRECTORS

Moving on board

FM 5/3/93.

Miklos Salamon is a man with a big future. That's what Samancor MD Hans Smith believed back in 1989 when he was interviewed by the *FM*. Smith thought Salamon, then recently appointed to lead Trans-Natal, was enthusiastic, vigorous and going places.

Indeed he has. Salamon (38) was appointed last week to Gencor's main board, in addition, and in a curious irony, he was simultaneously appointed CE of Samancor while Smith, the man who earmarked Salamon in 1989, was moved to the mining house's new business division.

Salamon is one of three new main board appointments at Gencor, signs of a flexing of the muscles by CE Brian Gilbertson. The others are Rob Angel (Engen) and Mike McMahon (Impala).

Hungarian-born, Wits University-educated mining engineer Salamon has worked his way up the mining ladder since 1975, first with De Beers and then with Anglo American at one of its Free State gold mines. Along the way, Salamon picked up an MBA from the London Business School and then joined Shell's coal division.

In 1985 he accepted an appointment as marketing manager for Trans-Natal, Gencor's big coal producer and exporter, finally becoming its MD in 1989 when he was 34.

His rise has been nothing short of meteoric. "He is," says a colleague, "entrepreneurial and profit-orientated. That means he's highly motivated. He is a natural manager." And it shows in the way he has led Trans-Natal, a company which was addicted to the industry's traditions, into a new era of modern and dynamic management.

His new position at Samancor, one of Gencor's most important investments, puts him at the forefront of the development — in partnership with Anglo American — of the Columbus stainless steel project, itself intended to drive SA into the ranks of the world's top producers.

Double Springbok Mike McMahon (46), MD of Impala Platinum, collected his BSc in mechanical engineering from Glasgow University in 1968 and immediately joined Roberts Construction as a site engineer.

Like all true Scots, he retains his distinctive northern accent along with a cheerful approach and an inclination to dismiss hum-

bug. Asked during an *FM* interview when he was appointed MD of Impala Platinum to confirm his membership of the prestigious Rand Club, McMahon's response was he understood that was reserved for those with one foot in the grave. This will not have won him friends at the main bar in Loveday Street.

McMahon's career path has been anything but smooth. With Roberts from 1968 to 1970, he then joined Industrial Heat Engineering for little more than a year before enlisting with Gold Fields for which he

at St Moritz. "I'm afraid," says McMahon ruefully, "we competed with no great distinction."

He concedes the platinum industry has been through a trying time, "But I'm sure we are at the bottom of the price cycle now. Things will get better." McMahon is confident his company, Impala, will do well — but then it would be strange if he were not.

Engen's Rob Angel (51) is another contrast. An Australian, Angel holds an honours degree in chemical engineering from Adelaide University and began his career at



Salamon



Angel



McMahon

Mobil's Adelaide refinery in 1967. Later he worked in Melbourne and was transferred to Singapore in 1975.

In 1978 he became Mobil's area co-ordinator in New York for Australasia before becoming chairman and MD of the company's operations in Cyprus. Two years later, in 1981, he became refinery manager of the Coryton refinery in the UK, an operation described by a colleague as being in "a

state of comprehensive chaos when Angel arrived to set it straight."

After a second period with Mobil in New York, Angel took up residence in SA in 1986 and became chairman and MD of Mobil's SA operation in 1987. Two years later, Mobil decided to follow the route hallowed by a number of other distinguished American companies and sold its operation to Gencor. "Angel's vast experience," says Engen chairman Bernard Smith, "and his comprehensive knowledge of the oil and energy industries, make him vital to Gencor's expansion plans."

Mobil had other ideas and Angel was tempted by offers which he shouldn't have been able to ignore. It's possible his decision to remain in SA — and to switch employers — has much to do with his SA wife and commitment to Western Province cricket and rugby, an affection which will be puzzling to many others. But Angel can play it rough too. He is an exponent of Australian Rules football and represented South Australia at cricket.

Between them, it seems Gencor's trio of new directors will lend an innovative sense of urgency and spice to the board's deliberations.

Transferring his attention later to watercraft powered by wind rather than muscle, McMahon was selected as a Springbok Flying Dutchman class yachtsman to represent SA in the European championships in 1982.

worked in various positions until 1973.

Rejoining Roberts, McMahon worked as a project engineer in SA before being seconded to a Roberts project in Frankfurt. In 1977, McMahon moved to JCI, becoming the group's consultant mechanical and electrical engineer in 1981. In 1988, he was tempted into Gencor, probably because of Gilbertson's earlier translation (though poaching at high level in the industry is, of course, a delicate matter), as the group's CE of technical services. He was appointed MD of Impala Platinum in 1990.

McMahon is something of a water athlete, though his natural modesty leads him to dismiss his considerable achievements. Taking up rowing at Wemmer Pan, Johannesburg, McMahon's natural ability and strength were quickly realised.

In 1970 and 1971 he represented SA in rowing fours and was a member of the team that beat the British national team in the 1970 Wyfold Cup race at, of all places, Henley on Thames.

Transferring his attention later to watercraft powered by wind rather than muscle, McMahon was selected as a Springbok Flying Dutchman class yachtsman to represent SA in the European championships in 1982.

Between them, it seems Gencor's trio of new directors will lend an innovative sense of urgency and spice to the board's deliberations.

Impala ^(2/7) concern at disruption

IMPALA Platinum said it was concerned with the recent disruption of platinum group metal markets by announcements of new car exhaust catalyst technology and of destocking of platinum metals by Japanese car makers.

In an statement titled "Is this fair play?", Impala executive chairman Michael McMahon said the announcements were more examples of incidents in the past few years which adversely affected platinum producers' activities.

The latest disruption followed the release of a report that Allied-Signal had developed a new catalytic converter using only palladium.

"I am deeply concerned at the common thread which runs through most of these announcements, which initially overstate a position, causing severe downward pressure on the platinum group metal markets, and are followed a day or so later by a retraction, withdrawal or considerable watering-down of the original message," McMahon said.

"Manipulation by industrial concerns seeking market advantage, and by speculators profiteering from resultant price movements, places additional pressure on operating margins and current production levels."

McMahon reaffirmed Implat's confidence in "the continued significant role of platinum, rhodium and palladium in car exhaust emission technology", but emphasised that the economics had to be viable for producers to continue to support their customer's increasing metal requirements. — Reuter.

Star 5/13/93

Anglovaal's earnings in decline

By Stephen Cranston

Anglovaal has reported a six percent decline in earnings per share to 136c in the six months to December.

The interim dividend, however, has been maintained at 33c.

Chairman Basil Hersov says that the contribution from Anglovaal Industries increased by 20 percent because of a nine percent increase in earnings per share and as a result of further investments by Anglovaal in AVI.

There were stronger results from Consol and National Brands as well as a R14,3 million contribution from 25 percent-held cement producer Anglo Alpha.

Anglovaal's mining investments had to contend with continuing adverse market conditions, with both volumes and sales prices under severe pressure.

Earnings from this division were reduced despite a R3,3 million dividend from Prieska Copper Mines, which has ceased operations.

The Associated Manganese Mines, the major contributor to mining income of the Group recently reported a 51 percent drop in profit for its first half

Venetia mine

Construction work at the Venetia diamond mine was completed according to plan and the main treatment plant started production last July and reached full capacity at the end of the year

Unfortunately, commissioning of the mine has coincided with a plan by De Beers to slow the build-up of production this year in response to the Central Selling Organisation's application of quotas of deliveries of diamonds for sale to the market.

Although the major gold exploration programmes undertaken by Sun Prospecting and Oribi in the northern Free State are completed exploration expenditure continues. The group and its partners spent R36,5 million on exploration in the first half and expects to spend R22,7 million in

the second half.

Group turnover increased by five percent to R4,30 billion but operating profit fell eight percent to R344,8 million

There was a useful 17 percent increase in investment income to R26,4 million and a 17 percent reduction in tax to R149,8 million

After-tax earnings were up three percent to R274,8 million but the portion attributable to minorities was up 13 percent to R138,8 million.

Attributable earnings increased by five percent to R136,0 million

Hersov says that the prospects for domestic economic growth in the short term are not encouraging.

But he adds that with some progress on political negotiations, an improvement in the international economy and the benefits of lower interest rates and inflation, there is hope that the lower levels of economic activity will bottom out and there will be an upward trend towards the end of 1993

Manganese mine big boost for jobs

Business Editor

(217) ARC 6/3/93

THE opening of a manganese mine next month near Postmasburg in the northern Cape could give a big boost to jobs in the area.

Ore reserves are estimated to have a life of between seven and ten years from production of 120 000 tons of ore a year and exports are expected to grow from \$6 million to \$20 million a year.

The mine, Kapstevél, has been taken over by Union Mines Ltd (UML) in a R7 million deal and UML's chairman, Mr Nico Lotterie, says 50 workers will be employed next month to start hand-sorting ore into various types. After a trial period the number will be enlarged.

Negotiations are going on with contractors to start open-cast mining and the new owners plan to wash and beneficiate the ore for export. If sales meet expectations, a second beneficiation plant will be started.

"We have received trial orders for our ore from all over the world," said Mr Lotterie.

The mine closed several years ago but only iron ore was extracted and the manganese deposits were untouched, said Mr Lotterie.

UME's board of directors has been expanded and is now: Mr Lotterie, Mr Gorfrey Ashmead, Mr Harold Beinart, Mr Fred Ilse, Dr Bruce Rely, Mr Peter Townsend, Mr Johan van der Bergh.

UME, which is listed on the JSE, reports a net loss of R486 000 for the year to December 31, up from R471 000.

Rhovan offer fails to excite investors

(B/D M) 9/3/93

(217)

MATTHEW CURTIN

WITH Rhombus Vanadium (Rhovan) shares trading at a 5c discount to the issue price of 20c in the company's forthcoming R35m rights offer, investors have so far declined to take up Rhovan's nil paid letters of allocation issued a week ago.

The letters have not traded after a week on the market and were offered at 1c yesterday.

The rights offer is fully underwritten by Rhombus Exploration and Rhovan's new holding company Rhosco, to be 49% owned by US metals trader AIOC Metal Holdings which is injecting R28m to help finance Rhovan's controversial R85,2m new vanadium beneficiation plant. The rest of the finance will be sourced from the rights issue and a R31,5m IDC loan.

The dearth of investor interest in Rhovan stock may reflect the sober account of vanadium market conditions detailed in Rhovan's rights offer prospectus.

Rhovan directors noted vanadium oxide prices were "highly depressed" and a further weakening during 1993 was probable. The market was considerably over-sup-

plied for oxide and ferro-vanadium, used in the manufacture of special steels, although the amount of production capacity which was economic at current prices was "materially less than commonly reported".

The directors said: "While this over-supply capacity will be worsened by Rhovan's entry into the market, as a low-cost producer Rhovan should take its place as an economic supplier in these depressed markets".

Rhovan forecast a 7c dividend in 1997, two years after its new plant was scheduled to be commissioned, rising to 15c in 1998, 22c in 1999, before falling to 20c, then 16c and estimated at 17c in the year 2002. Forecasts were calculated on a 7% real discount rate.

Rhovan estimated vanadium oxide prices would be \$1,80 a pound in 1995, rising to \$1,90 the next year, then to \$2,20, \$2,50 and to \$2,75/lb in 1999.

That compares with the current \$1,65 spot price, which averaged \$2,08 in 1992, \$2,45 in 1991 and \$6,49 in 1989.

Rhodium prices plummet

MATTHEW CURTIN (217)

PRICES for rhodium, the highest priced element in the cocktail of platinum group metals (pgms) produced by platinum mines, plunged to \$1 300/oz yesterday, the lowest level since November 1989.

Rhodium prices rocketed from late 1989 to more than \$5 650 on fears of metal shortages when refining problems affected SA supply

Prices were then sustained nearer \$3 000/oz by expectations of increased demand from European car manufacturers needing heavier loadings of rhodium in catalytic converters to meet new clean air rules

However, the depressed European car market has led to reduced rhodium consumption, and improving rhodium recoveries from all SA producers has left the market increasingly well supplied

The depressed rhodium prices are a heavy blow for SA platinum producers who have relied on them to compensate for platinum prices which have fallen steadily since 1989.

In November that year platinum prices stood at more than \$490 Platinum traded listlessly yesterday, fixed in London yesterday afternoon at \$341,85

Production cutbacks are looking in-

creasingly likely, market sources say

SA's gold mines have experienced more than three years of production cuts due to the sluggish gold price, but the situation facing platinum producers is different

First, SA's main producers are not all exposed in the same way to low prices

- Rusplat is cash-flush and has completed major expansion programmes, giving it greater flexibility with regard to reducing production,

- Impala Platinum's cash reserves are smaller, the group has deferred major capital projects, and if prices do not recover the group's cash flow might be put under pressure,

- Lebowa Platinum, Rusplat's sister company, is already on a survival plan, but management says any production cuts will be considered in the light of long-term considerations regarding mineral rights,
- Potgietersrust Platinum, JCI's developing mine, is a low-cost opencast operation

Second, while platinum mines, like gold mines, face high fixed costs, they lack the flexibility of gold mines because grades along a platinum ore body are more constant

Price fall angers platinum producers

217

STAR 9/3/93

There has been good news and bad news for producers of platinum group metals these past few weeks.

After Allied-Signal of the US announced last week that it had developed a new palladium-only catalyst for cleaning car exhaust fumes the price of that metal rose by more than 5 percent.

The trouble was that the announcement raised the spectre of platinum's displacement from its biggest single market, and its price fell by 1.75 percent.

For the South African producers that account for more than half the world's production of the two metals the palladium price rise would net an extra \$6 million in a full year, while the platinum fall would cost them nearly \$16 million. So they were far from pleased. And any relief they might have felt when Allied-Signal backtracked, saying the new catalyst would not replace platinum or rhodium based systems, was overcome by fury at what they saw as another example of market manipulation.

Is this fair play? Was the heading of a statement issued by Michael McMahon, chairman

of Impala Platinum, the second largest producer of the metals. He complained of a series of incidents over the past few years that had hit his company's earnings and in which he detected a common thread.

Initially, he said, there was overstatement of a position, causing severe downward pressure on the PGM markets. And these were quickly followed by a retraction, withdrawal, or considerable watering down of the original message. That view was backed by Rustenburg Platinum, also of South Africa, the biggest producer, which warned that continuing depressed prices might force it to close down loss-making shafts.

While the London palladium price held on to most of its gains platinum is still \$25 down from three weeks ago, following an earlier fall that was blamed by Mr Todd Bruce of Rustplats on claims for which there was no factual support, that Japanese car makers were selling from their own stocks of the metals.

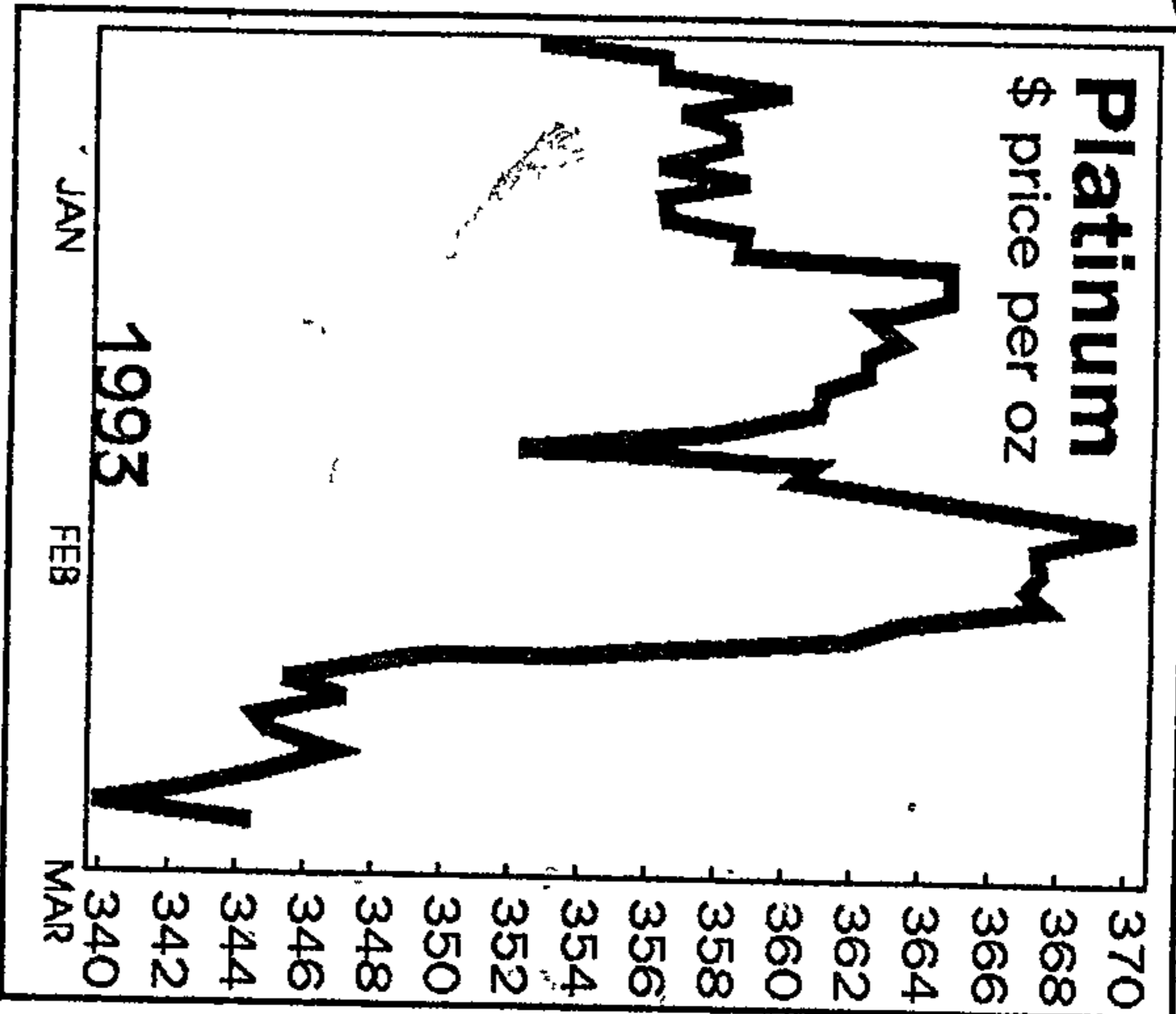
At the London Metal Exchange it was one-way traffic again, with all base metals contracts finishing lower on the week.

The sharpest decline was in copper, the cash price for which closed yesterday at \$1474.50 a ton, down \$40 on the week. The writing was on the wall when the three months copper price was pushed through a support area around \$2150 a ton to a fresh three-month low.

The main problem for the copper market is the disappearance of the bullish factors that had been propping it up in January and February, initially sustained Chinese buying and then floods in Arizona and strikes in Mexico, while hopes of recovery in the US are being countered by concern about European and Japanese car production prospects.

The mood of the market has been further undermined by an ominous increase in arrivals from Russia, the source of the floods of aluminum and nickel that have knocked the stuffing out of those markets.

The long shadow of the former Soviet Union also extended over the tin market as merchants reported that the Commonwealth of Independent States was also offering supplies of that metal, and at discount prices — Financial Times



Mining sand dunes

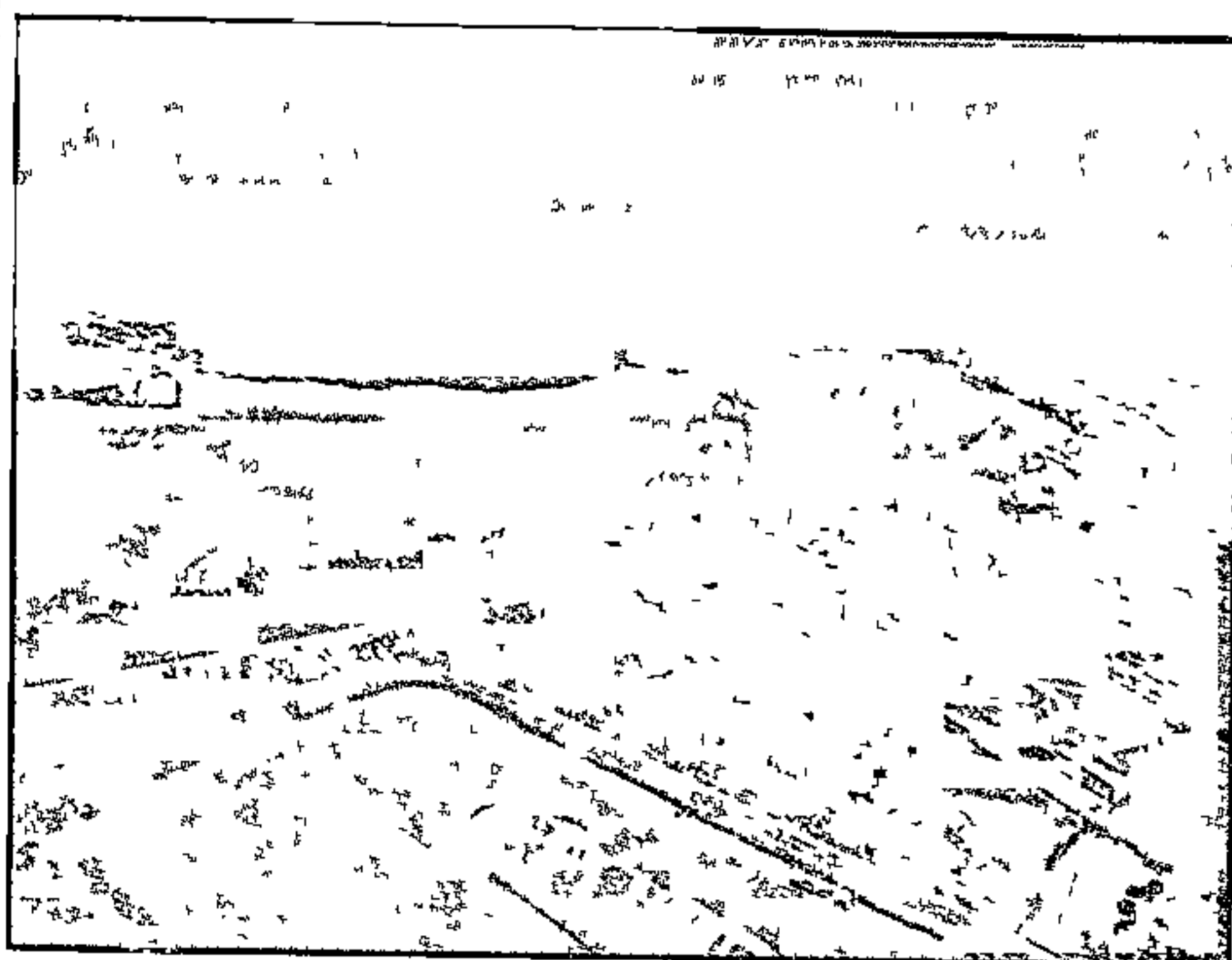
A before and after scenario

DUNE ROW

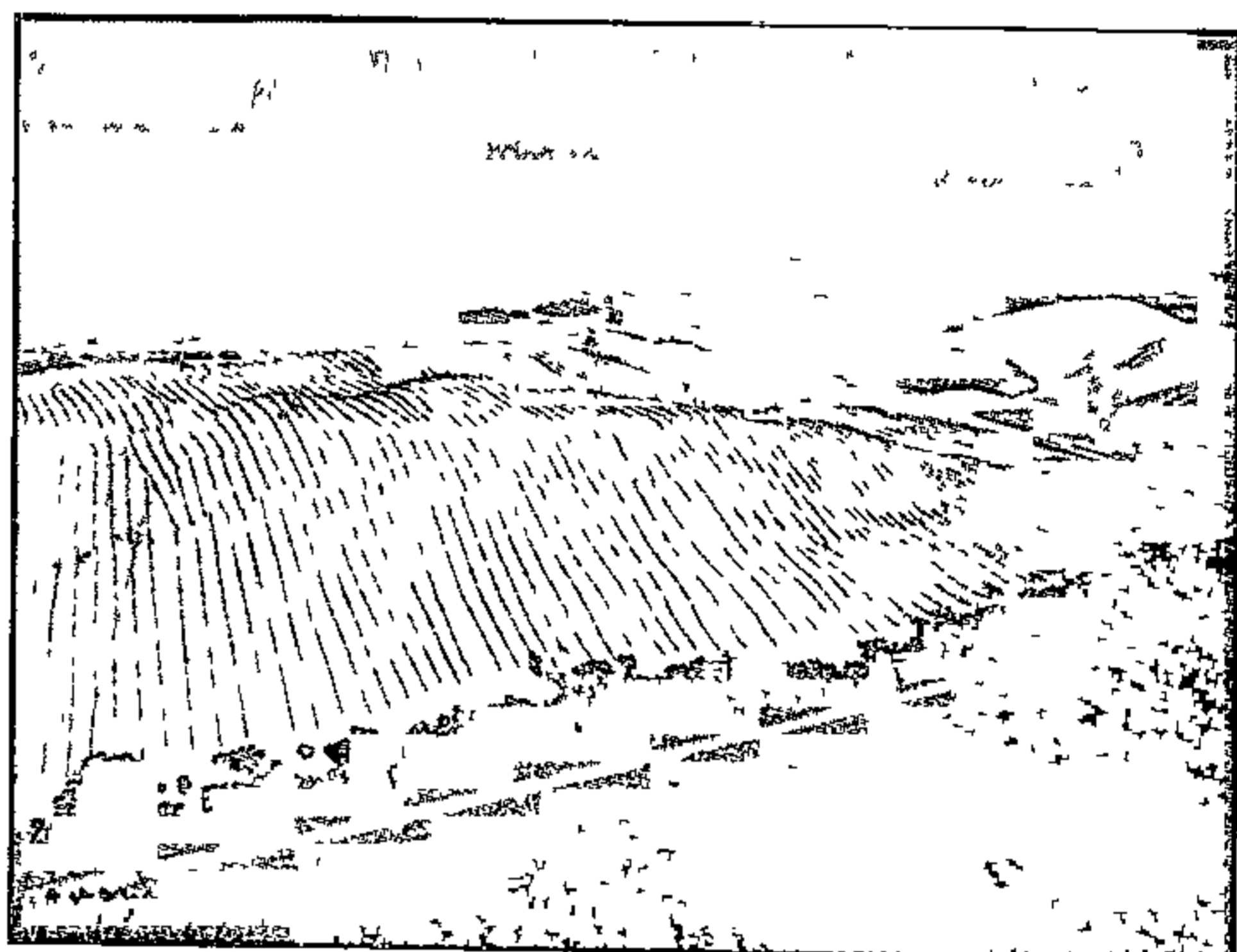
The St Lucia saga raises its head once more, as the most expensive, extensive and detailed environmental impact assessment yet in South Africa's history is about to be released. Science Writer ANITA ALLEN looks at the process of dune mining, to give you a chance to make up your own mind.



St Lucia today . . . the wetlands (right) and the dunes that Richard's Bay Minerals proposes to mine (the area closest to the sea)



How the process works . . . at an earlier mining site in northern Natal, a dredger eats away at the dune (right) while bulldozers sculpt a new dune in its wake (left)



Vegetation teams move in . . . original top soil and seed are spread across the re-shaped dune and windbreaks are planted.



Progress . . . a replanted dune five years after re-vegetation began



End result . . . the mining area — 14 years after the dredgers moved in — sports a tree canopy and lush vegetation. Pictures John Ledger

TO dig or not to dig — the St Lucia saga is a mine of misinformation, dogged by controversy, and much wasted ink spilt in trading insults. But the issue moves into a new and important phase next week, when the Environmental Impact Report (EIR) on the proposed mining activities on the eastern shores of Lake St Lucia is sent to all 13 interested and affected parties on March 18.

Copies will be available at centres nationwide, including public libraries, and the public will be invited to comment.

The process of dune mining as practised by Richards Bay Minerals (RBM) has been developed in trials over the years. At St Lucia it involves 1500 ha, which RBM proposes to mine 50 ha at a time.

First, all existing vegetation is cleared and the top soil, with its mix of seeds, is set on one side. Then bulldozers create a pond into which water is pumped and a dredger is floated on the water.

At its front end, buckets eat away at the dune and pass the sand to a separator floating be-

hind. Here the heavy metallic sand — the black sand one finds on many South African beaches — which forms about four percent of the sand of a dune, is separated and trucked out to the smelter. The remaining slurry fills in the pond behind the dredger.

When this sand has dried out, it is "sculptured" into the profile of the dune as it originally existed.

The vegetation teams move in and replace the original top soil with its original seeds, plus a cocktail of added seeds which include quick-growing annual grasses and acacias.

Windbreaks made of shade cloth are then set up and the area is left to recover. Eventually bird-carried and wind-blown seeds from adjacent areas, which act as a source of original vegetation, are brought in. The acacias form a canopy which attracts bird life.

"Of course one can never recreate the dune as it was," says John Ledger, director of the Endangered Wildlife Trust. "Humans

are changing the environment, but it need not be detrimental."

With South Africa's population expected to double in the next 25 years, the priority will be economic growth and job creation.

"This will create enormous pressure on the environment," says Ledger, "and the public needs to be geared up to cope."

The St Lucia EIR will provide a logical way of prioritising the decision-making process to develop or not to develop. Ledger talks about win-win solutions, where the goals of developers and environmentalists are addressed in a spirit of mutual concern. This elusive spirit is the real challenge of St Lucia.

"The St Lucia controversy is a crucial test of the ground rules to resolve conflicts between development and the environment. Its outcome will influence Government policy, and establish standards by which future environmental issues will be judged," says Ledger.

Next week's report will also be a reference point for the public debate which will then begin.

Star 10/3/93
Challenge

ANGLOVAAL FM 12/3/93 (217)

Industry to the rescue

Industrial interests underpinned results in the six months to December, holding the dip in attributable earnings to 6% despite a 51% slump in earnings at subsidiary Associated Manganese — the most important contributor to mining income, which in boom years for the ferro-alloy business has accounted for up to 20% of Anglovaal's total earnings

Those days are gone Anglovaal Industries (AVI) turned out to be the main crutch with a 20% rise in its contribution to earnings, split between a 9% rise in AVI's intrinsic profits and an increased stake in AVI following last year's rights issue

Given the grim domestic economy, Anglovaal's diverse industrial holdings have done remarkably well, but cannot by themselves justify the current high market rating At R77 Anglovaal is on a historic dividend yield of 1,3%, the highest in the mining house sector except for Anglovaal Holdings, which is on 1% The sector average is 3,2%

Anglovaal Holdings is the top company through which the Hersov and Menell fam-

FM 12/3/93

(217)

FOX

ilies maintain control

Reason for the high rating is investor anticipation of revenue to come from De Beers' Venetia diamond mine in the northern Transvaal, which reached its initial full production target at the end of last year

Directly and indirectly through subsidiary Middle Witwatersrand, Anglovaal has an 87,5% interest in Saturn Mining, which owns the Venetia mineral rights Under the deal with De Beers, Saturn gets a minimum 12,5% royalty from Venetia's profits before capex until De Beers recoups the R1,1bn it spent to develop the mine After that De Beers and Saturn split profits equally

The past year's developments in the diamond market have dimmed prospects somewhat It seems unlikely De Beers will push ahead as originally planned to boost Venetia's annual output to 5,9m ct by the end of this year through working a seven-day week However, even at present production around 4m ct annually, Anglovaal's earnings could soar from about 1995 because of Venetia.

"If you can see any reason to be optimistic about diamonds over the next two years, Anglovaal is a buy," says one analyst

Others are less sanguine and think the share expensive in relation to present underlying fundamentals. They would prefer to see it drop back to around R70 before recommending a purchase.

Outlook for the year to June is for a slight

dip in earnings (1992 464c) and a pegged dividend (100c) Next year, earnings could rise by up to 20%, given some recovery in commodity markets and the SA economy.

Anglovaal, which raised dividends 8,7% in financial 1992, is ahead of the game, compared with mining houses like GFSA and JCI, which have pegged their payments for four and three years respectively

While a higher rating can be justified against those shares, Anglovaal still looks particularly expensive against Gencor and Anglo, both of which increased their dividends in their latest financial years Like Anglovaal, these groups will also benefit significantly from the long-awaited upturn in commodity markets and both have significant industrial holdings to provide a spread of investments

Brendan Ryan

Star 12/31/93

Gefco lifts dividend

217

Finance Staff

The weakening rand compensated for lower asbestos sales, but Gefco still reported a five percent decline in net profit to R2,8 million in the year to December.

The dividend has been lifted by 20 percent to 3c.

There were substantially lower sales of both blue and amosite fibre, due to the phasing-out of amosite by its main users and a shortage of foreign currency in some countries importing blue fibre.

The Penge amosite mine was closed at mid-year, while production of blue fibre has been

confined to one complex only.

Current demand for blue asbestos seems slightly firmer than in 1992, but will be determined by customers' ability to source foreign currency.

Prices are expected to remain static or trend lower in an oversupplied market.

The Annandale colliery almost trebled its turnover to R12,4 million, but still suffered a loss of R6 million for the year, as a result of a drop in export prices and an oversupply situation in local markets.

Chairman Pat Hart predicts that 1993 results will show a slight improvement over 1992's, provided there are no unforeseen setbacks.

Poor sales, unprofitable coal hit Gefco

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ASBESTOS and coal producer Gefco reported a 5% fall in earnings a share to 7,3c (8,2c) in the year ended December 1992. The rand's loss in value against the dollar mitigated falling asbestos sales and the unprofitability of Gefco's Annandale colliery.

The group declared a 3c total dividend, up from 2,5c in 1991.

The strength of its cash reserves and a likely improved performance in the current year meant shareholders could "look forward to a possible improvement in dividend distribution", said chairman Pat Hart.

MATTHEW CURTIN

Gefco closed its Penge asbestos mine last year because of poor demand for its amosite asbestos fibre. The material has been phased out by US customers, in particular, recently Gefco has compensated for lower asbestos production by moving into coal mining, acquiring the Annandale colliery in 1991.

However, the open-cast mine has been dogged by high costs. Gefco will phase out opencast operations and investigate underground mining at a

nearby "coal source" in the short-term.

Turnover from asbestos operations fell to R45,8m from R87,9m in the year, while coal sales rose sharply to R12,4m from R4,2m. Asbestos sales were partially hit by "a shortage of foreign currency in some countries importing blue fibre", Hart said.

Despite higher sales, Annandale reported a R6m loss. Overall operating profit rose to R2,67m (R796,000), but investment income dropped to R1,23m (R3,18m). After-tax income stood at R2,81m (R2,96m).

Concern over Russia buoys platinum price

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MATTHEW CURTIN

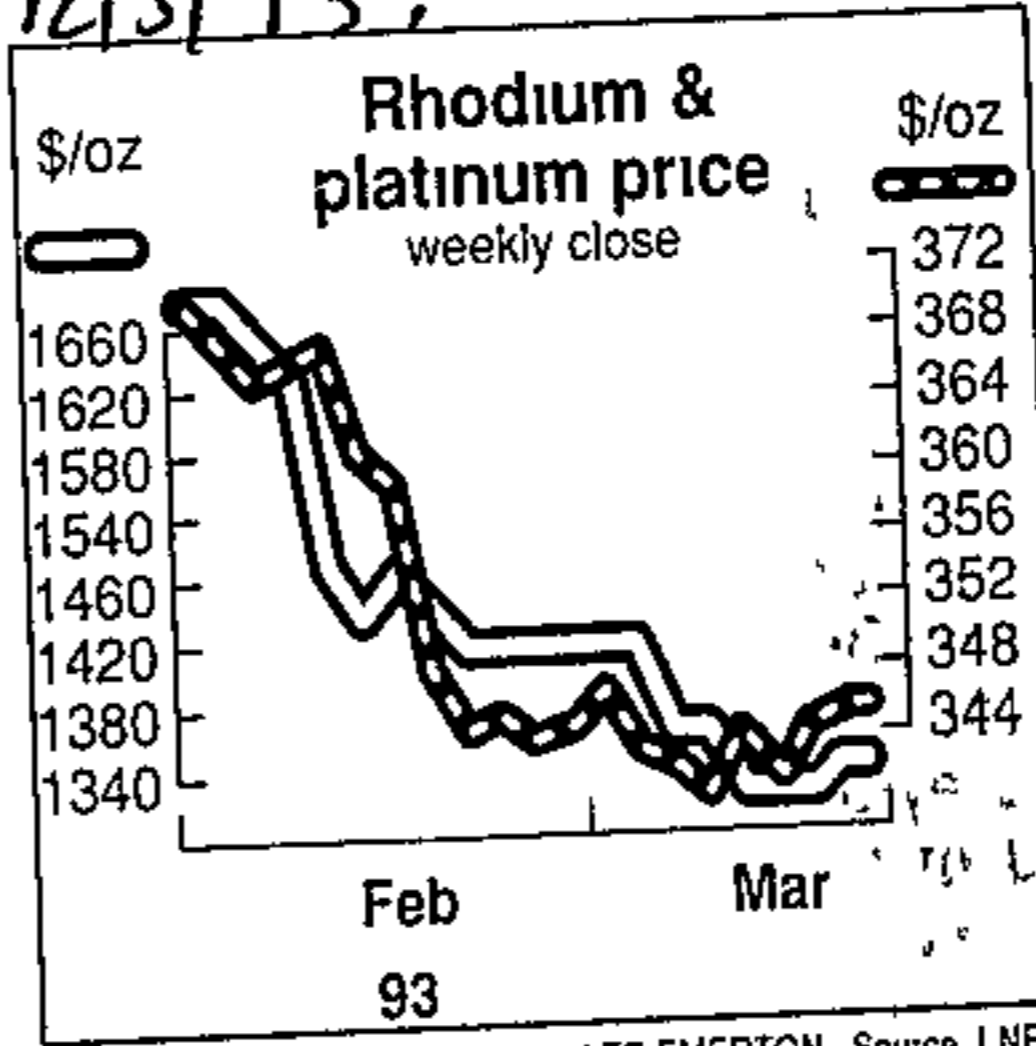
THE upward movement in platinum prices gathered momentum yesterday as the metal touched \$350/oz after having fallen to \$340 only a matter of days ago

Platinum was fixed in London yesterday afternoon at \$350.50 against a morning mark of \$348.95, nearly \$4 up from \$345 on Wednesday

Reuter reports that the stronger dollar boosted precious metal markets with platinum and palladium prices lifted by concern that the state of the Russian economy could affect Russian metal supplies. Palladium was fixed at \$107 (\$103.75) an ounce.

The higher prices carried JSE platinum shares higher with the index rising 49 points to 3874. Potgietersrust Platinums, JCI's developing platinum mine expected to be a low-cost open-cast producer, put on 50c to 95c to record the largest gain.

Prices for rhodium steadied above the \$1 300 an ounce mark, quoted in Zurich in a \$1 300 to \$1 450 trading range. Rhodium is primarily consumed by the motor industry for use in catalytic convertors, unlike platinum and palladium for which there is wider industrial and investment demand. The metal is usually sold by contract with little spot trade, unlike



Graphic LEE EMERTON Source I NET

other precious metals

Reuter reports the Mineral and Energy Affairs department said estimated figures for the country's platinum group metal reserves in the Bushveld complex, the platinum-bearing geological formation northwest of the PWV, had nearly doubled to 58 900 tons after a change in the way resource figures were calculated. The new estimate implied SA held about 88% of world platinum group metal reserves.

The Minerals Bureau said "Thanks to greatly improved mining methods and refrigeration technology it is now possible to exploit economically platinum group metal-bearing ore bodies of the Bushveld complex at far greater depths."

St Lucia: Plea to delay decision

St. Times By ROY RUDDEN 14/3/93

LEADING conservationist Dr Nolly Zaloumis, chairman of the Campaign for St Lucia, has called on the National Party to delay a decision on mining at Lake St Lucia until a new democratic government is installed in South Africa.

He made the plea on the eve of publication this week of the independent — but Richards Bay Minerals-sponsored — Environmental Impact Assessment (EIA) report on which the government is to base its final decision on whether to give the company the go-ahead to mine the dunes for heavy metals in one of the world's last great wetland areas.

The EIA will be released on Thursday, after which the public and concerned bodies will be invited to comment. An evaluation of the report will also be made by a five-member panel under the chairmanship of former Natal Supreme Court judge Ramon Leon.

But campaigners and most conservation officials, including the ANC's spokesman for environmental affairs Professor Stan Sangweni, believe that the issue is too important to hinge on a report by a group of scientists. They believe the present government cannot make a decision because it does not represent all South Africans.

Legal

They suspect that, in any case, recent statements by Energy Affairs Minister George Bartlett indicate that the government favours mining at St Lucia.

The campaigners believe that the government is more obligated towards giving Richards Bay Minerals (RBM) the go-ahead than to morally heed the outcome of the impact study.

This is why opposition parties, including the DP, CP and ANC, are in favour of a private member's Wetland Conservation Bill which would give the state the legal teeth to prevent St Lucia mining regardless of any contractual obligation to RBM.

Dr Zaloumis said yesterday: "At the very least, the government should see that this bill is tabled soon. And the National Party should allow an open vote so that its MPs can vote according to their consciences and not be bound by the party hierarchy."

"If the bill is not tabled, a decision on St Lucia mining should be held over until a fully representative government is there to see that the decision represents what the majority of South Africans want," he said.

No deal on Wesplat, says Lonrho

LONDON.— Lonrho yesterday dismissed as "purely speculative" reports that it was near a deal that would lead to the sale of part of its stake in Western Platinum (Wesplat) to Gencor.

Paul Spicer, Lonrho's deputy chairman, said he would not confirm any reports on talks with Gencor, but denied suggestions that discussions had narrowed to three options that involved Gencor lifting its stake in Wesplat.

"It's all speculative stuff," Spicer said. "We have no comment to make."

Lonrho owns 73 percent of Western Platinum and Gencor 27 percent.

Spicer was responding to a report in the Financial Times quoting an unnamed Lonrho executive as saying Lonrho was considering several options to reduce its estimated R800 million debt on Wesplat.

Rights issue

The first option was that Gencor would raise its interest to 49 percent.

Under another plan, Lonrho's platinum mines would be floated off as a separate company on the JSE.

A third option would involve placing Lonrho's platinum assets into one of the quoted investment companies, for example Tweefontein United Colliery. The investment company would then have a rights issue to raise funds.

The talks are expected to end this month and despite Lonrho's refusal to confirm the report, analysts believe a deal is likely.

Lonrho broke off merger talks with Gencor last year when it decided to sell a large interest in the company to Dieter Bock, a German financier.— The Independent and Financial Times

St Lucia balloon goes up this week

STAR 16/3/93
THIS week the balloon goes up. No, not the Budget — the Environmental Impact Report on proposed dune mining at St Lucia. It is likely to create a great deal of acrimony. Suggestions from the conservation lobby are that the EIR is likely to provide that most undesirable of outcomes, an inconclusive finding on the hydrological effect of mining the dunes on the eastern shores of Lake St Lucia.

These trap moisture from the sea and percolate fresh water into the lake, maintaining the delicate balance of fresh and salt that makes St Lucia one of the world's great wetland systems and home to thousands of animal and plant species.

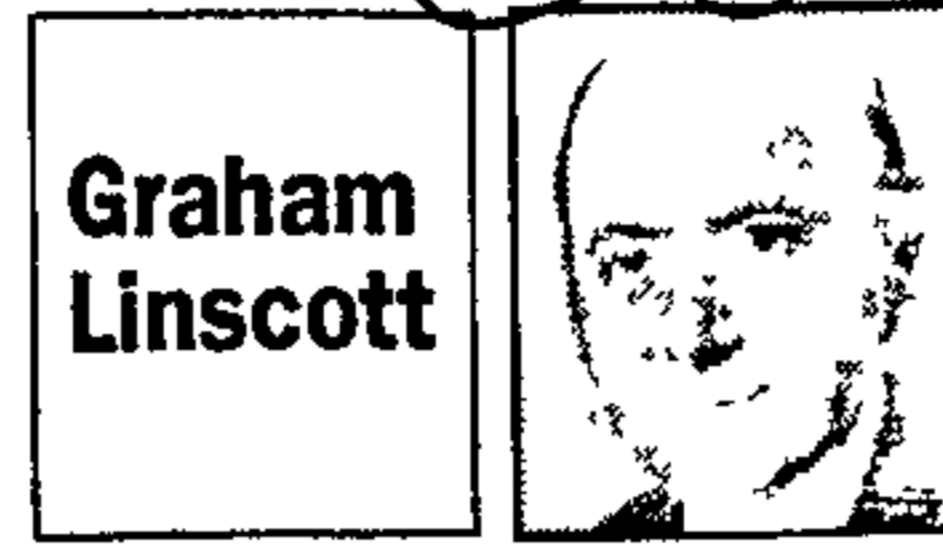
Lined up against the mining option are the Natal Parks Board, the Wildlife Society of Southern Africa, the Wilderness Leadership School and a collection of pressure groups falling under the Campaign for St Lucia.

The mining company, Richards Bay Minerals, argues it has already proved at its Richards Bay operation that damage would be limited. It says mining at St Lucia would earn R6 billion in foreign exchange, bringing in tax revenues of R1,2 billion and royalties of R100 million.

Over coming months there will be public meetings, submissions and debate before a final recommendation by a panel, chaired by a retired Natal Supreme Court judge, on whether the eastern shores should be made over to ecotourism plus mining or to ecotourism alone.

However, this might not be the end of the matter. The conservation lobby is determined (if the decision should go in favour of mining) to keep pressure on the Government and RBM by blowing the dust off some old correspondence and negotiations.

Eighteen years ago, RBM offered to pay the Department of Forestry the value of all the tim-



ber on some 4 000 ha at Port Durnford, south of Richards Bay, in return for a mining lease. The area was clearly rich in minerals.

But the department turned down the offer. Dune mining was at that stage an unfamiliar venture and nobody knew what kind of environmental damage might be caused. However, RBM has since shown at Richards Bay that it can re-vegetate dunes.

The conservationists are now likely to lobby for an exchange between the eastern shores of St Lucia and the state forests at Port Durnford, which are far larger than the St Lucia mining lease, have easy access to water from Lake Chubu and are not in an environmentally sensitive zone.

"Have these alternatives been considered?" asks Keith Cooper, of the Wildlife Society. "I've never had a good answer to this."

Meanwhile, the Greater St Lucia Wetland Park is beginning to become a reality with the transfer to the Province of Natal of various parcels of State land in the vicinity (including the eastern shores, ironically), which will eventually be controlled by the Natal Parks Board. A complex of NPB, KwaZulu and private reserves and biospheres will eventually form a jigsaw right up to the Mozambique border, providing an unrivalled diversity of game and habitats.

NPB chairman Pat Goss describes the prospect of delaying an important component of this development by 20 years, just for mining, as "something for grave concern".

Will the guillotine fall? Or are we in for an even more protracted struggle? □

Star 17/3/93

ANC drops St Lucia mining bombshell

Own Correspondent

DURBAN — The ANC dropped a bombshell on the St Lucia mining proposals last night, saying a final decision on the matter could be taken only by a future government of national unity.

It would be "presumptuous in the extreme" for the present minority Government to take a unilateral de-

cision on an important national and international issue such as mining at St Lucia, the ANC said.

This boost for the anti-mining lobby appears timed to coincide with tomorrow's release of the long-awaited environmental impact assessment (EIA) report on the dune-mining proposals.

Until yesterday, the ANC had taken no firm position

on the Richards Bay Minerals proposals. It did not rule out mining in the future, but warned that St Lucia had to be protected and that many people in South Africa and abroad were deeply concerned about the environmental and tourist impact of mining the dunes.

Richards Bay Minerals MD Roy MacPherson said it was unfortunate the ANC

had chosen to comment on the issue just before the EIA findings were released.

"However, we are confident the fears of the ANC will be allayed by the findings contained in the report."

Mineral and Energy Affairs Minister George Bartlett, who will make the final decision towards the end of the year, could not be reached for comment.

Mineral production

Star 17/3/93

tops R38-bn mark

Financial Staff

South Africa produced minerals worth R38,2 billion last year, 3,7 percent less than in 1991, says the Department of Mineral and Energy Affairs.

Although exporters benefited from the weakening of the rand-dollar exchange rate, the value of export sales declined by 4,9 percent to R29,3 billion.

Local sales were virtually unchanged at R8,9 billion.

International prices of precious metals and minerals declined markedly, but production volumes generally increased.

Gold output rose by 12 tons to 611 tons.

Reduced output from mine closures was offset by an increase in the average grade of ore milled from 5,2 grams a ton to 5,4 grams a ton. Export revenue from gold dropped 2,7 percent to R18,8 billion.

Output of platinum group metals increased 7,3 percent to 68 983kg. Production of the associated cobalt and nickel showed similar increases.

Diamond output rose 20,4 percent to 10,2 million carats.

Coal production fell by 2,3 percent to 174,1 million tons, but local sales revenue increased

by 12,7 percent to R5,028 million, with sales volume increasing 0,5 percent to 132,9 million tons.

In the face of fierce international competition, revenue from coal exports rose 0,9 percent to R4,3 billion, while coal exports increased marginally from 49,3 million tons to 50,1 million tons.

Depressed world economic conditions resulted in generally lower exports of ferrous and non-ferrous mineral commodities and associated alloys.

However, some processed commodities such as aluminium, manganese, phosphoric acid and titanium increased export volumes and revenue.

Local and export sales of industrial minerals showed variable trends, with export revenue from the sale of vermiculite and granite declining considerably, and those for andalusite and phosphate rock increasing.

World economic conditions are likely to remain depressed in the first half of 1993.

But the South African industry is expected to hold its ground in international mineral markets, the Department says.

(210) (217)

ENVIRONMENT *The decision to mine St Lucia's eastern shores still remains a crucial issue*

St Lucia stands at the crossroads

PRECISE EFFECTS *Environmental*

impact study to be released today:

THE environmental impact assessment study on whether St Lucia should be mined or not will be published today. The Natal Parks Board gives its view on the proposed mining, writes *Joanne Hayes*

The Natal Parks Board has been aware for many years that prospecting leases for heavy mineral sands were in existence and had been granted for the eastern shore State Forest

The eastern shore State Forest was under the control of the Department of Forestry which had, over the past 35 years, planted some 5 500ha of alien pine trees on the eastern shores

This led to considerable conflict between the two organisations despite the fact that a management agreement was reached in the early '70s permitting the board to look after the natural wildlife and living resources while leaving the department to pursue its pine plantation management.

Additional plantations were always met with concern by the board because it was considered that this vast community of pine trees seriously affected the flow of fresh water into the St Lucia

The real value of tourism to the country as a whole as a result of having wild and unspoilt areas such as the Kruger National Park and Greater St Lucia Wetland Park, runs into many billions of rands a year

Lake system, especially during periods of low rainfall

When a mining company announced it was interested in actually mining the eastern shores, the matter was greeted with considerable alarm by the board and many outside organisations. The board was quite unequivocal in its opinion that it would not like to see mining on the eastern shores and was opposed to it because of its close proximity to the St Lucia Game Reserve, which is one of the oldest game reserves in Africa — Hluhluwe and Umfolozi game reserves being the other two

and had in fact been impacted upon quite seriously by pine plantations) the board, being conscious of needs of our communities in South Africa for work, education and a more stable and prosperous future, undertook to abide by the results of the environmental impact study

The board has committed a considerable amount of time and effort to the review process. The cost probably runs into hundreds of thousands of rands which included paying towards bringing in foreign experts to question sections of the report which we felt had been inadequately addressed by local communities. It has made every effort to ensure the report laid before the people of South Africa will be of the highest quality available

There are sections of the studies carried out with which the board is not entirely satisfied and we will continue to question the validity of some conclusions and the lack of data which have led to other conclusions

We do believe however that the eco-tourism alternative for the area is a more appropriate use for the eastern shores.

One of the difficulties is of course the amount of funds to be generated by mining in this area

The value of the minerals, it has always been stated, runs to hundreds of millions of rands a year, so on purely economic grounds, as the board has pointed out before, it is very difficult for eco-tourism to match this for the eastern shores alone

The real value of tourism to the country as a whole as a result of having wild and unspoilt areas such as the Kruger National Park and Greater St Lucia Wetland Park, runs into many billions of rands a year and is a major contributor to the assets and the economic wellbeing of our country

The saga of the mining has been a painful period for many people — not least of which is that people are concerned about nature conservation in South Africa. It is a matter of considerable joy to the NPB that so many South Africans have expressed their desire to ensure that the decision, whenever it is made, is going to be taken in the best interest of our country

If this means no mining, then speaking for the staff of the NPB, there will be general joy. If it is for the mining, then we will simply live with that. We will maintain the best possible relations we can with all concerned in the project.

Dwight
17/3/93

(217)

Recession eating into sales of local minerals

BIDM 17/3/93

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JONO WATERS

WORLD economic recession and depressed mineral markets saw the total value of SA's mineral sales drop 3,7% to R38,2bn in 1992, according to provisional statistics released yesterday by the Mineral and Energy Affairs Department

"The reduction occurred despite a further weakening of the rand-dollar exchange rate, and was mainly brought about by lower export sales of R29,3bn, a decrease of 4,9% on 1991." The value of local sales increased by 0,6% to R8,94bn

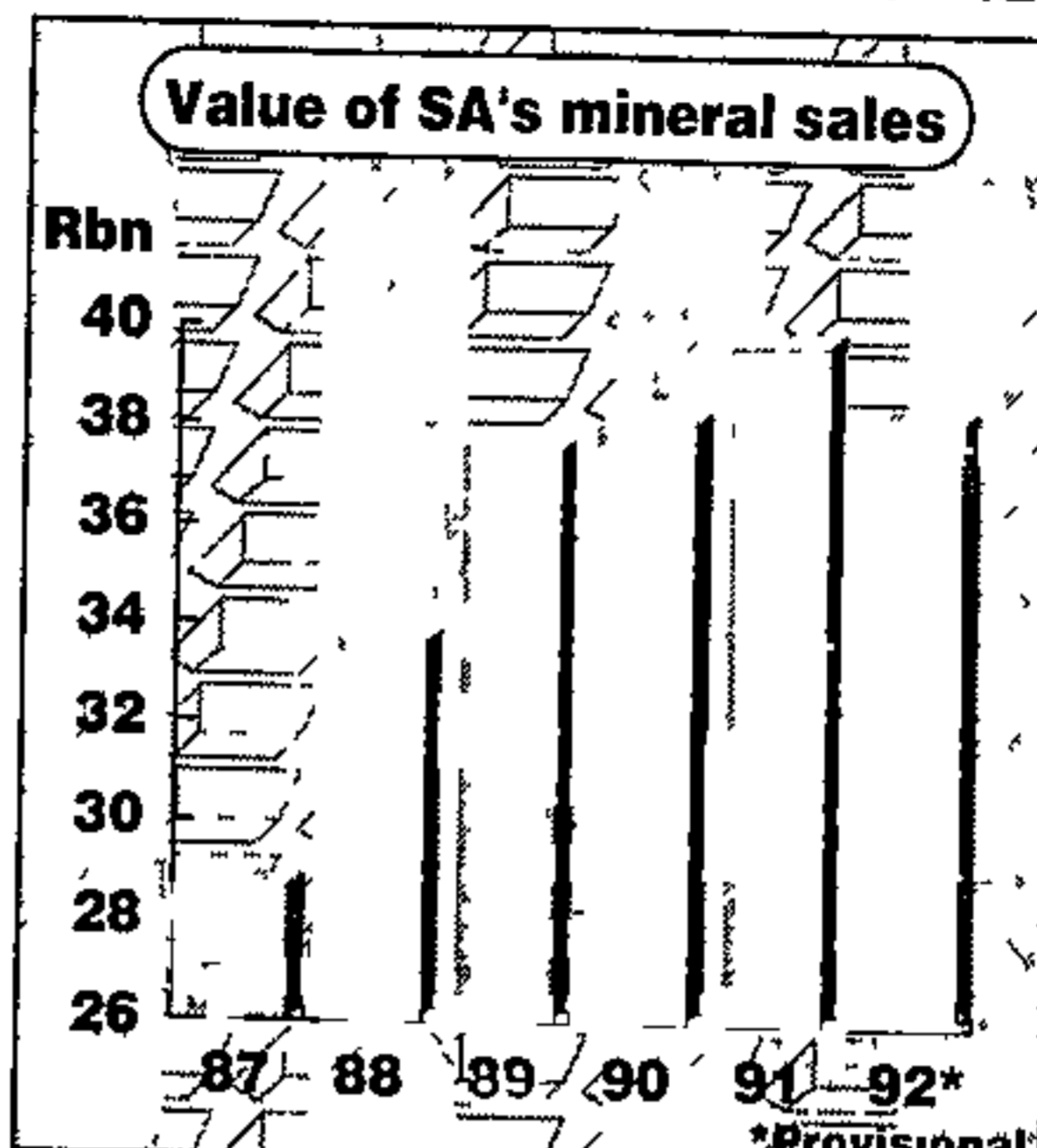
Gold production in SA rose by 12 tons to 611 tons. The rise was due to an increase in the average grade to 5,4g/t from 5,2g/t.

However, export revenue from gold declined by 2,7% to R18,8bn. The production of the platinum group metals (pgms) increased by 7,3% to 69 tons, while the output of cobalt and nickel also increased

Diamond production rose by 20,4% to 10,2 million carats.

Coal production fell by 2,3% to 174,1-million tons. Local sales revenue increased by 12,7% to R5,03bn, with sales volume rising by 0,5% to 132,9-million tons. Revenue from coal exports rose by 0,9% to R4,32bn with exports increasing to 50,1-million tons from 49,3 million tons in 1991

The department said the depressed world economic conditions were most clearly reflected by generally lower export sales for ferrous and non-ferrous mineral commodities and associated alloys



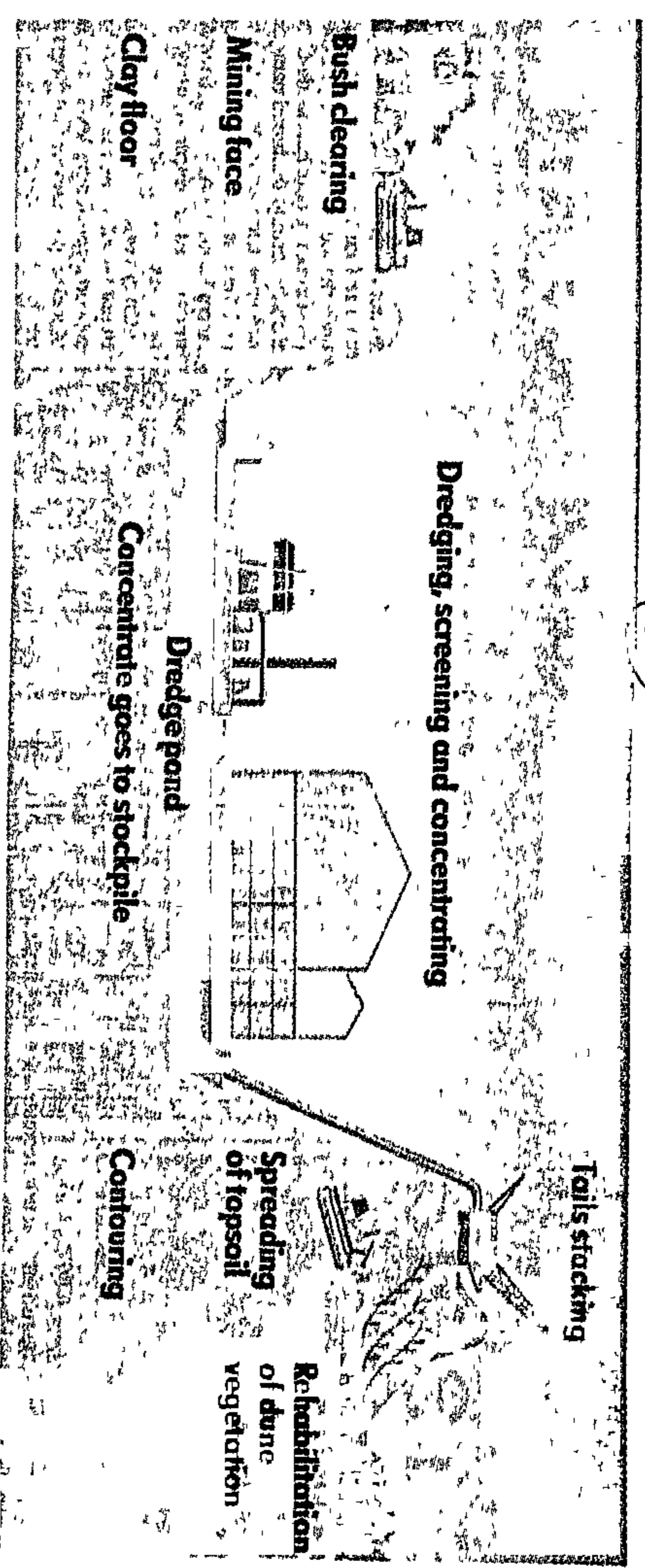
Graphic LEE EMERTON Source MINERAL BUREAU

Some of the processed commodities such as aluminium, low manganese iron, phosphoric acid and titanium slag showed increased export volumes and revenue.

The department added that local and export sales of industrial minerals revealed variable trends, with export revenues from the sale of vermiculite and granite declining considerably, and those for andalusite and phosphate rock increasing.

"Although world economic conditions are foreseen to remain depressed for the first half of 1993, the SA industry is expected to hold its ground in international mineral markets," the statement said

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What RBM wants ... This is how the company plans to mine the St Lucia dunes

Source: Summary of the Environmental Impact Report

Shiftings

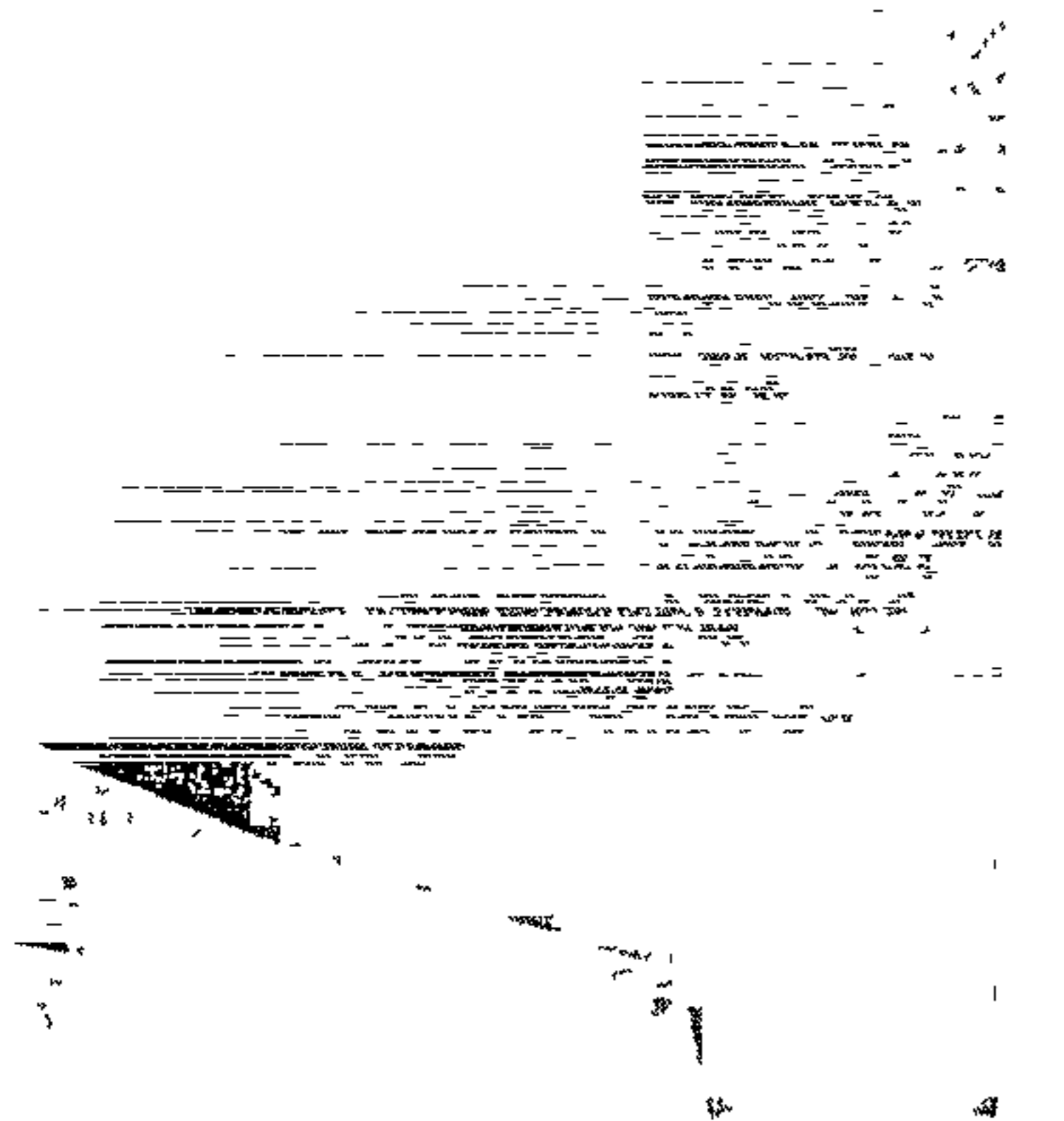
THE script is written. The cast includes a powerful mining cartel, some of the poorest peasants in the world, a corrupt government, two rival liberation movements, a bunch of pedantic academics, members of a combative trade union and a band of idealistic environmentalists. They will play, with the sand dunes of St Lucia at centre stage, for the next eight weeks.

Yesterday Richards Bay Minerals, a company that wishes to stripmine a stretch of rare dune forest on the shores of Lake St Lucia, released a report about the impact its planned operations will have on the ecology of the area if it gets the go-ahead from Pretoria.

The company's environmental impact assessment (EIA), by far the most extensive and controversial ever conducted in this country, makes no recommendations about whether mining should begin or not. But doubt that its findings will be by the corporation as well as a licence to mine.

The study explores two, in which the dunes on the shores of St Lucia can be used to promote economic development in the region. The environmental impact assessment dictates the environmental impact of these two land-use options. These two land-use options, mining combined with tourism as proposed by Richards Bay Minerals (RBM), and a scheme that excludes mining from the area, are outlined by the Natal Parks Board.

The report comprises a series of studies by experts in ecology, biology, climate, geology, other technical subjects, and to make detailed recommendations about the conditions under which mining should be allowed.



ng sands in St Lucia dispute

W/Mail 19/3-25/3/93.

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should begin or not. But there is little doubt that its findings will be interpreted by the corporation as well as the cabinet as a licence to mine.

The study explores two alternate ways in which the dunes on the eastern shores of St Lucia can be used to promote economic development in the area and predicts the environmental impacts of each. These two land-use options are strip-mining combined with nature-based tourism as proposed by Richards Bay Minerals (RBM), and an ecotourism scheme that excludes mining, being punted by the Natal Parks Board (NPB).

The report comprises three volumes including studies by experts in hydrology, biology, climate, geology and 20 other technical subjects, and it uses these to make detailed recommendations about the conditions under which the government should allow either of the

The fight to prevent stripmining at the St Lucia estuary is more than a simple battle between capitalism and conservation.

EDDIE KOCH and ENOCH MTHEMBU report on the long-awaited release of an environmental impact study

two land-use options to proceed.

Although the report is exceedingly complex, it contains two simple sets of conclusions — one environmental, the other economic — that will strengthen the hand of company officials and government ministers who are determined to see the mining take place.

The report states unequivocally that the St Lucia estuary and the swamps that surround it — the ecological heart of Africa's largest and most beautiful remaining wetlands recognised by the Ramsar Convention as an international heritage site — will experience "low or

very low negative impacts due to mining in the medium term."

Although indigenous dune forest in the direct path of the mining operation will initially be severely affected, the impact will be "low to very low in the long term". This is mainly because the company will be able to recreate the dunes after it has mined them and effectively rehabilitate forests removed during mining. Although RBM will not be able to recreate the exact topography of the dunes, this problem is "expected to have no effect on ecosystem function", the report says.

The economic forecasts also favour the protagonists of mining.

Mining combined with ecotourism will generate R460-million for RBM as well as R196-million for the NPB from tourism activities. This option will create more than 900 temporary and permanent jobs, 613 in the mining operation as well as up to 392 posts in the tourism industry.

The new mine will indirectly generate between 1 275 and 4 675 jobs through the multiplier effect, pay R157,1-million to the government in tax and earn R606-million in foreign exchange. The company will also spend R8-million on social upliftment programmes in a region where poverty ranks with "the lower levels of the lower-income countries of the world".

Wildlife conservation and tourism without mining comes out as a poor competitor in economic terms. It will generate only R265,7-million in revenue and create a maximum of 392 jobs. There will be no multiplier effect to reduce national unemployment levels and no additional foreign exchange. The NPB has no social responsibility programme to rival that of the corporation.

The environmental assessment and financial predictions contained in the report, if accurate, are persuasive. It would appear that the socio-economic benefits of mining far outweigh the impact it will have on St Lucia's ecosystem.

The dunes at St Lucia are only 14km long and a few hundred metres wide. If strip-mining does not threaten the biodiversity of the nearby estuary, then there are other more pressing ecological crises in this country that should receive the attention and resources that have gone into saving the dunes. These include air pollution, land degradation in the homelands, and serious deforestation on other fragile areas.

There is also a common perception among black people in the area that conservation programmes at St Lucia have taken place at the expense of rural communities. Two large communities were removed between 1950 and the early 1970s from the very dunes that will be mined. Another 3 400 people were evicted in the late 1970s from an area to the north of the dunes so that the South African Defence Force could build a missile testing site which has now been turned into a nature reserve.

All three groups claim to be the indigenous owners of the land and its resources, including the titanium and other heavy minerals that have made the area so lucrative to RBM, and have made claims for the restoration of their title.

"We are sensitive to the growing environmental awareness in this country. But there is one question that our members at RBM are asking and that is 'Why all of a sudden is there all this

activity and protest to save animals when there was no reaction at the time when people faced removal?," says union organiser Mike Mabuyakhulu.

"Is it because, this time, there is a threat to the survival of a favourite holiday resort for whites? None of the environmental organisations have consulted us about the issue and some of our members are wondering if these groups think it is more important to save insects and animals while we have to sacrifice jobs and wages."

Mabuyakhulu's is a memorable phrase. It goes to heart of the land question in this country's period of political change. And it is a sign that the sands of St Lucia have shifted. No longer are they the site of a straight environmental dispute. They are a portent for the way issues of social justice will be dealt with in a new South Africa.

There are deep flaws in the way social issues have been dealt with in RBM's impact study. Volume one of the report contains 23 specialist studies. Only one of these deals with "social assessment" along with issues such as "noise impact assessment" and "St Lucia: the sense(s) of the place".

The process for handling the report from now to the time the cabinet makes a decision is even more deeply flawed.

The study has been sent to 14 organisations for comment and has been placed in public venues so that ordinary citizens can read it and make comments during the next eight weeks. This is a positive development because it allows for extensive public review of the recommendations.

The problem is that a review panel — which represents none of the dispossessed communities around St Lucia —



Not threatened The reports says hippo populations in Lake St Lucia and the Narrows would not be significantly affected by mining.

has been set up to collate these responses and make final, and critical, recommendations to the cabinet.

The committee of five is headed by a retired supreme court judge, Justice Ramon Leon, and has only two black members. Ramanlal Soni is a law professor who sits on the Council for the Environment. Harnet Ngubane is a professor of social anthropology and sits on the board of kwaZulu's Finance and Development Corporation. The others are Charles Breen, director of Natal University's Institute for Natural Resources, and Sybil Hotz, who chairs the Development Services Board in Natal.

The committee's academic credentials are impeccable. The problem is that none of them can claim to represent the views of St Lucia's discarded people, the rural villagers whose land RBM wants to use so that they can make nearly half a billion rand. Has the company consulted these people about their plans? The answer from RBM's chief of public relations, Barry Clemens, is short and to the point: "I don't know who these people are. You will have to ask the consultants. We have not had any negotiations with them."

The Campaign to Save St Lucia, a

coalition of 120 environmental groups, has acknowledged that it has failed to incorporate the concerns of these people in their protests against the stripmining option at St Lucia.

Indications are this may change over the next eight weeks. The Durban branch of Earthlife Africa, one of the fastest-growing green groups in the country, recently held a congress at St Lucia where representatives from the African National Congress, the Congress of South African Trade Unions and the National Union of Mineworkers (NUM), which organises the black workforce at RBM, were present.

The organisation, a major partner in the Campaign to Save St Lucia, is engaged in continued efforts to build a "rainbow alliance" of organised workers, community organisations, liberation movements and environmental groups to oppose mining.

Other affiliate organisations from the campaign will be making contact with some of the tribal chiefs in the area, who owe their loyalty to the Inkatha Freedom Party, so that they can be consulted about the struggle to save St Lucia.

Signs are that the union and the ANC will join the opposition to mining. "It would be presumptuous in the extreme for the present minority government to make a unilateral decision on an important national issue such as St Lucia on the eve of a new dispensation," said a statement from the organisation's department of economic planning issued this week.

"Because the St Lucia issue is clearly one of national and international importance, the issue should be decided upon by South Africa's first national government — or, as the ANC refers to it, a government of national unity."

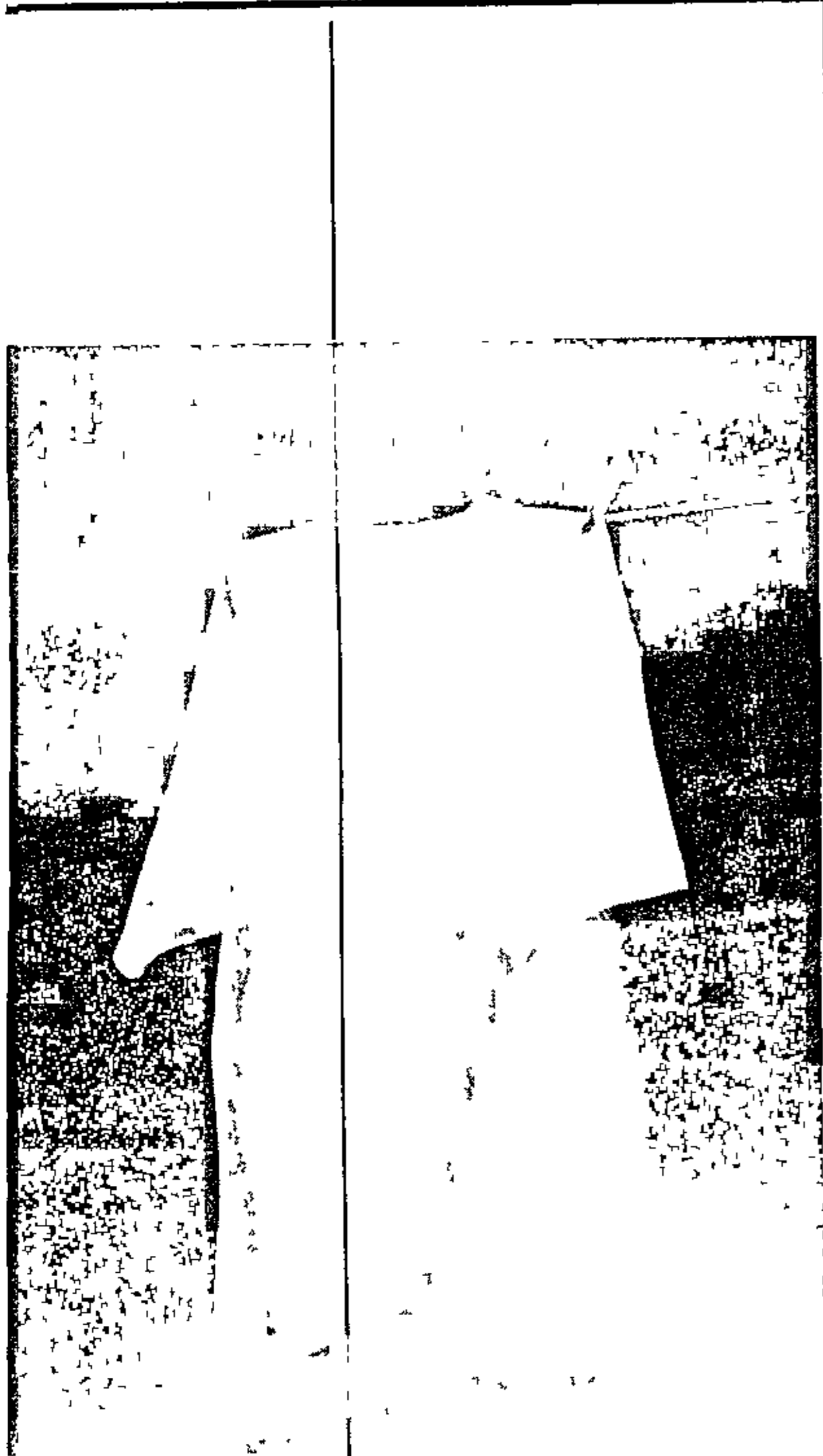
The NUM, the biggest union in the country with 270 000 members, has not responded officially to the EIA. But a number of shop stewards at RBM have told reporters that they are opposed to the new mining operation. They say that the company has kept employees in temporary posts for more than three years, making it easy to dismiss them, and is currently implementing a retrenchment programme.

Workers appear suspicious about RBM's job creation claims and complain that they have not been consulted about the company's social responsibility programmes. "RBM appears to be buying support from the community and from the public," a shop steward told *The Weekly Mail*.

Some of the Inkatha chiefs in the area, including Induna Mkwanazi, who heads one of the communities claiming rights to the eastern shores, are in favour of mining. Says Robert Mkhuzo, adviser to Inkatha's central committee for the northern Natal region: "RBM will provide work. It has always been the IFP's policy that people must get jobs. RBM wants to do big things. They have already built schools and clinics and give transport to schoolchildren for free."

This poses the danger that the rival parties, already involved in a civil war that has cost 10 000 lives in Natal, will use the mining issue to score points off each other, especially in the run up to elections for a government of national unity next year.

Unless this rift between the two organisations is handled with great caution the drama could end with scenes of a battlefield in place of a rainbow spread across the dunes at St Lucia.



94-95 FM

HIGHVELD Stereo
The smoother option

Fears grow over dune mining

MARIANNE MERTEN

THE ANC has come out strongly against the proposed mining of St Lucia's eastern shores and says government does not have the right to grant mining rights in the area.

The organisation said yesterday that in the context of impending political transformation, it would be presumptuous for government to make a unilateral decision on an important national and international issue.

It called on government and Richards' Bay Minerals not to decide on an issue that should be decided by a government of national unity.

"The ANC has in the past expressed concern about mining in the area and it was necessary to reaffirm that position," ANC spokesman Carl Niehaus said yesterday.

There was a strong push by government and Richards' Bay Minerals to

proceed with mining, but the ANC was concerned about the environmental impact on the rare dunes.

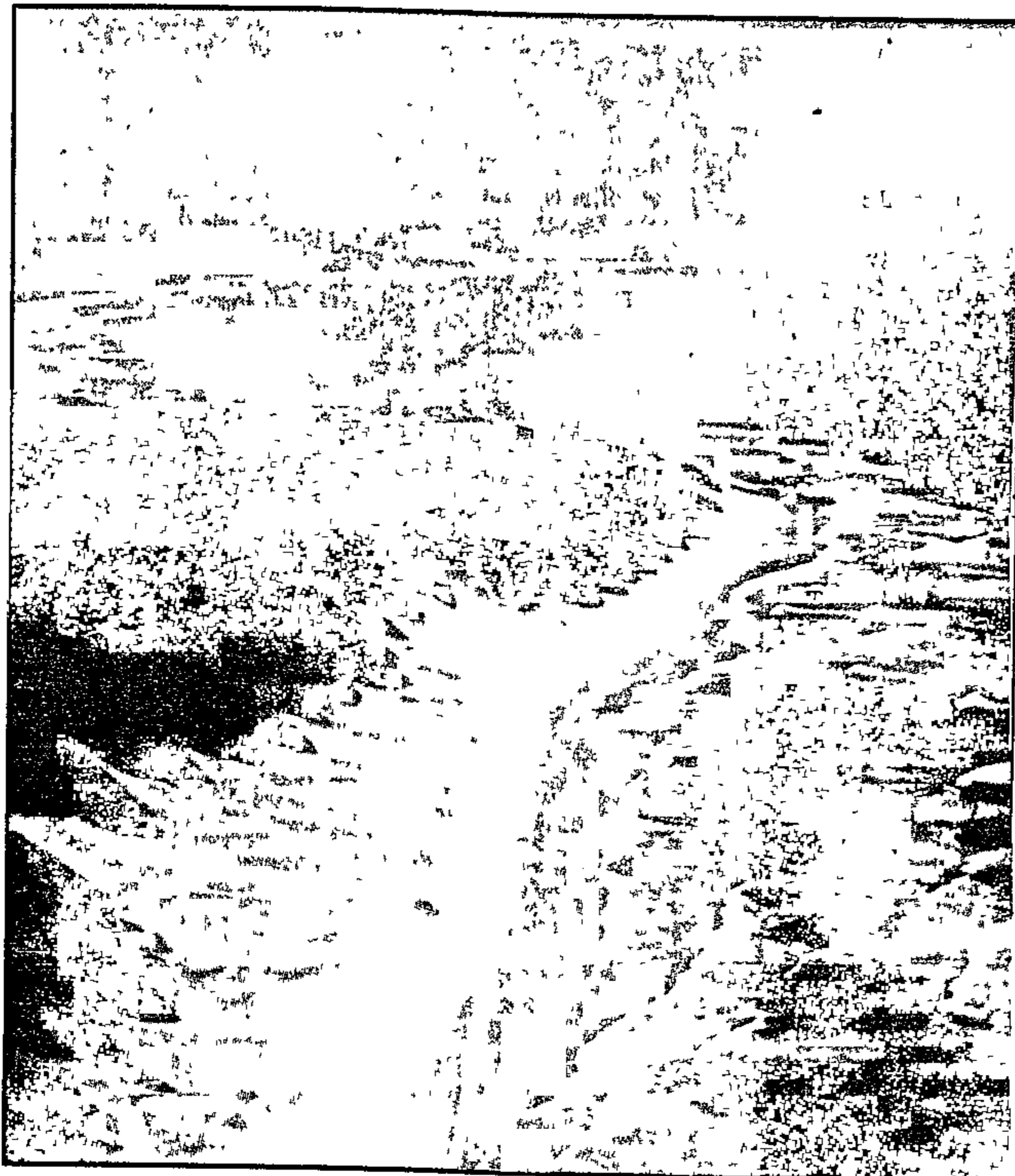
Government was a signatory of an international convention on wetlands which carried a commitment to the preservation of St Lucia, including the eastern shores.

ANC environmental spokesman Stan Stangweni said it was a bad show for government to have signed the convention and then to go ahead with mining proposals.

Wildlife Society executive director Tony Ferrar said yesterday the organisation believed that government had already made up its mind to permit mining of the dunes regardless of the findings of the environment impact study to be released this week.

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Controversial coastline . . . the report on mining at St Lucia has been released.

St Lucia report a 'victory for all'

Star 18/3/93

Staff Reporter

The long-awaited Environmental Impact Report on mining Lake St Lucia was released today — and it will provoke claims of victory from both sides.

Anti-mining lobbyists will grab paragraphs of the report to prove mining would have a negative impact on the animals, vegetation, topography and the visual quality of the area in the short term.

Those not opposed to mining will point out a key conclusion of the report is that there would be little or no long-term effect on the ecosystems of Lake St Lucia and its associated wetlands from the mining of heavy

metals in 1 437 ha of the dunes in the area.

The report warns of short-term damage but concludes there would be substantial economic benefits if the dunes were mined, and no irreversible damage in terms of future options.

In a key conclusion, the EIR found that the 12 874 ha comprising the Eastern Shores had a history of disturbance, including occupation by black communities, agriculture and extensive commercial forestry which was started in the 1950s.

The report emphasised that a final decision on St Lucia would be made by the Cabinet only after further extensive public debate.

On the crucial question of

irreparable damage if dune mining was allowed, the report concluded that no unacceptable irreparable damage would occur in the long term, that is after 30 years.

The report identified only two irreversible changes should mining go ahead: alterations to the topography of the dunes and with peoples' perceptions of the area as a pristine wilderness.

Addressing negative environmental impacts, the report said mining would have severe impacts on vegetation and animals in the mining path in the medium term, which would become negligible in the long term with rehabilitation.

● To Page 2

St Lucia report 'victory for all'

Star 18/3/93

● From Page 1

Today's report is part of the Environmental Impact Assessment (EIA), which was ordered by the Cabinet in September 1989 after a public outcry when Richards Bay Minerals (RBM) applied for mining rights.

Forgoing the mining option would result in a direct loss to the St Lucia sub-region of between R66 million and R247 million, foreign exchange of R606 million,

tax revenues of R157 million, loss of consumer demand estimated at R259 million, loss of business opportunities, including those to Sportnet (R4 million), Portnet (R13 million), Escom (R68 million).

Specific recommendations as to which land-use option should be adopted is the function of the EIA Review Panel. It will make a value judgment after.

● Public participation

which ends on May 14
● Answers by RBM, NPB by August 2

The report will be available for public comment until May 14. Copies are available in municipal libraries in most major cities, or at R180 a copy from CSIR Environmental Services, Box 395, Pretoria 0001. Submissions should be addressed to EIR Secretariat, CSIR Environmental Services at the same address.

Minorco lifts earnings in teeth of economic hardship

Star 18/3/93

Finance Staff

LUXEMBOURG — Minorco's strong financial position and continuing efforts to improve efficiency of its operations have served to protect it in these uncertain times, says chairman Julian Ogilvie Thompson.

Minorco, the off-share arm of Anglo American, reports earnings, before extraordinary items, of \$101 million for the half-year to December — an increase of three percent on the previous half-year.

The interim dividend has been increased by six percent to 19 US cents per share.

Sales rose from \$558 million to \$607.8 million, while earnings before tax were R109, million (\$105.6 million).

Earnings before extraordinary items were \$101.4 million (\$98 million). Earnings a share before tax were 65 US cents (62c) and earnings before extraordinary items were 60c (58c). Minorco's gross cash resources at year-end were \$1.7 billion. Ogilvie Thompson says the

strong performance in the half-year by the industrial minerals and base metals segments was offset by losses from gold and agribusiness, giving a marginally improved performance over the previous half-year.

However, Minorco will benefit from any improvement in the economic environment.

He says that at the Independence Mining Company, gold sales of 147 000 ounces were 15 percent lower than in the same period last year owing to a short-term fall in grade from the new Alchem pit at Jerritt Canyon.

This factor, coupled with the lower gold price, resulted in a disappointing financial performance for the six months.

In the current low gold price environment, Independence continues to implement cost containment and grade enhancement programmes.

The group's base metal interest, Hudson Bay Mining and Smelting, sold 40 000 tons of copper, 46 000 tons of zinc and 2 700 tons of nickel.

Average realised prices were 105 US cents a pound for copper, 57c a pound for zinc and

293c a pound for nickel

The industrial minerals division made a substantially increased contribution, reflecting the growing importance of this business segment to Minorco.

All the operations, based in Germany and the UK, are making satisfactory returns, despite the recessionary conditions affecting the economies of both countries.

In Germany, although delays in the start of new construction projects have reduced growth in sand and gravel volumes, numerous road and railway improvement programmes have resulted in buoyant demand for hardstone.

Because of the seasonal nature of its business, earnings from the group's agribusiness, Terra Industries, accrue principally during the planting season and Terra therefore records an operating loss in the six months to December each year.

However, the operating loss increased in the current half-year owing to a combination of higher natural gas costs and soft fertiliser prices. Financial income remains the

principal contributor to earnings. Against a background of marginally reduced US interest rates, financial income was only marginally lower than in the previous half-year.

Minorco's share of earnings from equity-accounted investments increased from \$44 million to \$53 million. Engelhard Corporation's net earnings at \$53 million were 19 percent higher than in the same period last year.

Major reasons for the continued earnings growth included a significant rise in the operating earnings of the petroleum catalysts business, lower interest expense, and reduced operating and other costs.

Charter Consolidated's net earnings fell three percent to \$23 million compared with the corresponding period last year as the recession continued to affect operations in both the UK and the US.

This was a creditable performance in the prevailing difficult economic conditions. Charter's share of Johnson Matthey's earnings was broadly in line with last year.



ANC 'No' on St Lucia

THE Campaign for St Lucia has welcomed an African National Congress statement that the Government should not take any decision on the St Lucia dune mining issue.

The campaign also called on the Government to table the Wetlands Conservation Bill immediately. *Sowetan* 18/3/93.

It claimed Minister of Mineral and Energy Affairs Mr George Bartlett wanted to rush through a decision to mine the dunes — *Sowetan Reporters*

Modest earnings rise for Minorco

BIDAM 18/3/93

MINORCO, Anglo American's cash-flush mining and minerals associate, reported a modest 3% rise in earnings before extraordinary items and increased its interim dividend by 6% in the six months ended December 31 1992

Earnings before extraordinary items rose to US\$0.60 a share compared with \$0.58 a share in the comparable period in 1991. The dividend was increased to \$0.19 (\$0.18) a share.

Turnover amounted to \$608m (\$558m) and Minorco reported pre-tax earnings of \$109m (\$106m). The Luxembourg-based group paid \$17.1m (\$13.9m) in tax resulting in marginally improved after-tax earnings of \$92.1m (\$91.7m)

Minority interests in subsidiary companies brought in \$9.3m (\$6.3m) in earnings before extraordinary items increased to \$101m (\$98m)

Extraordinary losses resulted from the decision to sell the remaining non-agricultural business in US-based Terra Industries, the sale of the remaining WestGold mining operation and the restructuring of the Beralt tungsten mining operation in Portugal

These were offset by extraordinary gains recorded by associates Charter Consolidated — the UK industrial group — and Anglo Earnings after extraordinary items fell marginally to \$99.6m (\$107m)

Chairman Julian Ogilvie Thompson said

JONO WATERS

the company was in a strong financial position with \$1.67bn in cash and short-term deposits

However, analysts have questioned the pace of the group's transition from an investment to natural resource-based operating company, given Minorco's huge but idle cash bundle

Minorco and Empresa Minera de Mantos Blancos SA jointly purchased a one-third interest in the Collahuasi joint venture in Chile for \$190m in October last year

However, the group's offer to buy BP's interest in the Australian copper and uranium mine Olympic Dam for \$456m failed as Western Mining, which had pre-emptive rights on BP's share, announced it would buy the stake

Ogilvie Thompson said Minorco's healthy balance sheet and continuing efforts to improve the efficiency of its operations had served to protect the company during economically uncertain times which were characterised by weak commodity prices. It would benefit from an improvement in the economy

In the year ended June 1992, turnover amounted to \$1.67bn and pre-tax earnings stood at to \$253m. Earnings after tax and extraordinary items amounted to \$216m equal to \$1.22 a share. Minorco declared a final dividend of \$0.54 a share

BIDAM 18/3/93 Bank will still accept BAs

THE Reserve Bank said liquid bankers' acceptances (BAs) would still be discounted by the Bank, in spite of the fact that they had lost their liquid status

Reserve Bank GM Andre Kok said in spite of notice of the scrapping of liquid BAs in the Deposit-taking Institutions Amendment Act 1993, published in the Government Gazette of March 10, the Bank would "for the time being" continue accepting BAs at the discount window

"The Act was promulgated last week so legally speaking they (BAs) no longer qualify as liquid assets, but we have always had accommodation arrangements separate from the Act," said Kok

He added it was likely Reserve Bank Governor Chris Stals would spell out the new accommodation procedures at a meeting with bankers next Wednesday

The Bank proposed in a discussion document released last June that liquid BAs lose their status at the discount window — Reuter

EXECUTIVE SUITE

By William Wells and Jack Lindstrom

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FM 19/3/93

Down in the Endless Pit

Activities: Mining exploration

Control: J A Nel 42%

Chairman: J A Nel

Capital structure: 5m ords Market capitalisation R300 000

Share market: Price 6c 12-month high, 10c; low, 5c Trading volume last quarter, nil shares Year to Feb 28 '92

Operating loss (Rm)	..	1,2
Attributable loss (Rm)	..	10,2
Earnings (c)		(4,3)
Dividends (c)		nil

The Digoco annual report is unique in my experience — I have never dealt before with a company report in which the auditor's report qualifying the accounts is three times the length of the chairman's statement.

Yet even a cursory look at the report makes it abundantly clear chairman Jannie Nel has a lot to explain to shareholders — starting with why the annual report for the year to February 1992 is so late.

It was produced only after the JSE List-

ings Committee put its foot down in December and threatened to suspend the listings of nine companies including Digoco if they did not publish annual financial statements by the end of January.

Nel says the accounts were ready in the middle of March 1992 but he decided to defer publication of the annual report until the future of the Endless Pit mine was clarified. Surely a more sensible way would have

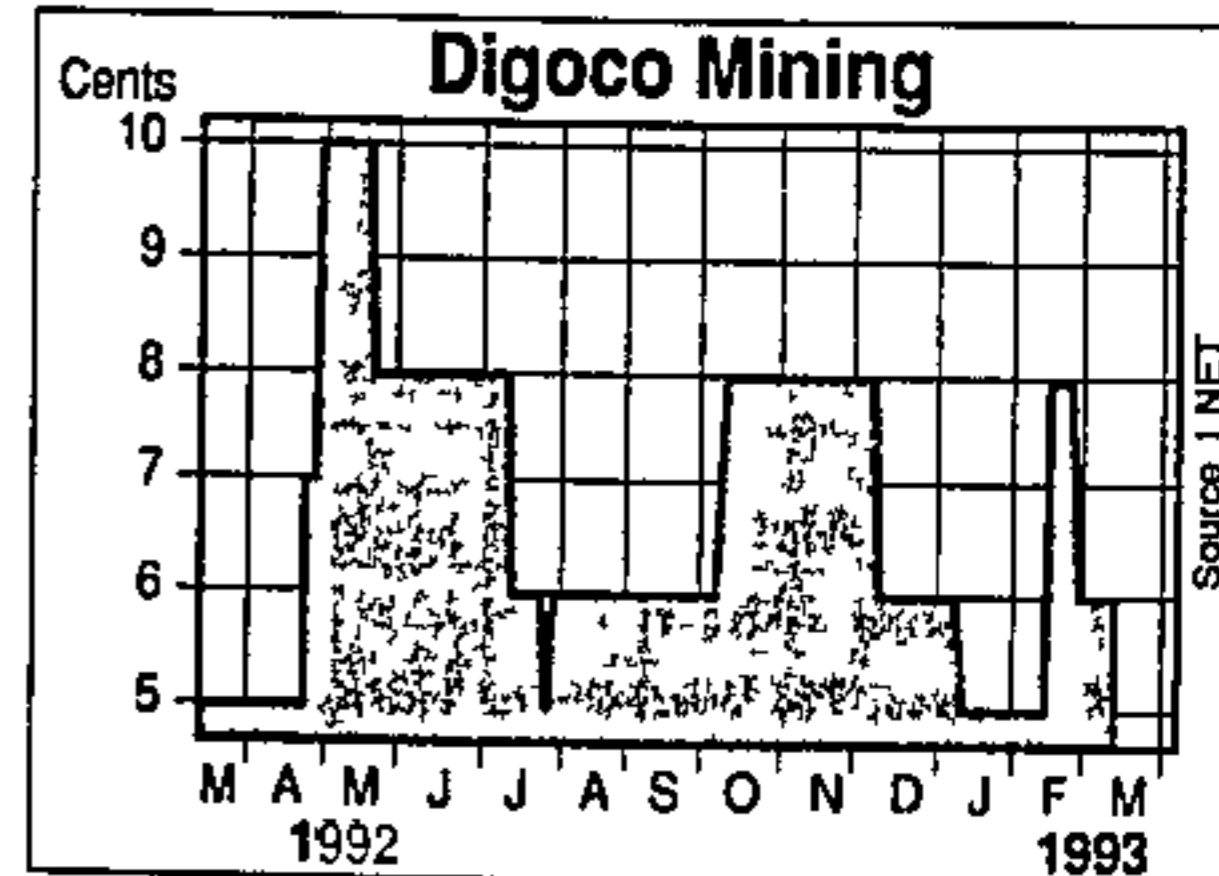
been to publish the annual report and then keep shareholders up to date with appropriate company announcements?

The belated news in the report, as might be expected, is bleak and suggests shareholders might as well write off this one. When Digoco was launched on the unsuspecting investing public in 1990, management announced it intended committing all its resources to the development of the Endless Pit Diamond Mine.

The name was prophetic, because the mine went bust in June. Digoco is also involved in a series of legal actions which the auditors point out could affect the continued existence of the company. Nel claims the legal actions have been attended to and are "under control."

Left totally unexplained by Nel and the auditors is why, if Digoco's attention was focused solely on Endless Pit into which the report says it ploughed R2m, there is an extraordinary charge of R7,8m of which R6,25m is reflected as "cash advances." Nel says these are capitalised development costs at Endless Pit. Why doesn't the annual report say so?

Nel's review states Digoco has acquired a 50% stake in Paleo Mining and Exploration,



which holds 1 200 claims in the western Transvaal and "this project promises to show excellent results during the 1994 financial year."

He does not say what Digoco paid for the shares, or what Paleo is supposed to be doing that looks so promising for 1994. Nel says no details were given because the transaction was completed after the 1992 year-end and the information will be included in the 1993 annual report. This, he says, will come out on time but he will not specify a date.

Reviewing Digoco's listing circular and its first annual report I am left with two questions: how did this company get listed on the JSE in the first place, and why is it still there?

Brendan Ryan

ISSUES

NIL PAID LETTERS

FULLY PAID LETTERS OF ALLOTMENT

PRICES OF LETTERS

Report on St Lucia mining 'irrelevant'

STAR
19/3/93

By Anita Allen
Science Writer

A decision on mining the Eastern Shores of Lake St Lucia has already been taken, making yesterday's Environmental Impact Report (EIR) irrelevant, conservationists claimed yesterday.

They said the report favoured the option of mining in an ecologically sensitive area — and feared a decision had already been made despite a huge outcry.

But Government and independent consultants responsible for the entire environmental impact assessment (EIA) yesterday repeatedly denied a decision had been taken.

The EIA was asked to consider two land-use options for the Eastern Shores of St Lucia: mining with ecotourism, proposed by Richards Bay Minerals (RBM), and ecotourism without mining, proposed by the Natal Parks Board (NPB).

Tony Ferrar, executive director of the Wildlife Society of South Africa, said the public needed a categorical assurance

that the decision to mine had not already been taken.

Ministry of Mineral and Energy Affairs spokesman Charles Edwards said: "In terms of the procedures, a review process has now been initiated and it will run through until it is completed, which is anticipated to be at the end of September."

"The Cabinet will take the decision only then and the Minister will announce it."

Edwards could not comment on speculation that the decision could be deferred until a government of national unity was in place.

ANC environment spokesman Stan Sangweni made it clear his organisation was opposed to any final decision being taken before a new government was in place.

NPB chief George Hughes attacked the "simplistic interpretations" in the 1500-page report, particularly the finding that the area would not be damaged permanently.

Barry Clements, general manager, public relations, at RBM, said the EIR had vindicated everything the company had said on dune mining in an ecologically sensitive area.

Endangered Wildlife Trust di-

rector John Ledger said he had not yet read the report.

"I would urge all concerned people to read the report and not go with mindless rejection, but go with their own conclusions."

The EIR warned of long-term damage (after 30 years) to the environment if dune mining were allowed, but concluded there would be substantial economic benefits and no irreparable damage in terms of future options.

The EIR found that the 12874 ha of the entire Eastern Shores had a history of disturbance, including agriculture, and extensive commercial forestry.

At present, the EIA process is in its public comment phase until August 2. A specific recommendation to allow mining or not to allow it, and under what conditions, will then be made by the EIA Review Panel, before the matter is passed to the Cabinet for its decision.

Should the mining option be accepted, RBM will start mining on the Eastern Shores in the year 2001.

● Now you have your say — Page 13

Tough terms set for miners ^{Star 19/3/93} 217

By JILL GOWANS

TOUGH mitigatory actions have been recommended by the environmental impact assessment (EIA) should Richards Bay Minerals (RBM) be granted mining rights.

They include

- Broads, pipe and powerlines to be designed so that the main routes can accommodate usual traffic to Cape Vidal, together with mining and forestry traffic, to obviate the need for superfluous routes. Pipes and powerlines should follow this course, except when buried.
- Monitoring of the water table in the dunes to predict the possibility of slumping.
- An inventory of special animals in the mine path, in advance of mining, to facilitate rescue operations. Animals in Red Data Book categories that would be displaced should be captured and relocated or held in captivity.
- The mine plant to be camouflaged — lights to be shrouded at night and existing plantations along the access road not to be felled until the mining has passed.
- Clearing ahead of the mining to be minimised and burning prohibited. Cleared vegetation to be chipped and spread on relocated topsoil.
- Construction activities to be restricted to low-tourist season, where feasible.
- Recreation of the original topography. The reconstructed land form to resemble the original as closely as possible: hills, inter-dune valleys and drainage lines to be reconstructed.
- RBM and the Natal Parks Board to immediately begin collaborating on plans for the development of suitable eco-tourism infrastructure that would fit into the mining plans.
- RBM's social responsibility programme should focus on communities which abut on the Eastern Shores sub-region



North to Cape Vidal . . . view along the proposed mining path, which would stop short of the front coastal dunes nearest the sea. Picture: Anita Allen

Eight conditions to ^{Star 19/3/93} 217 be met before mining 217

By JILL GOWANS

THE environmental impact assessment has recommended that if mining goes ahead, eight conditions should apply

- A research programme on soil fertility and plant succession is required to enhance the rehabilitation techniques available, and should be funded by Richards Bay Minerals
- Sixty-two hectares of sensitive forest areas occur in the southern extremity of the mine path. If this area were excluded, 22 percent of the total area of 227 ha of sensitive sites in the mine path would be saved in return for the loss of only 87,5 ha (6 percent) of the area of mine path. Mining could simply begin slightly further to the north than was originally proposed.
- Not mining closer than 400 m to the high-water mark would reduce the risk of dune slumping and protect an adequate corridor for species migration

and habitats from which the rehabilitated area could be recoloured

It would also protect 124 ha of coastal forest, almost 172 ha of vegetation with a high or moderately high conservation importance rating, 165 ha of the Natal Parks Board's identified sensitive areas and 174 ha of the visitor frontal dune (these areas overlap)

The 400 m exclusion zone would exclude only 3,9 ha of the proposed mine path, implying a loss of 0,3 percent of the ore body

Confined

● Should a mining lease be granted to cover the whole of the lease areas, RBM would be free to mine outside the proposed mine path. This could result in impacts not yet assessed

Mining should be confined to the dune cordon. It should not approach the wetlands to the west of the dunes to any extent

that may increase impact.

The total area of the final mine path should not exceed the total area of the proposed mine path

● In order to provide the assurance that adequate rehabilitation and decommissioning after mining would be guaranteed, RBM should be required to provide a R3,2 million performance bond by way of adequate insurance to satisfy this concern

● An extensive list of mitigatory actions is recommended, and all actions necessary to mitigate the impact of mining should be funded by RBM.

● The establishment of a mitigation monitoring committee with clear terms of reference and consisting of one representative each of RBM and the NPB, with appropriate avenues for arbitration

● An annual audit of the success of mitigatory actions and the activities of the mitigation monitoring committee □

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Star 19/3/93
Various options

for land use aired

By ANITA ALLEN

INITIALY, three options for land use of the Eastern Shores of Lake St Lucia were proposed: mining, tourism and forestry. Interested parties proposed another two: residential development and resettlement.

Agriculture was not considered viable due to inherently low fertility in the area, and the Department of Forestry agreed to phase out commercial forestry over the next 20 years.

Residential development was considered not feasible.

"Resettlement of displaced people as a land-use option was not considered during this EIA on the grounds that present government policy determined that the area would revert to conservation," the report says.

It was not within the brief of the EIA to comment on the legitimacy of resettlement claims. However, in view of the developments with respect to this issue in South Africa today, the report predicts that it is likely that valid claims will be settled by according some form of right.

The report concludes that both proponents of future land-use options on the Eastern Shores build this scenario and the possibility of accommodating the outcomes of such claims into their land-use plans. □

Star 19/3/93
Govt assurance

MINISTER of Environment Affairs Louis Pienaar has given an assurance that the Government's decision on the St Lucia mine would depend on whether the project would cause "irreparable harm to the unique ecosystems" of the area.

"No decisions will be taken by the government until the evaluations and recommendations of the review panel under the chairmanship of Mr Justice Leon are available," he said. — Political Staff. □

St Lucia - NOW

Star (217) C

you have a say

THE complex procedure of the environmental impact assessment (EIA), which will decide between two options for development of the eastern shores of Lake St Lucia, enters an important phase with the release of the CSIR report.

The phase that begins now involves public comment on the report, which is volume 3 of the EIA. Eventually, issues raised by the public as well as submissions by interested parties will be incorporated into the EIA as further volumes. All these volumes will be used to decide finally how the issue is resolved.

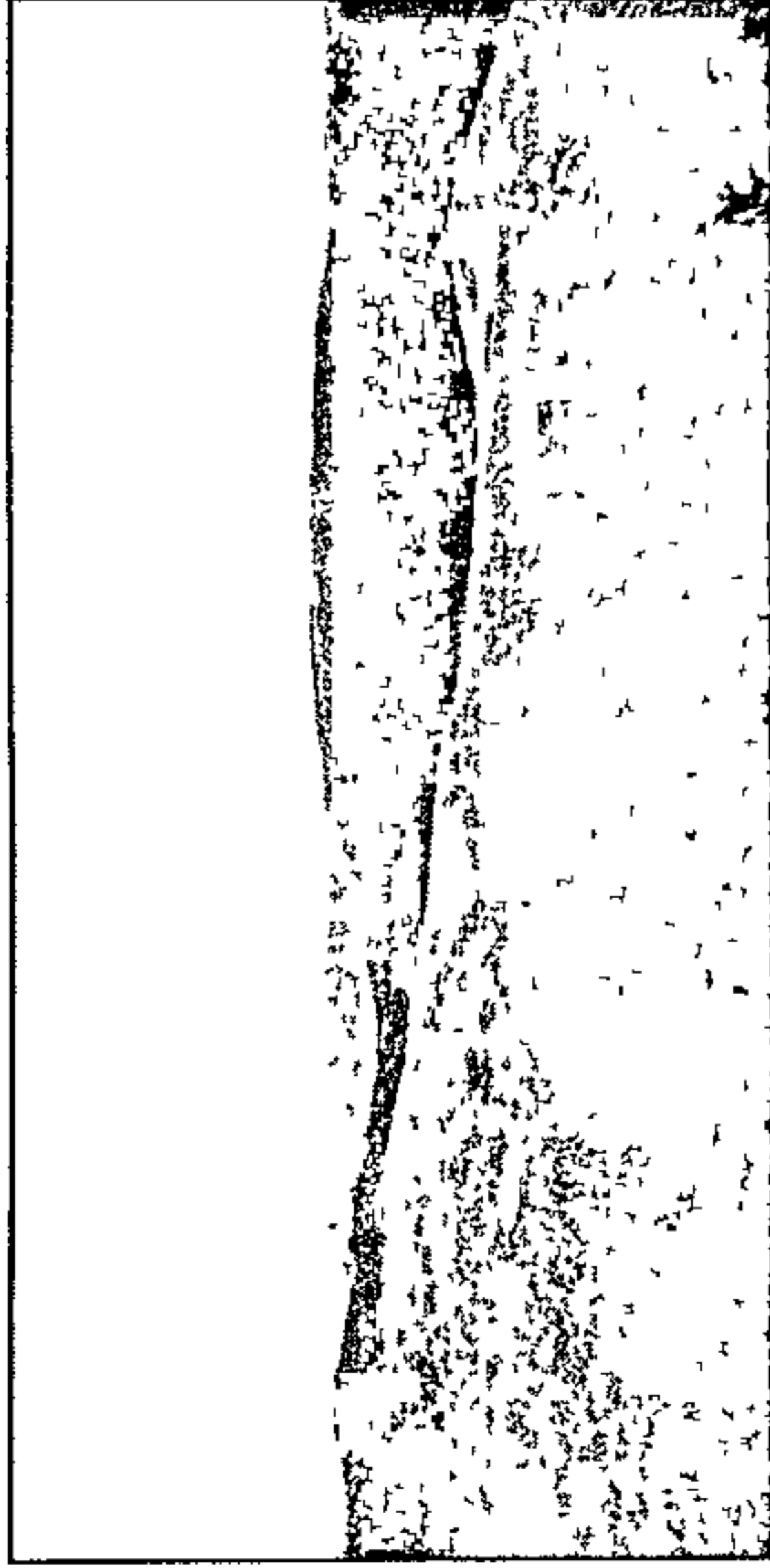
They will be used firstly by the five-member review panel chaired by Mr Justice R Leon, which will make recommendations on the preferred option and under what conditions it should proceed. This will happen some time after September. Secondly, the Cabinet will consider the information and recommendations, and, thirdly, the Minister of Mineral and Energy Affairs will make the final decision on which option will be adopted and issue a written public record of the rationale leading to his decision. No date has been set for this decision.

In a statement issued before the release of the report yesterday, the ANC reaffirmed its position that the matter should be decided by a government of national unity.

"We feel strongly that the current South African Government does not have a mandate whatsoever to authorise the mining at St Lucia," the ANC's statement said.

The Eastern Shores of Lake St Lucia EIA is a precedent-setting procedure nothing like it has been conducted in South Africa. The public now has the opportunity not only to influence the outcome of the pro-

The report on mining and ecotourism options for the Eastern Shores of Lake St Lucia on the Natal North Coast released yesterday forms part of the environmental impact assessment ordered by the Government in September 1989. The public now has the opportunity to influence the decision-making process. Science Writer ANITA ALLEN reports.



South to Mission Rocks view along the proposed dune mining path looking towards St Lucia town and the Umfolozi River
Picture Anita Allen

cess, but to create precedents for future EIAs whenever development and environmental concerns clash.

The CSIR's report, officially known as the Environmental Impact Report (EIR), is part of a process that began when Richards Bay Minerals (RBM) applied for mining rights on 1 437 ha of its prospecting leases on a much larger portion of the Eastern Shores. After a huge public outcry, the Cabinet directed that the necessary EIA be undertaken.

As the proposer, RBM is pay-

ing for the entire EIA - an estimated R4 million to date.

The Department of Environmental Affairs (DEA) was charged with the responsibility of ensuring this task was carried out. The EIA for the Eastern Shores is guided by the principles of integrated environmental management as developed by the Council for the Environment in 1989, and revised by the DEA in 1992.

Two options for development on the Eastern Shores have been proposed: mining in conjunction with ecotourism, as

proposed by RBM, and ecotourism without mining, as proposed by the Natal Parks Board.

Yesterday's EIR examines these proposals. Its findings are drawn from a database comprised of

- Twenty-three specialist scientific reports, involving more than 50 scientists and experts, chosen on the basis of their professional standing in their particular field.

- Submissions by 120 interested

and affected parties

- Submissions via a rural liaison programme which was commissioned to establish the concerns of local people who were either illiterate or whose first language was not English. These three phases comprise volume 1 of the EIA.

- Reports on 12 key issues identified as a result of 1 to 3 above, which is volume 2 of the EIA.

The three volumes of the EIA so far, as well as a summary report, are available for scrutiny at university and municipal libraries countrywide. In the Transvaal these are University of the Witwatersrand, Potchefstroom University for CHE, University of Pretoria, Rand Afrikaans University, the Johannesburg Municipal Library and the Pretoria City Library.

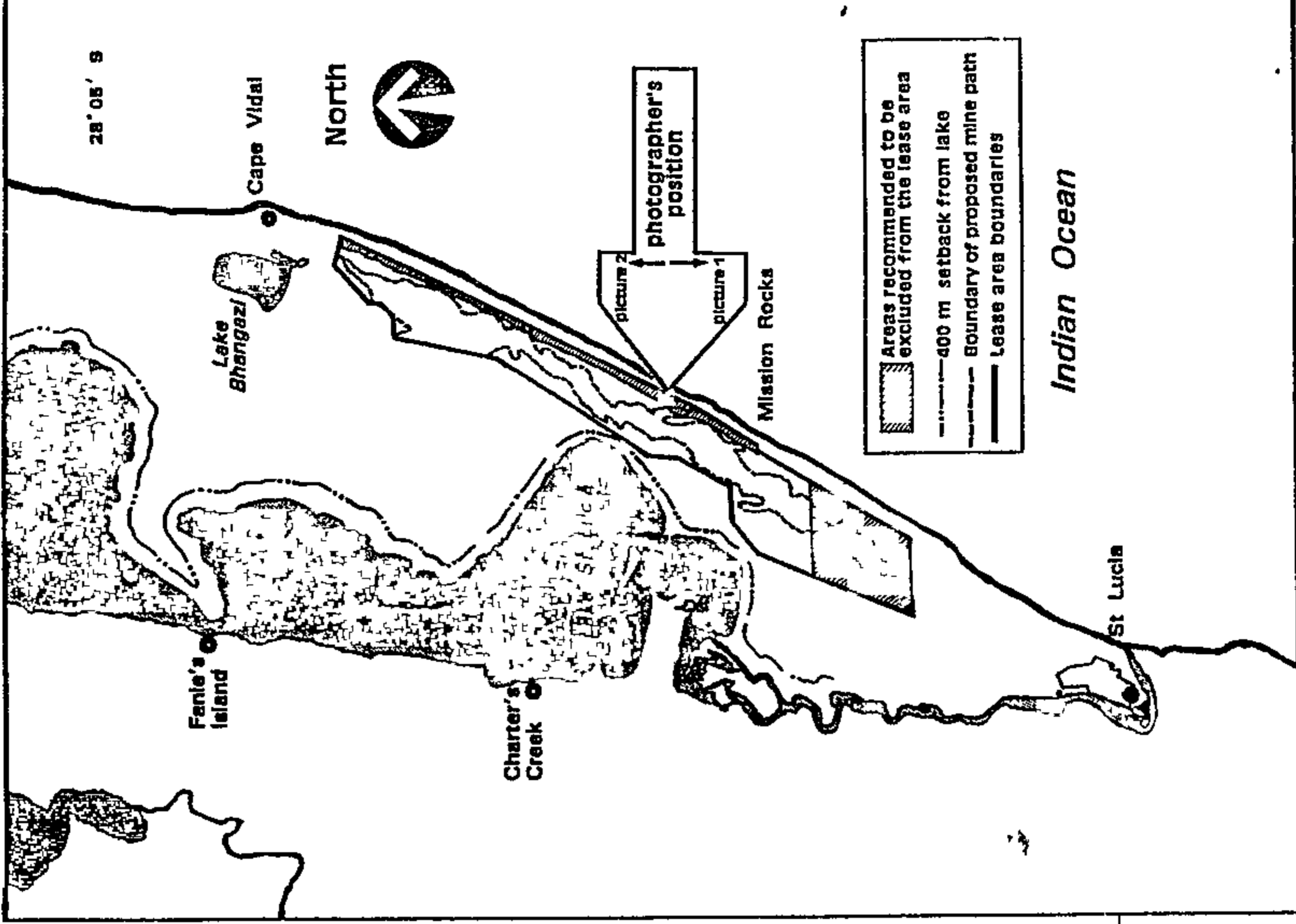
Copies of yesterday's EIR and the summary are available from Karen Vink, CSIR Information Services, Box 395, Pretoria 0001. Telephone (012) 841-2880, fax (012) 86-2889. The report costs R180 and the summary R20.

The public has until May 14 to make written comment to the EIR Secretariat, CSIR Environmental Services, Box 395, Pretoria 0001.

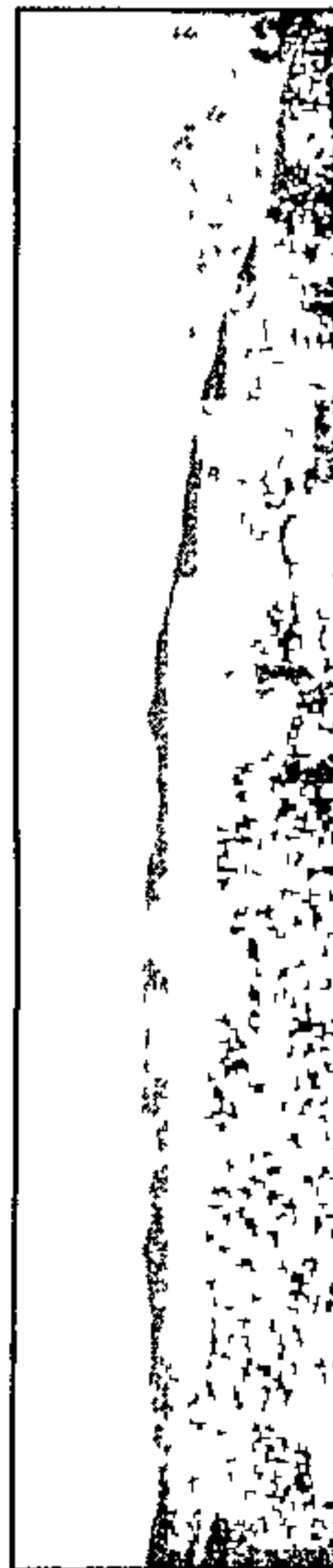
A record of all comments received, as well as responses thereon, will be made available at the abovementioned venues from July 14 to August 2.

At the same time, the Rural Liaison Programme will continue to inform and obtain opinion from isolated and illiterate people in the St Lucia region.

In addition, public hearings will be held for individuals or groups requesting to address the review panel on the findings of yesterday's report. Dates for these will be announced later, as well as being directly communicated to those wishing to make presentations. □



Various options for land
Star 19/3/93



Tough terms set for miners
Star 19/3/93

Impact report leaves the way open for St Lucia mining to go ahead

THE report on the impact of mining on St Lucia, released yesterday, left the way open for Richards Bay Minerals (RBM) to proceed with dune mining in the area.

The report said no irreparable damage to the dune ecosystem and its hydrological functions would result from mining.

Mineral and Energy Affairs Minister George Bartlett has said he would refuse RBM's application to mine the dunes if such mining caused irreparable damage.

RBM MD Roy McPherson welcomed the report's finding that the area of St Lucia proposed for mining was not a pristine wilderness area. "It has always been our belief that mining and ecotourism are not mutually exclusive and it is reassuring

that the report validates this. But conservationists criticised the report for, among other things, its failure to take into consideration the communities living in surrounding areas.

The report follows a three-year study by the CSIR, which was commissioned by government and funded by RBM. A CSIR spokesman said it had not made any specific recommendation on whether to mine or not as its brief had been to set out relevant information and not be conclusive.

The report said RBM would earn R460m (or R153,5m at current values) in "aggregate discounted revenue" from mining the dunes. And the Natal Parks Board would earn R196m from "ecotourism activities

feasible in conjunction with mining". A further R606m would be earned in foreign exchange related to mining.

By contrast, the Natal Parks Board's planned ecotourism development, without mining, would earn a projected R265,7m in revenue, the report said.

The report said mining the dunes would generate 313 jobs for the life of the mine, expected to be about 17 years, and between 1 275 and 4 675 lifetime jobs "indirectly through multiplier effects associated with the proposed mine". Ecotourism in conjunction with mining or on its own would

generate between 212 and 392 lifetime jobs. The report said mining would have a serious impact on terrestrial vegetation, topography, soil nutrients and a "very high reduction in biodiversity at the scale of the mine, path in the short term".

Members of the public have been given eight weeks to lodge their reactions to the report, following which a panel headed by retired judge Ramon Leon will make recommendations to Cabinet in September.

The ANC has already stated that government should not make a decision because an interim government of national unity needed to consider the matter.

Both the CP and the DP said yesterday they still held that the conservation of the

St Lucia estuary would be economically more beneficial in the long term than the short-term advantages that would be derived from mining.

The report said "The most simple question that can thus be addressed is would SA be willing to pay, in other words forgo by not mining, R153,5m in order to avoid the predicted impacts on the environment?"

Environment Affairs Minister Louis Pienaar said "The report supports the claim that this is the most comprehensive study of its kind. Undertaken not only in southern Africa, but probably in the world".

Campaign for St Lucia spokesman Oliff

To Page 2

St Lucia

Blom 19/3/93

From Page 1

d'Oliveira said his organisation had opposed the environmental impact assessment as there had already been a government commission recommendation, in 1966, that the area be reserved for conservation. St Lucia was also an internationally protected site under the Ramsar convention on wetlands, he said.

Wildlife Society director Tony Ferrar said "The report is fairly favourable to the mining option in the sense that it seems to downplay the effects against the eco-

systems". The organisation was unhappy about the report, which seemed to be an exercise in mitigation, but would be looking at its rationale in greater detail.

RBM GM public relations Barry Clements said this week the report had cost RBM about R4m over the past two years, but indirect costs such as the experts' time and the public relations campaign were incalculable.

See Page 8

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MARIANNE MERTENS
and RAY HARTLEY

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● See Page 8

□ From Page 1

What isn't in the RBM report

W/Mail 19/3-25/3/93

217

REVELATIONS that radioactive materials are a product of dune-mining at Richard's Bay have added a new twist to the row over plans by Richards Bay Minerals to expand its operations on the Natal coast.

The company acknowledged this week that it extracts monazite, a radioactive heavy mineral, in its current titanium mining operations at Richard's Bay.

Environmental groups are alarmed that an environmental impact study, released by RBM this week, makes no mention of radioactive substances present in the workplace nor of its safety implications.

"Monazite is classed as a low specific activity material," says a statement issued by the company this week.

"RBM produces a small quantity of monazite in comparison to the volume of other products. This is exported to producers who separate monazite into various rare earth oxides."

The mineral is used in a number of high-tech applications including the manufacture of optical lenses, high quality steel, colour television tubes and malleable metals. It is also possible to separate thorium out of monazite, which has been used experimentally as a nuclear fuel in some countries.

RBM public relations chief Barry Clements says a small amount of monazite is stored at Richard's Bay in two ton "toughbags" before being exported. "In transporting the material, strict adherence is carried out with regard to the International Atomic Energy regulations," he said. The company also abides by Atomic Energy Act stipulations.

Earthlife Africa, one of the most vocal opponents of RBM's plans to open a new mining operation on the eastern shores of St Lucia, says its members are concerned that information about radioactive materials has been kept from the public.

"In South Africa all information regarding the nuclear industry is secret and workers, people and environmental organisations do not have the right to know," said Brian Ashe, Earthlife's Dur-

ban spokesman.

The Group for Environmental Monitoring in Johannesburg says the summary of the company's impact study makes no mention of monazite and its potential health hazards. "It is well known that monazites are a source of radioactive thorium. We do not understand why the summary of the EIA commissioned by RBM makes absolutely no mention of the fact that miners will be working with radioactive materials. Why has this important information been withheld?"

A 1990 article in the *Journal of Radiological Protection*, published in the United Kingdom, says: "Mineral sands processing involves exposure to external and internal radiation sources.

The level of exposure is associated with the production of monazite, which contains approximately six percent thorium by weight. . . Recent estimates indicate that significant radiation exposures result from mineral sands processing. It has been shown that the inhalation of radioactive dust is the predominant exposure pathway."

Richards Bay Minerals has admitted that radioactive materials are a product of dune mining.

By **EDDIE KOCH** and **STEPHEN LAUFER**

In July last year the Malaysian Supreme Court shut down a company that exports monazite to Japan. Medical evidence presented during the hearing claimed miscarriages and infant deaths, reduced fertility and an increased incidence of leukaemia and cancer in villages surrounding a waste dump near the monazite processing plant.

Clements says all workers handling monazite at RBM wear dosimetre badges, similar to those worn by X-ray technicians, which are monitored monthly. All results are sent to the South African Bureau of Standards. Asked why the issue of radioactivity did not feature in the environment study, Clements said "This study was about the impact of both land-use options on the environment in the area. Monazite and radioactivity do not impact on the lakes, and are in the dunes anyway. This is not an issue resulting out of one usage or another."

● See Page 20

THE long-standing dispute over titanium mining operations on St Lucia's eastern shores is entering a new round of public debate following yesterday's release of an environmental impact assessment of the effects of dune mining.

"The impact assessment has concluded that no irreversible damage in terms of future options forgone would result if mining was adopted," a CSIR statement said.

But, if South Africans decided environmental impacts outweighed economic benefits, mining could justifiably be refused by government, the statement said.

The impact assessment makes no recommendations for or against mining. It sets out the social, environmental and economic effects of alternative proposals for conservation and tourism, favoured by the Natal Parks Board, and mining and ecotourism favoured by Richards Bay Minerals (RBM).

The report's publication sets in motion an eight-week process of public reaction. The drafting of response reports and a final investigation by a five-man expert review panel is set to last until year's end.

Only then will government decide whether mining is to go ahead.

Under the Minerals Act, government is bound to allow mining to proceed if the assessment study found no irreparable damage would be caused. Mineral and Energy Minister George Bartlett has said he would agree to mining in this case.

If mining is given the go-ahead, which the report's findings seem to favour, government would be in contravention of the Ramsar Convention on Wetlands which it signed in Iran in 1977.

The convention commits government to the protection of SA's wetlands, including St Lucia which was added to the list in 1986.

The St Lucia mining dispute has been in the forefront of SA's environmental debates since 1989 when RBM sought to extend its dune mining operations into the St Lucia area. Even if RBM is given the go-ahead now, dune

Mine impact study steers a neutral path over St Lucia dunes

BIDM 19/3/93

MARIANNE MERTEN

(2177)

mining in St Lucia would not start until near the turn of the century.

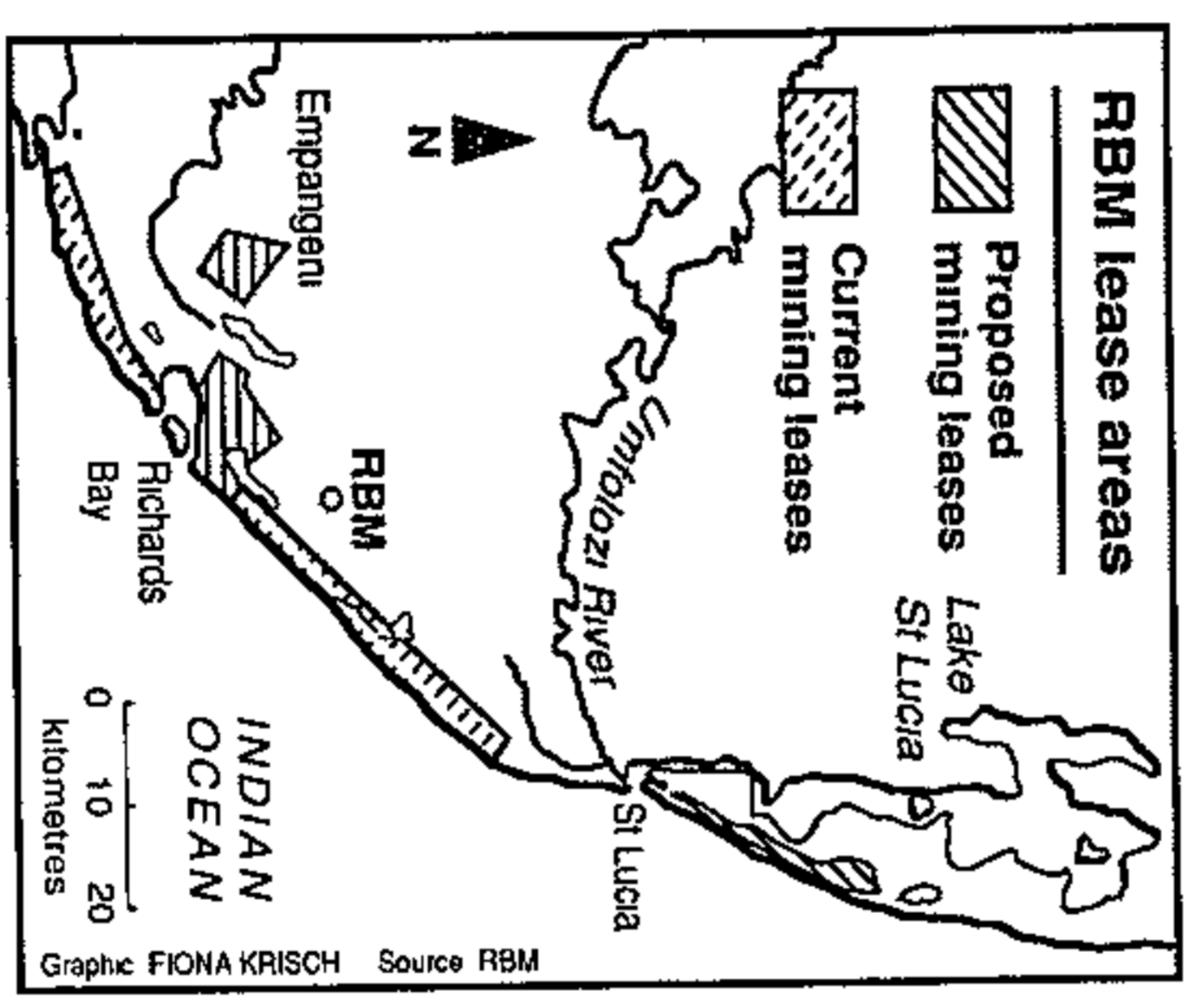
The area is government owned but proposals to make St Lucia Greater Wetlands Park a national nature conservation area have been recommended since mid-1991.

The debate over whether mining should be allowed has reflected the progress of environmentally aware business practices in SA. Even 10 years ago, it would have been unthinkable for a company to pay millions of rands, as RBM has done, to justify its business activities.

The three-year study has applied the most up-to-date international thinking on environmentally integrated management.

Much of the study's philosophical orientation has come from the Brundtland report Sustainable Development, A Guide to Our Common Future, which recommended that sustainable economic development must take into consideration its impacts on the environment and society.

Translated into the SA context, this would mean a careful assessment of the socio-economic consequences either mining or ecotourism would have on St Lucia's surrounding Kwa-Zulu regions which are known to be among the poorest and most underde-



veloped areas in the country.

The study's aim was to record what impacts the two land use options would have on these communities. The balance the report sought was between the potential for economic growth, social equity and environmental sustainability.

The crucial question whether mining activities would cause irreparable damage to the dunes' hydrological

function has remained hidden behind economic issues and the rhetoric of whether SA can forgo mining generated income.

Put in simple financial terms, mining would be the preferable option for St Lucia.

The impact assessment says mining would generate an additional R763,1m in foreign exchange and tax revenue. The Natal Parks Board would benefit by R196m from ecotourism while mining went ahead.

During the mine commissioning phase 300 temporary jobs would be created while the mine offered 313 full-time jobs during its lifespan. About 1 275 to 4 675 jobs could be created as spin offs from the mining operations.

In comparison, ecotourism without mining would generate only R265,7m. The 212 to 392 full-time jobs from future tourist activity would be created whether mining went ahead or not, but R69,7m less would be earned in tourism if mining was allowed.

The crux of the environment impact assessment is whether mining would cause irreparable damage which is defined in the study as an impact of the highest order, with no possible mitigation in the long term, to the dunes' structure and hydrological function.

Despite findings that mining would have extensive and very high negative effects on St Lucia's environment in the mining area, most of these could be mitigated in the long term, the study said.

Consequences of damage to the topography were largely visual, as no severe persistent effects of altered topography on the biosystem, or the functioning of the ecosystem, had been predicted, it said.

"In terms of people's sense of place, irreparable damage would occur to the perceptions of only some of the people who view the St Lucia sub-region as pristine wilderness."

The most serious long-term negative mining impact was the possible displacement of the dunes by about 500m-1 000m. Although dune displacement was considered irreparable damage to the topography — the area would definitely look different after mining activities were complete — the report maintained the ecosystem would not be affected.

The dunes' role in filtering water to the lake sustaining the area's wildlife has been at the heart of the debate because any structural interference would endanger the lake's role as a freshwater conductor to wildlife in the St Lucia estuary. Environmentalists do not know what the impact will be, and fear that by the time a major effect is discovered it will be too late. CSIR researcher Brian van Wilgen, who headed the study, said irreparable damage would occur only to the topography of the area. No irreparable damage to the dunes was predicted, he said.

Certainly the CSIR's environmental impact assessment has scrupulously applied the principles underpinning an integrated environmental management such as broad-based consultation with interested and affected parties, democratic regard for individual rights, giving the opportunity for public and specialist input and ensuring that the social benefits outweigh the social costs of development proposals. But, in the final instance, it is government and its interests which will decide on St Lucia's future.

St Lucia - who will talk for the people?

AS THE environmental impact assessment (EIA) for the proposed mining of the Eastern Shores of Lake St Lucia moves into its public participation phase, there will no doubt be many voices raised purporting to speak for the people who live in the area.

But in fact little is known about what the poor communities in the area think of dune mining — or ecotourism — or of the debate between the two options for the area they live in.

Under the EIA a Rural Liaison Programme was established run by the Centre for Social and Development Studies (CSDS) at the University of Natal.

"It was very important to establish a process independent of the two proponents in the Lake St Lucia issue — Richards Bay Minerals (RBM) and the Natal Parks Board (NPB)," Dr Alex Weaver, project manager for the EIA at the CSIR's Environmental Services, told The Saturday Star. "So independent consultants were appointed."

Poverty

Two Zulu-speakers at the CSDS, Professor Simon Bekker and Dr Paulus Zulu, head the liaison programme. They were responsible for establishing a network of people who acted as links to communicate the needs and concerns of the community.

The CSIR's environmental impact report

LITTLE is known about what the communities in the area think of the St Lucia mining project and what effect it will have on them. Science Writer ANITA ALLEN investigates.

tion of mining, followed by ecotourism once mining operations had ceased.

RBM's mining and smelting operation would be cut by five years if the St Lucia mining rights were not granted — this represents a direct loss to the St Lucia sub-region of between R66 million and R247 million, foreign exchange of R606 million and tax revenues of R157 million. In addition, 313 job opportunities would be lost in the region and between 1 275 and 4 675 in the country.

RBM has 2 500 employees and spends about R170 million a year on electricity, R40 million a year on coal, about R30 million on transport, and R50 million on harbour and rail services as well as many other expenditures with firms in the area. Also, there is a significant, but still unquantified, contribution to job creation and other contributions to quality of life in the region. Added to this is an annual expenditure of about R8 million by RBM on social responsibility programmes.

Throughout the world, development policies must deal with questions of sustainability, equity and efficiency. Sustainability rests upon a view that development can be designed to be compatible with environmental protection, and that the latter is not attainable without the development. A sustainable society

their immediate material and domestic circumstances and they would probably be open to persuasion to accept the option that would offer them the most benefits.

Through the Rural Liaison Programme, the findings of the report will be communicated to the local people and feedback will be obtained. This will be incorporated into the eventual EIA and will be taken into account in the final decision.

Copies of the three volumes of the EIA to date — 23 scientific studies, comments and additions (vol 1) and analysis of key issues (vol 2) and the EIR (Vol 3) — are available at university and public libraries.

In addition, the CSIR's report plus a summary are available from Karen Vink, CSIR Information Services, Box 395, Pretoria 0001 Telephone (012) 841-2880, fax (012) 86-2869. The report costs R180 and the summary R20.

The public has until May 14 to make written comment on the report to the EIR Secretariat, CSIR Environmental Services, Box 395, Pretoria 0001.



COMMUNITY DEVELOPMENT: A vegetable patch flourishes on water from a well installed by RBM in the Mbonambi rural area. The company spends R8 million a year on social development.

such a way as to do no irreparable damage to the environment.

Critical

In this respect the report found that there would be no irreparable damage to the environment in the long term, after 30 years, if mining were allowed.

Equity deals with a fair distribution of benefits among the people who rightly have a stake in that development. In that respect the report was critical of the large amounts of revenue generated in the region that left the area, and recommended that policies in this regard be reviewed.

Efficiency is the choice between alternative development strategies or projects, which takes account of which alternative will return the greatest present and future benefits for a given cost in resources.

The report found that maximum economic benefits with acceptable environmental impacts would be achieved by allowing mining to proceed with ecotourism, and then ecotourism on its own after mining ceased.

The feelings of the locals are somewhat ambiguous, the EIR report concluded. Their interests revolve around

week after three years of study and research, noted that poverty prevailed among the 850 000 people living in the area, which was ranked by the World Bank last year in the same category as the poorest in the world.

The population in the region adjacent to the RBM mines (Enseleni, Hlabisa, Lower Umfolosi, Mtunzini, Ngwavuma, Ongoye and Ubombo) is growing at about 2,1 percent — a relatively low rate because of migration to cities. On average there are 40-45 percent fewer men of economically active age (15-64) than women. Only 40-42 percent of adults are male and about 54 percent are below 15. There is an average of four dependants per wage-earner, where the annual income is R400-R2 600.

There are few schools and colleges and only 30-60 percent of the people complete primary schooling, 16-20 percent secondary schooling, and 64 percent of the adult population is illiterate. Unemployment runs at 27 percent and services are poor, with about 100 doctors per million people.

The need for social upliftment was acute, the report noted, concluding that maximum economic benefits would arise out of a combina-

St Lucia — who will talk for the people?

(217) (56)

AS THE environmental impact assessment (EIA) for the proposed mining of the Eastern Shores of Lake St Lucia moves into its public participation phase, there will no doubt be many voices raised purporting to speak for the people who live in the area.

But in fact little is known about what the poor communities in the area think of dune mining — or ecotourism — or of the debate between the two options for the area they live in.

Under the EIA a Rural Liaison Programme was established by the Centre for Social and Development Studies (CSDS) at the University of Natal.

"It was very important to establish a process independent of the two proponents in the Lake St Lucia issue — Richards Bay Minerals (RBM) and the Natal Parks Board (NPB)," Dr Alex Weaver, project manager for the EIA at the CSIR's Environmental Services, told The Saturday Star "So independent consultants were appointed."

Poverty

Two Zulu-speakers at the CSDS, Professor Simon Bekker and Dr Paulus Zulu, head the liaison programme

LITTLE is known about what the communities in the area think of the St Lucia mining project and what effect it will have on them. Science Writer ANITA ALLEN investigates.

tion of mining, followed by ecotourism once mining operations had ceased.

RBM's mining and smelting operation would be cut by five years if the St Lucia mining rights were not granted — this represents a direct loss to the St Lucia sub-region of between R66 million and R247 million, foreign exchange of R606 million and tax revenues of R157 million. In addition, 313 job opportunities would be lost in the region and between 1 275 and 4 675 in the country.

RBM has 2 500 employees and spends about R170 million a year on electricity, R40 million a year on coal, about R30 million on transport, and R50 million on harbour and rail services as well as many other expenditures with firms in the area. Also, there is a significant, but still unquantified, contribution to job creation and other contributions to quality of life in the region. Added to this is an annual expenditure of about R8 million by RBM on social responsibility programmes.

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Throughout the world, development policies must deal with questions of sustainability, equity and efficiency. Sustainability rests upon a view that development can be designed to be compatible with environmental protection, and that the latter is not attainable without the development. A sustainable society is one that manages economic growth in such a way as to do no irreparable damage to the environment.

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Poverty

Two Zulu-speakers at the CSDS, Professor Simon Bekker and Dr Paulus Zulu, head the liaison programme. They were responsible for establishing a network of people who acted as links to communities of the needs and concerns of the community.

The CSIR's environmental impact report (EIR), released this week after three years of study and research, noted that poverty prevailed among the 850 000 people living in the area, which was ranked by the World Bank last year in the same category as the poorest in the world.

The population in the region adjacent to the RBM mines (Enseleni, Habisa, Lower Umfolosi, Mtunzini, Ngawama, Ongoye and Ubombo) is growing at about 2,1 per cent — a relatively low rate because of migration to cities. On average there are 40-45 per cent fewer men of economically active age (15-64) than women. Only 40-42 per cent of adults are male and about 54 per cent are below 15. There is an average of four dependants per wage-earner, where the annual income is R400-R2 600.

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The need for social upliftment was acute, the report noted, concluding that maximum economic benefits would arise out of a combination of a combi-

Let them mine Star 20/8/93 somewhere else

THE money to be made out of mining St Lucia is nowhere near what we had been led to believe.

(217)

THIS week's environmental impact assessment (EIA) report on St Lucia is an historic step in the future of South Africa's environmental management. Personally, I think it is going to get a rough reception, but it is a respectable document.

To an extent, Richards Bay Minerals made up the EIA as it went along. It had few precedents to go by and it proved a uniquely complex exercise.

Whenever the EIA team saw potential damage, RBM was able to reassess its mining methods and so mitigate the potential harmful effects. For instance, given the go-ahead, they will no longer mine as close to the beach as was originally intended. They have also pulled back at Richards Bay.

Undertaking an EIA, knowing that the public and many experts are poised to go over it with a fine-tooth comb, proved in itself a very valuable exercise. That's the beauty of EIAs: they force a developer to do his homework very thoroughly.

The scientists behind this week's EIA report — chosen by the Government with RBM's collaboration — state that no "unacceptable" irreparable damage will result from mining, and that mining wealth can boost investment in tourism. It's an argument. The onus is now on the public to prove otherwise.

We shall see, in the next two months, whether scientists not involved with the EIA will dis-

agree with those who were.

I think the report will be attacked on its hydrological conclusions, which, to my amateurish eye, appear to be based on superficial data.

I was surprised by only one thing in the report, the relatively small amount of money South Africa will make. It is nowhere near what we had been led to believe.

The tax benefits are insignificant, and the local trickle-down can be counted in droplets. It might be as low as R66 million over 17 years. A couple of decent hotels could match that — and provide *permanent* jobs.

Secret is to spread the load

The economics of the situation are important.

This week's Budget has pumped many extra millions of rands into tourism. Tourism already brings in nearly R2 billion a year in foreign exchange. (RBM will bring in R35 million a year.)

Yet the Government looks set to devalue one of the most useful tourist regions we have.

The secret of tourism is to spread the load and to recognise that "ecotourism" — the enjoyment of the outdoors — is the way tourism is going.

We need all the St Lucias we can find. And there's lots of titanium elsewhere.

Public gets say in fate of St Lucia

By CARMEL RICKARD

THE future of St Lucia is once more back with the public: for the next eight weeks anyone may make written comment on the environmental impact assessment report released this week.

And when the five-member review panel considers the issue later this year, members of the public will again be able to voice their concerns in open hearings from August 2-6.

The final decision, however, still rests with Mineral and Energy Affairs Minister George Bartlett, who must approve the Richards Bay Minerals licence.

Officials from his office insist that Mr Bartlett has not yet made up his mind, but Democratic Party spokesman on environmental affairs Rupert Lorimer said he did not believe this.

Complained

Thursday's report shocked the anti-mining lobby with its conclusion that mining would not do irreparable damage to the sensitive eastern shores of St Lucia.

While the assessment did not make any recommendations, its finding appears likely to weigh heavily with government decision-makers.

Since the release of the report, critics have complained that it is simplistic and does not adequately reflect all the options available to the area.

"If they had given detailed consideration to the vast potential of local and international eco-tourism run along the lines of the satellite camps around the Kruger National Park, they would have found that this promises long-term sustainable development, with more jobs and far more income for the country than limited period, destructive mining," said Mr Lorimer.

Promised

Speaking from the United States, conservationist Ian Player warned that giving mining the go-ahead would give SA the kind of negative international reputation from which it was only just beginning to recover.

"Don't forget that the new US administration is the most environmentally conscious that the country has ever had," he said.

The Campaign for St Lucia has also promised to keep the government in the international eye by informing the other signatories to the important Ramsar Convention that Pretoria has reneged on its obligations to maintain wetlands.

Campaign spokesman Oliff D'Oliveira said world-renowned scientists acting under the Ramsar Convention have been evaluating the impact of mining in St Lucia, and he urged that no final decision be taken until the release of their report.

Comments may be sent to CSIR Environmental Services, Box 395, Pretoria 0001 before May 14.

Gold Fields deals close

to obtaining green light

MATTHEW CURTIN

TWO MULTIMILLION-rand zinc and gold mining ventures are close to being given the go-ahead by mining house Gold Fields, says chairman Robin Plumbridge.

Plumbridge said yesterday a new gold mine in Ghana or Latin America, or the Gamsberg zinc project in the northwestern Cape were the most likely new mining projects to which the mining house would give the green light. He said Gold Fields policy was to have two major ventures "on the go" at any one time to ensure the group maintained "real earnings growth".

The group had just completed a period of intensive investment, in which it had spent more than R3bn on bringing the Northam platinum mine and the Leeu-doorn division of Kloof gold mine into production. He said the group's Black Mountain base metal mine, near the project nearest approval. The zinc deposit was the largest of its kind in SA, but its exploitation had been hindered by the problems of treating Gamsberg ore with the existing refining process.

The final go-ahead for the mine depended on finding solutions to the few technical difficulties in the recovery process.

"Signs are that the second new mine will most likely be a non-SA operation, and could be a gold mine in Ghana or in Latin America," Plumbridge said.

SA's geology had been comprehensively documented and new gold mines were marginal at prevailing gold prices, whereas shallow ore bodies in West Africa and Latin America could be more viable.

Plumbridge said countries in these regions offered more attractive tax regimes for new mining ventures than in SA. Gold Fields had offshore assets and borrowing facilities with international agencies to finance new projects outside SA, an important factor given the restrictions on the use of the financial rand for long-term overseas investment.

Star 24/3/93 (217)

Rusplat to close Boschfontein shaft

Rustenburg Platinum has announced the closure of the Boschfontein trackless mining shaft at the Rustenburg section of the mine, as poor platinum and rhodium prices have rendered production at the shaft uneconomic.

Retrenchments will be mini-

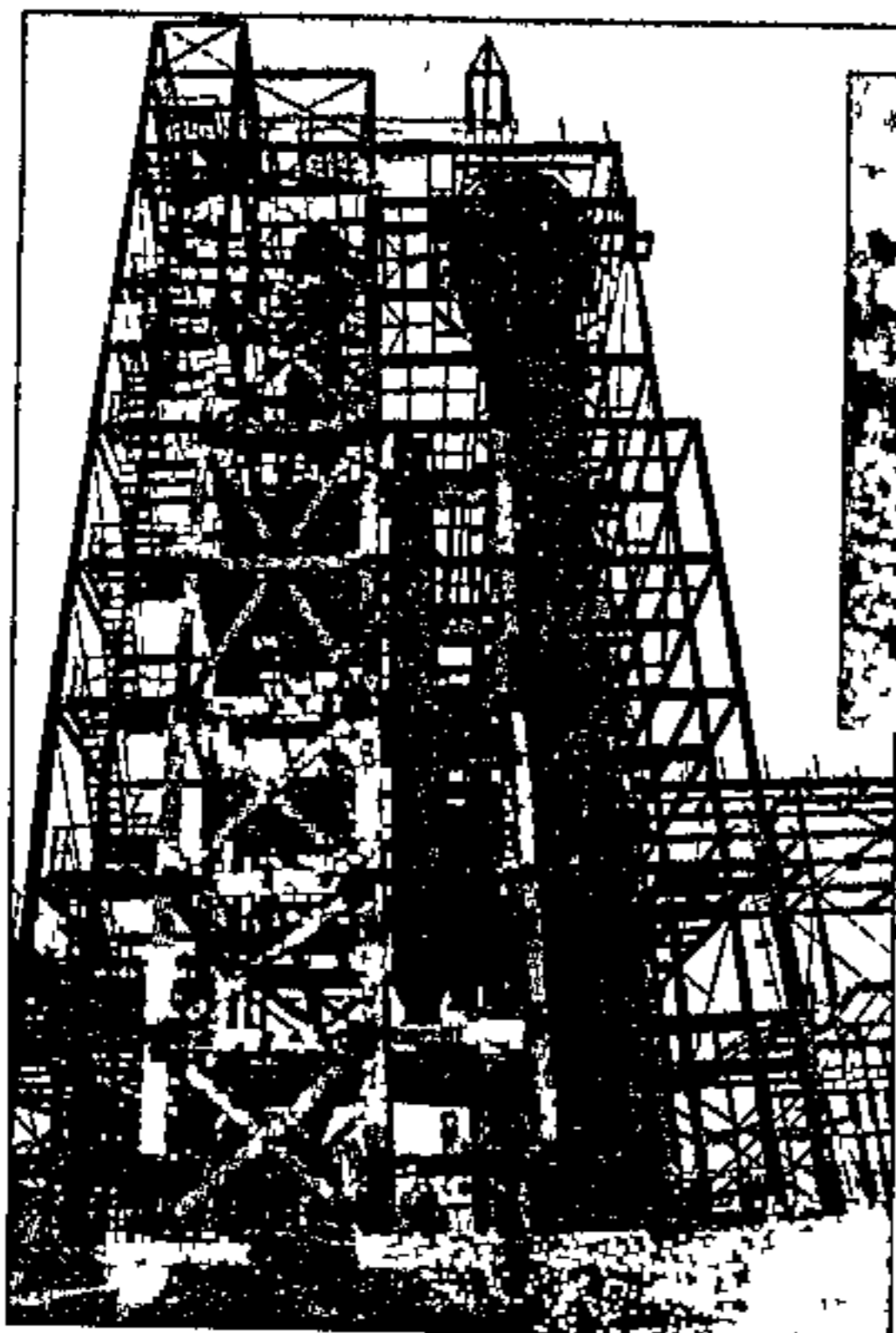
mal and accommodated by normal attrition through the group, Rusplat says

To meet its contractual commitments, which will exceed production levels after the closure, Rusplat will buy the shortfall from the market — Finance Staff.

Demand for vermiculite has grown dramatically as the world discovers this material's amazing properties; and SA is well placed to take advantage of this demand, with Palabora Mining Company being the world's largest producer of the mineral.

Wonder material of the age

STAR 24/3/93



WHAT HAVE THESE TWO GOT IN COMMON? ... the use of vermiculite, and it can be used to begin a life, or save one — It may be yours!

217

217

tive that the major load carrying structures are fire protected so that they will maintain their stability until the fire can be extinguished

The length of time during which a steel structure is required to maintain its stability will depend upon local circumstances such as type and intensity of fire, design of plant and steel size and the commodity being manufactured or stored

However, fire protection of major load-carrying steel structures is the most effective and economic means of providing reliable passive fire defence

In a typical application of this nature the steel members of a structure are sometimes enclosed in mesh and then cast trowelled or sprayed with the appropriate vermiculite plaster

A incidental benefit is that vermiculite plaster can be shaped or sprayed monolithically so adding a decorative option to the process in the construction industry

Mixed with gypsum plaster it can be sprayed on to a ceiling to achieve highly decorative effects — and incidentally fire protecting the ceiling at the same time

Mixing the material with pigments gives it another dimension — the Victoria and Alfred Dock development in Cape Town recently used vermiculite spray with blue pigment for example for 11 cinemas

In another entirely different application vermiculite as a pulverised material is used as a lubricant in pulp and paper manufacturers conveyor systems

As screeding, it has been used by hotels, universities (RAU) the top of the Carlton skyrind, the PE Post Office and in innumerable other ways

And in more exotic instances it is used as bedding for laboratory mice and for hatching crocodile eggs no less

In short vermiculite may be truly said to be the wonder material of the age

TO MOST OF US, the word vermiculite is associated with pot plants and gardening. However, this wonder mineral is perhaps the most versatile material in our modern world and one way or another it touches all our lives

It is equally surprising to discover that SA's Palabora Mining Company is the world's largest producer of vermiculite and that it is actually ranked as one of SA's strategic minerals

And the quality of the vermiculite mined by Palabora is quite simply the best in the world — it has the advantage of being totally asbestos-free and non-toxic

Mandoval Vermiculite, a Palabora Mining Company subsidiary based in Alrode, handles processing and distribution of this wonder material

Sister companies operate in the United States from Atlanta, Georgia, and from the town of Lightwater in Britain, and in point of fact, 98 percent of South African vermiculite is exported to the four corners of the globe

In SA itself, demand for vermiculite continues to grow in a number of applications, not least of which is the mineral's superb fire-resistant qualities

There are five basic grades of vermiculite micron super fine, fine, medium and large

Heat treated, it expands up to 20 times its volume, yet it remains lightweight

Its fire protection properties are legendary and for the past 30 years Mandoval UK has built up an enviable reputation for expertise in this sphere

The UK company is at the forefront of this field internationally and its SA counterpart has access to all technology in this respect and, in fact, contributes to the pool of know-how in its own right

Micron vermiculite, the smallest of the vermiculite sizes, is applied in gypsum boards and in certain skimming plasters where light mass is particularly useful

Superfine Vermiculite is used by chicken breeders in this country as a bulk supplement in feed and as a vitamin carrier where its moisture absorption qualities are important

The fine version is used in aesthetic and decorative plasters and fire protective plasters — applied either by hand

or sprayed it becomes a delight to handle and produces finishes that are in keeping with modern decorative trends

As for the medium grade, this is where most housewives are familiar with vermiculite in that it is widely used in horticulture, silviculture (tree cultivation) and agriculture

These are applications where its moisture-holding and aeration qualities come to the fore

In SA it goes without saying that there is a tremendous need for food. But the old style methods of production have disappeared. No longer does a farmer throw seed into the ground and pray for rain

Essentially what happens today is that the particular crop is first cultivated in vermiculite/peat/bark plugs which are then transplanted once they have reached a viable size

As a result the potential for crop loss is greatly diminished and once again it is vermiculite to the rescue

If you would like to know more about this material please contact Rosemary Martin, marketing manager, or Peter Evans, Technical Representative, at Mandoval Vermiculite, Telephone (011) 864-5205 FAX (011) 808-3049

COMPANIES

Minorco buys Spanish group

MINORCO has bought the Spanish aggregates group, Steetley Iberia SA, from Redland for £55m

The company said yesterday that Steetley Iberia, which had been acquired by Redland as a result of its takeover of Steetley in 1992, would be incorporated into Minorco's Industrial Minerals Division.

The division had shown a profit of \$23m on sales of \$75m in its six months to end-December 1992

Minorco CE Hank Slack said he was "extremely pleased" to make the acquisition which had extended the company's European industrial minerals activities into a third core country.

In the past two years Minorco had purchased gravel pits in Germany and specialist stone operations in the UK.

"This continues Minorco's policy of investment in sound, well-managed and profitable aggregates businesses in areas of forecast growing demand," Slack said.

Steetley Iberia operated 14 quarries and

JONO WATERS

gravel pits and 21 readymixed concrete plants in Spain. It was the leading supplier of aggregates and readymixed concrete to the Madrid market where most of its operations were based

Steetley Iberia's total capacity was in excess of 6-million tons of aggregates and 1.3-million tons of ready-mixed concrete a year.

The company's statement said that although sales were currently below these levels, which reflected the general European economic downturn, operating profit was satisfactory. *(217)*

"Medium-term prospects for construction in Spain are promising with significant infrastructural work planned for the Madrid area in particular," Minorco said

Steetley president Jose Astorqui and all other senior management executives would retain their management responsibility, the statement said

BIDM 24/3/93

JOHANNESBURG. — Rustenburg Platinum (Rusplat) announced yesterday it would close one of its shafts and buy metal on the spot market to meet any shortfall in its commitments.

The world's largest platinum producer said it would close the Boschfontein trackless mining shaft as "the current low level of platinum and rhodium production rendered production at the shaft uneconomic".

The move follows the decision by Almazjuvelirexport, the

Rusplat to close shaft

Russian platinum group metal exporting agency, to limit shipments in 1993.

Platinum reacted favourably to the Russian news, with Comex prices rising nearly \$4 on Monday. The news

was released after the London markets had closed. Platinum was fixed at \$354 in London yesterday afternoon, up 40c from the morning fix.

Rusplat's announcement is likely to boost prices further. But SA producers are suffering from low platinum group metal prices, which have prompted Impala Platinum to defer expansion plans.

Financial director Alan MacConachie said he could not say how much production would fall or how many jobs would be lost.

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OT 24/3/93

Report
Star 25/3/93
warns on
St Lucia

By Anita Allen
Science Writer

Mining at St Lucia could cause irreparable damage to the area's wetlands and would lead to a drop in tourism to South Africa, warns an international body which protects the world's rare wetlands. (217)

The Ramsar Convention's report was released by Environment Affairs Minister Louis Pienaar yesterday, days after the release of the Environmental Impact Report (EIR) which concluded that mining would not have serious long-term effects on St Lucia's ecosystem.

The Ramsar report said the St Lucia system was so important internationally that the Government should consider refusing "on principle" the application to mine its dunes.

Impossible

Mining "could cause a long-term drop in popularity of the area which would be hard, perhaps impossible to overcome in the long run".

It noted that potentially damaging mining on a Ramsar site could only be done in the urgent national interest.

The Ramsar report noted that the St Lucia system was one of the few sites in the world that met all three criteria as a wetlands of international importance:

- It was unique as one of the best conserved and one of the major estuary systems in Africa.

- It had plant and animals species of special interest.

- It had internationally important breeding concentrations of at least eight species of birds ecologically dependent on wetlands.

The report noted that of all 12 of South Africa's Ramsar sites, the St Lucia system was by far the largest, most famous and most varied.

Shaft closure will reduce Rusplat's output

JONO WATERS (217)

THE DECISION by Rustenburg Platinum (Rusplat) to close its Boschfontein shaft would reduce the platinum producer's output significantly, Rusplat MD Barry Davison said yesterday

However, Davison said if the platinum market improved, management would give the go-ahead to go back and mine below the No 6 level at the shaft.

He said if Rusplat did resume mining at Boschfontein it would use "conventional methods" and not trackless mining

Davison dismissed as "total nonsense"

market comment that Rusplat had closed the shaft to drive platinum group metal prices upwards

Davison said Boschfontein had been closed as it was a high-cost shaft making a loss and it would be cheaper to buy the metal on the market

The cut in production by Rusplat and the limiting of platinum exports by Russia could have some "meaningful effect" on the platinum price, he said

BIDAM 2573193

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Mining 'will kill' St Lucia habitat

PRETORIA — Opencast mining at St Lucia would result in major, irreparable damage to the habitat, an international wetlands monitoring body has found.

In a report issued yesterday, the Convention on Wetlands of International Importance (Especially as Waterfowl Habitat), or Ramsar, said the mining operation would significantly alter the soil characteristics, dune structure and beaches of the area.

"The SA authorities should consider whether, in view of the importance of the St Lucia system, the application to exercise mining rights should be refused on principle," the report concluded.

SA was one of the original seven contracting countries which established the Ramsar convention in 1971.

St Lucia is one of 12 SA sites on the Ramsar list detailing wetlands of international importance.

Conducted in May last year by Ramsar experts, the survey indicated it would not be possible to reconstitute the original vegetation at St Lucia by rehabilitation measures.

The elevated water table as a result of mining would affect the beaches and seaward face of the dunes of the barrier, and also the wetlands of the eastern shores, it said.

Tourism would be affected as the proposed mining

ADRIAN HADLAND

would take place at the gateway to St Lucia, causing a "long-term drop in the popularity of the area"

It would also be impossible to restore the original dune structure. It must be doubted, the report said, "whether a complex dune forest which has grown up over millennia can ever be really reconstituted with such an altered dune structure and soil composition".

The Ramsar mission said its report did not seek to interfere with, "pre-empt or supplant the national process" under way.

The Environmental Affairs Department said the report "may be presented to the review panel or indeed used as a supplementary document by the Cabinet when it reviews the findings of the EIA".

Sapa reports that Parliament's refusal to deal with a Bill to outlaw mining at St Lucia and 11 other internationally recognised SA wetlands has been condemned by the Campaign for St Lucia.

The Joint Committee on Private Members' Legislative Proposals deferred consideration of the Wetlands Conservation Bill until after the review panel's report.

The Bill would have given effect to the Ramsar provisions.

Key Family Trust's debt is R20,8m, says Absa

BLOM 25/3/93 JINDA ENSOR

CAPE TOWN — Absa brought an urgent application in the Cape Town Supreme Court yesterday for the provisional sequestration of the Key Family Trust set up by the provisionally sequestered Mervyn Key.

Judgment on the application will be handed down by the court today.

Absa regional GM Dudley Davies said the trust had bound itself as surety and co-principal debtor to Bankorp for the liabilities of Key's Paarl wine estate, Rhebokskloof and its sister company Parmalat investments.

The only asset of the trust was its stake in Rhebokskloof and Parmalat. The total debt to Absa was R20,8m, Davies said.

The trustees of the trust are Key, his father Cedric Key, who is in Australia, and former Tollgate director Lawrie MacIntosh, who is believed to be in London.

Meanwhile Key's Paarl wine estate Rhebokskloof was provisionally wound up without opposition in the Cape Town Supreme Court yesterday.

RUSTENBURG PLATINUM

Shaft closure

FM 26/3/93

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Platinum and rhodium prices have fallen to the point where even industry leader Rustenburg Platinum (Rusplat) has been forced to follow Impala Platinum (Implats) in effectively cutting back on expansion.

Unlike Implats, Rusplat management refuses to divulge production figures. So the net effect on output of the decision to close the Boschfontein trackless mining shaft is unknown. Lack of concrete information has given rise to speculation that Rusplat's move may be partly a ploy aimed at countering downward pressure put on the platinum price over the past few years by the automobile manufacturers.

The group has just brought the expansion of its Amandelbult section on line, but management now reckons it's cheaper to buy platinum on the open market than to produce it from Boschfontein. Rusplat intends doing precisely this to meet contractual commitments, which will exceed its production capacity with Boschfontein closed.

Rusplat marketing agent Johnson Matthey reported last November that supply and demand in the platinum market were reasonably well balanced. He predicted a surplus of only 30 000 oz for 1992. Continuing economic decline in Japan has since caused major car makers to run down their large inventories of platinum group metals rather than buy new stock.

The platinum price slid to \$344/oz in February before recovering to about \$356/oz now. That compares with a 1992 high of \$392/oz. Producer profit margins have been particularly hard hit by the drop in the rhodium price to around \$1 285/oz, from a 1992 peak of \$3 025/oz last March.

Rusplat's decision to cut back raises questions about the future of sister company Lebowa Platinum, which is a far higher cost

FM 26/3/93

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operation. It lost R28,9m in the year to June and another R9,4m in the six months to December.

The closure of Boschfontein is another admission of failure by JCI on trackless mining, which the house heralded several years ago as the wave of the future in underground mining. Rusplat is the third JCI mine to retreat from trackless mining, after Western Areas and Joel.

Brendan Ryan

Star 26/3/93

Mineral production hit by world recession

(217)

By Derek Tommey

The value of SA's mineral production, hit by the worldwide recession, fell by 3,7 percent last year to R38,2 billion from R39,7 billion in 1991, Department of Mineral and Energy Affairs figures show

Exports dipped 4,9 percent to R29,3 billion from R30,8 billion, while local sales rose by R50,1 million to R8,9 billion.

One of the sharpest drops in sales was experienced by platinum group metals.

Production last year was worth R2,2 billion, a 19,1 percent drop from the R2,7 billion produced in 1991

The value of gold produced showed a smaller fall. It declined by 2,7 percent to R18,8 billion from R19,3 billion in 1991

Chrome ore sales were sharply lower, falling 25,7 percent from R434,6 million to R322,7 million.

Manganese ore sales also fell, by 21,8 percent from R767,1 million to R599,7 million.

Vermiculite was another mineral to suffer from the world recession, with sales dropping 36,1 percent from R44 million to R28,1 million.

Granite had sharply lower sales, falling 20 percent from R188,1 million to R150,5 million. Copper sales were 8,4 percent lower at R1,03 billion.

Production of diamonds rose from 8,4 million carats in 1991 to 10,2 million carats in 1992. But no figures are available for the value of diamond sales.

These are included in "miscellaneous", together with the proceeds from uranium oxide, antimony, titanium oxide, mica, zirconium, perlite, phosphate concentrates and monazite.

Some of these products must have suffered a serious setback last year, as "miscellaneous" sales dropped 20,7 percent from R3,1 billion to R2,4 billion.

But not all the news from the mining industry was bad. Iron ore sales were virtually unchanged at R1,1 billion.

Coal sales rose 6,9 percent to R9,35 billion. Sales of zinc rose 17,9 percent to R141,7 million.

Salt sales rose 18,5 percent to R65,4 million

Silver sales rose 17,2 percent to R44,9 million. Sales of andalusite rose 42 percent from R78 million to R110,8 million

VENTER LEISURE 26/3/93

Trailing price

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Since March last year, Venter Leisure & Commercial Trailers (Ventel) stock has lost a third of its 150c listing price — supporting the *FM's* sentiment that it was an expensive buy (*Fox* February 7 1992). Chairman Pienkes du Plessis is baffled by the unfavourable share performance. He says the market is "penalising the group for unknown sins"

The original brains behind the business, Jasper Venter, sold control of the enterprise to its directors for R34,3m before the listing in September 1991. Payment took the form of 5m Venter shares valued at R7,5m and R26,8m cash. Venter does, however, remain the second-largest shareholder, with 15%

Unfortunately, for Ventel, credibility was lost in the pre-listing restructuring, owing to the perception held by some investors that the company listed was not the same as the original company with its solid record

Ventel's pro forma earnings for the 12 months to end-December 1992 were in line with the listing forecasts. EPS were 0,1c up on the predicted 21,1c. However, while the turnover index increased 15% (actual figure undisclosed), pre-interest profit improved only 6%. Export development, with an increased advertising campaign, are offered as answers to the narrowing margins. And, referring to the failure to disclose turnover, Du

FM 26/3/93 (217)

Plessis simply says it is a sensitive issue and any release of units sold would affect the group's position in the market

But what is the Venter name worth? The balance sheet includes intangibles (trade-marks) valued at R15,6m. When these are deducted, tangible NAV is 36,9c a share — about half the published NAV of 68,1c. It's also well below the R1 share price.

Confidence in the share could return if Ventel's export market meets management expectations. Fewer than 60 trailers were exported in 1991 and 300 in 1992. Exports of 3 000 are targeted for this year.

Shareholders have received the forecast 9,2c a share dividend and, as an alternative, they can take up 9,2 Ventel shares for every 100 held. But the 4,7 p/e is a fraction of the 8,5 based on the listing price. Up to now, management has kept its part of the bargain and presented shareholders with the goods but the market continues to take a cautious view.

Kate Rushton

FM 26/3/93 (217)

resigned to become an executive director and is relocating to Johannesburg

A senior Johannesburg broking analyst says the management shuffle was good news "What Minorco needs to do," he says, "is make really high class acquisitions and get other people to run them There's nothing in the Minorco team which fills anyone with confidence about their ability to manage complex resource-based operations"

Of course, Minorco hotly denies it doesn't know where it's going. "On the contrary," says its spokesman, "the company's strategy is to position itself in precious metals, base metals and industrial minerals" It's in industrial minerals that Minorco seems to be making most headway It now has five businesses in this sector spread across the continent, including the £55m acquisition of Spanish aggregates group Steetley Iberia

One area in which Minorco took a knock was in its attempted purchase of BP's stake in the Australian Olympic Dam copper and uranium mine After it had made the long trek through the negotiations, it was pipped at the post by Western Mining, which exercised its pre-emptive rights The sadness is that this could so easily have been the acquisition which might have freed Minorco from its image of a lost sheep

Doubtless, there will be more disappointments Somehow, though, Minorco's failure to win the fight for Gold Fields remains the company's albatross That perception will be around for a long time

David Gleason

MINORCO

FM 26/3/93 (217)
Still drifting forlornly

Minorco has an unusual problem Not for it the humdrum of husbanding scarce cash resources, it is sitting on a cash pile of US\$1.7bn. And its problem is how to invest that in projects which will be safe and prudent while earning acceptable returns. That requirement is frequently difficult to fulfil

Interim results reveal a company which has improved earnings by 3%, has again increased its dividend and is looking aggressively to expand its base metal interests

There is more to it than that Minorco is widely perceived to be a forlorn company which has lost its way Departure of its two joint MDs, Roger Phillimore and Tony Lea, at the end of last year suggest a night of the long knives which has few precedents in a group as solicitous to its senior executives as Anglo American Corp (However much the closeness may be denied, it's true)

A Minorco spokesman admits the company was probably top heavy with senior managers. "The management structure was appropriate when Minorco was translating from an investment to an operating company" Which implies it was found wanting a few months ago when Hank Slack was appointed CE, Phillimore took the gap and Lea

ST LUCIA

FM 26/3/93

Sizing up the dunes

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With the release last week of the environmental impact assessment for Lake St Lucia, the combatants in the mining-vs-preservation controversy now have a series of ecological facts that allow a clearer perspective on an issue long muddied by highly emotive debate and publicity

The report is open for public comment for the next eight weeks. Then government will decide whether to allow Richards Bay Minerals (RBM) to mine the sand dunes for titanium on the lake's eastern shores. The alternative analysed by the report is to place the entire region under the control of the Natal Parks Board, which would develop it exclusively for nature conservation and tourism.

Another option that the report does not consider is to have it run as a private reserve along the lines of Phinda, Londolozi and similar parks.

Of course, St Lucia could get mining and ecotourism. The report concludes that "it is possible to gain maximum value by developing ecotourism concurrently with mining"

The report points out that mining the dunes would have no effect on Lake St Lucia

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BUSINESS & TECHNOLOGY

because the closest the mining operations would approach the lake is 600 m. There would also be no accumulation of sediment in the wetlands around St Lucia and no effect on most of the mammals, birds and reptiles because the mining would affect only 1 437 ha of the 12 874 ha that make up the Eastern Shores State Forest

Another critical ecological area is the zone between the dunes and the Indian Ocean. The report recommends that mining operations be kept at least 400 m from the shore. RBM had previously said it would not go nearer than 300 m. The report says the mining will have an adverse visual effect on the area until the dunes are restored.

As the debate heats up in the weeks ahead, the most useful discussion will concern the economic implications of the two proposals,

including the crucial topic of job creation.

Ecological economist Frank Vorhies says he remains unconvinced that mining the region would provide the greatest financial returns and he queries the low figures for job creation from ecotourism in the report. "Judging from experience with new private-sector game reserves such as Phinda, job creation from ecotourism should be greater and have a more widespread effect through the local population than mining"

While the report does clear up many of the ecological issues surrounding St Lucia, it does not do so well clearing up the economic issues. Vorhies says the report does not analyse the economic benefits for ecotourism of the private sector operating in the region. He expects these benefits to be far greater than those the Natal Parks Board, a non-profit

government body, could produce.

Privately held RBM keeps its finances to itself. Critics say this makes it difficult to evaluate the full economic impact that the project would have on the region and to judge proposals that say the company should contribute towards conservation work in Natal through a fee or royalty on material mined at St Lucia.

RBM spokesman Barry Clements argues against a St Lucia royalty. "We pay a R100m royalty annually to the State. Hitting us for more might make the project not worthwhile. We would prefer some of the R100m to be earmarked for conservation work in Natal."

This is surely one RBM proposal that the Natal Parks Board can endorse, whether it wins or loses the battle of St Lucia. ■

Major shift on coal mines

CT 26/3/93

LONDON. — The British government yesterday cut back a controversial plan to close 21 coal mines, saying it would subsidise production to keep 12 of them open.

Trade and Industry Secretary Michael Heseltine told parliament the government had done all it could to respond to the outcry over mine closures announced last October.

His statement gave little hope for the mining industry's long-term future, saying electricity generators had agreed to buy 40 million tonnes next year, down from 60 million tonnes last year.

The decision could protect as many as 9 500 mining jobs out of 30 000 British Coal job losses originally planned.

Heseltine said the government would try to help British Coal sell more than the tonnages agreed so far by offering subsidies to fill the gap between lower world coal prices and the price at which British Coal could produce it. (217)

But the subsidies would be cut back over time and eliminated when the government went ahead, at a date to be announced, with proposals to privatise British Coal — Sapa-Reuter.

Star 29/3/92

Minorco agrees to fund purchase deal in Ireland

Minorco has agreed to provide funding for the Irish exploration company Ivernia West, in which it has a 24,5 percent stake, to enable it to buy a 52,5 percent interest in Ireland's Lisheen project. (21) (20)

Minorco said on Friday that in accordance with Ivernia's joint venture agreement with Chevron Minerals of Ireland (CMCI), the latter had invited Ivernia to buy its 52,5 percent interest in the project for \$66 million.

"Minorco has been informed that Ivernia's directors are considering CMCI's offer and have resolved to take the necessary steps, including obtaining the required consents and approvals, to enable Ivernia to exercise its right to acquire the CMCI interest, should it decide to do so," it said.

The agreement between Minorco and Ivernia is subject to a number of conditions, including regulatory approvals and the approval of the shareholders of Ivernia. — Sapa.

Price provides the catalyst for platinum cuts

Star 29/3/93

The recent announcement by Rustenburg Platinum, the world's largest producer, that it is cutting production by closing the Boschfontein shaft contained a predictable message in a surprise wrapping

Predictable was the distress signal it conveyed on the part of South African platinum producers, who account for about 70 percent of world annual supply

Declining profits forced both Rustenburg and Impala, the second largest producer, to cut their dividends recently and platinum group metal prices have since trended even lower

It was perhaps surprising, however, that Rustenburg, the most financially sound and cost-competitive of the main producers, should have moved first.

If Rustenburg is feeling the strain, then the pressure must be more severe at Impala and Lonhro, the other large producers

Whereas Rustenburg has cash reserves of about R550 million, Impala and Lonhro (in the form of Western Platinum and Eastern Platinum) have debts respectively of about R320 million and R800 million

Impala is not planning, at this stage, to follow Rusten-

Philip Gawith of the Financial Times looks at the decision by one of South Africa's most financially sound and cost-competitive producers to cut production and assesses what impact this will have on the market.

burg's lead. Michael McMahon, executive chairman, said recently that while current prices are a matter of serious concern, Impala is not about to follow the Rustenburg example.

Tough decisions

His company sympathised entirely with the pressures that had caused Rustenburg to act, noting that Impala had already faced tough decisions in the past with the closure of Messina and Barplats

Lonhro is not thought to be contemplating a production cut

Rustenburg's cut can be assessed on several levels. Most obviously, as Barry Davison, managing director, has made clear, it will benefit shareholders because a loss-making shaft will be closed and cheaper metal purchased in the market to cover supply commitments

Also, the closure of Boschfontein fulfils the strategic aim of the JCI group which also controls the Lebowa and PPRust platinum mines to

move further down the cost curve as expensive production at Rustenburg will be replaced with much cheaper production at PPRust when it comes on stream later this year

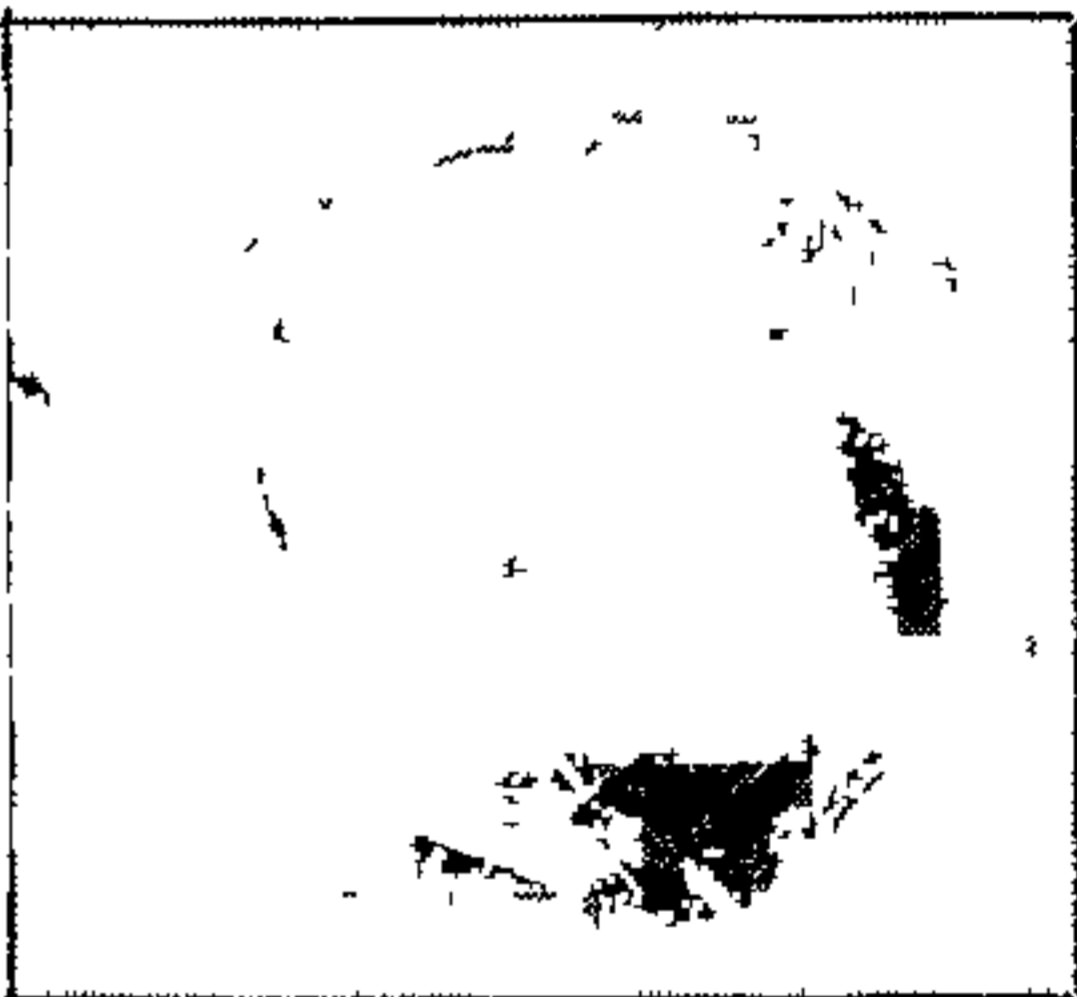
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Most important, however, is the message sent to the market. Although Davison describes the production cut as a statement of fact rather than an attempt to move the price, he will clearly be hoping that it helps to restore equilibrium to a market he has described as being gripped by a recessionary psychosis

Certainly the message from the market leader that it is cheaper to buy metal in the market than to produce it is a powerful one.

Both Rustenburg and Impala agree that a significant improvement in platinum group prices depends not so much on any actions they take as on a recovery in confidence in the metal

This, in turn, awaits the upturn in demand that should accompany a world economic



Barry Davison... Rustenburg switching to cheaper production

recovery. Neither is sanguine about the short term outlook

McMahon comments "I think the glory days for platinum are some time away"

That said, both producers are keen to stress that the underlying supply/demand fundamentals for platinum group metals are quite sound

"I really have no problem in selling every ounce we can produce", says Davison. Both companies have sold all their production and the trend, if anything, is for customers to ask for more metal, not to seek to reduce contractual commitments.

Although optimistic about the medium and long term

outlook for the metal, both Rustenburg and Impala are quick to refute suggestions that, like South Africa's gold industry of yesteryear, they are incorrigible bulls, unwilling to take hard decisions and close unviable shafts

McMahon comments: "Our view on current prices is that we will not just vasbyt, plough on regardless because better days lie ahead. We will manage our operations so that they survive at current prices"

He says that Impala does not have any shafts that are not covering cash costs, though some aren't contributing the full whack to replacement capital. Rustenburg's announcement makes clear that it is not willing to produce metal at a loss

While the industry's current difficulties should not be underestimated they need to be kept in perspective. It is 12 years since weak markets last forced a cut in production by Rustenburg. But evidence of tough times in the industry has been around for some time already

This has been most obvious from action taken in the Impala stable where expansion plans have been drastically curtailed over the past two years, and the labour force

has been cut by 17 percent while maintaining existing production levels

On the other hand, the platinum producers are still a far cry from the position facing marginal gold producers

Using rough figures Dave Russell, analyst at stockbrokers Irish & Menell Rosenberg, says a typical platinum producer on Merensky reef is enjoying revenues of about R200 a ton at present prices, compared with cash costs of R110 to R120 a ton — still a comfortable margin

No tinkering

Russell does not expect a similar round of cuts to those in the early 1980s, when production fell by 15-20 percent. He supports the producers in their view that though the price may be weak, the market is not

A further factor, stressed by McMahon, is that there is no point in tinkering. If cuts do not extend to fixed costs, they are not worth making as revenue will decline without a commensurate fall in costs, leaving the financial situation worse than before

Having already cut deeply, Impala is clearly confident it has achieved the optimum fighting weight for prevailing market conditions

COMPANIES

Minorco to expand Irish mining stake

Bloom 29/3/93
LONDON — Minorco, the Anglo-De Beers international resources group, is poised to take a 62,3% stake in a major zinc-lead-silver project in Ireland

Minorco announced on Friday that Ivernia West, the Irish exploration company in which it holds 24,5%, had been offered the option of buying out the interest of its partner, Chevron Minerals Corporation, in the Lisheen prospect in County Tipperary

Drilling has shown that Lisheen has reserves of 10-million tons with an average grade of 12,2% zinc and 31g/t silver
Chevron is offering its 52,5% share in

~~217~~ JOHN CAVILL

(217)

Lisheen to Ivernia (47,5%) for \$66m
Minorco has agreed to put up the money which will lead to a joint venture with Ivernia in which each will hold 50% of Lisheen This will give Minorco a direct and indirect interest of 62,3%

In addition Minorco, which will be the operator of Lisheen, has agreed to provide Ivernia with its share of the pre-production costs up to a maximum of \$18m

Zinc is Ireland's most valuable mineral product Output totalled 187 000t in 1991

Report on St Lucia to come under fire

RAY HARTLEY

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THE CSIR's report on the viability of mining and ecotourism at St Lucia will come under fire in two documents to be released next month as part of a renewed campaign by environmentalists to put pressure on government to prohibit mining

The Natal Parks Board, a proponent of the ecotourism option in the CSIR study, would release its full response to the CSIR report in April, a board official said at the weekend. *BIDM 29/3/93.*

And the Zululand Environmental Alliance is planning to produce an alternative version of the CSIR's executive summary, which it says is biased because Richards Bay Minerals — which wants to mine the estuary dunes — paid the salaries of most of those who drafted it.

The two organisations both said they believed the report was fundamentally flawed and the critical finding — that no irreparable damage would be done to the environment by dredge mining — had been reached before studies into water flows had been completed

Richards Bay Minerals (RBM) has argued that mining would not disturb the complex process by which fresh water flows into Lake St Lucia from the dunes, which the CSIR report fully endorsed.

Parks Board head of planning Bill Bainbridge said "I personally believe that, despite what the CSIR said, there has been bias I believe that it is totally untenable for RBM to sit on the Assessment Management Committee (which managed the drafting of the report)," he said

Zululand Environmental Alliance chairman Wally Menne said yesterday the alternative summary would be based on the same research papers and the CSIR version, but would not be biased in favour of mining

The alliance had already collected "close to 300 000" postcard petitions calling on government not to allow to mining at St Lucia, he said. If mining were to go ahead, the alliance would subject the company to "unprecedented scrutiny" and expose its mining track record

A 110-page submission by the alliance to the CSIR had largely been ignored in the executive summary, he said

People in the St Lucia area were aggrieved by the way in which RBM was using land with little compensation. Menne said two RBM employees had been shot at recently by members of the local community and an RBM bus had been raked by AK-47 fire

RBM had ignored recommendations made by the alliance on how to improve the rehabilitation of indigenous vegetation along their mining paths in the past, he said

An Inkatha statement in favour of mining was probably a kneejerk reaction to an earlier ANC statement which opposed mining, Menne said

Unions in fight for council

THE threatened collapse of the Transvaal Building Industrial Council would be aggressively opposed by the three union parties to the council.

The Master Builders' Association decision to pull out of the council came as a surprise to the unions which say they were not consulted on the move

The building council is SA's second largest and the ripple effects of allowing its collapse were enormous, said Amalgamated Union of Building Trade Workers national organiser Jose de Oliveira *BIDM 29/3/93*

Other building councils could follow the same route, as could industrial councils in other sectors, thus rendering government liable for the provision of

ERICA JANKOWITZ

social benefits, he said. The council controls a pension fund with about R800m in assets, as well as sick benefit, medical aid and unemployment funds

It also administered quality and safety — the two major concerns of the industry, De Oliveira added

He said the influx of subcontractors harmed the industry as workers were exploited and quality control ignored. However, deregulation was no solution

The Construction and Allied Workers' Union, the White Builders' Union and the Amalgamated Union were working together to prevent the council's demise, he said

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Platinum gets two shots in the arm

STAN 30/3/93
LONDON — Platinum prices have been given two shots in the arm — first by concern about supplies from crisis-ridden Russia, and then by news that the biggest producer is cutting output

Boris Yeltsin's troubles had already pushed the price up by nearly \$4 an ounce when Rustenburg Platinum of South Africa announced that it had decided to close the Boschfontein trackless mining shaft because the low level of platinum and rhodium prices had made its operation uneconomic.

News of the cut, which analysts estimated would reduce production by between 140 000 and 200 000 ounces, 3.6 to 5.1 percent of western

world supply, helped the platinum price up to \$357.30 before it slipped back to \$355.60

With Impala Platinum, South Africa's second biggest producer, saying it was not planning, at this stage, to follow Rustenburg's lead a London dealer commented that the news was good for \$2 or \$4. However, there was some pretty stiff resistance at \$358, he said

Hardly dented

At the London Metal Exchange nickel prices were also influenced by the Russian crisis and the resulting uptrend was hardly dented by news that Falconbridge of Canada had decided to cut production this

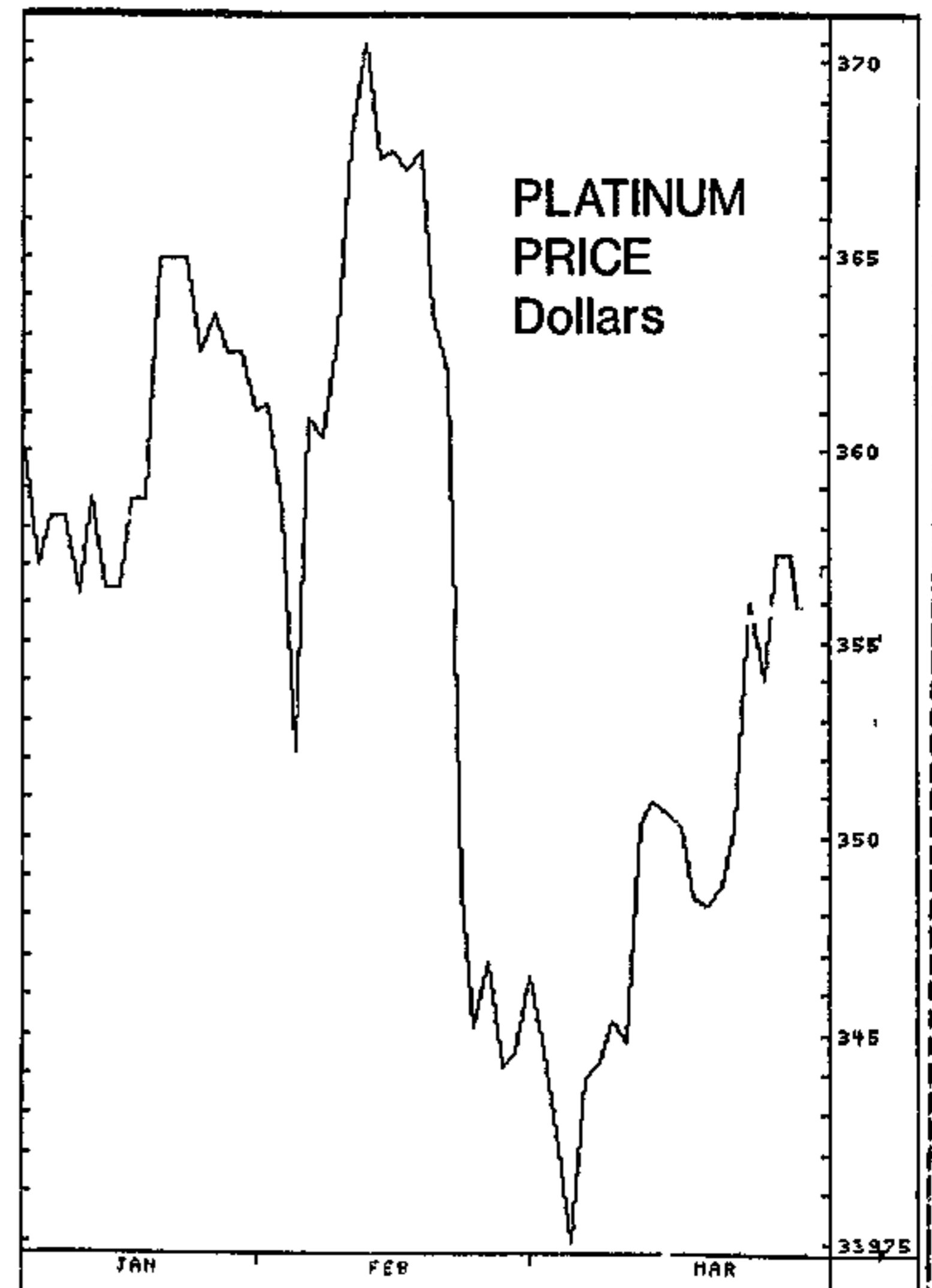
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year by much less than had previously been planned

The cash quotation closed at \$6 095 a ton, up \$147.50 on the week

Falconbridge said it would shut its nickel mining and smelter operations at Sudbury, Ontario, for only two weeks instead of 10

The company had reassessed its strategy of assisting to rebalance the markets through an extended shutdown. It was now apparent that this goal could not be achieved, it said.

The company now plans to make the most of its advantage as a low-cost producer to compete for business in the heavily oversupplied nickel market



Star 5/14/93

Lonrho 'out of the woods'

LONDON — British trading conglomerate Lonrho, hit by plunging profits, told shareholders at the weekend that it had weathered the storm of two bad years and was on track for future growth.

Lonrho's new chairman, Rene Leclezio, said world recession, low commodity prices and drought in Southern Africa had adversely affected the company, which has activities spanning mining, insurance, motor vehicle trading, hotels and publishing.

But he said Lonrho had

moved to sell non-core assets and reduce its debt, and was now in a strong position to take advantage of the coming economic recovery.

"Without hesitation we can say that the worst is now behind us," Leclezio said.

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"Future results will show the company is alive and has weathered the storm."

At the AGM, the shareholders confirmed the appointment to the board of German investor Dieter Bock, now joint chief executive of Lonrho with Rowland "Tiny" Rowland, 74, formerly sole chief ex-

ecutive and the entrepreneur who built Lonrho up from a sleepy mining and ranching concern since the early 1960s.

Leclezio said Bock was "the man we have been waiting for".

Lonrho recently reported its pre-tax profits in the year to September 30 1992 had dropped to £80 million (\$122.7 million) from profits of £205 million (\$314 million) in the previous year.

Earnings per share in 1992 dived to 1.2p before extraordinary items were included, against 13.9p in 1991. — Sapa-Reuter.

Scientists Star 8/4/93 query

St Lucia report

By James Clarke

An international mission of scientists has severely criticised the recently published environmental impact assessment (EIA) on the effects of mining the dunes at St Lucia Estuary, Natal.

It says the basis of the EIA report — the chapter dealing with geology and landforms — is "generally inadequate", and yet it provided the basis for the vital hydrological and soils and vegetation studies.

The mission was sent by the Ramsar Bureau in Gland, Switzerland, and comprised scientists from Australia, Kenya, Switzerland and Britain. South Africa helped establish Ramsar in 1975 when it became one of the first nations to sign the Ramsar Convention to protect the world's internationally important wetlands.

The mission's critique, generally couched in diplomatic terms but sometimes quite sharp in its phraseology, does not believe South Africa should go ahead with the open-cast mine and questions the validity of the argument that it is of national strategic importance.

The scientists, who visited St Lucia last year, appeared to have been unimpressed by the RBM mining company's 15-year-old tree planting project in the mined-out dunes of Richards Bay. It describes what RBM has created as "acacia scrub".

The report says it is impossible for RBM to restore the dune structure after it has mined and that it is wrong to say the dunes and their present vegetation have no significant effect on the St Lucia system as a whole.

The Ramsar mission was released by South Department of Envir Affairs last night, 22 days after the department received it. (See Greenpeace column Saturday Star.)

New study ordered in St Lucia row

Star 8/4/93

By Anita Allen
Science Writer

The Natal Parks Board (NPB) has commissioned an independent scientific survey into how the St Lucia wetlands function, according to planning head Bill Bainbridge.

The survey will be included in the NPB response to the Environmental Impact Report (EIR) released last month by the CSIR.

At the time, NPB chief George Hughes attacked the "simplistic interpretations" of the EIR, particularly the finding that the area would not be damaged permanently if mining were allowed to go ahead.

As a result, the NPB had commissioned an additional independent study, Bainbridge said.

However, he reaffirmed the NPB's commitment to the EIA process.

"Not only are we participating fully, but, more than any

other interested and affected party, we have responded to all the specialist reports, and will respond in depth to all additional reports," he said.

The EIR forms part of the process of the Environmental Impact Assessment (EIA) into two land-use options for St Lucia — mining and ecotourism, as proposed by Richards Bay Minerals, and ecotourism without mining, as proposed by the NPB.

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Untenable

The EIA was ordered by the then Minister of the Environment, Louis Pienaar, in 1989. As the proposer, RBM is paying for the report, which will cost as estimated R4 million.

Bainbridge was quoted last week as saying it was "totally untenable for RBM to sit on the assessment management committee (AMC)" which manages the EIA process.

However, the NPB had two representatives on the original 18-member Co-ordinating Com-

mittee appointed by the Department of Environment Affairs and which ratified the appointment of the 17-member AMC.

Asked why objections to RBM's membership on the AMC were not raised in these initial phases, Bainbridge said the EIA had been a learning experience for everyone.

Another attack on the credibility of the EIR was made by the Zululand Environmental Alliance (Zeal), which said last week its 110-page submission had been largely ignored.

Brian von Wilgen of the CSIR, one of two people at the CSIR mainly responsible for collating the EIR, pointed out that the Zeal submission was reproduced in its entirety together with responses to the submission in Volume 1 of the EIR.

The three volumes of the EIA thus far are available at municipal and university libraries. The public and interested and affected parties have until May 14 to submit written comment to the EIR Secretariat, CSIR Environmental Services, Box 395, Pretoria 0001.

The old man and the sea

LS/Med 8/4-15/1993.

Richards Bay Minerals and the Natal Parks Board both have claims to the St Lucia area, but Phillip Mfeka and the many other people who were evicted from their ancestral land also want it back. By **EDDIE KOCH and ENOCH MTHEMBU** (21)

THE last time Phillip Mfeka visited the shores of Lake St Lucia he was clutching the branch of an *umhlabankosi* tree in his hand and whispering to its leaves as he waded, along with a solemn procession of women, children and grandchildren, across the narrow straits that separate two bays in the estuary.

That was six years ago after a *sangoma* told his family they were afflicted by poverty and disease because their ancestor was angry at being left behind when people were forcibly evicted from their homes around the St Lucia estuary to make way for pine plantations.

"The *sangoma* told us to take a branch of the tree (whose name means the land of God) that grows in our yard to our ancestor's grave. We went there and spoke to him, saying he should not be angry because it was not our choice to leave without him," says Mfeka.

"Then I planted the branch in the grave and took it with me. While we crossed the lake everyone remained silent and they were forbidden to look back. I spoke to the spirit of our ancestor in the leaves of the branch and told him 'We are crossing the river that now separates us from you. We are taking you back to our new home.'"

The Mfeka clan was among hundreds of Zulu families removed from the land around the St Lucia estuary between 1950 and the early 1970s. The evictions, carried out by the Forestry Department which operates large plantations in the area, made it possible for St Lucia and its environs to be declared a game reserve.

The area is now perhaps the most hotly contested piece of land in the country, subject to competing claims by Richards Bay Minerals, which wants to stripmine R5-billion worth of titanium in the sand dunes that line the eastern shores of the estuary, and the Natal Parks Board which, bolstered by an environmental alliance, wants to retain the area as conservation land. Caught between them are the discarded people, those whose removal has made it possible for these two protagonists to duel over the fate of St Lucia without considering the fate of its original owners. Two large communities were removed between



Homecoming ... A joyful Phillip Mfeka happy to be back at the St Lucia estuary, even if it's just for a visit. Photo: GUY ADAMS

1950 and the early 1970s from the very dunes that will be mined. Another 3 400 people were evicted in the late 1970s from an area to the north of the dunes so that the South African Defence Force could build a missile testing site which has now been turned into a nature reserve.

"I remember the day," says Mfeka, 72. "I was in 1973. I was working in Durban and got messages *Amahala* (the Department of Forestry) was telling us to move. When I got home my family was already gone. They just loaded them in lorries with their belongings and tossed them away."

According to Mfeka, the trucks simply dropped people off at various locations along the main coastal road that runs inland from St Lucia from the town of Mthabatha northwards to Mkuze. The dislocated families were left to negotiate the building of new homes with local chiefs in the area.

These people who lived on the eastern shores, between St Lucia in the south and beyond Cape Vidal in the north, belonged to many clans the

Mfeka, the Mthyanes, the Ngubanes, the Mbuyazis and many others. They fell under the collective rule of a chief from the Mbuyazi clan.

Mfeka says clan members experienced severe problems as a result of their displacement. "We are now scattered all over. Some of us are staying in Nongoma, Mthabatha, Mfakayo and kwaMisané. Since we were tossed out we have little land to farm, our cattle died because there was not enough water for them (in the resettlement areas), some were living from fishing in the lake and are no longer allowed to do so. *Uma ukhupha inkhlanza emanzini eyifi na?*" — When you take a fish out of water does it not die?"

For many years people have coped with their collective stress by making regular visits to the graves of their ancestors where the *umhlabankosi* ceremony is a regular practice. Chief Mbuyazi's people are said to practice another ritual. They often sneak on to the dunes, collect sand from their traditional graves and take the dust back to their

homesteads, where it is scattered to the winds.

These remedies have had limited effect.

"Things are even worse now. There is a shortage of land here and the chief says he can no longer afford to give Mbuyazi's people more land. We are being forced to move yet again."

Increased pressure on the subsistence levels of the dislocated people prompted them to form the committee which is now negotiating with the kwaZulu government. On March 17 this year, a committee travelled to Ulundi where they began negotiating the restoration of their title to the land.

"Our position is that we want to go back to our ancestral land. Once we are there then we will negotiate with RBM and anybody else who wants to use the land. We are not against mining but we must get some benefit from it."

According to Barry Clements of RBM, "The people from the eastern shores will negotiate with the government of the day. We will abide by whatever decision that government takes."

Foresters fight RBM removals

By EDDIE KOCH and
ENOCH MTHEMBU

TWO Richards Bay Minerals officials were shot dead this year by members of a community living in a forest where the company wants to build a dam.

RBM public relations manager Barry Clements this week confirmed that two contractors were killed earlier this year while surveying land in the Sokhulu Forest for a dam and pipeline to service its mine in Richards Bay.

The company is negotiating with an elected committee from the forest settlement and is said to have offered generous terms, including proper compensation and effective social upliftment programmes in the region.

"When the contractors were shot, the people from the forest tore down the markers and destroyed equipment that they had left in the forest. They are making it impossible for the company to move into that area," said one informant.

RBM's plan to build a dam in the forest has evoked fierce resistance because it requires the removal of some 20 families and will endanger banana plantations that have been established in Sokhulu. But talks have been held up because severe internecine battles have made it difficult to achieve a settlement that satisfies rival factions in the forest.

The area is caught up in the civil

war that rages between supporters of the African National Congress and Inkatha in northern Natal. A self-defence unit (SDU) led by members of the ANC's Umkhonto weSizwe has been involved in clashes with the South African Police as well as armed bands loyal to the Inkatha chief in the area.

Nobody knows which of the rival factions killed the RBM officials but it appears the attacks were linked to the forest dwellers' determination not to move out of the area. The forest provides people with fertile land where they grow banana crops and graze cattle. They are also involved in an informal forestry industry.

Until recently the Sokhulu Forest was also valued as a place to live because it is relatively inaccessible and provided refuge to families fleeing the civil war in northern Natal. However, the protection it offered appears to have ended with clashes between the SDU and the SAP's Internal Stability Unit (ISU).

In February the forest community hit the news when the ISU's Warrant Officer Hendrik Steyn was convicted of murdering SDU commander Michael Mthetwa and attempting to murder SDU member Simon Msweli. Mthetwa was executed in the back of a police van after being arrested in the wake of a shootout between the police and the SDU on August 14 last year. Since then there has been a series of bat-

les between the ANC-aligned unit and an Inkatha group.

It appears the clash between the ANC and Inkatha supporters has its origins in a conflict within the forest community over the dam. The Inkatha supporters are said to favour the building of the dam while the residents who have ties with the ANC do not.

There is a severe land shortage in the Richards Bay area which underlies the conflict in the Sokhulu Forest.

Squatters in another woodland, the Dukuduku Forest, are also resisting removal. The Richards Bay municipality this week hired a security firm to prevent other squatters from moving into another area near the town.

All sides involved in the Sokhulu clash — including Inkatha, the ANC and RBM — are involved in negotiations aimed at defusing tensions around the proposed dam.

Clements stressed the dam is not related to RBM's controversial plans to mine the dunes in the St Lucia area some 60km to the north of Richards Bay. However, the developments at Sokhulu indicate that land claims by people who were dislocated under apartheid from land that the company now wants to use are likely to become a major issue in the debate around whether mining at St Lucia should be allowed.

217 w/mant 8/4-15/4/93

Nats stand alone on dune mining

Star 8/4/93
Own Correspondent

MARITZBURG — The ANC and the Conservative Party became strange bedfellows yesterday when they and the other opposition members in the extended parliamentary sitting banded together to challenge the Government's alleged support for dune mining at St Lucia.

ANC MP Rob Haswell (Pietermaritzburg South) challenged the National Party to put the issue to a vote, but this was rejected by the Speaker.

It is likely that a vote against mining would have been passed with 12 NP members in the House facing 20 members of the ANC, DP, CP, IFP, Solidarity Party, Labour Party and National People's Party.

DP MP Mike Ellis (Durban North) demanded that the NP come clean on the issue. "I am concerned that members of the NP made up their minds to support mining long before the environmental impact assessment (EIA) came out."

CP representative Joseph Chiloe (Pretoria West) said the CP rejected the EIA — which favoured mining — as biased.

High yield stock

FM 9/4/93

Copper has been the most resilient commodity amid the downtrend in base metals markets, and Palabora Mining (Palamin) has generally been a resilient investment. The 1992 year was somewhat disappointing when viewed against Palamin's overall track record while the average copper price received was roughly maintained at R6 596/t (1991 — R6 557/t), earnings dropped 18,6%, the dividends fell by a tenth.

Main culprit was again the bottleneck in the smelter. This has affected Palamin's throughput for several years, as the operation has been unable to work to the capacity of its refinery.

The refinery can produce 137 000 t/year of refined copper cathode. Last year Palamin

Activities: Mines and refines copper as well as a number of by-products including vermiculite, magnetite, uranium and zirconia

Control: RTZ 38,9%

Chairman: A J Leroy, MD F Fenwick

Capital structure: 28,3m ords Market capitalisation R2bn

Share market: Price 7 400c Yields 9,4% on dividend, 9,0% on earnings, p e ratio, 11, cover, 0,9 12-month high, 8 225c, low, 6 100c Trading volume last quarter, 345 000 shares

Year to Dec 31	'89	'90	'91	'92
Copper prod (000t)	126	116	118	104
Copper sales (000t)	128	126	129	133
Copper sales (Rm)	972	853	855	831
Turnover (Rm)	1 137	1 016	991	992
Net profit (Rm)	288	226	227	186
Earnings (c)	1 032	805	825	671
Dividends (c)	875	780	780	700



Palamin's Fenwick normal dividend policy

produced only 104 246 t of cathode — 12% down on 1991 — and had to sell another 24 878 t of copper as concentrates. Much of these are being sold to the Zambian copper mines, which has only been possible with the political changes in SA.

The profit margin on concentrate sales is markedly less than on refined cathode. Palamin gets a premium on the LME price for its refined copper because of its high purity. Production of more cathode is thus a high priority.

Palamin spent R13m on a Con-Top cyclone addition to the smelter to improve throughput, but this failed and was removed in 1990. A further upgrade has just been completed for R64m. This had two aims: improved environmental control through greater sulphur dioxide capture, and a 5% boost in smelter throughput above 1992's 120 000 t/year.

Considerable volumes of copper concentrate sales will have to continue in the medium term, but Palamin is still looking at ways of getting more out of the smelter. One possibility is to install a large bulk oxygen plant to force-feed oxygen into the smelter, and perhaps lift throughput sufficiently.

Looking longer-term, the biggest uncertainty is whether operations will go underground in 2001 when the economic life of the open-pit mine will end. If Palamin goes underground it will cost billions of rands because it's planned to produce 120 000 t/year of copper from 21,6 Mt of ore. In SA terms only Freegold would be a larger underground mine.

Investors are concerned about how Palamin will fund this, as it could mean hefty

profit retentions over the remaining life of the open pit. That would remove much of the attraction in this high dividend-yielding share. However, MD Frank Fenwick rules out such large-scale retention of funds.

"We intend following a normal dividend policy over the remaining life of the open-pit mine and will not cut dividends to pay for the underground operations," he says. "The underground mine will have to fly by itself."

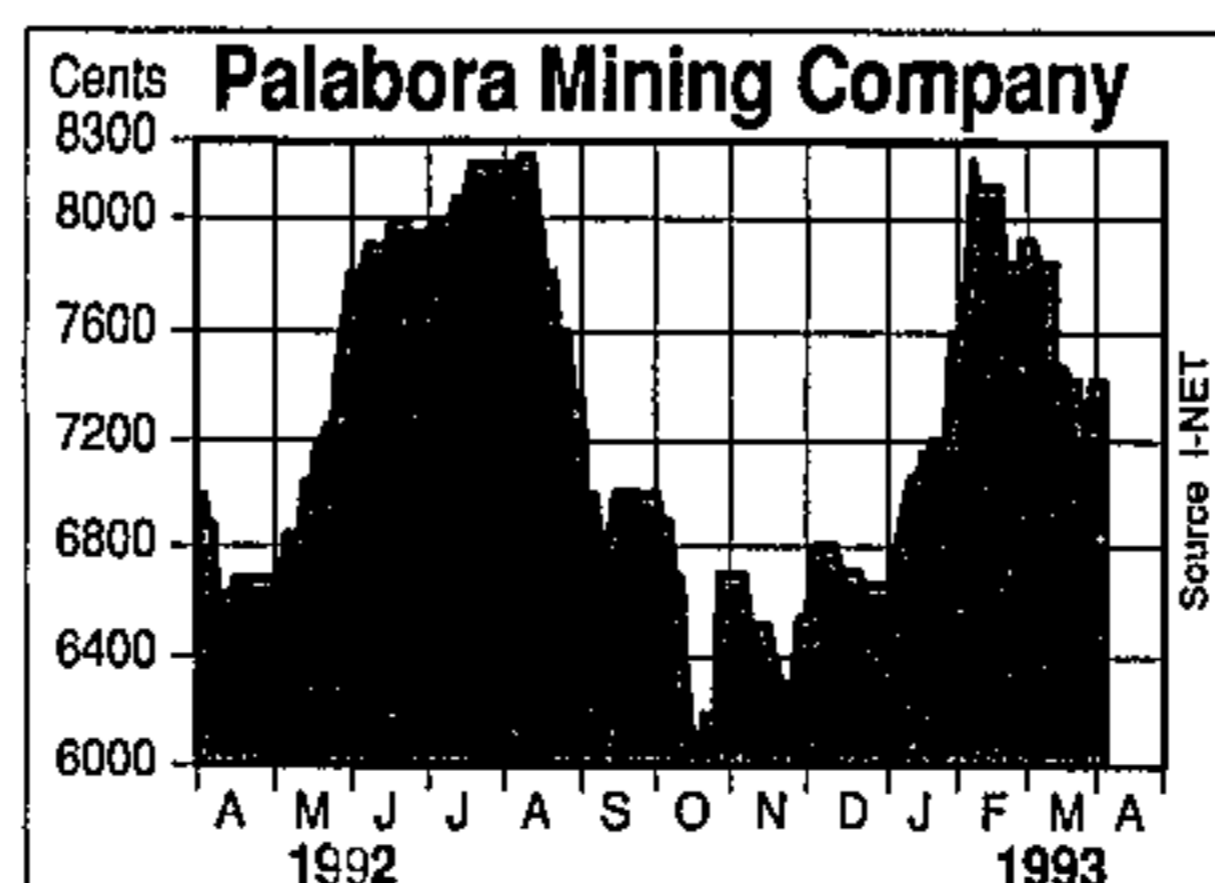
A feasibility study on the proposed mine will be completed by year-end. Another five months have been allowed to consider funding methods. That would have to be done through new equity, borrowings, or, most likely, a combination of these.

Meanwhile, Palamin is continuing with the philosophy outlined by chairman Al Leroy: "We are always prepared to spend money to save money," he says.

Control of the entire operation of the concentrator is being computerised, including the grinding, milling and flotation circuits. The purpose is to improve copper recoveries. Palamin is also keen to have the ban on Sunday mining lifted. A seven-day system would save R20m-R35m in capital costs over the remaining eight-year life of the pit.

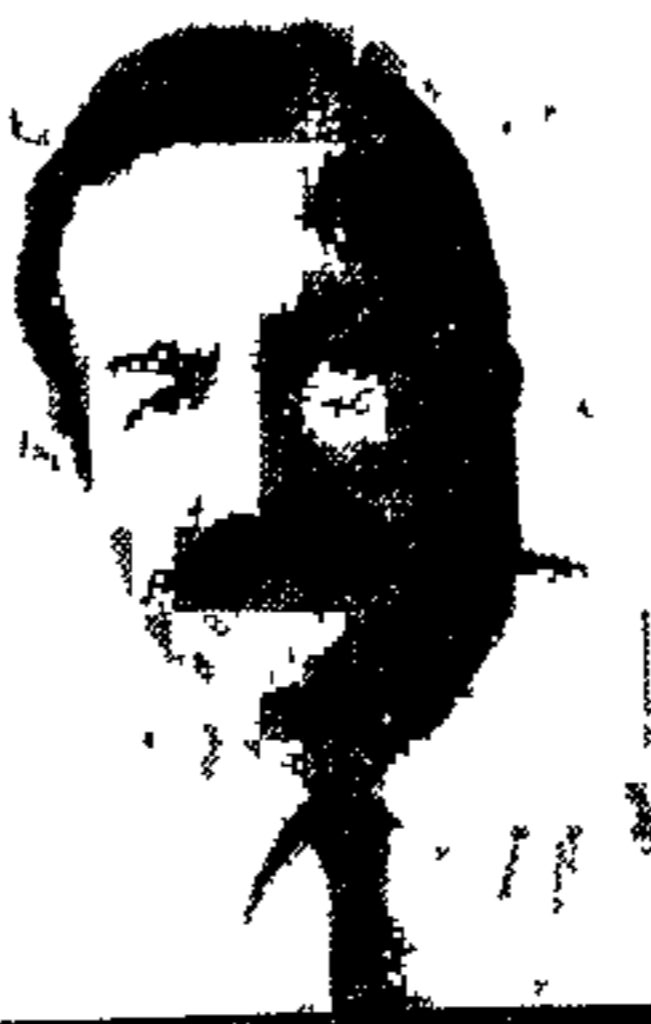
The share offers an attractive 9,4% historical dividend yield. This year's dividends could improve, given the renewed slide in the rand and some benefits from the latest smelter upgrade.

Brendan Ryan



GREENPIECE

JAMES
Clarke



Credibility is Star 10/4/93 the keyword

(217)



THE environmental impact report on St Lucia raises quite a few questions about objectivity.

THE report by the Ramsar Bureau in Switzerland, which criticises the environmental impact report on what would happen if St Lucia were mined, makes a very interesting point. It says the environmental impact assessment (EIA) should have been financed by the Government and not by the mine

Just to recap: the Ramsar Bureau was set up as a result of the signing of the Convention on Wetlands of International Importance in Ramsar, Iran, in 1975. The convention protects the world's dwindling number of wetlands. South Africa was among the first signatories

Ramsar appointed an international group of scientists to visit St Lucia last year. Since then, its members have had access to the EIA drawn up by Richards Bay Minerals (RBM) with the help of the Government. It found several quite fundamental flaws, which will be fully reported in The Star on Tuesday.

The mission says that despite "elaborate arrangements to ensure the objectivity of the EIA process, many of the NGOs (non-government organisations) who addressed the Ramsar members at St Lucia retained considerable doubts about the EIA's objectivity. The mission, after meeting many of those in-

involved in drawing up the reports, as well as four of the five members of the review panel, is convinced of the fairness of the process and of the independence of the individuals.

"Nevertheless, it would appear important for future operations of this kind that the process should be (and be seen to be) official and financed from official sources at the outset."

In the past I have felt that the developer should pay. After all, all society is asking of the developer is that he does his homework thoroughly and then lets the public know precisely what the environmental advantages and disadvantages are likely to be.

Process to test accuracy

RBM had a part in the selection of the scientists and, naturally, it is hardly likely to employ scientists who are antagonistic to mining. That's fair. The public is hardly likely to employ scientists known to be on the payroll of RBM.

The Ramsar mission is part of the public process of testing the accuracy of the EIA.

The only other way is to have an independent environmental protection agency, funded by Government but answerable to the people, to conduct EIAs. But the developer should pay

They're playing our dune

VIOLENCE still hogs the headlines in SA, but behind the scenes, in a string of forums and committees, solid progress is being achieved in arriving at formulas to make the new SA work

There are, for example, a set of regional economic forums which are searching for regional solutions to the problems caused by apartheid. While foreigners expect to find a dogmatic and polarised nation, they instead report flexibility and a thirst for solutions which will enjoy popular support.

But Government still makes too many decisions behind closed doors. Cabnet, for instance, agreed to buy the Swiss-made Pilatus air trainer without first fully explaining its reasons to the people who will pay the R500-million bill

Debate has followed the decision, and not the other way around. Government has also opted to introduce lead-free petrol. The result of several years of behind-the-scenes lobbying by the oil and motor industries, there is no formal public document available which sets out the pros and cons, the tax concessions and the costs.

The political order is being shaped by compromise. Can a similar approach be applied to dune mining at Lake St Lucia? Comment by **KEVIN DAVE**

All we really know is that lead-free fuel will be on sale early in 1995; whether we need it and can afford it remains to be seen

So the Environmental Impact Assessment of the proposed mining of the eastern shores of Lake St Lucia is welcome. A document has been tabled for public scrutiny. The costs and benefits of dune mining is compared with those of ecotourism.

ANSWER

The EIA, said to be the most comprehensive of its kind to date, finds that mining the dunes of the eastern shores of St Lucia would have no severe persistent effects on the functioning of the ecosystem.

The authors know that not all will be pleased: "In terms of people's sense of place, irreparable damage would occur to the perceptions of only some of the people who view

the St Lucia subregion as pristine wilderness."

But, they say, the area is not a pristine environment, having had a long history of disturbance, including plantation forestry.

The EIA calculates the value of the mining option at just R153-million by discounting net economic benefits to present-day values.

It asks: "Would South Africans be willing to pay — in other words, forego by not mining — R153-million in order to avoid the predicted impacts on the environment?"

The answer appears simple. Give Richard's Bay Minerals R153-million to go away and threaten another country's priceless dunes

But the truth is that dune mining at St Lucia will bring significant benefits for the South African economy.

Minerals worth R7-billion at today's prices lie dormant in those

dunes That's R7-billion of exports to help strengthen the rand and reduce pressure on interest rates.

That's tax revenues of R1,25-billion in today's money over the life of the mine for Government.

That's 2 500 full-time jobs over a five-year period, plus many more indirect jobs associated with the project.

And — as is clear from the EIA report — the mining option can co-exist with the development of ecotourism in the region, giving one of SA's more depressed areas a further boost

BENEFITS

Safeguards, as spelled out by the EIA, such as joint committees of conservationists and miners to oversee operations, will be necessary.

Purists will not be happy, but SA sadly does not have the resources to forego the economic benefits which the mining option will bring.

The wise management of natural resources is not unlike people management. SA's political order is being redesigned through compromise and safeguard. The natural order need be no different.

Reincorporation poses new threat to Impala Platinum

By CIARAN RYAN

THE reincorporation of Bophuthatswana in South Africa poses a new threat to Impala Platinum, which has been embroiled in a dispute over royalties paid to the Bafokeng people, dubbed the "richest tribe in Africa"

Recognised Chief Edward Molotlegi plans to return from self-imposed exile in Botswana once the homeland is reincorporated, reviving fears that a long-standing grudge against Impala and homeland ruler Lucas Mangope will be rekindled

Impala chief executive Mike McMahon says "Whatever one says on the subject of the Bafokeng, it stirs up strong emotions on one side or another. We're married to the Bafokeng, and like all marriages it has its moments of stress"

Bone

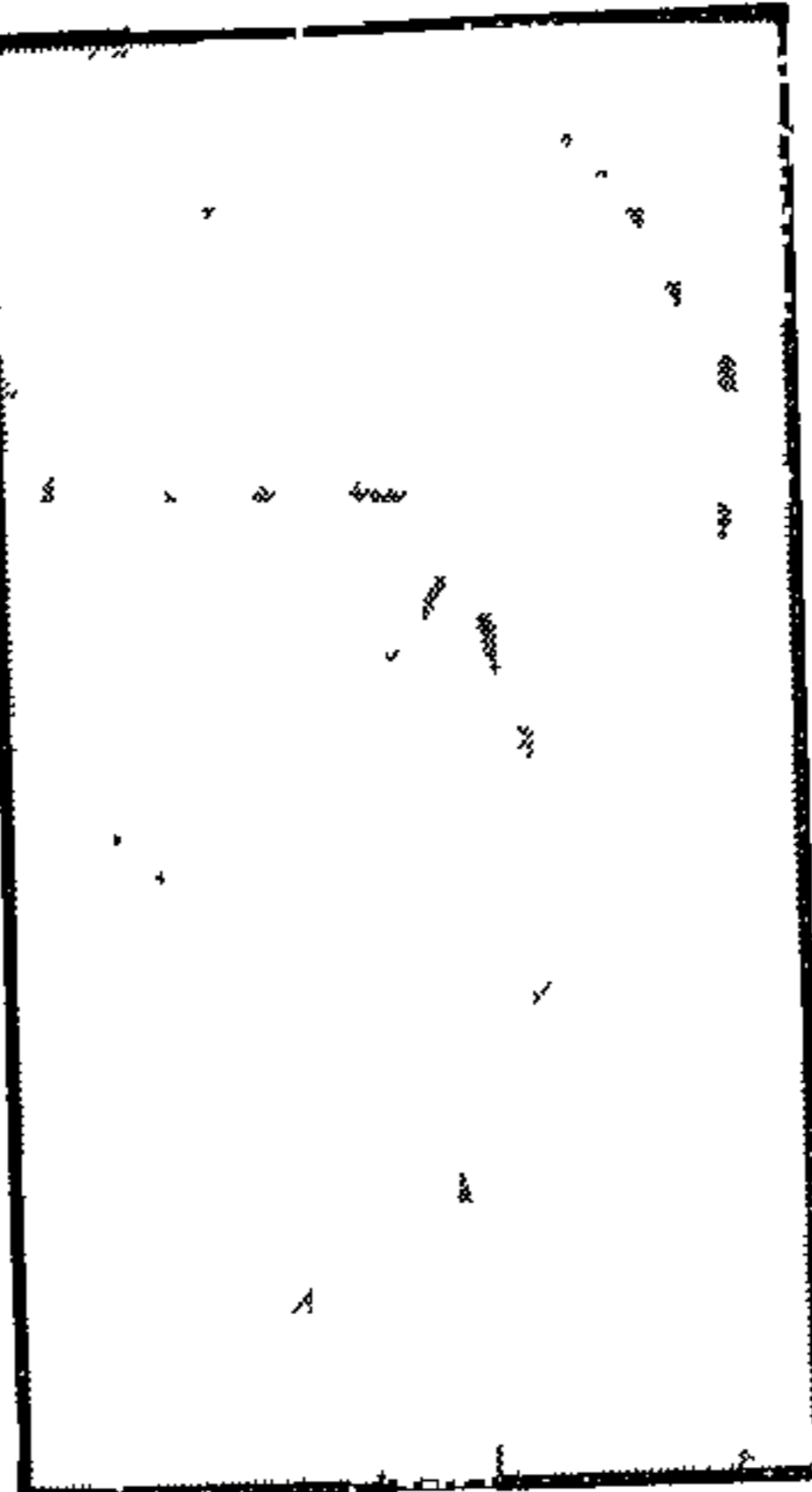
Bafokeng land accounts for 84% of Impala's lease area

Chief Edward fled to Botswana after his arrest and harassment by homeland security forces following the failed 1988 coup attempt. He denies President Mangope's charges of complicity in the coup

He plans to contest the contracts between Impala and his estranged brother George, who was appointed acting chief by President Mangope. President Mangope was appointed legal trustee for the tribe — among whom he has virtually no support — when the homeland gained independence in 1977

A major bone of contention is what President Mangope has done with R360-million in royalties in the past 20 years. Chief Edward says President Mangope is yet to account to him and other recognised tribal leaders for the royalties

Another old wound is acting Chief George's royalty contract with Impala which gave the tribe 16% instead of the previous 13% of profits. Chief Edward wants royalties to be calculated as a percentage of turn-



MIKE McMAHON

over, rather than profit. Whether Bophuthatswana is reincorporated or not, Chief Edward plans to contest George's appointment as acting chief, claiming he is President Mangope's proxy. This case is due to come before the Bophuthatswana courts next year

President Mangope will be called as a witness and cross-examined on his motives for appointing George, why he has never accounted to recognised tribal leaders for the platinum royalties and his motives for having Chief Edward arrested

However, the legal process might be short-circuited by reincorporation of the homeland

Mr McMahon is not averse to negotiating. But there is a limit to how much royalties the mine can afford

Royalties paid to the tribe fell from R41,3-million in 1991 to R6,8-million in 1992, in line with Impala's lower profits

Mr McMahon says "Whether we take a percentage of turnover or profits as a starting point, the result will be much the same when measured over the longer term"

This week acting Chief George was invited to sit on the board of Impala Platinum Limited, the wholly owned subsidiary of the listed holding company. His appointment is criticised by Chief Edward's wife, Semane Molotlegi

"George does not represent the tribe and the tribe was not consulted on this matter," she says

Heir

Relations between the tribe and the mine soured in 1985 when Chief Edward's request to inspect records was refused on the grounds that President Mangope, as legal trustee, was the only person permitted to see them. In 1987 the mine was also found to be underpaying the tribe with royalties of 11,5% instead of 13%, an oversight Impala sought to rectify with an ex gratia payment of R4,5-million

At the bottom of the dispute appears to be old rivalry between President Mangope and Chief Edward, who was the SA Government's first choice as homeland president, a position he refused. Then Chief Edward and the Bafokeng attempted to secede from Bophuthatswana in 1983, a slight President Mangope has not forgotten

Chief Edward's wife Semane works for Impala parent Gencor on the group's social responsibility programme. The chief's son and heir, Lebone Junior, is a human resources consultant to Impala. Both claim harassment by homeland police

Lebone was arrested last year on a murder charge, but released because police were unable to produce prime facie evidence against him

Key to gold supply situation

JONO WATERS (217)

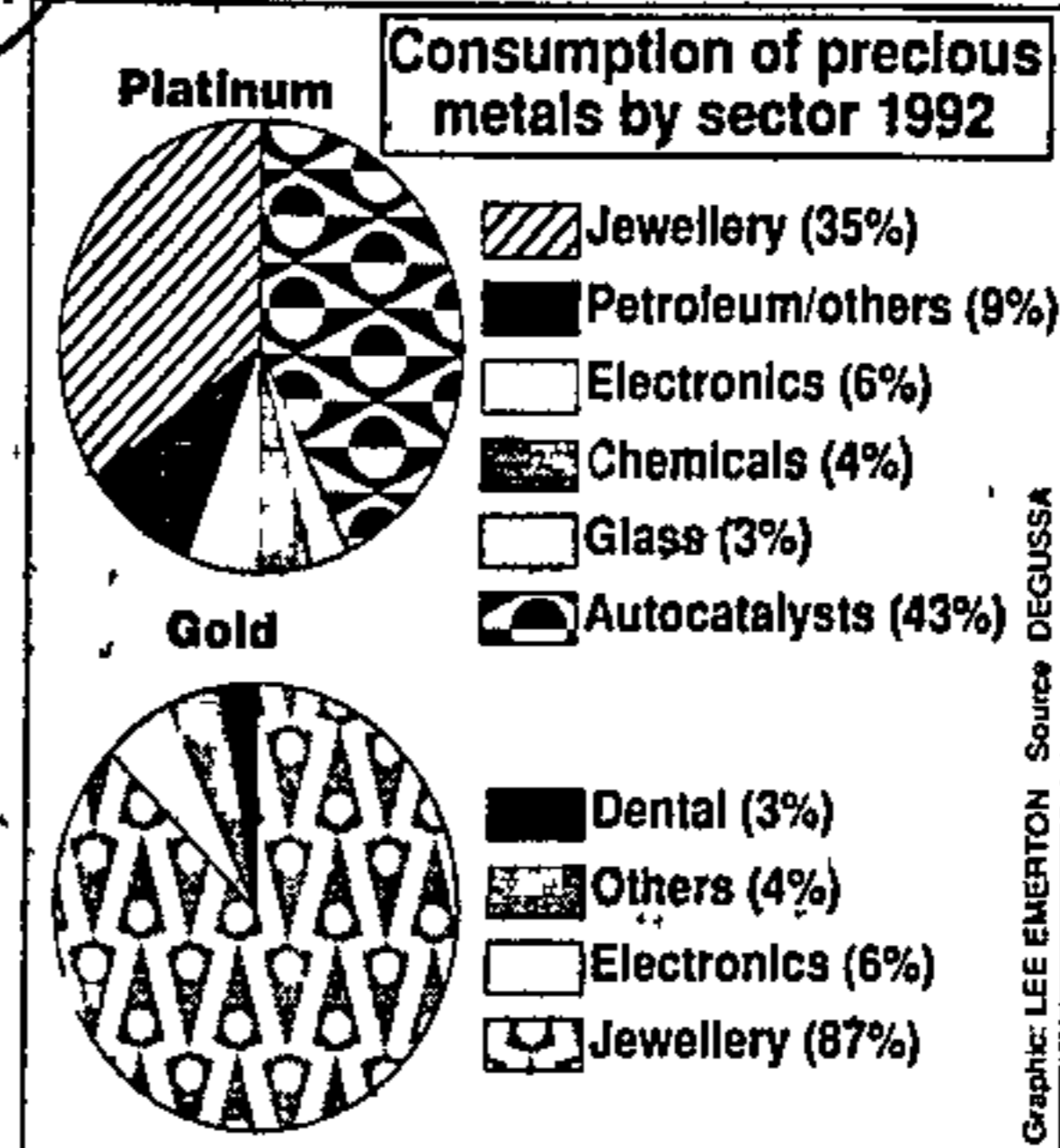
GOLD exports from the Commonwealth of Independent States would determine whether the gold market remained oversupplied in 1993, said German precious metals refining company Degussa, in its 1992 report

Oversupply in the industrial market fell to 243 tons in 1992 compared with 385 tons in 1991, with this excess turned into coins and other gold investments to bring the overall market into balance

Commonwealth sales fell 23% to 270 tons in 1992 and strong demand from Asian gold markets, especially China, was expected to have a positive effect.

Total industrial gold demand in the Western world rose 2.2% to 2 246 tons (2 197 tons) compared with a 3.6% fall in total supply of 2 489 tons (2 582 tons). Jewellery remained the largest component of demand with an increase to 1 955 tons (1 900 tons), but demand for dental applications showed the largest rise of 8.5% to 64 tons (59 tons)

Industrial demand for platinum rose 1.2% to 130 tons (128 tons) Total supply fell 4.6% to 136 tons (142 tons) and the imbalance in the market of 6 tons (14 tons) found its way into coins, bars and other investments Degussa said the narrowing of the gap between supply and demand could continue this year.



The autocatalyst market remained the largest consumer of platinum, recording a 7.1% increase in demand to 55.8 tons (52.1 tons). This was largely as a result of stricter emission controls in Europe.

Lower commonwealth production of palladium resulted in a narrowing of the surplus to 17.1 tons in 1992 from 20.7 in 1991.

Total palladium supply amounted to 143 tons (145 tons) and industrial demand rose to 126 tons (125 tons). The rise was because of a 7.7% increase in dental applications of the metal to 36.3 tons (33.7 tons). Demand for use in electronics fell 2.4% to 55.9 tons (57.3 tons).

St Lucia mining: 'Don't do it!'

(217)

Star 13/4/93

A INTERNATIONAL scientific mission has seriously criticised the environmental impact assessment (EIA) which Richards Bay Mining company has prepared on the likely impacts of mining titanium in the dunes of St Lucia on the Natal coast.

They found it would be "difficult — indeed impossible" to restore the original forested dune structure after mining ceases.

Last month the South Africa EIA, co-ordinated by the CSIR, claimed the only severe damage that would be caused by open-cast titanium mining would be short-term, and that no irreversible damage would be done.

The Ramsar Bureau of

International scientists, invited to see the St Lucia issue first hand, say it would be impossible to restore St Lucia after mining there. Their report, as JAMES CLARKE reports, emphatically disagrees with the local environmental impact assessment (EIA).

Gland, Switzerland disagrees. The bureau was established as a result of the Convention on Wetlands of International Importance signed in Ramsar, Iran in 1975 and to which 62 countries are now contracting parties. The Ramsar mission visited St Lucia a year ago and has since read the EIA drawn up by the mining company, RBM, and Government-appointed scientists.

It contradicts many of the EIA's premises. The other members of the mission were from Kenya, Australia and Britain.

The mission says it does not question the independence of the scientists involved in the EIA, and says it is convinced of the good intentions of the parties. Nor does it wish "to preempt the conclusions of the EIA" which is now awaiting the South African public's input.

The mission's aim was the Ramsar's monitoring

procedure and to "pin-point issues which the authorities may wish to consider more fully".

The mission reminds South Africa that in signing the international convention it is "essentially" a wetland has been designated for the list (of internationally important wetlands) its conservation status should be maintained" and that the "concept of preventing change in the ecological character is fundamental to the Ramsar Convention".

It also notes that South Africa was one of the original seven contracting parties which brought the convention into force on December 21 1975.

Of the now 62 contracting nations (collectively safeguarding 527 wetland systems) not one has asked for a wetland to be

"de-listed".

The mission says the most important chapter in RBM's EIA was the one dealing with "geology and landforms" because "these are the fundamental units upon which other studies such as hydrology, soils and vegetation are based — and it is important to have the basic earth science component well documented".

"In this regard the report on landforms and geology is generally inadequate for obtaining the necessary information for assessment purposes."

However the hydrology report was "excellent and scholarly" in its treatment of the macro-scale hydrology.

A point that flabbergasted the conservation lobby in the South African EIA was its contention that the Eastern Shores

between Lake St Lucia and the sea — the barrier dunes which are to be destroyed and then reassembled by RBM — had little ecological effect on the lake's well-being.

The mission disagrees with RBM and contends "there is absolutely no doubt that the sand dunes of the Eastern Shores play a vital role in the hydrology of the whole system".

It sees the St Lucia system as a "perfect" example of what an international wetland is all about. It also views it as "one of the best preserved" (RBM has claimed St Lucia is doomed).

It refutes the argument that the trees on the dunes are not part of the wetland system.

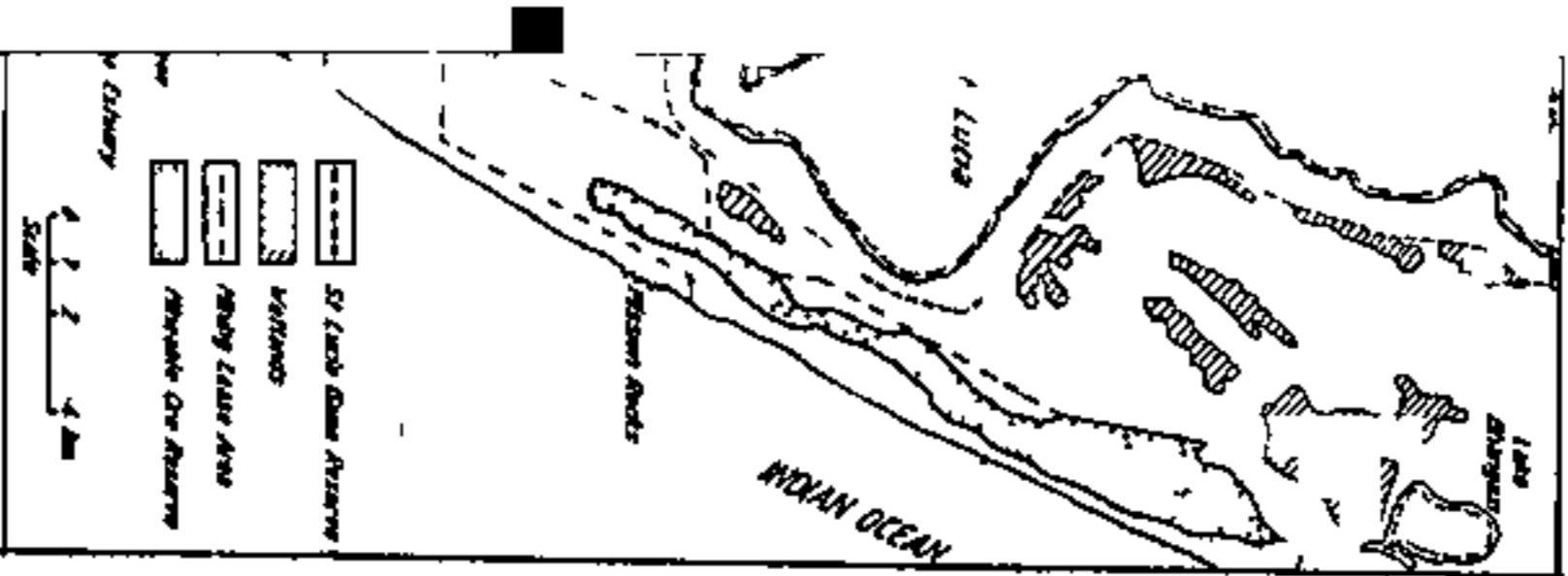
On the subject of RBM's rehabilitation efforts at Richards Bay, Ramsar says the mining company has merely created

acacia scrub and it does not see the present mining process as a model for St Lucia.

It says the decision taken by South Africa "will be followed very closely by other African states and would guide them in their application of the treaty".

The mission found that "all the locals they spoke to (outside RBM) were against mining and feared permanent damage. They favoured the ecotourism option and Ramsar believes it could form part of an international South African/Mozambican park."

It reminded South Africans that in terms of the convention, the conservation status of St Lucia could be changed only if the change was of national strategic importance "and not simply in the interests of one mining company." □



Fears of violence lift precious metals

Business Day Reporters

LED by a sharp rise in platinum futures, precious metals were boosted in early New York dealings yesterday as concern mounted over escalating violence in SA.

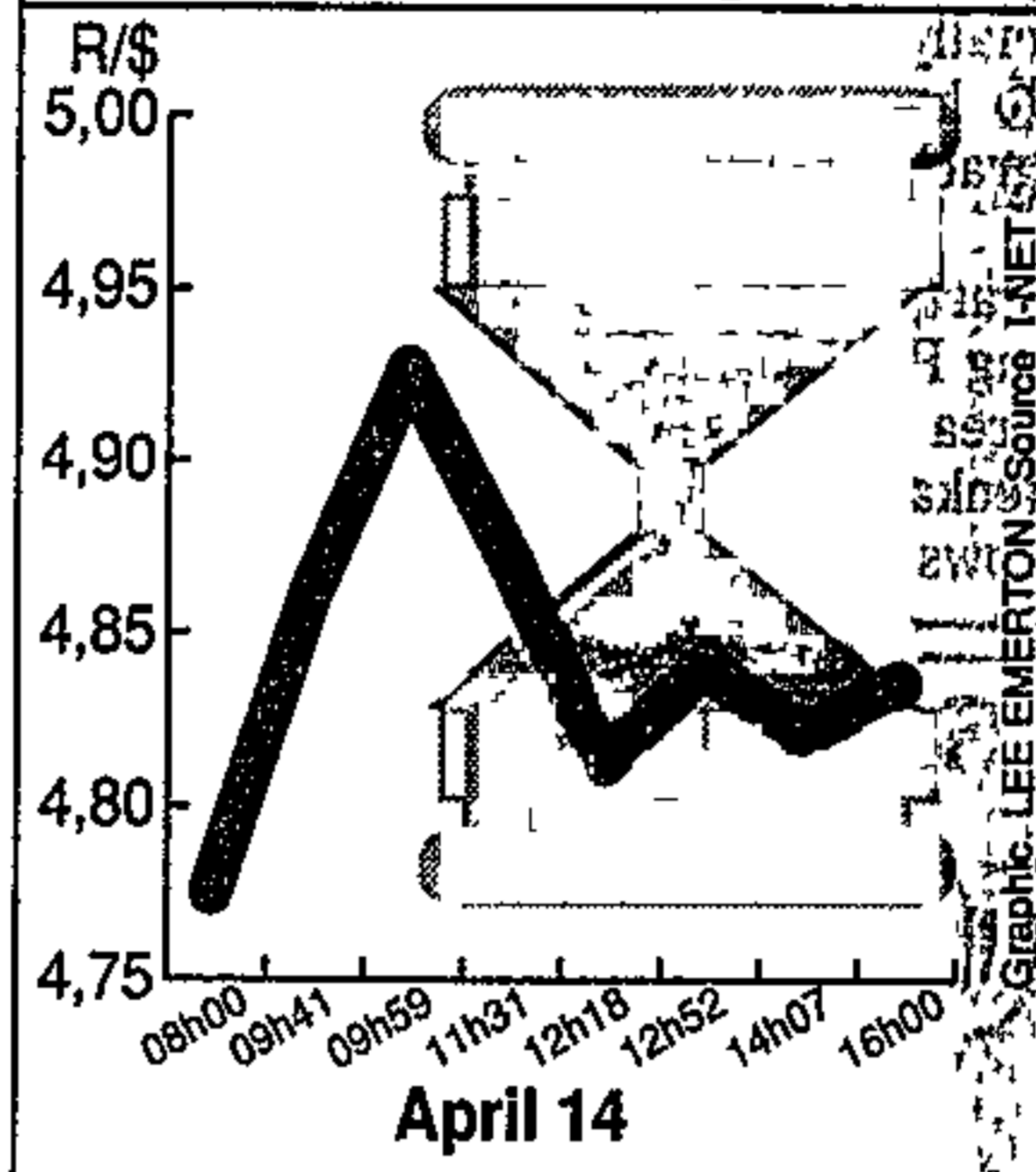
Fears of a disruption in supplies lifted platinum futures for July delivery \$10,10 to \$372,50 on Nymex. Gold firmed nearly \$3 to \$341,50 in sympathy with platinum before slipping back to close at \$339,15 in New York. Precious metals were firmer in London, where gold closed \$2,55 higher at \$339,25 and platinum rose \$1,50 to an afternoon fix of \$363, but the sharp gains came too late to affect trading on the JSE.

Dealers said extremely nervous market sentiment offset a weaker finrand and marginally firmer precious metals to send shares broadly lower on the JSE with gold and platinum shares leading the way down.

Analysts said if precious metals were moving up because of the violence, they were going up for the wrong reasons and there was no reason to buy shares.

"People do not trust the rallies. If mines are forced to cease production because of labour unrest and violence, an investor would rather be in the metal than in shares," an analyst noted. Prices could fall back as swiftly as they rose if calm returned, he said.

Finrand-hourly rates



The finrand fell to a low of R4,9250 against the dollar in early trade before recovering to close 6c down at R4,8350 in nervous trade linked to the stayaway.

Dealers said the market was dominated by local professionals with foreigners "conspicuous by their absence".

They were divided on short-term direction. Some believed the unit would fall to R4,90 again while others said it was likely to drift back to its recent high of R4,50.

Rusplat premium over Implats share narrows

B/DAM 15/4/93

217

JONO WATERS

THE premium of market leader Rustenburg Platinum (Rusplat) over Impala Platinum (Implats) shares has narrowed to its lowest level in 18 months.

Implats lost 300c to close at R49 on the JSE yesterday while Rusplat dropped 150c to R59,90. That reduced Rusplat's premium to R10,90, slightly higher than Tuesday's level of 950c.

Davis, Borkum, Hare analyst Alex Wagner said the change reflected more of an upward rerating of Implats than a loss of confidence in Rusplat.

"Implats' rise has been sparked off by speculation that the company has been raising capital to take a larger stake in Lonrho's Western Platinum."

However, Implats shares had "over-run" underlying fundamentals on the platinum market.

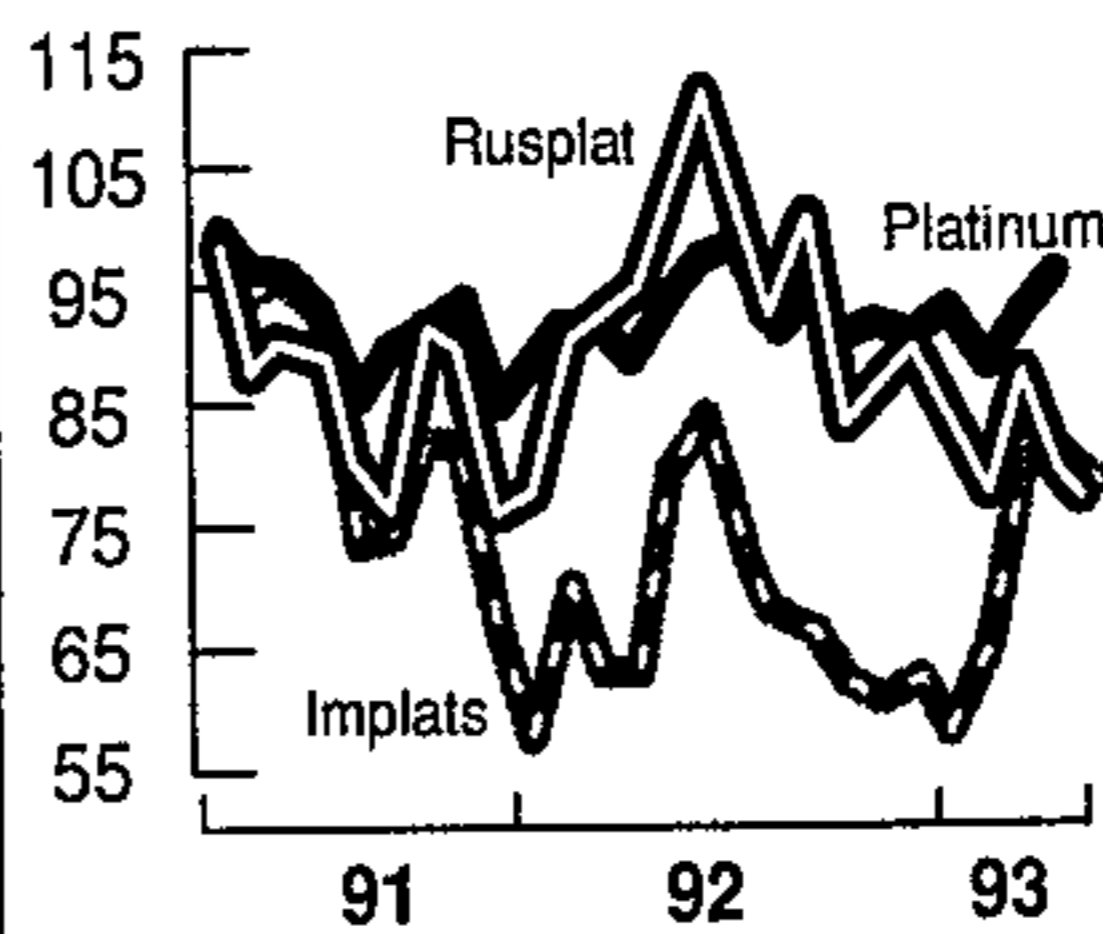
Although platinum prices have begun something of a revival, heading towards \$370 in New York yesterday, rhodium has touched its lowest levels since 1988. Implats is more reliant than Rusplat on UG2 ore, which has a high rhodium content.

Wagner added that Implats was also attractive as its earnings were more highly geared to platinum group metal prices. But Implats was in a worse cash position than Rusplat and still faced questions about the reincorporation of its largely Bophuthatswana-based operations.

Both shares were expensive and future

Platinum shares & platinum price

Monthly close (based to 100)



Graphic LEE EMERTON Source I NET

increases in Implats' share price would be largely speculative, he said.

Frankel, Pollak, Vinderine analyst Kevin Kartun said a major reason for the fall in the premium was Rusplat's poor results compared with Implats'. He said Rusplat's recent announcement of a cut in production following closure of the Boschfontein shaft would affect the share price.

Implats had its own problems. Projections of the company's cash-flow showed it to be in the red. Although its share had been rerated after costs had fallen, it was still likely to be a higher cost producer than Rusplat.

International help in St Lucia debate

BIDM 20/4/93 *(217) (56)*

MARIANNE MERTEN

FINANCIAL gains from mining titanium ore at St Lucia were worth only a hamburger for every South African, Australian ecologist John Sinclair said during a recent visit to SA.

Sinclair, credited with stopping titanium mining on Queensland's Fraser Island, spent two weeks in SA advising the Campaign for St Lucia on strategy for the midyear review panel hearings on the issue.

The St Lucia debate was comparable to that about the peninsular conservation area of Fraser Island because in both cases government had to assess whether short-term financial gains were more beneficial than long-term environmental protection.

Sinclair said it was important to realise the campaign target was not Richard's Bay Minerals (RBM) but government, which would have to decide whether it would honour the Ramsar Convention of Wetlands or "bow to economic expediency and sell St Lucia for a mere R153m".

The R153m was the "discounted present net value" estimated in the environmental impact assessment. RBM said this figure was misinterpreted, as the total economic benefit of mining the St Lucia dunes would exceed R8bn at current rand value.

Sinclair said that although the Fra-

ser Island ore deposits were about 10 times greater than St Lucia's reserves, the Australian federal government had decided to ban mineral exports from the area.

In SA, the possibility of government intervention was real because of political developments.

Sinclair said the basis of the St Lucia environmental impact study was "shoddy scientific research that failed to do a proper literature search of the subject". He said it also failed to mention a seven-year sand mining research project conducted in the mid-'80s in eastern Australia.

Australia's sand mining technology was the best internationally. RBM had sent one of its geologists to observe the project.

Sinclair also criticised the Natal Parks Board's ecotourism option because it meant developing tourist sites in an area the board wanted to protect. Any ecotourism development should take place outside the reserve. The emphasis should be on developing the town's infrastructure and creating employment spinoffs in the informal settlements around the wetlands.

Other ore deposits were available for titanium mining, Sinclair said.

Jitters galvanize precious metals

Blom 20/4/93

(217)

MATTHEW CURTIN

NERVOUSNESS that SA was on the brink of spiralling political unrest gave a sharp but short-lived boost to precious metal prices yesterday

Platinum climbed to an eight-month high and gold breached the \$340 level for the second time this month, but the metals quickly subsided in afternoon trade in London.

Platinum closed at \$369,50 after an afternoon fix of \$371,85 compared with the morning setting of \$373,50 and after climbing above \$370 in New York at the weekend.

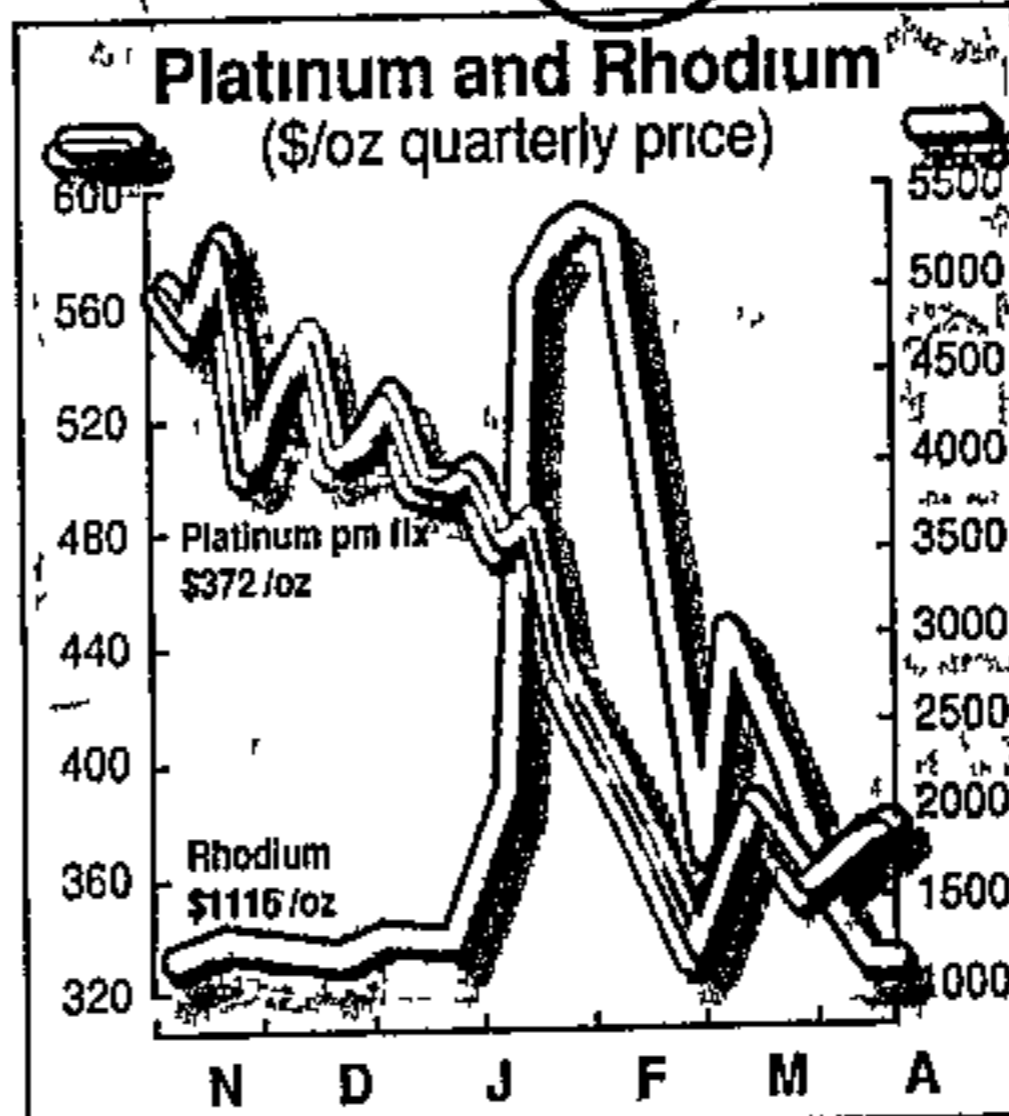
Gold closed at \$339,85, compared with an afternoon fix of \$339,60 and \$340,40 in the morning and after rising nearly \$3 at the weekend.

Market sentiment that metal prices could fall as quickly as they had risen — driven higher more by fears than evidence of disrupted SA mining production — was borne out by the fall in shares on the JSE's platinum board.

Impala Platinum, Northam Platinum, Lebowa Platinum and investment company Lydenburg Platinum all lost ground, with only shares in market leader Rustenburg Platinum reacting in line with higher platinum prices.

An analyst said sliding rhodium prices reflected shaky demand for platinum group metals from the all-important motor industry, in spite of recent reports from metal trading groups Johnson Matthey and Degussa that the platinum market was increasingly in balance.

Rhodium prices have fallen to a six-year low, with Reuter reporting



Graphic: RUBY GAY MARTIN Source: I NET

that the metal traded within a \$1 075/oz-\$1 150/oz range in London yesterday.

The motor industry consumes at least 85% of rhodium output — and more than 40% of platinum — but the depressed state of the European car industry, in spite of tightening clean-air regulations, has knocked demand. Rhodium is used with platinum in the manufacture of pollution-eating catalytic converters in cars.

Since the consistent drop in platinum prices from late 1988, SA platinum producers have relied on good rhodium prices, which jumped to more than \$5 000/oz in 1990/1991 and seemed to have settled around \$3 000 and then \$2 000 last year, to compensate.

Without a significant recovery in platinum or rhodium prices, platinum producers' earnings will be under even greater pressure, with more production cutbacks likely.

Rusplat announced a shaft closure last month which may have led to a 50 000oz loss in production.

Gencor doubles RBM stake to 50%

B/DAM 21/4/93 (217)

GENCOR doubled its interest in Richards Bay Minerals (RBM) to 50% in a series of deals yesterday valued at R671m.

British-based Rio Tinto Zinc (RTZ) holds the remaining 50% stake in the heavy minerals mining operation on the Natal north coast.

Gencor has bought the stake from Old Mutual, the Industrial Development Corporation (IDC) and its two investment trusts, Industrial Selections (Indsel) and National Selections (Natsel).

The transaction will be settled through the exchange of 9,25-million Engen shares, 1,55-million Malbak shares and the balance in cash. Analysts estimate the cash payment at between R280m and R290m.

Genmin minerals division MD Fred Roux said the shareholding was sold to local investors as the original agreement between the SA partners provided for 50% of RBM to be held locally and the balance

JONO WATERS and
DUMA GOUBULE

to be held by RTZ. Gencor had pre-emptive rights on Old Mutual's share in RBM and the IDC had pre-emptive rights on Natsel and Indsel shares.

Roux said Old Mutual was under no obligation to dispose of its 8% stake, but since the institution would be the only minority, it made "sense to sell".

Gencor chairman Brian Gilbertson said in a statement yesterday that if the RBM shareholding had been included in the 1992 results, it would have increased the group's attributable earnings by 1%. Earnings a share stood at 98,8c (119,5c) in the 1992 financial year.

He added: "In settling the payment terms of the acquisition we wished to maintain Gencor's cash resources at a high

To Page 2

Gencor B/DAM 21/4/93

(217)

From Page 1

level so that our ability to finance our major projects would not be impaired. We therefore agreed to take part with the Engen and Malbak shares which, fortunately, were surplus to our requirements."

A statement from Indsel and Natsel said they would receive R152,2m and R140,9m respectively from the sale of the RBM stake. Indsel would receive R53m cash and 2,3-million Engen shares and Natsel R49,1m cash and 2,14-million Engen shares.

The IDC-controlled investment trusts said the disposal constituted a material change in the composition of their invest-

ment portfolios. This would affect the distribution to be offered to Indsel and Natsel shareholders in terms of recently announced plans to unbundle the trusts.

The transaction resulted in increases in Indsel and Natsel's net asset value of 14,6c and 16c a share.

RBM consists of two separate companies — Tisand, and Richards Bay Iron and Titanium (RBIT). Tisand produces ilmenite, rutile and zircon. Ilmenite concentrates are supplied to RBIT, a smelting and beneficiation operation producing 85% titanium dioxide slag and high purity iron for export.

Slump in demand for local minerals

CAPE TOWN — Demand for the majority of SA's minerals slumped last year, says the Mineral and Energy Affairs Department's annual report, which suggests export volumes and prices will decline still further.

The report, tabled in Parliament yesterday, said total mineral sales declined by 3,7% to R38,2bn, while total export revenue fell by 4,9% to R29,3bn. On the domestic market, mineral sales rose by 0,6% to R8,9bn, mainly because of increased earnings from titanium minerals, zinc, andalusite, coal, asbestos and salt.

The average dollar price for gold in 1992 declined to \$334/oz compared with \$362,3/oz the previous year. Because of a marginal depreciation of the rand against the US dollar, the average rand gold price fell by only 2,1%, the report said.

Gold output rose by 1,9% to 611,1 tons, after the declines of the previous three years. Owing to the combined effect of a static rand gold price and escalating working costs, the profitability of the gold mining industry was under severe pressure for the fourth consecutive year, the report noted.

Production of platinum group metals increased by 7,3% but export earnings declined by 19,1% to R2,2bn because of the general weakening in the prices of the six metals.

Rough diamond production in-

creased by 20,4% to 10,2-million carats, compared with 8,4-million carats the previous year.

Total sales of coal increased slightly, netting R9,3bn last year compared with R8,7bn in 1991, while the rand value of iron ore sales remained almost unchanged at about R1,1bn.

Department director-general P J Hugo said in an interview that the downturn had been exacerbated by the sometimes aggressive entry into international markets of Russia, the new east European countries and China, all of whom were short of foreign currency.

Sapa reports that the report found rockfalls and rock-burst accidents in mines were continuing with no improvement despite extensive safety campaigns.

The report said that although the number of deaths on all mines had dropped from 604 in 1991 to 552 in 1992 — the year covered by the report — the death rate had climbed from 0,98 per thousand to 1,02.

Total injuries had dropped from 9 103 to 8 801 over the same period, while the injury rate per thousand rose from 14,74 to 16,19.

The report said mining close to, or through geological structures took its toll and mines had been urged to make full use of technological advances in the field of seismology and rock engineering.

21/4/93. (217)
TIM COHEN

VOGELSTRUISBULT

Ostriches do this, too

FM 23/4/93
Activities: Investment and share dealing company with holdings predominantly in base metal mines

Control: Gold Fields 49%, New Wits 21%

Chairman: A J Wright

Capital structure: 18,4m ords. Market capitalisation R66,2m

Share market: Price 360c Yields 9,7% on dividend, 10,0% on earnings, p e ratio, 10,0, cover, 1 12-month high, 590c, low, 330c

Trading volume last quarter, 414 000 shares.

Year to Dec 31	'89	'90	'91	'92
Investments				
Listed (Rm)	46,7	48,6	59,0	44,1
Unlisted (Rm)	102,2	133,7	134,7	131,2
Taxed profit (Rm)	20,1	15,6	11,9	6,7
Earnings (c)	114	85	65	36
Dividends (c)	60	60	60	35
Net worth (c)	878	1 030	1 066	976

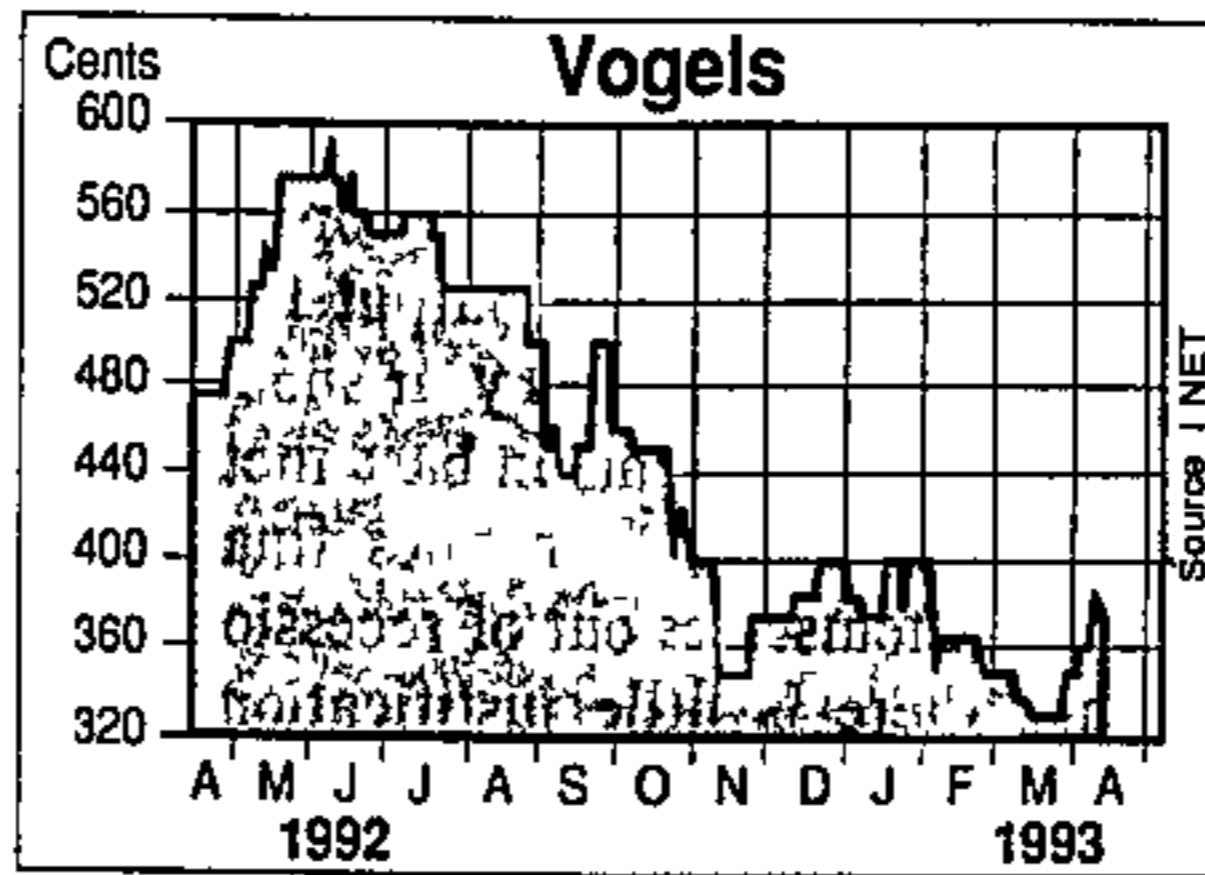
Annual reports are supposed to provide a reasonably comprehensive overview of the major events impacting on a company's fortunes. Unfortunately, Vogels chairman Alan Wright's latest effort falls rather short.

Neither his review nor the directors' report make any reference to the disastrous mining accident at O'okiep Copper last year. Vogels holds 30% of O'okiep, SA's second largest copper mine, and the accident was a major reason for the slump in 1992 earnings. It will affect this year's income as well — and that makes the failure to discuss it all the more inexplicable.

On November 14 backfill being pumped into an underground stopes at Carolusberg mine collapsed. This killed four miners but elicited only a terse statement from manager Gold Fields



Wright not a peep



different than those for 1992”

Effectively, Wright agrees with this, telling shareholders gloomily that “investment income is likely to remain under pressure” this year. If that is so, Vogels may not even be able to maintain its reduced dividend, unless a currency collapse against the dollar charges to the rescue.

Brendan Ryan

Only later, when the December quarterly report was published in mid-January, was the full extent of the damage revealed. Carolusberg was closed for a month and is unlikely to get back to normal operations this year.

Copper has held up best against the base metals bear market in recent years. O'okiep has been a major contributor to Vogels's investment income. It was forced to pass its dividend last year mainly because of the accident, after paying out R11,2m in 1991.

So it isn't surprising that Vogels's share price collapsed after the December quarterly results, it hit a 12-month low in March from which it has recovered slightly.

Given the admission that O'okiep's operations and earnings will be affected for much of this year, it would have been reasonable to expect Vogels to provide significantly more detail and some concrete predictions.

That turned out to be wishful thinking. Investors get not so much as a peep. Nor is information readily obtainable from other SA sources. O'okiep isn't available to SA investors, as it is listed only in New York in ADR form — and that Vogels is the only way into O'okiep for a SA investor is what gives it particular attraction locally.

Vogels's other major investment is in SA's only zinc refinery, Zincor, which did well last year and contributed 65% of Vogels's income, largely because the zinc price was boosted during the first three quarters of the year by speculators on the London Metal Exchange. The fundamental oversupply of the commodity reasserted itself in the fourth quarter when Zincor's average revenue dropped to R3 200 t from the September quarter's R3 750 t.

For the third year in a row the outlook facing base metal producers is that commodity prices should start to lift in the second half of the year as the US recovery gathers steam and other major industrialised economies start pulling round as well.

Who knows perhaps these fervent prayers will actually be answered this year, though even if they are it won't avoid the effect of all the tough times. And that, in turn, impinges on holding companies like Vogels, which are heavily exposed to base metal producers.

Rice Rinaldi analysts Michael Wuth and Philip Murphy expect exports from the CIS to remain high and excessive inventory levels will cast a shadow over markets. “Only in the final quarter of 1993, or more probably during early 1994, (can) demand and prices be expected to stage any significant recovery. Average metals prices for 1993 will be little

MSAULI *FM 23/4/93*
Lots to crow about

Activities: Produces white asbestos from a mine in Kangwane. Holds 50% of the Von Brandis gold prospect

Control: Gefco 32,9%

Chairman: H P Hart.

Capital structure: 6,4m ords Market capitalisation. R17,9m

Share market: Price 280c Yields: 11,6% on dividend, 62,4% on earnings, p e ratio, 1,6, cover, 5,4 12-month high, 350c, low, 170c Trading volume last quarter, 175 000 shares

Year to Dec 31	'89	'90	'91	'92
Turnover (Rm)	74,1	70,2	78,0	88,9
Taxed profit (Rm)	22,4	12,0	7,9	11,9
Earnings (c)	280,7	153,0	121,9	185,2
Dividends (c)	75,0	50,0	25,0	32,5

Msauli surprised the market with a 52% increase in earnings and 30% rise in dividends, defying widespread gloom-and-doom sentiment about commodity markets in general and asbestos in particular

Chairman Pat Hart resists the temptation to say "I told you so" in his review, despite an obvious urge to crow He predicted the improved earnings and dividends last year (*Companies* May 1 1992)

Not even a jump in the effective tax rate from 6,7% to 23% could dampen performance Any investor who heeded Hart's forecast could have doubled his money if he jobbed at the right times The share price took off and soared to a 12-month high of 350c, more than double the year's low of 170c, before slipping back to current levels

The company has always been more fortunate than bigger sister Gefco The high grade of its white asbestos fibre means it has never had trouble selling full production By contrast, Gefco has been forced into a series of mine rationalisations and closures.

Msauli has had problems with frequent technical mining difficulties that limit output Last year was no different, with the mine again falling below budgeted production

But higher US dollar prices, induced by production problems at international competitors, and a cyclical upturn in demand combined with the weaker rand to provide good trading conditions Msauli's product is used mainly in house construction as a roofing material and demand was especially good from Japan. That is unlikely to be as strong during 1993

Though the evidence is that 1993 won't be as buoyant, Hart says shareholders "can look forward to another satisfactory year with

FM 23/4/93
 some potential for a slight improvement in dividend" The main problem is that the effective tax rate will continue to rise following the withdrawal of S11 (bis) marketing allowances, that will combine with static fibre prices Hart says competition is fierce from producers in Zimbabwe, Canada, Swaziland, Brazil and Greece

That leaves fortunes dependent on the rand/dollar exchange rate and management's success in meeting output targets

Faced with underground mining problems and a need to hold down operating costs, management decided to build a plant to recover fibre from surface dumps It was commissioned behind schedule in the second quarter of last year and then operated below design capacity

Consequently, Msauli produced only 100 000 t of fibre last year, unchanged from 1991 and 11% down on 1990. Hart expects production this year to rise to around 105 000 t The long-term aim is to get back to the 1990 level of about 111 000 t.

Msauli is doing well in this difficult business and the stock offers investors the chance to make quick profits out of its volatility but the fundamentals of the asbestos business remain speculative Stockbroker Rice Rinaldi analysts Mike Wuth and Philip Murphy say the industry is characterised by inconsistent legislation and medical opinion on health risks. As a result, there has been a worldwide drop in output and consumption

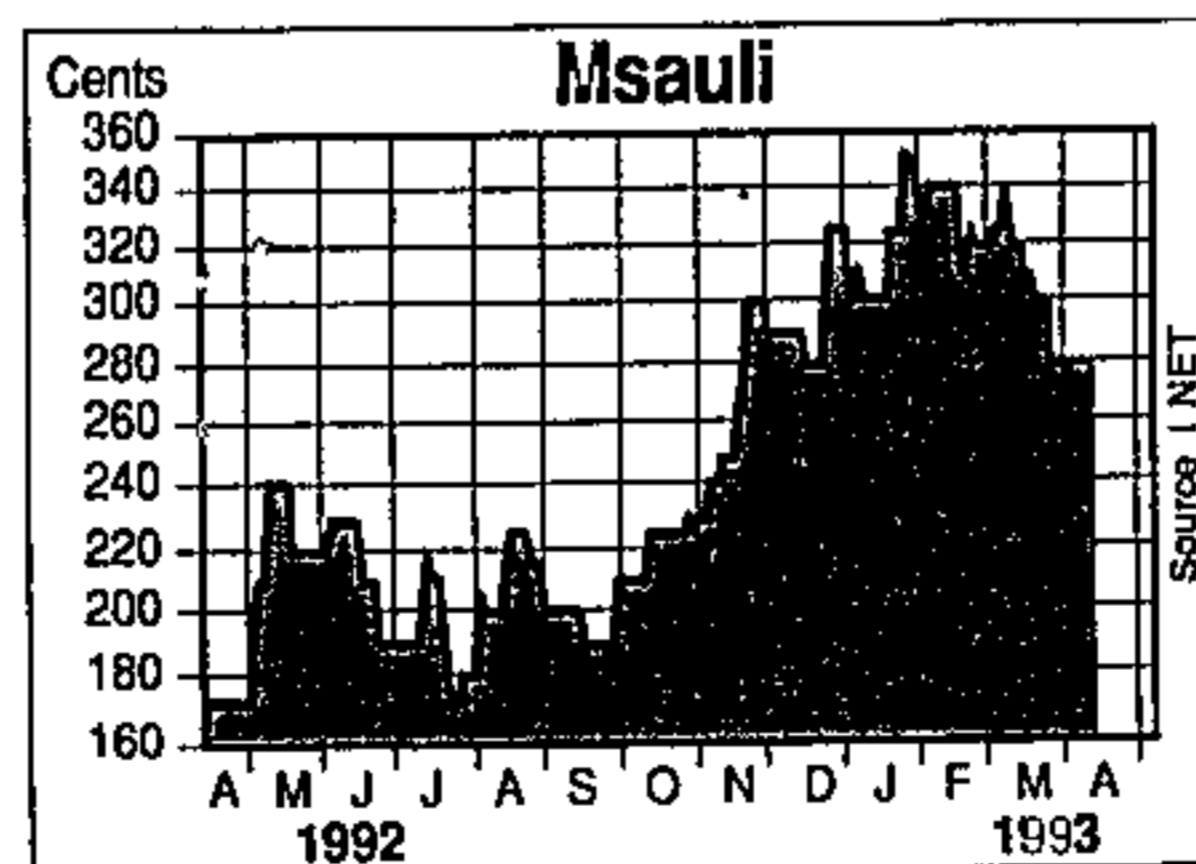
"The effect of the overturning of the Environmental Protection Agency's ruling in the

FM 23/4/93 *(217)*

US — which aimed to ban almost all uses of asbestos by 1996 — should slow the declining demand, not reverse it," they comment

But demand from developing countries is still strong A major effort is being directed at breaking into South-East Asia, which is becoming an important growth area If those efforts succeed, Msauli could continue to confound the long-term downward trend in the asbestos business

Brendan Ryan



GEFCO FM 23/4/93

Impetuous adventures

Activities: Mines blue and amosite asbestos. Holds 32,9% of Msauli asbestos and 50% of the Von Brandis gold prospect

Control: Directors 51,6%

Chairman: H P Hart

Capital structure: 35,9m ords. Market capitalisation R14,4m.

Share market: Price 40c. Yields 7,5% on dividend, 19,5% on earnings, p.e ratio, 5,1, cover, 2,6 12-month high, 40c; low, 20c Trading volume last quarter, 1,2m shares.

Year to Dec 31	'89	'90	'91	'92
Turnover (Rm)	99	108	92	58,2
Taxed profit (Rm)	30,8	9,2	3,0	2,8
Earnings (c)	66	24	8	7,8
Dividends (c)	22,5	8	2,5	3,0

It wasn't a happy year for Gefco. The depressed asbestos market stimulated management to move away from it. They celebrated their resolve by jumping neatly from the frying pan into the fire. Gefco decided it would do better in coal mining and promptly ran up operating losses of R5,5m.



Hart .. raking around for an alternative

Without that loss Gefco would have shown pre-tax profits of about R8m, instead of R2,6m, and its shares would probably have performed like those of sister company Msauli. True, coal markets both at home and abroad are depressed, but the main cause of Gefco's losses appears self-inflicted in the form of operating problems at the Annan-

dale Colliery near Newcastle

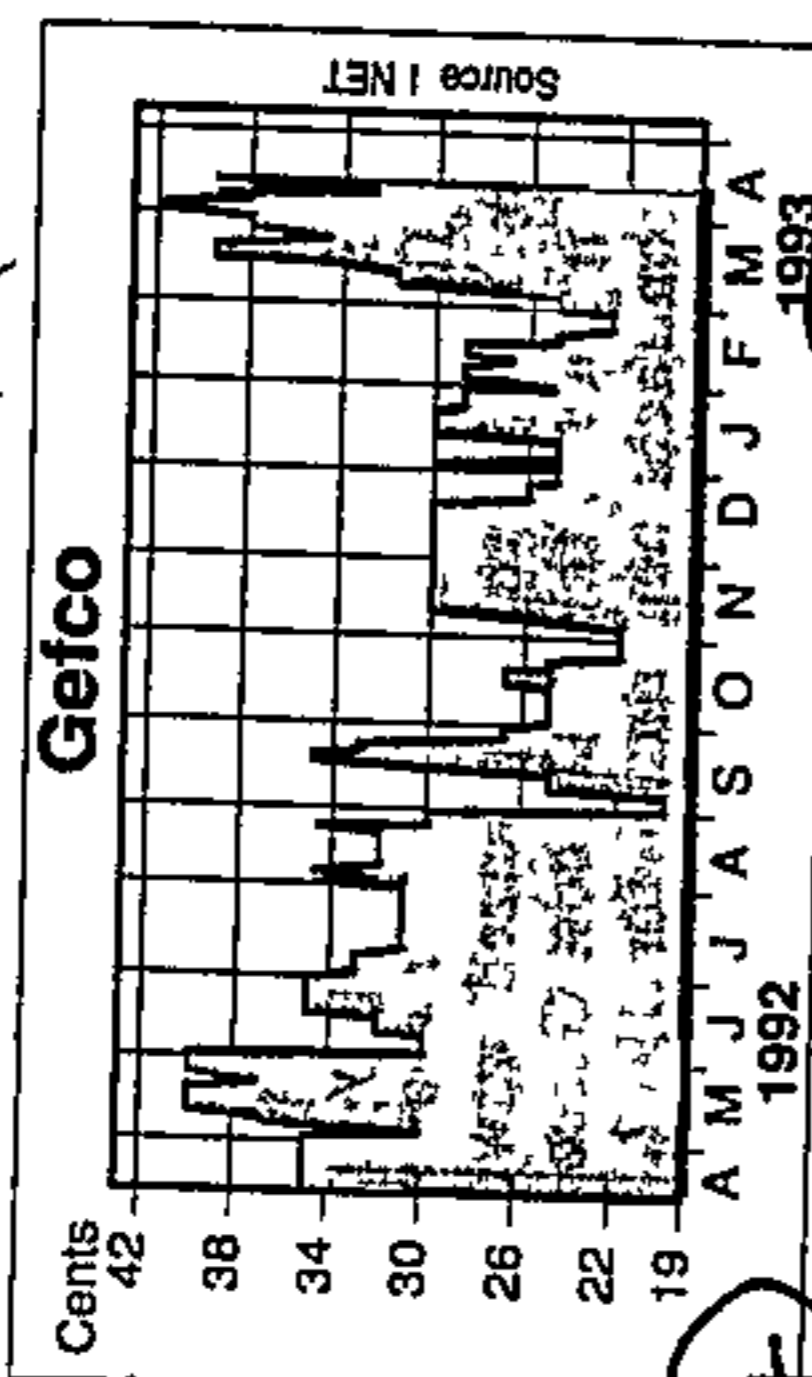
Gefco spent R4m buying Annandale and building a washing plant that should have been commissioned by August 1991 but instead came into production only in early 1992. In the hard business of coal mining, deferments like that are seized on with glee by competitors: the delay cost Gefco several sales contracts negotiated for 1992

Just to compound matters, chairman Pat Hart reports the opencast mine couldn't produce coal of the required quality, so working costs soared. It all sounds like a catalogue of sins. He says the opencast mine is being phased out and operations are moving into a nearby underground mine should have lower operating costs.

The reason Gefco wants to diversify is the long-term decline in demand for its amosite and blue asbestos, whose traditional uses are being replaced by other materials because of health pressures. Hart confirms the diversification policy to get into coal remains in place. "We'll make it profitable," he vows

Hart says world demand for amosite fell 50% as former major users phased out the material. Blue asbestos sales dropped 33%

COMPANIES FM 23/4/93



mainly because its use was banned in a major Middle East country. The amosite mine at Penge in the eastern Transvaal was closed in 1992 after 80 years and Gefco will sell the last stockpiled amosite this year.

The group produces blue asbestos from mines around Kuruman in the northern Cape but only one of the original three mining complexes remains in production. This unit, Merencor/Coretsi, is being run at the lowest economic rate of production.

However, operating costs were cleverly contained and Gefco maintained earnings from asbestos despite markedly lower sales volumes. Hart is confident it can maintain this profitability for the foreseeable future on remaining asbestos operations.

The only good news was an extraordinary item of R6,9m from past overprovisions on the cost of the Penge mining assets. That money is in the bank. As a result, Hart says, the financial position is sound and there may even be an increase in this year's dividend.

The long-term problem remains to diversify successfully from the dwindling core asbestos business. The two diversifications looked at so far — coal and (through the proposed Von Brandis project) gold — have been singularly barren.

Brendan Ryan



MALCOLM MACDONALD: Capital raised for new ventures

IDC bails out of its mature investments

THE Industrial Development Corporation plans to unlock billions of rands for industrial development by selling its listed investments. It will begin with the unbundling of investment trust companies, Natsel and Indsel, which will raise more than R900-million.

IDC announced the sale of its effective 16,7% interest in Richards Bay Minerals to Gencor this week for about R450-million and its decision to equity fund 50% of Sappi's R1-billion Saiccor mill expansion. IDC senior general manager

Malcolm Macdonald says the group plans to sell its effective 20% in Sasol, worth about R2-billion, "when market conditions are right". IDC sold a third of its holding in Sasol for R1-billion and a minority stake in Sentrachem for R103-million in 1992.

"This is in line with our commitment to mobilise capital for new industrial ventures," says Mr Macdonald. "To take part in the projects we have identified, we will have to liquidate most of our mature investments."

IDC has come under attack for sitting on billions of rands in mature investments instead of releasing the money for development.

Pension

"This is no longer applicable," says Mr Macdonald. "We will sell these investments when conditions are right."

Mr Macdonald says the unbundling of Natsel and Indsel should be completed by July. Shares in the underlying companies will be distributed to Natsel and Indsel shareholders. IDC holds slightly more than 50% of both companies.

It will sell its equity stakes in both to the Public Investment Commissioner, which manages the State pension funds. IDC is awaiting legislation for tax exemption on

profits arising from unbundling.

IDC will buy back minority-held stakes in unlisted companies when Natsel and Indsel are unbundled.

IDC owns 16% of Iscor, worth R283-million, and all of unlisted phosphate producer Foskor. Market conditions are unsuitable for a sale of these assets, says Mr Macdonald. Demand for phosphate remains depressed and Iscor is trading at less than a third of its net asset value.

IDC has committed R3,5-billion in the past six months to three projects in which it has acquired equity stakes: the R7,2-billion Alusaf aluminium smelter expansion, the R3,5-billion Columbus Stainless Steel project and Sappi's mill expansion at Saiccor.

A further R100-million has been committed for a pilot plant to recover alumina, magnesia and potash from phlogopite at Foskor. A total of R1-billion is allocated each year to fund small and medium enterprises.

Rim

Mr Macdonald defends IDC's role in financing capital-intensive projects such as Alusaf and Columbus in spite of IMF and World Bank criticism that they do little to ease unemployment. Fewer than 2 000 jobs will be provided by these two projects — at a cost of more than R10-billion.

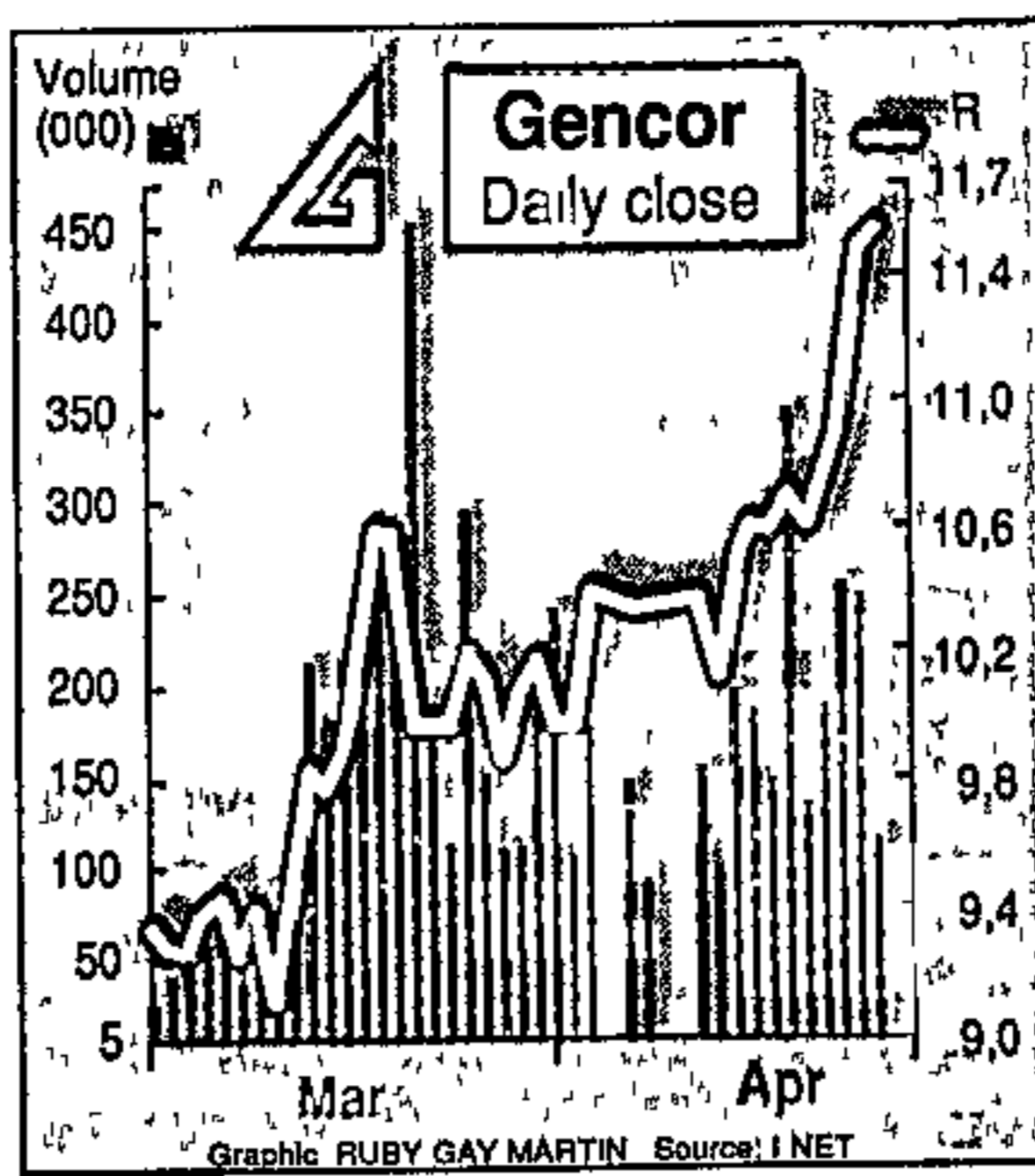
"There are no viable alternatives," he says. "If we had a labour-intensive project which was viable we would fund it. Our labour-intensive industries cannot compete with the Pacific Rim countries."

"SA has a high propensity to import and once the economy turns, we will start to run into balance-of-payments problems which constrain economic growth."

"We have to create the conditions which will allow the economy to grow and that requires a healthy balance of payments. These projects will earn foreign exchange which will help to pay for economic growth."

By CIARAN RYAN

Handwritten notes: *5 Times (Buss. Times)*, *25/4/93*, *217*



Gencor looks at unbundling issue

(217) MATTHEW CURTIN (210)

GENCOR is on the verge of deciding whether to unbundle its non-mining assets in a bid to realise their true value for shareholders. *BIOM 28/4/93*

Addressing more than 100 brokers and industry representatives in a presentation on the group's interim results, chairman Brian Gilbertson said yesterday that in the light of enabling legislation promised in this year's Budget, "we are close to a decision" and the Gencor board would meet soon to come to a final verdict.

Gilbertson said the next time the mining house spoke to the investment community, it would be to announce its decision, one way or another.

Gencor reported a 10% decline in earnings a share to 43,1c (47,8c) in the half-year ended February 28, but it declared an unchanged interim dividend of 16c.

Gilbertson said debate within the group on unbundling centred on whether disposing of shares in its non-mining assets to Gencor shareholders would eliminate the discount to net asset value at which Gencor stock consistently traded. At the same time, the group had to be sure the exercise would not compromise its status as a major internationally competitive natural resources combine.

He said research commissioned by the group showed that the capacity to bring "mega-projects" into production was a major factor in ensuring a mining and minerals conglomerate's success.

New projects made major significant contributions to Gencor earnings growth in the '80s. The group now had more than R11bn worth of "world-scale projects" on

To page 2

Gencor *BIOM 28/4/93*

the go — the Alusaf aluminium smelter expansion, the Columbus stainless steel joint venture — on top of Sappi's Saiccor pulp mill expansion, the R800m upgrade of Engen's Genref oil refinery, the developing Oryx gold mine, plus Sappi's major acquisition of German paper producer Hannover Papier last year. Gencor had also spent R671m in doubling its stake in Richards Bay Minerals to 50%.

At the end of 1992 the discount to net asset value at which Gencor shares traded had widened to R3,25bn, but the group was aware of the danger that unbundling might not eliminate the discount.

The group reported interim income of R434m (R433m), falling to pre-tax profit of R341m (R373m) after lower financing

(210) (217) From Page 1 charges but higher exploration and project costs. After-tax profit stood at R317m (R313m) and attributable earnings, lifted by improved retained equity-accounted earnings, rose 6% to R593m (R562m).

Improved contributions from investment arm Genbel, industrial group Malbak and fuels group Engen were offset by a torrid six months experienced by Sappi and mining and minerals division Genmin.

Genmin's gold, platinum, coal and ferroalloy interests were hit by weak markets, overriding the benefits of good operating performances.

Gilbertson said world economic recovery was patchy at best and there were few convincing signs the commodities cycle had turned the corner.

Vanadium prices 'set to remain depressed'

810AM 29/4/93 (217)
JONO WATERS

VANADIUM prices will be depressed for the next three to five years and any additional capacity will affect prices well into the next century, says Minerals Bureau analyst George Grohmann.

He said in the bureau's latest report on the vanadium market that current production outstripped current demand in spite of world producers operating at 65% of their yearly £220m capacity.

New SA capacity and the threat of rising supplies from China and Latin America would exacerbate the slump in the sector.

Grohmann said "A total collapse of the vanadium price would then be inevitable. Under those circumstances, even established producers will find themselves under severe pressure and new ventures are unlikely to survive."

SA accounted for about 80% of the seaborne trade in vanadium pentoxide of about £60m a year. China and the Commonwealth of Independent States were also major exporters.

Vanadium pentoxide prices have fallen steadily over the last two years after expectations of increasing demand had fuelled sharp price rises in the late '80s and encouraged new projects.

More than 90% of vanadium is used in the manufacture of hardened steels for oil and gas pipelines and in the aerospace industry.

The world recession has severely affected demand for the metal, sending prices tumbling and leaving the market oversupplied.

Highveld Steel & Vanadium, the world's largest producer with a capacity of £27m a year, received \$1.80/lb on contract with spot prices about \$1.60/lb compared with more than \$10/lb at the height of the boom. The group's Vantra division, a converter of vanadium-bearing waste material from its iron-making works, operated at only 25% capacity last year.

Highveld's earnings have plummeted, down at 80c a share in the year ended December 1992, compared with 450c a share in 1989.

Grohmann said new production from Vantech would depress prices for three years. Vantech took over Rand Mines' Vansa Vanadium and recommissioned the mine and plant, with a yearly capacity of £7m of vanadium pentoxide, in May last year.

Any addition to the market from Rhombus Vanadium, which announced in November it had secured backing from American commodity group AIOC for the establishment of a vanadium pentoxide plant, or possibly from Precious Metals Australia (PMA), would result in low prices for a longer period.

Rhovan would produce £13m a year once it

reached full capacity in about three years' time, while PMA was looking at deposits in Western Australia. The company seemed "determined to develop" despite low grades, he said.

These smallscale ventures were likely to fail as prices plunged because they would not receive benefits from economies of scale, Grohmann said.

Excluding SA and Australian plans, there were other potential operations in Brazil, Chile, China, the US and Canada which could boost world production by a further £44m.

Grohmann said that should China increase its production by acquiring additional sources of vanadium-bearing slag, oversupply could persist for much longer.

China could do this by importing vanadium-bearing slag from Chile, where it was produced as a by-product of pig iron production.

Star 20/4/93
**St Lucia
challenge**

In The Star today is an advertisement paid for by members of the public who have clubbed together.

A group anxious to save St Lucia from mining has squared up to the mining company which has spent hundreds of thousands of rands on advertising in wildlife magazines.

The public group believes the environmental report on St Lucia failed to mention alternatives to mining there.
— Staff Reporter.

guessing, please

investments have shown an appreciable improvement. If anything, therefore, the balance sheet is now considerably stronger.

What is clear is that no-one, least of all the analysts assembled to listen to Ogilvie Thompson's words of wisdom on an open line from London, is prepared to say how 1993 will turn out for De Beers. Wisely, to a man, they say they'll have to consider matters Yes, well, of course.

David Gleason

GENCOR

Even tougher times

Chairman Brian Gilbertson predicted a tough ride for Gencor in the year to August with no significant upturn in revenues before 1994. The 10% drop in first-half earnings bears out his forecasts. But times are even tougher than he expected. He is reconsidering the verbal forecast made last October that shareholders might receive an increase of about 2c a share in this year's total dividend in spite of lower earnings.

The maintained interim indicates caution.

FM 30/4/93

MAINTAINED INTERIM

Six months to	Feb 28 '92	Aug 31 '92	Feb 28 '93
Attributable income (Rm)	562	699	593
Earnings (c)	47,8	55,5	43,1
Dividends (c)	16,0	29,0	16,0
Net asset value (c)	1 435	1 341	1 336

Gilbertson comments: "I would be surprised if we don't at least maintain the final but I'm losing my nerve a little over intentions to increase the payout."

The reason is the grim business conditions facing each of Gencor's diverse mining and industrial operations. Though there have recently been more favourable signs, with the decline in ferrochrome prices halting and gold starting to perform, Gilbertson remains cautious.

"The gold price has only started to move in the last four days I'll get excited about it when the price is up another \$50," he says

Gencor is heavily committed to new projects in the pursuit of real growth. They include the R7bn Alusaf expansion, the R3bn Columbus stainless steel expansion, the R1bn expansion of Sappi's dissolving pulp mill at Saiccor and the R800m upgrading of Engen's refinery in Durban.

Latest development (Fox April 23) was the raising of Gencor's stake in Richards Bay Minerals from 25% to 50%, at a cost of R671,2m, paid mainly through the sale of

some equity stakes in Engen and Malbak

Those sales again raised the issue of Gencor's possible unbundling of its nonmining interests which Gilbertson says will be put shortly to the Gencor board for a decision

He says. "At the meeting three questions will be put to the directors — whether we unbundle, if so to what extent we unbundle and how fast we do it I cannot be more specific and there are powerful arguments both for and against unbundling."

If the group goes all the way with unbundling proposals, Gencor would pass all its stakes in the various industrial subsidiaries to its shareholders and be left only with its mining interests. FM 30/4/93

Despite the bad times, Gencor continues to spend heavily on exploration which absorbed R50m in the six months to February (previous comparable six months, R39m)

The search for a suitable vehicle outside SA to expand the group's international mining and exploration business remains the priority following the failures to do a deal with Lonrho over its international mining interests and get control of Australian coal mining group Oakbridge

Lonrho spurned Gencor's overtures The Oakbridge deal was killed by the tighter exchange controls imposed by the SA Reserve Bank on the use of the financial rand for such investments Gilbertson notes that a US company, Cyprus Minerals, now appears to have made a successful bid for Oakbridge

"This lack of an international mining arm continues to be our single biggest failure It's a critical area and we are continuing to work on it, which is why Hans Smith has been moved from Samancor to work with Bernard Smith in the new business division."

Gilbertson concedes the Reserve Bank restrictions are a serious hindrance "To meet them you have to find a very good project overseas and there are not that many of them to be found at the bottom of the commodity business cycle."

The share has recovered from its 12-month low of 895c last November to current levels around 1150c but has underperformed the general recovery in the mining house sector.

A maintained final would put Gencor on a forward yield of 3,9%, which is by far the highest of the major mining houses and compares with a sector average of 2,7%

Though the short-term forecast is for another drop in earnings in the second half, Gencor remains an attractive investment through its exposure to real growth from new projects across the industrial and mining sectors and the prospect of resurgent income from investments such as Samancor and Gengold

Brendan Ryan

COMPANIES

Platinum takes off in gold's wake

PLATINUM rose \$8 yesterday on the back of gold's strength in early London trading to an eight-month high, pulling up all the shares on the JSE platinum board

However, analysts said platinum's fundamentals had not changed as the rhodium price was still languishing at six-year lows

Platinum was fixed in London yesterday afternoon at \$384,50/oz, up \$1,50/oz on the morning fix. The metal was fixed at \$374,20/oz on Wednesday afternoon. Rhodium was trading unchanged at \$1 075/oz.

Davis, Borkum, Hare analyst Alex Wagner said gold had triggered off platinum's rise, but Japanese discount house buying had accelerated on the price increase.

The platinum market was still shaky as rhodium remained weak. If the rhodium

JONO WATERS

price rose, it would mean the fundamentals had changed

Wagner believed platinum had seen the bottom of the market and the price would slowly improve

Fergusson Bros, Hall, Stewart & Co analyst Philip Marillier expected the price to rise, but not soon. "I don't think the fundamentals have changed that much," he said

Wagner said investors' expectations had been reflected in the platinum mines' share prices

Marillier said the shares appeared overpriced, but added the market seemed to think the price was sustainable

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BIDAM 30/4/93

(217)

Kaolin mine calls in UCT

By GLENDA NEVILL

THE Serina Kaolin mining company has signed a multi-million rand contract with the University of Cape Town's Environmental Evaluation Unit to advise them on environmental management at their controversial Chapman's Peak site.

Mr Sybrand van der Spuy, chairman of Serina Kaolin, said he had set aside R500 000 a year

for the next five years for this purpose.

The company has also established a R1-million trust fund to guarantee environmental rehabilitation of the sites after mining is completed.

The project will be supervised by Professor Richard Fuggle and Dr John Raimondo.

"We will be acting as consultants" Professor Fuggle said yesterday.



TOMMY EDMOND SA Druggists has begun to advertise its generics in a way that will make people more cost conscious

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30 September 1992

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WHEN Brian Gilbertson succeeded Derek Keys at the helm of Gencor 16 months ago his first task was to inveigle financial institutions to follow a R2-billion rights issue

Mr Keys' departure came at short notice and the story is that there were five contenders for the top spot. Whoever took over had a hard act to follow and a tough task to undertake in a receding economy.

It is with some relief, therefore, that the plus points outweigh the negatives at Gencor and that the latest results are a credit to management.

Mr Gilbertson says "We adhered to two fundamentals in the past year. Executives were asked to try to maintain earnings as best they could and we tried to keep a cash cushion."

This has not been to the detriment of new projects. In the past year, Gencor has invested, seeking partners where necessary, in projects such as Alusaf, Columbus Stainless Steel, Engen's Genref, Sappi's Hanover and Saiccor and the Richards Bay Minerals deal.

All these moves give rise to a critical issue: if Gencor had been unbundled, would its components alone have been big enough and credit worthy enough to pledge the kind of money required for such investments?

"It is the very issue we will discuss at board level," says Mr Gilbertson.

Gencor has aired the most views on unbundling itself and Mr Gilbertson says he will not meet analysts and shareholders again while the matter is unresolved.

He told them this week that the group was poised to make a decision.

Mr Gilbertson says the value of Gencor is at a R3 billion (about 15%) discount to net asset value. Although shareholders would like to bring that to book and have increased flexibility, they still need the managerial skills of such groups as Gencor to act for them in investing in large projects.

Practically, the groups run autonomously day to day.

"But there are certain advantages for them to have an interested mother hen looking out for them," says Mr Gilbertson.

Mr Keys made sweeping changes to the way in which Gencor was run when he took over from Ted Pavitt in 1986.

Mr Gilbertson believes he has strength

Gilbertson and Gencor on the Keys' success trail

ened the management team (and is pleased that no key executives have left during his tenure)

He appointed Engen's Rob Angel, Impala Platinum's Michael McMahon and Trans-Natal Samancor's Mike Salamon to the Gencor board.

Director Bernard Smith leads a new business opportunities division to pave the way for the next phase of growth.

Gencor maintained its dividend for the six months to February 1993 in spite of a 10% fall in earnings. Engen, Malbak and Genbel did well, but Sappi and Genmin struggled.

Mr Gilbertson says the lack of success in making foreign investment has been the biggest disappointment.

"We had two deals almost stitched up in Australia, but had to let them go because of exchange-control problems. Even Sappi's Hanover deal got through only by the skin of its teeth."

Genbel, which handles Gencor's investments, has shunned golds in recent years, but managing director Anton Botha re-entered the market shortly ahead of the latest bull run.

Gencor's share price has moved from below R9 last November to R11,60, although it was above R13 last June.

Gencor's public relations machine must have wielded some influence in trotting out the chairman at results time. Mr Gilbertson was obliged to sacrifice his squash game to meet me — for only the second time. The other occasion was when his wife was involved in a car accident.

FOR SALE

New platinum mine due to start work

POTGIETERSRUST Platinums (PP Rust), JCI's new platinum mine, would start production of precious metal concentrates this month, chairman Barry Davison said at the weekend **BIDAM 3157**

The Northern Transvaal operation is expected to process 2,4-million tons of ore a year, yielding 170 000oz of platinum and 13 000oz of rhodium, at an average grade of 6,2g/ton platinum group metals (pgm) and gold when it reaches full production towards the end of the year

"Things are very much on schedule and there are no problems of any consequence," Davison said

The mine's plant is being commissioned and the first concentrate is expected to be transported to associate Rustenburg Platinum for toll-refining later this month

PP Rust was listed in October 1991 after raising R400m

JONO WATERS

Although the total cost of the mine was expected to be R600m, management announced in September last year this figure had been revised to R521m **(217)**

Analysts, however, believe this figure could be revised to an even lower amount

The company is expected to be the country's lowest cost producer

It will operate an opencast pit on an outcrop of the Platreef

The mine is forecast to pay its maiden dividend in 1995

But Davison said this would depend on metal prices

PP Rust's shares closed 50c down on the JSE yesterday at R12.

The announcement of a lower capital cost and higher platinum prices has seen the share rise from its low of 540c in September last year.

Union Mines swaps sectors

JONO WATERS
UNION Mines was changing from the tin to the manganese sector on the JSE following a transmuted listing which would enable the company to raise R1,5m.

A statement said yesterday the cash was needed for developing the Kapstevl manganese deposit in the north-eastern Cape, acquired by Union on January 25.

Davis Borkum Hare analyst Alex Wagner said yesterday Union was too small to go to the market with a rights issue. The transmuted listing was a mechanism for raising capital to bring the company's new manganese mine into production.

Union, formerly owned by Gold Fields, stopped tin production in 1986 after the mid-'80s crash in tin prices.

Operations were restarted in 1989 when Gold Fields' Vogelstruisbult Metal Holdings sold its 30% stake to Union's current owners, a consortium including Nico Lotterie and Dirk Lubbe.

Union Mines has bought the Kapstevl manganese deposit for the equivalent of 17,6-million Union shares (R7,04m). This brought the issued share capital in Union to 20-million shares.

Lotterie, with 14,2-million shares, has to raise R1,5m in the next 12 months for developing the mine. The transmuted listing statement issued yesterday said R500 000 was available for immediate use.

The operation was expected to yield about 40 000 tons of manganese this year and produce a profit after-tax and capex of R860 000. Production was expected to rise to 130 000 tons in 1994.

Bright from

MARCIA KLEIN

SIGNIFICANTLY financing costs enable series subsidiary Lid increase attributable 22% to R15,4m (R1 year ended March.

The Durban-based has interests in matched shaving, home and garo and appliances, achid crease despite the ppe duced consumer spend turnover and trading le

During the year the ther decline in real pri tion expenditure, di Turnover increased R294,5m (R276,9m) on basis, allowing for the transfer of the applian the equity accounted Appliances. Amalga ances is a joint ventur

The 6% rise in tr R41,8m (R39,3m) cam proved contribution division Interpak.

Directors said cast erations of R22,4m hi duce borrowings as vestment activities, brought down to 19%

The substantial nancing costs to R6, sulted in a 31% rise to R34,9m from R26

Profit after tax w R20,4m from R14,4m

After the equity a R5m (R1,9m) repor mated Appliances, e to 33,9c from 27,7c

Telemetrix bounces back

DUMA GOUBULE
TELEMETRIX was confident its core businesses would maintain strong positions in their respective sectors, chairman Arthur Walsh said in the 1992 annual review.

Telemetrix, the UK-based electronics group listed on the JSE, bounced back from a first-half loss and nearly trebled its earnings to 23c (8c) a share for the year ended December. The dividend was raised to 3,7c (2,8c) a share.

CE Tim Curtis said management had focused on eliminating loss-making activities and improving the profit margins of the three main businesses in the past year. GTI, the US-based local area networking products and electronics subsidiary, contributed 62% to turnover and 52% to attributable earnings.

Wholly owned Zetex, a UK-based specialist semiconductor manufacturer, contributed 16% to turnover and 28% to attributable earnings, while Trend, a manufacturer of telecommunications test equipment, contributed 15% to turnover and 13% to operating profit.

Firmer bullion boosts JSE share prices

THE all gold index broke back above the 1 500 level yesterday as gold shares on the JSE were buoyed by firmer bullion prices which edged towards \$360/oz.

The index closed 43 points higher at 1 504. The all share index rose 44 points to 3 777 on the back of the stronger gold shares, while platinum shares went to levels last seen in July 1992.

Rustenburg Platinum and Impala Platinum each rose to 400c to close at R79 and R62 respectively.

Public holidays closed financial markets in London and Tokyo, but gold closed higher at \$357,60 in Zurich, after trading at \$358,50 during the day. The metal traded close to one-year highs at more than \$358

MATTHEW CURTIN

in New York.

Renewed enthusiasm pushed platinum to a \$391 close in Zurich, compared with London's Friday close of \$386,75.

Reuter reports that bullion prices were boosted by strong Asian buying following weekend news that the IMF had reservations about an EC suggestion that the fund sell some of its gold stocks to finance cheap loans to poor countries.

On the JSE, where blue chips Driefontein and Anglo American Gold Investment Corporation (Amgold) led the list of best-traded stock by value, interest focused on marginal and independent gold mines

BIDAM 4/5/93

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COMPANIES

Investors like the look of Leplat

THE share price of Lebowa Platinum (Leplat) has doubled since the beginning of the year, with the market viewing the company in a better light since the recent rally in platinum prices.

The JCI loss-making producer recorded one of the largest price gains on the JSE yesterday, rising 20c to close at 130c.

Since the metal price rally, the share has increased from its low of 50c in December last year.

It stood at a high of R11 in 1990.

Chairman Barry Davison said yesterday that there were no new developments at the mine.

"The operation is meeting its target of 70 000 tons a month," he said.

Leplat shelved plans last year to increase output to 100 000 tons a month after production problems underground.

Fergusson Brothers analyst Philip Mar-

JONO WATERS

illier said: "The market has viewed Leplat in a better light with the rise in platinum prices."

Improved prices were likely to restore the mine to profitability, and ease the recent strain on cashflow.

The mine has been forced to borrow money to finance capital spending and to buy metal on the open market to meet its contractual commitments.

Long-term debt stood at R92m in the six months ended December 1992.

Platinum prices rose to highs of about \$385/oz last week from \$340/oz in early March.

The metal was fixed at \$375,90/oz yesterday afternoon, up \$1,75/oz on the morning fix.

BIDMAS 6/1/93

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More time to comment on St Lucia tome

Own Correspondent

(21)

DURBAN — The Government bowed to pressure by angry environmentalists yesterday, agreeing to allow them another five weeks to comment on the voluminous St Lucia environment impact report.

Environment Minister Japie van Wyk said in a statement he appreciated that the 1500 report was "bulky", and hoped the time extension would be valuable to interested parties.

The controversial report was released in Durban in March and interested parties were originally given until May 14 to file written responses to the document. The new deadline is June 22.

Nevertheless, he said, the extension would not affect the dates of review panel hearings set down for Durban in the first week of August.

Wildlife Society spokesman Jeremy Ridl welcomed the extension, but noted that it had been granted only under duress.

"It needs to be said that we did not go cap in hand to the authorities. We told them quite bluntly that the original time frame was inadequate, and we in fact demanded an extension.

"We are quite serious about this process and are definitely not using delaying tactics. Richards Bay Minerals does not want to mine St Lucia before the turn of the century, and we cannot understand the Government's desperate hurry on this issue."

Ridl also expressed serious concern that replies supplied after May 14 could effectively be ignored or "lost in the debris".

White workers back generals

THE biggest white workers' union in the country, the Mynwerkers Unie (MWU), has been "flooded by calls to support the (former police and army) generals" who plan to mobilise the white right.

The MWU has 46 000 members on the mines and in key parastatals.

Media reports on a meeting of generals last week have yielded an unprecedented response from members, the union's media representative Stephan

LABOUR BRIEFS

Wimani 7/5-13/5/93
Maninger said this week.

White workers were growing more militant because of the "reverse discrimination" they were seeing at the workplace. "We believe in equal opportunities, not extra equal," he said.

Big pay demands on mines

THE National Union of Mineworkers has tabled a wage demand for

increases ranging between 20 and 25 percent on gold mines and between 40 and 90 percent on collieries.

The goal is an industry monthly minimum of R900 for surface workers and R1 000 a month for underground miners.

Non-wage demands include calls for a social plan act — which encompasses a number of benefits for retrenched workers — and for an industry-wide adult basic education scheme. Industry negotiations get under way at the end of the month.

(217)

GfSA, Anglo look at NW Cape zinc mine

SITIMES (Buss) 9/5/93
(217)

THE possibility of establishing a giant zinc mine in the north-western Cape is being investigated by Gold Fields of SA and Anglo American.

The mine, which could cost more than R1,5-billion, would be at Gamsberg, about 20km from the existing Black Mountain lead mine operated by Gold Fields.

Exploration at the site has proven reserves of about 100-million tons of zinc with a grade of 7% and lead at 0,5%, down to a depth of 800 metres, suggesting an open-cast operation.

A pre-feasibility study, now under way, was reported by Engineering News.

Peter Janisch, general manager of new business at

By **DON ROBERTSON**

Gold Fields, says Anglo American has a 45% interest in the mineral rights, Gold Fields holding the rest, partly through its subsidiary O'Kiep. Financing of the feasibility study will be shared by these two groups, which will also finance the project should it get the go-ahead.

League

The ore at Gamsberg has a high manganese content which precludes the use of normal recovery processes.

Tests for the recovery of the lead and zinc are being undertaken at Mintek on behalf of Gold Fields.

"The decision to go ahead

with the project will depend on the success of these tests," says Mr Janisch.

If the mine is developed, it will place SA in the major league of zinc producers. It will require the expansion of the Zincor refinery near Springs or a "stand-alone" plant near the mine.

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Langeberg maintains its dividend

Finance Staff

Hard hit by depressed trading conditions both locally and overseas, earnings at Tiger Oats' food processing subsidiary Langeberg dropped 14,3 percent in the six months to end-March.

Despite the fall in earnings per share to 18,8c (21,9c) the group has maintained its interim dividend at 5c.

Turnover during the six months improved by

5,2 percent to R360,5 million (R342,7 million), but operating profits fell 11 percent to R37,2 million (R41,8 million).

Langeberg says the effects on trading as a result of the continuing economic recession were aggravated by increased competition due to the weak export market.

While the pineapple division failed to improve on its previous loss, the deciduous division showed real growth in

earnings.

Looking ahead, the directors say they expect a further weakening of both the domestic and overseas markets but the extent of the decline in earnings will be determined by efforts to reduce overheads and the sale of shipments of available stock.

The company raised its borrowings from R74,4 million to R101,7 million, but maintained gearing at 32 percent

RMP gets Barlow properties

By Sven Lünsche

Barlow Rand has consolidated its property interest into Rand Mines Property (RMP) in a deal valued at close to R100 million.

In terms of the transaction RMP will pay Barlow Rand R71,5 million in cash for its 78 percent holding in Barlow Rand Properties (Barprop) with effect from April 1.

RMP will further issue 3,2 million shares, valued at R24,5 million, to Barlow Rand, which, in turn, will distribute them to

minority shareholder so they will maintain their percentage shareholding in RMP.

Barlows' stake in RMP is expected to be maintained at about 56 percent.

Commenting on the deal, RMP says it paid slightly more than the listed price for Barprop after evaluating the Barprop portfolio.

While the acquisition dilutes earnings by 2,5 percent when compared with 1992 profits, RMP forecasts a small positive effect on earnings for the year to end-

September 1993.

RMP chief executive and Barprop chairman Colin Steyn says RMP raised the bulk of the R71 million cash payment through the realisation of its existing portfolio of investment properties.

Outlining the advantages of the deal he says: "RMP now becomes an even bigger property group with two key arms - land development through RMP and property investment through Barprop."

Its London listing is to be cancelled.

Refocus at Fraser Alex

By Stephen Cranston

Fraser Alexander has sold a 75 percent interest in its contract mining operation to management as part of a refocusing exercise to concentrate group efforts and resources on its core businesses.

The operation, previously part of the mining division, undertakes underground mining, tracklaying and shaft-sinking on a contract basis. It will trade under the name Econotrack.

Chairman Peter Flack says: "Our peripheral activities have been under review in the light of the strategic necessity to build up our core operations."

"While contract mining is an essentially sound business, it is not in the mainstream of our environment-driven core divisions and as such does not fit into our long-term plans."

Flack says the retained interest in Econotrack is evidence of the group's confidence in the business and the ability of management.



COMPANIES

BHP looks to Mozambique

AUSTRALIAN-based Broken Hill Proprietary (BHP), the world's largest mineral resource group, is poised to take a stake in a mineral sands operation in Mozambique.

The move would see BHP joining the other major groups involved in heavy mineral projects in southern Africa — Rio Tinto Zinc and Gencor in Richards Bay Minerals and Anglo American in the Namakwa Sands project.

The London-based Mining Journal reported in its latest issue that, subject to further geological and other studies, BHP would pay \$24.1m to earn a 75% stake in the Congolone project 30km north of Angoche on the northeast Mozambican coast. Irish exploration company Kenmure holds a 95% stake in the project.

Congolone has a proven reserve of 167-million tons of sand containing 4.19-million tons of ilmenite, 373 000 tons of zircon and

JONO WATERS

90 000 tons of rutile. By comparison, Namakwa Sands, with reserves of 531-million tons, is expected to produce 375 000 tons of ilmenite a year along with 140 000 tons of zircon and 38 000 tons of rutile when it reaches full capacity in the mid-90s. (21)

Irish, Menell, Rosenberg analyst Dave Russell said there was fairly good demand for heavy mineral sands. However, as with most commodities, prices were depressed and were likely to remain so in the medium term.

Heavy minerals' prices depended on the composition of the ore body. The easier it was to process with new environmentally-friendly technology, the better price it commanded, he said. Old technology had both waste disposal and radioactivity problems associated with it.

Copper firms take issue with board's ruling

BIDAY 11/5/93

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EDWARD WEST

REFUSAL by government to allow the R600m merger between Haggie subsidiary Copalcor and Non-Ferrous Metals (NFM) would lead to a contraction in, or demise of, the copper alloy industry, NFM director Bernhard Lazarus said yesterday

SA's average annual copper product production is about 82 200 tons worth nearly R660m.

A Competition Board investigation determined that the deal would give rise to a monopoly situation with the merged entity holding between 77% and 100% market share for various products in terms of volume.

Lazarus said a probable contraction, or alternatively the demise of the copper alloy extrusion industry would result from the loss of synergies which could have resulted from

the merger. In highly industrialised countries such as France, Germany, Italy, the UK and US, metallurgical groups were amalgamating to remain viable and competitive.

Lazarus rejected the Competition Board's assertion that a merged company would control the copper scrap market. The bulk of scrap was purchased by the chemical industry and parastatals, and eight smaller competitors were exporting scrap through lack of proper export control procedures.

The decision by government had weakened the local industry, encouraged costly imports and had eliminated export potential in spite of the fact that 100% of the raw material

was locally available, he said.

Haggie financial director Bill Smart said it was impossible to determine what effect the failed merger would have on group earnings at this stage as a number of alternative options were being considered.

Shrinking demand, a metal workers' strike and rationalisation costs had reduced the Haggie copper product division operating profit by 64% to about R9m from R25,2m in the year to end-December 1993.

The declining profits could be reversed this year from a new copper casting facility, upgrading of the bronze plant and rationalisation. If not, more drastic options, such as disinvestment or curtailment of operations, would be considered, the group's 1992 annual report said.



Ferro-manganese weighed up

8/10/93 12/5/93

JONO WATERS

ASSOCIATED Manganese Mines' (Assmang's) wholly owned subsidiary Feralloys was probing the possibility of producing refined ferro-manganese at its Cato Ridge plant in Natal

A statement yesterday said the study would determine the feasibility of producing about 50 000 tons of low and medium carbon ferro-manganese a year.

SA's current production of medium carbon ferro-manganese by Highveld Steel & Vanadium's Transalloy divi-

sion is 48 000 tons a year SA's total annual capacity of ferro-manganese is about 700 000 tons. Last year total production was nearly 220 000 tons.

A senior industry source said the study would probably result in construction of another furnace, expected to cost about R50m.

Ferro-manganese is used in the manufacture of high-purity steels.

(217)

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Shell minerals arm targeted for takeover

(217) MATTHEW CURTIN
GENCOR has approached Royal Dutch Shell to buy Billiton, the oil group's metals and minerals division, in what is likely to be a multimillion-dollar acquisition.

Should the deal come off, Gencor will have established itself as an internationally diversified natural resources group, owning some of the world's top gold, platinum, copper, nickel, coal, hauxite and zinc deposits.

Gencor has not made an offer for Billiton's metals processing businesses. Billiton's exploration, alumina and aluminium, marketing and trading assets stood at \$1.5bn in 1991.

The deal will eliminate any doubts that Gencor's competitiveness may have been compromised by unbundling, which will see the group shed its non-mining assets.

Gencor chairman Brian Gilbertson said yesterday a successful deal would promise Gencor "significant growth as an international mining resources group".

He would not comment on the likely purchase price.

Executive director Colin Officer said the deal could "catapult Gencor into another league".

Addressing industry representatives and analysts in Johannesburg, Gilbertson said he believed the chances Gencor would pull off the deal were "less than 50/50" because of its size, complexity and the delicacy of offshore financing arrangements.

He stressed that only preliminary discussions had been held so far. However, Shell had insisted an announcement be made yesterday afternoon in Johannesburg and London. Shell holds its AGM tomorrow. This might have led to an early announcement of the talks.

Officer said formal negotiations could start as soon as next week, but were likely to take several months to complete.

Gencor has proposed financing the deal by raising offshore borrowings, based on its small but important assets abroad, as well as trading some of them to Shell as part of the deal. Gencor has a stake, along with its fuels group Engen, in the large

To Page 2

Shell

Alba oil field in the North Sea.

Gencor would also contribute assets such as Consolidated Rutile in Australia and Sao Bento in Brazil.

Gilbertson said the group would also like to involve another foreign partner which would inject equity. Officer said Gencor had identified potential partners but had yet to approach them.

Any deal was dependent on Reserve Bank approval, but Gencor would not use the fund to finance the acquisition.

Gilbertson said Gencor would retain Bil-

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From Page 1

lton's management and seek a listing for the new company once the deal was complete.

Shell is one of the few major oil companies not to have divested itself of its mining interests in recent years, unlike competitors BP and Chevron. The debilitating effect of the prolonged trough in commodities prices has knocked Billiton's earnings severely.

Latest financial results from the company, which is an unlisted subsidiary of Shell, show it turned in earnings of \$12m in 1991, slashed from \$262m in 1989.

N A dizzying series of announcements in the past year, Gencor has taken huge steps towards meeting the extraordinary demands of sustaining the group's growth as a major mining group in a recession-hit post-apartheid SA.

If unbundling and the launch of the multibillion-rand Alusaf and Columbus projects go far in meeting the demands of the local business environment, then the proposed multimillion-dollar purchase of Royal Dutch Shell's minerals businesses may establish the mining house as a leading international natural resources group.

Chairman Brian Gilbertson says that should the Shell deal come off, Gencor is looking at "very significant growth as an international mineral Resources group".

Gencor has systematically confronted the forces which were impairing or likely to impair its performance once the headache of competing internationally for investment and markets with sanctions in place eased in 1990.

First, the group tied up the best of few major resource projects still available in SA and gave the green light to billions of rands worth of capital spending at its existing operations. In so doing, Gencor diversified its commodities portfolio, moved towards value-added mineral production, maximised its capacity to raise finance from shareholders and the share market, and pushed to the limit its ability to achieve domestically driven earnings growth.

Ferro-alloys subsidiary Samancor and Anglo American's Highveld Steel and Vanadium had long eyed the prospect of establishing a local stainless steel project. With sanctions in place, the task proved too difficult — a potential Taiwanese partner fell away in 1990. But the parties seized on Barlow Rand's decision to sell its erratically performing ferrochromé and steel interests in 1991. They became the base for the Columbus stainless steel expansion project which took off late last year. Similarly, plans to expand smelter capacity at Alusaf were facilitated to a large degree by the negotiation

Gencor gears up towards growth in the new SA

Blom 12/1993.

MATTHEW CURTIN



□ KEYS

of favourable alumina-supply contracts from overseas minerals groups Alcan and, ironically, Billiton — Shell's mining and minerals division which Gencor now wants to buy. With these projects in place — in addition to the expansion of the Genref oil refinery, the new Oryx gold mine, Sappi's Saiccor pulp mill expansion, multiple but now deferred expansion projects at Impala Platinum among others — there was little more Gencor could do in SA. Yet, a second obstacle remained.

The group was still tied to the commodity export business at a time of a trough in world prices. Local markets it served were blighted by the domestic recession. With no chance of significant local market growth and steadily climbing operating costs, the only room to manoeuvre would be to increase export capacity in an attempt to win overseas market share, always at the risk of inducing lower prices.

This scenario left the mining house facing earnings growth unlikely to come close to matching the rate of inflation at many of its businesses, and with others dependent on the next, illusory commodities boom. It was vital to acquire offshore assets to sustain long-term growth.

This was certainly the thinking which motivated Sappi's purchase of German paper producer Hannover Paper in mid-1992, and Trans-Natal's abortive attempt to buy Australian colliery Oakbridge Coal.

The Oakbridge deal was scuppered by a Finance Ministry directive to the Reserve Bank insisting that companies wishing to finance offshore deals through the fund had to show the acquisitions were of immediate benefit to SA and funded with offshore borrowings. The beauty of Gencor's approach to Shell to buy Billiton is that the deal will circumvent all exchange control obstacles linked to the neurotic perform-



□ GILBERTSON

ance of the fund. Gencor executive director Colin Officer says the deal will allow the group to gain full benefit of its offshore assets which complement Billiton's existing operations and Shell's main oil business. Gencor has stakes in Latin American and Australian base metal operations and the Albas oil and gas field in the North Sea, likely to be a key part of any deal, as assets on which overseas borrowings can be raised or traded to Shell. SA exchange control precludes

companies from servicing offshore debt in rands, but in buying Billiton Gencor would immediately own operations with significant cash-flows to manage its borrowings.

Officer says Gencor would ideally like another overseas partner to join the deal, injecting equity, which would ease Gencor's burden in bringing the venture off.

However, perhaps the real benefit of a deal with Billiton is the way in which it complements Gencor's current unbundling exercise.

When Finance Minister Derek Keys first mooted the idea of unbundling when he was still Gencor chairman, the primary motivation may have been political, before fears of nationalisation subsided, but soon the economic argument took over.

He asked how Gencor could realise the full value of its underlying assets when the group's market value remained persistently below net asset value of its operating assets. Gilbertson is confident the exercise will work, now that Keys as Finance Minister has paved the way. But he says the risks of the deal were debated in full during tough talks at the Gencor and Gencor Behrend boards early this week. There was, he says, "a full and frank exchange of views".

Gencor has invariably thrown up comparisons with its overseas competitors — Rio Tinto Zinc and BHP — at investor presentations, and Gilbertson laments that a streamlined Gencor, reduced to its mining assets, is significantly reduced in scale. More seriously, he says it is vital the group can sustain the critical mass to put together projects like Alusaf and Columbus.

Not only does unbundling reduce Gencor's mass, but it strips it of the contractual support afforded by Malbak's wide-ranging industrial interests and Engen's oil and fuels businesses.

Billiton offers no contractual cushion but Officer stresses that its wide range of mining and mineral businesses are among the low-cost operations worldwide, particularly its bauxite and nickel mines.

Most importantly, Gencor will have little to worry about critical mass with Billiton under its belt.

Gencor Star 13/5/93 could (217) ~~1878~~ get stake (22) in LME

By Neil Behrmann ~~ST~~

LONDON — The book value of assets which Gencor is negotiating to buy from Royal Dutch/Shell, is worth around \$1,3 billion (R4,1 billion), according to sources close to the oil company.

Total net book value of Shell's mining and metals company, Billiton, is \$1,8 billion, they say.

Gencor is negotiating to buy around 70 percent of these assets.

If the deal goes through, Gencor will be the only South African company to hold a direct stake in a member of the London Metals Exchange (LME).

The company, which trades under the name of Billiton-Entoven Metals, is among the top five trading firms on the LME.

It deals in copper, aluminum, zinc, lead, nickel and tin on the exchange and in other metals too.

Bullion

Billiton is also a member of the London Bullion Market Association and trades in gold and silver for its mines and metals businesses. They mainly produce precious metals as a by-product.

A Shell spokesman said it was early days and the process of negotiations would take several months.

A Gencor source also said the group would need to examine Billiton operations in detail before making a firm price.

As a result of depressed metals markets and provisions, Billiton showed a loss of \$75 million last year, against a profit of \$12 million in 1991.

Sources within the Shell group said, however, there would be synergy between Gencor and Billiton operations.

Billiton produces nickel, lead, zinc and gold and aluminum. Its interests would be combined with Gencor's foreign operations.

Confusion over Star 13/5/93 St Lucia deadline

By Anita Allen
Science Writer

Confusion has arisen over the closing date for written comment on the Environmental Impact Report (EIR) on dune mining at St Lucia and it is feared interested parties will miss the cut-off date.

In fact, the closing date is tomorrow. An extension until June 22 announced last week applies only to those parties which notify the CSIR in writing by May 14 that they will be submitting comment.

Bill Bainbridge of the

Natal Park Board said that incorrect information on the extension endangered the whole public comment phase.

"Non-government organisations will now delay their submissions on the strength of the newspaper reports, without realising that in fact no extension has been granted."

Anyone intending to comment must do so in writing to the CSIR Secretariat, CSIR Environmental Services, Box 395, Pretoria 0001.

Comments can also be faxed to (012) 841-2103.

81007 13/5/93
Dividend is unchanged

JONO WATERS

SLIMES retreatment company East Daggafontem declared an unchanged final dividend of 25c a share for the year ended March 31 1993. Total dividend was lower at 50c (65c)

Pre-tax profit had fallen to R9,59 (R12,4m) after a R1m contribution for the construction of a shimes dam

Tax had dropped to R2,6m (R3,4m) Chairman Peter Bieber said the company had not benefited from the reduction in corporate tax to 40% because of its March year-end (217)

The company had also been liable for the new secondary tax on companies, resulting in an effective tax rate of 53%, he said

Net profit had amounted to R6,99m (R8,55m) or earnings of 46c (61c) a share

Bieber said dividend payouts had exceeded net profit for the year by R900 000, but the directors had agreed to pay this amount from retained income.

Treatment of high grade shimes from ERPM was operating again after a three-month suspension

Gencor wins initial approval

GENCOR has won a favourable initial response from the investment community for its decision to go ahead with unbundling, coupled with an approach to buy the mineral businesses of international oil group Shell

However, generally good reaction was tempered by uncertainty over what exactly the new Gencor would look like — depending on the outcome of talks with Shell and the success of other ventures — and a small drop in Gencor's share price in heavy trade on the JSE yesterday. The stock shed 15c to close at R11,80, after falling as low as R11,40 as nearly R4m worth of shares changed hands in 82 deals.

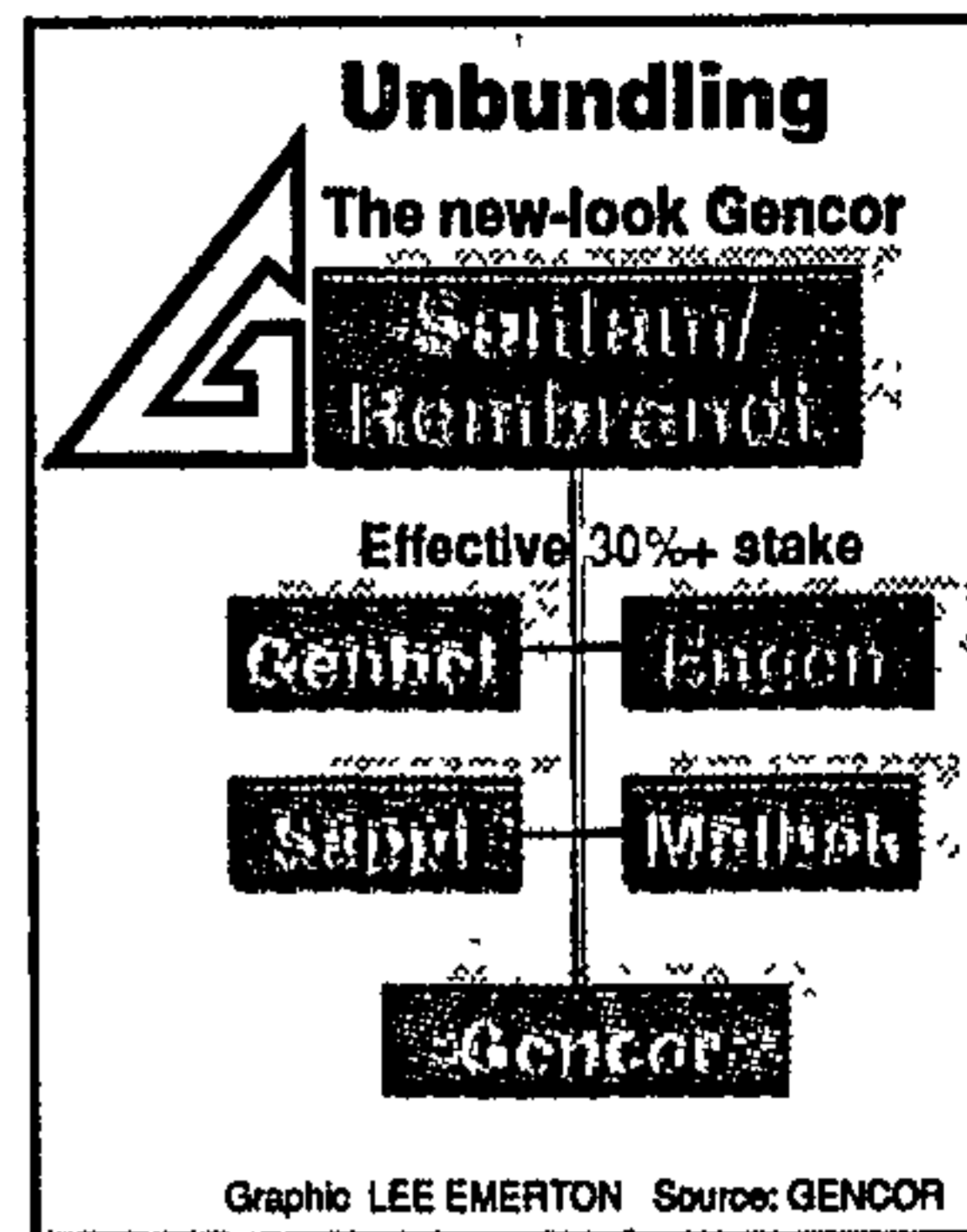
Analysts noted that although unbundling would rekindle the debate over financial

restructuring in SA, what was good for Gencor was not necessarily good for other mining houses and conglomerates.

Martin & Co analyst Richard Stuart said Gencor's decision was "a milestone in corporate development in SA" It was significant that Gencor had taken an unequivocal decision to go ahead with the exercise. "Gencor has developed what may become the model for corporate governance in the new SA."

Unbundling also reflected growing awareness since 1990 at Sanlam that absolute control of companies was not necessary given that smaller shareholdings could still leave institutional shareholders

□ To Page 2



Gencor 13/5/93

with significant influence.

Gencor also deserved credit for being in a position to make an offer to Shell for Billiton. The acquisition would complement Gencor's moves towards mineral beneficiation in SA. It would also give access to Billiton's diversified resource base, management and trading operations, which would be crucial in strengthening Gencor's resistance to the commodities cycle, once shorn of its non-mining assets.

Financing the deal remained a challenge, given that it would be done entirely offshore. Stuart said Gencor would contribute assets and look to raise a mixture of debt and equity, preferably with a wide spread of international institutions, to invest in the new Gencor/Billiton international mining business.

In contrast to raising equity from overseas investors in an SA company, the group would be selling equity in international assets at the bottom of the commodities cycle, but backed by strong management resources.

Davis Borkum Hare senior partner Max Borkum said control still rested firmly with major shareholders Sanlam and Rembrandt. The issue of a special dividend to

distribute Gencor shares in its non-mining assets to shareholders, and the placing of excess shares in Sappi, Engen and the other subsidiaries on the market, would prove a welcome boost to liquidity on the JSE.

Analyst Mannie Pohl said the biggest headache for Gencor in securing a deal with Billiton — which had been on the market for some time — would be agreeing on a price.

Frankel, Pollak, Vinderme analyst Peter Davey said unbundling was likely to make decision-making easier for the new Gencor board, but it was too early to judge the efficacy of the process.

Market sources welcomed chairman Brian Gilbertson's comments that he foresaw Gencor moving in line with the UK's Cadbury report recommendations for more diverse and independent representation in company boardrooms. Gilbertson said the Gencor board would consist of an important representation from management, through executive directorships, outnumbered slightly by a body of independent non-executive directors. Together they should outnumber the significant representation of shareholders.

May 14 1993

Gencor may pay premium to Shell

Binary 14/5/93.
Gencor may be willing to pay over the odds for Billiton, Shell's mining and minerals division, which has a book value of \$1,8bn, reports from London say.

Gencor shares rose a meagre 20c in heavy trade on the JSE yesterday, in contrast with the gold-inspired rally in leading mining stock, as the market continued to digest news of the group's unbundling and proposed acquisition of Shell's mining interests.

The stock closed at R12 as nearly 1,4-million shares changed hands, the most interest investors have shown in the counter for more than a year.

Chairman Brian Gilbertson reiterated that it was too early to comment on the possible size of the deal. It is understood Gencor and Shell have struck a strict confidentiality agreement regarding negotiations.

The London Financial Times said: "Some of the juiciest mining and metals assets which Gencor wants to buy might slip from the SA group's clutches because other companies have pre-emptive rights to them."

Billiton would have to give partners in joint ventures an opportunity to match any terms it was willing to accept from a third party.

The report said much would depend on the prices Gencor was ready to offer and the group could be offering more than \$1,8bn because "the move is of tremendous strategic importance to the SA group."

The Financial Times said Shell had given Gencor and its adviser London merchant bank S G Warburg 120 days

(M) (L) (R) (217)
MATTHEW CURTIN

to sort out what, as Gilbertson has already admitted, would be complex financing arrangements given Reserve Bank exchange control policy.

An analyst at London stockbrokers Credit Lyonnais Laing said it was rumoured Gencor could be offering up to \$2bn for Billiton. "While Shell has stuck with its mining interests long after most oil companies have sold out their metal sides, Billiton is not a slumbering jewel waiting to be unlocked as one could have argued was the case with RTZ and the purchase of BP Minerals."

He said Gencor would have to avoid creating a large vehicle that, "like poor old Minorco (Anglo American's offshore natural resources group), is of little interest to foreign investors and persistently sells at a large net asset value discount."

Billiton's assets include the Bodington gold mine in Western Australia, which produced 352 000oz of gold in 1992, of which it owns 30%, together with US aluminium group Reynolds Metals (40%), Australian mining group Newcrest (20%) and Kobe Aluminium Associates of Japan (10%).

The same shareholders own the associated Worsley Alumina business, while Billiton has 40% and 41,5% stakes in Brazilian aluminium producers Alumar and Valesul.

The Collahuasi copper project in Chile is jointly owned by Billiton, Canadian metals group Falconbridge, and a subsidiary of Anglo American South America.

Rebel Shareholders Challenge Mining of St Lucia

By EDDIE KOCH

REBEL shareholders of Rio Tinto Zinc, the British multinational mining corporation which plans to stripmine rare dune forests at St Lucia in Natal, have launched a campaign to oppose the controversial project.

A small but noisy group of dissident RTZ shareholders, prompted by a recent report in *The Weekly Mail* that villagers in the Richards Bay area have staged acts of armed resistance to the company's current operation on the Natal coast, openly challenged the corporation's plans to expand into the St Lucia area.

Andy Whitmore, spokesman for the group, told the company's AGM this month that black people living in the St Lucia area were opposed to the mining scheme and had been misled about the benefits they would receive. He referred to a recent report that a community living in Sokhulu forest, just north of the

company's mining operations in Richards Bay, has been resisting plans for a new dam in the forest to service the mine's existing dune mine.

Earlier this year members of a self-defence unit in Sokhulu shot dead two officials from Richards Bay Minerals, RTZ's subsidiary, while they were planning a dam that will involve the removal of hundreds of people from the forest.

"Whitmore reminded them (the shareholders) that the company was already held up at Sokhulu in its present expansion at Richards Bay in a dispute with communities that cost the lives of two employees, and warned of worse to come unless they thought again about the way they dealt with communities and allowed more time to properly inform people," says a press release issued by the rebel shareholders.

"Directors initially denied that the Sokhulu issue was anything to do with the company,

which is blatantly not true, and can only lead one to conclude that they have been poorly informed by their subsidiary and do not even know about incidents where their own employees are killed."

Whitmore, who visited St Lucia this month and spoke to people living in Sokhulu forest, says the community is deeply disgruntled because the company has not consulted them about the dam and the removals it will cause.

RBM has an existing dune mine on the coast just north of the Richards Bay harbour. RTZ is the biggest investor in RBM and shares control of the company with Gencor, Old Mutual and the Industrial Development Corporation.

Twelve rebel shareholders have formed an alliance, called Partizans, to monitor RTZ's labour relations and environmental policies at the 52 mines it owns in 40 countries. RTZ owns the Rossing Uranium Mine in Namibia.

RTZ has a record of causing environmental damage and resisting the claims of indigenous peoples in other parts of the Third World, according to Sharmala Naidoo, of the Group for Environmental Monitoring in Johannesburg.

In 1980 RTZ-owned US Borax won the right to mine a pristine piece of wilderness in Alaska after an aggressive and well-funded campaign to lobby the United States Congress. Workers at the Elliot Lake uranium mine in Canada were exposed to radioactive levels seven times the safe limit in the late 1970s.

Roger Moody, head of the Mine Watch organisation in England, says the British Ministry of Technology signed a clandestine contract with Rossing in the 1980s allowing the mine to supply Britain's uranium needs in violation of UN embargoes at the time. The British cabinet was misled to believe the uranium came from Canada.

St Lucia's forgotten issue

Star 15/5/93

217

IN THE coming months, the debate over what effects mining will have on St Lucia is set to shift significantly. CHIEF REPORTER JOHN PERLMAN visited the area and found out why.

TO MINE or not to mine that is not the question. Not, at least, as far as Phineas Mbuyazi is concerned.

All this talk about St Lucia makes me angry because they are talking about my land," he says. "I am not opposed to mining. But first my people must go back to our land and then the mining people must contact us and settle an agreement."

Mbuyazi, a man in his early 50s, is the second son of Chief Lokotwayo Mbuyazi, who ruled a group of clans living on the eastern shores of St Lucia until the early 1970s. The 1 400 ha of dune land, which Richards Bay Minerals (RBM) wants to mine in the face of fierce opposition, falls squarely within his family's ancestral lands, Mbuyazi says.

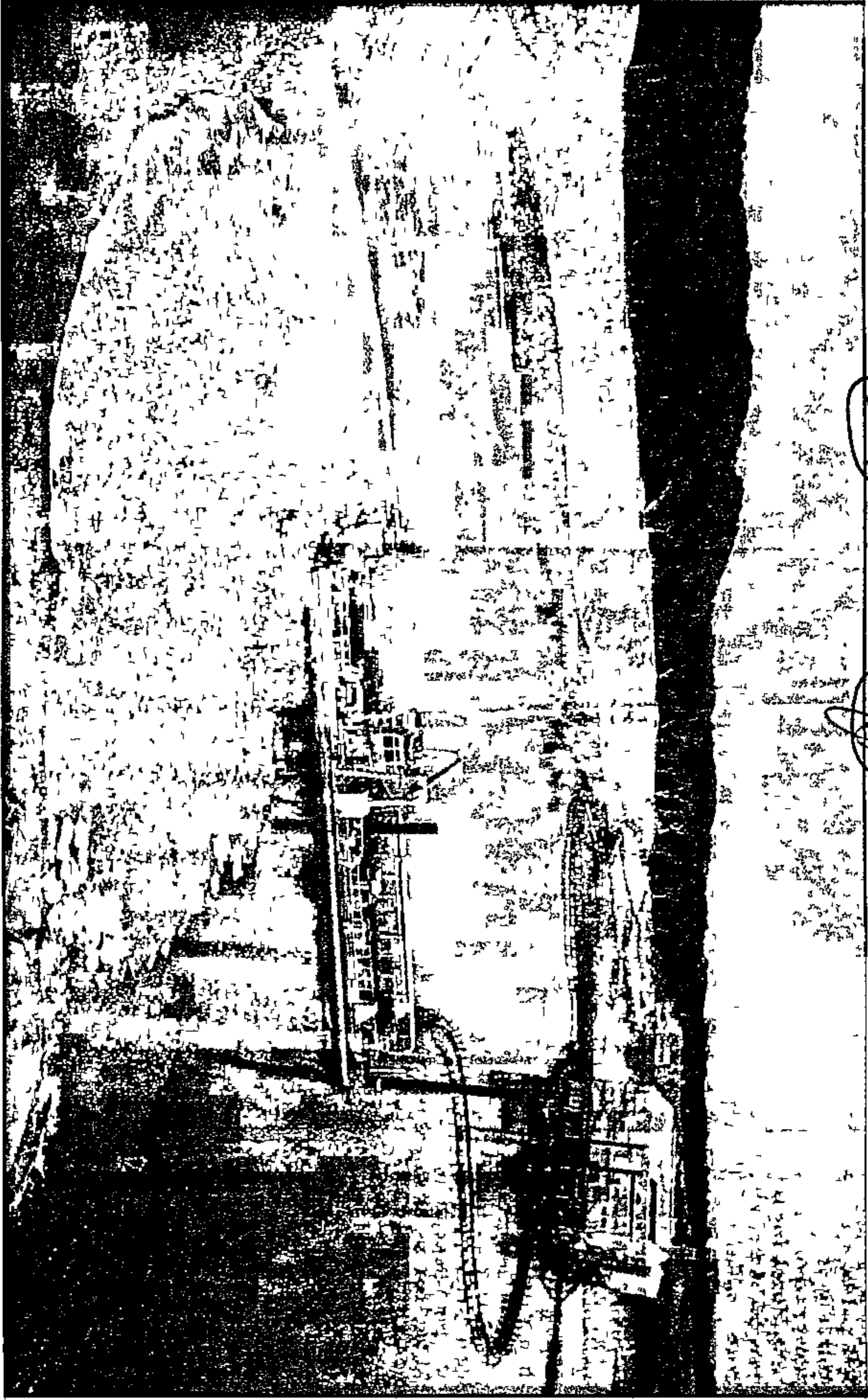
He says it was only a forced removal in 1973 — two months after Chief Lokotwayo died — which has allowed RBM on the one hand and the Natal Parks Board (NPB) and "green" groups on the other, to wrangle over the ownership of the place he still calls home. Mbuyazi's memories of that day are bitter.

See Editorial on Page 10

"We were told that there was a bomb in the forest and that was going to go off," he recalls. "We were told to pack only the things we could carry away. Many things remained there on our land. When we came to Mbababa there was no agreement with the chief there to take us. We were just dropped off along the road."

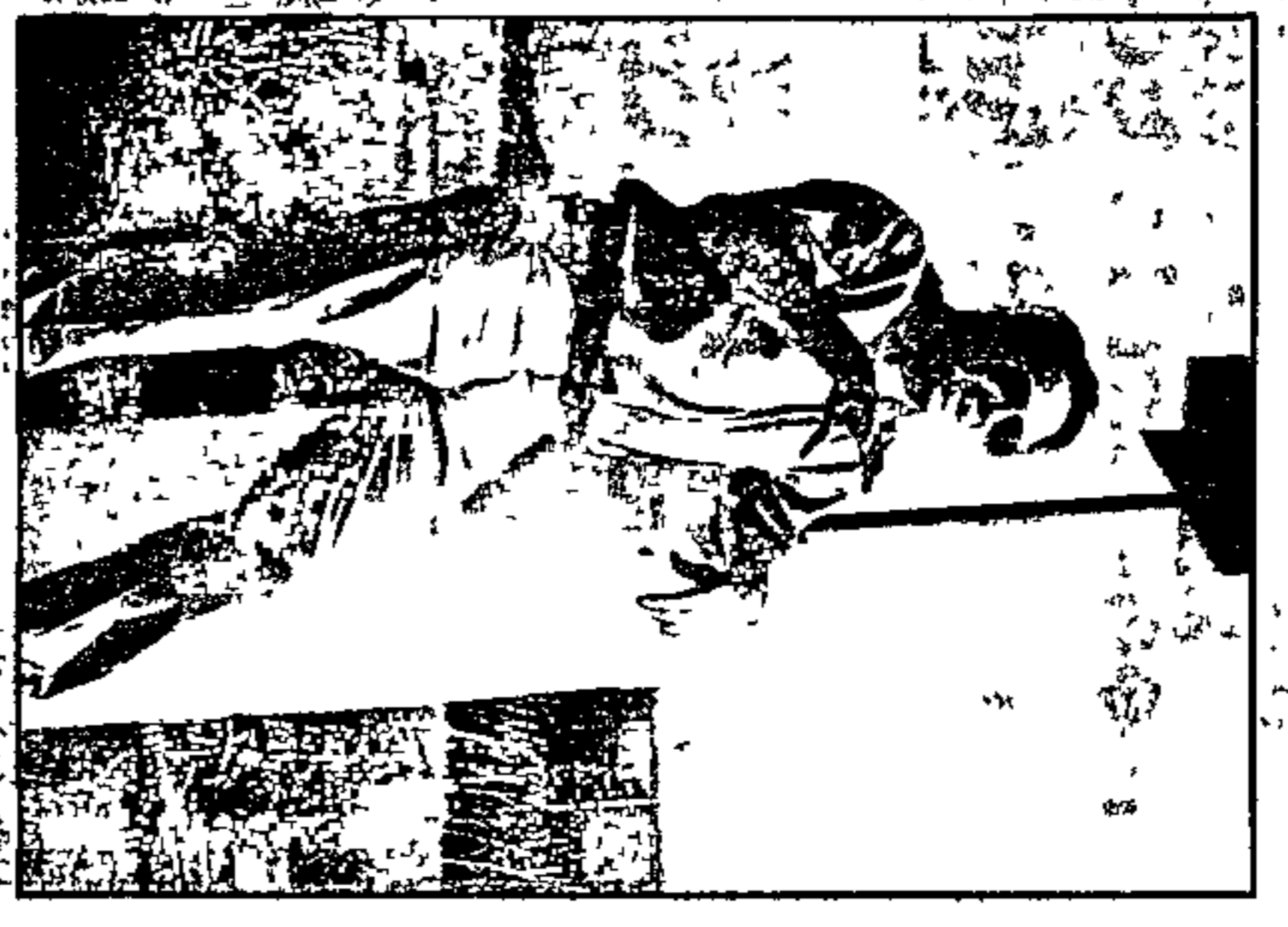
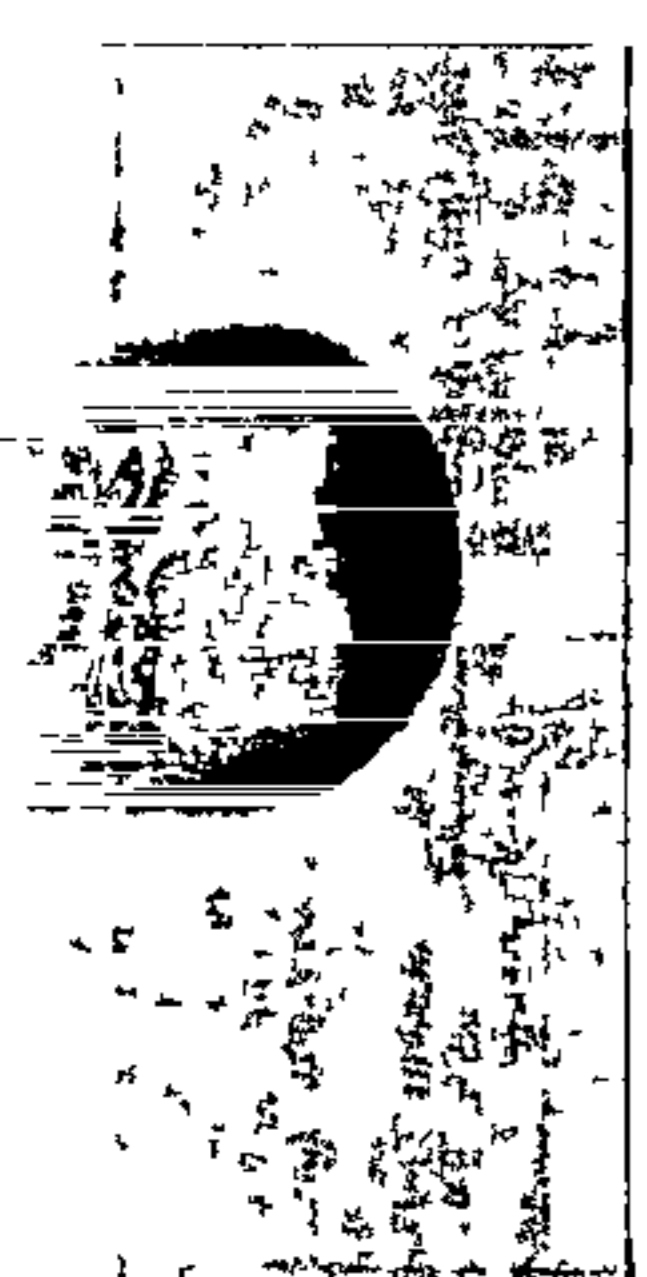
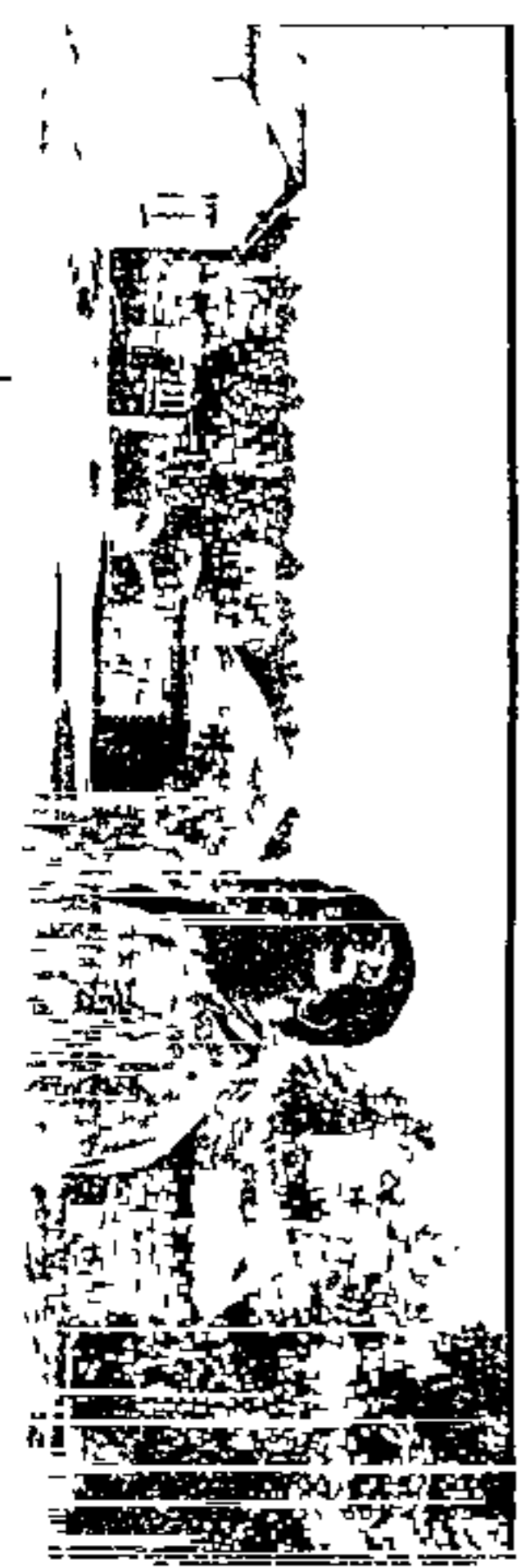
Mbuyazi secured a sliver of land in Kwamane township, but an angry sweep of his arm indicates that the rest of his clansmen have been scattered far and wide. There is acute land shortage in this part of Natal. A small plot next to his ramshackle house, which he has leased to grow sugar cane, will be taken back by the owner after this season's crop is in. Mbuyazi's spiritual sustenance seems to come from a large white envelope bulging with letters —

from the Kwazulu government, from Pretoria, from various authorities, each assuring him that his claim to St Lucia's eastern shores is being taken seriously. Since 1974, he and others have been trying to get their land back. "At first Ullandi was not prepared to say if they were the right people to deal with this issue," he says. The matter was then referred to the local magistrate who "didn't have the power either." Mbuyazi says this stone-walling



MEAN MACHINE. Looking like something out of a science fiction film-set, this enormous dredger, floating on an artificial pond, is the mainstay of the mining operation in the St Lucia area. It is able to dig up and process about 3 000 tons of sand an hour.

Voice of the people can no longer be ignored



HELPING HAND. We give nature a kick-start, says RBM's Piet Maree. Dune regeneration, it says, is speeded up by seeding.

fighting for a better image

JOHN PERLMAN, Chief Reporter

Piet Maree, head of public relations at Richards Bay Minerals (RBM), gets a real kick out of telling this story: "We had these university students surf here in the forest and one of them said, 'How can you mine this beautiful place?' Our chief ecologist, Paul Camp, answered, 'We already have'."

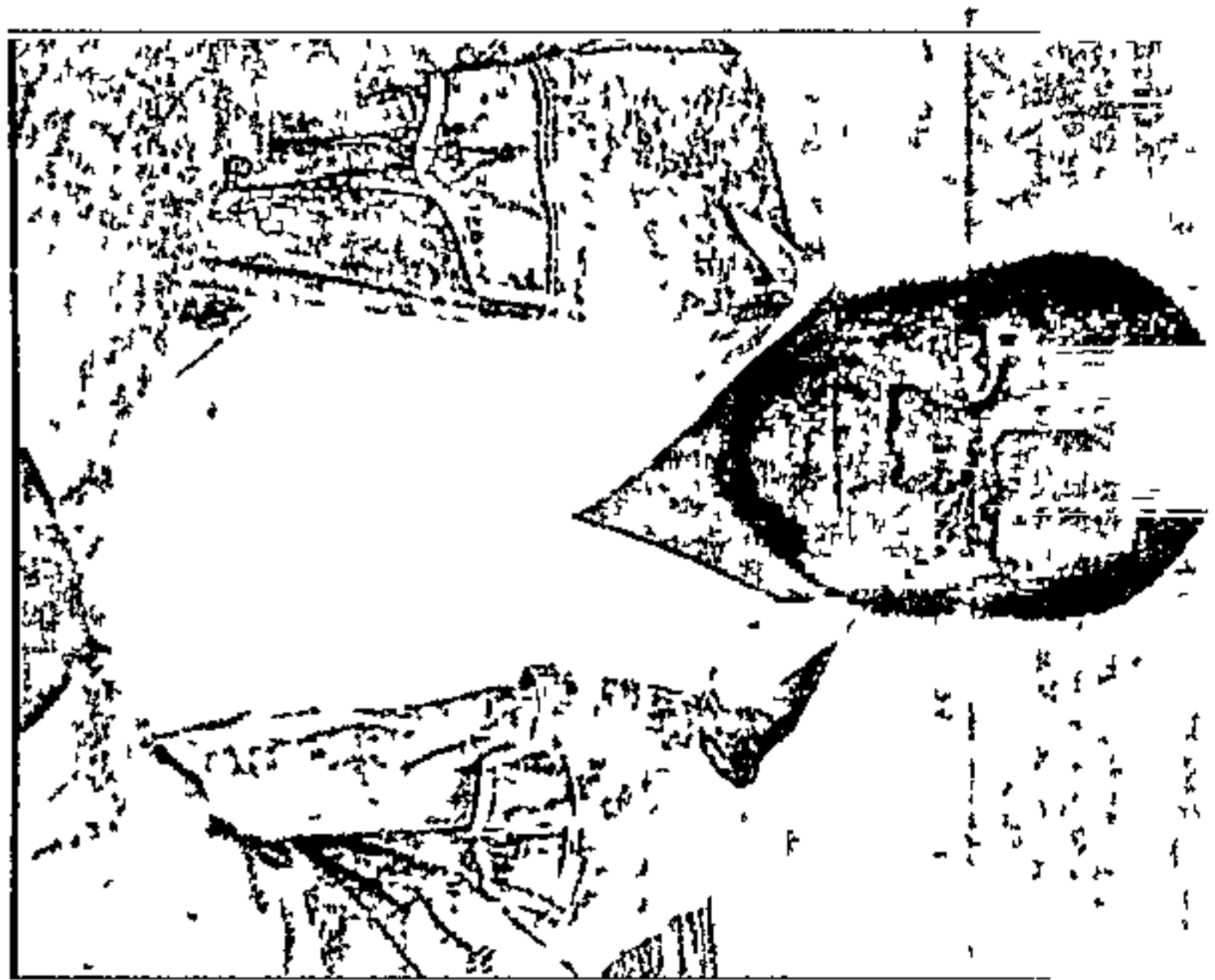
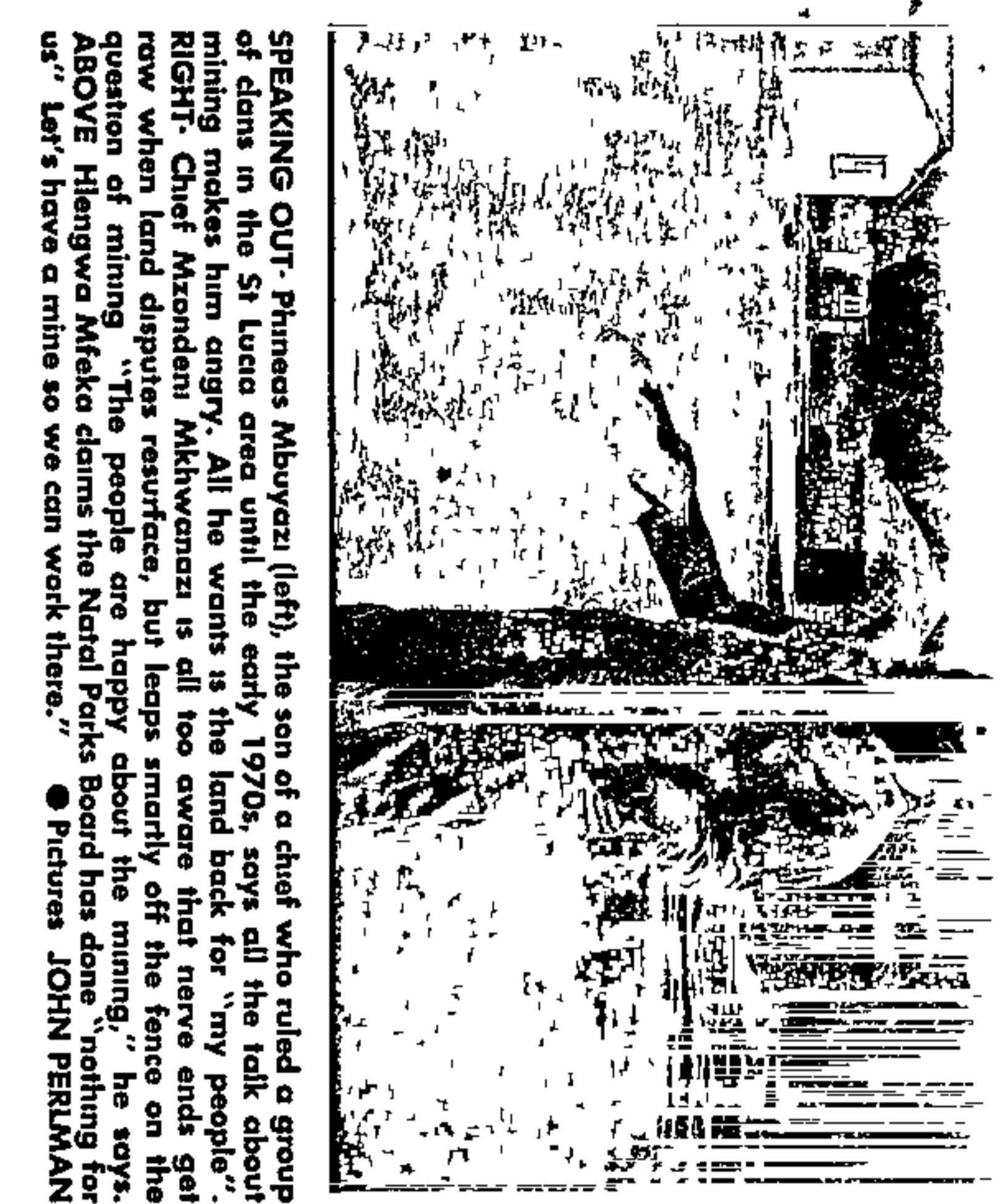
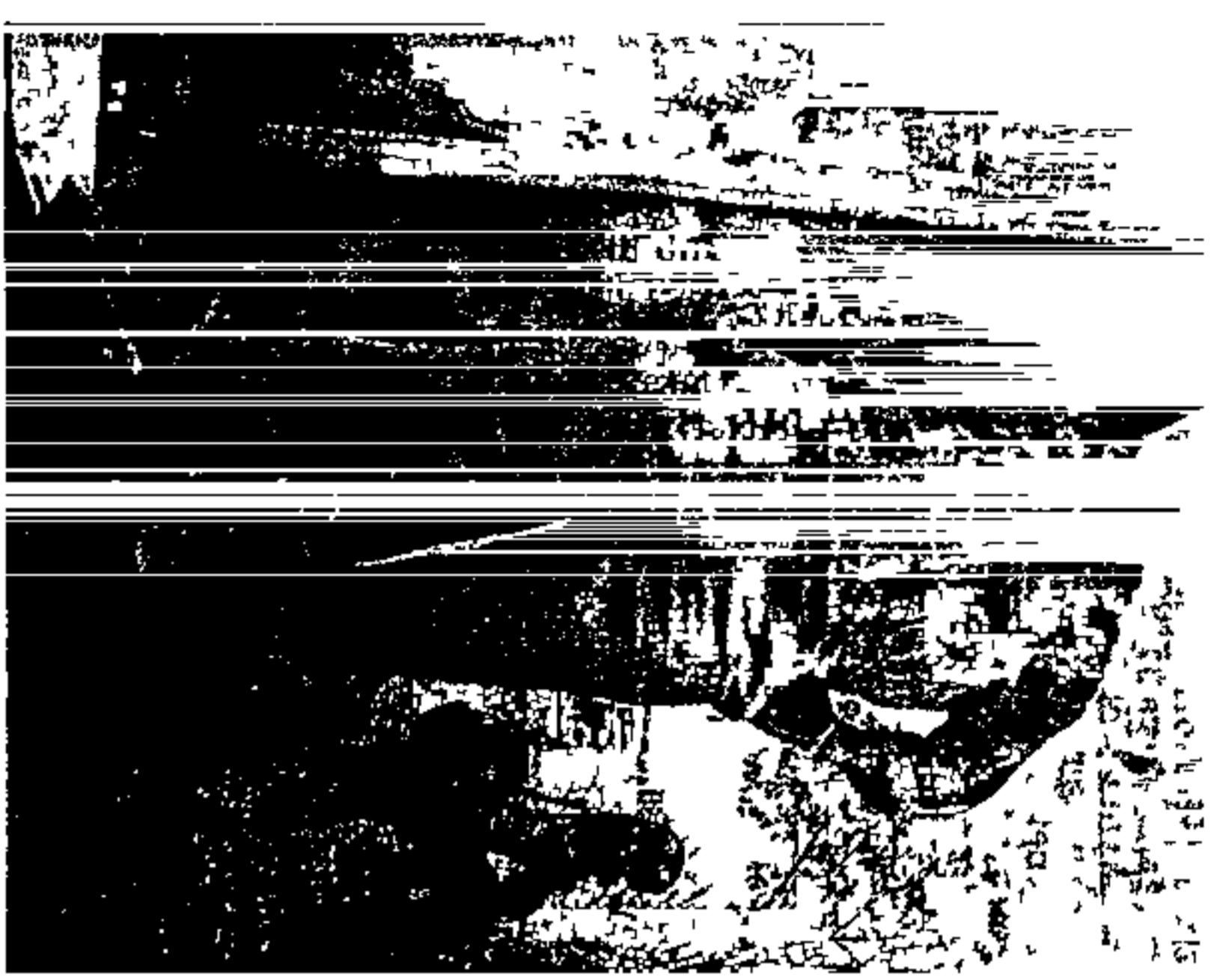
Maree has probably told this story a thousand times. RBM, which is pushing for the right to mine a section of the St Lucia reserve, is fed up with its "ruthless dune-ranger" image. In the past, two years it has invited a wide range of people — about 15 000 in all — to hear its side of the St Lucia story and see how the company operates.

RBM has been mining dunes in the Richards Bay area for iron-ore, zircon and rutile for the past 14 years. The operation generates more than R1 billion a year in foreign exchange. Extending operations to St Lucia, RBM says, will earn at least another R6 billion for South Africa. "Unlike other minerals, it is easy to forecast the demand for our products," says managing director Roy Macpherson. RBM believes its Richards Bay operations offer more than just financial arguments

prepared to say if they were the right people to deal with this issue," he says. The matter was then referred to the local magistrate who "didn't have the power either" Mbuyazi says this somewhat surprising never made him disappear — partly because he secured from the NPB the right once a year to visit the place where his ancestors are buried.

"When there is something worrying me and I go to that place, I somehow feel relieved by the fact that I have once again seen my father's grave. Now I want to go back and live close to my ancestors," he says.

Mbuyazi's hopes have been steadily since 1990, "when Ullandi said this was now a time of free political activity." The Mbuyazi's claim is currently before the Advisory Committee on Land Allocation. "Now we are just waiting for a letter from De Klerk," he says.



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"Unlike other minerals, it is easy to forecast demand for our product," says managing director Roy Macpherson. RBM believes its Richards Bay operations offer more than just financial support in favour of mining at St Lucia.

The mining is done by an enormous dredge floating on an artificial pond, which digs up on processes about 3,000 tons of sand an hour. So from the perspective of roads, gas and food, it is rather beautiful sight. Running into one during a walk in the woods would be a bit like stumbling on to the set of Terminator III.

Disputes

RBM officials say they have canvassed chiefs in the area, and all support mining — among them Chief Mzondeni Mkhwanazi who rules the area where Mbuyazi lives.

"The people the company has spoken to are out of the order," Chief Mkhwanazi is 21, a chief of Mthabatha. He has never lived in St Lucia, Mkhwanazi is all too aware that nerve ends get raw when land disputes resurface, and there are plenty in these parts.

And if people are not given the opportunity to love nature, they won't help it at all.

Hlangwa Mfeka, who was 15 when his family was removed from St Lucia, agrees: "The parks board has done nothing for us, so how can they now stop RBM? Let's have a name so that we can work there."

Heaven Zulu, a teacher at the Nkondbe High School in Mthabatha, is one exception. He says "80 percent" of the students have been to St Lucia, but to the beach.

not the game reserve. "They think going there is for rich people," he says. Zulu himself sees St Lucia as "like a paradise. Because of ignorance we don't enjoy that paradise to the fullest." He himself has visited many parts of the reserve and is dead against mining. "Money is always needed but St Lucia is a special case. It needs to be protected."

Talking to some mature students — bright, articulate, interested — it seems at first that Zulu has won them over. "It has taken a tree so long to

Grim checklist

But then the talk turns to next year — school finished, what next? Each student names a career — chartered accountant, dentist, engineer — then recites reality's grim checklist. Parents unemployed or on pension, siblings waiting for their turn in school, bursary ap-

peals unanswered. "After we have completed matric, where will we find work?" Mazubuko asks. "The beach you just enjoy, but you don't get any money there. The nature belongs to the parks board, people, who are white."

"I am not saying that nature should be killed," says Dumisile Mnyango. "But it won't give us anything." Only Sibhole sticks to his guns. "Nature is the most important thing we have," he says.

The NPB's most dogged supporter at Nkondbe

hasn't exactly been offered encouragement. In five years at the school, which is half an hour from St Lucia, Sibhole and his classmates say they've never been invited to visit the reserve, never hosted a speaker from the NPB, never been sent a poster or some literature for the library.

Battle

It may well be too late, debate around St Lucia looks set to shift significantly. The battle about

the environmental impact will certainly rage on. But while the voice of the people in the area has barely been heard — the three-volume environmental impact assessment hardly mentions them — this is going to change.

One reason is that aggrieved communities are starting to organise — there is a meeting in Sokulu this weekend. But more important, the final decision on St Lucia is certain to be taken by a new government. The ANC and others will be obliged to recast the de-

bate, giving greater priority to land disputes and the concerns of the workers at RBM.

The National Union of Mineworkers, which represents them, has withheld backing for the St Lucia plan, although it has stopped short of opposing it. "There are issues that need to be resolved in the company before we can support the mining of St Lucia," an NUM representative says. These include wages, re-trenchments and the status of workers

Contribution to community

The dredge leaves an ugly gully in its wake. But RBM points proudly to the dunes reclaimed within a year they sport a thick carpet of indigenous grass, within 10, lush forests.

"We give nature a kick-start," says Mnyango, adding that the use of topsoil would dramatically speed up a process that would normally take years.

RBM employs 2,500 people. Educated people director Richard O'Brian says. "Because our operations are capital intensive, we wanted to make some contribution to the economy and the community in the region."

RBM has donated R1 million a year for the past seven years to a technical high school which has fostered primary schools and clinics, a co-located primary school and clinics, a co-located primary school and clinics, a co-located primary school and clinics, a co-located primary school and clinics.

small business advice centre and in various rural development projects. RBM's Barry Clements says 60 percent of the area to be mined consists of pine plantation. The entire controversy has arisen out of 1,400 ha — that's half a square kilometre — of greater St Lucia weekend park.

Public outcry over the mining led to an extensive environmental impact assessment which recommended that further ecological safeguards be built into the rehabilitation process.

The EIA cannot offer guarantees. In the end, society has to make a choice, RBM says. It is determined that it should be an informed one.

Community

But the chief leaps smartly off the fence on the question of mining. "The people are happy about the mining. They want it right now."

Mkhwanazi's sentiments are echoed by ordinary people in the area. "Widely repeated, too, is his view that black people in north-east Natal have only seen conservation from the sharp end. "The NPB has never helped the community with a single

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Merger ban 'a missed chance'

HAGGIE Rand subsidiary Copalcor has slated government's ban on its proposed merger with Non-Ferrous Metals, saying the authorities had missed a chance to build a strong copper products industry

Copalcor MD Piet Malan said at the weekend "Government and the Competition Board have failed to see the interaction of the local copper industry in the world market"

Malan was reacting to Public Enterprises Minister Dawie de Villiers' decision to uphold the board's ruling that the R600m merger would not be in the public interest

Malan said Copalcor would not appeal against the decision and had

PETER DELMAR

already taken measures to improve competitiveness and to reduce costs

Copalcor has maintained that the merger would generate an additional R100m in exports within two years because of improved competitiveness and economies of scale.

Malan disputed De Villiers' contention that the increase in export earnings was speculative because of the depressed world copper market. In fact, demand was forecast to grow by 4% next year, Malan said.

"The government has missed a great opportunity to lay the building blocks of a powerful local copper products industry."

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Gencor control of Wesplats ruled out

By Sven Lünsche

Lonrho joint chief executive Tiny Rowland has ruled out any deal that would allow Gencor control of Western Platinum, the world's third-largest platinum producer.

At a rare press briefing on Friday, Rowland was adamant: "We will not be forced into a deal with Gencor and have no intention of selling control of Wesplats."

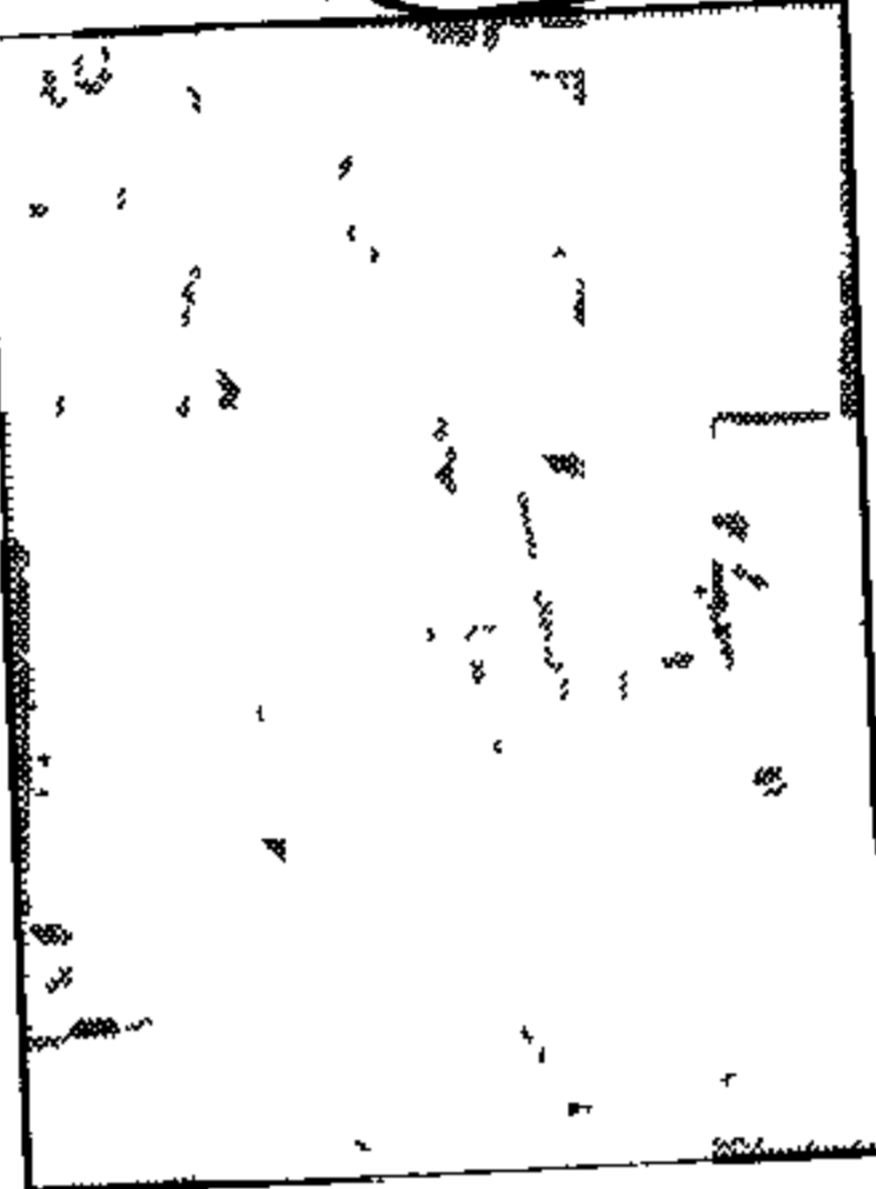
But Rowland, here to open Wesplats new No 4 shaft, left the door open for Gencor — owners of Impala, the world's second-largest mine — to raise its holding from the current level of 27 percent.

"We do not want to go below 51 percent, the rest is up for negotiation," the controversial founder of the UK-based mining, industrial, agricultural and financial empire said.

Rowland did not rule out a local listing for Western Platinum, whose fall in earnings from R149 million to R81 million in the year to September 1992 was accompanied by a surge in debt levels to R800 million.

It is widely speculated that talks between Lonrho and Gencor have been speeded up as a result of the Wesplats debt burden, which has been exacerbated by poor prices for platinum group metals.

Rowland and joint CE Dieter Bock, Lonrho's largest shareholder and generally believed to be the man to succeed Rowland,



Tiny Rowland at the opening of the No 4 shaft at Lonrho's Wesplats mine

stressed the importance of the SA mining assets in Lonrho's portfolio.

"Wesplats is one of our most important assets and we have no intention of decreasing our interest," Bock said.

He added, though, that partnerships to develop local mining assets should not be ruled out.

Bock said this year's financial results would show a marked improvement in Lonrho's balance sheet.

While not providing figures, he said that at end-March gearing was already substantially below the previous year-end.

Lonrho officials were at pains to stress that sound financial policies would revive Wesplats' fortunes.

Trevor Wilkinson, MD of Lonrho SA, said the No 4 shaft — named the Rowland shaft — would be the last to be sunk at

the mine for a considerable period.

The shaft, built at a cost of R150 million, will be used to replace existing production at the Merensky reef, and also to exploit new ore at the UG2 reefs.

He said Wesplats could produce a further 150 000 ounces at a cost of R3 000 per ounce, but had no plans to do so as this would further raise supplies to the market.

Wilkinson added, however, that Lonrho had signed long-term contracts with 14 "blue-chip" clients as long ago as 1988, which would ensure its production was taken up.

He regarded the recent loan of R75 million by one of its clients, Mitsubishi — the first loan to SA by a Japanese firm in 20 years — an endorsement of Wesplats' future.

Both Bock, a German property magnate, and Rowland expressed confidence in a democratic SA, hinting at greater investment once the current political problems have been settled.

Rowland, a longtime backroom operator in African politics, said he knew many of the key ANC officials and a government in which the ANC played a major role "would be absolutely ideal".

Bock, who has extensive property interests in the Cape, echoed his sentiments.

"I have heard stories of impending doom ever since I first started investing here in 1959. This has not happened and SA will continue to be a good place to invest," he said.

JM scales down its platinum price forecast

Star 18/5/93

By Neil Behrmann

LONDON — Johnson Matthey (JM) is cautious about the platinum market and expects a price range of \$350 to \$390 for the rest of the year.

At a price of \$387 yesterday, platinum is therefore near the top of Johnson Matthey's range.

The forecast in the annual review compares with a 1993 prediction of \$400 made last November.

Until recently, platinum has been under pressure, reaching a seven-year low of \$330 in January.

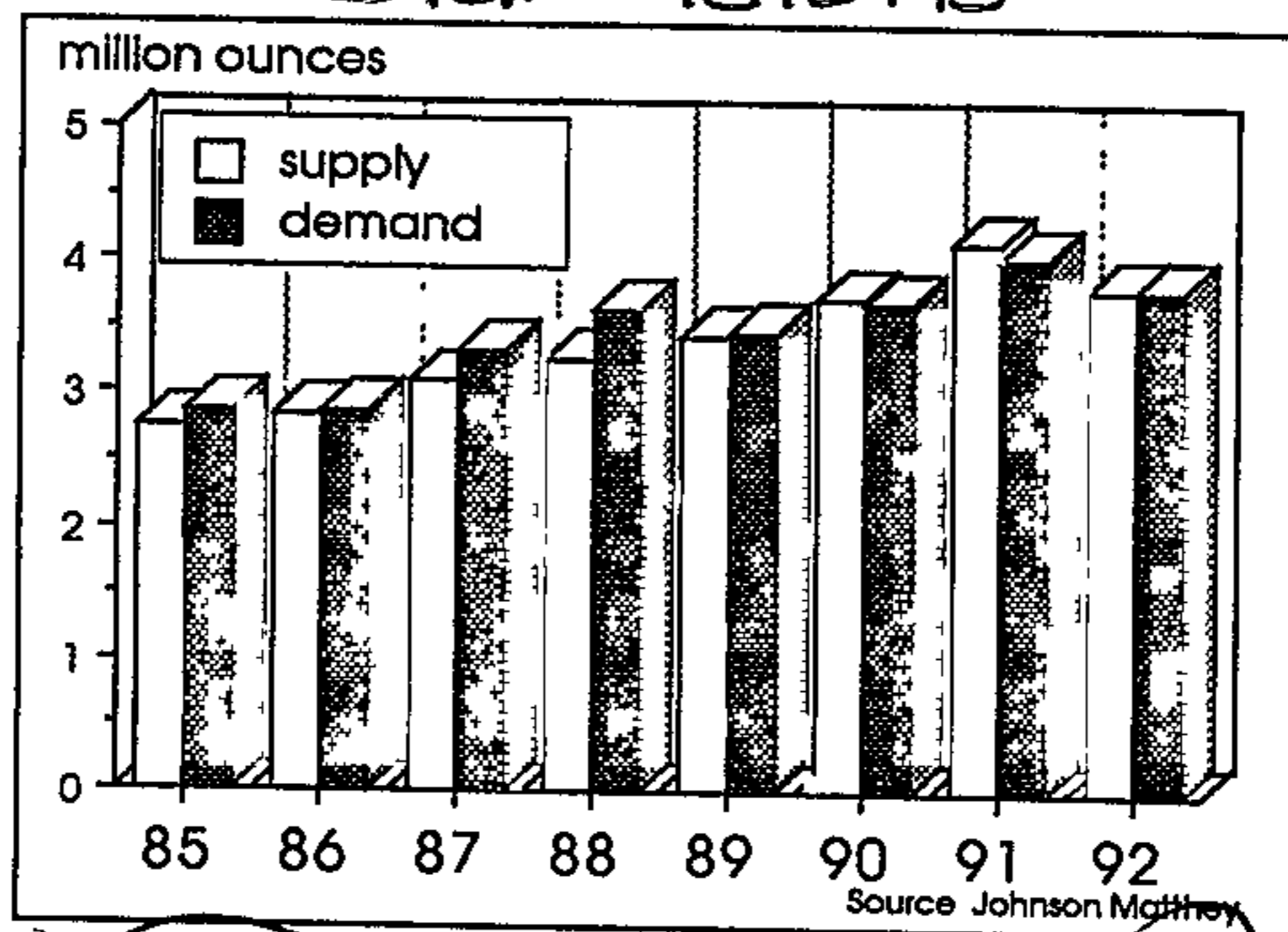
The price rally will help the SA industry after suffering its lowest profit margins for 10 years.

The main pressure has come from the collapse of the rhodium price to \$950 an ounce from a peak of \$7 000 in 1990.

That was a ludicrous level, but a year ago rhodium was trading at around \$3 000.

As a result of the slump, rhodium now accounts for only 15 percent of mine revenue, against 45 percent when the price was above \$3 000.

Following Rustenburg's closure of a loss-making shaft in March, and cuts at other mines



Platinum supply and demand

in the past eighteen months, SA's output could well rise in the coming year, says Johnson Matthey

Despite SA mine problems, production fell by only 20 000 ounces last year to 2,75 million ounces.

The PPRust mine begins operating this month, Northam Platinum should reach full production in the middle of the year and Lonrho's expansion will be close to completion by the end of 1993

Clearly the poor performance of platinum, which is currently at a premium of only 5 percent over the gold price, made John-

son Matthey lower its forecast

Platinum, however, could test \$400 if the gold price continues to surge, says Neil Carson, marketing director of the precious metals and refining company

Jeremy Coombes, author of the Johnson Matthey review, estimates that world demand fell 6 percent to 3,8 million ounces last year

Jewellery purchases rose 3 percent to 1,5 million ounces, while auto-catalyst offtake declined marginally to 1,55 million ounces.

Yet demand from the chemical, electrical, glass and petroleum industries slumped

The world recession is to blame for poor industrial offtake

Car makers ran down platinum stocks Jewellery demand was higher, however, mainly because the Japanese market for cheaper items remained buoyant

Investment in platinum bars and coins was particularly weak, tumbling to 255 000 ounces in 1992 from 415 000 in 1991. Five years ago, annual platinum investment was 660 000 ounces

Despite the surge in activity in precious metals futures and options markets in recent weeks Johnson Matthey has not detected an increase in purchases of platinum bars and coins.

Palladium has outperformed platinum in the past twelve months, rising by 46 percent to \$121 an ounce, compared with platinum's 8 percent increase, partly because more of the metal is being used in auto catalysis

Nevertheless, Coombes expects autocatalyst platinum demand to rise by at least 200,000 ounces this year

Even though European and Japanese motor sales are sliding, tighter pollution controls and a slight improvement in US sales should boost demand, says Coombes

Platinum may not breach \$390 — Johnson Matthey

610PM 18/5/93.
LONDON — Platinum's price may be stuck in a range of \$330-\$390/oz for the rest of this year, says the annual review of the metal published yesterday by Johnson Matthey, the refining, fabricating and marketing group which is part owned by JCI

Total demand in 1992 fell 6% to 3.8-million ounces, chiefly because of a 160 000oz, or nearly 39%, decline in investment buying of platinum and a net drop of 50 000oz to 1.3-million oz in consumption of newly mined metal for exhaust catalysts by the world's depressed motor manufacturers

In addition offtake for other industrial uses — chemicals, glass, electrical and petroleum — slipped 15% to 580 000oz, says Platinum 1993.

Jewellery, however, took an additional 3% at 1.51-million oz with "other" demand lifting 7% to 150 000oz

But shrinking supplies, which were 8% lower at 3.82-million oz, helped to balance the market.

Russian sales were down from 1.1-million oz to 750 000oz while SA (2.75-million oz) and North American (200 000oz) output was 40 000oz lower

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JOHN CAVILL

Johnson Matthey says the platinum surplus last year was only 20 000oz compared with 120 000oz in 1991

It estimates that the car industry — which used about 90 000oz from stocks last year — could absorb another 200 000oz in the current year while jewellery demand will remain steady

Johnson Matthey feels the positive and negative elements in the market are "fairly balanced"

The platinum price has "firm support" at \$330/oz, after twice bouncing off this level in late 1991 and early 1992 "On the other hand, the fundamentals suggest that a price above \$390 may not be sustainable.

"Under normal circumstances, and particularly if investors and commodity funds are reluctant to trade in platinum, the price is unlikely to move out of this range during 1993"

The supply-demand balance in palladium returned to a deficit as auto-catalyst buying jumped 50% to 405 000oz (net of metal recovered

from scrap). Dental usage was 30 000oz up at nearly 1.2-million oz and helped offset the combined loss of 55 000oz taken by electrical and other uses totalling just under 2.1-million oz.

Overall consumption was 3% higher at 3.9-million oz while supply from SA, North America and Russia slipped 2% to leave a total of 3.83-million oz and a deficit of 70 000oz against a surplus of 120 000oz in 1991.

SA producer selling of rhodium and weaker demand was responsible for the 39% drop in price last year to \$1 850/oz, says Johnson Matthey

Sales from SA climbed 26% to 278 000oz, leading to sharp increases in metal on the market in spite of Russian deliveries slumping 27% to 80 000oz. The report estimates total supply was 9% up at 378 000oz

While consumption in the motor industry was slightly up — at 303 000oz — Japanese manufacturers used up their stocks rather than buying in the market

It estimates that demand contracted by 22 000oz to 324 000oz to leave a surplus of 54 000oz against only 2 000oz the previous year.

Platinum sees limits for '93

(217) CFI 8/5/93

From JOHN CAVILL

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Some juicy assets may elude Gencor

By Kenneth Gooding

LONDON — Some of the juiciest mining and metals assets which Gencor wants to buy from the Royal Dutch/Shell group might slip from its clutches because other companies have pre-emptive rights to them.

This means that Shell's mining and metals business, Billiton, must give its partners in the joint ventures an opportunity to match any terms it is willing to accept from a third party.

The assets involved are:

- The Boddington mine, Western Australia, which last year produced nearly 352 000 ounces of gold.

Billiton owns 30 percent and its partners are Reynolds Metals, the US aluminium group with 40 percent, Newcrest, the Australian mining company, 20 percent, and Kobe Aluminium of Japan, 10 percent.

- The Associated Worsley Alumina business, which mines bauxite and aluminium ore, and refines it into alumina, an intermediate product.

Worsley's annual capacity was recently expanded to 1.5 million tons of bauxite. The shareholders and their holdings are the same as those for Bod-

dington.

- Alumar of Brazil, which produces about one million tons of alumina and 350 000 tons of aluminium a year.

Billiton owns 40 percent of the alumina refinery and 47 percent of the aluminium smelter. Alcoa of the US owns the rest.

- Valesul, a Brazilian aluminium producer (annual capacity 92 000 tons).

Billiton owns 41.5 percent, Cia Vale do Rio Doce of Brazil 49.5 percent and Multisilicon nine percent.

- The Collahuasi copper project in Chile, expected to start up in 1996-97.

Low prices

A company owned by Minorco and its parent Anglo American recently paid \$190 million for a one-third stake in Collahuasi. The rest is shared equally by Falconbridge of Canada and Billiton.

While Billiton's partners in these joint ventures are suffering financially because of low metal prices, they might be reluctant to pass up the opportunity to acquire more of these assets.

Much will depend on the price Gencor is ready to offer — there are indications that these might be what other companies would consider to be on the high side.

Other interests Gencor has bid for include:

- The Cadjebut lead-zinc mine in Australia (Billiton holds 42 percent).

- The wholly owned Selbaie copper and zinc operations in Canada.

- Cerro Matoso nickel (52.3 percent) in Colombia.

- The Bogusu gold mine in Ghana (81 percent)

- The Lerokis gold mine in Indonesia (90 percent).

- The Pering lead-zinc operations in South Africa (100 percent).

Gencor obviously has great faith in the future of aluminium — it is backing a \$2 billion project in South Africa for Alusaf to build a 466 000-ton smelter, the West's biggest ever — and so, apart from the operations in Australia and Brazil, it has also bid for Billiton's other alumina operations: Paranam in Surinam (76 percent) and Aughinish in Ireland (35 percent).

Gencor also wants Billiton's global metals trading and marketing network — which would certainly help sell some of the extra aluminium from Alusaf.

South African exchange control rules prevent Gencor exporting cash to pay for the Shell assets, so it will have to borrow a great deal if its offer succeeds. — Financial Times.

Rhodium prices languish after eight-year low

JONO WATERS

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RHODIUM prices continue to languish after hitting an eight-year low last Thursday, in spite of industry leaders' belief that the metal had touched bottom.

The metal bottomed out at \$800/oz in London on last week. According to Johnson Matthey prices quoted by Reuter, it has gained \$100 during the past few days. Rhodium was trading unchanged in London yesterday at \$975/oz

The market is very thin with less than 3kg trading on some days

Rhodium prices have fallen from more than \$7 000/oz three years ago. The fall has been attributed to overbuying by car producers in the late 80s. About 85% of demand is for car catalysts.

Rustenburg Platinum marketing director Todd Bruce said demand was weak as the only buyers on the spot market were European car makers. Japanese and US producers were using up their stocks and metal they received on contract.

"The market perceives that the Japanese have lower stocks of the metal than the Americans. It is only a matter of time before they return to the spot market"

Analysts say platinum's rise has been on the back of gold and it has not risen because of a change in fundamentals. They say platinum group metals will show a sustainable rise once rhodium turns around.

However, Bruce said the prices of platinum and rhodium were totally unlinked as the platinum price had been falling when the rhodium price had shot up past \$7 000/oz.

Impala Platinum chairman Mike McMahon said he, like most people in the industry, had believed the price had bottomed out at \$2 000/oz and was surprised at the metal's continued decline.

St Lucia decision

MARIANNE MERTEN

A DECISION on allowing titanium mining at St Lucia could be expected only in December or early January.

St Lucia assessment management committee chairman Dr John Raimondo said new dates for the completion of the public hearing process would have to be set because the deadline for reactions to the CSIR environmental impact assessment report had been extended to June 22.

The deadline was extended after various organisations said the original response time was inadequate.

The new deadline was to facilitate "additional written comments", Raimondo said. Parties which had not submitted commentary before the old deadline of May 14 would not be able to do so now.

CSIR/1/1915/73
Lucia/19

LONRHO

FM 21/5/93

He's got personality (217)

It is out of the question that Lonrho will reduce its investment in SA, says joint CE and heir apparent Dieter Bock. After last week's official opening of the Rowland shaft at Western Platinum (Wesplat), Bock said he had no intention of neglecting Africa-related businesses in preference to greater investment in Europe.

"Lonrho's position in Africa is unique and we must build on this strength."

--Predictably, legendary joint chairman ~~Tim Rowland, who has devoted a lifetime to forging links with African leaders and potentates,~~ confirmed Bock's views. Rowland believes the SA situation is sufficiently encouraging to warrant further investment in setting up a newspaper in partnership with the ANC.

Rowland dismissed suggestions that Wesplat, which last year had to pass its dividend because of the funding pressure of its expansion programme, might be sold to Impala Platinum. Impala has a pre-emptive right to buy the balance of Wesplat it does not already own, both Gencor chairman Brian Gilbertson and Impala chairman Mike McMahon were at the shaft opening.

"Everything has a price but we would never allow our stake in Wesplat to drop below 51%," Rowland said. He added that he felt Wesplat's financial situation was sound.

Before Rowland tied up with Bock in December there was considerable speculation that a deal with Gencor was imminent. Asked what scuppered it, Rowland indicated that he gets on better with Bock than the Gencor executives. A key aspect is that Bock is interested in the entire Lonrho operation while Gencor has eyes only for its mining interests.

"Within two hours of meeting Dieter I knew this was the man I should link up with," Rowland commented. It goes to show that personality counts.

Brendan Ryan

PLATINUM ^{Fm}
21/5/93 (217)
Laying out the cards

Unexpected developments last year put dents on the shiny exterior of the platinum market. And this year's outlook isn't particularly exciting. That's why the tone of Johnson Matthey (JM)'s *Platinum 1993* report is comparatively subdued.

The worst psychological blow was the fall in gross demand for platinum for autocatalysts to 1,55m oz — 105 000 oz less than JM forecast at the interim and the first interruption to steady growth in offtake by the motor sector since 1983. Since this is the sector to which producers look for sustained growth, it is all the more important. But tough times for the major Japanese and US car companies saw them take about 90 000 oz from inventories rather than buy from the market.

Overall, platinum supply dropped 8% to 3,82m oz in 1992 (1991 4,16m oz) while demand came off 6% to 3,8m oz (4,04m oz). That left a surplus of 20 000 oz (120 000 oz).

SA supply fell by 20 000 oz to 2,75m oz (2,77m oz) but JM points out that a substantial increase is due in 1993, barring a recurrence of the problems that hit production in recent years on a number of mines.

The platinum price averaged \$359,91/oz last year, down 4,3% on 1991. That, combined with low rhodium prices, pushed profit margins in the SA platinum industry to their lowest for 10 years.

JM estimates the rhodium surplus soared to 54 000 oz (12 000 oz), equivalent to 17%

Fm 21/5/93 (217)

of total rhodium demand of 324 000 oz. The platinum price has been dragged above \$380 by last week's surge in gold. Writing ahead of this development, JM said there is firm support for platinum at \$330 but the fundamentals suggest prices above \$390 may not be sustainable. The review concludes the price is unlikely to move out of this range in 1993. Presumably, few will be more delighted than JM (producers excepted) if they're proven wrong on the upside for all the best reasons.

Brendan Ryan

ing which we will take a serious look at the issue and put it before our next congress in August" But, he adds, any changes to the status quo could be considered only if implemented in a "orderly and planned" way

Some consumers may not be willing to wait Says SA Feedlot Association CE Piet de Wet. "The huge price gap between maize consumer and producer prices remains the major structural problem in the system and needs to be urgently addressed" ■

ST LUCIA

Digging ever deeper

The saga of St Lucia, now in its fourth year, continues. The CSIR has already received about 100 submissions on its environmental impact report on Richards Bay Minerals' proposal to mine the eastern shores of Lake St Lucia, and it expects more because the comment period has been extended to June 22. And that number doesn't include all the run-of-the-mill pro and con letters.

One letter, however, does stand out from the pack. It's from David Pearce, a professor of economics at University College London and director of the Centre for Social & Economic Research on the Global Environment. Pearce, who acted as a reviewer for the economics assessment of the report and is one of 52 experts listed as contributors to the report, says he found some comparisons of economic and environment impacts to be "quite misleading."

He says the person who prepared a table of projected jobs, tax revenues, foreign exchange earnings and relative values placed on mining and conservation "has no understanding of the economics of development-environment comparisons"

For instance, he notes that the summary projects R153m in profits for Richards Bay Minerals, but doesn't deduct the repatriation of profits to overseas shareholders

The CSIR, which prepared the report, says there are bound to be mistakes and misinterpretations in the three volumes of information and 29-page summary "We welcome David Pearce's response," says Brian van Wilgen, joint editor of the report "If there is an error we must correct it."

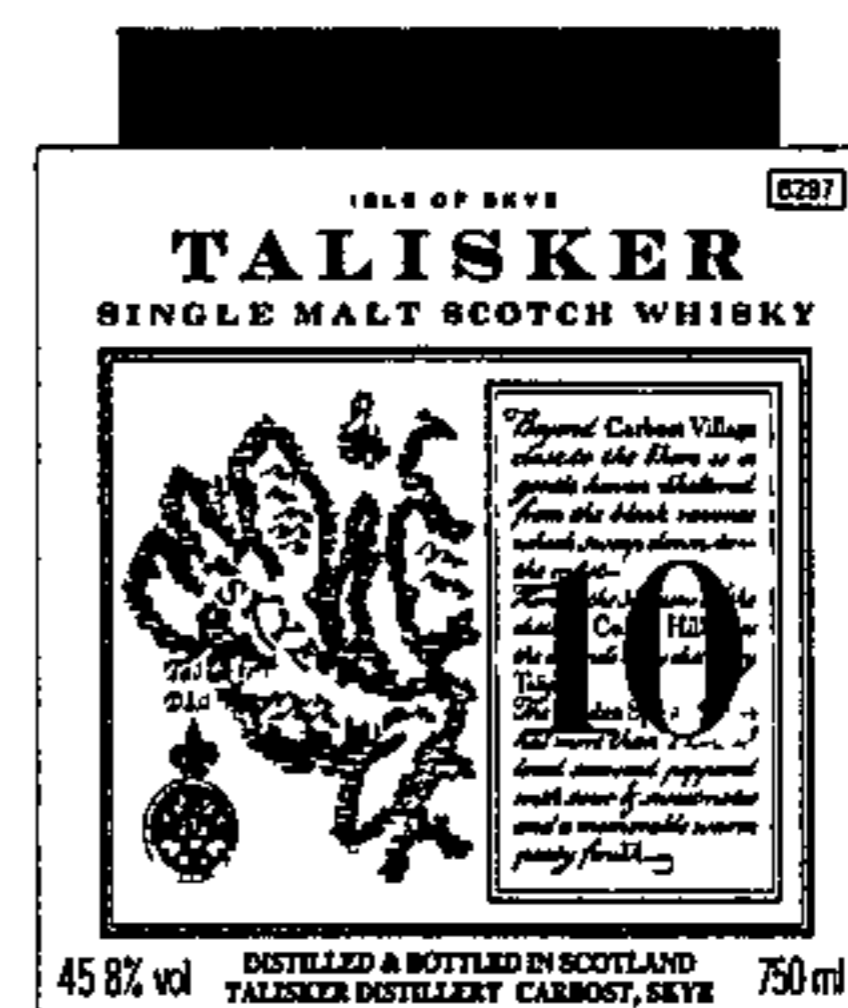
CSIR project manager Alex Weaver adds "It is a bit out of the ordinary but we have to deal with it. If there's something wrong we want to know about it. There's a lot at stake, including the CSIR's reputation, and it's not in our interest to hide anything. That would only cut ourselves down. The letter will not be hidden, it will be responded to. That's part of the process." ■

The next step in the process is for the CSIR to prepare its responses and place them at libraries around the country for public consumption. Then a five-member review panel will hold public hearings in Durban and St Lucia, possibly in August. Following the hearings, the panel will prepare its report and submit it to government. From then on it's anyone's guess on a timeframe or outcome

Van Wilgen says the submissions already in hand have raised a number of issues "For example, they are asking about hydrology and economics and how we know that the rehabilitation of the area will be successful, and also our definition of irreparable damage has been questioned."

Still, there are some issues that haven't been touched on much, if at all. Chairman John Raimondo of the Assessment Management Committee, who was appointed by government to oversee the project at the beginning, says, for example, that it has received very few comments on the original land rights and whether the dispossessed Zulus should have the right to grant the mineral leases.

Raimondo hopes the "media-hyped" St Lucia saga doesn't set a precedent, though that's unlikely since about 20 mineral-rights rulings have been passed during this period "It's gone on for too long and far too much has been spent" ■



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Digging ever deeper

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The lessons of St Lucia

Star 22/5/93 (217)

THE St Lucia environmental impact assessment (EIA) is the most extensive investigation of its kind in South African history. Four years into the study, the opinions of scores of specialists, critics and opposing proponents run to three volumes of more than a thousand pages — and there is still much more to come.

This content won't be worth the paper it is printed on if people do not trust the process. Unfortunately, this seems to be what is happening with the St Lucia EIA.

For most South Africans it is their first exposure to democratic decision-making on environmental issues and they simply do not understand it.

The underlying philosophy rests on a strategy of integrated environmental management (IEM), which promotes the sustainable use of nature. In a radical departure from past practices, it involves the fullest possible participation by society in a decision-making process that seeks to strike a balance between two extremes — rigid preservation and unfettered development.

Unfortunately, the average South African has yet to become emancipated into democratic participation, which requires informed opinion. Most of the public response to date on the St Lucia issue has been based on a kneejerk reaction stemming from an in-built mindset.

Furthermore, the media have proved to be powerful manipulators in cementing opinion and prejudices. The St Lucia issue has been dogged by misinformation largely because the media have not understood the process.

Based on international standards, the procedures for IEM have been formalised by the Department of Environmental Affairs (DEA) in a set of six booklets which have been available since last year. Simply put, the process involves generating information and opinion on the likely impact of specified developments, and the evaluation and refining of this information by people directly affected and by the public at large.

In the first phase of the St Lucia EIA, 23 specialist investigations into the impact of mining were conducted and the reports were circulated for comment to 16 leading interested and affected parties (IAPs), representative of an identified 123 IAPs. Specialists then responded to the comments and, where appropriate, corrected their reports. All of this is printed verbatim in volume 1 of the EIA.

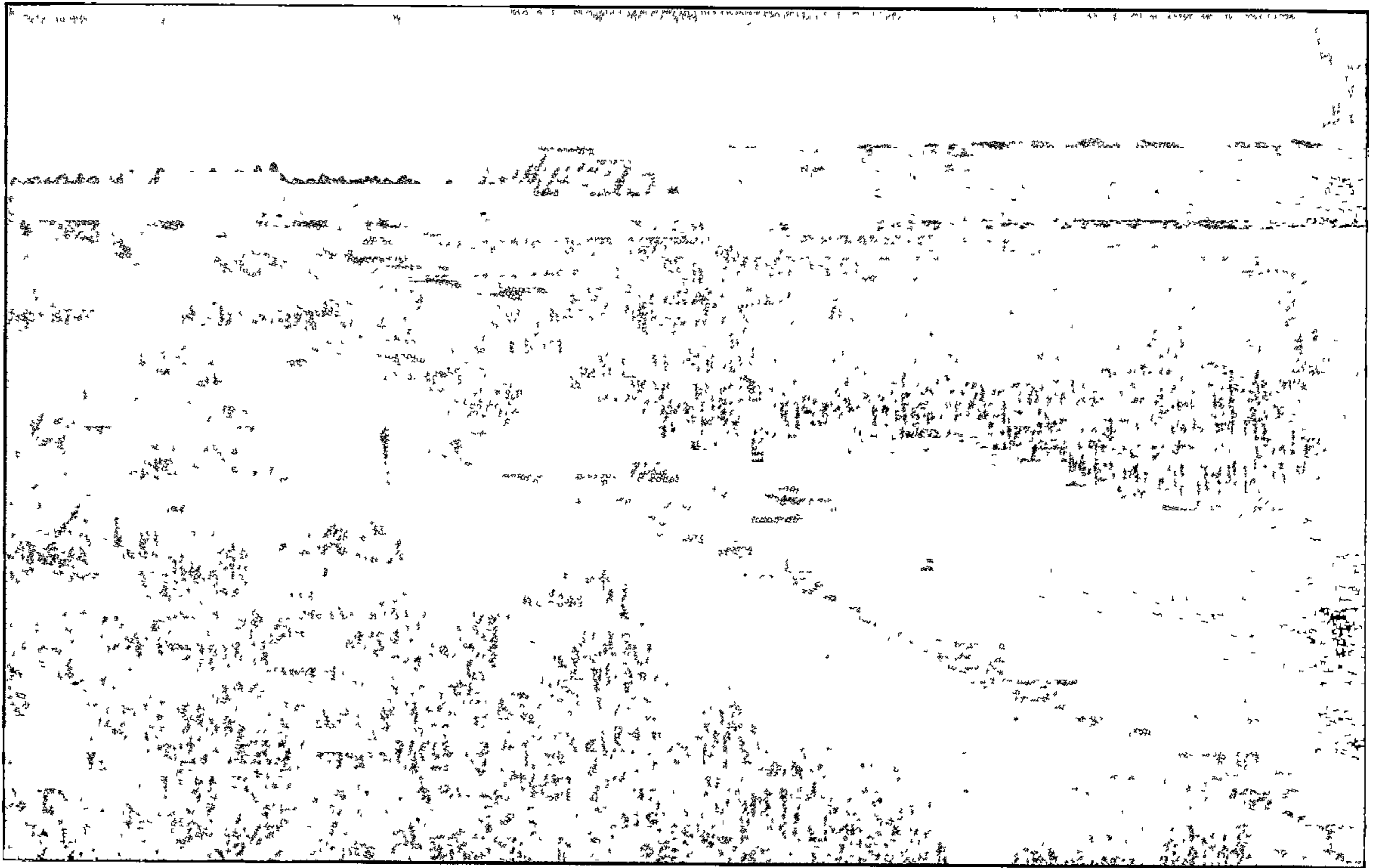
This then generated the second phase, where the information was classified into key issues of the proposed development. Where it was apparent that the specialist reports were not adequate, further specialist investigations were commissioned. A total of 12 new reports were generated in this phase, including a new study of the functioning of the wetlands. This is all recorded in volume 2 of the EIA.

All this information formed the database for the third phase — the environmental impact report (EIR). This volume 3 contains conclusions on the impact of the two land-use options — mining followed by ecotourism and ecotourism on its own — as well as recommendations on the conditions under which either option should be allowed to proceed.

These three volumes were released for comment on March 18. The EIA compilers are obliged to respond to all written comment received by May 14.

Other comment received under the conditions of the extension to June 22 will not be responded to, but it will form part of the record that is assessed by the appointed review panel chaired by Mr Justice Ramon Leon.

As a result of criticisms received so far, the EIA compilers have commissioned a further study of the role of the dunes in the functioning of the wetlands. The Natal Parks Board has also commissioned a study aimed at more in-depth understanding of the same key issue. At least one IAP has commissioned an evaluation of the economic arguments of the EIA. All of this will



THE MINING SCAR. A view of the proposed mining operation from Catalina Bay on the shore of St Lucia estuary simulated by photomontage. If mining of the dunes were allowed, this is the closest it would come to the wetlands — a distance of about 800 m.

DEMOCRATIC decision-making lies at the heart of the St Lucia environmental impact assessment, and people are missing the boat if they do not buy into the process. Wetlands expert PROFESSOR KEVIN ROGERS, freshwater ecologist DR DAN WALMSLEY and hydrologist PROFESSOR CHRIS JAMES evaluate the journey so far and the challenges that lie ahead.

form part of the eventual completed documentation.

The EIA process has not yet been completed and still has to go through public hearings before the review panel. Thereafter, a public recommendation will be made to the Cabinet of whatever government is in power, and the Minister of Mineral and Energy Affairs, who is legally responsible for granting the mining licence or turning down the application, will announce the Cabinet's decision in writing.

For those parties and people who have not understood and participated in the EIA process, there will definitely be a problem with accepting the final outcome — no matter which way the decision goes.

THE ecological evidence in the EIA so far indicates that the mining activity will have a major impact, but only on the dune system.

It will leave a long-lasting scar on the landscape, albeit eventually covered by rehabilitation. The effect could be compared with having a body scar which is concealed by plastic surgery. According to expert opinion, such a scar would not affect the long-term functioning of the St Lucia wetlands system, although it would reduce species diversity in the short to medium term (five to 30 years).

We have assessed all the specialist reports, and we agree with the opinion expressed at this stage of the process.

There are other parties who have disagreed, notably Ramsar — the international convention which protects registered wetland systems such as St Lucia — and environmental societies. The EIA process recognises, records and comments on their opinions in a democratic fashion. So far, these opinions

have not been substantiated with evidence that justifies or proves their position and, therefore, disproves the specialist reports.

What needs to be said is that certain parties appear to have participated reluctantly or even antagonistically in the process.

The Ramsar report and related press coverage is an example. South Africa is a signatory to the international wetland protection convention known as Ramsar and the greater St Lucia area is a registered Ramsar site. The DEA is responsible for co-ordinating the EIA as well as maintaining links with Ramsar.

Accordingly, in 1990, after the EIA had been initiated, Ramsar was informed by the DEA that St Lucia was potentially threatened by the proposed mining developments. The Ramsar response was to place St Lucia on a "red list" and to send a delegation to South Africa in April 1992.

At that stage the Ramsar members had access only to the 23 specialist studies of phase 1. The Ramsar mission officially submitted their report to the DEA in March 1993, six days after the first three volumes of EIA documentation had been released for public comment. The Ramsar report raised many pertinent issues, so it was fortuitous that a draft was provided via the Natal Parks Board (NPB) to the EIA compilers in January 1993, who were in turn able to respond to the issues raised. This is contained in the EIR (Vol 3).

The original wetlands study, which was one of the 23 specialist reports in phase 1, was not produced by someone we would consider as a wetlands expert. Taken in isolation it was far from comprehensive. However, when one considers the corrections and additions made in response to Ramsar criticisms relayed by the NPB, and the contents of other reports, we feel that there is sufficient evidence from which to draw conclusions.

Given that the consultants had re-

sponded to the Ramsar report and that the report itself makes it quite clear that it is a response only to the first 23 specialist studies, it was surprising and somewhat disappointing that articles appeared in newspapers citing the Ramsar report as a condemnation of the conclusions of the entire EIA.

These articles distorted the situation to the public by presenting an unevaluated and biased opinion of the Ramsar commentary in relation to the EIA. Such media coverage jeopardises the process and encourages the public to make uninformed emotive decisions on environmental management. Informed lobbying, on the other hand, has a positive role to play in that it keeps participants on their toes and alerts decision-makers to public feeling.

FORTUNATELY, the process is much larger than the people, and the issues tend to be levelled within the process itself.

Obviously, perceptions of parties are wide-ranging and difficult to reconcile. However, the EIA process — if properly conducted — specifically serves to present these perceptions to decision-makers through open, democratic public participation. There should be no need to circumvent the process with hidden agendas.

The most important lesson of the St Lucia EIA is that environmental management is not only about preserving nature. Social, economic and political issues must also be considered. People and organisations fixated on a traditional preservationist approach to environmental issues can expect to have a problem accepting this IEM strategy. They object to development on a matter of principle, and no studies or evidence will change their point of view.

The same unbending attitude exists at the opposite extreme, where people believe that development should take priority over all else.

Whatever the final decision, the specialist reports and the refining process they have been subjected to through open debate has contributed to better understanding of St Lucia as an environmental, social and economic asset. As such, better-informed management of the system can be expected.

There is no doubt that previous decisions on environmental management as well as land-use planning of the St Lucia area have been inadequate. The EIA has highlighted the bad decisions and contributes towards ensuring that these do not happen again.

A key lesson is that the media have an important role to play in keeping the public informed and helping it to participate. As such, the media have the potential to either facilitate or derail the process. Future EIAs should explicitly involve the media as objectively as possible in the process so that they can fulfil their responsibility to keep the public informed.

A recommendation that is acceptable to the South African public will tax the combined wisdom of the review panel. The facts presented to date predict that the ecological impact will not be major in the long term. Economic benefits of mining with ecotourism will outweigh the conservation option.

There is a strong anti-mining lobby which could create political and social problems if the mining option is selected. This would complicate the decision.

However, it is not only the St Lucia issue which is at stake, but also the EIA process itself. It is imperative that the panel's final recommendation, as well as the Cabinet's decision and the reasons for that decision, are conveyed correctly to the South African public. The subsequent response of the public and the IAPs will then be the real test of acceptance of the EIA process.

Will the public, the IAPs, the specialists, the review panel and the Cabinet be clearly seen to have "bought into" the process and accepting of its democratic potential? Or will hidden agendas, politics or emotion be exposed as the real driving forces?

The EIA still has several months to run, and for everyone involved in the process it bears remembering that "the show isn't over until the fat lady sings".

BUSINESS BRIEFS

WESTERN Platinum has closed a shaft because of the fall in the rhodium price

The Financial Times reports that Westplat managing director Terry Wilkinson said in London that the shaft had been placed on care and maintenance, but 1 500 people — 10% of the workforce — would be laid off. Production to serve the 14 contract customers would be made up from other centres.

Only a week ago, Lonrho managing director Tiny Rowland opened a shaft named for him at the mine, close to Marikana in the Western Transvaal. Neither Lonrho's London office nor its South African one could reply to questions about which shaft had been closed.

Rhodium is used in autocatalysts. Its price jumped to \$7 000/oz in 1990 on produc-

Westplats closes a shaft

(217)
S/T Times (B4SS)
particular interruptions, particularly at Rustenburg Platinum's refinery. But the price has dropped steadily to \$800/oz

23/5/93
Westplats, 73% held by Lonrho and the rest by Gencor, is the third-largest platinum producer in the world with 480 000 oz this year and 50 000 oz of rhodium, according to the Financial Times. It is highly profitable, but borrowings top R800-million.

Lonrho shares hit 845c on Friday on speculation that Westplats might be listed independently. Lonrho was half that price six months ago.

Westplats to retrench 1 500

WESTERN Platinum (Westplats) would retrench 1 500 workers after the closure of one of its shafts, a Lonrho SA spokesman said at the weekend.

The move was precipitated by a fall in rhodium prices which had seen Westplats' No 2 shaft operate at losses.

"The shaft has become uneconomical at current platinum group metals prices. If the rhodium price was \$7 000/oz, it is unlikely we would have closed it," the spokesman said.

The shaft would be run on a care-and-maintenance basis. Production would not be affected as the Rowland shaft — named after Lonrho CE Tiny Rowland 10 days ago — would make up the additional tonnage.

Westplats is to produce 480 000oz of platinum this year. Production is expect-

JONO WATERS

ed to rise to 550 000oz of platinum and 65 000oz of rhodium by 1995.

Rhodium prices fell to \$800/oz this month, from \$7 000/oz three years ago. I-Net quoted the price at \$1 000/oz on Friday.

Johnson Matthey said in its Platinum 1993 review that a large increase in SA rhodium sales coincided with destocking by consumers. As a result, the rhodium surplus rose to 54 000oz last year compared with a surplus of 2 000oz in 1991, and prices fell.

Industry leader Rustenburg Platinum (Rusplat) closed its Boschfontein shaft two months ago as a result of weak prices.

MD Barry Davison said at the time it would be cheaper to buy the metal from the market.

Impala Platinum chairman Mike McMahon said yesterday that the group was in the same position as at the beginning of the year when platinum prices were low and rhodium prices were higher.

The rise in platinum prices had compensated for the fall in rhodium prices.

"We had a tough time at the beginning of the year and it hasn't got much better,"

Implats derives a larger amount of its total revenue from UG2 ore than Rusplat. UG2 reef contains a greater percentage of rhodium in its average grade than ore from Merensky reef.

Star 25/5/93

St Lucia report 'too flawed'

By Charles Leftwich

The Natal Parks Board (NPB) has rejected as "too flawed to be used for decision-making" the Government's environmental impact assessment (EIA) on the St Lucia mining issue.

The assessment, the biggest yet undertaken in this country, was intended to weigh titanium mining against ecotourism as the preferable land use for the lake's scenic Eastern Shores.

"The overall conclusion of the board is that the environmental impact report in its present form is seriously flawed, and cannot therefore be used for decision-making," declares the NPB, summing up its detailed

106-page comment on the assessment and the environmental impact report (EIR) based upon it.

The three-volume, 1500-page EIA, seen as strongly favouring the mining, was compiled by the council for Scientific and Industrial Research and published on March 18.

It is due to be submitted in early August, along with public comments, to a review panel.

The panel is to hold public hearings in both Durban and St Lucia.

The panel will subsequently make recommendations to the Cabinet to assist it in deciding the fate of St Lucia's Eastern Shores.

Johnson Matthey, JCI in fuel cells deal

BIDM 2515793
JOHNSON Matthey (JM) and JCI have agreed to develop and exploit the market for electricity-generating platinum fuel cells. (217)

Yesterday JCI chairman Pat Rietief said fuel cells represented a potentially large market for platinum. JCI and JM were taking action to maximise the demand and ensure it occurred soon.

The fuel cell, seen as a major gen-

JONO WATERS

erator of clean power for the future, has a platinum catalyst which produces electricity from the chemical reaction between hydrogen and oxygen, which in turn produces water

JM is the sole marketing agent for JCI's platinum producers, which include Rustenburg Platinum, Lebowa Platinum and Potgietersrust Platinum. JCI has a 10% stake in JM.

MD's upbeat view raises prospects of Wesplat's listing

Star 26/5/93

(217)

LONDON — Analysts believe the positive tone of a presentation by Western Platinum's managing director, Terry Wilkinson, suggests the company is being readied for stock market flotation.

In his upbeat presentation to the Association of Mining Analysts, Wilkinson said Wesplat, the world's third-largest platinum group metals producer, was the lowest-cost platinum metals producer with the highest profit margin.

He said the collapse of rhodium's price had forced Wesplat to close a shaft at its biggest mine in South Africa and to lay off 1 500 people or 10 percent of the work force.

The group had put the shaft on care and maintenance only to cut costs and to ensure that Wesplat's borrowings did not

rise above the present R800 million (£106 million).

However, Wesplat's rhodium output, scheduled to be about 50 000 troy ounces in the financial year to end-September, would not be affected because production would be increased in other mining areas.

Essential

Rhodium, an essential material for some automotive anti-pollution catalysts, raced up to a record \$7 000 an ounce in 1990 but had fallen back to \$1 850 by the end of last year and recently fell to about \$800 an ounce.

In its annual survey of the platinum metals market published last week, Johnson Matthey, the world's biggest platinum marketing group, warned that the recent rise in platinum's price was unlikely to compen-

sate the South African producers for the fall in rhodium and that production cuts might have to be made.

Johnson Matthey suggested there was a small supply surplus of platinum last year but Wilkinson said his impression was that the platinum and rhodium markets were in balance.

Westplats sells directly to only 14 customers — including Engelhard in the US and Mitsubishi in Japan — and Wilkinson said there had been so sign that they had been using rhodium from stock.

Wesplat aimed to produce 480 000 ounces of platinum this year and by 1995 expected annual production to include 550 000 ounces of platinum and 65 000 ounces of rhodium.

The group's recent expansion had been, and would continue to be,

driven by demand from the small group of customers.

"We would not put platinum into the spot market," Wilkinson said.

Wesplat was "over the capital expenditure hump" and needed to spend only about R40 million a year for some time.

No decision had yet been taken on various methods of reducing debt but a rights issue had not been ruled out.

Retain 51 pc

Wilkinson pointed out, however, that Dieter Bock, new chief executive of Lonrho, which owns 73 percent of Wesplat, had said that Lonrho would retain at least 51 percent of Westplats.

Gencor of South Africa owns 27 percent of Wesplat and has indicated that it would like to increase its stake. — Financial Times.

aggressive buying. They attributed the rise of both shares to technical factors after the shares fell sharply to long-term resistance levels.

The other industrial share at the fore

bank sector. NEDCOR slipped 25c to R25,40 as it succumbed to profit-taking after touching a R25,75 high on Monday. ABSA fell 5c to 905c.

MERVYN HARRIS

Lydenburg Platinum's figures fall sharply

LYDENBURG Platinum has reported a 25% drop in earnings to 46c (61c) a share for the half year ended April and cut its interim payout to 39c (52c) a share.

Lydenburg, in which Old Mutual has a 64% stake, derives most of its income from its 8,4% interest in JCI's Rustenburg Platinum (Rusplat).

Rusplat had slashed by a third its dividend for the year to December 1992 after reporting a 50% plunge in net income

Lydenburg's other investments are in

developing mine Potgietersrust Platinum, Genbel and Lydenburg Exploration.

The market value of its investments rose to R936m at end-April from R860,7m at the end of the previous interim period

Lydenburg's net income before tax declined 26% to R6,56m (R8,8m) Tax absorbed R10 000 Net income was 36% down to R6,55m (R10,18m).

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**'Open mind
on St Lucia'**

Political Correspondent

CAPE TOWN — The Government still had an open mind on whether or not to allow mining at Lake St Lucia, Environment Affairs Minister Japie van Wyk insisted yesterday. (27)

Speaking in his budget vote in Parliament, Van Wyk said the St Lucia area was of special value to all South Africans. "We understand the emotions when people talk about St Lucia. (27)

"We share the same emotions and are thankful for the immense interest in the area. This can only lead to a well-balanced decision.

"It is, however, a point of concern that people are fired up and do not want to give the draft impact report a chance."

Van Wyk denied accusations that the Government had already taken a decision in favour of mining St Lucia.

"A stance on this matter will only be taken once the recommendations of the independent review panel have been studied by the Government," he said. ♪

St Lucia report 'has *Star 28/5/93* too many shortfalls'

By Anita Allen
Science Writer

217
The environmental impact report (EIR) on St Lucia is inadequate and has too many shortcomings for it to be used in its present form for decision-making on the two land-use options of mining and ecotourism, according to a review by the Natal Parks Board.

"In the opinion of the board, the EIR should be considered as a draft report which should be revised into a final report once the period for public comment has expired," the NPB said.

"Our main criticisms concern omissions and shortcomings in the study. The board disagrees with the assessed ratings of impacts; levels of certainty and risk have not been given due attention; the definition of irreparable damage is unacceptable; the analysis of the benefits of the two land-use alternatives requires attention; the potential impacts of mining on biodiversity are not adequately addressed."

The NPB also said the economic analysis of the two land-use options included a number of misrepresentations.

Bill Bainbridge, head of planning at the NPB, emphasised that the board had not rejected the environmental impact assessment (EIA) process.

"The in-depth evaluation demonstrates that we are participating fully in the process."

The EIR, which was compiled by the CSIR and released for public comment on March 18, drew conclusions and made recommendations based on specialist reports and comments gathered since the EIA process was initiated by the Minister of Environment Affairs in 1989.

All this documentation, and all comment received in the current public participation phase, as well as revisions by the compilers will be placed before a review panel chaired by Mr Justice R Leon.

The panel, which will hold public hearings in Durban and at St Lucia, will make recommendations to the Cabinet to assist it in deciding the fate of St Lucia's Eastern Shores.

The comments of the NPB are available on request to interested groups or individuals for inspection.

BARLOWS

FM 28/5/93

So it does rain in Spain

217

A 5% dip in half-time EPS at Barlow Rand, arguably SA's premier industrial conglomerate, is probably the most succinct current commentary on the state of the economy

Turnover rose 10% to R18,7bn but operating profit is down 5% at R1,02bn, reflecting sharply lower trading margins. The result is in line with those from associates and subsidiaries, which all report tough trading conditions, increased and aggressive competition, and ample evidence of the savagery of the

IN A SQUEEZE

Six months to	Mar 31 '92	Sep 30 '92	Mar 31 '93
Turnover (Rm)	17 066	18 099	18 728
Operating income (Rm)	1 374	1 333	1 301
Attributable (Rm)	400	449	384
Earnings (c)	207,3	230,2	196,0
Dividends (c)	54	119	54

recession — eloquently expressed in turnover declines in the food companies

Surprisingly, the income statement reflects comparatively high interest payments of R279m, 9% less than last year but in a period when interest rates fell progressively and the full benefits of cash from the sale of Middelburg Steel were felt. MD Derek Cooper says one reason is high borrowings at UK operation J Bibby, these quadrupled

Cooper confirms the group is now sitting on a free cash pile approaching R1bn. Somewhat disarmingly, he says Barlow isn't allowing it "to burn a hole in our pockets". Perhaps not, but shareholders aren't seeing the benefit of it through dividends either

Working capital

Overall, the balance sheet continues to reflect inherent strength. Fixed assets and investments are appreciably higher, working capital is tightly controlled at 45 days

The results feature two unusual occurrences. As perception is often more important than reality, it is worth examining them

Last year, Barlow secured control of Finanzauto, the Spanish Caterpillar dealer, through Bibby. The price was £82m — a lot of money in anyone's book. Cooper was careful to say the purchase wouldn't generate "positive returns for Bibby or Barlow Rand in the short term"

He must be pleased he was so prescient. The interim statement says "the newly acquired Caterpillar dealership in Spain has been badly affected by a worse than expected decline in that country's economy". But Cooper says that Spain, now on the verge of a general election and with unemployment running at 21%, has been granted £6bn from

the EC equalisation fund to be applied on infrastructural projects only — and that will be good for Caterpillar and Finanzauto Well, from his lips

The second event of note is the confession that what Randcoal thought was in the ground at Majuba colliery turned out not to be quite so. Of course, it was that geological assessment which would have formed the basis of Eskom's award of the Majuba power station contract to Randcoal

It has been agreed that Majuba colliery will be closed and coal shipped in from nearby Khutala. That will need construction of a 70 km rail link at a cost of about R300m (to be shared by Spoornet and Eskom) and a R560m expansion of Khutala (to be borne 60% by Randcoal and the rest by Eskom).

No wonder Cooper says the problem has been resolved "most satisfactorily. We're pleased with the outcome." Eskom says that these costs won't add to electricity charges. It is a solution to an unusual professional error which is almost too good to be true.

Those matters aside, it's noteworthy that Barlow has made great progress in developing an earlier strategy by which attributable earnings are now derived 43% from consum-



Cooper welcoming demographic change

er-related products and only 22% from commodities. Cooper says Barlow has chosen to move closer to perceived areas of growth — in the group's view that is demographic change, particularly the accelerating move to rapid urbanisation. One effect manage-

ment welcomes is that it reduces the dependence on capricious commodity cycles

While chairman Warren Clewlow and Cooper eschew any detailed prediction, they do concede attributable profit will decline more than the first half's 4%. Despite that, the intention is to maintain the dividend at 173c. On that basis, a yield of 3,9% and prospective pe of around 11 fairly reflect investor expectations

David Gleason

PORTFOLIO MANAGEMENT

FM 28/5/93
The price of success

Very nearly the entire top team at Syfrets Managed Assets (SMA) has now left. Another two resignations as the *FM* went to press bring the total abandoning the luxurious Wale Street, Cape Town, offices to eight

It all revolves around the demands of a successful portfolio management team for recognition and — rather more importantly — a share in profits. Syfrets, recognised as one of the more conservative financial institutions, clearly found it unpalatable to live with the requirements of a comparatively young and dynamic group. A brief media release from Syfrets said the six were being allowed to leave immediately

SMA has a staff of 40. What Syfrets didn't reveal is that the six dissidents are crucial. They include former MD Leon Campher, who was largely responsible for SMA's highly successful marketing campaign, and portfolio manager Tony Gibson, who masterminded the remarkable performance of its unit trusts. Ironically, just a fortnight ago, SMA crowed about its success in attracting another R2,7bn pension fund business in the first seven months of the financial year, to swell the total managed to about R8bn

Campher and Gibson are joined by portfolio managers Matt Brenzel and Thys du Toit, research head Hugh Broadhurst and computer specialist Nick Walters. On Tuesday news broke that administration manager John Snalam and acting research head Vanessa Carlow had joined the exodus

They're all marching off to listed Coronation Syndicate's subsidiary Coronation Managed Assets (CMA) Syndicate was bought recently by former UAL executive David Barnes and Gavin Ryan from Lonrho as a portfolio holding company. Operations include trading in bonds, options and futures through subsidiary Securities Trading & Development. Ryan says the next logical move was into asset management

Ryan confirms the arrangement is that

Govt still undecided over St Lucia, says Bartlett

Star 29/5/93

(217)

(50)

CAPE TOWN — The Government had not yet taken a final decision on proposed mining at St Lucia, Minister of Mineral and Energy Affairs George Bartlett said yesterday.

Opening debate on his budget vote, he said publication of the environmental impact report (EIR) on March 18 was only the first step in a process of consultation and decision-making.

An extended period had been allowed for comment on the EIR and all facts, arguments and suggestions would be thoroughly evaluated before a final decision was taken.

This week the Natal Parks Board (NPB) released its 106-page comment on the EIR, which is said to be too flawed and inadequate to be used for decision-making. The NPB demanded that the EIR be regarded as a draft and that a final report be compiled after the public participation phase had ended.

Bartlett also announced the establishment of a new chief directorate in his department to deal specifically with mining and the environment.

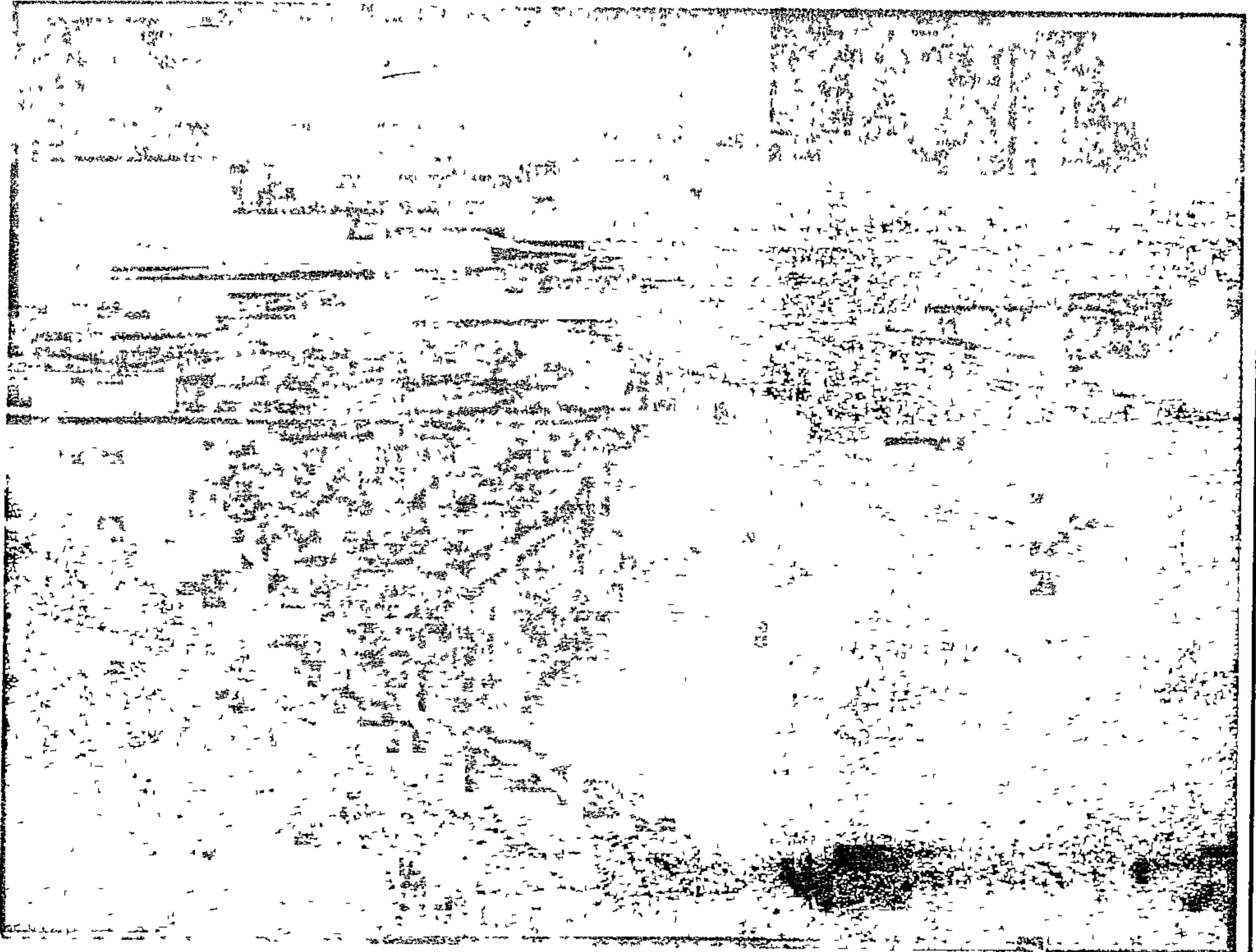
Meanwhile, during debate on the issue yesterday, Lampie Fick (NP Caledon) said the death of the St Lucia wetlands system would come about through the degradation and deforestation in the catchment area, and not through mining on its Eastern Shores.

He said there was no possibility of protecting St Lucia while impoverished people were living nearby. "The disaster to the St Lucia wetlands system lies not in the possibility of mining, but its death will come about in what is happening in the catchment area."

Those against mining at St Lucia should realise that not everything the Government or big mining did was bad. "We need balance badly. How long can we go on pretending the environment is not a prerequisite for development?"

He acknowledged that the Government had made mistakes in the past, including the planting of pine trees in the wetlands around St Lucia. "But to base current bad faith on decisions made in the past is not on" — Sapa.

Silting claims spark row over St Lucia



A ROW has developed about whether Natal's popular Lake St Lucia is silting up and growing smaller, writes RYAN CRESSWELL. *SI Times*

Maps and depth readings done by the British Royal Navy in 1889 indicate the lake has shrunk by more than half and the depth has decreased by about two thirds. Certainly, from aerial photographs, it seems silt and reeds are steadily encroaching into the lake.

But the Natal Parks Board refutes claims that the system is "dying" and says these are based on outdated research and old maps that are suspect.

Retired engineer Ernest Comley, 71, of Durban, said he had fished in the lake for many years and had watched the siltation with

growing concern. "The greens are campaigning against dune mining by Richards Bay Minerals because they say it will have a negative long-term effect. 2015/93

"In my opinion, the real problem is that the lake is silting up and the Natal Parks Board has not done anything about it."

Professor DC Midgley and other engineers carried out a hydrological study of the lake, commissioned by the Natal Provincial Administration in the 70s, and came up with some disturbing facts

The researchers predicted that siltation caused by intensified agricultural development would gradually turn the "lake into a swamp"

The report stated that the estuary should be kept open continuously to allow migration of marine life, the lake level should not fluctuate too much and lake salinities should not get too high.

At the moment, the estuary mouth is closed and some experts say the lake levels are dropping and salinity is increasing.

After the report, the parks board built a canal from the Umfolozi River to allow fresh water to enter the estuary, but the canal never went into operation and it appears financial restraints hampered any other rescue plans.

Parks board liaison officer Jeff Gaisford said: "We are not convinced that St Lucia is silting up. All the recent scientific data

shows the sediments in the lake are from degrading banks and are being filtered by the reeds anyway. The silt which people see is part of the system."

He said researchers commissioned by the parks board were looking at the lake constantly and the credibility of modern research exceeded that done in the past. (27)

"People have often said the system is dying, but we refute that," he said.

Mr Gaisford admitted the estuary had to be dredged constantly and the mouth was closed off.

"But we can't open the mouth prematurely because it closed naturally and it would just close up again. That would be a waste of R100 000," he said.

Gold cushions blows to Anglo's other interests

Buss. day 11/6/93

MATTHEW CURTIN

ANGLO American would declare an unchanged total 345c dividend today, after a year in which improved receipts from its gold and financial interests would have cushioned the blows to its diamond and platinum businesses, analysts forecast at the weekend.

Anglo turned in attributable earnings of 724c and equity accounted earnings of 1124c a share in the 1991/92 financial year, when results were significantly boosted by an increased R222m investment surplus

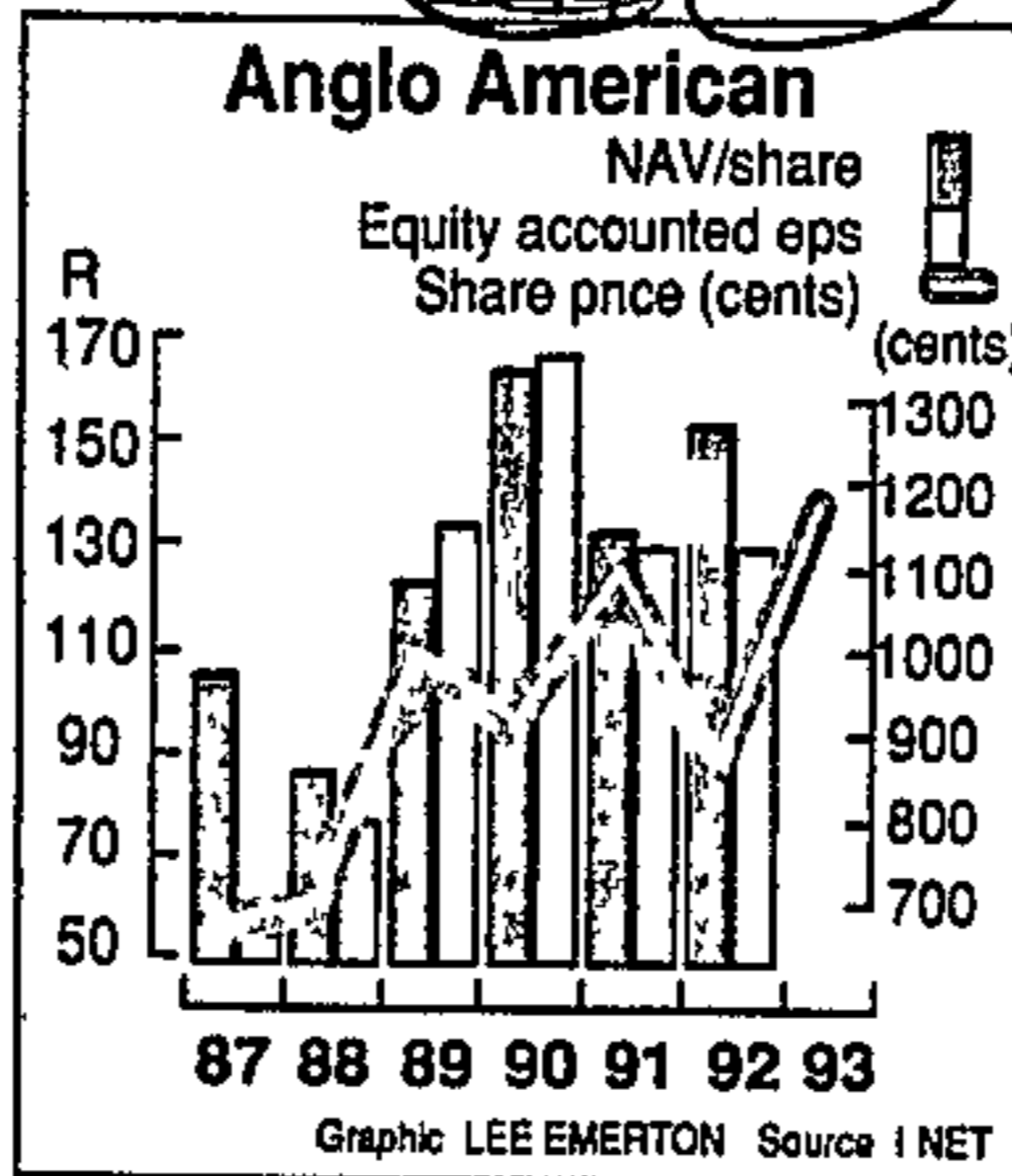
However, chairman Julian Ogilvie Thompson warned in December Anglo's performance would deteriorate further in the second half, after the release of interim results showing an 11% drop in attributable earnings to 251c and a flat 90c interim payout.

Analysts expected no surprises from the preliminary results, though news might emerge of progress on the Gamsberg zinc mining project with Gold Fields and Anglo's possible return to the Copperbelt with the planned privatisation of Zambian state mining company ZCCM. The corporation has already dismissed any prospect of unbundling.

Fergusson Brothers analyst William Bowler said Anglo would emerge from 1992/93 in a powerful position to take advantage of improvements in the domestic and world economies.

He forecast a 12% decline in attributable earnings to 624c and an unchanged final dividend.

The only shadow hanging over the group was the "big challenge" facing



De Beers in reviving growth in diamond jewellery consumption worldwide. The diamond cartel was likely to start a "large promotional drive" to sustain diamond demand in its major markets and spur consumption in new ones.

Anglo has a direct 6.7% stake in De Beers and an indirect one through its 52% holding in diamond investment group Anamint, which in turn has a 25.8% interest in De Beers. De Beers has holdings in Anglo and Anamint.

Bowler said Anglo's new Columbus stainless steel expansion project, a joint venture with Gencor and the IDC, had the best prospects of producing rapid growth.

Simpson McKie analyst Rodney Yaldwyn, forecasting a 16% drop in equity accounting earnings to 943c, said that although Anglo had more new projects "on its plate than normal", they were small in comparison with the group's size

He noted the only new greenfields project under way was the R1.1bn Namakwa Sands venture in the West-

ern Cape. The R1.7bn Moab gold mine could be seen as replacement tonnage for neighbouring Vaal Reefs. Anglo's market value currently stood at R32bn.

Edey Rogers analyst Keith Bright, predicting a 11% fall in equity accounted earnings to 1004c, said that the significance of Namakwa Sands, Columbus and Moab would be dwarfed by the cost of developing a Vaal Reefs gold mining complex or metals group Highveld Steel and Vanadium at today's prices.

However, Anglo did remain financially powerful at its centre, contrasting with Gencor's ambitious expansion of recent years, its weak earnings growth and reduced dividend cover. Bright added Anglo might consider a small token dividend increase.

Mathison & Hollidge analyst Barry Sergeant, forecasting attributable earnings of 651c and equity accounted earnings of 955c, said the unknown quantities in the past year's results would be income earning in the continued tidying up of Anglo's investment portfolio and the contribution from its unlisted offshore interests.

Anglo subsidiaries contributing to its attributable earnings include Amgold, which declared higher dividends in the past year, Anamint, Amcoal, copper producer Palamin and ferro-alloys group Samancor

Its major associate companies, whose contributions are equity accounted, include JCI, offshore resources arm Minorco, De Beers, Rustenburg Platinum, industrial holding company Amic, South American Investments, First National Bank and Southern Life

EXECUTIVE SUITE

By William Wells and Jack Lindstrom

Sa to ye sa m b ch sh F cl th n d R



Buss. day 21/6/93

Platinum rises to break \$400 barrier

PLATINUM has breached the \$400/oz barrier for the first time in more than two years, but the jury is out on whether it will sustain its upward movement (217)

The metal, of which SA accounts for about 70% of world supply, closed at \$400,50/oz in New York on Monday, and traded yesterday at just over \$397. Platinum traded above \$400 on the London Metal Exchange on Friday before it settled back to close at \$396,75, a \$6 rise on the day.

The metal last traded above \$400 in April 1991, and had not been expected to go above \$390 this year, according to a review released last month by JCI's London-based fabricator Johnson Matthey.

Industry sources attribute the rise mainly to the recent surge in gold, but market leader Rustenburg Platinum (Rusplat) said it was also recognition that platinum's prospects had

ANDY DUFFY

improved. "Gold has been the trigger, but the supply and demand fundamentals are quite good," said Rusplat Mines MD Barry Davison.

He added that demand, which last year dropped 6% on 1991 to 3.8-million ounces, would rise this year because of higher consumption in Japan, a prospective recovery in the US economy and legislation in Europe requiring car manufacturers to boost orders for autocatalysts.

JSE analysts were more cautious, arguing that the rise was out of touch with fundamentals. The price of rhodium, which is heavily linked to platinum's fortunes, remained depressed, with a range of \$750-\$900/oz.

"A lot of this is just sentiment driven," said Frankel, Pollak, Vinderine analyst Kevin Kartun. "It's still a

fairly difficult market for platinum."

Fergusson Bros analyst Philip Marillier added that he expected demand to rise this year, but platinum producers remained overpriced and the metal's gains were unjustified.

Platinum's rise follows a more or less steady increase since February after it bounced against \$344 amid fears over falling demand from the Japanese car industry.

The metal attracted buyer favour as Russia warned it would cut production in March, and fears of violence disrupting SA mining pushed it up to \$370 in mid-April. Gold's resurgence pulled platinum up to \$384,50 at the start of last month, and platinum has tracked gold since then.

According to Johnson Matthey's annual review, though the price would rise on the 1992 average of \$359,91, fundamentals could not sustain it above \$390/oz.

Total dividend maintained

Anglo takes earnings blow

in its stride

MATTHEW CURTIN
and ANDY DUFFY

ANGLO American chairman Julian Ogilvie Thompson said yesterday the corporation would maintain its total dividend at 345c a share for the year ended March 31 1993.

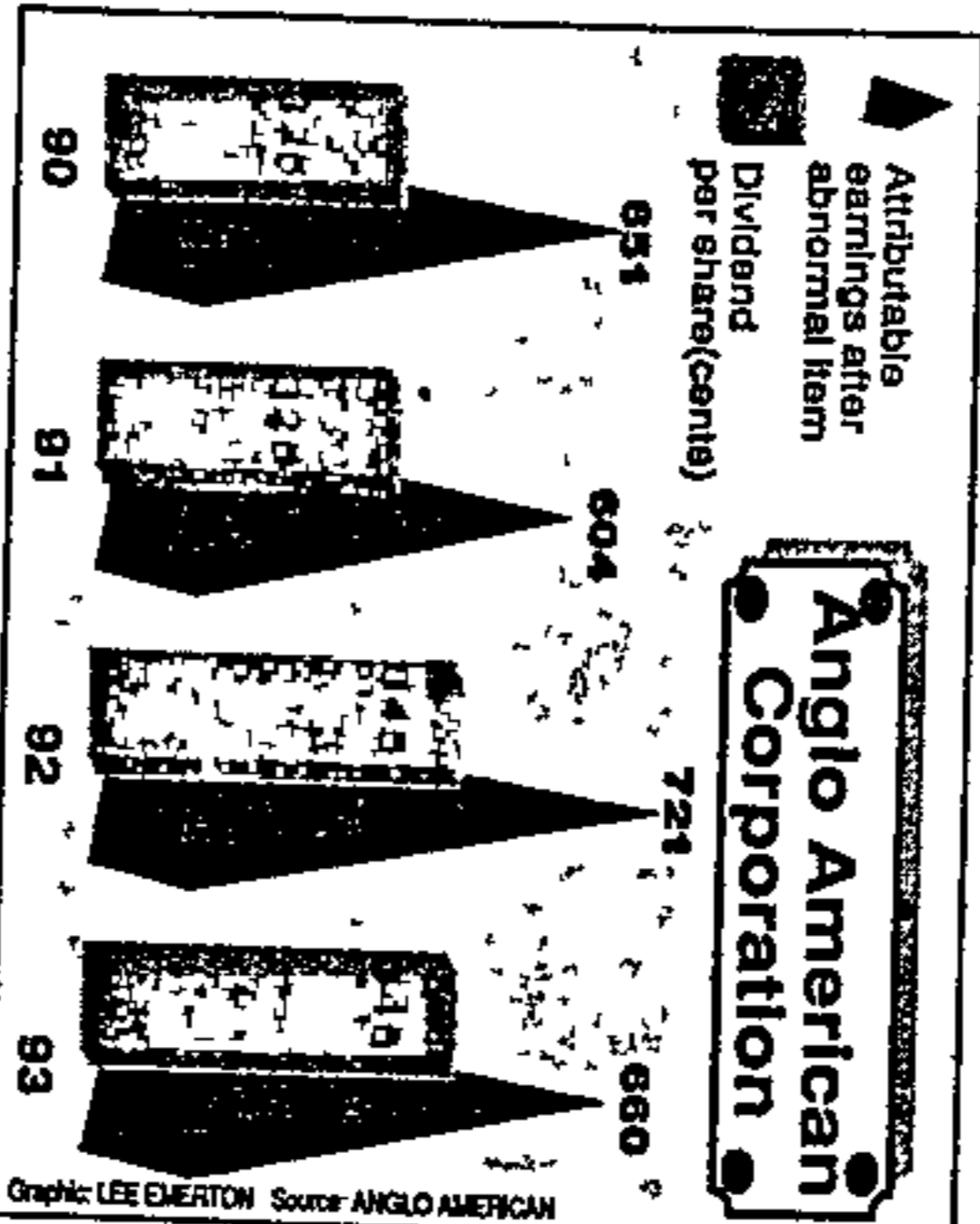
He told a news conference in Johannesburg that attributable earnings were down at 660c a share from 721c in 1992.

The corporation's business spread only partly offset falling income from diamond and platinum interests, and a lower surplus from the realisation of investments. Equity-accounted earnings fell 5% to R2,461bn (1 060c a share) from R2,6bn (1 121c), buoyed by contributions from Min-oro and the group's other offshore interests, particularly in Latin America.

Pre-tax income dropped 14% to R2,12bn, with investment income down 11% to R1,46m and surplus on the sale of assets down 79% to R46m, after the previous year's one-off sale of shares in Gencor and First National Bank.

Ogilvie Thompson said that given the recession gripping most of the company's markets and political uncertainty in SA, "profits had held up well".

The group's six new ventures reflected "the same logic of business and geographic diversity" that had enabled it to weather



torrid business conditions in the 1992/93 financial year.

The multibillion-rand spread of new projects looks set to restore Anglo American's position as one of the world's major copper producers, while adding international stainless steel and branded foods businesses to its portfolio and confirming its status as the top gold producer.

The presentation of the group's results, attended by all five deputy directors, emphasised the breadth of Anglo's mining interests and growing non-mining activities. The upbeat message follows the corporation's robust rebuttal last month of suggestions that it would re-evaluate the

To Page 2

Anglo Russ. day 216193 From Page 1

way it did business after Gencor said it would unbundle its non-mining assets.

Ogilvie Thompson said there were high risks associated with the projects, which only a group of Anglo's size could undertake. The projects, flowing from Anglo's technical expertise, the exchange of ideas within the group and the "best use of the country's limited technical skills and financial resources", were:

- The \$442m capital spending programme at Mantos Blancos, the Latin American copper mining group 74.8% owned by Anglo American South America (Amsa);
- The R1,7bn Moab gold project next to Vaal Reefs;
- The Ribn Namakwa Sands project on the western Cape coast;
- The R3,5bn Columbus Stainless Steel expansion project, a joint venture with Gencor and the IDC;
- The R726m investment in the Del Monte/Royal acquisition; and
- The multimillion-Deutschmark high energy battery project, a partnership with Germany's AEG and Daimler-Benz.

Trading income fell 5% to R484m, but other income rose 79.7% to R124m. Income from associates dipped R2m to R929m. The tax charge was down 15% at R266m, and included secondary tax on companies of R14m. After-tax profit was lower at R1,85bn (R2,14bn).

The contribution from diamonds, the mainstay of bottom-line earnings last year, was cut by 23% to R494m, while earnings from platinum were down 37% to R148m, after they were lifted in 1992 by Rustenburg Platinum's special dividend. Mining finance made the largest contri-

bution, worth R617m and a quarter of total earnings. The other major improvement came from financial services and property, up at R262m from R222m.

Attributable earnings were lifted by a R114m abnormal item related to a reduction in deferred tax at subsidiary Amcoal after the cut in the company tax rate announced in this year's Budget.

Ogilvie Thompson said Anglo had adapted the concept of a mining finance house to Latin American conditions with the development of Amsa — "a sort of mini-Anglo". Its assets of \$1bn were set to grow significantly in the years ahead.

Deputy technical director (metallurgy and research) David Deuchar said the four expansion projects on the go at Mantos Blancos would establish the group as a major copper producer.

Mining at Collahnsi in Chile was expected to start in 1997/98 and see the creation of "one of the world's great copper mines". The mine was being developed as a joint venture between Amsa/Minorco and Royal Dutch Shell's Billiton and mining group Falconbridge Deuchar said should Gencor acquire Billiton, Anglo was likely to exercise its pre-emptive right to buy Billiton's interest, if the price was right.

Ogilvie Thompson said Anglo was conducting talks with the Zambian authorities about the proposed privatisation of state-run copper producer ZCCM. However, details of privatisation were not clear. Anglo was awaiting the terms of any offer of shares in the company, but was clearly interested in increasing its stake.

Picture: Page 3

Richards Bay Minerals reaps rewards of rehabilitation

AS FORESTS around the world are destroyed and concern mounts about the future, the much maligned mining industry is holding out some hope for reforestation — restoring denuded forest to approximately their former glory, in a relatively short space of time.

For many years Richards Bay Minerals (RBM) has been mining the titanium-rich sand dunes along the Zululand coast. While the dunes had already been damaged by farming and

grazing, mining completed the process.

However, before it began mining RBM appointed a full time ecologist — the first company in SA to do so — to investigate and implement appropriate rehabilitation practices observed in other parts of the world.

The results have been all that RBM might have wished. About 14 years after the first mining operations the dune forests are well on their way to being completely restored, some

to their original indigenous state and others to commercial plantations aimed at supplying a future fuel and charcoal industry.

Achievement

Chief ecologist Paul Camp says "The greatest achievement in the dune rehabilitation process is that natural succession is successfully taking place against the expectations of a large number of critics."

The first step in the process is to shape and contour

the mined sand or tailings to conform as closely as possible to the original dune topography. Following this process, nutrient-rich top soil and seed is removed from in front of the mining operation and spread over the tailings to a depth of about 10cm.

The next step is to sow a crop of cereal and indigenous seeds. A system of shade cloth windbreaks protect the seedlings from the wind. Within days the cereal seeds germinate and

provide additional protection for the slower germinating indigenous seeds.

The cereal plants, being annuals, die off after a short time and only the indigenous species remain.

The RBM project has provided academics and students from several universities with opportunities for furthering their research.

Two departments of the University of Pretoria are amongst the researchers involved in the project.

Buss Day 4/6/93

Gencor may use 'passive' RBM asset to finance Billiton deal

Bus. Day 7/6/93

(217)

RICHARDS Bay Minerals (RBM), in which Gencor has a 50% stake, may be the most likely SA asset the mining house uses to help finance its proposed purchase of Billiton, Royal Dutch Shell's metals and minerals business.

A market source said at the weekend Gencor's holding in the Natal mineral sands producer was a passive investment and sat uneasily with the group's mining activities. International mining group Rio Tinto Zinc holds the remaining 50% of the company and its management contract.

He suggested Gencor might offer RTZ its stake in RBM to raise cash for the Billiton deal or in return for RTZ commitment to help finance the acquisition.

Frankel, Pollak, Vinderine analyst Kevin Kartun said that while RTZ was likely to be

MATTHEW CURTIN

keens to buy Gencor's stake in RBM, it would do so only at the right price. Gencor doubled its stake to 50% in April with the R671m purchase of shares in RBM held by Old Mutual, the IDC and its two investment trusts.

Gencor chairman Brian Gilbertson has said the group had a less than 50% chance of pulling off the deal, given the difficulty of securing offshore finance — Gencor would not use the fnrand — and adding that a deal could involve one of the mining house's SA assets RBM and its aluminium smelter are Gencor's major unlisted SA assets.

Analysts agreed that a Billiton deal was fraught with complications, many stemming from the fact that a large number of Billiton's mining interests were joint ventures in which

partners had pre-emptive rights to buy the group's holdings Anglo American has said it would exercise its right to buy Billiton's interest in the Chilean Collahuasi copper project should it be put up for sale. Offshore arm Minorco was thwarted in its attempt to acquire Australian copper and gold producer Olympic Dam when Western Mining exercised its right to buy BP's stake in the business.

Analysts added that Gencor affairs were in a hiatus, its lacklustre share price reflecting uncertainty about the details and impact of unbundling, and the possible Billiton deal.

They said at least one institutional investor seemed willing to sell the stock short of R12, its highest price in the past year. Gencor's relatively low exposure to gold meant the shares had been neglected in the recent bull run on the gold board. Gencor shares closed 5c up at R11,75 on Friday.

Rhoex reports a leap in profit

RHOMBUS Exploration (Rhoex) reported a rise in after-tax profit to R1,21m (1992. R300 000) in the six months ended March 1993. **BIDAY 9/6/93**

Pre-tax profit was lower at R1,21m (R1,74m) but the company incurred no finance charges compared with R1,44m in the same period last year. As a result, earnings on after-tax profit increased to 3,61c (0,89c) a share.

CE Rob Still said after the completion of Rhombus Vanadium's (Rhoan) rights issue, Rhoex now had a 53,8% stake in Rhoan. Rhoan announced in November it planned to raise R35m in a rights issue and build an R85m vanadium oxide plant. The

~~217~~ JONO WATERS ~~217~~

rights issue was 60,2% subscribed.

Still said construction of the plant had commenced and was proceeding according to plan. Costs were within budget.

Taaiboschspruit colliery, in which Rhoex has a 50% interest, made its first contribution to income, he said.

"A decision to proceed with the detailed design phase of the Northern Natal Sands project is still be awaited from the joint venture's managing partners."

Still added that the company continued to investigate new propositions, some beyond the borders of SA.

Anglo may get first bite of Zambian mine

ANGLO American would likely have preemptive rights to buy back its shareholding in Zambian Consolidated Copper Mines when the parastatal was privatised, Zambian Deputy Finance Minister Paul Tembo said in Johannesburg yesterday. (217)

However, it was expected that ZCCM's non-mining activities such as civil engineering and transport interests would be privatised separately. ()

He said the ZCCM privatisation could be completed before 1998 and that its interim capital requirements could be met.

Anglo effectively has a 27,8% interest in ZCCM through JSE-listed Zambia Copper Investments while the Zambian government holds 60,3%. (250)

Tembo said laws to ensure the 100% repatriation of foreign business profits would be in place by year-end. — Sapa.

Bus. Day 9/6/93

More time for Northam

JONO WATERS 10/6/94

NORTHAM Platinum, Gold Fields of SA's R1,7bn mining venture, might take a little longer to become cash positive than forecast, chairman Alan Wright said yesterday.

Northam announced a R350m rights issue in December which would provide the mine with enough cash until it reached full production in August. That was based on the expectation that the mine would become cash positive by the second quarter of 1994.

Analysts now believe additional borrowings will be necessary as a further rights issue would not go down well with investors.

Wright pointed out that prices of some platinum group metals had fallen since the announcement of the rights issue. Rhodium prices, in particular, had fallen to less than \$1 000/oz from \$1 800/oz in December last year.

Northam is expected to produce 250 000oz of platinum a year, lifting SA's annual production to more than 1 million oz.

Haggie wants to sell Copalcor

ANDY DUFFY

HAGGIE was planning to sell part or all of its struggling copper division Copalcor, the engineering group said yesterday.

The R1,2bn-a-year group, which through rationalisation is planning to cut Copalcor's operations by around 20%, said it would consider any reasonable offer for the business, but that buyers were reluctant to invest in SA.

The proposal follows a steady deterioration in Copalcor's performance, which in the past financial year cut its return on investment by two-thirds to just more than 3% — against the 20% stipulated by Haggie.

Haggie had already held talks about selling 50% of Copalcor to a German group, but the proposal fell through when the would-be buyer insisted on providing technological expertise, rather than cash, for the stake.

Although it stressed no prospective buyer had emerged since then, Copalcor was maintaining close contact with European players, it said.

Market sources added that Haggie was also pursuing potential suitors, though it had accepted that the cash raised was unlikely to be "dramatic".

The size of the stake and the price would be determined by the proposed deal, Haggie group MD Chris Murray said. "We would look at anything," he said, "but there are no plans at the moment. Overseas investors are not falling over themselves to come in."

A sale would allow Copalcor to broaden its technological scope and penetrate other overseas markets, he added, while the buyer would gain from lower SA labour rates.

Haggie's copper products operations, which include Maksimal Tubes and Chicks Scrap Metals, contributed sales of R433m — roughly 36% of group sales — in the year to December 1992.

'Voodoo economics' on St Lucia mining report

St Times 13/6/93

By RYAN CRESSWELL

THE conclusions of the Environmental Impact Report on mining at St Lucia are unsubstantiated and probably incorrect, two economists have found. (5) (27)

The report recommends that there would be a significant advantage to dune mining in the area, but Dr Frank Vorhies and Deborah Nolte Vorhies, hired by the Wildlife Society to review this recommendation, say they have found some "voodoo economics"

Their findings have been given extra weight by one of the economists who worked on the impact report, eminent British economist Professor David Pearce, of University College, London.

He has sent letters to various interested bodies in South Africa saying that the report contains some "quite misleading" comparisons of economic and environmental impacts.

Problems

He said he could not say how the "errors of fact and presentation" had arisen, but it was evident that "whoever drafted the economics table had no understanding of the economics of development-environment comparisons"

Problems found by Dr and Mrs Vorhies are

- The assessment made no attempt to place a value on the mines

- The assessment "falsely" assumes that the Eastern Shores are a perfectly substitutable resource from a conservation perspective and a non-substitutable resource from a mining perspective.

- The final report is completely inadequate in that it does not incorporate conservation values into its economic evaluation.

- The report in general accepts the plans and associated numbers supplied by RBM for mining the dunes, but when it comes to plans and associated numbers supplied by the Natal Parks Board for conserving the dunes, the assessment usually rejects them.

Star 16/6/93

Scharrig buys Trojan Mining

Business Staff

Scharrig Mining, a leading open-pit mining contractor, is buying Trojan Mining, which is in the same line of business, for R5,9 million. (217)

Payment is to be settled by the issue of 2,95 million new shares at 200c a share.

The transaction is expected to increase Scharrig's earnings from 25c to 27,4c a share and increase its net asset value from 69,9c to 74,6c a share.

Mining analysts say that the activities of both companies are complementary

Trojan's principal customer is Trans-Natal's Eikeboom Colliery.

Trojan's plant is new and is of 25 ton to 60 ton capacity, which is similar to Scharrig's.

One advantage of the takeover is that Trojan is short of plant, while Scharrig has surplus capacity. Trojan's 33 units will increase the Schamin group's total fleet to over 320.

Trojan is said to be strong in the area of surveying and geology, a skill with Schamin has lacked.

The takeover allows Scharrig to expand market share without any sacrifice of profit margins.

Bid to boost platinum consumption

NEWPORT — While jewellery is the only major area of platinum consumption that enjoyed solid growth over the past year, further gains will depend largely on boosting demand outside the key market of Japan, according to delegates at an industry conference in Rhode Island (217)

In a statement to the International Precious Metals conference on Tuesday, JCI chairman Pat Retief focused on jewellery as a high-growth area of platinum demand.

A report released last month by leading platinum refiner Johnson Matthey indicated that jewellery was

the only major area of platinum consumption to grow in 1992.

Jewellery, which comprised about 40% of total platinum demand, rose 2,7% to 1,51-million oz. Japan accounted for more than 85%.

One key to boosting platinum jewellery sales further, Retief said, would be to promote consumption in countries other than Japan.

Retief cited Germany, the US and Italy, as well as Swiss watchmakers, as targets for an effort to promote platinum use.

He also pointed to China and other Asian nations as key potential markets for platinum jewellery.

While acknowledging that "there is a myth that Chinese consumers reject platinum for gold", he said education and marketing efforts could overcome this barrier.

One company that is eager to expand the platinum jewellery market outside Japan is Mintek, an SA enterprise specialising in metallurgical technology.

Mintek recently developed technology, under the sponsorship of Western Platinum Ltd, for producing a platinum-gold powder compact and platinum-aluminium-copper alloys which are gold or coral pink in colour — Reuter.

'Huge boost' for platinum

NEWPORT — Fuel cells that generate electric power using platinum catalysts could consume 400 000 to 500 000 ounces of platinum a year, or 14% of the current market, by the end of the decade, Arthur D Little Inc vice-president W Peter Teagan said yesterday.

He said economic analysis by his firm suggested "there's a good chance that fuel cells could see substantial market penetration by the end of the decade"

Speaking at the international precious metals conference in Newport, Teagan and Marino Woo, vice-president of Fuji Electric Corp of America, said recent technology advances had improved the outlook for platinum-based fuel cells

Woo predicted that the most promising technology, known as phosphoric acid fuel cells, would be commercially available by about 1995.

Governments in the US, Japan and Western Europe were promoting the development of fuel cell technology, which has been touted as a non-polluting — Reuter.

Dune mining study rejected as a 'hoax'

Star 18/6/93
Own Correspondent

DURBAN — The St Lucia dune mining controversy heated up again yesterday when leading conservationists dismissed the 1700-page environmental impact report as a "hoax".

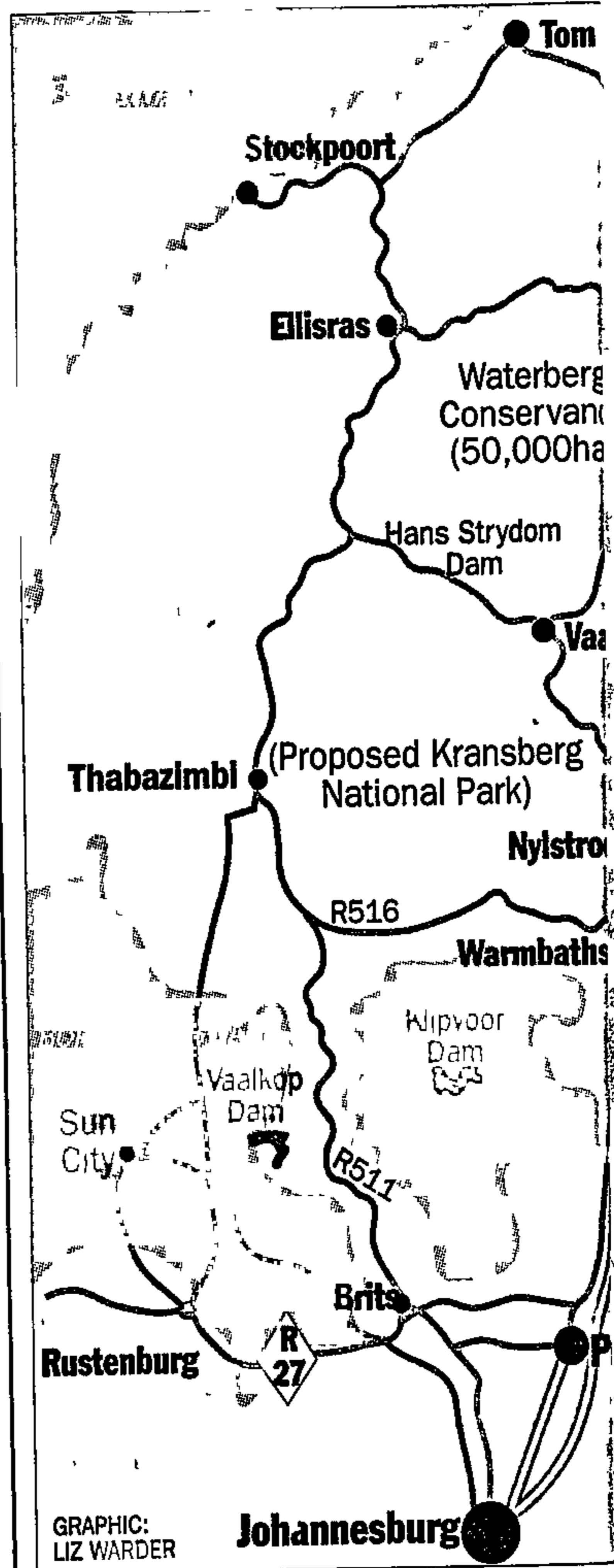
Members of the conservation movement are considering challenging the St Lucia dune mining report in court on the basis that certain decision-making procedures have not been adhered to properly.

Those expressing their support for the Campaign for St Lucia yesterday included Dr Ian Player, Democratic and Conservative MPs, senior representatives of the Wildlife Society, the Natal Parks Board, the SA Nature Foundation and the KwaZulu Bureau of Natural Resources.

Wildlife Society spokesman Jeremy Ridl said: "This is not an environmental impact assessment that has been done. It is an attempt to justify mining."

The Government should "put the report aside" and look for other areas to mine. Ridl slammed the "voodoo economics" contained in the report and said its findings on job creation were "absolute nonsense".

Conservative Party MP Joseph Chole said Parliament would block the dune mining proposals by a two-thirds majority if President de Klerk allowed his MPs to vote according to their consciences.



Conference to examine law's future

Star 18/6/93
Staff Reporter

Legal dignitaries will address a one-day Johannesburg conference on the future of South African law on Monday to celebrate the 125th anniversary of the law firm Webber Wentzel.

The conference will be addressed by Mr Justice Goldstone, who will discuss whether law and

order can be restored in South Africa.

The Chief Justice, Mr Justice Corbett, will also address the conference, to be held at the Standard Bank headquarters in Simmonds Street.

The ANC's Penuell Maduna will speak on the legal profession's role in the new South Africa.

Senior partner at Webber Wentzel, Peter Rey-

nolds, said the firm wanted to ensure the legal system met the needs of a restructured South Africa.

"We wish to anticipate, in a meaningful forum, what will become of law in this country... and we want to play a part in guiding this country's legal system along what we believe to be the proper channels."

...the ... was dead after ignoring a warning to stop.

St Lucia study flawed, meeting told

DURBAN — The St Lucia environmental impact assessment (EIA) report had been discredited, Wildlife Society spokesman Jeremy Ridl said at a meeting yesterday.

The EIA's economic team had formally distanced itself from the report, he said.

Just before its publication, the geological section of the report "had been thrown into doubt" as new evidence was made available by monitors of the Ramsar convention on the environment, which was signed in Iran in 1978 by representatives of 77 countries.

Ridl condemned the "indecent haste" with which organisations had had to respond to the CSIR report, which said no irreparable damage would be caused by mining.

Campaign for St Lucia co-ordinator Oliff d'Ohveira said if mining were allowed, the wetland would have to be taken off the Ramsar convention list of protected wetlands

BIDAY 18/6/93
MARIANNE MERTEN

If this happened, it would be the first time one of the convention signatories had delisted an internationally recognised wetland.

During a recent Ramsar convention conference in Kushiro, Japan, delegates recommended that mining at St Lucia should be refused on principle

Zululand Environmental Alliance spokesman Jim Phelps said the EIA report's procedure was flawed.

The assessment management committee was not representative as it did not include members of conservation organisations or the public.

The principle of "hearing the other side" — a vital part of any impact assessment and integrated environmental management system — was "interfered with" because comments from the interested and affected parties were "filtered and digested" before they reached the review panel,

he said.
KwaZulu Bureau of Natural Resources director Nick Steele said the bureau had found "significant omissions and unacceptable bias" in the report.

The pro-conservation sentiments were supported by those invited to the meeting, which included representatives from political bodies and conservation organisations such as the Natal Parks Board.

DP MP Rupert Lorimer said his party had dedicated itself to the fight against mining at St Lucia, although "all environmental impact assessments meant nothing because the final decision was a political one"

CP MP Joseph Chole said the CP did not want mining activity "anywhere in St Lucia".

NUM secretariat professional assistant Roy Sewnarain said his task was to "put the facts before the national executive" and facilitate a debate within the union

UK govt changes mind on SAAF ban

LONDON — The British government yesterday announced the lifting of its ban against the SA Air Force being invited to the RAF's 75th anniversary celebrations at the Fairford International Air Tattoo next month

Pressure, including a published letter from five former marshals of the RAF, has been levied on the government to lift the ban following the participation of the SA Navy in last month's 50th anniversary of the Battle of the Atlantic.

British government officials admitted their approach to the two events had been apparently inconsistent, but were concerned

BIDAY 18/6/93
Own Correspondent

that the appearance of SA military aircraft and personnel on the operational military base of RAF Fairford would be more clearly a breach of UN, EC and Commonwealth sanctions against SA than the navy event was

The SA supply ship Drakensberg pointedly stopped at the civilian port of Milford Haven rather than the navy ports of Plymouth or Portsmouth

However, officials have concluded that since Fairford is a standby base that will not be used operationally during the tattoo, and because this is a major his-

torical anniversary, the sanctions do not apply.

South Africans such as Field Marshal Jan Smuts played a major role in the creation of the RAF, and pilots such as "Sailor" Malan were heroes in the Battle of Britain

Proportionately more SA pilots were killed defending Britain than those of any other nationality. There has been a steady drumbeat of RAF veterans demanding SA be included in the 75th anniversary celebrations.

The Chief of the SAAF is expected to be among air force chiefs from around the world to be invited to the tattoo. It is hoped that SA will at least be able to return to the original invitation for four Pitts Special aerobatic planes carried to Fairford in two SA Hercules C-130 aircraft. — Daily Telegraph

Call for new joint plan

BIDAY 18/6/93
MARIANNE MERTEN

A credible national environmental management strategy was too important to be developed by government alone or with limited support from other groups.

Cape Town University Environmental Studies Prof Richard Fuggle said this week a minimum requirement was that participants in the multiparty negotiating forum agreed a national environmental strategy should be developed at this point.

All significant role players needed to commit themselves to such a strategy, he said.

Although the task of drafting the strategy would lie with a steering committee and its secretariat, wide-ranging consultations were also necessary

GND Gallo Gallo

Call for St Lucia rethink

By PETER KENNY: Tokyo

AN INTERNATIONAL conference on global wetlands has called on South Africa to reconsider a proposal to mine titanium at St Lucia in view of the grave concern over its impact on the rare site

South Africa was among the 77 countries at the Ramsar Convention on Wetlands which ended on Wednesday in Kushiro on Hokkaido, Japan's northernmost main island.

Delegates voted to "reconfirm the conference's grave concern at the potential impact on the South African Ramsar site of St Lucia of mining for titanium and other heavy metals"

They called on the South African government to give serious consideration to reviewing "the sustainable socio-economic development of the whole St Lucia area and its surroundings"

The co-ordinator of the Campaign

for St Lucia, Oliff d'Oliveira of Empangeni, addressed the conference and recommended that the government prohibit proposed dredge mining on St Lucia's eastern shores

"Mining would cause major impacts which would permanently compromise the ecological integrity of the site," he told the conference

"The St Lucia system is one of the few Ramsar sites which meets all three of the groups of criteria for identifying wetlands of international importance

"These are representative or unique wetlands; general criteria based on plants or animals, and specific criteria based on waterfowl," Mr d'Oliveira said.

The eight-day meeting ended with a declaration that wetlands were not just home to waterfowl but also vital

decaners of life forms crucial to the earth's bio-diversity

The Kushiro statement was adopted by the member nations at the Ramsar Convention. It is the first international declaration on the environment since the Earth Summit in Rio de Janeiro last June

"The sustainability of wetlands is crucial to human life," the declaration proclaimed, noting they were important for flood control, maintenance of water quality, pollution abatement and support for fisheries, as well as for recreation and contribution to climatic stability

Each of the signatory nations has to register at least one wetland area within its borders and to undertake efforts to preserve that wetland

● The Campaign for St Lucia has rejected the Environmental Impact Assessment and vowed to fight for a national park in the area

Northam Platinum needs refinancing

Biday 21/6/93

ANDY DUFFY

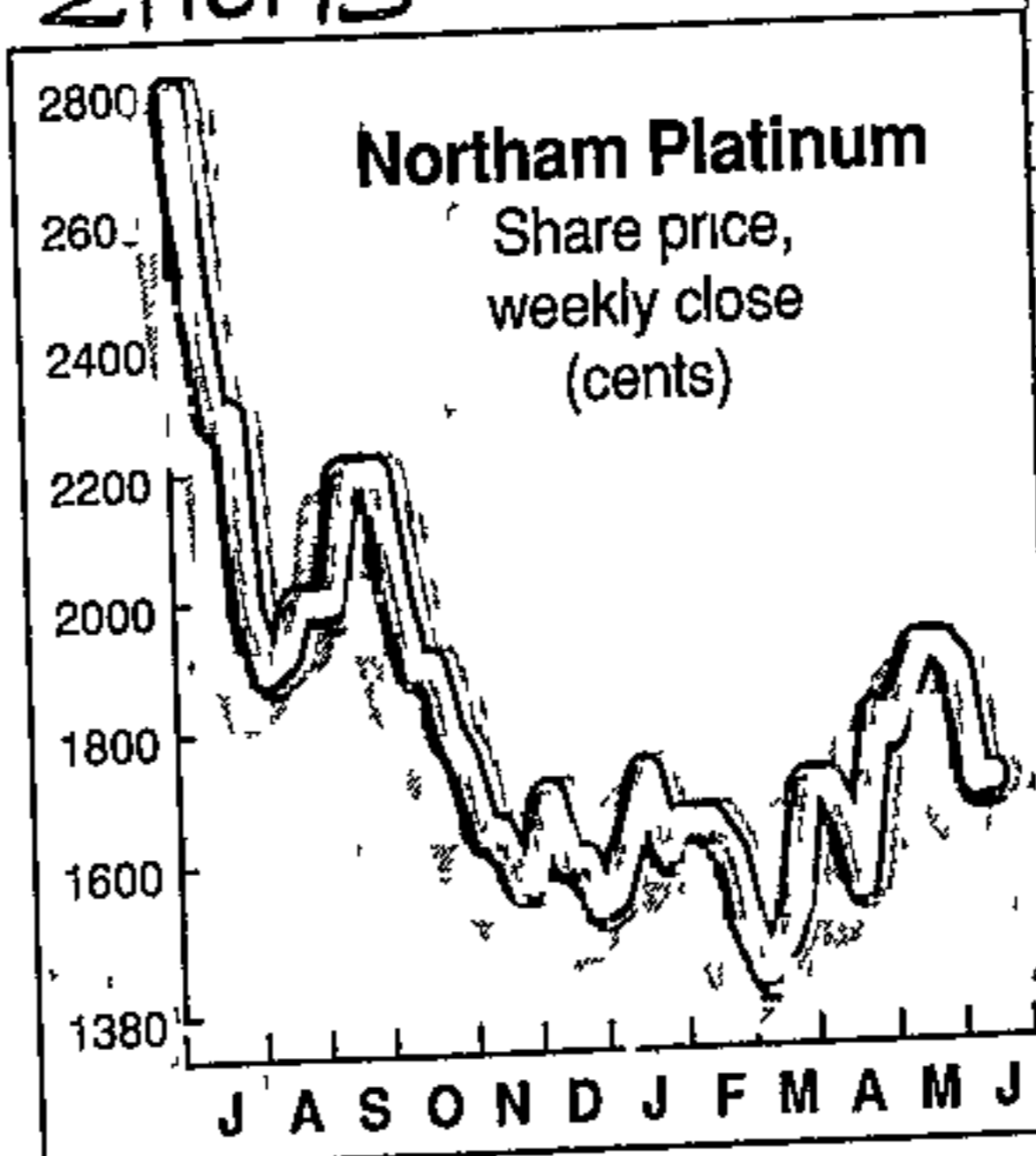
GOLD Fields of SA's Northam Platinum, which in December tapped investors for R350m, would have to be refinanced and was unlikely to pay its maiden dividend next year, the company warned at the weekend. (217) (222)

Northam chairman Alan Wright said current depressed prices for platinum group metals had derailed business plans for the developing mine

The mine was still likely to reach its full monthly production of 150 000 tons by August, but on current platinum group metal prices it was unlikely to hit its target of being cash positive by the second quarter of next year. This would force Northam to finance vital capital expenditure through new debt, which would mean the payout to shareholders, who since 1986 have pumped R1,65bn into the project, might have to be shelved.

"It wouldn't be prudent of the directors to pay a dividend if, in the short term, there had been no advances in repaying the loan account," Wright said.

He said the company still had to determine what borrowing requirements would be. He hoped the new debt would not be



Graphic RUBY GAY MARTIN Source I NET

higher than the R169m just paid off by the rights issue. The failure of world economies to recover had subdued platinum group metal prices, throwing out Northam's pay-back schedule.

Northam's targets for both full production and cash generation have consistently slipped over the past year, but the warning is likely to come as a blow to shareholders, which include Sanlam and Liberty Life.

□ To Page 2

Northam Biday 21/6/93

□ From Page 1

The heavily discounted offer was supposed to have left the mine debt-free and able to cover its capital expenditure until the mine began paying for itself. (217) (222)

Analysts said the news was also likely to hit Gold Fields. "It (the mine) is an albatross around Gold Fields' neck," Frankel, Pollak, Vinderine's Kevin Kartun said. "This is a bit of a disaster."

The brunt of the blame is likely to fall on rhodium rather than platinum prices.

While Northam had said its cash positive target could be achieved on a \$355/oz for platinum, the metal had moved from \$365/oz in December to just under \$380/oz last week. Northam's target price for rhodium, however, was \$2500/oz. The metal traded last week at \$850/oz, less than half its December level.

Southern Platreef shares put on mysterious weight

By Derek Tommey

The share market is intrigued by the sudden flurry in the shares of Southern Platreef Mining Company (Southplats), an almost bankrupt mining explorer.

Earlier this year the share stood at 10c. By the beginning of last week it had reached 55c

Then, in a sudden spurt, it jumped to 100c on a turnover of 28 000 shares — involving an outlay of less than R28 000 (217)

A scrutiny of the annual report of Southplats and its controlling company South Wits does not help much.

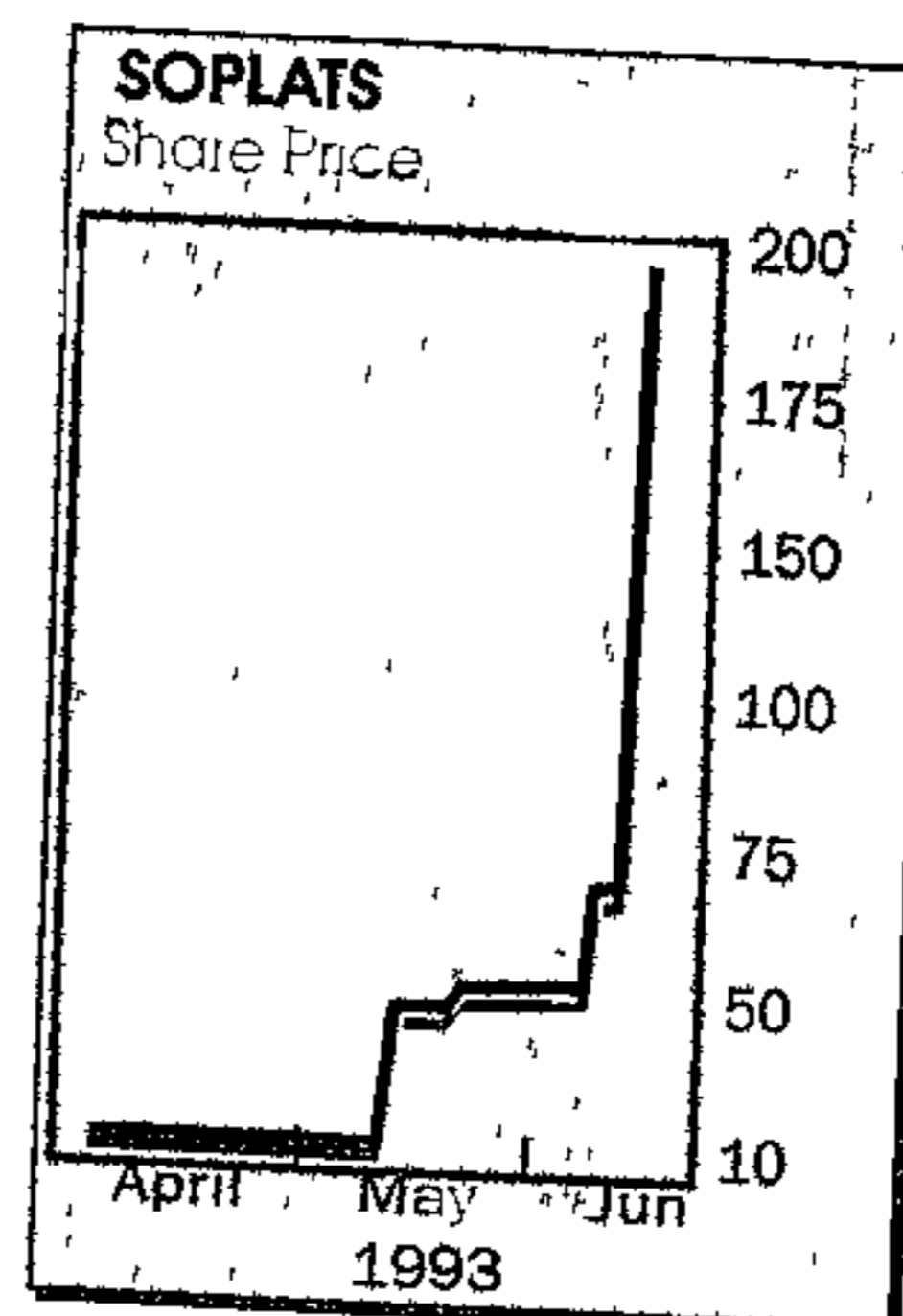
The main fact to emerge is that South Wits has given an un-

named third party an option to buy its 81 percent stake in Southplats for 4c a share

Market talk is that this option has now been exercised, leading to speculation that the new owners will provide the cash to develop some of Southplats's mineral deposits and make the company viable. (217)

Although Southplats has other interests, attention is centred mainly on its venture at Potgietersrus, which is estimated to have 7,3 million tons of ore containing copper, nickel and platinum.

The project was examined by LTA Process Engineering, the feasibility study engineers, but



deemed too small to support the scale of operations envisaged

However, a new assessment has concluded that the operation could be viable if scaled to a throughput giving a life of 11 years

Star 23/6/93
St Lucia: comments pour in

More than 1 000 pages of comment on the St Lucia mining report had been sent to the CSIR from 130 organisations by yesterday afternoon — the final deadline for comments to be submitted. The CSIR's response report is due to be published on July 14 and members of the public will be able to respond to this at public review panel hearings in Durban and St Lucia in August. The panel is expected to recommend early in September on whether to refuse or allow mining at St Lucia. The Cabinet will then make a final decision. — Own Correspondent.

(217) (23)

'R375m profit from Noordhoek kaolin'

Business Day 24/6/93

CAPE TOWN — Serina's kaolin mining venture in Noordhoek was expected to generate an operating profit of R375m over a 30-year lifespan, according to figures presented at a media briefing yesterday

On the basis of a 40% company tax rate, R150m of this amount would accrue to the fiscus, leaving a net profit of about R225m or an average of R7,5m a year expressed in current rand values

Costs, including salaries, electricity, gas, and packing materials would amount to about R239m over 30 years

If added to the operating profit, this would give a turnover of about R614m, or R20,5m a year.

Serina has earmarked over R25m for rehabilitation and pollution prevention projects and spent R900 000 on an environmental impact study undertaken by 34 scientists

R1m has been allocated to a rehabilitation trust fund to provide for rehabilitation costs in the event of the company's liquidation. And 10% of company shares have been distributed to its employees

To cater for community concerns, the size of the pit had been reduced and an underground conveyor belt installed at a cost of R1,8m to prevent noise and dust caused by truck traffic

LINDA ENSOR

There was no evidence that the mine would negatively affect tourism or property values in the area, mine owner Sybrand van der Spuy told the media briefing.

He estimated that the mine would save SA about R1bn in foreign exchange over the next 30 years as manufacturers would not need to import kaolin. One of Serina's largest clients is Mondi.

While export opportunities would be investigated, these were not feasible at present as the worldwide recession had led to a slump in demand and prices for kaolin

The media briefing was held a week before the Western Cape Regional Services Council decides on Serina's application for approval to use the Noordhoek land for mining. Van der Spuy was confident that approval would be forthcoming

Serina had already received a licence from the Mineral and Energy Affairs Department and it had been advised that RSC approval was not legally required

If the RSC's permission to go ahead was refused, Serina would appeal to the Cape Administrator or take the matter to court, Van der Spuy said.

The jury is still out on Gencor's unbundling

By **BILBOY** 24/6/93

SANKORP chairman Marinus Daling is unperturbed by the far from electric performance of Gencor shares since the group gave the green light to unbundling in May. "The jury is still out," he says.

It has been difficult for the market to assess the success of a manoeuvre which is yet to take place. The enabling legislation on which unbundling depends was tabled in Parliament only on Monday.

Daling says it is the question of market rating which has driven Sankorp's determination to separate and focus its industrial portfolio in Gencor, Murray & Roberts, and Malbak. The multiple uses to which the term "unbundling" has been put have perhaps obscured Sankorp's and Gencor's aims.

He says although the exercise has been geared towards the specific circumstances of the Sankorp investments, it is underpinned by a number of principles. Unbundling is neither a fad, nor simply a question of "horses for courses".

The initial impetus in the late '80s when Derek Keys took over as Gencor chairman may have been to unlock the significant discount to which

Gencor shares trade to their net asset value. The issue was clouded by the perception of a political dimension to the issue, with talk of nationalisation followed by Sanlam's move towards spurring black economic empowerment.

"These reasons are not strong enough to justify an exercise as large as the one we have embarked on, if only because they would bring only one-off benefits," Daling says.

"Our deeper concern was to ensure the businesses could continue to add value, and for that they need a solid and sustainable market rating. That is the basis for attracting capital, and you need capital to grow."

He says institutions rather than the man in the street have determined the ratings of companies in the US and UK. The ordinary punter puts his savings into trusts and policies, funds which are then reinvested in equity.

"The institutional investor prefers to make up his own spread of investments. He does not need a listed company to make that decision for him," Daling says.

The crux for a business is therefore "focus". Institutions want

MATTHEW CURTIN

shares whose behaviour is predictable in relation to the economic cycle. A conglomerate such as Gencor simply cannot meet that demand because, first, it performs at best at the same rate as the economy as a whole, and second, any major transaction it makes may suddenly alter its risk profile to the consternation of existing and potential investors.

Daling is convinced unbundling solves this problem. Sankorp has now established three distinct businesses: Gencor is the "commodities player", M & R is the gross domestic fixed investment stock, and Malbak the consumer-based business.

He says the rash of leveraged buyouts of conglomerates in the US in the '80s would have been impossible if they had been better focused. The buyouts led to the conglomerates being stripped down and refocused by new management.

Focus is also the best way to adapt to a fast-changing business environment where, Daling says, the old ad-

age that a good manager can manage any business has become outdated. Successful businesses are driven by knowledge and decision-making, and the two — line management and the boardroom — have to be as close together as possible. "You can't centralise knowledge, you can't centralise decision-making."

Sankorp has striven for a "decentralised culture" in its operations and those of its investments. Unbundling makes that claim more credible because Sanlam has swapped absolute for indirect control.

Daling says the change is not cosmetic. The Sanlam/Rembrandt voting pool will have at most a one-fifth representation on the boards of Gencor, Sappi, Malbak and so on. Any loss in the cross-fertilisation of ideas bred by having a number of different businesses under one roof will be compensated for by the addition of non-executive directors.

If Sankorp held an "ideological or political" stance on unbundling, it might have gone the whole hog, breaking up Gencor, Malbak, and M & R into their constituent parts. However, that would have compromised the companies' viability. Relevant

size (Gencor has to be big to compete) and access to capital (Sanlam and Rembrandt retain that role) are the critical factors.

Daling says focus will also stimulate foreign investment. A potential partner for, say, Foodcorp must benefit from having to deal only with the Malbak board, rather than the existing Malbak, Malhold, Gencor, Gencor Behrend pyramid.

In addition, the new structure brings the Sankorp portfolio in line with structures prevalent in North America and the EC. "The easier it is for foreign investors to recognise the sort of businesses they are dealing with, the more likely it is they'll be ready to consider them as partners."

For the international institutional investor, the political climate and currency may be the principle factors influencing its investment in SA.

However, Daling is confident that "a North American investor, who would not have invested in Engen through Gencor when it could have bought a stake in a Shell or BP, may now be attracted by Gencor as a pure mining spread".

LAW REPORT

Lonrho begins to sparkle

Biday 25/6/93
 JOHN CAVILL

LONDON — Lonrho's share price jumped 6% here yesterday as the group disclosed a sharp recovery in profit and a fall in net debt to under £600m in the six months to March 31. (217) (217)

The first figures to be released since German financier Dieter Bock bought 19% of Lonrho and became joint CE with Tiny Rowland are complicated by profits from asset sales to reduce the group's debt, which stood at £1.2bn at the end of 1991.

Turnover totalled £1.6bn against nearly £2bn in the previous half-year. After deducting discontinued operation there was a marginal increase of 9% to £1.3bn.

Operating profit from businesses

climbed 22% to £67m. Profits of £56m on asset sales left pre-tax earnings (after interest paid of £41m — down 21%) at £87m, a rise of 74%. In terms of continuing operations pre-tax profit was 84% better at £35m. With a tax rate down from 48% to 22%, net attributable earnings soared by 330% to £56m.

Total earnings a share were 7.9p, a near quadrupling. But with those from retained businesses swinging from a loss of 2p a share to a profit of 0.8p, Lonrho is keeping the interim dividend unchanged at 2p.

□ To Page 2

Lonrho

□ From Page 1

Lonrho reports that sale of its German properties had cut gearing to 35% (57%) and net borrowings to below £600m

A statement by Rowland and Bock said its Ashanti gold production in Ghana was 16% up on last year at 380 000oz and profits were helped by the strength of the dollar against sterling. The gold price rise since the end of March will lift earnings further in the second half of the year (217)

SA platinum also benefited from higher output — platinum group metals were 39% up at 430 000oz and projected at 890 000z

for the year — lower costs and the strong dollar (217)

"Trading has improved since last year and, provided commodity prices do not deteriorate, the board views the remainder of 1993 with optimism," said the statement.

With Lonrho's interest bill set to fall further following sales of the Observer Sunday paper in Britain and the German properties, stockbroker analysts are forecasting pre-tax profits of £135m for the full year against £80m in 1991/92.

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Implats sheds 1 500 jobs

(217)

CT25/6/93

From ANDY DUFFY

JOHANNESBURG — Impala Platinum (Implats) is to shed 1 500 staff over the next three months as part of an attempt to slash costs in response to depressed market conditions.

Chairman Mike McMahon said yesterday that the retrenchments, which are in addition to the 300 losses expected from the merger of its four mines into three, should help cut growth in working costs in the next financial year.

Although the company would improve on its 1992 results in figures due in August, McMahon said it had been hit by falling prices for platinum group metals (pgms).

The retrenchments would be spread across the Gencor-owned company, he added.

The company had shed 7 000 jobs since September 1991 and the latest cuts would reduce its workforce to less than 40 000, McMahon said.

Implats was looking at other means of holding costs down, he added, and could not rule out further retrenchments. "We're going for cost-efficiency to stay alive in the current market."

The staff cuts were likely to lead to an initial charge of "several million". The full benefit would come through in the second half of next year. Labour costs account for about 55% of Implats' working costs. The target was zero growth in cost a kilogram.

The announcement of the cut, which comes two days after Implats unveiled plans to merge its Bafokeng South mine with its three other mines, follows a sharp decline in pgm returns. In the past 12 months, an improvement in the platinum price from an average \$366 to about \$380 has been offset by rhodium's fall from \$2 500 to \$850.

McMahon said he hoped the market was "bumping along the bottom".

Implats' rivals have also blamed falling prices for their troubles. This week Gold Fields of SA's Northam Platinum said it would need to take on new debt and was unlikely to pay a dividend next year.

Lonhro's Western Platinum, in which Implats has a 27% stake, lost 1 500 staff in closing its loss-making No 2 Shaft Rustenberg Platinum closed its uneconomic Boschfontein shaft in March.

Lonrho lifts profit 74 pc

By Neil Behrmann

(217)

the cash draining Observer newspaper has been sold

ster 25/6/93

international hotel business also rose in the first half

LONDON — Rising gold production and prices combined with a reduction in debt contributed towards Lonrho's 74 per cent jump in pre-tax profits to £87 million in the six months to March

Gearing, or borrowing as a percentage of shareholders funds, fell to 35 percent.

The arrival of Dieter Bock, the German financier, as a major shareholder and joint chief executive has also helped Lonrho

Earnings a share recovered to 7.9p from a loss of 2p a year ago. The interim dividend is pegged at 2p

Profits of £87 million, however, included disposals, notably the sale of the Volkswagen-Audi franchise in Britain

More recently, but not reflected in the figures,

Although Lonrho's rehabilitation is in progress, stockbroker analysts are still cautious.

Profits might have soared, but sales of the mining, commodity and hotel conglomerate tumbled 21 percent to £1.56 billion.

Lonrho's results were higher than analysts' estimates, but the dividend was in line with market expectations

Platinum

The company says that profit was higher because of better profitability in its South African platinum and Ghanaian gold mines. This was achieved despite the slump in the price of rhodium

The performance of its

“Trading has improved since last year and, provided commodity prices do not deteriorate, the board views the remainder of 1993 with optimism,” says a statement from Lonrho's joint chief executives Tiny Rowland and Bock

Profit attributable to shareholders has risen to £56 million from £13 million, after taking account of exceptional items

Profit in its German trading concern, Krupp, fell because of rationalisation provisions and the slowdown in the economy. However, it expects the business to post higher second-half results

The company also expects better profits from its sugar businesses in the second half

FM 25/6/93 (217)

Gold Fields is standing behind Northam
"Another R200m is not a big number in the overall context and I'm fairly relaxed about it" says a broker's analyst "You have to expect problems starting up a new mine"
Analyst opinion on Northam, though, remains divided "Northam is out on a limb as a high-cost producer because so far the expected high grades have not been forthcoming It's a technical success but so far not a financial success," says Frankel Pollak Vinderne's Kevin Kartun. Irish Menell Rosen-

NORTHAM PLATINUM Still more delays

Market reaction in general to the storm over Northam Platinum's financial difficulties seems to be that it's overdone — which is why the share price has held up, dipping just 50c over the past week to R16,50

Having said that, there is much speculation in the market that Gold Fields is not dispelling now A full report will be released in about a month when Northam's preliminary results for the year to June are published Chairman Alan Wright declines to comment before these results, other than to say Northam is having a few teething problems but they are not serious

However, it appears Northam will not reach its planned throughput of 150 000 t/month by end-June as stated in the December rights offer circular to shareholders, who kicked in R352m then, bringing total money spent on the project to nearly R1,7bn This target will be reached later in the year, perhaps by end-August The mine is not getting the ore from underground fast enough to fill the mills and one report claims there are problems with ore clogging up pass systems underground

Revenues have also been hit by disappointing platinum group metal (PGM) prices, particularly rhodium Management was forecasting a rhodium price of US\$2 500/oz, but it has fallen to around \$850/oz

The other major concern is about technical problems in the base metal refinery causing a lock-up of rhodium Depending on who you talk to, the magnitude of the problem varies from minor to serious That's why an official comment from Gold Fields is needed

Plainly the point where Northam becomes financially self-sufficient has been delayed and perhaps another R200m in bridging finance is required Payment of the maiden dividend is likely to be pushed back a year to financial 1995

That's embarrassing for Northam, whose directors claimed in December the money being raised was enough to finance working capital and capital spending requirements at that time, and it is worrying for shareholders But it would be a lot more worrying were it not that a mining house of the stature of



Northam's Wright a few teething problems

berg's Dave Russell says "Northam is a first-class operation and I remain convinced Gold Fields will get over these unpleasant teething problems"

An analyst at a big institution says "Their problem is they are not getting the product out of the mine If they were producing as they were supposed to, they would be cash-positive already The key factor at Northam is grade If the forecast grade does not materialise, the mine will be a disaster I rate Northam a buy at R16 and will give Gold Fields the benefit of the doubt because of its mining expertise"

At least until there are more details from the house, this seems the best view to take

Brendan Ryan

St Lucia public Star 29/6/93 hearings postponed

By Anita Allen
Science Writer

217
~~30~~

Public hearings on the St Lucia mining issue have been postponed from August to October. This will allow more time for the compiler, the CSIR, to respond to comments received in the written phase.

In addition it will also allow for a longer period during which the CSIR's response report will be at the disposal of the public.

The review panel hearings will now be held in Durban on October 18 and 19, and in St Lucia on October 21 and 22. Announcing this yesterday, the Department of Environment Affairs (DEA) said it had agreed there were shortcomings in the St Lucia environmental impact assessment (EIA).

"The next step will be for

the CSIR to respond to all of the formal written comments it has received. This response and any revision of the CSIR's findings and recommendations will be presented in the form of a written response report," the DEA statement said.

Dr John Raimondo, chairman of the management committee of the EIA, who was appointed by the DEA, said the process was working well.

"I remain convinced that the process adopted is appropriate for ensuring that the people who have to make recommendations to the Cabinet, namely the different government departments and the review panel, are correctly and fully informed about the extent of probable costs and benefits associated with the alternative land-uses that are being considered."

Anglo aims for top spot in copper league

Star 29/6/93 (217) 230

LONDON — Anglo American Corporation, best known for its gold and diamond operations, is laying the groundwork for a huge copper business in South America that will place its subsidiary in the region among the world's leading producers.

The group also has the right of first refusal when Zambia privatises its copper business, Zambia Consolidated Copper Mines, scheduled to go ahead by 1998.

If all goes to plan, Anglo would jump from about fifth place among the world's leading copper producers possibly to challenge Codelco in Chile, which currently leads the field with annual output of more than 1 million tons.

Anglo has been focusing attention primarily on its South American projects in presentations to analysts and institutions in South Africa and Europe.

Flotation

The group's interests in the region are held by Anglo American Corporation of South America (Amsa), a 50 percent owned mining, finance and industrial company that Julian Ogilvie Thompson, Anglo's chairman, describes as a mini-Anglo in South America.

He says the stock market flotation of Amsa is a possibility when its development projects are more advanced.

In Chile, Amsa's most important interest is a 75 percent stake in Mantos Blancos, which is already producing about 78 000 tons of copper a year.

Mantos Blancos is embarking on four projects in Chile and Peru which

Anglo American Corporation is switching its sights from gold and diamonds to copper. Kenneth Gooding of the Financial Times reports on the group's expansion plans, focused mainly on South America.

will cost \$442 million.

Some \$85 million will go to expand open pit copper output at Santa Barbara in Chile from 30 000 tons a year to between 35 000 and 40 000 tons.

Another \$56 million may be spent on installing a modern solvent extraction-electro winning processing plant at Santa Barbara.

A second feasibility study is close to completion for the Mantoverde copper project in Chile, which is expected to produce 37 000 tons of open pit copper a year and cost \$150 million.

Mantos Blancos recently paid \$12 million for the Quellaveco copper deposit in southern Peru, in which about 24 million tons of copper has been identified. Mantos Blancos and Anglo's subsidiary Minorco also recently bought between them one-third of the Collahuasi copper project in Chile from Chevron for \$190 million.

Dave Deuchar, Anglo's chief metallurgist, says Collahuasi will become one of the world's great copper mines. Production is likely to start in 1998 and reach about 300 000 tons a year.

The Royal Dutch/Shell group owns another third of Collahuasi but is at present considering an offer for most of its metals and mining assets from Gencor of South Africa.

In Brazil, Amsa's interests are held largely in association with the Bozano Simonsen group through Mineracao Morro Velho which has mines that last year produced about 12 tons of gold.

Morro Velho recently won a tussle with RTZ Corporation of the UK for a stake in a world-class copper deposit at Salobo in the Carajas region of the Amazon, owned by Companhia Vale do Rio Doce, Brazil's biggest state-controlled mining group.

The project is expected to cost \$750 million.

60 pc stake

Meanwhile, Ogilvie Thompson says Anglo has first refusal rights on the Zambian government's 60 percent stake in ZCCM. "We are getting on well with the new management and would buy the government interest on the right terms and conditions."

Anglo already owns 27.3 percent of the Zambian copper producer. The rest of the shares are in public hands.

ZCCM has also been talking to analysts in London and says it needs \$2 billion over the next 15 years to keep production from falling any further.

Larry Hanschar, ZCCM's consultant metallurgist, says, however, that a big chunk is needed almost immediately.

He says ZCCM is ready to go ahead with financing for the \$600 million Konkola deep mine project where it has an estimated 344 million tons of ore containing 3.8 percent copper. — Financial Times.