MINING - OTHER GENERAL

Jan '75 - June '77
TIN MINES’ PROFITS RISE

Rannie Botha
Rooiberg Minerals and Union Tin both recorded substantial increases in their taxed profits for the six months ended December compared with the corresponding 1973 period.

The increases are conservative as both companies changed their accounting policies in 1974 by valuing tin concentrates on hand and in transit on the basis of cost of production and not on the basis of the LME prices.

Rooiberg increased its taxed profit for the six months by 69 percent to R1 929 000. There was, however, a reduction in tin concentrates recovered from 1 031,54 tons in the corresponding 1973 period to 937,91 tons. Sales of concentrates were also reduced from 1 031,54 tons to 985,01 tons.

The directors report that the decrease in output of concentrates resulted from a drop in tonnage treated at both “A” and “C” mines owing to a labour shortage and several working places advancing into unpay zones.

During the past six months 3 324 metres of 18 boreholes were drilled from the surface. At “A” mine, six boreholes were drilled to explore extensions of known mineralisation. One borehole intersected three payable values confirming continuous mineralisation along the strike of the Pyrites-Progress lode as well as two payable intersections in one of two boreholes—directed at exploring the down-dip extension of the 18N tin zone—indicating a new zone of mineralisation above the 18N tin zone.

At “C” mine, three payable values in two of five boreholes indicate continuations of the northern area bedded lode mineralisation.

The drilling programme on line from the dormant main workings at “Vellefontein” — where a new mine is to be opened — towards the No 2 east workings has exposed two payable values in two of seven boreholes, confirming a possible extension of the previously mined Mill lode.

Surface exploration started recently with detailed field mapping in the area north of the Vellefontein No 1 east workings as part of the programme of exploring the Hartbeesfontein-Roodebloem-Vellefontein triangle.

UNION TIN

Union Tin increased its taxed profit to R1 777 000 from the R81 000 earned in the corresponding half year in 1973. Extensions to existing lodes were indicated by diamond drilling in both the old and new sections of the mine. Development was concentrated in the western section where indications are that No 1 lode has now been nearly fully developed.

Difficulty continued to be experienced in the gravity plant for the six months under review due to the fineness of the tin from the western section, but an improvement was recorded towards the end of the year.

Declamation of the tailings dump is proceeding faster than forecast. It is expected that this rate will be maintained and that the dump will be exhausted towards the end of 1975 and not during 1976 as predicted.
Platinum price chopped

By ADAM PAYNE
Mining Editor

Rustenburg's decision, The price of palladium has been reduced from $150 to $120 an ounce.

Sir Albert Robinson, chairman of Rustenburg, told me: "The lowering of the platinum price is a fair business judgment in relation to market conditions.

"We hope that the reduction will attract orders which otherwise might have been diverted to the free market.

"The decision to reduce the price is part of our flexible pricing policy.

"The last time we reduced the producer price the cut was $10 an ounce from $230 to $220, at the time of the poor platinum market in 1971.

"We were fortunate then to recover and were able to reinstate the higher price quite soon.

"Although the present reduction could have the effect of stimulating further demand, I think we shall have a longer road to hoe than in 1971."

"There is still no sign of an upturn in the United States."

COMMENT, Sales on the free market vary tremendously and more metal is available in slack times than in times of strong demand.

Because of a strong flow of platinum supplies, the price has fallen in this market to $155.

The Russians sell some of their platinum on the free market, and some is sold on negotiated contracts.
ASSOCIATED MANGANESE earned 73 percent more net profit in 1974 than in 1973, and it expects profit to be even higher this year.

Profit attributable to the company was R7,846 last year, compared with R4,856.

Mr Basil Hersov, the chairman, forecasts further improvement in spite of the probability of further increases in production costs and continued inflation.

Demand for the company’s products remained firm last year and prices rose considerably, especially in the second half. But because of constraints on railway and loading facilities, full advantage could not be taken of the mine’s ore production capacity.

Capital expenditure in 1975 is estimated at R8-m for opening further ore bodies to replace those now nearing exhaustion. The ferollosy subsidiary’s expansion programme will cost R10-m at current levels and should be financed out of ferollosy retained earnings over two years.

Finalisation of the deal whereby the Pretoria-based Katzenellenbogen proposes to acquire the Moshesh’s timber interests is expected to take until the end of May because of the extensive nature of the assets involved — mostly land and growing trees.

The listing of Katzenellenbogen shares, which was suspended by the JSE on Monday at the request of the company, is expected to be restored from Tuesday April 22.

The chairman of Katzenellenbogen, Mr Solly Tucker, informs shareholders in a circular that the proposed acquisition could triple the company’s gross assets from R3.7-million to R10-million.

Negotiations about the deal are under way with Mercabank, which bought the Moshesh’s timber portfolio as part of its rescue of the Moshesh’s finance group.

Net profit of Apex Mines, a member of the Gold Fields group, fell in the quarter ended March 31 to R396,000 from R578,000 in the previous quarter. Difficult geological conditions and late deliveries of spare parts and equipment, resulted in the decrease in output.

Wit Nigel’s net profit slumped during the March quarter to R6,000 from R242,000 in the December quarter, due to a shortage of Black labour, a lower grade ore, higher costs and a decline in the gold price received.

Gold operations showed a working loss of R43,000 which was offset by Sunday revenue amounting to R62,000. Capital expenditure was R143,000 compared with R252,000.

— Derek Tomney.
The major ferro-chrome plants now in full operation are at Middelburg and Witbank in the Eastern Transvaal — RSM Alloys in the Rand Mines Group and Transalloys, owned by Anglo American Corporation — which involves a long, slow rail haul from the mining areas.

By siting the new plant directly in the chrome mining area, Tubatse Ferrochrome should be able to save on transport costs since it will be railing a semi-finished product direct to the export market and eliminating the intermediate stage of raiing and processing and then rerailing.

In addition to building the chrome ore processing plant, the Fraser and Chalmers contract covers the building of roads, rail links, water and slime storage dams and a township to be sited about eight kilometres from Steelpoort.

Future

For the basic metal industries, this development is an expression of con
The "Minister C. F. J. F. de Klerk, on talks with West German Economic Affairs Minister, Mr. Hans Friederichs at the Hanover Fair, discussed South Africa's new uranium enrichment process.

Dr. de Klerk stressed the importance of South Africa as a future exporter of fissile material in an interview with the West German Press in Hanover.

There were no legal restrictions on foreign participation in prospecting for uranium and mining of it in South Africa. Dr. de Klerk emphasized, and no protectionist trade barriers were planned by the Government.

A view of part of the interior of the pilot plant. One of the cascade blocks in operation.

PARIS — The South African Government will shortly announce plans to build a 3,000-ton uranium enrichment plant for nuclear fuel manufacture at an estimated cost of R910 million (at October 1974 prices), Dr. A. J. Roux, chairman of the Uranium Enrichment Corporation of South Africa (UCOR), disclosed here.

He also revealed that the process was a nuclear dynamic one, of the same type used at the 6,000-ton
AYAN Proposals have been re-

APPLIES MONDAY OF ECONOMIC

Mr. T. ARNOSON

The Minister

(2) Whether he will make a statement on

let of Economic Affairs

Mr. T. ARNOSON and the House.

A. 856-7

2 Nov 1975
Platinum given boost

Financial Reporter
LONDON. — The depressed platinum industry — the producer price is £67 compared with £83 at the beginning of the year and the free price £63,75 to £65,75 — has been given two encouraging boosts.

Platinum is gaining in popularity in Britain as an investment, and the United States Environmental Agency has told the vitally important state of California that it will allow it to impose more stringent exhaust emission standards in 1977 than those required by Federal law.

The EPA move will allow California to enforce requirements that 1977 model cars sold in that state emit no more than 0.41 grams a mile (GPM) of hydrocarbons, 1.6 GPM of carbon monoxide, and 1.5 GPM nitrogen oxides.

The comparable Federal standards, which will apply in the rest of the country, are 1.5 GPM of hydrocarbons, 2.5 GMP of carbon monoxide and two GPM of nitrogen oxides.

BARS SOLD

In Britain, Johnson Matthey 50 gram platinum bars are becoming popular with investors as an alternative to the Krugerrand. Hundreds of bars have been sold.

The Johnson Matthey bar is selling at just over £135. Johnson Matthey, while selling at the producer price, will buy back bars at the free-market price.

This can mean dealing costs are high.

Johnson Matthey derives its price from the producer price for 50 grams of platinum, adds an 8 per cent service for storage and insurance, plus 3 per cent.

A spokesman for Johnson Matthey's platinum division said, "We're going to launch an advertising campaign for our platinum bars."

UNDERVALUED

The public has been made aware of platinum in recent months as many

London commodity brokers have pointed out that it is undervalued.

Johnson Matthey is one of the three platinum refiners in Britain. The others being Engelhard Industries and Sheffield Smelting.

The other better-known refiners offering platinum ingots for sale are the Swiss, who offer small pieces (10 to 104) and the West German firm, Degussa, which produces pieces between 100 grams and 1,000 grams.

On January 1, platinum was hallmarked in Britain and since then, interest in it has flourished.

Some of London's smaller dealers offer a 10 per cent discount on bullion.

* The producer price of platinum is £67 a troy oz. A troy oz is equivalent to 31.1 grams. Thus a 50 gram bar of platinum is 1.6 troy oz. The price of a 50 gram bar, based on the producer price would be about £1,057.
Sir Albert plans world platinum sales drive

By ADAM PAYNE

Sir Albert Robinson, chairman of Johannesburg-
burg Consolidated Investment Company and of Rustenburg Plat, sees
great opportunities for
promoting platinum in
jewellery in a world-
wide scale and envisages
a series of big promotion
campaigns.

On his return from a
world tour to study econo-
ic conditions and market
prospects for platinum and
chromium, he told that he
now has opportunities for
promoting new uses of plat-
inium and that a sal-
er's market had developed
for uranium.

The cost of the
platinum prices would run into
millions of rands, so it
would be necessary, he said, to
phase the campaign over a
time span and at a rate of ex-
penditure that would not
prove excessive to the
banks.

We are determined
to try to make use of plat-
inum in jewellery as an
important business and for the
bustness," Sir Albert said.

"If this can be achieved over
the next five years it should
cure the distress of
the trade for precious metals,
including
silver. The platinum
industry is suffering from
the effects of the West-
ern World's economic re-
cession, which has hit in-
ternal demand. Sir Albert
has firm confidence in a
strong and steady price for
platinum in the long run.

In Japan, platinum is
being bought as a hedge
against political uncer-
tainties, and also for jew-
ellery. In Europe, the pur-
chase of platinum is re-
garded as a good and safe
investment in a difficult
situation.

In Australia, it appears that
the Mint government will
not release even if it
means that business will
recover more slowly then
would otherwise be the case.

Sir Albert said he was able to
form firsthand impres-
sions of the countries
counted on account of economic
and political unrest, both
of which play a significant
part in determining the de-
mand for precious metals
and, in particular, plat-
inum.

"The potential for trade
with the five countries which
make the Association of South-East Asian
Nations - Singapore, Mi-
ey, Indonesia, Thailand and the Philippines - im-
pressed me greatly.

In Singapore, which is the
main industrial machinery
manufacturing centre, re-
markable progress was made in develop-
ment under the leadership of its
Prime Minister, Lee Kuan Yew.

"The ASEAN countries
comprise a group of countries of considerable
significance, and with the fall of Vietnam these
countries have a common
need to resist the further
advance of communism.

There is the possibility of an economic and
political union similar to the Eu-
ropean Economic Commu-
nity being formed.

"While there is little
hollistered of platinum be-
ing used for industrial purposes in these
countries, the potential for
this metal is substantial." It will pay the platinum
industry to look to these countries." continued on back page.
Early days on the copper mines

A History of Copper Mining in Namaqualand by J. M. Smalberger (Struik).

Before the end of the 17th century, F. M. van Werilnichof had reported to Holland that he was entirely convinced of the favourable character of the copper mines in Namaqualand, but by 1761 a new report by Dr Ryvoet described Simon van der Stel's copper mountain as 'poor'. The idea of forming a joint-stock company to mine copper actively there was born, as late as 1843.

This book then, starts with the formation of various companies in Cape Town to mine copper in a region where water was short, the terrain rough and labourers were few, though the names of directors are familiar at the Cape, Baron von Ludwig, Edward Chappell, L. H. Twentyman and Edward Eager.

Exploitation for the century and a quarter from 1850 has had its ups and downs, companies being floated, flourishing and sinking, railways being built and scrapped, and more important, for history, numerous photographs being taken, including one reproduced among the many in the book, of White miners preparing to go underground at Okiep in 1880.

Places where copper has been and is mined were many, the most important being Okiep, where at the latest report the numbers employed amounted to more than 1,000 Whites, nearly 2,000 Coloured and more than 2,000 Africans.

This book is a valuable and entertaining contribution to South Africa's economic history.

Eldred Green
TENTATIVE U.S. RULING COULD HIT SA EXPORTS

JOHANNESBURG — The tentative ruling by the U.S. Treasury that imports of ferrochrome from South Africa must be regarded as "subsidised" and should carry a heavier "countervailing" duty may confront the whole SA export programme with serious new costs.

In fact, it may open Pandora's box for a number of nations around the world that offer special incentives to exporters of a wide range of goods.

For South Africa, it could mean a second look at the whole pattern of export incentives offered under the "pipeline" that emerges from the Export Commission and Export Promotion Board.

Under this plan, ferrochrome exporters enjoy a number of benefits — including reduced electricity charges and export duties and tax deduction of overseas promotion costs.

SERIOUS

The implications of the U.S. Treasury's tentative ruling are serious. Estimates for South Africa's ferrochrome production for this year range around 500,000 tons, worth about R50 million, and the industry is expanding rapidly.

Among major South African groups engaged in the production of ferrochrome are Harmony, Anglo-Transvaal and Anglo-American. Two big plants are now being built by John Holt and by Union Carbolite in partnership with General Mining.

If the U.S. decides to apply the subsidy ruling over the whole spectrum of imports, the repercussions will be very widespread.

It is well known, for instance, that industries, several of them with big export ambitions, have been set up or are planned in the homeland and border areas.

These industries enjoy a wide range of special incentives, ranging from cheap infrastructural services to housing subsidies and other types of tax holidays. Financing is made particularly easy for them at attractive interest rates.

A sizeable proportion of South Africa's Black population, in fact, relies increasingly on these industries for its livelihood and hopes for future development.

POLLUTION

The South African Government has not yet made its position on this matter public — and ferrochrome exporters, on the assumption that almost any statement could rebound and that the position is still in the melting pot, appear unwilling to commit themselves.
SA EXPECTED TO CHALLENGE U.S. ON CHROME

Johannesburg. — The South African Government is expected to challenge the tentative ruling of the U.S. Treasury to the effect that SA ferrochrome exports are 'subsidised.'

Diplomatic sources say that a reply has already been sent to the US Government.

A spokesman for the US Consulate in Johannesburg agreed that the ruling had potentially wide ramifications — particularly as it is now revealed that about 30 products from several other countries in the EEC and South America are likely to be affected.

The US move results from the passing of a new Trade Reform Act last year which was intended to clarify the US position on an international basis in readiness for the multilateral trade negotiations now taking place in Geneva.

It is also learned that many Americans are concerned that damage inflicted on the SA trade in ferrochrome could drive the US into greater reliance on supplies from the Soviet Union, which, besides South Africa and Rhodesia, is the only other major supplier of chrome.

Questioned on whether the US Government had been able to establish if supplies from the Soviet Union were also 'subsidised', the US Consulate spokesman pointed out that in terms of the new Act the US Treasury only made determinations when complaints were laid.

He agreed that if a complaint were laid in respect of the Russian supplies action would have to be taken. Nobody, to his knowledge, had laid such a complaint yet.

Meanwhile, Dr H. J. J. Reynders who led a commission that recommended special incentives to promote the beneficiation of South African ores, said yesterday that he believed that all these recommendations were within the provision of the General Agreement on Tariffs and Trade.

He pointed out that the United States had its own problems with GATT over the export of agricultural products.

He believed that South Africa should continue with its policy of encouraging beneficiation — and added that he would make exactly the same recommendations even now.
Closing threat to Union Tin

By ELIZABETH ROUSE

THE GOLD Fields group’s Union Tin mine could close in two years — or even before — as its life is being squeezed out by low sales revenue and higher costs.

Union Tin, a small operation for the Gold Fields group, has been in trouble for some time because no new ore reserves have been found.

It will take a big rise in world tin prices for the group to spend money on trying to keep Union Tin going to extract what is left of the ore reserve and the tailings dump.

SHARPLY

The other tin interest, Rooberg Minerals, is doing well and additional payable lodes have been discovered.

Rooberg’s taxed profit for the 12 months ended June, 1975, is an estimated R5 716 000, against R5 584 000 in the previous year. Union Tin’s net profit is down at R237 000 from R519 000.

The companies’ reports are more detailed than usual because these are second interim reports, the year-end having been changed to December.

Union Tin did well on the physical sales side with sales up at 394,3 t from 316,6 t in 1974, and sales revenue held up at R1 420 000 (R1 270 000).

But the company had to accept anther treatment charges in contracts for concentrates and tin prices came down sharply in the last six months.

In addition, Union had to bring down adjustments on the finalisation of its 1974 sales into account in the current results.

Union fared well on the production side with tin concentrate tonnage up at a high of 418,2 t from 376,1 t as modifications at its gravity plant took effect.

The cost crunch was heavy — up R150, a ton mined to R114,70.

Having abandoned the Kromkloof options after drilling disclosed nothing, Union investigated about 20 farms in the area and came to the conclusion that the ly tin would be located around the mine. No suitable targets were disclosed here.

Underground development and drilling also failed to disclose any significant blocks of ore in the mine.

SHORTAGE

Rooberg’s concentrate output was 100 t less at 1 567 t because of a marked drop in tonnage at A mine and a shortage of tonnage at C mine as some stopes ran into faulted and unused pay areas.

Tonnage at A mine has been increased and more miners taken on at C mine to increase the delivery of tonnage to the plant.

Sales were 87 t higher at 1 824 t and Rooberg’s revenue held up well.

rose by 33 per cent with the reopening of Vellodion’s east working contributing to the rise.

Capital spending climbed to R1 191 000 from 1974’s R654 000 as Rooberg geared up development, which proved to be successful in disclosing payable zones, and prepared to sink a shaft at Vellodion.

The capital commitment of R357 000 will be financed from retained profits.

Rooberg declared a 25c dividend last month but Union refrained from making a distribution, and prospects look poor.

MINE

Newmont has been making inroads in the Namqua region among the Namqualand producers with its agreement with the Rammelsberg-Namqualand Syndicate to develop the Okerberg deposit.

Okerberg, which has a 20 percent concentration of nickel, has exploration potential, the geologist in charge of the Okerberg project, Helmut Kolloway, says.

Current exploration is in progress in the Kromkloof and Kromkloof regions.

Kolloway forecasts that Okerberg will be the first nickel deposit in the Karoo province where the mineralisation is in the metasedimentary rocks of the Namqualand province.
Investment is hailed

LONDON—Another 10 competitors in Competition MPs last week voiced their wholehearted support for the Government in its decision to aid the South African government to invest in ferro-chrome projects in South Africa. The moves were welcomed by Mr. Nicolson, the Foreign Office's representative in South Africa, and by other Cabinet ministers who have expressed support for the project. The Government has been urged to consider a deposit of ferro-chrome supplies in preference to the South African port of Maputo.

The Government is expected to announce the production and export, as well as the safeguards in place, of the ferro-chrome. A meeting between the British and South African ministers is expected next week to discuss the project further. The British Government has been pressed to allow exports to South Africa, and has been considering legislation to prevent the investment if British capital is involved.
Aggeneys mine proves bigger than expected

The potential of opencast operations at Phelps Dodge's Broken Hill mine at Aggeneys in the northwestern Cape is greatly enhanced by a sharp upward revision of ore serves amenable to this mining method, and good progress is being made with the provision of essential services for the area.

The proved reserves of this orebody — the second to be found in the area — were re-estimated at the end of last year, states Phelps Dodge's annual report, at 78m tons compared with the original one of 41m tons, averaging 0.38 percent copper, 4.38 percent lead, 2.32 percent zinc and 1.7 ounces of silver a ton.

Part of this increase arose through the reclassification as open-pit ore previously regarded as that which would have to be dealt with by underground mining.

The implications of this is that opencast mining will be possible for a far longer period than originally envisaged even with a very high rate of extraction.

Work being concentrated on Broken Hill no change has been on the ore reserve estimated for the first discovery at Black Mountain of some 86m tons. The third occurrence is estimated to contain around 86m tons.

BULK SAMPLES
An adit driven into the Broken Hill deposit has provided bulk samples of ore and play plant testing, that no serious milling problems will be encountered. The adit is also providing geological information for the planning of pre-stipping operations ahead of the start of the open pit.

Since the end of the year, agreements have been concluded for the installation of a 30 km pipeline to bring water from the Orange river to the Aggeneys project and for the Newmont — O'okiep Gamsberg zinc — lead deposit a short distance away.

Power is to be supplied by Escom from Verwoerd Dam.

When the discovery of the two new mining areas was made, it was thought that rail transport would prove a major problem with the nearest railhead being at Butterfontein north of Cape Town. Now, it is understood, an agreement has been reached with Iscor for a spur from its Sishen-Saldanha line.

This will be operated by South African Railways who will move complete trains to meet the Iscor line which will then be hauled to Saldanha.

It is expected that a similar deal will be made with Gamsberg to feed the zinc-lead refinery plant to be erected by O'okiep in due course at Saldanha.
Cams profit up 123 pc

Mining Editor
CONSIDERABLY increased iron and manganese ore prices during the second half were one of the three factors which enabled Consolidated African Mines to lift net attributable profits by 123,2 per cent — or R55 823 to R1 094 886 — for the year to June.

The final dividend of 50 a share leaves the total dividends declared for the year at R31,9 a share, or 0.08 times against 1974's 0.7 times. The dividend cover on 20 shares is 9.1 times against 1974's 4.4 times on 20.

The two other money-spinning factors for Cams were the benefits accruing from its mechanisation programme, started last year, on several operations and the "fortuitous sale" of accumulated dumps of previously economically unsaleable material. The price increases made these dumps profitable to sell.

Profit after minorities but before exceptional items was R750 067 (R264 338), and exceptional items totalled R274 819 (R24 534).

The exceptional items arose from the profit on the sale of shares in a subsidiary and the portion attributable to the current year from the sale and leaseback concluded in the 1974 financial year. Operating profit was R1 069 024 against R55 823.

The Conservative dividend policy is in line with the forecast last year by Cams chairman, Mr P H Wilhelm's, given the group's capital expenditure programme and extensive borrowings. Higher ore prices will continue in the current year, although the dump sales were presumably a one-off-for-all deal. Mr Wilhelm's forecast, particularly on dividends, is eagerly awaited.

Maintained.

About 50 per cent of New Wits portfolio is in the gold, uranium, and mining finance house sectors.

Mr Groode undertandably hedges his bets on gold dividend income "Provided that the average price received by the mines for the current year is in line with that received last year and that the industry is able to contain cost increases", then dividend income should be around R97 956-16vel of R2 904 000.

The economic feasibility of producing high-purity magnesite from the Moolfontein ore is "still under consideration."

New Wits is entitled, under its sale of the mineral rights on Doornkop and Zuurbilt to JCI and Anglovaal, to 50 per cent of the net vendor consideration to a new company formed to exploit the area and also the right to subscribe for 50 per cent of the new company's initial capital.

Values in the areas had not very exciting average values of 000 cm-g. No weights or depths are given.
South Cape bid to seal deal

Industrial Editor
SOUTH CAPE CORPORATION executives were carrying out 11th-hour negotiations with Ubombo Mines (Pty) directors in Maritzburg last night in a bid to secure the mining options on reportedly large anthracite deposits in the Nongoma area of KwaZulu.

It was the company's last opportunity to buy the options and necessitated the payment of about R3,700,000 to the directors of Ubombo Mines.

Anxiously awaiting the outcome of the negotiations in Johannesburg were the representatives of a consortium composed of South African, American and Continental interests, who were apparently poised to enter into a joint venture with South Cape, or even take it over if the Ubombo deal went through.

The corporation's involvement with Ubombo Mines, which has as its chairman a Maritzburg property speculator, Mr Otto Redinger, goes back to May, 1974, when South Cape's former managing director, Mr Gerald Bailey, negotiated to buy the mining lease held by Ubombo, and covering large tracts of land in KwaZulu.

The arrangement, which was entered into by South Cape through a subsidiary company, Kwangoma Mines (Pty), involved an agreement to pay Ubombo R6,500,000 on registration of a notarial cession of the lease and delivery of South Cape of the original lease.

A part payment had apparently been made to Mr Redinger, totaling a little more than R600,000, which was in the form of a loan from South Cape Security against the loan were all the shares in Ubombo and a mortgage bond over a 22,722 ha property Mr Redinger owned in Natal.

LITIGATION

South Cape was eventually given until the end of July this year to exercise the option and produce the balance of the money. This it did not do. The result was a dispute which led to litigation in the Rand Supreme Court, later settled out of court with South Cape's deadline extended to yesterday.

Both parties are convinced that there are large anthracite deposits in the Nongoma area. Estimates from these quarters, based on borehole results, suggest that reserves could be well over 100-million t of high-grade anthracite.

This has been discounted by other mining houses which claim to have investigated the area. They put reserves at little more than 10-million t to 20-million.

Where South Cape is concerned, there has been a question mark over this company's ability to raise the capital to buy the options and mine the anthracite South Cape's present executive vice-chairman, Mr Giorgio Lutron, has maintained that money is no problem.

It is known, however, that South Cape has been approaching several mining houses with a view to a joint venture. Whether this was purely a desire to get his South African knowhow involved with its plans or also to seek our necessary financial backing is unclear.
Palabora has long had a reputation among the investment community as a blue-chip stock, to the extent that such a rating is possible for a copper mine. A large part of the share capital, of course, is held by the controlling interests, Rio Tinto and Newmont, but other long-term holders include SA Mutual, Union Corporation, JCI and the IDC. Together they account for 23% of the 28.5m shares in issue.

The blue chip status is largely derived from the low cost of operations at the mine and from the open cast nature of the mining. This latter feature enabled loan finance to be raised when the mine was opened up — an unusual feature in SA, though familiar enough to RZ — and also allowed above-average precision in grade control and other aspects of the mine plan. All this has helped make Palabora a much more "bankable" proposition than other copper investments open to the local investor.

The three main factors for consideration by the investor in Palabora now are:

- The level of costs;
- The impact of the expansion programme; and
- The outlook for the copper price.

Costs rose from R384/t to R497/t in the year to December 30 last and have gone on rising sharply in 1975. A good estimate of the current level is probably about R550/t, following an average of about R550/t in the first six months of this year. At this level, however, profit per ton was still R276 on the average real production of R262 in the six months to June. This profit was not a bad achievement when many other major producers were barely breaking even.

Alistair Macmillan, Palabora's chairman, puts the blame for rising costs squarely on higher labour costs and an increasing adverse ratio of waste to ore mined. Last year, the waste ore ratio was 16:1. It is up to 2.3:1 currently and will reach 3:1 by the year end. It is difficult to hold out much hope of cost inflation moderating by any less than national rates, at least until the expansion programme is completed in April 1977. Then there should be some reduction in unit costs as fixed overheads are spread over the higher output. An average cost per ton of more than R700 is therefore on the cards for 1976.

The R68m expansion programme is a good bellwether for the shares for other reasons than its likely impact on costs. The addition of another 30 000 t of copper means that Palabora is effectively spawning a new mine as big as anything already operating in SA. And if there is a gradual recovery in the Western economies in the interim, Palabora's new production, which will take it up to 125 000 tpa, could come on stream just as the copper price is really buoyant.

The company had net current assets of R12m at end-December and has retained R2.5m so far this year. Retentions should improve slightly with the firmer copper price since June 30, probably now averaging around R900, but as the peak spending period begins next year, bank finance will certainly be needed. If the copper price does not improve further, additional finance requirements could peak at about R40m, but with cash flow (retentions R11.6m plus deprecation R7.8m) nearly R20m in 1974, this burden is far from crippling given a couple of good years.

The tax system allows write-off of capital costs in the year incurred. Palabora applies the standard tax rate to its profits, however, and transfers the difference between this rate and what it actually pays to deferred tax reserve — essentially a book-keeping transaction, but one which ensures that where depreciation charges decline at the end of the mine's life, provisions have been made to pay capital sums out to shareholders. As Macmillan says, however, the end of the mine is a long way off and the life of the open pit alone will continue to 1992 at least.

The copper price itself remains much the biggest joker in the pack. At present, Palabora sells two-thirds of its 95 000 t output in SA and the balance is exported, a ratio which will shift to 50:50 when the extension comes on stream. However, Palabora effectively gets LME prices for all its output.

Ahead of the Zambian force majeure, the LME spot price hit £625 ten days ago, but more pertinently, warehouse stocks have continued to rise for 25 successive weeks and indeed have just moved up by the second biggest ever weekly jump of 14 500 t to 378 000 t. Against this level, the Zambian output of 25 000 tpm is not yet significant. In addition, the Japanese smelters still hold high stocks and the total overhang could be as

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SHARES v METAL

- Copper price
- Copper output
- Month-end figures

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Financial Mail September 12 1975
High as 1m t before allowing for mothballed primary production.

All of which suggests that recovery in the copper price will be gradual rather than dramatic, though speculative flurries will continue, eventually developing into a major sustained upswing as has been the pattern in the past. Financial failure by a leading producer might change the ball game, and cannot be ruled out when much of the world's output is being sold at less than cost, but no such development is probable at the moment.

However, the one certainty is that recovery there will be. Almost certain is that the precedents are for the peak of the upswing to be around 50% above previous peaks, which implies a level of £2 100/t before the end of the decade.

The investor in Palabora is therefore in a lock-up situation. He is very likely to make a large capital gain on a medium-term view. The only drawback is possibly the dividend, which is 25c for the first two quarters of 1975 and unlikely to exceed 50c for the year. The yield is thus no more than 5.5% with the shares at 910c.

But on a view beyond completion of the capital programme, healthier world demand, a higher price and the 30% increase in capacity should ensure excellent dividend performance. With the current price probably rock bottom, the shares will repay the wait.

Richard Rolfe
Japanese ferro-alloy makers are hoping to force South African manganese and chrome ore mine operators into a drastic cut in prices for 1976 shipments during coming contract negotiations.

Interviews with officials of leading companies indicate a feeling that there is justification for this because the financial position of the ferro-alloy makers here has deteriorated under the impact of a major recession, while the South African mines are in a more comfortable position, especially since the rand devaluation.

The ferro-alloy men are caught in the middle. They are under pressure at home from the steel industry to reduce the prices of raw materials.

Steel is in the doldrums, with total production in fiscy 1975 (until next March) expected to get no higher than 99 million tons, against last year's 114 million and the record 120 million tons two years ago.

The steel mills have heavy stockpiles of raw materials and would dearly love to cut imports. Failing that, a price reduction is the next best thing.

Ferro-alloy makers have decided their best target is South Africa. This feeling is based on three main considerations. First is the
Minerals plan needs R250m capital

EMPANGENI — Capital of R250 million is needed for the heavy minerals project near Richard's Bay, the Minister of Mines, Dr. P. G. J. Koornhof, said here last night.

The project is to be undertaken by the Industrial Development Corporation in cooperation with a South African mining house and a financially powerful overseas company.

Speaking at a function for the selection of the Zululand Sportsman of the Year, the Minister said the immediate effect of the proposed heavy mineral project for the mining of newly discovered deposits of ilmenite, rutile and zircon would be both the production and the processing of raw materials for which there was a growing demand in the world today.

The majority of the products could be exported through Richard's Bay and an estimated R250-million to R100-million a year would be earned in foreign exchange by this undertaking.

Over a projected life span of 22 years these earnings would amount to about R700-million and would provide work opportunity for 600 to 700 Black workers in the border area.

Dr. Koornhof also said that stories about extensive prospecting rights along the whole Northern Coast of Natal which metamorphosed indifference on the Government's part to nature conservation were simply not true.

The Minister said many people in Natal had probably read with misgivings reports which had appeared in newspapers earlier this year.

In which there had been grave speculation about the possibility that the natural environment in that part of the province would be defaced and ruined by the exploitation of the heavy mineral deposits.

"One such report which gave rise to many complaints by nature conservationists, not only had many of its so-called facts all wrong—alleging as it did that extensive prospecting rights have been granted up to the Mozambique border—but also maliciously insinuated that there were secret dealings in this connection between the Government and prospecting companies.

"Believing at heart a nature conservationist myself, I would like to put your minds at rest by saying categorically here and now that these stories...are simply not true."—(Sapa)
Anglo supermill could earn R30m profit annually

John Cavill
LONDON — Anglo-American's "supermill" project could be producing 350,000 ounces of gold, 1,000 tons of uranium and 540,000 tons of pyrites from the slimes dams of defunct East Rand mines in 1978, according to London stockbrokers Quilter, Hilton, Goodison & Company.

The stockbrokers' mining analyst estimates that evaluation of the project should be completed by early 1978 and that construction of the giant mill, handling 15m tons of sands and slimes a month, would take two years.

Investigation of the project by Ronden Investments, the exploration company in which Anglo holds 29 percent, has been going on for 12 months into establishing a mill and treatment plant on RSA Lands' ground near Brakpan.

Sands and slimes will be piped to the mill in slurry form — the pipes following the Escom power line rights of way — from mines such as Brakpan, Van Dyk, Modder B and Springs.

Quilter, Hilton, Goodison estimate the average gold content of their slimes to be 0.8 g/t with a uranium grade of 45 to 69 g as well as pyrites.

URANIUM

On the basis of gold at 150 dollars an ounce and a recovery grade of 0.8 g, the bullion proceeds would be R$6,5m a year. Uranium at 66 dollars a kilogram would produce R$6,3m while pyrites (badly needed for sulphuric acid) at R$20 a ton could yield R$108m.

The brokers estimate that profits could be between R$30m and R$40m.

"This project would be of a dimension equivalent in importance to a substantial new gold mine," says Quilter, Hilton, Goodison.

This East Rand project, about which an announcement is expected shortly, is part of a possible bigger scheme to treat oil residues elsewhere, writes MacThain.

It is essentially a package operation, the viability of which depends not only on the successful extraction of the three products involved but also on marketing them.

Gold presents no real problem, but Ronden will have to be pretty certain about disposing of uranium, for which the market is improving but by no means booming.

In the case of pyrites, sales contracts will have to be negotiated with producers of sulphuric acid.

The capital cost of the East Rand scheme has been estimated at R$80m, with further spending if similar undertakings are established elsewhere.
Cheering prospects for platinum producers

Johannesburg — Platinum consumption rose last year compared with 1974, and a leading New York platinum dealer, J. Aron and Co., predicts consumption will rise again this year.

This cheering estimate of market prospects could be one reason for the recent firmness of platinum shares.

Sources in the South African platinum industry confirm statements and figures in Aron's report, which says:

"The pressures of accumulated inventories and the liquidation or speculative positions was mainly responsible for the sluggish price performance by platinum in 1975.

"World stocks of platinum are still high, but there are encouraging signs of improved demand from the motor car and jewellery industries".

Aron reports that Japanese imports, mainly from South Africa, were impressive in 1975. These are estimated at 1,430,000 oz compared with 1,120,000 oz in 1974.

A platinum mining executive said: "The Japanese economy is reviving gently, and people are buying platinum for jewellery on a greater scale than previously."

The Japanese motor car industry is using catalytic converters more widely than formerly, and this demand has reached about 120,000 oz a year, according to Aron.

Of the 1975 import rise in Japan, about 23 per cent is estimated to have gone into stock accumulation, therefore giving an actual consumption figure of 1,330,000 oz. Aron expects this to increase to 1,440,000 in 1976.

In America the expansion of platinum usage in the motor car sector has helped to offset the general industrial market weakness. Aron estimates the consumption by the US automobile sector in 1975 to have been about 340,000 oz compared with about 210,000 oz in 1974.

South African sources consider the figure of 210,000 oz for 1974 to be a little low.

Aron considers a further 12 per cent increase to be possible in 1976, and South African sources confirm that consumption of platinum for motor car converters is running at a higher rate than in 1974.

Overall, the drop in US platinum consumption in 1975 — because of slack industrial demand — is estimated to have been minimal from 800,000 oz to 780,000 oz.

On a world scale, Aron suggests 1975 was a year of equilibrium between supply and demand. The company predicts Western world consumption, which was about 2,600,000 oz in 1973, will rise to three million oz in 1975.

But South African sources are less optimistic, and predict a lower figure.

— DDC.
R250m mine to be ready by 1977

DURBAN. — Work on developing the R250-million titanium mining project at Mapelane near Richards Bay has already started and the building of the first processing plant is planned to start in May 1977.

A spokesman for Union Corporation who have a 30 percent holding in the new company known as Richards Bay Minerals, said this week that initial development of the site has already begun with the creation of a huge artificial lake. The mine will eventually cover an area about 17 km along the coast and between two and three kilometres wide. The sand will be won by dredging and then processed in a smelter to produce titanium slag and low-manganese pig iron.

Following the erection of the first stage next year, a dry mill will be built in September 1977 and work on the giant smelter is planned to start in January 1978.

SHARE HOLDERS

The three shareholders in the venture are the Industrial Development Corporation, Union Corporation and Quebec Iron and Titanium of Canada. Exports from the mine will be some R100m a year which will involve the mining of more than 1,500,000 tons of ore every year. Mineral reserves are expected to last for 30 years at the projected rate of production.

Once the artificial lake is completed, dredgers will suck up the sand and pump it to a recovery plant. Union Corporation officials have stressed that the dunes will be returned to their former state after mining.

Mr John Geddes-Page, director of the Natal Parks Board, said that mining methods had been modified as a result of intervention by conservationists.

Mr Page said that the mining company now employed a professional ecologist who would watch the situation closely.
Western World demand for platinum, which had remained buoyant during the 1973/74 financial year, showed signs of weakness towards the end of 1974. Further deterioration in demand became evident during the early weeks of 1975 and in a statement dated the 4th February the company, in announcing the Board's decision to curtail mine production by approximately 25%, pointed out that prospects for the foreseeable future had weakened considerably.

The volume of the company's platinum sales for the financial year ended August 1975, was slightly lower than that for the previous year. The gross value of all metals sold was 2% higher. However, interest charges and a major increase in costs were such as to result in a 24% decrease in profit before taxation for the 1975 financial year.

Reflecting the difficult year through which the company has passed, net revenue of R58.4m and after-tax profits of R47.3m compare with record levels of R71.4m and R56.9m respectively for the year ended August 1974. At R5.45 per share the dividends declared for the past financial year were substantially lower than the R21.84 declared for the previous year.

THE MARKET

Platinum In Industry

The demand for platinum in the main industrial markets remains weak. The downturn in demand for the manufacture of glass fibre which started in late 1974 has persisted. The glass industry is not employing its installed capacity to the full and present prospects for new plant construction are poor. Although there is an occasional call for platinum for new oven refining facilities most major refiners have surplus platinum inventories.

There is some indication of over-production in the fertilizer industry and hence the possibility of a decline in the demand for platinum gauzes for use in nitric acid manufacture.

Sales of thermocouples to the steel industry are depressed in sympathy with lower steel production.

Platinum In Jewellery

In Japan the demand for platinum by the jewellery industry, which constitutes the Western World's largest single outlet for platinum, showed a marked increase in 1975 as compared with 1974. This demand has remained firm since the end of 1975. Following intensive research and planning, an advertising and promotion campaign was formally launched by Rustenburg in June 1975 at successful trade conferences in Tokyo and Osaka to which leading Japanese jewellers were invited. The campaign is aimed at consolidating and expanding the use of platinum in jewellery.

In the United Kingdom, the promotion which was carried out early in 1975 to coincide with and publicise the introduction of a hallmark for platinum was followed later in the year by the first stages of a campaign to encourage the trade and the public in the use of platinum in jewellery.

In the USA the promotion campaigns, which was successfully launched during the second quarter of 1975, is being continued.

Preliminary surveys of the potential market for platinum jewellery have been completed in two major European countries and consideration is now being given to the possibility of introducing advertising and promotion campaigns in these countries.

By-Metals

For the financial year ended August 1975 the volume of the company's sales of palladium showed little change from the total for the preceding year but the deterioration in the price as a consequence of a persistent weakness in demand resulted in a substantial fall in sales revenue. This weakness persists because of the high prices for palladium that were set by Russia in 1974. This resulted in consumers substituting other precious metals for palladium in certain manufacturing industries. It may take some years before palladium demand recovers fully. Thus emphasises the importance of maintaining stable prices, which has been the cornerstone of Rustenburg's policy in respect of platinum.

The Automobile Industry

As a result of the reduction in automobile production in the USA during 1973 the volume of platinum and palladium delivered by Rustenburg for use by the Ford Motor Company in catalytic converters for the control of automobile emissions was lower for the year to August 1975 than for the preceding financial year. Improved sales of automobiles in the USA, together with the decision by the Ford Motor Company to fit 100% of its automobiles with catalytic devices, will result in total deliveries by Rustenburg for the first half of the current financial year being slightly in excess of deliveries for the whole of the 1975 financial year. It is expected that sales of platinum and palladium for use in automobile catalytic converters will make an important contribution to the company's overall sales during 1976.

Alternative emission standards for hydrocarbons, carbon monoxide and nitrogen oxides are at present being debated in the USA to replace current interim standards and to take effect for model year 1978 and later model years. For model years 1978 and 1979 the new standards are likely to be a compromise between the interim standards at present in force and the statutory standards originally proposed. In subsequent model years a further tightening up is possible, particularly in respect of the control of nitrogen oxides.

The most promising catalyst for removing hydrocarbons, carbon monoxide and nitrogen oxides simultaneously, the three-way catalyst, contains platinum and rhodium as the precious metal components. It is now confidently anticipated that the automobile industry is likely to remain committed to the use of platinum group metal catalysts well into the 1980's and possibly beyond.

Prices

The company's dollar prices of platinum and palladium were higher in the second half of the 1975 financial year than in the corresponding period of the preceding financial year. In the face of weak market conditions the company announced further reductions in its prices in October 1975 below the levels ruling at the end of August 1975, decreasing platinum from $170 to $155 per troy ounce, palladium from $90 to $80, rhodium from $350 to $300 and iridium from $800 to $400. The Free Market price of platinum, which remained below the Rustenburg price almost without exception during 1975, was $134—$144 in mid-January of this year.
the same time the Russians were offering platinum at $142.50.

The impact on profitability of the fall in dollar prices has been cushioned by devaluations of the rand during 1975, which amounted to about 23%.

PRODUCTIVITY

In order to temper the effects of rising production costs a large-scale productivity plan covering all aspects of production has been launched on the company's mines.

In stoping, the introduction of mechanisation in the form of winch/scrapers cleaning has enabled the mune to increase significantly the centners per underground employee compared with the conventional herringbone cleaning system.

Monoroper winches have improved the transport of timber into stopes. Mine layouts have been modified to incorporate longwalls which will result in better supervision, improved ventilation and greater face utilisation. Hydraulic operated boxfronts have been installed to speed up the loading of ore into hoppers. Concrete packs have been successfully tested and will replace approximately 80% of the timber used underground.

They ensure better support, improve ventilation controls, reduce the fire hazards, and are less expensive than timber.

In development, the introduction of a composite development system has proved effective, resulting in a marked improvement in the number of meters advanced per underground employee. A sophisticated jambo drill rig is on trial and if successful will bring about a further reduction in labour with improved efficiencies. Induces previously handicapped are now all cleaned mechanically.

On the mines in general, various innovations have also brought about improvements in productivity. A computerised badge reading system has been introduced and improves the control of the whereabouts of employees underground.

In the Training Centre a simulated mechanised stope has been built to improve the training of black labour. A large-scale underground reclamation programme coupled with an extensive salvage operation on surface has been completed, enabling second-hand material to be reused in place of new material with consequent cost savings. The use of photogrammetry for stoping width and grade control has been extended and a digitiser has been introduced to improve the efficiency of the photogrammetry assessment. The Survey and Ventilation departments have been decentralised and operate from each shaft thereby eliminating travelling time and improving on-the-job service.

In the smelter a Matter Pongon breaker has been introduced for cleaning slag from the mouths of the converters. Work studies conducted in the metallurgical plants have brought about a 54% reduction in black labour.

Planned maintenance in the Engineering department has reduced breakdowns and improved machine utilisation.

I have set out in some detail the efforts being made to improve productivity. This explains to shareholders how it has proved possible to increase black wages by no less than 80% during the period under review and also how we have been able to contain in some measure the sharply rising costs that have been a feature of the mining industry during the past year.

REFINING

It is pleasing to report that notable advances have been made in the treatment and refining of the converter matte produced by the mine.

In 1968 improved matte treatment processes were introduced by both Johnson Matthey at Brimmond in the United Kingdom and JCI at Rustenburg and these over the succeeding years gradually took over from the older Orford Process which had operated for the previous thirty years. At about the same time a new high temperature process was developed for refining the platinum group metal concentrates from these processes and has been operating for the last five years. Processing time and the rate of increase of treatment costs have been significantly reduced.

Long-range research instigated in the late 1960's in the Johnson Matthey Research Laboratories has given rise to a combined matte treatment and refining process which will further reduce pipeline stocks and have a beneficial impact on operating costs. It has been taken through its development stages by the technical staff of Matthey Rustenburg Refiners in conjunction with the mine personnel and the first section of the production plant has now been commissioned. Development of the final refining stages is well advanced and it is expected that the whole process will be applied to part of the mine output during 1976. An important feature of the process is that the by-metals that are present in lower concentration are produced in high yield at about the same time as the platinum and palladium.

OUTLOOK

The uncertainties that have characterised the economies of the world's principal industrialised countries throughout the past year have on the whole not diminished. There are signs of a recovery in the USA but not elsewhere. This suggests that economic activity will not improve in real terms in the immediate future. The confidence in sound and stable economic prospects that is a pre-requisite for investment and employment is not yet in evidence to a meaningful extent. Uncertainties persist, and, while they do, the outlook for the industrial demand for platinum will remain very difficult to assess. It is anticipated that the Japanese jewellery demand will remain firm and the volume of sales to the automobile industry will increase during the year. However, it seems unlikely that profits for the current financial year will improve over the 1975 level.

In regard to dividends I repeat the statement I made in my review a year ago: the company's dividend payment will depend both on results achieved for the year and on the prospects at the time a dividend declaration is due to be made. On present indications the dividend for the 1976 financial year will be similar to that paid in 1975 subject to the caveat that understandably this forecast would be affected by any significant change in demand.

GENERAL

We are grateful to our customers for the support they have given us during the past year, a period during which trading conditions have been very unsettled, and also to Johnson, Matthey & Co. Limited, who continued in a most efficient manner to carry out their role as our marketing agents. I would also like to express my gratitude to the managers, consulting engineers and secretaries as well as all the staff and employees at the mines and at Head Office for the unstinted service they have rendered during the past year.

Head Office and registered office, Consolidated Building, Corner Fox and Harrison Streets, Johannesburg, 2001


Potgietersrust Platinums Limited • Union Platinum Mining Company Limited • Waterval (Rustenburg) Platinum Mining Company, Limited

(Each incorporated in the Republic of South Africa)

The Boards of Directors of the abovementioned companies draw attention to the Review by the Chairman of Rustenburg Platinum Mines Limited, the text of which is published above.

The annual general meetings of the undermentioned companies will be held on Wednesday 4th February, 1976, at the places and at the times stated below:

Rustenburg Platinum Mines Limited

Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg
9 15 a.m.

Union Platinum Mining Company Limited

Consolidated Building,
Corner Fox and Harrison Streets,
Johannesburg
12 noon

Head Office and registered office, Consolidated Building, Corner Fox and Harrison Streets, Johannesburg, 2001


Financial year January 30 1976
Tin goes up, but it’s not a bonanza for SA shareholders

By DON ROBERTSON
Mining Editor

The three South African tin producers - Rooberg, Union and Zaanplats - have come in for some attention in spite of the generally gloomy forecasts from their chairmen at the last time of reporting.

While realty a Cinderella industry in South Africa, tin exports earn around R12 million a year in foreign exchange.

And while also perhaps not part of the prudent investor’s portfolio, the shares might have their appeal to those with a modicum of the gambling spirit.

The latest bout of buying, which has resulted in fair capital appreciation of the shares, was sparked off by tin’s strength on the London Metal Exchange where it has risen from £8 047 a ton in January to £12 322 at present and seems headed still higher.

This has put a different complexion on official statements which warn that “...in the absence of a substantial further increase in the LME tin price...”

PROBLEMS

But while Hollard Street price movements have reflected a more optimistic view among those intrepid investors, and bearing in mind that there remains a strong possibility of a continuation of the price spiral, caution must be exercised.

Serious problems of mounting cost pressures and falling grades must be considered when taking a long-term view of these mines.

Rooberg has the best potential, but the “disappearance” of the rich pockets of ore at the A mine, as reported in the last annual report, is a disturbing feature.

These pockets had been the mainstay of production and the fact that they no longer appear as frequently as before has resulted in an overall decline in production.

CONCENTRATES

However, the directors decided last October to resume operations at Vel lefontein, which should increase the overall availability of ore.

The technical advisers also reported that the production of tin in concentrates should improve in the current year with the opening of the north-eastern sector at the C mine.

The report, however, added that the major unknown factor was the grade at A mine, although drilling results “give promise of an improvement”.

Nevertheless, the group is experiencing cost problems. In the last financial period, costs rose by a worrying 49 per cent and in the current year, expenses are expected to “increase substantially”.

This lends weight to the statement that unless the tin price increases, the profit for the current year will be less than it has been for many years.

RÉVISION

Since the date of this report, the tin price on the LME has risen by more than £1 000 a ton so that the forecasts made last December might well be due for revision.

This rise must surely satisfy the “substantial” qualification made by the chairman of Rooberg, Mr R A Hope.

Assuming it does, and the price holds, profits could be back to previous levels, or even higher.

The other two producers are not in quite the same league.

Zaanplats operates at a much lower grade than Rooberg and on a much smaller scale, and the chairman, Mr D D McWilliam, said in his last annual report that sales, which fell by 144 tons last year, would again be lower because some important consumers had decided to reduce stocks.

But the higher price and increased industrial activity worldwide must temper this forecast.

CONFUSION

The last of the producers, Union Tin, has already announced it will probably stop operations in 1977. It will require a much higher price to alter this outlook.

In spite of the strong pressures for a continuation of the price rise, the tin market is nevertheless in a state of confusion.

The fifth International Tin Agreement, which operates on the London Metal Exchange, is due to take effect on July 1, but has been plagued by opposition from the major signatories, particularly Bolivia, which at one stage threatened to set up a rival body with China.

One of the major points at issue is the establishment of a mutually acceptable ceiling price to be agreed to by the tin Buffer Stock Manager.

At the beginning of May this was set at Malaysian dollars 2 600 a pucal (133.25 lb), but already the price has broken through this level to trade at its highest ever.

DEMAND

Furthermore, the Buffer Stock Manager has sold out of material in the Eastern market and now holds only material in Europe for sale to protect the ceiling price, according to London commodity dealers Rudolf Wolff.

At the same time, demand continues at a high level with heavy turnovers recorded each day.

In contrast, world tin demand has been running at the slow rate of between 1 per cent and 2 per cent a year as major markets continually make more economical use of tin.

This prompted the ITA to invoke export quotas on the major producers.

This in turn had an adverse effect on the marginal producers in Malaysia, which provides about 20 per cent of world supplies, and many have been put out of business, but a more equitable relationship between supply and demand could develop as a result of this.

While the over-riding factor dictating future price movements will be the terms attaching to the final ratification of the new International Tin Agreement, it seems certain that prices will continue to move above current peak levels as world economies move into a new growth phase.

South African producers, whose sales contracts are based on LME prices, must benefit accordingly.
Another Berg silica mine planned

James Clarke

Another opencast silica mine is planned in the heart of the Magaliesberg.

The Department of Planning has confirmed that it is considering an application for another mine "in terms of present legislation."

This means the department may not be able to stop the application going through because the Magaliesberg has not yet been proclaimed in terms of the new Environmental Planning Act.

The deposit is at Castle Gorge near a series of deep mountain pools and a large waterfall. The spot is about 30 km west of Hartbeespoort and is considered by many to be the Magaliesberg's most scenic spot.

The application is for the mining of about 2 million tons of high-grade silica and the excavation will engulf the 'old Voortrekkers' wagon trail.

Mr Dirk Venter of Moonook, majority shareholder in Oos Transvaalse Klipkreckers, said he had applied to mine on the farm Elandskaal 470 JQ.

He said he would cover up the scar afterwards but declined to say over how many years mining would continue.

CARE was put on the trail of the new mine by a Rustenburg caller who said a border industry was being set up to make glass for export, using Magaliesberg silica.

Consol Glass, presently carving an opencast mine in the Kommandonek area, denied any connection with the new mine.

The application has put the Department of Planning and Environment in a quandary, for it has plans to proclaim the Magaliesberg at the request of the province. The proclamation was expected soon after Parliament sat in January but a change of Minister held the matter up. Now it may be too late to save it from another massive mining operation.
New technology opens vast 'Vaal chrome chest

Trevor Grundy

MBABANE — New technology has now made available enormous flows of chrome from the Eastern Transvaal that account for as much as 66 percent of the entire Western world's proven reserves.

The disclosure was made here by Dr Peter Jankie, senior researcher at the Institute for the Study of Conflict in London, at a conference on the strategic role of mineral resources being run here by the Foreign Affairs Association.

At the moment, South African production accounts for about 27 percent of the world total.

The development of new technology to exploit even more reserves in South Africa would now reduce the strategic importance of Rhodesian chrome supplies.

Dr Jankie has also forecast that within the next 10 years South Africa will overtake Canada to rank as the second largest producer of uranium in the non-communist world, with 15.86 percent of the world market.

At the moment the United States produces over 50 percent of the world total of 25,000 tons a year, followed by Canada with 18 percent, with South Africa lying third with 10.76 percent, ahead of France and Niger.

He estimated that demand would soar to 4m tons by the year 2000 and 6m to 10m tons by 2025.

South African manganese production reached 4.74m tonnes in 1974 and is soon expected to account for 23 percent of the world market — though in time production will run into competition with exploitation of the ocean bed.

He estimated that the Pacific Ocean bed alone contained some 350,000 tonnes of manganese plus 14.700m tonnes of nickel and 6,800m tonnes of copper.

He said the US and the USSR are self-sufficient in copper, but Japan and the Western European industrial nations import some 60 percent of their supplies.

There is a fair degree of substitution possible. Supplies can anyway be maintained by the recovery of scrap.

Mr Jankie said the producers countries are in an especially weak position to exploit the market because a significant rise in the price would stimulate deep sea production, which in turn would threaten the economies of these countries.

He said generally, it can be said that substitutes for mineral ores will increasingly be found. Uranium is an exception, although within a span of fifty years, other sources of energy will doubtless have reduced the need for it.

He said ocean mining does not present the same prospects for manganese. From the strategic point of view, therefore, at least in the short term, known Western supplies of uranium are of great importance to the West.
Uranium shortage looms

By DON ROBERTSON
Mining Editor

THE importance of uranium as the future source of energy generation has been gaining ground over the past months, but with this realisation come warnings that a critical world-wide shortage of uranium oxide could develop in the 1980s.

A report from the OECD's Nuclear Energy Agency, the first comprehensive report on this subject since 1973, says "uranium, and in certain countries, coal, is likely to be the main energy source available in sufficient quantity to meet the increasing energy demand."

But the report adds that the demand for natural uranium, running at about 18,000 t a year, is expected to increase to 50,000 t by 1980 and to double this amount in 1995.

The current estimate is 13,000,000 t of "reasonably assured resources" exploited at under $15 a lb (uranium oxide) together with a further similar amount at prices up to $30 a lb.

Dr Stanley Bowie, new president of the Institution of Mining and Metallurgy in London, said at the annual meeting last week, that it was doubtful if more than 30,000 t of uranium could be produced by 1985, which was considerably less than the estimated annual requirement of 50,000 t.

Demand to the year 2000 would require an annual discovery rate of about 90,000 t, about which, said Dr Bowie, it was pertinent to review past discoveries to determine whether such a rate was likely to be achieved.

It is in the light of these projections that South Africa's role as a major supplier of yet another strategic mineral comes to the fore.

Dr Bowie lists as the four major potential suppliers, those with over 100,000 t of uranium oxide, Elliot Bling Lake River, Canada, Colorado-Wyoming, the Witwatersrand and Northern Territory, Australia.

Taking this further, Dr Peter Janke, senior researcher at the Institute for the Study of Conflict, London, said at last week's international mining conference in Mbabane, Swaziland, that in 10 years' time, South Africa would replace Canada as the second largest supplier of uranium in the non-communist world after America.

Dr Janke's projections show that South Africa could be producing 13,000 t a year by 1985, exceeded only by America's 40,000 t, followed by Canada's 11,500 t a year.

The OECD's estimates put South Africa's reserves — at under $15 a lb uranium oxide — as third in line, beaten only by America and Australia. At more than $30 a lb, South Africa still holds No 3 spot, with Sweden first and America second. In this latter category, however, Australia remains rather an unknown, with reserves as yet uncalculated.

Not surprisingly, interest in South Africa's major uranium producers has been lively in recent months. While most are committed to long-term contracts, those bringing in production facilities, such as President Brand, Randfontein, perhaps Africkander Lease and West Rand Cons with the possibility of a new area being opened up, offer long-term benefits as they will be able to take advantage of soaring prices which have reached above $40 a lb on the United States domestic market.
Uranium: customers must share cost of opening new mines

The Star Bureau
LONDON — Producers and customers at a joint meeting here have decided that there is unlikely to be a shortage of uranium to meet world expansion plans — but they were warned by a South African delegate that users may have to help meet the cost of opening new mines.

Mr. Kornwald Worrall, uranium adviser to the Chamber of Mines of South Africa, yesterday told the international symposium organized by the Uranium Institute that in some cases producers would not be prepared to increase production without customer-financing, and pricing arrangements under which further operating costs will at least be guaranteed.

Mr. Worrall said that the customer should not find “unduly onerous” the idea of making prepayments or loans, to defray the cost of opening new mines, as well as guaranteeing a minimum price.

After four years of decline in Southern African uranium production, this year would show an increase, he said. Last year’s output of 2,280 tons would treble to about 10,000 tons by the end of 1978.

The main reason for this, he said, was the new Rossing mine in South West Africa.

Mr. Worrall added that world uranium production would need to rise by about 15 to 20 percent annually until the end of the 1980s — “an extraordinarily high rate.”

Mr. John Kostukt, chairman of the Uranium Institute, confirmed there were “strong grounds” for believing the very optimistic forecasts of demand.
R12m rise in profit

Harmony stars with

Johannesburg —
on the events of the last few days, the Sunday Times's parliamentary correspondent reported on 23 October that the proposed design had been opposed by a Labour Minister, Malan and two others. Black will oust white miner. It is reliable - as its knowledge of a Labour sentiment to indicate. the Cabinet was prepared at recent routine to present a Union Jack, Objection to the form of the Union Jack does not necessarily have to account for. It should be determined and the Union by agreement.

Johannesburg — It was clear blacks would replace white mine workers in the homelands. Mr. P.C.C. de Jager, president of the Mine Workers Union, told the annual meeting of his general council here yesterday: "The time has now overtaken us. The announcement that Bophuthatswana will become independent, will be another step in the bus situation in the Union.

It is understood that Roos was forced to choose his earlier calls for consideration. The moment for another appeal seemed propitious. But, his call, at this particular time, was directly related to an event of the last few days, the Sunday Times's very strong support for Roos at this time, it is not inconceivable that Roos had information leaked to it.

Bevers was almost certainly the one; the other is likely to have been Kemp, who had been publicly supporting Malan's uncompromising statements during the recess. (C.W. Malan only arrived in Cape Town on the afternoon of 25 October - after the settlement had been reached, The Star, 25 October 1927.)

Stanford Papers, D 56, 22, 24 October 1927; S.P. vol. 39, no. 246, letter to wife, 22 October 1927.
The rate of recovery of the economies in the United States of America, Europe and Japan levelled off during the second half of 1976 and this has had the effect of deferring the recovery in the platinum market. As a result Rustenburg Platinum Mines has slowed down the rate of its expansion programme that was embarked upon last April.

The demand for platinum in the general industrial market remained weak throughout most of calendar year 1976 and the consumption of platinum by the jewellry market in Japan during the year was substantially below that for 1975. However, in contrast with the weakness in these markets the demand for platinum for use by the automobile industry increased appreciably as a result of the substantial improvement in sales of automobiles in the USA. Overall it appears that the total 1976 worldwide demand was not much different from the previous year.

The prices of all platinum group metals were at low levels throughout the financial year. Inflation continued to have a considerable adverse impact on Rustenburg’s cost structure and despite an improvement in productivity, our costs of production have risen. The reduction in prices and the continuing rise in costs have reduced our profit significantly.

In spite of the generally depressed market conditions the company’s sales of platinum during the financial year 1976 were slightly higher than during the previous financial year mainly due to increased sales to the automobile industry. The gross value of all metals sold was some 5% higher. However, at R83.2 million, profit from sales of metals was nearly R5 million down on the equivalent 1975 figure, reflecting the escalating costs of production, which during the year showed an increase of approximately 20% per cent over the previous year. In addition, the profit before tax was lower due to increased interest charges and the necessity to make provision for possible losses on our foreign loans brought about by the September 1975 devaluation of the rand against the US dollar. Consequently after tax profits fell from R47.8 million to R36.9 million. After making provision for on-going capital expenditure a dividend of R12.8 million was declared for the financial year as a whole which was equivalent to 9.96 cents per share.

The Market
Trading conditions during the year were particularly difficult, but there were periods when demand appeared to be strengthening. Price competition from the Russians and other producers was very keen and supplies were freely available. As a consequence of this together with the low level of economic activity in the major consuming countries the company’s sales to industrial users continued at a low ebb throughout the year. Although Japanese demand for platinum, which is used overwhelmingly for jewellry was slightly higher in the financial year 1976 than in the preceding financial year consumption in recent months has declined and is now at a lower level than for the comparable period in 1974 and 1975.

Improved sales of automobiles in the USA, together with the decision by the Ford Motor Company to fit 100% of its automobiles with catalytic converters for the control of emissions resulted in a substantial increase in the volume of deliveries of platinum and palladium by Rustenburg to Engelhard Minerals and Chemicals Corporation for Ford’s use during the 1976 financial year compared to the preceding financial year. However, sales during the first half of the current financial year will be lower than those achieved during the
corresponding period of the 1976 financial year due largely to
the impact of the strike experienced by Ford in late September
and early October.

As a result of the U.S. Senate dismissing proposed
amendments to the Clean Air Act the more stringent statutory
standards for automobile emissions will now be applicable for
model year 1978. However, as it is maintained by some that
these standards, which will apply from the middle of 1977,
cannot be achieved, it can be expected that further debate will
take place on the levels to be applied. It appears from
the information available to us that the standards for model year
1978 will be made less stringent than the present statutory
requirements but for subsequent years there will again be a
tightening up of the standards towards the statutory levels.

Rustenburg’s sales of palladium in the year ended August
1976 were considerably above the level achieved in the
previous financial year. Sales were markedly higher to both
industrial users and the automobile industry. However,
intense price competition resulted in revenue from sales being
slightly down as compared with 1975. Sales of rhodium and
iridium were below the levels achieved in the financial year
1975 in respect of both volume and revenue. Revenue from
sales of nickel in the financial year 1976 was significantly
higher than in the preceding financial year.

Jewellery Promotion

In view of the surplus platinum production capacity in the
world it is vitally important that every effort be made to find and
stimulate new uses for the metal. I am pleased to report that
good progress is being made in the development of Rusten-
burg’s jewellery advertising and promotion campaigns
overseas. However, it will take time for these efforts to show
meaningful results.

In the Japanese market, which is the largest single user of
platinum for jewellery, we have learned much about consumer
attitudes to the metal. This will be helpful to us in meeting our
objective of consolidating and expanding its use in this area.
During the past year, co-operation with the trade in joint
promotion has been successfully extended. Other features of the
year’s activity in Japan have been the platinum jewellery design
competition which attracted widespread interest and trade
conferences sponsored by Rustenburg in Tokyo and Osaka to
review campaign activities and brief the trade on future plans.

In the U.S.A., a new advertising campaign was launched in
October 1976. We are encouraged by the increased level of
interest and awareness that is now being generated as a result of our
efforts but much has still to be done there before platinum
jewellery becomes a standard item in the majority of jewellery
stores. The campaign in the U.K. is proceeding satisfactorily.
In September 1976, Rustenburg launched a promotion campaign
in West Germany. The response of the trade in this market
suggests well for the future.

In spite of the present economic climate the company is
continuing its jewellery promotional activities in the interests
not only of consolidating the results achieved so far but also of
developing the market in the longer-term interest of the
platinum industry.

Operations

As shareholders are aware, Rustenburg started to increase its
rate of production beyond 900 000 ounces of platinum per
annum during the second quarter of last year so as to build up
its stock position in view of the indications at that time that we
could expect demand to increase from the beginning of 1977.
During the course of the year, when this expectation was further
endorsed, Rustenburg made modest purchases of platinum on
the Free Market to augment its level of stocks. When it became
apparent that the growth rates of the major industrialised
countries had levelled off, it was decided to slow down the rate
at which the expansion programme was being implemented.
The expansion programme was planned on a flexible basis that
will allow the adjustment of production in the light of develop-
ments in the market.

Outlook

I would hope that the recently announced economic policy of
President Carter’s administration will lead to an improvement
in the rate of growth in the U.S.A. economy during the course of
1977. A recovery in business activity in the U.S.A., together with
a resurgence of the economies of Japan and Europe would lead
to an increased demand for platinum. However, there is still
considerable uncertainty regarding the outlook and it may be
that the current levels of economic activity will continue
throughout 1977, in which case the demand will continue to be
depressed.

The current published prices of the company’s platinum
group metals, with the exception of rhodium, are below the
prices that prevailed during 1975 and in some cases below the
levels of 1974. If the company’s profitability is to be improved it
is essential that our prices be increased and costs contained.
However, until there is a substantial improvement in demand
for platinum we are unlikely to see any significant upward trend
in prices. Costs continue to increase. It is therefore probable that
profits for the current financial year will not exceed the
level achieved in the past year. Consequently, the total dividend
payments for 1977 could be either the same or less than those of
1976. However, the level of dividends will depend upon the
results achieved and on our trading prospects at the time
dividends are to be declared.

General

Our sole marketing agents, Johnson Matthey & Co. Limited,
continue to provide us with highly skilled technical, research
and marketing services. I would like to express to Johnson
Matthey our appreciation of their services.

I would also like to thank the mine managers and employees
and our consultants together with managerial, technical and
secretarial staff at head office, for the services they have
rendered.

Johannesburg
2nd February, 1977
Copper firms on the Zaire crisis

By NEIL BEHRMANN

POLITICAL events in Africa and Europe have helped push up the prices of bullion and metals. Gold gained yesterday after the sharp gains of the Left in the French municipal elections. The deteriorating political and economic climate in Italy also contributed to investment buying while the possibility of elections in the United Kingdom added to the uncertainty.

Copper has firmed because of the crisis in Zaire. The major influence on copper is fear that there will be a strike in the United States at the end of June this year. The market is also worried about the long-term prospects of increasing military activity in Zaire and the ripple effects on major African producer Zambia.

Cash copper rose £3 last week on fears that supplies from the Shaba province—formerly Katanga—would be threatened. The market hardly reacted to reports yesterday that Zaire forces inflicted heavy losses on the rebels which invaded the Shaba area. Copper continued to be steady in the morning and held at around £600.

According to Amalgamated Metal Trading, Zaire produced 403,000 tons of copper in 1973—nine per cent of total mine production in the western world.

Statistics for 1976 are still to be released but Amalgamated Metal estimates that Zaire copper production was in the region of 500,000 tons.

Zambian copper production amounted to 677,000 metric tons in 1975, or nearly 12 per cent of the total Western production.

Together Zambian and Zaire production accounts for nearly 31 per cent of Western copper production, so it is likely that prolonged military disturbances in central Africa could have a marked effect on the copper price.

For the moment, however, there is no shortage of world supplies and as yet market sources here believe that copper production in Zaire has not been affected.

Copper analysts here note, however, that Zaire expatriates working on the mines are leaving the country in increasing numbers.

Copper stocks in the London Metal Exchange, presently in excess of 800,000 tons are well in excess of Zaire production. Analysts believe if stocks begin to decline continuously, the market will look to a shortage and the price could rise strongly. As yet no such trend is evident.

The most important influence on the copper market remains worries about a United States strike mid-year. Most dealers in the market believe that the strike will not last long if it does occur.

the labour disruption does not take place copper could decline sharply.

United States copper producers, pleased with the firm market, raised their production prices at end of last week.

Asarco increased price 2c to 72c a pound and was followed by Anaconda and other producers who raised their prices three cents to 74c.

The price is now only one cent below last year's summer peak of 75c, which was followed by a slump of 65c in the closing months of the year.
Estimate by U.S. energy official

Uranium demand will multiply five times

Mercury Correspondent

JOHANNESBURG — World demand for uranium will multiply five times between this year and 1980, says Mr. J. A. Patterson, of the U.S. Energy Research and Development Administration.

Speaking in Toronto to the Prospectors' and Developers' Association, he forecast that U.S. demand this year would be 15,000 tons and world demand 25,000 tons.

By 1980 he expects world demand to multiply to 120,000 tons and by 2000 to 200,000 tons.

Mr. Patterson estimated world reserves at the cut-off level of 30 dollars per $43kg to be 2.4 million tons — 440,000 tons in the U.S., 420,000 tons in Australia, 260,000 tons in South Africa and 225,000 tons in Canada.

He said that annual deliveries of uranium oxide in the United States would be close to projected annual needs in 1979-80 although U.S. output will be augmented by existing consumer inventories and imported uranium.

A uranium market survey by the Energy Research and Development Administration shows higher uranium prices and increased use of new types of purchase arrangements.

The average price per $43kg of uranium oxide for 1976 deliveries under contract on July 1, 1976, was 12.05 dollars up from 10.50 dollars from 1975 deliveries reported as of January, 1976, reports the Engineering and Mining Journal of New York.

Average prices

Estimated average prices for uranium under contract as of July 1, 1976, range from 12.60 dollars from 1977 deliveries to 19.90 dollars for delivery in 1985.

These uranium prices are weighted averages for purchase contracts made during the year 1967, through mid-1976 and, as such, do not represent prices at which uranium can be purchased now or in the future. Also, since delivery commitments for later years cover only a fraction of projected requirements, the average prices for those years will change as additional sales are contracted.

The majority of recent contracts have specified that the price at time of delivery will be the prevailing “market price.” Also, some buyers have entered into other uranium procurement arrangements, such as participation in production — for which no prices can be reported.
Tin price could go still lower

LONDON. - Tin prices on the London Metal Exchange have fallen for three successive days this week. Dealers say they do not rule out the possibility of further losses because of the marked lack of confidence.

Three months standard metal closed yesterday at 1,800, down 105 on the day, after peaking only two weeks ago at 1,905. Dealers said prices could fall to around 1,800 before the market steadies.

Trade sources pointed to the rapidity of the price advance, which began the year at around 1,200 for three months standard. A downward reaction was inevitable.

Boots of heavy selling have featured recent dealings. The market has had to contend with heavy liquidation, presumably from soft commodity operators following imposition of special deposits for non-trade members and non-members of the Cocoa Terminal market.

Tin was also adversely affected by last week's news of enquiries into lead trading.

Lead has fallen from a peak of 1,455 for three months in early March to its current level of 1,415.50.

Trade sources feel these factors have dampened speculative interest in tin. Recent selling encountered a noticeable lack of fresh buying interest.

As well as stale bull liquidation, selling pressure also stemmed from chart operators as major points were reached.

Pressure has come at a time when fresh outside demand has turned rather quiet. Some dealers feel that much of the consumer buying in the US and in Europe is over for the time being and the physical market could be in for a quiet time.

Prices have been falling against a background of LME tin stocks rising over six consecutive weeks by 22,605 tons to 73,980 tons on March 18.

A further restraining influence is possible in US stockpile selling this year to compensate for an estimated annual world tin supply deficit of around 20,000 tons.

An unofficial US Government study recently urged the Carter administration to support a Bill before Congress to authorize sale of 30,000 tons of stockpile tin.

Dealers also noted the House Services Committee unanimously approved a Bill for a special rotating fund for acquiring stockpiles of strategic and critical metals.

Trade sources take the view that the Bill, if passed, will hasten sales of surplus metals.

- Reuters
Palabora: pick of the copper shares

Palabora's 30 000 t/year expansion programme is now virtually complete, within the budgeted estimate of R85m. Additional copper production within calendar 1977 will be 28 000 t, which will raise annual production to 121 000 t/year — just short of rated capacity of 125 000 t/year.

At first glance, the only alarming aspect of the report is the apparent 35% increase in costs from R580-R780/t. But R6 of the R20 increase was costs directly attributable to the expansion programme. Total material mined increased by 40% to 80 Mt, reflecting what is really a capital cost of stripping the overburden. This is reflected in the deterioration in the waste-to-ore ratio from 1.86:1 to 3.04:1.

Comparable costs, in fact, rose 20% to R694. With the benefit of economies of scale from the enlarged operation, I would be surprised if unit costs rise by anything like this percentage in the current year, and I would expect 1976's published cost of R780/t to remain substantially unaltered in the current year.

The life of the open pit operation has now extended to 1992, when the pit is expected to reach a depth of 595 m. Also, it has now been determined that the orebody continues without significant change to a depth of 1 200 m, so the life of Palabora for all valuation purposes can be considered infinite.

If the copper price can average its current level of R800 for the year, Palabora should earn over 160c per share this year. Should this be achieved, a minimum distribution of 120c can be expected which places the shares on a prospective yield of 10.7% at the current price of 1 120c.

This level of payout would leave the company with a retained cash flow of around R50m, which would be sufficient to handle the R25m of capital commitments that remained at the December year-end and all but wipe out the R30m of short-term debt. Of the R16m of long-term debt, R11m is interest-free customer finance for uranium supplies and the rest of the loans have relatively low coupons.

As the next few years are unlikely to see any further major expansion programmes initiated, the directors could well decide on a more liberal dividend policy and spread the debt repayment over a longer period. After all, the current level of debt is peanuts for a company with a market capitalisation of over R300m.

In his chairman's statement, Alistair Macmillan estimates that an LME price of £1 310 would be needed to bring Palabora into operation under current circumstances, and that replacement value of the mine and plant is R570m against a cost of R244m. As Palabora is one of the lowest cost world producers, this illustrates why there could be a dramatic increase in the copper price once demand again exceeds supply. At these levels, Palabora would probably earn around 300c, almost all of which would be distributable. On the present cost structure and rand sterling rate every additional £50 on the copper price adds 18c per share to Palamin's earnings.

The share looks a terrific institutional lock-up at these levels, although any short-term advance could be held back by a large line of stock which is potentially overhanging the market. Last week, 70 000 shares traded in one deal. I understand they came from Norddeutsche Affinerie, Palabora's former German refining connection. The share register shows Norddeutsche to have had a total of 500 000 shares.

The present phase of strength in copper, which stands at its highest level in sterling terms since 1974, owes much to the Zaire crisis, which has created the risk of a future shortage of physical metal and to the prospect of a strike affecting US production when the triennial wage contracts with the unions are renegotiated in August-September.

Establishment of wage levels running through to 1980 may prove a lengthy process, but LME stocks have begun to decline for the first time in two years, which is a sign of increased lubricator interest.

Whether there is any follow-through, however, depends on the course of inflation in the industrialised countries. On balance, a steady rise for the shares looks more likely.

Richard Stuart

teacher/pupil ratios in No. 4 below shows:

SCHOOLS

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<th>1974</th>
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<td>0 699</td>
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<td>2 434</td>
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<td>59</td>
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Lydenburg Platinum Limited
(Incorporated in the Republic of South Africa)

INTERIM REPORT AND DECLARATION OF DIVIDEND

INTERIM REPORT
The directors announce the following estimated consolidated financial results of the company for the six months ending 30 April 1977

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<thead>
<tr>
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<th>Six months to 30 April</th>
<th>Year ended 31 October</th>
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<tbody>
<tr>
<td></td>
<td>1977</td>
<td>1976 (Audited)</td>
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<tr>
<td>Net income before and after taxation</td>
<td>R267 000</td>
<td>R261 000</td>
</tr>
<tr>
<td>Earnings — per share</td>
<td>1,85c</td>
<td>1,81c</td>
</tr>
<tr>
<td>Dividends — per share</td>
<td>1,76c</td>
<td>1,40c</td>
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<tr>
<td>— amount</td>
<td>R252 000</td>
<td>R202 000</td>
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</table>

On behalf of the board
A W S SCHUMANN
T L DE BEER

DECLARATION OF INTERIM DIVIDEND
NOTICE IS HEREBY GIVEN that an interim dividend No. 47 of 1.75 cents per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 15 April 1977.

No instructions involving a change of the office of payment will be accepted after 15 April 1977.

The register of members of the company will be closed from 16 April 1977 to 29 April 1977, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 3 June 1977 or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Payment will be made by the transfer secretaries mentioned below on or about 16 June 1977.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By order of the board
GENERAL MINING AND FINANCE CORPORATION LIMITED
Secretary
per W B. VISAGIE

Head office
General Mining Building
6 Hollard Street
Johannesburg 2001
(P.O. Box 61820, Marshalltown 2107, Transvaal)

Transfer Secretaries
South Africa
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107, Transvaal)

London office
Princes House
36 Gresham Street
London EC2V 7EN

United Kingdom
Charter Consolidated Limited
Charter House
Park Street
Ashford, Kent
TN24 8EQ

29 March 1977
Homeland wants big platinum mine

By ADAM PAYNE

The follow-up investigation of the platinum potential of the Bushveld Complex, involving platinum companies and other groups, including interested parties, to put in a pilot project on the platinum mineralogical farm in South Africa, has begun.

The operation is expected to start in 1967 and will be open to the public from the end of 1966. It is expected that the pilot plant will operate for at least a year before the full feasibility study of mining the UG2 Reef can be completed, says the report.

The attraction of the UG2 is that it is not only richer in platinum than the Merensky Reef, but rhodium, which is 55% of it compared with the platinum at $162 an oz, and is expected to be in much demand for three-way car exhaust catalysts in the United States soon that may not have been there.

There is thus an incentive to mine the UG2 if payable, either in the Rustenburg area or in Lebowa in both.

Dr. Hanford told me that the problem with the platinum is the high cost of production, but he did not see it as a problem.

COMMENT While Dr. Hanford was trying to see a company established at Maaneshom, the platinum companies are trying to solve the problem by exploring platinum mines beside the Merensky Reef property north of Rustenburg at a high price of $500 an oz from Amor, but it is not looking because of the over-supplied market, as the other companies in the market are looking for a way to avoid it, let an outsider company get the mineral rights on the Platongelakt podcast or the national economy.

The following companies are interested in the platinum:

- A company is interested in the platinum.
- Another company is interested in the platinum.
- A third company is interested in the platinum.
- A fourth company is interested in the platinum.
- A fifth company is interested in the platinum.

Whatever companies are interested in the platinum, they must be prepared to develop it further. The cost would be too high to recover the market, if not the market, if it comes about. It is looking for a market.
...worked, and its problem is that if it remains indescribable, it must be separated from the platinum because its presence in the concentrates decreases the weight of the matte. The addition of another platinum would upset the market. But this does not mean that the companies are still in the middle of last year and have been asked to improve their proposals by doing more exploratory and geophysical work on the property. We are asking the companies to make their proposals for the property as a whole, and we must be satisfied that they have submitted the most attractive proposals. One or other of the companies would be the most attractive company to develop the property, and the proposals we are asked to consider are far from being considered as the most attractive proposals. The conditions are not such that it would reduce the opportunity. We have not heard that the market is not concerned about the present low price of platinum. Another company operating on the property would also be very welcome.
O'OKIEP BACK IN BLACK:
PROFIT R2,5-m

A SUBSTANTIAL improvement in revenue from copper enabled the O'okiep Copper Company to return to profitability last year, the annual report shows.

The company, which operates in the northwestern Cape, increased its metal sales by R13-million or 44 percent, last year to R42,8-million, the managing director, Mr G. R. Parker, reports. Operating costs amounted to R37,5-million against R31-million, resulting in an operating profit of R5,4-million against an operating loss of R1,14-million in 1975.

Net income after all provisions was R2 355 000 against a loss of R1 192 000 in 1975. A dividend of R1 a share was declared out of net earnings of R2,46 a share.

COST-CUTTING

Also contributing to O'okiep's improved results were the introduction of cost-cutting measures and a reduction in development.

In spite of countrywide double-digit inflation in 1976, mine operating costs rose by only 7.8 percent.

Profitability strengthened considerably in the second quarter thanks to the improved copper price and led to the decision to resume dividend payments. But the copper price softened during the rest of the year and no additional dividends were paid.

Expenditure on development was restricted in the first three quarters of 1976 but increased in the fourth quarter.

percent to 15 percent were granted.

Mr Parker reports that negotiations are taking place with the Government on the Gamsberg zinc project in which O'okiep and Newmont South Africa are equal partners.

A preliminary feasibility study of the venture shows that State assistance in providing the necessary infrastructure would be important in making investment in it attractive.

High grade zinc has been produced from Gamsberg ore by the O'okiep pilot plant and it has also been demonstrated that a salable lead concentrate can be produced.

Derek Tommey

IMPROVEMENT

Mr Parker warns that a significant improvement in the copper price is needed to offset the increased cost of the mine development programme.

The number of people employed at the mine rose by 430 to 3 560, while pay increases ranging from 10
ketable high arsenic concentrate stocks are increasing at a rate of 4 000t/year while the pilot plant to produce pure stibnite can only cope with less than half this amount.

It is too early yet to see just where the mine is headed this year, but if results from the new Athens shaft do not live up to expectations, I will not be surprised if the dividend of 80c forecast by Dalton Brown is not met.

Of the two unlisted copper producers, Prieska’s mill throughput was badly affected by breakdowns in the milling circuit, with the result that copper concentrate production fell by 17.1% to 26.23t; and zinc concentrates were 12.1% lower at 30.11t. On the other hand, concentrate shipments rose but the increase in costs was only slightly lower so that net profit was almost unchanged at R3,2m.

In South West Africa, JCI’s Otjihase averaged a monthly mill throughput of 81,000t against the December quarter’s 73,000t. As a result, there was some reduction in the operating loss. Rounding between the lines, costs could be given an extra boost by Tsumeb’s inability to smelt Otjihase’s concentrates. The quarterly report states that there are difficulties in smelting the backlog of material stockpiled at the smelter.

But Otjihase’s production has been below plan and presumably the additional smelter capacity installed at Tsumeb exclusively for the Otjihase material should have been able to cope unless insufficient capacity was installed. If this is the case, then concentrates will have to be sent further afield for smelting with obviously higher costs. But the real problem facing the company is its debt and interest burden.

Rooberg increased production of tin in concentrates marginally and it is encouraging that grade at the “A” mine is slowly improving. Sales tonnage was in fact 23% lower at 424 t of tin content because of the timing of shipment but, with net revenue per ton of tin 14% higher at R6.678/t, profits were only marginally lower.

If the tin price holds up for the rest of the year, total dividends of 100c should be easily attainable. On the prospecting front, the current drilling and development programme continues to give encouraging results.

With mining operations nearing their end, Union Tin’s grade is slipping and concentrate production fell to 216t (275t) Higher tin prices helped to support revenue but, with no significant results reported from development and drilling, it is only a matter of time before operations cease.

No reason is given for the 16% drop in mill throughput at Gefco, but the improvement in recovery from 8.7% to 10.2% may well indicate that a higher grade of fibre is being aimed at if consumer resistance to the lower grades is being experienced. In any event, the higher revenue of R515/t seems to support this possibility.

On a lower operating profit of R2.6m (R2.9m), the tax bill of R728,000 was substantially higher as capital expenditure slowed down and tax allowances were worked off, resulting in a taxed profit of R2m (R3.2m). Even so, there is no reason at this stage to fear that last year’s dividend of 150c will not be matched.

At Moolib fibre production was marginally down at 25,270t on a slightly lower mill throughput and, with lower shipments, sales revenue declined by 9.3% to R4.1m despite a higher average price of R210/t (R189.4/t). Production costs are being well contained and rose only 0.7% to R58.8/t fibre.

As with sister mine Gefco, tax took a larger bite of profits as tax allowances were worked off and capital expenditure declined, leaving an after tax profit of R1.4m (R1.9m). Again, last year’s total payout of 50c should at least be maintained.

David Ross
MAKING IT WITH MINERAL

A special survey supplement to the Financial

Weekly
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A badly packed gland is a costly production item...
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Big market for SA rhodium

BY JIM SRODEL

The demand from GM for the 5,5-million newly produced 1/23-carat, 18-carat gold rings and the opportunity of rhodium to a year for use in parts of the industry is likely to keep the demand for its use high. The demand for the product, which is used in jewelry and in the production of rings and other products, has been high. The demand has increased as the production of these products has increased.

South Africa sells for about $450 an ounce (R1490) rhodium, compared with the $450 an ounce (R1490) for gold. The demand for rhodium is expected to increase as the demand for gold decreases.

DETROIT — South Africa sells for about $450 an ounce (R1490) rhodium, and compares with the $450 an ounce (R1490) for gold. The demand for rhodium is expected to increase as the demand for gold decreases.
The best laid plans

Under the guise of the second annual meeting of the Uranium Institute, SA and other representatives of the five-member uranium cartel have been meeting secretly in London this week to ponder the disturbing events of the past fortnight. One particularly unsettling thought for the SA delegates is that the cartel’s raison d’être — to insulate the free world nuclear power market from the competitive pressures of the US energy conglomerates — may have backfired badly.

The cartel’s current round of troubles began early last week when a US district court judge from Virginia flew to London and set up shop in the US embassy. Officials of the Uranium Institute, which bills itself as the industry’s think-tank, as well as executives of Rio Tinto were forced to give evidence on the operations of the cartel. The hearing is an important part of a suit involving Westinghouse Electric Company’s decision to break contracts with dozens of American power companies to furnish enriched uranium fuel at prices well under current market levels. At one point in the questioning, Rio Tinto officials even took the bizarre step (for a foreign company) of pleading the Fifth Amendment to the US Constitution, which protects witnesses from self-incrimination.

Later in the week, a Congressional panel wrung a confession out of top Gulf Oil Corporation executives that they were not unwillingly dragged into joining the cartel’s then-secret operating committee through a Canadian uranium marketing subsidiary. Moreover, the committee heard testimony that Gulf officials were the active movers at a 1974 meeting in Johannesburg that resulted in a major round of uranium oxide price increases that eventually filtered into the domestic American market.

There is little that the US Congress or the White House can do to legally reach the cartel. The Americans may not have to do anything, aside from whatever sanctions may be in store for Gulf, for the Congressmen also heard evidence that the price fixing club may have sown the seeds of a number of important problems for itself:

- Australia’s current government is not the only one troubled by the cartel disclosure, which originated there a year ago. In Ottawa, the shaky government of Pierre Trudeau is clearly on the defensive in the Canadian Parliament despite counter-arguments that the cartel was needed because the American Government kept uranium prices artificially low to discourage competitors;
- While the cartel’s price increases have led to increased development of uranium reserves around the world, the US has been a major beneficiary of the new activity. It’s estimated that $170,7m was spent in US exploration and development in 1976 ($122m in 1975). And US production of the $4.50 ore has rebounded from the 1974-1975 low of 11 500 short tons to 13 500 last year; and
- If the cartel had hoped to whiskaw the giant US reactor makers such as General Electric and Westinghouse, the very disclosure of the cartel’s existence may have ruined any chances. Westinghouse, especially, faces billions of dollars in losses because it guaranteed buyers of its reactors long-term enriched fuel contracts at laughably low prices by today’s standards. But last year dozens of power companies ranging from the government Tennessee Valley Authority to local firms had the contracts broken — the suppliers charged that the cartel had artificially distorted world prices and that the contracts, which had been made in good faith, were unreasonable and unconscionable.

Freed of those cost burdens, the big American reactor companies are now free to compete in the world market not only with their reactors but with their own uranium. In the last year alone General Electric has taken over Utah International while Atlantic Richfield merged with Anaconda. Their profits will be all the greater thanks to the unintentional efforts of the cartel.

SA Uranium mine . . . a slice of the yellowcake cartel
24. Which of the following statements is correct?

1. If supply declines and demand remains constant, equilibrium price will fall.
2. If supply increases and demand remains constant, equilibrium price will rise.
3. If demand decreases and supply increases, equilibrium price will fall.

25. Non-gold Minerals' Sales Lower in April

By DON ROBERTSON
Mining Editor

SOUTH Africa’s exports of minerals other than gold for the first four months of the year appear to be heading for the peaks established in 1976 in spite of the poor performance in April.

Exports to date are about R604-million, suggesting that the R2 898-million sales achieved in 1976 could be equaled. Revenue from gold sales took the overall total for 1976 to R4 659-million.

However, the export performance in April was disappointing in most major minerals.

Antimony sales slumped to R54 714 from the March’s R11 325 077. Production figures also showed large falls — to 985 tons from 3,977 tons in March and 1,470 tons in February.

The drop in production probably reflects the fact that Consolidated Murchison now ships its product in the form of antimony oxide and not as crude antimony ore, but the poor export sales reflect the state of the market.

Antimony stocks in Europe are high and some countries are exporting surplus stocks to America.

South Africa’s exports for April were 30 tons compared with 960 tons in March. While this might partly reflect the irregular nature of shipments, it suggests that Cons March’s results for the current quarter will be bad.

Sales of various grades of chrome amounted to R4 420 809 in April, compared with R3 300 000 in March, with the volume of exports also down.

Sales of copper fell to R10 185 553 from R14 259 469 in March.

Iron ore exports, having picked up substantially since the opening of Saldanha port dipped in April and brought in R11 144 955 compared with R14 060 505 in March.

Shipments of coal through Richards Bay, however, have held up well and were worth R17 771 582 in April against R17 363 853.

The April figure was made up largely of bituminous sales with anthracite exports negligible, mainly because of seasonal factors.

Manganese followed the pattern and April sales were worth R4 215 657, compared with R7 472 553 in March.

Nickel earned R5 725 430 (R8 041 211 in March) and vanadium, of which South Africa is a major producer, brought in R4 935 000 (R4 035 653).

Sales of asbestos, a significant earner this year, were slightly down at R10 258 310 compared with R11 642 882.

Sales under the category miscellaneous, which includes platinum and uranium, were R41 146 952 against R50 663 813.

26. If he open demand

27. "The price rise was due to"

1. A shift in the demand curve and a movement along the supply curve.
2. A shift in the supply curve and a movement along the demand curve.
3. Shifts in both the demand and supply curves.
4. Movements along both curves.
5. None of the above.

28. "Price adjustments serve to keep the quantities supplied and demanded equal. If at the initial price there is excess demand, the price will rise. The price increase has two effects: it tends to shift the demand curve down because people are willing to buy a smaller quantity at a higher price, and it tends to shift the supply curve up because producers find it profitable to produce a greater output at a higher price. The price will adjust until there is no excess demand."
18. We define an inferior good as one with
1. An inelastic supply curve.
2. A negative price elasticity of demand.
3. A positive price elasticity of demand.
4. An elastic supply curve.
5. None of the above.

19. Income rises inelastically.

By NEIL BEHRMANN
LONDON — The copper price has fallen sharply following declines in New York. Sharpest falls were experienced on Tuesday, but yesterday the market was barely steady.
The drop affected zinc and lead in a market which is dominated by speculative sentiment rather than interest from the trade.
The copper price dropped in spite of the United States copper workers' unions rejection of the industry's new labour contract proposals. A London Metal Exchange dealer and Anaconda offered $1.00 an hour increase, but the workers are looking for $1.00.

1. A fall in stocks
2. A fall in income
3. A rise in output
4. A rise in stocks
5. A fall in labour

20. If the price of copper were to rise in output effects, would a rise in output effects on copper demand require farmers to
1. Make more labour contracts expire
2. Make less labour contracts expire
3. Plant more
4. Plant less
5. None of the above

21. Assume that decrease in demand is perfectly elastic. A decrease in demand will
1. Cause the price to fall.
2. Cause the price to rise.
3. Cause supply to rise.
4. Lead to a change in the supply of wheat.
5. None of the above

22. Consider the following statements:
(A) The cobweb model is based on the assumption that price in year t determines quantity supplied in year t+1.
(B) The supply curve of agricultural products is likely to be elastic in the short run.

1. A is correct because B is correct.
2. A is correct because A is correct.
3. Both A and B are correct but there is no casual relationship.
4. Neither A nor B is correct.
5. A is correct but B is incorrect.

23. One reason why the quantity demanded of a good tends to fall as its price rises is
1. The increase in price shifts the supply curve upwards.
2. The increase in price shifts the demand curve downwards.
3. At higher prices suppliers are willing to supply less.
4. People feel poorer and cut down on their use of the good.
5. Demand has to fall to restore equilibrium after a price rise.
MINING - OTHER GENERAL

July 1977 -

Dec 1977
6. The law of increasing (relative) cost is incompatible with

1. A p.p. frontier going from NW to SE.
3. The law of Dimin. of returns.

7. Choose the statement and

Specialisation and

1. Lead to economics
2. Are limited by
3. Lead to more economic
4. Cannot exist in
5. Would still be beneficial

8. Which one of the following production possibilities is constant in drawing up

1. Total resources
2. Quantity of resources
3. Money income
4. Prices
5. Allocation of resources

9. The law of diminishing returns more and more of another input

1. Total product increases in variable input availability.
2. A diminishing order to produce extra units of some input will be needed in the total product.
3. Increases in the relative supply of the total product.
4. Increasing cost
5. None of the above

10. In an economy with

1. To increase the increase in t
2. To decrease th decrease in p
3. To increase th decrease in p
4. To increase th production of
5. None of the above

11. Price elasticity of demand is

1. Measured by the slope of the demand curve.
2. A measure of the responsiveness of the quantity demanded to changes in price.
3. The ratio of the change in price over the change in income.
4. None of the above.
5. Two of the above.
Cartel or not, zinc club brought price stability to markets

**ZINC**

London Metal Exchange Cash Market

European Producer Price

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LONDON. — Hard on the heels of the controversy over the alleged cartel producers club, a new move is likely to open a much longer established agreement among zinc producers. Details have been leaked in Australia about how Western zinc producers outside the United States established and maintained for more than 10 years the so-called European Producer price for zinc—much more widely traded metal than the world.

The documents leaked concern mainly an essential political role of the Western European Zinc Producers Committee about how the Australian domestic market is used to control the world market. But since it is part of an international price agreement, it has important implications for the world zinc market. The role of the Non-Communist countries, nota bene, will be crucial to the control of the world's zinc market, should it be found to exist.

The European producers are currently meeting in London to consider the possibility of introducing a European Producer Price for zinc. The meeting will be attended by representatives from the leading producers in Europe and North America.

The purpose of the meetings was to decide the level of the European producer price, in line with market developments and producer prices. At the end of the 1969-70 season it was decided to start from a starting level of $30 per ton, which was maintained throughout the year.

**Table 1. Given the diagram shown above, the ten year period, if it started:**

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**1. The government scheme would have worked, if it started:**

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**2. The government’s scheme: not depending on crop fluctuation:**

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**3. The government’s scheme: stability by consumers more unstable:**

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**4. None of the above:**

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The London Metal Exchange Cash Market shows the price of zinc in London, Brussels, and London, respectively. The comparisons show a close agreement between the three markets, reflecting the tight control of the European market by the producers club.

The producers club is expected to continue to maintain a stable price for zinc in the future, although the exact level of the price will depend on market conditions.

**5. None of the above:**

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Copper prices fell yesterday on news of copper workers' wage agreements in the United States.

The copper unions' conference in the United States unanimously approved a basic labour agreement reached by negotiating teams at Kennecott Copper and Newmont mining.

Dealers in London reported a fall in copper prices with three-month wirebars traded from £745 down to £735.50 in early trading before steadying a little.

The movement took prices to the lowest levels since the end of March, 1976.

The unions approved the basic Kennecott agreement as a pattern settlement for the rest of the industry.

Meetings between Anaconda and striking workers at its plants are scheduled for today.

— Reuters
URANIUM CARTEL
SA. cold-shouldered

Carter Administration energy strategists deny that a "moral" cartel of uranium producers is being set up with the US, Canada, and Australia as members. Their objections are merely a matter of semantics however. what is being established is an "International Fuel Fund", and one of the acknowledged objectives is to increase pressure on SA's development of its own nuclear technology.

News of discussions between Washington, Canberra and Ottawa broke just as Australian PM Malcolm Fraser arrived for a White House conference with President Jimmy Carter. The cartel idea is Fraser's and it stems from his two-fold concern over the proliferation of nuclear arms technology and the continued instability of uranium supplies to most of the West.

A congressional committee concerned that the Administration was being lured into the existing Rio Tinto cartel to which the other two nations share membership with SA, summoned State Department officials to Capitol Hill. The Administration spokesman, Joseph S. Nye Jr, State's top security official, told the senators that "if the US, Australia, Canada and other like-minded countries collaborate on policies for the supply of natural uranium, we can play a vital role in reducing the threat of proliferation."

When asked what other nations might join this cartel, Nye revealed that talks had already taken place in the past fortnight with France, West Germany, and even the Soviet Union. But not with Pretoria.

The reason SA is being squeezed by the major uranium producers came to light in testimony before yet another Congressional committee studying nuclear sharing pacts with Africa Nelson Sievering, an official of the Energy Research and Development Administration, which controls nuclear policy, told the congressmen "the US government is concerned that SA has to date declined to adhere to the non-proliferation treaty. SA has stated it is willing to enter into discussions with the International Atomic Energy Agency about putting its future commercial enrichment plan under IAEA safeguards but has been silent about doing the same with its pilot plant. We are particularly concerned with the existence in SA of an un safeguarded pilot enrichment plant."

Sievering also conceded the White House was concerned over the growing production of uranium ore by SA which it estimates will rise from 3,000 t last year to 4,500 t this year, 6,000 t by 1978 and 7,000 t a year in 1979. 80

The labour situation is worse. The citrus and wine picking season remains and children living on the farms, who are the wives and children of the farms employ less than 5 permanent 1. 50. Yet the living and working conditions they vary significantly, are the outcome of the same farm structure - everywhere there are the symptoms of poverty and deprivation - illiteracy, high infant mortality, inadequate clothing, poor nutrition, endemic alcoholism.

13 farmers and 50 workers were interviewed in separate questionnaires. The conditions on 16 farms in Citrusdal are set out in the tables attached.
By NIGEL BRUCE

For ERGO issue

It'll be a stammpede
BAUXITE SOUGHT IN NATAL

Financial Reporter

PROSPECTING for bauxite and coal is being carried out in Natal, according to the latest report of the Department of Mines. Permits to prospect for precious metals have been issued in Vryheid, Babanango and Mahlabatini but no work has been done.

Five applications to search for bauxite were made by Helmuth Redinger, Exploration and Development for an area of 32,000 hectares in Lions River, Pocela, Ngotshe and Alfred.

The permits allow a search for other base metals. Bauxite is the main source of aluminium.

In the north-eastern area of Natal considerable prospecting is under way for coal because of the expected demand for coal and coking coal at the Iscor steel plant at Newcastle.
Rooiberg sales soar 175 pc on high-riding tin

By Elizabeth Rouse

IT'S good news all the way for the Gold Fields group's Rooiberg Minerals Development Company, riding high on the buoyant tin price.

Sales revenue in the June quarter is up 125% and the mine's performance has improved, in particular C mine where good values are being exposed.

Rooiberg's sales jumped to R1 492 000 in the June quarter from R1 427 000 in the March quarter on an average price of R7 192 a ton compared with the March quarter's R6 678.

Taxed profit is up 190.8% to R2 419 000 from R1 048 000, which accounts for the lift in the interim dividend of 45c from 29c.

The expansion project at C mine is paying off. The mine was able to deliver 110 565 tons to the crusher (94 976 tons in the March quarter) at a milling grade of 2.17% (1.97%).

B better grade ore was available at the A mine as a result of working some high-grade pillars in the IBN area and better-grade ore from B mine.

At a recovery of 55.6% tin, Rooiberg's tin concentrate output for the quarter was up at 1 074 tons (827.3) and sales rose to 1 057 tons (529.5).

Development looks promising at C mine. Good values were exposed on the B and Gap lodes. Drilling from the surface indicated down dip extensions to some of the lodes in the northern area.

At B mine medium-grade ore was developed on the Stewart lode.

At A mine development is progressing to opening up ore indicated by underground drillings. In the Austin open area, Rooiberg is evaluating a programme to mine low-grade ore from the surface, a proposition if the tin price remains at its present levels.

Vejlefontein continued to encounter problems. Shaft sinking has been slow because of the intersection of water-bearing fissures and decomposed ground.

No blocks of ore have yet been established for stopping, says Rooiberg.

The company's capital spending is declining. R3 000 000 in the past quarter against R438 000 in the March quarter, total expenditure for the year was estimated at R1 700 000.

With earnings at 10c per ton, it is a big lift and the half-year is almost certain.

Analysts expect a final of between 95c and 1.50c if the tin price continues to rise. A price of £7 000 is forecast, the way the tin market is going.

Union Tin is beginning to struggle to find sufficient tin. Having had to resort to retrieval of the slime part of the current tailings dump to supplement reclamation of its old dumps, which are virtually exhausted.

Ore grade was also down, although mining was concentrated in known better-grade blocks in the western section of the mine. Tin concentrates recovered dropped to 193.7 tons from 261.7 tons and sales declined to 2 214.4 tons from 261.1 tons.

Taxed profit is up slightly at R262 000 from the previous quarter's R256 000 because of the high tin price, which lifted sales to R1 033 000 (R1 033 000).

A small block of ground has been developed for mining on No 9 lode and recently a promising fracture in the footwall of the No lode has been discovered, says Union.

There may be something in that fracture, but the tin mine has been struggling for so long to find tin that shareholders are bound to be sceptical.

Union has increased its interim by 1c to 6c, but on the past quarter's results it does not look as if there can be a significant lift in the final.
Tin mines make more

JOHANNSBURG — Both tin mines in the Gold Fields group — Rooiberg and Union Tin — increased their taxed profits and dividend for the six months to June 30, according to reports issued here yesterday.

Rooiberg improved its tin grade all round and recovered 1,074,24 t. tin concentrates compared to 927,84 t. in the first six months last year. Tin concentrates sold increased from 902,56 t. to 1,037,54 t.

Taxed profit moved up from R1,048,000 to R2,410,000 and the dividend declared also more than doubled from 20c to 45c per share.

Union Tin Mines improved on output but lost on grade and on concentrates recovered but increased its dividend from 5c to 7c per share.

Ore to crusher increased from 38,848 t. to 43,369 t. and ore milled from 35,621 t. to 36,287 t. Concentrates recovered dropped to 193,75 t. and sold from 261,15 t. to 214,4 t.

Taxed profit improved from R2,590,000 to R2,620,000. — (Sups.)
Coppers easier

JOHANNESBURG
Gold shares closed weaker on overseas and local selling pressure, and in spite of slightly higher bullion indications, dealers said

Holland Street report

The Reuters S.A. golds average was down to 163.4 (155.6) and of 34 traders on the gold board shortly before the close 24 were marked easier and the rest unchanged in heavyweights, P Brand shed 70 cents to 2,550 and Randfontein lost 75 cents to 4,675. Vaal Reefs was 50 cents off at 1,900. Lighter weights lost up to 20 cents.

Financial munings were very quiet and generally unchanged, although easier in places. G.F.S.A. shed 30 cents to 1,750 and Unecor 40 cents off at 430. Elsewhere, De Beers retreated further, to trade four cents off at 434

Coppers were easier and lost up to 15 cents. Paladium was 15 cents off at 5.50 while Messina lost five cents to 200.—(Sapa.)

Sugar

LONDON—The London daily sugar price for non-UK basis South Africa whites £157.50

Average price

Date (Jun., 1972) £1345

Average price

In the same month last year

(Jul., 1972) £1394
US production cutback, currency jitters boost copper prices

By NEIL BEHRMANN

LONDON. — The rally in metal prices, prompted by chartist buying and short covering, has taken some despondency out of the market. But analysts say there is still a fundamental oversupply, especially of copper.

Commodity Analysis

Research feels that copper could rise to about $7.75 by the year end, the price helped by further mine closures and some improvement in consumption.

It estimates that refined production and other supplies will rise from 6.7-million tonnes in 1976 to just over 7-million tonnes this year.

The firm believes that further closure announcements of North American companies could herald the low point of copper prices. Renewed currency instability and rising metal prices would instil confidence in the market, so that prices could rise to $7.98-8.02 a tonne.

Cash copper yesterday £61, already well up on the recent lows of £44-£45.

Recent announcements of intended production cuts have been made by US copper producers Duval, Cities Service and Phelps Dodge, while the biggest US producer, Kennecott Copper, said its production would reach the conventional milling and refining.

The chairman, Mr Henry Mudd, says that mines adopting the technique would not incur the expense of shipping to smelters.

Copper Concentrates

The CRU estimates that the production of Copic countries, other major producers — the US, Canada, South Africa and Australia — would have to cut their combined capacity by 30 per cent for year.

Since this is unlikely, world stocks are unlikely to fall to the normal level of 300,000 to one million tonnes. This indicates that any rally is unlikely to be sustained.

Meanwhile Cyprus Mines of the US says it has developed a new copper production process which could be used as an alternative to the conventional milling and refining.

Under conventional methods, copper ore is milled, then crushed to prepare a copper-rich concentrate. This is shipped to a smelter where it becomes cathode copper. Subsequent electrolytic refining produces pure copper.

REMBRANDT GROUP LIMITED

NOTICE TO SHAREHOLDERS

Declaration of Dividend No. 55

Notice is hereby given that the Board of Directors has declared an interim dividend of 11.0c per ordinary share of 10c payable to holders of ordinary shares registered as such in the...
FINANCIAL RESULTS FOR THE YEAR ENDED 30th JUNE, 1977

The Directors announce that the unaudited Group results for the year ended 30th June, 1977 and the comparative figures for the previous period of 17 months are as follows:

<table>
<thead>
<tr>
<th>Year Ended 30th June,</th>
<th>17 Months Ended 30th June,</th>
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</thead>
<tbody>
<tr>
<td><strong>TOURNOVER</strong></td>
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<tr>
<td>Mining</td>
<td>45,874</td>
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<td>115,258</td>
<td>112,500</td>
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<td>Trading</td>
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<td>PROFIT BEFORE TAXATION</td>
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<td>TAXATION</td>
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<td>Profit and Taxation attributed to Shareholders</td>
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<td>Dividend No. 4 of 100% pa declared 2nd Aug 1977</td>
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<td>Dividend No. 5 of 100% pa declared 1st Feb 1977</td>
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<td>Appraisals for Capital Expenditure</td>
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<td>Dividends per share</td>
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<td>Dividend covered by 25%</td>
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<td>Total Tax paid</td>
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By Order of the Board

Johannesburg Consolidated Investment Company Limited
Consolidated Building
Fox Street
Johannesburg
3rd August 1977

Financial Mail August 5, 1977

Contiguous - Seechura, Limpopo, co-dominant grassland community.

5.2.1 The Ergatopsis chilorellas - Eluonius capensis - Heteropogon contortus. The Ergatopsis chilorellas, Eluonius capensis, Heteropogon contortus, Podocloa setosa and Ergatopsis capensis.

The general dominant grass species are Ergatopsis chilorellas, Eluonius capensis, Heteropogon contortus, Podocloa setosa and Ergatopsis capensis.
Armco moves into Marico

Johannesburg — Armco, the giant American steel producer, has taken a R550 000 step into the South African mining industry with the purchase on Tuesday of substantial mineral rights in the Marico district of the Western Transvaal.

The purchase was made at a unique auction held by Arthur Meikle and Co which was offering the mineral rights held by a deceased estate.

Sanctioned by the Supreme Court, the sale of the rights on six farms or portions of these farms had reserve price of R35 355. The major purchase, however, was of half the rights of the farm Strydfontein, for which Armco bid R500 000 after an opening bid of only R50 000.

A further R50 000 was paid for the rights on the remaining farms, one of which is in the Pietersburg area.

Strydfontein

The purchase of the rights to Strydfontein is particularly interesting in that it has its South African connection through Vereeniging Refractories, which owns the other half of the mineral rights.

The farm is thought to contain chrome ore reserves, although no prospecting has yet been done. However, it is situated between farms on which there are two operating chrome mines.

Mercury Correspondent 5/8/77

The first is the Marico Mineral Company which is managed by Anglo American and the second Zerust Chrome Mines, which is owned by Anglo Transvaal and which supplies its ferro-chrome plant at Machadodorp chrome ore.

Mr. J. Abbot, managing director of the mining division of Vereeniging Refractories, said yesterday that he welcomed the new partners who had not known of their identity until after the auction.
Heunis ends battle of mining giants

By HAMISH FRASER
Deputy Finance Editor

PRIVATE enterprise received a body blow yesterday when the Minister of Economic Affairs, Mr J C Heunis, intervened in the R300-million "battle for control of South African Manganese Amcor.

The struggle for Iscor's, 48% holding in Samancor — South Africa's largest producers of manganese — which started in July, was being contested by three giants of South African mining and business— Anglo American, General Mining and Barlow Rand.

Bids for Iscor's stake, estimated to be worth about R120-million, were made by the three groups at prices ranging upwards from R9 a share. The shares were suspended on the Johannesburg Stock Exchange at 786c, when discussions started in July.

Justifying the Government's intervention in the negotiations, Mr Heunis said, "In view of the magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final consideration to the Government as representing the State, which is the only shareholder in Iscor."

REQUEST "The Government, after consideration of all the factors bearing on the matter, decided to request Iscor not to accept any of the offers."

Dr Andreas Wassenaar, a director of General Mining and a published critic of Government intervention in private enterprise, refused to comment on the grounds that he was a director of a competing bidder.

Mr Harry Oppenheimer, also a past critic of undue Government interference, declined to comment on similar grounds.

But sources close to both mining houses said the matter in which sensible business propositions had been rejected was disappointing from a Government which purported to support private enterprise.

Breakfast Quip

"You sportsmen are getting puny because you are not eating!"
Govt changes its tune with 'hands off Samancor'

By ADAM PAYNE

THE battle for Iscor's 45% holding in Samancor - South African Manganese Amcor among Anglo American Corporation, General Mining and Barloworld has ended with the Government stopping the action.

The Minister of Economic Affairs, Mr Heunis, has decreed that Samancor is not for sale.

Anglo American's bid, I am told, was the highest and significantly higher than a figure of about R9 million from the German stable of companies as far back as the last March. If it had succeeded, it would have managed the Samancor mines and plant which the other financiers of the deal.

Anglo would have tied itself in with its own mining division and with the giant Highbury Steel and Transalloys plants.

Samancor's shares were suspended at R59 on July 12 and assuming a bid price of about R20 the offer for the 26.5 million shares - to cover minority rights - would have been R528 million, of which R121,400,000 would have gone to Iscor.

Iscor, which lost about R20 million in the year to June, is party to a capital to open its new steel plant and get itself on a more even keel.

One can assume that both Dr Tommy Muller, chairman, and Mr Hans Coetzee, managing director, are greatly disappointed by the Government's move.

Minority shareholders, who stood to collect excellent profits, will also be disappointed.

Mr Coetzee, Dr Muller and Mr Heunis all declined to comment last night.

Dr Muller, however, confirmed that Iscor was approached with offers.

"We never approached anybody," he said.

"Possibly the offer came from someone who might part with some of our interests," he added.

When headlines appeared that Iscor was up for sale, the Minister explained in Parliament that possibly one of its subsidiary interests - not steel making - might be offered for sale.

"When offers were made, we considered them. Now the Minister has asked us not to accept any offer," Mr Heunis said.

To continue to maintain its present position in Iscor.

Iscor had been approached by various parties and it was arranged for offers to be submitted simultaneously at a pre-determined date and time.

Iscor had studied the offers "as well as the implications.

Mr Heunis added "In view of the magnitude of the proposed transaction, as well as the strategic nature of the minerals and products involved, the matter was referred for final consideration to the Government as representing the State, which is the only shareholder in Iscor."

"The Government, after consideration of all factors bearing on the matter, has decided to request Iscor not to accept any of the offers."

COMMENT: This is a strange decision from a Government which prides itself on fostering private enterprise. It is also strange from a Government whose ministers, when asked questions in Parliament about Iscor, have declined to reply on the grounds that Iscor is a corporation masquerading its own affairs. It certainly has not managed its own affairs in this matter.

Here was a chance to help Iscor and at the same time to free Samancor from State shackles which were applied to it in 1979 when SA Manganese took over some of Amcor's assets in exchange for SA Manganese shares. This deal was built up Iscor's interest to 45%.

That was the end of SA Manganese as a private company, which over the previous years was a model of good management and progress.

The deal was accepted on the grounds of rationalisation. I am told that the bidders for Iscor's interest in Samancor were asked to state what rationalisation they could achieve.

All three bidders had rationalised activities. Assuming that Anglo American Corporation's bid was the highest, the Government refusal - after letting the matter go so far - would suggest that it did not want to see Anglo American strengthen itself in the field of manganese mining and ferro-alloy smelting. So much for private enterprise.

Rate cut

LONDON: The Bank of England cut interest rates by 0.5 per cent from its minimum lending rate yesterday, bringing it down to 7.5%. The cut, anticipated for some days, was the first since May and brought the rate down to its lowest in four years - 7.5%.

- Reuters
Discount house takes knock

By NIGEL BRUCE

NORMALLY discount houses, which borrow surplus banking deposits and invest them in short-term securities, make profits when interest rates are falling and losses when they rise.

Ironically, however, Interbank Discount House has in the last year reversed the process, largely because of the infectious apprehension the smaller banks experienced as a result of, among other things, the difficulties of Rondaline and Rand Bank.

Interbank, the youngest of the three discount houses, saw its profits tumble in the financial year to June by 17.5 per cent to R506,000.

Admittedly, interest rates didn’t fall all that much over the year — Pretoria couldn’t allow that in view of our shortage of foreign liquidity — but they fell sufficiently to enable considerable scope for capital gains.

To make matters worse, this is the second year in which Interbank’s profits have tumbled — in the previous year they were down from R0.8-million to R0.6-million.

The other two discount houses, however, showed substantial profit increases, despite Interbank’s greater penetration of their markets. Of course, they have greater reserves on which to rely to keep declared profits heading in the right way.

What really knocked Interbank were the provisions it had to make in view of its big involvement with Rondaline and Rand Bank.

And there was the banking crisis too. But it was not as widespread as chairman C. H. J van Aswegen implies. It was a crisis among small banks, namely Afrikaans ones, which form the core of Interbank’s customers.

Bank charges probe may benefit man in the street

THE COMMERCIAL banks are studying the possibility of a major re-allocation of bank charges among certain categories of customers. This move would ultimately lead to large corporate customers paying much more, in percentage terms, and possibly the man in the street paying less.

A special committee, comprising officials from the commercial banks, has been deliberating over these changes for the past eight months. And this week its members reported back to their respective managing directors.

However, the commercial banks are far from unanimous over what changes should take place and how soon they should be implemented.

Broadly speaking, however, they agreed that the inequities and irregularities of a system under which the small customer in no effect subsidises the larger one should be removed.

The problem is how to achieve this in view of the widely differing branch networks structures and different stages of computerisation among the banks.

While significant changes in the apportionment of bank charges are ultimately bound to occur, the formalised banks cartel, the Register of co-operation, is nonetheless unlikely to disappear.

Instead this agreement, which prescribes minimum charges for all bank services, is more likely to be revised.

In past years this cartel has given the larger commercial banks monopolistic powers, enabling them to keep small competitors in their traditional fields at arm’s length.

However, it has also, to some extent, protected small banks which have difficulty in competing with the lower average cost of deposits enjoyed by the large banks.

In more recent years, however, moves to break this stranglehold have intensified. With the example of the British clearing banks, which dismantled their cartel some years ago, the Reserve Bank has begun to agitate for a more competitive clearing system.

More recently, the penetration by the large commercial bank groups of the instalment credit market, which had previously sustained newcomers, and the consequent reduction in the number of effectively competing banks, has increased pressures for a more rational charges distribution in the commercial banking market.

The threat of a Post Office-influenced gro clear-

ing system and competition from building societies payments clearing systems has highlighted the need for the commercial banks to look to their laurels.

Apart from the physical difficulties of achieving this and the need to avoid disruptive piecemeal changes, there are directors in at least one traditional commercial bank who do not understand that greater competition will be in the interests of their own banks, as well as the public.

In view of this and the divergence of disciplines represented on some banks boards, this confusion is understandable even if unacceptable.
Gold's brighter future

The general consensus among gold dealers of the "big three" Swiss banks and London bullion houses is that gold is definitely moving up.

London bullion brokers, Sharps Pixley, say that on the charts the downtrend has been broken and now that the IMF auction proved to be satisfactory, they anticipate higher prices.

For the first time since the March auction, the cut-off price was higher than the previous fixing in London, indicating that gold is in demand.

Both Zurich and London agree that gold is behaving well, considering that July and August are seasonally quiet months when industrial demand slackens.

Zurich bullion managers say that investment and jewellery demand from private Middle Eastern sources is firm.

Some of the Middle Eastern buying is re-exported to the Far East where gold jewellery sales are going well.

Dealers maintain that had Europe not been in the dozy holiday season, there would have been much stronger buying from European investment sources.

A dogfight over the North Atlantic

Spurred into action by the cut-price Skytrain flights planned by Britain's Freddie Laker, Pan American World Airways has now come up with its own version of bargain travel on the North Atlantic route.

Exercising all its muscle, Pan Am proposes to offer, beginning September 15, an enticing package for $258 round-trip, passengers between New York and London would get: passage by jumbo jet, free meals, a reservation system assuring them of a seat on a particular day, and the possibility of getting on a scheduled Pan Am flight if they are on stand-by and landing at London's Heathrow airport.

Laker's Skytrain is disadvantaged in having to land at the Stansted terminal, 30 miles outside London, charging $3 a plate for meals and only handing out it tickets on a first-come first-served basis.

Uranium outlook good

As world uranium prices continue to rise, the outlook for South Africa's uranium industry looks encouraging, according to a top uranium producer.

In its most recent report, the Nuclear Exchange Corporation of Menlo Park, California, a well-respected uranium broker, says the year-end spot price for uranium in 1976 was $35 a pound. The estimated price that buyers were willing to pay for 1980 delivery was $70 a pound.

But, says the report, at the end of 1976, the spot price for uranium was $41 a pound, while contracts made in that year for delivery in 1980 were priced at $55.60.

The price for uranium at the end of last month was $42.25.

A spokesman for Anglo American said this week: "We see this price trend continuing and the market for uranium remaining firm. South Africa has an impeccable record with its customers for uranium deliveries - a record which is not shared with countries like Canada and Australia."
Phosphate mine likely to close

LANGERAAAN — The Chemfos phosphate mine and beneficiating plant in South Western Cape, may close soon or up to a year, the works manager, Mr P R B Heymann, said yesterday.

The plant has a capacity of 250 000t of phosphates output annually, but production is currently running at about 180 000t.

Chemfos is a subsidiary of SA Manganese Amcor (Samancor), whose managing director, Dr J P Kearney, said there is a serious over-supply situation at the moment both locally and on overseas markets.

The plant's output is sold to Sentramark, marketing agents for farmers' co-operatives. The body has built up big stocks.

Mr Heymann said investigations are under way to improve the saleability of the plant's products in other areas.

Dr Kearney said the export market was considered for disposal of surplus production, but overseas markets were in a similar position to that in South Africa. It would not be economically practical to export at this stage.

A Sentramark spokesman said the company has stocks to supply farmers until the end of 1976.

Chemfos is the sole supplier.

The over-supply, developed when farmers turned to other fertiliser products which were not subject to production cost increases resulting from the fuel crisis — Reuter.
Samancor chief surprised

By ADAM PAYNE

MR FRED Bamford, chairman of Samancor, was among business leaders greatly surprised by the Government decision to reject the best bid for Ikor's 45% share of Samancor.

This bid, at a reported R10,60 a share by Anglo American, was worth R291,600,000 for all 27-millon shares, thus making an offer to minorities equivalent to that made to Ikor.

Sources close to Anglo American were also surprised and took the view that the decision was political and not an economic one.

Mr Bamford, who has chaired SA Manganese and Samancor for more than 20 years, said he would have been happy to have served with any of the parties which bid for Samancor, provided Ikor was satisfied.

The other bidders, apart from Anglo American, were Barlow Rand and General Mining.

Mr Bamford said: "The Government and Ikor have decided not to sell, therefore the status quo is unchanged. I remain happy in my present position operating with Ikor, which generally goes along with everything we as a company do -- and their directors have good reasons for doing so because Samancor is a prosperous and successful company.

"I am surprised that having gone to great lengths in discussions and reviewing bids, that it has been decided not to do the deal when apparently there would have been a considerable sum of money being provided for Ikor.

"The country is short of money and the Government are short of money. This was an opportunity, admittedly within South Africa, to provide a considerable amount of money for Ikor to help it out of its present financial problems.

"I was surprised to find the offers were turned down."

A source close to Anglo American said: "It seems clear there was a change of ratuables in the decision made by the Government.

"When the shares were suspended, discussions had been going on for some time. The Minster was aware that Anglo American was interested. He would have given clearance for their participation in the takeover struggle..."

"Then the Ikor board made a recommendation to the Minister concerning acceptance of the best offer, but this was overruled.

He said the Minister's reasoning could not be followed:

"The Government has clearly changed its mind and overruled the Ikor board. There must be some other criteria than the economic interests of Ikor and the minority shareholders.

"Ikor has to be bailed out by somebody. Apart from its current losses it is in dire need of a big cash injection."

"This was one method of achieving it. Now the taxpayer will have to pay, either through an increase in the price of steel or by a further injection of cash into Ikor by the Government."
South Africa and Australia surge ahead as exports by the once dominant developing countries continue their long decline

Manganese, the muscle we have in plenty

By KEN LAIDLAW

MANGANESEx is well down the list on Uctad's proposed Integrated Programme for Commodity terms of export to developing countries.

Only four developing nations—Brazil, Gabon, India and Ghana—can claim a significant share in world exports.

The sources of the most important metals exported to developed market economies... are seen to be increasingly important to the industrialisation ambitions of developing nations.

Manganese is an essential additive to steel and... providing strength and toughness to the working properties...

About 15 kg of manganese are needed for every ton of steel... It is also used to make glass.

Although it is possible to use substitutes for the same purpose, the higher manganese technology and cost make... alternative impracticable.

The sources of commodity discussions set up last May at Uctad... have... concurred on an international governmental meeting of manganese producers and consumers.

It was this only the third time that manganese producers... have met at an international level— the first three being Florence.

Like the other commodity meetings... the purpose of the meeting was to reach concrete proposals.

Instead the preparatory meeting revealed...为进一步 identify...

The meeting was on the question of the production and marketing of manganese... leading to a step in a future meeting of both producers and consumers.

It had been hoped that the governments would be able to identify... and agree on a consensus.

But it was clear from the beginning that even these limited objectives would be difficult to achieve.

The developed nations were poorly represented, with many... a reluctant... to send a representative rather than to its permanent representative in Geneva.

From the industrialised nations the United States, South Africa and Australia... have their own supplies of manganese, with South Africa being a major exporter.

Since Eastern Europe receives all its supplies from... the industrialised nations of the United States, Western Europe and Japan... which account for over 80% of world manganese production.

As a result of the geographical changes in sources of supply, the developing nations are also concerned about the substantial resources which private companies are investing in the exploration of the potential source of supply from the seabed.

Another major concern of developing nations is the loss of purchasing power at manganese over the past 20 years... Unlike most other commodities exported by developing nations, manganese is not subject to short-term fluctuations in demand and price.

More than 90% of international trade is... and the SSRF alone... have risen sharply since 1970, "if accounts are taken for inflation over the longer term, manganese ore prices were still much lower... early 1977 than in 1975."

Besides loss of export earnings in real terms and... of international stabilisation agreements over the past two years was accepted.

The meeting concluded to postpone any decisions until further studies could be carried out—Gemius News Service.
17-month low for copper

By ADAM PAYNE

COPPER hit a 17-month low of £6.90 a ton for three months delivery on the London Metal Exchange yesterday — the lowest price since March 9 last year.

Forecasters are predicting that it is at the bottom, or close to it, and that an upward turn must occur before Christmas.

Copper min es throughout the world are reporting losses, although one of the lowest cost producers, Palabora, reported profits this week. However, future profits will be hit because of trouble with imported smelting mills.

OzKup copper mine in the north-west Cape sustained a loss of £646 000 in the June quarter compared with a profit of £3 million in the same quarter last year.

Otjiwa, copper mine, managed by Johnnie, in South West Africa, is in financial difficulties and thoughts are being given to putting it on a care and maintenance basis or cutting production.

Phelps Dodge, the big American copper producer, is cutting production by about 15 per cent and reducing its working hours at mines in the United States.

Other smaller producers in the US are cutting production.

But the Ciec countries, Zambia, Zaire and Chile, all of which rely desperately on copper exports for foreign exchange, are going flat out to produce as much copper as possible.

Nchanga Consolidated, 51 per cent owned by the Zambian Government, is fighting to keep its head above water.

Copper production was raised in the year to March 31 to 427 010 tons, but net profit was a miserable £3 470 000 — peanuts for a mine of this size.

Forecasters who believe the copper price has bottomed out or nearly bottomed out nationwide potential at no more than £6.90 or £7.20 a ton, but they see little upside potential in the short term because of the 800 000 tons world surplus.

Demand for physical copper is virtually nil because consumers stocked up in anticipation of an American strike which never took place. They are now drawing on those stocks.

The market price in London and New York is now well below the production costs of almost all mines.

Costs in the US range from 61c a lb to 75c a lb.

The current New York spot price is 63c.

But the problem is that the reopening of a mine that is closed will cost as much as $1,000 a lb. So producers are hanging on.

Copper is in worse trouble than other metals. Unfortunately it is the major metal and the best indicator of economic health. Zinc is in a similar position, with a surplus overhanging the market.

Antimony is in the doldrums, and Consolidated Murchison, the main producer, is not finding as good grades as was hoped.

Platinum is also in the doldrums, as reflected in Rustplat and Bishopsgate shares.

Nickel prices have been reduced. Only lead and tin have any sparkle in the base metal markets.
Modest rise by Impala

By DON ROBERTSON
Mining Editor

TRIUMPHING over what must have been a particularly difficult period, Impala Platinum has recorded a commendable, albeit small, rise in profit for the year to June and has maintained the dividend total at 70c.

During the year, the company experienced considerable labour difficulties and a decline in demand from traditional sectors for platinum, platinum group metals and nickel, a factor which bodes ill for the current year.

However, the directors say that demand from the motor industry in America and Japan has increased. As a large proportion of the company's exports go to these markets, this could partly offset losses elsewhere.

Nevertheless, the company performed well in the 1977 year and the financial base has been further strengthened with a large transfer to reserves.

Group operating profit rose to R31 139 000 from R25 659 000 in 1976, a figure which included a provision of R6 599 000 against R6 194 000 for interest.

Also included in profits is a provision of R1 683 000 for damages awarded against the company in a dispute with Colonial Metals. This award is being contested.

The 1976 figures also included provisions of R7 155 000 for currency adjustments and R692 000 for doubtful debts.

Tax was substantially lower in the past year at R992 000 compared with R2 012 000, partly as a result of an increase in capital expenditure to R3 901 000 from R3 930 000.

Benditure in the current year is expected to be higher at around R15-million.

After the provision of R7-million against R5 000 for minorities, attributable profits were still higher at R39 111 000 compared with R39 762 000.

This profit improvement left earnings slightly higher at 268c a share compared with 256c.

Out of this dividend of 70c have been declared via a final of 20c (22c).

The dividend is covered a hefty 3.8 times, leaving a substantial amount available for expansion.

In the past year a total of R24 258 000 compared with R23 384 000 was transferred to reserves for expenditure on mining assets, which must push this reserve to around R130-million after deducting capital expenditure during the year.

The preliminary report says the present planned rate of production in the current year is exchanged at 700 000 oz of platinum.

However, market sources believe this figure might have to be adjusted later if the current free market price of the noble metal holds at around its current low level.

The producer price, set by Impala and Rustenburg, is now $163 an oz compared with the free market price of $156.25.

The Impala chairman, Mr I T Greg, has said in the past that it would not be possible to hold the producer level if the free market price was still below it for some time.

Neither, that, of course, to production.

Bshopgate Platinum, which has as its major asset a 49% stake in Impala, has declined a total dividend of 2.1c a share compared with 2.2c last year, making a total of 7.1c (8.7c).
Iscor to hit new high in iron ore shipments

JOHANNESBURG — Iscor is to hit a new high in iron ore shipments next week with tonnage of 800 000 in five ships worth about R12-million in foreign exchange for South Africa.

The improvement in the current balance-of-payments has been greatly aided by the growing bulk exports of iron ore from Saldanha Bay and coal from Richards Bay. Coal exports reached a record total of R34-million in June.

The iron ore exported through Saldanha is mined in the Sishen area of the north-west Cape where Iscor confirmed this week that its reserves for open cast mining of high-grade haematite total 1.188 million metric tons.

Since ore of this grade is worth R1.5 a ton on world markets the value of the deposit can be estimated at amount R17 800-million.

A similar ore reserve was estimated in 1972 but the latest confirmation after extensive drilling, shows that this ore contains a much larger percentage of reserves that can now be described as proven.

Ore reserves are considered to be proven only when the spacing of the bore holes is on a grid of at least 100m by 100m. The high-grade haematite deposits in the Northern Cape occur intermittently. On the Gamaara hills and to the west, over a strike length of about 60km and 5 to 8km wide Sishen and Postmasburg are at the northern and southern extremities of these hills and the total in situ reserves on Iscor property in this area are estimated to amount to 3,886 million tons.

The number of bore holes on which the estimates of Sishen reserves is based has trebled since evaluations in 1971 and 1972.

With the additional borehole information a provisional computerized estimate of the potential in situ open cast ore reserves was made.

This indicated the open cast reserves of 1,188 million tons out of a total in situ reserves of about 2,690 million tons.

Since the drilling programme is still going ahead, these figures cannot be regarded as final says Iscor.

R1.6m contract

JOHANNESBURG — McCarthy Contractors, a member of the LTA group, has been awarded a R1.6 million contract for a school hostel complex at Khomasdal, Windhoek. The contract will be completed in December.

Two other school contracts were awarded to McCarthy recently. — (Sapa.)
Ferroalloys in the doldrums

By ADAM PAYNE

THE 'SAD state of the ferroalloys industry, which depends on the slumped world steel industry, is highlighted today by three events.

- Middelburg Steel and Alloys is temporarily suspending the production of low-carbon ferrochrome.
- Ferroalloys, in the Anglovaal stable, has stopped smelting low carbon ferrochrome but is processing material from slag dumps which contains ferrochrome.
- Associated Manganese, of which Ferolloys is a subsidiary, reports pre-tax profits for the six months to June down from R15 145 000 to R10 835 000, mainly because of reduced sales by Ferolloys.*

Associated Manganese's figures are similar percentage-wise to those returned by its competitor Samancor, whose pre-tax profit for the same six months was down R8-million to R48-million, with taxed profit down nearly R5-million from R27 024 000 to R22 474 000.

* Associated Manganese's tax profit held at R8 401 000 (R8 314 000) because taxation was reduced with allowances for new plant Taxation dropped from R5 812 000 to R7 225 000.

Mr John Hall, managing director of Middelburg Steel and Alloys, who recently returned from a visit to the US, told me that the AOD (argon oxygen decarburisation) technology for the production of stainless steel has greatly reduced the world demand for low-carbon ferrochrome.

Substantial stocks of this material overhang the market, he said. Middelburg Steel and Alloys has sufficient in stock to cover forward contractual commitments.

"Hence the decision to temporarily suspend production of this grade," he said.

He said Middelburg will resume production of low-carbon ferrochrome as dictated by market conditions.

Mr Hall said high-carbon ferrochrome is being used for stainless steel production and added that Middelburg Steel and Alloys would concentrate on making charge chrome, which approximates to high-carbon material.

"The demand for charge chrome must grow with the growth of the stainless steel industry. We expect to be between 5% and 8% a year," he said.

COMMENT: Even the charge chrome market is dull because of the general economic situation. Charge chrome grading 50% to 55% is selling at 35c a lb cif USA, although the break-even production price to Jipaux is said to be at a higher figure of 45c.

South African smelters, according to estimates, make a profit at 29c.

The charge chrome price has been as high as 76c a lb and, as low as 36c.

Most alloys are in the doldrums and a glance at the headings in Metals Week is not cheering: "Is a zinc price cut in the wind??" "Falconbridge Nickel cutbacks herald a trend?" "Tungsten ore markets continue to be soft?" "Platinum markets uniformly lower."

The only bright headline was "Active trading pushes up tin price."

RDN 23/8/77

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Platinum at discount

By NEIL BEHRMANN

LONDON. — South African producers are selling platinum to Japanese customers at a discount to their producer price. According to London dealers, the free market price of platinum is currently around $165 dollars, a discount of more than 10% to the producer price of $182. Both Rustenburg and Impala sell platinum at this price.

In the past few weeks, the Japanese have been buying platinum at a discount on the free market from both Russian and South African producers. But the South African producers have apparently limited their sales to the Japanese.

With Japanese demand beginning to pick up, buyers have been forced to buy in both New York and London.

As reported in Business Mail last week, the Russians have been basing contracts with New York dealers on the prices quoted on the New York Mercantile Exchange (Nymex).

Helped by the gloomy performance of other commodities, New York operators were able to push Nymex prices lower to get the best possible deal from the Russians.

Japanese customers have also taken advantage of the lower Russian prices and these sales are still the main impor-

table in the market.

Platinum dealers believe, however, that the price of platinum could be now near or at its bottom.

Japanese purchases were well down in the first few months of the year but there was a slight improvement in May and June.

For these two months, Japanese imports were 5.7 tons, compared with 5.5 tons in the same months of 1978.

The jewellery trade will soon be buying for the end of the year business while oil refinery and glass industry platinum inven-

tories are beginning to run down.

So far the glass industry has not bought platinum, but it is busy and dealers expect orders to follow soon.

Platinum is needed for petroleum refining and for glass and glass fibre manufacturing.

With this in mind, the general feeling among London dealing houses is that the platinum price could begin to improve again once the holiday season is over.

This would give Rustenburg and Impala the opportunity to hold the producer price at $182.

With rising production costs it is felt that the producers will do their utmost to maintain their price at the $182 level.
New road to open up R8 000-m deposits

R185-m mine a boost to NW Cape

Financial Editor

THE North-Western Cape will soon become the scene of hectic activity. Site work is expected to start soon on a R185-million lead/zinc/copper mine at Aggeneys — 117 kilometres from Springbok, and there is a possibility that work on a R170-million zinc mine at nearby Gamsberg could begin shortly afterwards.

These developments flow from the Government's decision announced this week to link Aggeneys and Gamsberg to the Saldanha-Sishen railway line with a 177 kilometre long road.

It is estimated that the road will open up mineral deposits containing R8 000-million worth of lead, zinc, copper and silver for exploitation.

The Government has also undertaken to provide other essential services to the area such as power and water.

FINAL DETAILS

It also plans to extend the Saldanha Bay oceangoing jetty to accommodate the increased ore traffic arising from the mining developments at Aggeneys and Gamsberg.

Mining operations at Aggeneys will be conducted by the Black Mountain Development Company in which Goldfields of South Africa has a 51 percent stake and Phelps Dodge, an American company, a 49 percent interest.

Final details concerning the financing of the project are still being worked out, but an official of the company said that site work is expected to begin not later than the New Year.

MECHANISED

Initially it was proposed to mine the ore by open-cast methods, but it will not be worked from underground. The mine will be a shallow one with the deepest operations not more than 350 metres below surface. The mine will be served by two shafts, one vertical and the other an incline shaft capable of taking rubber-tyred vehicles.

The mining operations will be highly mechanised and only about 900 people will be employed.

The mine is expected to take two years to reach production and will mill about 1 250 000 tons of ore a year, worth, at current metal prices, between R45-million and R60-million.

Although the company is called the Black Mountain Mineral Development Company, it will initially mine the Broken Hill deposit which lies about five kilometres from the Black Mountain.

Gamsberg project is owned 45 percent by Anglo American Corporation, 27.5 percent by Newmont Mining, an American company, and 27.5 percent by O'Kiep Copper O'Kiep will also manage the company.

A validation study of the project should be completed by the end of the year, Mr G R. Parker, managing director of O'Kiep, said today.

If the study is favourable, a decision on whether to go ahead with it will be taken during the following six months.

The Gamsberg project is expected to cost R170-million and will have an output of 350 000 tonnes of zinc concentrates a year.

Delineated reserves are estimated at 163 million tons averaging seven percent zinc and 0.8 percent lead, with significant other reserves indicated.
Suddenly there was a slump—
and they sounded action stations.
Palamin mill resumption gives hope

By DON ROBERTSON
Managing Editor
PALABORA Mining Company will use one of its two new autogenous mills back in full production and hopes to have the second in operation in the first week of October.

The mills, which formed the basis of the R36-million expansion programme, were commissioned in March this year, but were taken out of service in July because of design and manufacturing problems which caused the finish shaft to fail.

These difficulties resulted in mill production of about 5,000 tons of copper worth more than R36-million at current process prices. Modifications to the mills were undertaken in consultation with American manufacturers. Daily mill throughput for the mine has risen to 66,000 tons compared with the previous peak capacity of 54,000 tons.

When the second mill is back in operation, daily tonnage will rise to 74,000, giving an additional copper production of 30,000 tons a year.

The success of the modifications to the mills will not be confirmed until the end of the year, but should it be found that the layout holding up replacement shafts will be from America, Palaman, recorded a 19% profit deep in the sixth months to last December. The interim dividend was cut to 75c a share from 30c. However, the general manager, Mr Jack Marley, is optimistic about the future in view of the strong state of the copper market.

He says that South Africa, which lacks about a third of production, is not good, but he expects it to be held at around present levels next year. He sees no problems getting rid of additional production on the export market as Palaman is quite a particularly high quality and contains none of the undesirable metals that affect the product of other producers. This factor allows Palaman to enjoy a particularly good overseas market value of the current over-supply position.

Curtain raisers are beginning to show just some problems as most of the group’s overseas sales are based on London Metal Exchange prices which are low. However, the mine, which is one of the lowest cost producers in the world, still has some hovuses to give before costs reach the revenue level.

Mr Macaulay, recently appointed general manager, has started intensive investigations into underground operations at the mine. The operation is at a depth of 280 m and will be extended to a final depth of 650 m. Thereafter, underground mining operations will be required.

Drilling proved that the ore zone goes down to at least 1,500 m with grades unchanged. Plans for what will be a large underground operation, envisage a daily tonnage of between 50,000 and 70,000 which would give the underground operation a life of about 30 years. This could be extended by following the orebody further.

Costs for such an operation would be far more attractive than at the waste rock content — currently about 1,000 t and would costs to production would be far lower.

Rusland Zino, which controls Palaman, has reported a taxed profit of R36-million, that will be largest in the world. 13% dividend of 1,000 c a share was paid, compared with 3,50p a share last year.

The autogenous mills, which are massive, are designed so large in the world, perform a unique function at Palaman. Both in their design, they are able to crush the ore, to fine powder suitable for feeding straight to the flotation plant. This does away with the need for tertiary and secondary crushing thus reducing costs and time.

For the benefit of the owners, the mine is under a long-term lease and the shares are no longer in circulation.

**CONTRIBUTIONS FROM THE CHURCH**

Refined products are produced in the furnace, and then sent to the market.

**Vitro for Cullinan**

By ELIZABETH ROUSE

CULLINAN Holdings chairman, Mr Fred Bamford, is confident that the group’s diversification will maintain profits this year, but he says the associate company, Vitro Clay Pipes, is still in a difficult situation.

Vitro’s 1976 loss of R137,000 to Cullinan in the year to June. The group’s net profit in the year was R11 million. The group’s net profit for the year was R11 million.

Vitro, a new company, in the group’s net profit, is still in a difficult situation. The company, which has been losing money, is now in a position to become self-sufficient in the near future.

Mr Bamford said that the company’s performance is improving. However, he added that the group’s net profit for the year was R11 million, which is a significant improvement.

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Rustenburg Platinum Holdings Limited
(Incorporated in the Republic of South Africa)

Preliminary unaudited consolidated report

Changes in the basis of accounting

The Board of directors has made two changes in accounting procedures in order that declared profits may realistically reflect the effect of inflation in the current costs of production and also the present high level of expenditure required on the mines in order to maintain production capacity.

(a) Stock Valuation

The valuation of stocks of refined and unrefined metal has been changed to the last-in-first-out (LIFO) method in place of the "averaging" method. As a consequence the cost of sales is now wholly, or largely, related to current costs of production. In an inflationary climate the cost of sales charged against revenue is higher than on the "averaging" method and declared profits are correspondingly lower, reflecting the true position. Cash flow is not affected by the changed accounting procedure except that the lower declared profits can result in a disproportionate reduction in the tax charge.

(b) Provision for Renewals and Replacements

In the past, in common with the practice generally adopted by the South African mining industry, expenditure required for the maintenance of existing production capacity (except for certain minor items) has been capitalised together with expenditure on the expansion of capacity.

However, the cost of maintenance of production capacity even though it may include major items of a capital nature, should correctly be regarded as a part of the cost of production. In order that the income statement should realistically reflect current profitability, with effect from 1st September, 1976, a provision will be made equal to the annual average of estimated future expenditure for this purpose.

Financial Results for the Year

The following table shows the results for the past year using the change basis of accounting, and also, for the purpose of comparison with the preceding year, the results for the years ended 31st August, 1976 and 1977 using the previous accounting procedures.

In the year to 31st August, 1977, the company's total sales of platinum were slightly higher and the average gross price of platinum realised was about 7% higher than in the previous year. The volume of sales of the company's other

1976

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31st August</th>
<th>1977</th>
<th>1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pretax profit</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Operating profit from sales of metal including dividends from the Matlala, Rustenburg, and Klerksdorp groups before provision for renewals and replacements</td>
<td>53,000</td>
<td>53,000</td>
<td>53,000</td>
</tr>
<tr>
<td>Deduct: Provision for renewals and replacements</td>
<td>23,000</td>
<td>23,000</td>
<td>23,000</td>
</tr>
<tr>
<td>Operating profit after provision for renewals and replacements</td>
<td>30,000</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Deduct: Provision for possible losses on foreign loans</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Net profit before taxation</td>
<td>27,000</td>
<td>27,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Deduct: Taxation and State's share of profits</td>
<td>7,900</td>
<td>7,900</td>
<td>7,900</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>19,100</td>
<td>19,100</td>
<td>19,100</td>
</tr>
<tr>
<td>Dividends declared</td>
<td>12,800</td>
<td>12,800</td>
<td>12,800</td>
</tr>
<tr>
<td>Total profits</td>
<td>32,000</td>
<td>32,000</td>
<td>32,000</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>12,800</td>
<td>12,800</td>
<td>12,800</td>
</tr>
<tr>
<td>Total dividends paid</td>
<td>12,800</td>
<td>12,800</td>
<td>12,800</td>
</tr>
<tr>
<td>Net profit transfers to reserves</td>
<td>19,200</td>
<td>19,200</td>
<td>19,200</td>
</tr>
<tr>
<td>Total transfers to reserves</td>
<td>31,600</td>
<td>31,600</td>
<td>31,600</td>
</tr>
</tbody>
</table>

Dividends

In view of the low level of profitability in the past year, and the unpromising outlook for metal prices, the Board has decided
that no final dividend will be paid in respect of the past year.

An interim dividend of 2.5 cents per share was declared on 29th March, 1977.

<table>
<thead>
<tr>
<th>Source and Application of Funds</th>
<th>Year ended B1 August 1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after tax</td>
<td>4 400</td>
</tr>
<tr>
<td>Provision for possible losses on foreign loans</td>
<td>3 200</td>
</tr>
<tr>
<td>Provision for replacements and renewals</td>
<td>10 000</td>
</tr>
<tr>
<td>MER loan repayment</td>
<td>800</td>
</tr>
<tr>
<td>Acceptance Creditors raised</td>
<td>19 300</td>
</tr>
<tr>
<td>Decrease in stocks</td>
<td>800</td>
</tr>
<tr>
<td>Decrease in loan lev</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>4 000_00</td>
</tr>
<tr>
<td>Applications</td>
<td></td>
</tr>
<tr>
<td>Dividend</td>
<td>3 100</td>
</tr>
<tr>
<td>Loans repaid</td>
<td>5 100</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td>1. For expansion</td>
<td></td>
</tr>
<tr>
<td>2. Replacements and renewals to maintain</td>
<td>18 300</td>
</tr>
<tr>
<td>3. Production capacity</td>
<td>9 700</td>
</tr>
<tr>
<td>Increase in working capital</td>
<td>14 800</td>
</tr>
<tr>
<td></td>
<td>44 300</td>
</tr>
<tr>
<td>Classes in working capital</td>
<td></td>
</tr>
<tr>
<td>Increase in stock on hand</td>
<td>4 400</td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>6 700</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td>11 900</td>
</tr>
<tr>
<td>Decrease in cash</td>
<td>(8 700)</td>
</tr>
<tr>
<td>Increase in working capital</td>
<td>13 300</td>
</tr>
</tbody>
</table>

(c) Capital Expenditure

Capital expenditure of R12.3 millions shown above includes expenditure to complete the first stage of the Amadullil Section.

Of the provision of R16.0 millions for replacements and renewals R9.7 millions was expended during the year, leaving a balance carried forward of R6.3 millions.

It is estimated that capital expenditure of an expansionary nature will be R1.3 millions during the year ending 31st August, 1978, and that actual expenditure on renewals and replacements to maintain production will be R3.1 millions, most of which will be in the form of the provision of the next generation of shaft systems and related development.

(b) Loans

During the year ended 31st August, 1977, the group drew down R8.0 millions (R191.1 millions) of the Euro-currency loans. In order to finance working capital, an amount of R6.5 millions (R51.3 millions) was repaid during the year, leaving a balance on one of the Euro-currency loans at 31st August, 1977, of R1.5 millions. The loan facilities of the group, at the rate of exchange then ruling, amounted to R2.5 millions of which R0.5 millions had been utilised. A further provision of R3.2 millions has been charged to the Income Statement in respect of a possible loss on currency revaluations on the Euro-currency loans.

Market

The Free World demand for platinum, which weakened in the early part of calendar year 1975, has remained weak throughout 1976 and 1977 up to the present date. Although there has been some improvement in economic conditions in the Western world this has not materially affected demand for platinum. The programme for a gradual expansion in production was embarked upon early in 1976 in anticipation of an improvement in demand.
Acquisition of Atok Platinum Mines (Proprietary) Limited (“Atok”)

As announced in the Press on 18 August, 1977, this company has offered to acquire Atok's entire issued share capital. The effective date of the transaction will be 1 September, 1977, subject to approval by the shareholders of RPH by not later than 31 October, 1977.

The consideration for the acquisition of Atok’s share capital is £2,164,771 which will be satisfied by the issue of 1979,000 deferred shares in RPH to the existing shareholders of Atok. These deferred shares will not rank for dividends until they are converted into ordinary shares on 1 September, 1979. It has been agreed that the loans to Atok by the existing shareholders which presently amount to £1,600,000 will only become repayable with interest on 1 July, 1980.

Background to Atok

Atok’s principal activity is to exploit the platinum-bearing ores of the farm Middlenorth on the eastern limits of the Merensky Reef in the Bushveld Igneous Complex. The shareholders of Atok are:

<table>
<thead>
<tr>
<th>Percentage Holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anglo-American Consolidated Investment Company Limited</td>
</tr>
<tr>
<td>Middel Witwatersrand (Western Areas) Limited</td>
</tr>
<tr>
<td>United States Steel Corporation</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

As present the concentrates produced by the mine is transported to the Rustenburg district for smelting by Western Platinum Limited. The smaller manto is shipped to Takomahake in Middelbrook, Western Cape, and smelted in South Norway for final refining. The copper and nickel recovered in Takomahake is purchased by that company. All of the refined platinum group metals are returned to Atok, so that the present planned productive capacity of Atok is some 45,000 ounces of platinum group metals containing 25,000 ounces of platinum per annum. Actual capacity is less than this because, in recent months due to a lack of funds, the company has curtailed development essential to replace ore reserves. Certain development necessary to re-establish these reserves will be necessary before this level of production can be attained.

Interests of directors and shareholders

No director of RPH is interested directly or indirectly in the acquisition of Atok. Their interests in RPH are set out in Annexure I. To the best of the knowledge of your directors and saved by virtue of this transaction no shareholder in Atok is interested, directly or indirectly in RPH.

Stock Exchange Listings

Application has been made to The Johannesburg Stock Exchange for a primary listing and to the Council of The Stock Exchange, London, for admission to the official list in respect of the deferred shares to be issued by RPH. If successful, dealings in the shares are expected to commence on 24 October, 1977.

Effect of the acquisition

As the RPH group holds the mineral rights over the farm immediately bordering the Atok property (see Annexure II), it will be possible, subject to mining leases being granted, to extend Atok’s mining operations along strike. This will allow Atok under the control of RPH to mine these areas without the cost of sinking deep vertical shafts.

The mine will be one of the fully integrated smelting and refining facilities of the RPH group so that economies of scale will reduce the level of costs to which Atok has previously been subject.
Notice to Shareholders of General Meeting

JOHANNESBURG CONSOLIDATED INVESTMENTS COMPANY, LIMITED

By order of the Board,

A C Alborough

Head Office and Registered Office
Consolidated Building
Corner Fox and Harrison Streets
(PO Box 3090, Johannesburg 2000)
Johannesburg 2001

26 September, 1977

Annexure II

Disclosure of Directors' Interests in RPH

<table>
<thead>
<tr>
<th>Name</th>
<th>Status</th>
<th>Shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>M R. O'CONNELL</td>
<td>CHAIRMAN</td>
<td>10,000</td>
</tr>
<tr>
<td>J. L. CLARKE</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>D. J. DE ESTER</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>W. B. FEIERSON</td>
<td>DIRECTOR</td>
<td>57,466*</td>
</tr>
<tr>
<td>C. FOX</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>M. L. LAWRENCE</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>W. E. MAXWELL</td>
<td>DIRECTOR</td>
<td>2,832</td>
</tr>
<tr>
<td>M. E. OPPENHEIMER</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>H. T. PETERS</td>
<td>DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>H. H. STEVENSON</td>
<td>DIRECTOR</td>
<td>10,000</td>
</tr>
<tr>
<td>J. H. CRANFORD</td>
<td>ALT DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>W. W. KING</td>
<td>ALT DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>A. W. WILLIAMS</td>
<td>ALT DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>J. D. GÜRTZINGER</td>
<td>ALT DIRECTOR</td>
<td>2,000</td>
</tr>
<tr>
<td>G. S. BRENNER</td>
<td>ALT DIRECTOR</td>
<td>3,000</td>
</tr>
</tbody>
</table>

Note: All the shares listed in the Annexure are held in a nominee capacity, except where otherwise stated.

The effect of this special resolution will be that the authorised share capital of the company will be increased by R187,980.00 from R125,425,000.00 to R125,513,980.00.

The reasons for the resolution are set out in the accompanying circular to members.

Any member of the company is entitled to appoint a proxy to attend and to speak and to vote in his stead. A proxy need not be a member of the company.

1. Special Resolution

That the share capital of the Company be and is hereby increased by the creation of 6,979,896 deferred shares of a nominal value of 10c each, which when issued will rank pari passu with the existing issued shares except that such deferred shares shall not carry the right to a dividend until 1 September, 1979, at which time they will no longer be designated "deferred" and will rank pari passu with the existing shares in all respects.

2. Ordinary Resolution

That the directors be and are hereby authorised to allot and issue the 6,979,896 deferred shares to the shareholders of Atok Platinum Mines (Pty) Limited in consideration for the acquisition by the Company of the entire issued share capital of Atok Platinum Mines (Pty) Limited.

To this end notice has been given in terms of existing agreements to the present member and directors that these operations will be carried out by the RPH Group as from 1 October, 1977.

The metal available for sale from the Atok mine will be marketed through the channels presently available to the RPH Group. The incremental quantity will represent approximately 24% of the Group's present level of sales.

The acquisition of Atok has a minimal effect on the earnings per share and the net asset per share of RPH.

Annexure I

Notice to Shareholders of General Meeting

JOHANNESBURG CONSOLIDATED INVESTMENTS COMPANY, LIMITED

By order of the Board,

A C Alborough

Head Office and Registered Office
Consolidated Building
Corner Fox and Harrison Streets
(PO Box 3090, Johannesburg 2000)
Johannesburg 2001

26 September, 1977

1241
DIVIDEND DECLARATION

The estimated financial results of the company for the year ending 31 October 1977 are as follows:

<table>
<thead>
<tr>
<th>Year ending 31 October</th>
</tr>
</thead>
<tbody>
<tr>
<td>1977</td>
</tr>
<tr>
<td>Net income before and after tax</td>
</tr>
<tr>
<td>Earnings — per share</td>
</tr>
<tr>
<td>Dividends — per share — interim</td>
</tr>
<tr>
<td>— final</td>
</tr>
<tr>
<td>— total</td>
</tr>
<tr>
<td>— amount</td>
</tr>
<tr>
<td>Number of Shares</td>
</tr>
</tbody>
</table>

NOTICE IS HEREBY GIVEN that a final dividend of 48 of 0.96 cents per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 14 October 1977.

No instructions involving a change of the office of payment will be accepted after 14 October 1977.

The register of members of the company will be closed from 15 October 1977 to 23 October 1977, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 31 October 1977 or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders’ tax of 15 per cent will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Payment will be made by the transfer secretaries mentioned below on or about 11 November 1977.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By order of the board

GENERAL MINING AND FINANCE CORPORATION LIMITED

Secretaries per W. B. VISAGIE

Head office
General Mining Building
6 Hollard Street
Johannesburg 2001
(P.O. Box 61520, Marshalltown 2107, Pretoria)

London office
Princes House
95 Gresham Street
London EC2V 7BS

Transfer Secretaries
South Africa
Consolidated Share Registrars Limited
62 Marshall Street
Johannesburg 2001
(P.O. Box 61061, Marshalltown 2107, Transvaal)

United Kingdom
Charter Consolidated Limited
Charter House
Park Street
Ashford, Kent
TN24 8EJ

27 September 1977
Excess of copper, 
says ZCI chief

JOHANNESBURG — Recessionary conditions in the industrial world which 
have depressed the demand for copper, and the higher output by producing 
countries to provide employment and earn foreign exchange, have together 
resulted in an excess of copper stocks, says Dr. Z. J. de Beer, president of the 
Bermuda-based Zambia Copper Investments (ZCI) in his review for the year 
ended June 30.

"Under these circumstances, it is difficult to 
foresee a material recovery 
in the copper price until 
world economics show real 
sustained improvement." 

ZCI holds investments in 
the two major Zambian copper 
mining companies, 
Nchanga Consolidated Copper 
Mines and Roan Con-
solidated Mines but in spite 
of improved results, neither 
was in a position to declare 
any dividends during the 
financial year.

ZCI recorded an after-tax 
profit, before extraordinary 
items, of 1,18 million U.S. 
dollars compared with 0,15 
million in 1976.

There was a deficit on 
extraordinary items of 23,96 
million dollars, comprising a 
provision of 20 million 
dollars against a possible 
decline in the value of the 
investment in, and loans to, 
Botswana RST and 3,96/ 
million dollars relating to the 
July 1976 devaluation of the 
Zambian kwacha.

No dividends

However, the deficit was 
covered by unappropriated 
profit brought forward of 
20,66 million dollars and 
transfers from currency and 
capital reserves.

Unappropriated profit at 
the year-end amounted to 
1,12 million dollars. No divi-
dends were declared during 
the year.

In terms of both output 
and financial results, the per-
formance of the Zambian 
mining industry over the 
past 12 months has been 
creditable, given the con-
siderable difficulties that 
have been experienced.

"Although the kwacha 
devaluation substantially 
boosted sales proceeds in
Record profit for Prieska Mines

JOHANNESBURG — Mr. R. T. Swemmer chairman of the Anglovaal group's copper/zinc producer, Prieska Copper Mines, reports record profits during the year ended June 30.

But he warns in his annual review that these must be viewed against downward-trending copper and zinc prices, while the company's liquidity could be depleted rapidly by capital expenditure and debenture repayments.

Turnover during the year rose to R61,372m (1976: R47,336m), leading to a record profit of R13,667m (R8,139m).

At the year-end, the company's liquidity position was stronger with funds totaling almost R9m (R1,8m).

The directors note the increased profit was mainly brought about by a 45 percent increase in copper concentrates despatched. These increased to 119 994 (82 600) tons, while zinc despatches were virtually unchanged at 144 190 tons.

Lead despatches

Lead despatches decreased to 1 418 (2 600) tons, but pyrite increased to 211 615 (133 740) tons. Unit costs were 11,36 percent higher.

A change in the copper/zinc grade of ore mined resulted in copper concentrate production increasing by 24 percent and zinc concentrate production decreasing by 17 percent.

Commenting on the financial results, Mr. Swemmer says these "must be viewed against downward-trending prices for copper and zinc."

The price of zinc, which until recently provided a stabilising influence on revenue, has also undergone an abrupt downturn. — (Sapa.)
Prieska cash problem

By DON ROBERTSON
Mining Editor

ESSENTIAL capital expenditure, the redemption of debentures and low metal prices could result in a rapid depletion of Prieska Copper Mines' cash resources, Mr R T Swemmer warns in his review for the year to June.

At June 30, which was a record year for the company with profits of R13 657 000 against R8 133 000, cash on hand was R8 677 000 compared with R1 763 000 a year earlier.

Capital expenditure for the current year is estimated at R5 900 000, but Mr Swemmer says that although shareholders were told last year that capital expenditure would be high as preparations were made to mine the deeper levels of the mine, it now seems possible for access to be gained at a lower cost than had been expected.

Looking at metal prices, Mr Swemmer says that last year's record profit must be viewed against the downward trend for copper and zinc.

The average price received for copper last year was £619 a ton, but has since fallen to £671. The price of zinc, which until recently acted as a stabilising influence on revenue, has also turned down abruptly.

Against this background, the company reports that costs have risen, particularly rail and power costs.

Every facet of the company's operations continues to be critically examined in an effort to maintain its competitive position in a time of oversupply.

Underground prospect drilling has not yet been completed, but it has been found that at about 1 900 m, the ore body folds back and swings upwards at a shallow dip. It is poorly mineralised, but investigations are continuing to prove whether it develops into payable ore.
Rusplat opens the Atok way

By DON ROBERTSON Mining Editor

RUSTENBURG Platinum will be in a position to extend the mining operations of Atok Platinum when the bid for Atok receives shareholder approval.

A circular to Rustenburg shareholders convening a meeting for October 19 says that conclusion of the deal will make it possible for Rustenburg to extend Atok's mining operations along strike without the cost of sinking deep vertical shafts.

Rustenburg holds the mineral rights over farms bordering the Atok property.

It was announced last month that Rustenburg had offered to acquire the entire issued share capital of Atok in exchange for 1 879 806 deferred shares in Rustenburg worth R2 161 777.

The deferred shares will not rank for dividends until they are converted into ordinary shares on September 1, 1979.

The shares will be bought from Anglovaal, which owns 46.7% of Atok, Middle Witwatersrand, which owns 23.3%, and United States Steel, which owns 29.9%. The alternative to the sale of the mine would be its closure at additional cost to the shareholders.

Atok's annual production, which amounts to 45 000 oz of platinum group metals (25 000 oz of platinum) will be refined and marketed through Rustenburg and will represent about 2.5% of the company's present sales.

The acquisition of Atok will have a minimal effect on the earnings and assets of Rustenburg.
Bad for now, but better later on for platinum

BY ADAM PAYNE

IMPALAPlatinum's chairman, Mr. Ian Greg, sees little prospect in the short term of increasing platinum sales or obtaining better prices until there is a further reduction in inventories and dealer stocks.

But he expects a gradual improvement in general market conditions in the second half of the financial year to June 30 next. Impala will hold production at 700 000 oz a year.

His annual review of the platinum market in the year to June 30 last is depressing, in spite of the small improvement achieved by Impala in attributable profits. Features of his statement are:

1. The Japanese jewellery demand slackened in the year as gold became more attractive because of its cheapness relative to platinum. (This situation could now change again with the increase in the gold price.)

2. Industrial demand for platinum and platinum group metals remained at a low level.

3. Nickel, as the second largest source of income for the company, was in the doldrums with the price falling from the $2,50 a lb set by producers, to a freely offered price of $1,86 a lb.

He says the results for the year to June must be reviewed against the background of the slow and hesitant recovery from the 1974-1975 worldwide recession, the excess supplies of platinum group metals and of nickel in the free world and the disturbing increases in capital and working costs in South Africa.

He recalls that at the beginning of 1978, it seemed that the long-awaited recovery in the platinum market was under way. The free market price rose steadily from $125 to $128 an oz. The inevitable downturn started in the middle of July and the producer price was lowered to $120 an oz in October reflecting the over-supply position.

Fortunately, the demand for platinum by the United States motor car industry was markedly higher than in the previous year. But this was offset by the decline in demand from Japan which in recent years has been the main strength of the platinum market.

Net imports of platinum into Japan in the year to June 30, 1977, at about 1 046 000 oz were about 340 000 oz less than in the previous year.

To a large extent this resulted from excessive inventories built up by the jewelry industry in the spring of 1976, but it also reflected the reduced demand for platinum jewelry in the latter part of 1975.

Mr. Greg says that Impala produced 50 000 oz less than the planned output of 700 000 oz of platinum because of a shortage in labour and the disruption caused by tribal fighting in November.
Zambian copper producers can't pay their way

By DON ROBERTSON
Mining Editor

AT the present copper price, Nchanga Consolidated Copper Mines and Roex Consolidated, the main operating companies of Zambia Copper Investments, will be unable to finance operations and capital expenditure except through further substantial borrowings.

In his report for the year to June, the president of ZCI, Dr Z J de Beer, says the slacks in world economy and high copper production caused excessively large world copper stocks. He does not expect to see any material improvement in the copper market in the near future.

The President of Roex also says the current copper price of $2.35/lb is not sufficient to cover the cost of production. He believes copper is still some distance away from the 1978 high of $4.5/lb.

THE PRINCIPAL shareholders of Bamagwato Concessions which operates the mining Selibii-Pikwe copper-nickel mine in Botswana have agreed to provide "very considerable further loan finance" to the company as part of the 1978-79 reorganization proposal.

Dr De Beer says that discussions regarding the reorganization of the group between the principal shareholders (Anglo American Corporation) and the Botswana government and the project financiers (World Bank, the IDC and the IDA) have reached an advanced stage and that "broad consensus" in principle has been reached.

The six months to June, the "imulated loss" rose to $800,000 and total losses were $500,000.

In the year, permission was granted for the externalization of $327,000 in dividends from the Zambian operators. This was used to repay loans from Incomco, which has made variable at further loan facility of $200,000.

More loans for Selibi

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Golds and copper firm as coals liven up

JOHANNESBURG — Gold shares turned mixed in Hollard Street yesterday as profit taking took place in the recent high flyers. Basically the gold sector remains firm. The slip in the gold price to below $155 is partly attributable to the slight hesitancy which develops ahead of an International Monetary Fund auction.

Mining financials were firm, the feature being Sentruck which continued to advance rapidly on speculation of a merger with Unicorp's UCI. De Beers fluctuated within a narrow range, coppers were a trifle firmer, as were tins. Coals showed a little more life. The other metals sector was weak.

5.2.3 (xi) Eragrostis chloromelas

This community is represented by plots 206, 198, 199, 175 and 210 and is associated with major habitat disturbance. Eragrostis chloromelas and Eragrostis lehmanniana, both very hardy species, are able to survive while virtually all other species are excluded.
Prieska

A question of zinc

Activities: Unquoted mining company producing copper, zinc and pyrite concentrates, owned as follows: Anglovaal 25.5%, Middle Wits 24.7%, US Steel 45.2%

Chairman: R T Swemmer

Capital structure: 54m ordinaires of 50c

Financial: Year to June 30 1977 Borrowings long and medium term, R17.2m. Net short term, R2.6m. Current ratio 1.3. Capital commitments R5.6m

<table>
<thead>
<tr>
<th>Mill throughput (t)</th>
<th>2000</th>
<th>2460</th>
<th>2620</th>
<th>2744</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper in concentrates (t)</td>
<td>19780</td>
<td>25033</td>
<td>25073</td>
<td>31573</td>
</tr>
<tr>
<td>Zinc in concentrates (t)</td>
<td>27900</td>
<td>48822</td>
<td>82049</td>
<td>60618</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>346</td>
<td>296</td>
<td>473</td>
<td>614</td>
</tr>
<tr>
<td>Operating profit (Rm)</td>
<td>118</td>
<td>13</td>
<td>122</td>
<td>181</td>
</tr>
<tr>
<td>Net profit (Rm)</td>
<td>9.0</td>
<td>11.7</td>
<td>8.1</td>
<td>13.7</td>
</tr>
</tbody>
</table>

It is ironic that following a year of record sales and profits, the mine seems to be heading rapidly towards a major cash crunch. Operations are highly geared to metal prices and though this will lead to a substantial profit drop unless zinc and copper prices take off, at least there is something of a cushion in the cash position.

During the year, concentrate sales were based on an average copper price of £819 (R1229) and zinc at £784 (R682). Average grade of concentrate produced was 27.6% copper and 51.3% zinc. With the addition of pyrite sales, net revenue at the mine was R61.4m, while copper worth about R40.7m and zinc worth R20.4m in concentrates, for a total of R91.1m, was despatched.

On these figures, off-mine costs (smelting, and so on) were R29.7m and direct costs R45.3m, of which working costs, at R12.06/t, were R33.1m, with R12.2m of charges such as transport. So total costs were R75.5m.

If mining operations are maintained at the same level this year, no sales made from stock and cost increases held to 10% — then at an average copper price of £700, and a European Producer Price for GOB zinc of £700, Prieska looks set for an operating deficit of about R2.5m. Additional pressure on cash resources will be planned capex of R3.5m, debt and share rediscount of R2.5m and loan repayments which could be deferred if additional borrowings copper and zinc prices will have to average just over £740 and £740 respectively.

Ore reserves were originally estimated at 47 Mt after drilling down to around 900 m and the orebody thought to be open-ended at depth. Drilling has now indicated that at about 1000 m the orebody folds back and swings upwards at a shallow dip below the Hutchings shaft. However, this zone is poorly mineralised and further prospecting is needed to determine whether payable ore develops.

If not it looks as though remaining life is about 20 years.

Any possible public flotation will have to be preceded by at least a couple of years of solid distributable profits. The time is certainly not appropriate now.

Loan repayments and capex to develop the mine’s lower levels over the next few years are going to be a further delaying factor.

Jin Jones

Financial Mail October 7 1977
THE ASSOCIATED ORE & METAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

FINANCIAL YEAR ENDED 30 JUNE, 1977

CHAIRMAN'S STATEMENT

Good progress has been maintained by the Group during the past year as is evidenced by the financial results. The consolidated income before taxation rose from R4,432,000 for the current year and after deducting taxation and income attributable to outside shareholders, Group profit rose by R1,089,000 to R7,362,000 due to increased production and improved profits from subsidiary companies. In addition there was a profit on realisation of a certain investment of R460,000.

The Associated Manganese Mines of South Africa Limited has substantially increased profits in its Consolidated Accounts for the year ended 31 December 1976. The continued recession in the Steel industries overseas did not materially affect the operation of the Associated Manganese Company during the first half of 1977 but sales of Ferroloyas Limited on the domestic market and on the export market have increased substantially.

The Rusterberg Minerals Development Company Limited's extent of mining operations will largely depend on the chrome market and the availability of the necessary transport and shipping facilities. There has been as yet no improvement in the general situation overseas but we are well placed and this is an important factor for the future of this Group.

In conclusion I wish to thank my co-Directors, the Managers, Officers and Employees throughout the Group for their loyal and efficient services during the year.

G SACCO Chairman

Excerpts from the Directors' Report concerning Companies in which The Associated Ore & Metal Corporation Limited is Interested

HOLDINGS

The Company is a Financial Mining Company with main interests in base minerals and metals. Its direct and indirect investments in subsidiaries and associates are reflected in the financial statements from which details of its interests in the companies of which it is the major shareholder.

The Company, a major shareholder of the Associated Manganese Mines of South Africa Limited, is the principal subsidiary.

OPERATIONS

African Mining and Trust Company Limited

This Company is a technical advisor to the Associated Manganese Mines of South Africa Limited and its subsidiary, Ferroloyas Limited. It is the sole shareholder of Ore & Metal Company Limited and is responsible for the technical and administrative management of the other subsidiary companies which produce manganese and the propylene of the associated companies.

The Associated Manganese Mines of South Africa Limited

This Company conducts mining operations for manganese in Manganese ore and from deposits on the Beeshoek farm. During 1976 it despatched 1,896,000 metric tons of Manganese ore and 764,000 metric tons of iron ore. The Consolidated Financial Statements for the year ended 31 December 1976 showed a profit of R17,376,000 (1975 R9,908,000). For 1976 ordinary dividends of 120 cents per share (1975 90 cents) were paid on 29 April 1977. During 1976 the capital expenditure of the company amounted to R4,268,000 (1975 R4,480,000). The expansion programs at the Beeshoek iron ore mine is in progress. Negotiations with the South African Railways for rail and port facilities at Saltanne Bay are well advanced.

The Company, which is a Ferro-Manganese Plant at Cato Ridge Metal and its Ferro-Chrome Plant at Fairview, near Machadodorp. Eastern Transvaal drawn their manganese and chrome ore requirements from The Associated Manganese Mines of South Africa Limited and Zwartkrans Chromium Mines Limited respectively. Capital expenditure during the year ended 31 December 1976 totalled R10,246,000 (1975 R1,965,000) of which R8,525,000 was spent on the expansion programme.

SUBSIDIARY COMPANIES

Zwartkrans Chromium Mines Limited

This company owns rights to base minerals over approximately 6,080 hectares on the farm Turffontein No. 10 in the Pretoria area district Marco Transvaal. It holds mining leases for chrome ore over the major portion of the property granted by the State in perpetuity. Operations continued satisfactorily. Lumpy Ore and Concentrates were produced at an increased rate to counteract the shortfall on deliveries from Inyala Chrome Company (Private) Limited. Capital expenditure for the expansion programme of the mine for the year under review totalled R982,000.

Inyala Chrome Company (Private) Limited

This company holds 142 chrome claims and a plant site situated in the Eringoma area Owing to the prevailing situation in Rhodesia this mine was placed virtually on a caretaking basis and all ore dispatches have been discontinued.

Transvaal Ceramics Company Limited

Due to the general economic situation decreased sales were recorded during the year and were insufficient to make the company a profitable enterprise.

Associated Asbestos Limited

This Company holds the freehold title to approximately 1,370 hectares and owns 7,093 base metal claims in the Asbestos fields near Pretoria. Transvaal. These holdings remain on a caretaking basis.

Westrandw 1937 Limited

This Company holds freehold title, mining rights and option to purchase approximately 4,800 hectares near Oranplaat in the Lichtenburg district. Quarry operations continued satisfactorily throughout the year.

Rustenburg Minerals Development Company (Proprietary) Limited

This Company owns surface and mineral rights over 1,174 hectares, mineral rights on 1,919 hectares and freehold rights of 128 hectares in the Rustenburg district. Prospecting operations were completed and steps have been taken to establish a new chrome mine on this company's property.

Ore & Metal Company Limited

This Company sells and ships the products of the companies mentioned above.

OTHER BASE MINERAL PROPERTIES

These comprise the surface and certain mineral rights of the farm Mutus Fides No. 422 in extent 1,472 hectares, the surface and certain mineral rights of a portion of the farm Vlakfontein No. 409 measuring 404 hectares as well as the rights to tin on another portion of the farm Vlakfontein No. 409 measuring 930 hectares in the Potgietersrus district. Transvaal. 430 claims are held in Rhodesia. No prospecting or mining activities have been carried out on these properties. Prospecting operations on claims held under option were undertaken during the year.

FREEHOLD LAND

This includes approximately 206 hectares of the farm Klashwater in the Borough of Pretoria near Dundum most of which has been zoned for heavy and light industries. Permission for a Township by the Private Townships Board of Natal has not yet been granted, but negotiations are still in progress.

A.M.T. INVESTMENTS (PROPRIETARY) LIMITED

During the year, this Company acquired a building site in Penttown, Johannesburg.

Financial Mail October 7 1977

73
STAINLESS STEEL
Gleaming in the gloom

In spite of the tarnished state of the economy, stainless steel has lost little of its shine.

Local consumption in 1977 is expected to rise by about 12% to 26,300 t — of among other things, the increasing number of uses, particularly in mining.

He highlights experiments undertaken on ore cars used in mines, which show that although the cost of the stainless steel ore cars are 20%–30% higher than standard mild steel ore cars, stainless steel cars last at least five times longer with minimal maintenance.

A breakdown of users of stainless steel shows that 28% are in the mining, chemical, oil and power industries, 20% in building and construction, 8% from consumer goods, 8% from transport, about 7% in the wine industry and 29% from various other industries.

Prior says that the increasing acceptance of stainless steel is reflected in the rise in SASSDA members — from 60 in 1972 to 150 in 1977.

With the peculiar advantages of the local stainless steel industry there is clearly a need to maximise local fabrication and, considering the expansion plans of Middelburg Steel and the increasing uses of stainless steel, the industry’s future appears to be bright.

which about 23,300 t are flat products. It is anticipated that consumption in the five-year period from 1976 to 1980 will increase by 57%.

There are a number of reasons for this favourable outlook:

- SA has lagged behind other countries with per capita consumption increasing from 0.5 kg in 1964 to 2.1 kg in 1976.
- Consumption in Sweden, by comparison, is 21 kg, the UK 4.8 kg, and the US 8 kg.
- Capital intensive projects, such as Sasol II, Koeberg, and various uranium plants which have come on stream, or are about to come on stream;
- Increased recognition of the advantages and uses of stainless steel;
- Increased beneficiation of chrome and ferro-chrome.

Southern Cross, a subsidiary of Middelburg Steel & Alloys, which is controlled by Barlows, is SA’s only manufacturer. Its stainless steel is either further processed or exported.

SA still imports light-gauge stainless steel which Southern Cross does not manufacture, but Middelburg Steel is about to embark on an expansion programme which will supply all SA’s needs and still allow for exports. The programme will take about five years to complete.

The unique advantage of the local stainless steel industry is the fact that SA has about 70% of the free world’s known chrome reserves — and chrome is one of the major components of stainless steel.

David Rowlands, executive director of the stainless steel Heavy Fabricators Association (HFA) points to the need for increased beneficiation of chrome:

“From the Fifties SA became more and more involved in the beneficiation of chromite ore, firstly to ferro-chromium, and later in 1967 as stainless steel. These products are respectively worth R400 and R5 000/t of contained chromium.

Discouraging

“Export of ferro-chromium started in the early Sixties and the Republic now satisfies some 15% of world demand. Further, the local producer of stainless steel, Southern Cross, currently exports approximately 60% of its production.”

Rowlands says the recently-formed HFA is attempting to increase the usage of stainless steel in heavy fabrication, but he notes the following problems:

- That completed or partially fabricated plant can be imported duty free, thereby discouraging import replacement,
- It is impossible to assess accurately how much is being imported in its complete or partially fabricated form, as there is no explicit category covering these items in the schedule of customs tariffs.

Michael Prior, marketing consultant to the Stainless Steel Development Association (SASSDA), says stainless steel is more than holding its own because of,
BAUXITE DEPOSITS

Exploiting for export

Enough is now known about the bauxite deposits discovered in Natal over a year ago to confirm that they are of an exploitable grade.

Martin Fey, a soil expert at the University of Natal in Pietermaritzburg who is acting as technical adviser to the developers, says there are potential reserves of at least 50 Mt in the Natal Midlands while a further 15 to 20 Mt are to be found near Weza in southern Natal.

Fey tells the FM that the grade runs at 6 t of bauxite to yield 2 t of alumina (aluminum oxide), which would in turn yield 1 t of aluminum metal. The better grades currently being exploited in western Australia yield metal in a ratio of four to one. Alusal imports about 150 000 t of alumina from Australia each year.

There are no other known reserves of bauxite in SA, but alumina can be derived from coal shales, clays and fly ash from power stations.

Theon Burger, a director of the developing company, SA Bauxite (Pty), says the intention is to mine bauxite simply for export as the cost of an alumina plant would be astronomical.

"It will be open cast mining. Some of the stuff has only a few centimetres of soil on top, so it's easy to mine. There are quite large deposits on Greytown's town lands and we're busy negotiating with the town council. There are also some deposits on State lands." He feels deposits could amount to as much as 100 000 Mt.

"We are in the process of converting to a public company and a prospectus should be available before the end of the year. We have done our homework and we think we will need about R1.2m. Shares will probably be offered to the public."

Burger feels that there may be a market in secondary industry — "in paints and that sort of thing" — and points to the strategic value of being independent, if necessary, of foreign supplies.
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Pickings exist in slower minerals

Gold. The metal is back among the star performers. Production last year was around 213 tons, which reaped a total of 42.6 million dollars.

Dhonde, who now estimates 1977 sales revenue will yield about 425 million dollars, even a thoracic output may be whittled down to 700 tons. All because of the better bullion price.

The average gold price on the London market in the first eight months of this year, at 44.70 dollars an ounce, was a handsome 14 per cent higher than a year earlier. (A two-minute player, please, in memory of that moment only a little more than a year ago when the price hit but sunk under the 100 dollar level. I imagine that even if more money was not actually spent, their speculators from 12th storey windows at least they have added to the catch.)

What encourages Dhonde is the will to hold steady and demand on bullion at the moment Russian tigers which were fairly heavy in the first quarter, have now slackened off.

And so Dhonde says an average gold price of between 100 and 120 dollars in the year ahead.

The demand for smaller cut sizes has been strong in recent months, and there has been an improvement in demand for better quality large diamonds too - despite the March price increase of 15 per cent by the Central Selling Organization.

There are still good pickings for the invest who steps around the mining sector with a little care.
SA is in line for a nuclear bonanza

By Paul Diamond
Shangani thinks of cutting production

By ADAM PAYNE

THE management of Shangani nickel mine in Rhodesia, which is operated by Johnlodes and in which Anglo American Corporation has a large interest, is considering a reduction in output or even a suspension of operations because of losses. This is said by Mr H Dalton-Brown, the chairman, in his annual review in which he reports a net loss for the year to June 30 last of $1 697 000, with an accumulated loss brought forward of $1 546 000.

Mr Dalton-Brown is also chairman of Otjihase copper mine, near Windhoek, where similar steps are being considered.

Both mines are suffering from low metal prices and are crippled by the interest charges on loan finance. Shangani achieved a "more or less break-even" position in its first full year on operating account, but interest charges and fees absorbed a further $1 620 000.

In addition, it was necessary to finance the stock of unsold production.

Capital spending in the year totalled $R 2 000 000. The target of tonnes of nickel-in-concentrate was achieved.

Mr Dalton-Brown says the group is investigating what steps can be taken to limit further expenditure and losses, arising from low nickel prices.

A further statement will be made to shareholders when the investigation is complete, and when discussions have been held with the parties involved in the company's operations.

Nickel-mining groups in Rhodesia face a threefold problem - falling prices, rising costs and a restricted market, says Mr Dalton-Brown.

It is not expected the nickel price will recover until the Western economies show a real improvement.

"Meanwhile," inventories are increasing substantially, thereby delaying the time when a reasonable price can be realized for nickel.

"Nickel producers throughout the world are now receiving less per unit than was the case a year ago or even two years ago.

"Sales for the year to June 30 were poor because it was necessary to build up stocks in the first nine months and more recently due to the continuing fall in nickel demand."

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10/10/77

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SHANGANI

Closing soon? FM 14/10/77

With worldwide nickel over-production, negotiable price discounts from all major producers, and consumer reluctance to source material from Rhodesia, Shangani more or less broke even at the operational level in its first full year.

But with R$1.8m interest, R$2.2m capex and cash requirements to finance stocks of unsold material, the company is suffering from severe cash flow problems.

In the near term there is little relief in sight. World nickel stocks will probably restrain prices even after demand improves, while capex for development of underground operations continues.

Following the raising of R$9m of short-term loan facilities in January to finance the larger stockpile, lenders appear to have taken the view that the company has sufficient borrowings and that no more are acceptable. The only alternatives are direct funding by Johnnes or its guarantee for additional funds.

Clearly the risks are too much for Johnnes to take. It is faced with the problem of writing about R$30m off its investment in Oyihase and any additional losses arising from Shangani would be another strain on its liquidity.

Earlier in the year discussions were held between Johnnes and Anglo subsidiary Rhodesian Nickel which operates the Bindura refinery where Shangani's concentrates are treated. Johnnes' object was to merge the two companies and allow production to be rationalised between Rhoneck's three mines and Shangani. Effectively, with Shangani as the highest cost producer, it would have led to its closure. In the event, Rhoneck turned down Johnnes' proposals.

The only alternative now is to stem the outflow of funds as quickly as possible. Investigations are under way to cut losses involving either a production cutback or suspension of operations at the mine. Whatever happens, it is inevitable that Johnnes will have to make a further provision against its investment this year while guaranteed loans will be repaid from group cash flow.

Hard lessons are being learned and big brother's view of the situation must be pretty critical.

Jim Jones

Financial Mail October 14 1977
Platinum panic

By Finance Editor: ALAN PEAT in Durban and JOHN CAVILL in London

MAIN TEXT:

MORE THAN R28,000 million worth of the rare mineral, platinum, is at stake after reports that Chief Lucas Mangope intends a partial nationalisation of "foreign owned" interests after the independence of the Bophuthatswana homeland on December 6. Bophuthatswana contains the platinum rich Merensky Reef, which holds most of the free world's potential supply of the metal.

Origin of the latest scare is a report, highlighted in last week's British Sunday Times, that sources close to Bophuthatswana leaders have indicated that Chief Mangope plans to take 50 percent of all foreign owned enterprises, and eventually existing ones, after the independence of his 1.5 million population territory.

While Mangope said in Johannesburg on Friday that he did not intend to "nationalise" the platinum industry, he has made it clear whether he intends to take a stake in the operations or not.

Concern over the implications of any form of nationalisation of platinum interests is running high both in Britain and in South Africa, and urgent discussions are in progress with the South African Government to try to find a means of guaranteeing the rights of the present owners of the ore load in Bophuthatswana.

The three South African producers, Johannesburg Consolidated's Rustenburg Platinum (the largest stake in the homeland), Unicorp's Impala Platinum (the number two and most profitable) and Lonrho's Western Platinum are all deep in negotiations over the future of their most important asset.

Of the three, only Wesplatin Platinum has no immediate need for guaranteed access to the Bophuthatswana deposits. While 50 percent of Wesplatin's reserves are in the homeland area, they will not be exploited for about 20 years, according to Kevin Wilkinson, administrative and general manager of Lonrho.

Local businessmen for the mining houses are extremely tight-lipped about the issue, which they describe as "extremely delicate", but all have indicated their worry over the fate of the 200 million ounces Bophuthatswana platinum reserves.

While the nationalisation debate rages over more than the platinum interests (some R1,050 million of foreign investment has been made in the unconsolidated, six-part homeland), the foreign world's concern is centred on the platinum issue.

Without the few thousand tons of platinum mined within South African borders each year the world's oil and chemical transformation industries would grind to a halt.

There would also be an almost crippling blow dealt to motor car, electrical and electronic interests should the West lose access to this supply.

And, say local political commentators, this massive instrument of power will be an acid test for the Government's credibility over true homeland independence. Should Mangope succeed in gaining control of Bophuthatswana foreign-owned mines, he will have an undeniable lever in negotiations with the Western powers.

John Cull on reports from London that Ram- bros Ltd, one of Lonrho's leading merchant banks, has sold a large part of its stake in Bophussatwa Platinum, which owns 21.6 percent of Impala Platinum.

R. A. Wheeler, a director of Hambros and of Bophussatwa, said this week his group's holding in Bophussatwa was now "considerably less" than the 17.52 percent it held a year ago.

Wheeler said: "The decision to sell was taken on investment grounds - taking into account the outlook for platinum, investment in South Africa, the pound and British investments. We got very much higher prices than those now.

"We don't intend to lessen our holding further. Impala is still a very good company and we are proud to be associated with it."

Mr Wheeler disclosed the sale of Bophussatwa shares when he was asked whether Hambros were concerned at a report in the London Sun-
Otjihase

Otjihase Mining Company (Proprietary) Limited
Issued Capital: R5 763 452
(Divided into 5 763 452 shares of R1 each)

OPERATING RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended 30.9.77</th>
<th>Quarter ended 30.6.77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore milled — tons</td>
<td>212 000</td>
<td>235 000</td>
</tr>
<tr>
<td>Production (Based on mine assays):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copper in concentrates — tons</td>
<td>3 589</td>
<td>4 065</td>
</tr>
<tr>
<td>Sulphur in concentrates — tons</td>
<td>16 339</td>
<td>9 687</td>
</tr>
<tr>
<td>Working cost — per ton milled</td>
<td>R18.36</td>
<td>R16.64</td>
</tr>
<tr>
<td>Development advanced — metres</td>
<td>1 381</td>
<td>1 075</td>
</tr>
<tr>
<td>Blister copper produced — tons</td>
<td>3 802</td>
<td>5 110</td>
</tr>
<tr>
<td>Blister copper shipped and sold — tons</td>
<td>4 298</td>
<td>4 848</td>
</tr>
</tbody>
</table>

FINANCIAL RESULTS (R000's)

<table>
<thead>
<tr>
<th></th>
<th>Quarter ended 30.9.77</th>
<th>Quarter ended 30.6.77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating loss</td>
<td>1 391</td>
<td>668</td>
</tr>
<tr>
<td>Adjustment of stock values</td>
<td>1 582</td>
<td>Dr. 1 486</td>
</tr>
<tr>
<td></td>
<td>2 743</td>
<td>2 174</td>
</tr>
<tr>
<td>Less Sundry revenue</td>
<td>9</td>
<td>67</td>
</tr>
<tr>
<td>Net operating loss</td>
<td>R2 734</td>
<td>R2 107</td>
</tr>
</tbody>
</table>

Notes:
1. Revenue is subject to adjustment on final determination of proceeds from sales.
2. Copper stocks are valued at estimated net realisable value.
3. The adjustment to the operating loss for the June quarter results from year-end entries arising mainly from the subsequent fall in the copper price, the writing down of stores items and the accrual of additional expenditure.

OPERATIONS AND FUTURE OUTLOOK

The company is currently operating at a substantial loss and in the present state of the copper market there is little indication that it can be restored to profitability in the shorter term. The directors are, therefore, engaged upon a complete review of the company's position, taking into account the company's contractual obligations and present mining and processing costs viewed in the light of an uneconomic copper price with little chance of recovery in the short or medium term. A decision was taken to curtail operations to 70 000 tons milled per month, employing a modified mining method. The cessation of operations is under consideration.

CAPITAL EXPENDITURE

Net expenditure on mining assets during the quarter amounted to R249 000.

18th October, 1977

For and on behalf of the board,

H. DALTON-BROWN
R B SUTHERLAND Directors

Johannesburg Consolidated Investment Company, Limited,
Consolidated Building, Fox and Harrison Streets,
Johannesburg 201
or
P.O. Box 659, Johannesburg 2000
or
Barrie Brothers Limited,

Copies of the above reports are obtainable from the London Secretaries
Conmurch hit, Prieska in red

BY DON ROBERTSON

ANGLOVAAL'S two non-gold mining operations, Prieska and Consolidated Murchison, mirrored the virtual collapse in their respective markets and both reported disastrous results in the September quarter.

Takéé profits of Cons Murch were more than halved at R626 000 compared with R1 813 000 The board warns that because of the deteriorating antimony market, sales in the fourth quarter will be significantly lower.

The steady worsening position suggests that the final dividend will be substantially reduced, if not passed.

Output continued space and a total of 6 110 tons (4 887 tons) of concentrates and cobbed ore were produced. Shipments, however, dropped to 5 763 tons (5 012 tons) worth R4 733 000 (R5 492 000). Costs absorbed R3 636 000 (R3 689 000), leaving a working profit of R1 097 000 (R11 903 000).

Prieska moved into the red in the September quarter with a loss of R1 703 000 compared with a profit in the June period of R1 729 000.

With loan repayments and capital expenditure consistently exceeding earnings, the current loss position emphasizes the recent warning that cash resources will be rapidly depleted unless there is a substantial improvement in metal prices.

A record tonnage of 783 000 (689 000) milled during the quarter produced 28 625 tons (28 993 tons) of copper concentrates and 34 657 tons (30 169 tons) of zinc concentrates. But this was overshadowed by lower shipments.

Despatches amounted to 21 444 tons (24 341 tons) of copper and 28 646 tons (49 035 tons) of zinc. This resulted in an operating profit of only R120 000 against R2 407 000.
COPPER production at Palabora was down in the September quarter largely because of problems with the two new autogenous mills. The mills, which were part of the R2.5-million expansion programme, were commissioned in March but were taken out of production in July. Since then, repairs have been made and the first was re-commissioned in September and the second this month.

Production was down to 26,657 tons in the September period compared with 29,064 tons in the June quarter. Similarly, sales were lower at 26,058 tons (27,375) Grade was unchanged at 0.94%.

Magnetite sales were lower at 112,875 tons (116,933) because of the shortage of ships available for transport. Vermiculite sales fell to 28,954 tons from 43,694 because of the building slump.
Outlook bullish for tin, copper

Financial Reporter

Higher prices for both copper and tin were forecast yesterday by international metal market experts.

Mr George Fitch, commodities specialist in the materials division of the US Department of Commerce, said the most important market development of 1977 would be the US decision on whether to release 20,000 long tons of tin from the strategic stockpile.

If the US Congress decided against, or postponed a decision, tin prices should continue to show an upward trend through 1978.

Mr Fitch, writing in "Tin International," said that although the market could turn to commercial stocks to meet this year's projected supply shortfall of 22,000 tons, these stocks are low.

Therefore only large exports by China, which were unlikely, or a US stockpile release could significantly check an upward price spiral.

With world production expected to fall short of consumption for the next five years at a cumulative rate of an estimated 75,000 tons, a US stockpile release of 20,000 tons would at best only dampen the upward spiral.

Amalgamated Metal Trading says copper prices could rise by more than £120 a ton during the next six months as supply and demand come into balance and precious metal prices improve.

It predicted that the price for copper wire bars may rise to about £450 a ton compared with yesterday's three months price in London of £407.

However, the price increase would be constrained by the large overhang in stocks, the need by some producers to reduce stocks and the necessary to increase capacity utilisation.

- Reuters
Copper mines riding for a fall

LONDON. — The head of a major Zambian mining company says the operation of many copper mines, as well as the viability of new mines, will be imperilled unless copper prices recover.

Addressing the same forum, the head of one of Japan's biggest mining companies, Sumitomo, recommended the establishment of an advisory committee to study ways of tackling the current price of copper. He said it was unreasonably low. It should also look at the imbalance between supply and demand.

Mr. David Phiri, managing director of Roam Consolidated Mines, told the American Metals Market forum in London that producers and consumers agreed the present price could only harm the industry.

It was clear that long-term stable conditions would only result from a negotiated international copper agreement. Such a negotiation would be difficult and protracted, but a solution could be found.

Mr. Akira Fujii, president of Sumitomo Metal Mining Company, said an advisory committee should be formed to include the major world producers, smelters and fabricators. After this, an intergovernmental permanent consultative body should be established to study a possible international commodity agreement on copper.

Mr. Phiri said a negotiated international copper agreement should aim to achieve stable prices.
PALABORA MINING COMPANY LIMITED

Report for the nine months ended
30 September 1977

To the shareholders.
The directors present the following report for the nine months ended 30 September 1977.

<table>
<thead>
<tr>
<th>PRODUCTION AND SALES (Metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarter ended 30 September 1977</td>
</tr>
<tr>
<td>Copper</td>
</tr>
<tr>
<td>Production (Note 1)</td>
</tr>
<tr>
<td>Sales</td>
</tr>
<tr>
<td>Ore milled</td>
</tr>
<tr>
<td>Concentrate produced</td>
</tr>
<tr>
<td>Sales of other products</td>
</tr>
<tr>
<td>Magnesite (Note 2)</td>
</tr>
<tr>
<td>Sulphuric acid</td>
</tr>
<tr>
<td>Vermiculite (Note 3)</td>
</tr>
</tbody>
</table>

NOTES
1 Copper production for the nine months ended 30 September 1977 includes 1,911 metric tons (1,974 metric tons purchased from outside sources and for the quarter ended 30 September 1977 — 512 metric tons, compared with 596 metric tons in the same period in 1976. There were two reasons for the difference in the quantity of copper produced in the third quarter of 1977 compared with that of 1976. The first was that a planned shutdown for 21 days in May and June 1976 resulted in a build-up of concentrate stocks, which were smelted at an accelerated rate in the third quarter to reduce the stockpile to normal level. Thus copper production was exceptionally high in this period in 1976. The second was that, as shareholders were informed in the 1977 half-year report, the two autonomous mills which form part of the expanded facilities to produce an extra 30,000 tons of copper per year were taken out of service in mid-July for repairs following the discovery of design and manufacturing defects. After completion of repairs and modifications, one mill was restarted at the beginning of September and the other early in October. Consequently, copper production in the third quarter of 1977 was not as high as planned.
2 The reduction in sales of magnesite was due to a shortage of ships to transport this material to the buyers in Japan.
3 There was a lack of demand for vermiculite mainly as a result of the world-wide recession in the building industry.

By order of the Board
P.O. Box 61140
Re: Finto Management Services
South Africa (Pty) Limited

P. G. J. Edwards

By order of the Board
P.O. Box 61140
Re: Finto Management Services
South Africa (Pty) Limited

P. G. J. Edwards

By order of the Board
P.O. Box 61140
Re: Finto Management Services
South Africa (Pty) Limited

P. G. J. Edwards

20 October 1977
Platinum price moving up

By NEIL BEHRMANN

LONDON.—Encouraged by the favourable developments in the gold and silver markets, the platinum price has risen from $153 a month ago to $168 yesterday.

Last week dealers were disappointed with platinum. Its performance did not match the buoyancy of other precious metals. The main reason was continued selling by the Russians at discount prices in New York.

London platinum dealers say, however, that these contracts are running out, so Russian selling is beginning to dry up.

They also report a big improvement in Japanese demand following disappointing sales to the main platinum consumer in the first six months of the year.

A dealer says the platinum inventories of consumers are low and once these buyers are drawn into the market, there could be a swift improvement in price. The South African producers were not anxious to sell at $162 because of these hopes, he says.

The South African producer price is $162, but when platinum was weak in the past few months, dealers reported that the South African producers were selling at a discount to the producer price.

Platinum is now $12 higher than the August low. Even though Japanese and United States motor manufacturers are buying more platinum, the trade is wary that there will be a marked rise in prices. But short-term appreciation is possible if gold and silver continue to surge.

In this event, speculative and investment interest could spill over into platinum. Jewellers may also be attracted to platinum because the price is lower than gold.

The New York Times reports that the latest American vehicle for investing in gold is a deposit certificate, a sort of warehouse receipt for metals in Swiss bank vaults. These instruments represent ownership of gold bullion bars of up to 400 oz which are stored in a Zurich bank.

The certificate has been available from Drexel, & Co., Washington, a member of Drexel Perera international bankers, foreign exchange dealers and precious metals brokers.

The gold deposit certificates should be soon available from Shearson Hayden Stone Inc, the Wall Street investment and brokerage house. The brokers say that there is no sales tax on bullion and coins for Americans.

But the receipts are not negotiable and must be resold to the broker.

Henry Jarneck, of Mogetta Metals Corp., said recently that if American institutional investors and private individuals followed the European practice of putting 8% to 15% of their capital into gold, prices would soar.

But he warned that if economic, political or social conditions led to a mass move into gold ownership, Washington could again ban ownership of bullion. He said Washington had done it before, and might do it again.
Black Mountain mine gets R180m go-ahead

By DON ROBERTSON
Mining Editor

THE OFFICIAL go-ahead for the development of the Black Mountain mineral deposit in Namaqualand by Gold Fields and the American-based Phelps Dodge group heralds a new phase in South Africa's mineral development.

The project, which will win copper, lead, zinc and silver from the arid area, will earn more than R50-million a year at current selling prices in foreign exchange when Black Mountain comes to production in 1969.

Agreements for the R180-million project were signed in Johannesburg yesterday, and along with other mining projects planned, including the Anglo American/Newmont zinc mine, will boost South Africa's base-mineral production potential to a figure which will soon beat that of gold revenue.

The Black Mountain project, which involves at least 200-million tons of mineralised ore, will require the development of infrastructure facilities which should open up this vast area to further development.

Development of the Black Mountain and nearby Broken Hill deposits has been discussed for some time, but it has now been disclosed that 38-million tons of ore are immediately and economically available. On this basis the project will go ahead.

The deposit holds copper at a grade of 0.45%, lead at 0.015%, zinc at 0.027% and silver at 0.08%.

When in production in 1969, the mine is expected to mill 1 125 000 tons a year and produce 322 000 tons of lead concentrates, 22 000 tons of copper concentrates and 35 000 tons of zinc concentrates. A total of 115 000 kg of silver will be produced as a by-product.

Financing of the operation is almost unique in South African mining and says a lot for Gold Fields' ability in that only R13-million of the total has been raised overseas.

South Africa's low credit rating plays a big part in this and it is surprising that the overseas content of the loans bears an interest rate which is lower than the local participations.

Equity finance is provided by Gold Fields and Phelps Dodge as to R13-million each, but Gold Fields, through a small participation by Vogelsstruwbuilt, ends up with 51% of the equity.

The rest comes from loans.

In setting up perhaps one of the most highly geared mining operations yet, the group has borrowed the balance of R150-million.

An amount of R35-million will come from the GFSA-Vogels stable in a deferred shareholders' loan.

A further R105-million will come from banks A consortium comprising Barclays, Standard and Nedbank will put up R90-million, Standard, on its own will put up another R15-million.

These loans will bear an interest rate which is 1.5% above the prime rate, which suggests that in current terms, it will be 14%. The first loan as due to be repaid in March, 1985, with the second by March, 1986.

The National Finance Corporation is in for R5-million carrying an interest rate of 4% above the five-year Government stock rate.

Suppliers credits and short-term loans will make up the rest.

Gold Fields is funding its portion through a R13-million overseas, medium-term loan with other R22-million coming from South African sources.

The overseas part of this loan carries a rate of 9.5% and is repayable by 1982 in similar terms to the Standard Bank advance, which carries a rate of 14%.

This is indicative of the difficult situation that companies find themselves in with regard to overseas borrowings. Small amounts are obviously available at the going rate. On the terms available, it is obvious that Gold Fields/Phelps Dodge would have preferred to raise a larger proportion overseas.

That large sums for this "risk" operation were not available is evident. The South African institutions with plenty of cash can command high coupons.
Gough Cooper's profit halved

JOHANNESBURG — Gough Cooper's taxed group profit was halved in the first half of this year compared to that in the first six months to June 30 last year. It dropped from R652,000 to R318,000 and earnings per share decreased from 1.52c to 7.87c.

In his statement dated 7 March last, reviewing the company's activities for the year ended 31 December, 1976, the chairman anticipated that the current year would be a more difficult one for the building industry than was the previous year and indicated that profits would not be maintained at the 1976 level.

In the event, working results for the six-monthly period to 30 June proved to be more adverse than was anticipated.

For the entire period under review, a lack of confidence among the buying public in the homeownership sector was patently manifest and sales have been adversely affected.

Building costs

Building and holding costs generally have continued to rise, although every effort has been made by the company to contain these costs and to effect all-round economies both administratively and on site.

Tendering in the area of building projects has been particularly keen and it would appear that in a depressed market some tenderers are mainly seeking to recover expenses only, with little or no margin of profit to the contractor.

On a more optimistic note, current inquiries are showing signs of improvement.

(Sapa.)
PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die nege maande geëindig
30 September 1977

Aan die aandeelhouders,
Die direkteure lê die volgende verslag vir die nege maande geëindig 30 September 1977 voor:

PRODUKSIE EN VERKOPE
(Metrieke ton)

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Verkope van ander produkte

|                     |                    |                      |
|---------------------|--------------------|                      |
| Magnetiet (Aantekening 2) | 112 875          | 216 933              | 276 549            | 478 478            |
| Swawelsuur          | 31 392             | 35 604               | 88 607             | 84 730             |
| Vermikuliet (Aantekening 3) | 28 954          | 43 624               | 116 583            | 145 972            |

AANTEKENINGE:

1. Koperproduksie vir die nege maande geëindig 30 September 1977 sluit 1 911 metrieke ton in (1976 — 1 673 metrieke ton) wat by buitbronse gekoop is en 612 metrieke ton vir die kwartaal geëindig 30 September 1977, vergeleke met 549 metrieke ton vir die ooreenstemmende tydperk in 1976. Daar was twee redes waarom die hoeveelheid koper wat in die derde kwartaal van 1977 geproduceer is van die van 1976 verskil het. Die eerste was dat 'n beplande sluiting van die smeltverkoere vir die jaar 1977, ooreenstemmend met die plan, teen die einde van September al gereed was. Die tweede rede was die ooreenstemmende tydperk in 1976.

2. Die daling in magnesiumverkoere was te wyte aan 'n tekort aan skepe om hierdie materiaal na die aankoper in Japan te vervoer.

3. Daar was onvoldoende aanvraag vir vermikuliet, hoofsaaklik aangewend in die boubedryf.

Op las van die Direkse
Rio Tinto-Bestuursdienste
Suid-Afrika (Edms) Beperk

Sekretaris
per: G. H. Edwards

20 Oktober 1977
Tin still climbing

Financial Reporter

THE cash price of tin rose again in London yesterday, closing at £7 000, 70 a ton, a rise of £60,70 on Monday's level.

The three months' price, which is more important as a market 'indicator,' rose only £10,30 to £6 625, 30.

The squeeze on cash or nearby tin has increased to such an extent that dealers are working on plans to fly tin from Malaya to London to take advantage of the price.

The backwardation between the cash and three months' price is £25, 30 and some dealers predict it will go to £7 000 a ton.

NEIL BEHRMANN reports from London that metal consultants Rayner Harwell say the price trend continues to be upwards because of the large gap between supply and demand.

The firm believes that when the United States General Services Administration sells tin, the market will be orderly and will not necessarily be adversely affected.

The firm believes tin will be volatile, but movements will fluctuate on an upward trend.

Consumers are low on stocks so the belief is that real demand will push the price.

At higher prices, consumers will prefer substitutes, but it will take time to put these policies into effect.

The timing of GSA tin sales is still uncertain as a Congress move to 'kill' H- and use the proceeds to buy 250 000 tons of copper has been defeated.

This has had no effect on the copper price, indicating that it could be near bottom.
Speculators push platinum on SA uncertainty

By NEIL BEHRMANN

LONDON — Political events in South Africa have encouraged speculators to take positions in platinum and the free market price has risen above the producer price.

Platinum is quoted at $164 an oz, which is $2 higher than the Rustenburg and Impala producer price.

On October 14, the price was $155, and in August the low was around $146 dollars. The rise has been even more dramatic than that of gold, especially as there is still surplus of platinum and industrial demand continues to be weak.

The marketing director of Johnson Matthey, Mr. D. Dunmel, said yesterday that last week's events in South Africa led speculators to believe there would be an embargo on trade with South Africa.

Speculators have taken positions on possible supply disruptions or future restrictions on policies of governments.

The weakness of the dollar and strength of gold and silver took platinum up with them.

The newspaper Nihon Keizai Shimbun said recently that the Japanese Government intended to extend stockpiling of gold and metals as part of the measures to reduce its huge balance of payments surplus.

Chrome, nickel and platinum are included, and the thinking is that 10% of imports, or 128,000 oz of platinum, will be bought.

It would take time for the policy to take effect, but it would have a bullish impact. Russian selling has continued at a lower rate, but merchants say they are behind in deliveries. The belief is that they are selling out of current production and not from stocks.

Production is curtailed in the winter. Soviet selling could taper off.

Consumer stocks of platinum could also run down, and if these buyers enter the market, it would be soundly based.

In Johannesburg yesterday a platinum mining executive said that the two factors pushing up the free market platinum price were the improvement in the gold price and political events in South Africa.

The events gave rise to fears overseas that production might be disrupted in South Africa.

He said there had been "suggestions of a small recovery" in demand. Whether it was speculative or fundamental was not clear.

"Possibly it is not so much from demand as that nobody seems ready to sell," he said.

"Dealers are holding back in the hope of a further rise in price, but there is no underlying strength in the market."
Platinum price soars

Mercury Correspondent

LONDON - Political events in South Africa encouraged speculators to take positions in platinum and the free market price soared above the producer price. Platinum is currently quoted at 164 dollars, two dollars higher than the Rustenburg and Impala's price.

On 14 October, the price was 155 dollars and on August, the low was around 145 dollars.

So the rise has been even more dramatic than gold, especially since there is still an overall surplus of the metal and industrial demand continues to be weak.

Trade embargo

Marketing director of Johnson Matthey, Mr D. Dumont, said that last week's events in South Africa led a lot of speculators to believe that there would be an embargo on trade with South Africa.

Speculators have taken positions on possible supply disruptions or future stockpiling, policies of Governments.

The weakness of the dollar and strength of gold and silver, of course, also dragged platinum up with them.

It is also likely that an article which appeared in last Friday's Wall Street Journal had an effect on the market.

The article said that South African Government's crackdown, had rekindled concern over future supplies of the platinum group and other metals.
BLAEC MOUNTAINE

A gamble on metal prices

On the figures released last week for the GFSA-Phelps Dodge Black Mountain mine, it seems that despite the project's high gearing and current depressed base metal prices, it should be able to retire its R151m debt without undue strain, while if base metal prices revive over 1980-85, profit prospects will be attractive. But much depends on production beginning in January 1980, and there is little margin for technical or other delays.

The in situ grade figures for the 38 Mt of ore which form the initial mining target are 0.45% copper, 6.35% lead, 2.87% zinc and 0.08% silver, an apparently unscaleable level which translates to 2.6 oz/t. At current metal prices, copper will contribute roughly 7% of revenue, lead 51%, zinc 26% and silver 17%, taking zinc at the European Producer Price (EPF).

Analysis of the project in relation to Prenskia throws up some interesting comparisons. Black Mountain's estimated net revenue of R30m at current metal prices translates to R44/t milled, while at Prenskia, the comparable figure last year was R22. If anything, this comparison understates Black Mountain's cost of mining, because its figure is at the cost of metallic production, while Prenskia's reflects the generally higher prices prevailing last year.

On capital costs, the comparison shows the extent of inflation since the inception of Prenskia, which closed at 2.7 Mt at the end of last year and showed total capital employed of R67m. This is 25% per annual ton of milling capacity, but for Black Mountain, taking estimated capital cost of R181m up to the commencement of production, and the much lower milling rate of 1.25 Mt/t, the figure is R161 per annual ton.

Lead prospects

The moral seems to be that in today's financial climate, only highly mineralised deposits such as Black Mountain are capable of being developed, yet prospecting is turning up generally low grade finds.

Comparison of Black Mountain with the nearby Gamsberg prospect, where the shareholders are Newton, O'Keefe and Anglo, is also revealing. Current in situ value of the Black Mountain ore is about R8/t, but at Gamsberg, taking 7.4% zinc and 0.5% lead, the figure is R46/t, again taking zinc at the EPF. With fundamentals for zinc arguably less favourable than for lead, Gamsberg doesn't look as well-placed as Black Mountain at present.

Taking Black Mountain's annual net revenue of R50m, I understand from the house that this figure is structured so as to allow for all off-mine costs, "as soon as the concentrates are loaded onto a truck," Mining costs are put at R12/t, or R13.5m, so operating profit before interest and capital repayments would be about R36.5m at current metal prices.

Priority has to be given to repayment of the senior debt, which is an R90m consortium bank loan and an R135m Standard Bank loan. Combining interest and capital repayments, these will cost about R26m and R35m respectively a year. The consortium loan is repayable in mezzo half-yearly instalments from March 1981 and the Standard Bank loan in six half-yearly instalments from March 15, 1980.

So the two loans overlap for 18 months from March 1981, when capital and interest payments combined will peak at R31m. The schedule works roughly as follows:

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The R35m deferred shareholders' loan is repayable over a more flexible period, and GFSA's agreement with the banks does not prevent it from being repaid part of the loan over 1980-85 if profits permit, after providing working capital and ongoing capex.

But no dividend is expected until six years after initial production, which suggests some time in 1986. So the house's cash flow projections probably indicate that the deferred shareholders' loan will not be fully repaid until after the consortium loan, as I understand it is unlikely dividends will be paid until all senior debt and the deferred shareholders' loan have been repaid.

One problem inherent in the 5-1 debt equity gearing is that the mine's tax shelter will mainly be used to repay debt, rather than to create an initial tax free period of high dividends. Depending on the extent of capex after production begins in 1980, Black Mountain may have only one or two good dividends before full incidence of tax.

On operating profit of R36.5m, after repayment of all debt, and making other assumptions such as no cost overruns and no change in the shareholding of Phelps Dodge, Black Mountain should be worth about 55c a share to GFSA fully taxed. GFSA hopes this will provide a minimum figure and, certainly, there will probably be years between now and 1985 when Black Mountain's revenue is well above R50m. The main question mark over the project is whether current base metal prices will prove to be some kind of low point, or a mean level from which prices can go down as well as up.

Richard Rose

Financial Mail October 28 1977
summer. In the December quarter, the general trend is for a rush of sales as consumers stock up in advance of expected January price increases.

This year, some industry sources say that fourth quarter sales may well be relatively poor. Market leader Canada is only expected to announce price increases of 5% or less, which means little advantage in carrying stocks before the increase.

Msaui’s earnings after capex and loan levy for the first three quarters were 43,9c with a 23c interim. If December merely repeats the September quarter, it will be possible to pay a final of 30c (32,5c). But if the year-end view is that 1978 is going to be difficult for sales, retentions could be stepped up.

At Gefco, recovery improved to 10,4% (9,1%) on a marginally lower mill throughput. This could imply that a greater percentage of shorter fibre is being recovered. But sales revenue increased to R532,1 (R510,1), so the percentage of longer fibre sold increased. As with other producers, there is increasing difficulty in moving the shorter fibres, which must be being stocked.

On a ton produced basis, Gefco’s unit costs fell from R235,7/t to R233,9/t. But taken in conjunction with the increased recovery, costs per ton milled seem to have increased by over 13% on the quarter.

Earnings after capex and loan levy for the first three quarters were 38,4c from a 20c (7c) interim has been declared. The final will depend on the view of next year’s market. But anything more than a repeat of the interim does not look likely at this stage.

Msaui open pit...more short fibres

Msaui reports that revenue per ton is lower at R200,3/t (R221,6/t) because of the higher percentage of short grade fibre shipped in the quarter. If the experience of other producers is anything to go by, there will have been some downward pressure on prices.

The usual pattern is for sales to slacken in the September quarter with lower demand during the northern hemisphere.
Dividend prospects

Cash tin has broken through the £7 000 level and a continuing squeeze on supplies should ensure some further near-term increases in the metal price. This may mean that there is still steam in Rooiberg and Union. But both the shares now seem to be at a level where profit takers could slow down any further advance.

Both mines also reduced sales during the September quarter, as a result of new agreements which gave rise to a longer pipeline.

At Union it is beginning to look as if the mine's obituary in the last annual report was premature. Development results on the new K lode, below the old N3 lode, are encouraging and the area is being opened up on three levels. It is too early to tell what this means to the mine's life but a guess at two to four years is reasonable with the prospect of increased recovery grade.

At current tin prices and production, taxed profits during the current quarter should be in the region of R150 000, which means that a 15c final will be possible. At 100c the shares still have speculative appeal and the faithful are reckoning on operations continuing for at least another 10 years.

At Rooiberg, grade problems at the "A" mine are being overcome. Ore delivered to the crusher graded 0.75% (0.65%) and sorting percentage was reduced. At the "C" mine, sorting was increased to push the mill head grade to 2.49% (2.17%). There seems to be little risk of grades dropping in the near-term. At both the "A" and "C" mines development is opening up good grade ore and potential ore reserves look sound.

For the current quarter, production of tin in concentrates should be in the region of 650 t, of which all should be sold. On this basis taxed profit should be about R2m, making a total of R5.6m for the year. After capex and loan levy, the year's distributable earnings will be about 20c, pointing to a final of over 10c.

At 125c the shares are tightly held, mainly by GFSA and Vogel, and it is not likely that shareholders who look on Rooiberg as a long-term investment are going to be shaken out by any downturn. But at this level they are only for confirmed tin bulls.

Jim Scott

Financial Mail October 28, 1977
In the deeply depressed markets that still afflict the basic nickel producers, the worst setbacks have hit the metals whose prospects looked most promising before the oil crisis. The chaotic state of the nickel market is a fine example of this rule of thumb.

Until 1974, world demand for nickel had grown for many years at an average of 7% per year. Inco in Canada has long dominated the industry, though its share of the world market is less than 50% now. Falconbridge, Le Nickel, Sheritt and Markam, Amax and Western Mining accounted for most of the rest of world production until the early Seventies, when existing past and forecast rates of growth in demand encouraged heavy new investment in nickel mines in Australia, Latin America, the Philippines and Indonesia. Most of it is based on lateritic ores which require more energy in the treatment process than the richer sulphide ores which Inco and Falconbridge mine in Canada.

The economies of these mines were badly upset by higher oil prices. They were also unlucky enough to come on stream just when the nickel market was failing to live up to expectations. Nickel is used mainly as an alloy in stainless steel and the long depression in the steel industry has been mirrored in the nickel market. Last year saw some recovery from the deep recession of 1975, but only in consumer industries. Capital goods industries remained depressed and they are still depressed today, while increasing doubts are raised about the ability of consumer goods to maintain recent rates of growth.

The result is a massive over-supply of nickel. The French producer, Le Nickel, estimates that the surplus is about 200 000 t compared to free world consumption of about 300 000 t. The market is increasingly disorganised. Inco’s producer price traditionally sets the world price. In October 1976, Inco raised the price of electrolytic nickel to $2.41 per lb. Other lot prices went up in line, but competition was so strong that the price never stuck, instead, discounting grew more intense.

Late in July this year, Inco astonished its customers and competitors by ceasing to publish a producer price at all. The lot price had become meaningless and, in Inco’s words “Served only as a target for discounting by our competitors. In future, Inco’s prices were to remain confidential to its customers, which would cut prices as necessary to regain its market share. In practice, the lot prices are around $2.14 for electrolytic nickel and $2.10 for the less pure ferronickel. Demand is poor and no quick recovery is expected.

Producer stocks are at worrying levels. Le Nickel has six-months production in stock and has closed two smelters in New Caledonia to prevent stocks rising further. Inco has had to call in supplier stock at the start of the year, which is its normal level, and has cut back production. Falconbridge and Western Mining have done the same, the latter with four or five months’ production on hand.

The high-cost new producers should logically close down first. They have massive debt finance which forces them to produce even at a loss in order to meet interest and capital payments.

Botres is in this category and Inco is caught in the same trap too. It has invested over $1 000m in lateritic projects in Guatemala and Indonesia. Both came on stream this year and remain in operation, no doubt at a loss, while Inco is cutting back at its higher grade low-cost Canadian mines.

Optimists argue that the price must rise in time because a price of at least $3 per lb is needed in today’s money to make sense of new investment in a lateritic mine, while for Botres the figure is nearer $4 per lb. Realists reply that excessive investment in the past is the root of the present problem, and that it will be many years before further capacity is needed. Meanwhile the prospects for existing producers are summed up in Inco’s rating on Wall Street. This blue-chip of the industry sells at $17, the lowest price for at least four years and on an unheard of yield of 9.4%. Metals Exploration, with a half share in the Greenvale lateritic mine in Australia, is down to 1ip in London. Poseidon brought its mine to production, but has gone into receivership in order to meet its debt obligations. Recovery still looks a long way off.
MANGULA FM 25/10/77

Pointers for Messina

The Manguila preliminary and dividend declaration always provides a useful pointer to the final dividend from parent Messina, which will be announced in three weeks' time. Shareholders should brace themselves for a larger than expected cut.

In the first half, Messina earned 30c and paid 20c, while last year's final was 25c. A combination of lower copper prices, disappointments in the industrial division and the continuing bleak outlook for copper will dictate an extra cautious attitude to dividend payments.

Manguila's taxed profit dropped from R2.9m to below R1.7m from first to second half, mainly due to a lower average copper price received. But the decline would have been more severe if customers had not taken advantage of lower prices and priced substantially more copper than produced. The second half saw 3,000 t com. out of stocks for this reason, a total of 10,200 t being priced against 7,200 t produced. The final dividend, which absorbed almost the entire profit, is a quarter less than the interim and is unlikely to be maintainable at this level without a better copper price.

The effect of Manguila's profit decline will be to reduce Messina's second half earnings by about 6c per share.

A similar profit pattern is likely to have occurred at Ments, which makes a smaller contribution to Messina's profits. Together, the Rhodesian copper interests must be responsible for close to a 10c decline in Messina's second half earnings.

The Manguila mine, plus smelting bought-in copper, produced R326,000 pre-tax in the first half but it will have struggled to keep profitable in the second half. The tactics are to high grade sufficiently to achieve breakeven, but this cannot go on forever, as the mine desperately needs a sustained period of higher prices to develop into new high grade areas. One factor that could help here is that the 2,300 t of stock built up in the first half when the smelter was shut down could have been priced in the second half. But it would be unwise to count on a contribution, while the future of the mine must be a cause of concern at current metal prices.

This leaves the industrial division. Darsan has been holding its own, judging on vehicle sales but it is probably the only part of the division pulling its weight. Steelmobil, which manufacturers containers for Safmarine, was scheduled to be profitable at this stage.

But I'm afraid this could turn out a forlorn hope. There have been problems with suppliers and I would not be surprised if instead of contributing, it makes a dent in profits.
Two mines to watch

IF THE price of gold stays above $160 an ounce, most investment interest is likely to focus on the big uranium producers that have marginal gold mining operations.

These uranium producers have low grade, high tonnage gold activities that make sense when the gold price is around the $100 level and big profits when it rises to current levels. Two names in this category are Harmony Gold Mining and Free State Sapphires. Although there are others worthy of consideration, such as Stillfontein and West Rand Consolidated, Harmony and Sapphires are the pick of the bunch because they are actually producing and selling uranium as well as gold and have long-term reserves of both.

Capital outlay

Furthermore, neither share prices have performed as well as other gold and uranium producers, although if the gold price stays above $160 or higher, they could start to do so.

At Harmony some hefty capital expenditure has contracted the dividend flow until this current financial year, so far, Harmony has announced a 25c interim dividend and forecasted a final if gold stays above $160.

But chairman Tony Petersen told shareholders at the annual meeting on Friday last week that if gold stays around current levels, or moves higher, Harmony's dividend paying potential must improve.

Despite a large uranium contract being in the offing, the company will probably need anywhere near the quantity of uranium it did last year when it cut into a healthy stockpile. But the shortfall is expected to be made up by higher gold earnings.

Harmony currently rolls 6 million tons of ore a year and produces 3,000 kg of gold a month. At $160 an ounce this brings the company in extra revenue of around R8-million a year.

If a third of this amount is taxed at a marginal rate and 60 per cent of the rest is used as capital expenditure or to pay a full tax bill, the prospects for the final dividend increase from the forecast 25c to nearer 50c.

At an average gold price of $165, Harmony has the potential to pay more than double.

Sapphires, like Harmony, are one of the top uranium producers with some of the highest grade slimes in the country. This year it plans to treat some 8 million tons of slimes—enough to last four years. This apparent doubled production should maintain uranium profits at R4.3-million.

Political clouds

This time, after the recent accident at the Roit shaft and the various political clouds that hung over South African gold shares at present, buyers have not been so willing.

For the year ended September 30, when the most part gold averaged about $125 an ounce, Sapphires lost R6.3-million on its gold operation. At current billion price levels these losses are almost negated.

Sapphires, like Harmony, is one of the top uranium producers with some of the highest grade slimes in the country. This year it plans to treat some 8 million tons of slimes—in much the same way as Ergo will, for gold, uranium and niobium having treated 3.2 million tons last year. This apparent doubled production should maintain uranium profits at R4.3-million.

Edited by

Jeremy Woods

HARMONT
Copper leads the way as metals turn easier

COMMODITIES were mixed in London this week. The metals turned easier with copper taking the lead.

Copper moved down to £683 (three months) because of stronger sterling and higher stocks accumulating in the LME warehouse. There has also been heavier commission house stop-loss selling of copper and this brought the metal down. There is however a support line at £680 but the long term trend is downwards.

Silver had an erratic week on the conflicting moves of the dollar and bullion. It hit £777.75p but was not able to break out above that.

Tin hit a new high this week — £8,900 (three months) — but came off to £8,840 on the damper of the other metals’ performance. There has been good buying again in the East and this is expected to accelerate should the tin price fall another £200.

Lead looks interesting and could hit £380 (three months) in the near future. At present lead is trading at around £338.

There has been some six month buying of zinc because it looks strong. At £296.50 it could break out in the near future although at present the off-take remains small.

Cocoa had a good rally during the week achieving a price of £2,650 (December). This rally was caused by a December squeeze and the brokers are talking about the distant months. May cocoa, being overbought and perhaps coming off, The coffee story is similar with a rally in March coffee. The news here is that the buying has been on behalf of the Brazilians. News that pushed the November price up to £1,910. This is £400 above last week’s close and the price reacted about £100 towards the close.

Sugar tried to break through the £100 level but failed and held the £102/104 level for December. The producers are trying to offload this year’s sugar supplies so that they are not included in next year’s quotas.
COME TO AN END

STOCKPILES OF DUFF

By Tony Hudson
A TOP-LEVEL Iscor bargaining team has just returned from Tokyo after negotiations for a higher price for iron ore exports to the Japanese steel industry. The results, says an Iscor spokesman were \textit{satisfactory for the moment.}

Iscor general manager Philip Pretorius, and international marketing manager, Paul Roux were unable to get the Japanese to agree to a higher price, but have achieved a greater proportion of the higher grade ore in the export quota for the rest of the year.

Iscor previously supplied Japan in a rate of 60 percent lump ore to 40 percent of the higher grade fine ore. The bargaining session has resulted in these percentages being reversed.

The price differential between the two grades is just under three rand a ton. And, while the Iscor spokesman would not indicate the gain in earnings, other industry sources estimate the gain at the end of the year to be in excess of R1.5 million if present monthly tonnages are maintained.

Iscor says that while negotiations are over for the moment, it is a condition of the long-term contracts that price revisions may be made at intervals within the contract period.

"It is likely," said the spokesman, "that further negotiations for a higher price will take place in the near future. "While we would have liked a price rise now, we must accept that the Japanese industry is in the doldrums. It is a satisfactory agreement under the present circumstances but I don't know how long it will last."

Japan has become a major contributor to Iscor's export programme. South Africa is now fifth in the league of suppliers of iron ore to Japan, and it is expected that the 5 million ton target set for fiscal 1977 will be well exceeded.

Up to the end of September, South Africa had supplied more than 4.9 million tons of iron ore - with more than 731,000 tons going in September alone.

Iscor is far and away the largest contributor to this export tonnage.

Meanwhile the Japanese steel industry has continued its downward trend. Peak production of 130 million tons in 1973 has now fallen off to an expected 100 million tons for 1977.

The medium-term future is no brighter.
Uranium mine at Lease

By PAUL DIAMOND

URANIUM is still attracting attention and there is a growing possibility that Afrikander Lease will be developed as a uranium mine.

If the sustained interest displayed by Anglo American and the other mining houses in uranium is anything to go by, then Afrikander Lease is ripe for development.

There are plenty of overseas organisations seeking uranium supplies and willing both to provide the consumer finance, and the escalating supply contracts that give the producers some financial, jamb.

Afrikander Lease's other requirement for starting - a high pressure high temperature leaching system - doesn't present application problems as it is already working in other countries.

The recent quarterly reports from the gold mines again emphasised the importance of uranium. They pointed to the fact that consumer finance is more than likely to be forthcoming for, if not all, of the R30 million Merriespruit uranium plant.

This plant will have an estimated capacity of 150000 tons a month. The quarterly also indicated that the extensions at the enlarged Virginias-U-plant have come on stream and at Stillfontein there is still talk of a possible slimes treatment project.

All in all it seems very much as if 1978 could be the year of uranium,
West Plat

losses of R310,000

Lonrho's Western Platinum reports a working loss of R310,000 for the year to September 30, following on working losses of R620,000 and R799,000 in the September and June quarters, respectively.

The company announces that in future, only interim and final reports will be issued. Under present, operating conditions changes in metal prices necessitate substantial adjustments to the value of stocks greatly in excess of quarterly production.

The resultant distortions it says negate the value of quarterly reports.
Warehouse copper cheaper than mining it

By ADAM PAYNE

The nickel market concerns South Africa because nickel, with palladium, is the second largest profit earner for the platinum mines.

If the palladium price is high, it can outstrip nickel or vice versa.

As a rule of thumb, 1,000 tons of nickel are produced for every 100,000 oz of platinum so that assuming Rustenburg is producing 1 million oz of platinum a year its nickel production is about 10,000 tons.

Impala’s production, on the same scale, would be 6,000 tons.

Taking a price of $2 a lb as a conservative average, Rustenburg’s production is worth $186 million and Impala’s $52 million.

Inco, announcing cutbacks, says output this year will be 10% below the 210,000 tons produced in 1978. Output next year will be 15% below this year’s levels.

Nickel industry sources estimate that Canadian production will be at a rate of 145,000 tons a year with possibly another 13,000 tons a year coming from the new Guatemalan and Indonesian plants.

Employment at Inco’s Ontario and Manitoba divisions will be cut by 3,450 hourly rated and staff jobs by mid-1978.

Most of the 450 reduction in the Thompson, Manitoba, division will be through attrition, while the 2,500 cut at Sudbury, Ontario, will be achieved mainly through 2,200 lay-offs, with 16 weeks’ notice.

Earlier, Inco announced reduced employment at the Port Colborne refinery.

Early next year, operations will be suspended at the Copper Cliff North mine in Sudbury and the Birchtree mine near Thompson in Ontario. Production from the Stobie part of the Frood-Stobie mine in Ontario will be reduced, output at Cretaigon No 1 mine will cease, and work at the Cram Hill mine will be gradually reduced, with operations suspended in mid-1978.
5200 lose jobs in platinum

About 5200 people have been retrenched from Rustenburg Platinum Holdings owing to a cut in production of between 10 and 20 percent. A total of 200 whites will go through "wiseguy" and dismissals, while the contracts of 5000 blacks will not be renewed.

The cut in output is because the present production rate of one million ounces a year and the current levels of sales are imposing undue and unacceptable strain on financial resources, a company spokesman said today.

The cutback would necessitate the retrenchment of employees, but every effort would be made to find them alternative job opportunities.

GUARDED INITIAL REACTION FROM TOWNSFOLK

"We've had retrenchments here before and we have survived," said a bank executive.

"We are not unduly worried, I really don't think we will be too seriously affected."

Where such worries are evident, they are considered to be part of the family.

A statement issued by the company said the reduction in output would help bring the worldwide supply-demand position into balance and would also result in a determination of the company's capital expenditure.

EXTENT AND DURATION OF THE CUTBACK

The extent and duration of the cutback would depend on future developments in the market.

ECONOMIC REQUIREMENTS FOR THE DEVELOPMENT OF A MARKET ORIENTATED AGRICULTURAL SECTOR IN SOUTHERN AFRICA

The requirements can be put as follows:

(a) That farming activities should be modernised through the application of new technology in such a way/...
Copper price to improve, but not so quickly

By ADAM PAYNE

Currency instability, a weakening dollar and hardening precious metals prices are given as reasons for a forecast improvement in the copper price in the next six months.

The forecast is made by the London company Amalgamated Metal Trading Corporation in its publication Copper Trends.

An increase in the copper price, it says, will be constrained by overhanging stocks and producers' needs to sell surplus inventory and to raise operating levels.

Copper production in the United States, the world's biggest producer, has fallen because of the low price.

Mine closures and the summer strike will reduce output by 220,000 tons in the second half of this year, and at a rate of 150,000 tons a year in the first half of 1978.

Amalgamated Metal forecasts a price of £820 by March, but this was before taking into account yesterday's sharp rise in sterling.

Production will still outstrip consumption up to 1980, and United States cutbacks will not be enough to offset other producers' surpluses.

Producers must reduce output if the copper price is to stay up,

but national priorities in developing countries make this unlikely.

Inflation, balance of payments deficits and stagnating investment mean the world economy is likely to improve only modestly up to 1980. World trade is unlikely to increase beyond 5% a year against 9% in 1968-1972 and 11.5% in 1976.

Copper consumption will not grow fast enough to prevent the build-up of surpluses if cutbacks are not made.

President Carter has endorsed former President Ford's stockpile objectives, but no early copper buying can be expected.

Continuing surpluses mean copper will stay relatively cheap up to 1980, but after that consumption growth will head off competition, such as from aluminium in wiring.

For 1977 refined production of copper will increase by 4% to 6,500,000 tons and consumption by 5% to 6,730,000 tons. Up to 1980 production and consumption will increase by virtually the same amount.

For 1978 refined production will increase by 3.8% to 7,229,000 tons and consumption by 5% to 7,500,000 tons, with supply and demand in approximate balance in the first half of the year.
Rustenburg output cut aimed at boosting platinum price

By ADAM PAYNE
RUSTENBURG Platinum Mines is to cut production by between 10% and 20% in an effort to strengthen the market and push up the price.

Production has been running at 1-million oz of platinum a year with the producer price at $140 an oz since July.

This move will be for the good of the market which, like that for other metals, is flat in demand with low prices for its main metals — platinum and Palladium.

Impala is not following Rustenburg's action.

Mr. Ian Greig, chairman of Impala, said: "Impala will keep a constant level of output, and will not cut production below the 700,000 oz a year level announced in September.

"We have a lot of contractual obligations and a good spread of our platinum output — added to which the free market price has risen $14 in the past two weeks." A larger proportion of Impala's platinum goes to the United States motor industry than is the case with Rustenburg. This demand is the only strong point in the world market.

Announcing its cutback, the Rustenburg board said that it was concerned that the present rate of production and current levels of price and sales were imposing unacceptable strain on its financial resources.

The reduction of 10% to 20% in the rate of output would help to bring the world supply-demand position into balance and would also result in a de-merit of capital spending.

"The extent and duration of the cutback will depend on future developments in the market," say the directors.

"The board regrets the consequent need to retrench a number of employees, but every effort will be made to find alternative job opportunities for those who will be affected by the cutback."

Discussing the board's action, the managing director, Mr. Ken Maxwell who has been overseas to study the market, told me he believed the demand would be about the same in 1978 as this year.

"It may be better, but we do not see it as being substantially better that the supply-demand position will come into balance without a reduction in supply."

"Secondly, if the price stays down while production is unchecked and costs continue to increase, our finances will be hit."

"We cannot go on producing at the rate of 1-million oz a year when demand does not warrant it."

Mr. Maxwell said that Rustenburg was conserving its funds and hoping that its action would result in a price rise.

For almost a year in 1974 the producer price was maintained at $150 an oz compared with the $162 now. The free market price in 1974 went up to $220 for a time.

"We considered $150 the right price. Since 1974 working costs have escalated by more than 20% a year and capital costs by almost 50% a year while the free market price has recently been bumping along on the $150-$150 level. That puts a tremendous squeeze on the profitability of the organisation and the results were seen in our lower profit figures."

Another platinum mining executive said that in his view it was likely the United States motor car converter market would need more platinum in 1979 than at present.

Rustenburg could, therefore, be expected to watch the situation closely.

He stressed that a mine in keeping a constant level of production had to spend capital which increased as it went deeper levels. With capital costs multiplying, this was a heavy burden and he considered Rustenburg's action the right one in the circumstances.

COMMENT: In reading the market, a great deal depends on how much metal Russia sells. Russia is not under strain to raise foreign exchange; it is unlikely to come strongly into the market with the producer price at $162 and the free market price at $170.

The free market price has risen by as much as $14 an oz in the past fortnight, and it maintained its advance when the gold price fell back.

But it will have to rise a great deal more, say, to $180 an oz before Rustenburg is likely to resume the present level of production of 1-million oz a year.

In spite of that price proviso, Rustenburg's management does not expect to endure this cutback for too long. My guess is that by the latter part of next year it could be back on the 1-million oz level.
Zaaiplaats pays same
despite profit surge

BY ADAM PAYNE

Reflecting the shine on tin mining companies because of the rise in the metal's price, Zaaiplaats Tin Mining Company, a small operation in the Potgietersrust area, increased its net profit to R634,077 (R454,000) in the year to July 31 last — a rise of 40%.

Since the beginning of last November the share price has jumped from 25c to 60c, with active trading recently.

As background to the chairman's statement, which warns that the high tin price has brought liquidity problems, it must be pointed out that only about a third of Zaaiplaats' production is derived from the ore it mines.

The rest is from the smelting of concentrates bought from Roodberg and because of the high price for concentrates and the time lag between payment for the concentrates and the sale of the metal, the strain on cash resources led to the board's deciding not to increase its final dividend of 15c.

The total dividend over the year was 50c, giving a yield of yesterday's price of only 7%.

The mine is far inland, and is at a disadvantage for exporting.

It has a small smelter, and no attempt is made to compete on world markets. All production is sold in South Africa.

The chairman, Mr W Q D Rouldege, in his annual review, discusses the local tin price, which is linked to the London Metal Exchange price, and says it seems likely that it will be at least maintained at present levels.

Capital spending in the past year was R71,994 and R100,000 has been set aside for the same purpose in the current year.

On the mining side, there has been a fall in grade "in common with mines the world over."

He hopes that an increased development programme, which was planned for the present financial year, will lead to an improvement in grade.

The long-earthened plant for the treatment of tailings has been completed. Teething troubles were encountered, but most of these have been sorted out and the company hopes that with an increased water supply from the Sterk River allowing continuous operations of the plant, an assessment of the production of tin from the tailings will be possible.

Mr Rouldege fights shy of forecasting the future, because of the uncertainty about the results of development, the unpredictable tin price and uncertainty about the demand for tin in South Africa.

COMMENT: The fact that Zaaiplaats depends for concentrate supplies on Roodberg is a weak point because there is a strong possibility that Roodberg will build its own smelter.

In that event, Zaaiplaats will have to rely on its own mining and will have to increase production to keep the smelter fully employed.

This leads to thoughts on the mine's life. It has been operating for 89 years and, as one shareholder said, for the past 30 years its life has been estimated at five years.

Like other tin mines, it has few developed ore reserves and it mines its tin as it finds it. However, it has ground where more tin should be found.

The shares could perform well in the short term, but overhanging the company is the likelihood that its way of life will be fundamentally changed if Roodberg starts its smelter in two or three years.

Its dependence on the South African market is also a bearish factor especially as one big buyer, the Railway Administration, has cut down on its purchases by changing from white metal bearings to roller bearings.

In spite of this, satisfactory profitability in the short term is likely, but the long term is not so attractive.
Platinum price moves to a firmer base

By NEIL BEHRMANN

LONDON. — The platinum price is likely to be firmly based following Rustenburg's production cutback, according to London platinum specialists.

Since its low two months ago, the free market price has increased by $3 to $70.50 — a sharper rise than gold.

The price increased in the past few weeks because of delivery delays from Russia, speculation that supplies would decline because of political problems in South Africa and because of improved Japanese demand.

A platinum analyst says sales are reasonable, but the price received by the mines does not cover production and capital costs.

A producer price of $162 is not sufficient to give a reasonable return, he says.

The analyst estimates that world production of platinum is about 2,680,000 oz, compared with consumption of 2,450,000 oz.

The Russian delivery delays and speculative demand countered the surplus and pushed the price higher in recent weeks.

Several bull factors should help over the next few months.

On the supply side, several producers have cut production. Rustenburg could cut supplies by 100,000 oz to 200,000 oz. Western Platinum could reduce its output by about 50,000 oz, and Atof's production of 25,000 oz is absorbed in Rustenburg's sales.

Inco of Canada's nickel production has been cut because of the poor price and thus will slice the by-product platinum output of the mine. Much will depend on future Russian sales, estimated at 600,000 oz a year.

In August, platinum was $144.50 because the Russians were selling at a discount in New York.

Russian deliveries have dried up, but in a few months "time supplies will be resumed.

Dealers have noticed an improvement in Japanese demand, but this could be accounted for by the thinner Russian deliveries.

The Japanese Government has announced cheap finance for consumers to help them stockpile minerals and metals such as platinum. This would help to lower the Japanese trade surplus. The London market believes that this would add 128,000 oz to Japanese purchases.

In the eight months to August, the Japanese bought 756,000 oz of platinum compared with 652,000 oz in the same period last year.

Other bull points are the improvement in the gold price and speculative moves into platinum, low consumer inventories and the more stringent United States anti-pollution requirements which should be effective in 1980 and 1981.

Demand from the motor industry could increase in 1979 to meet the requirements for new models.
RUSTENBURG

Platinum cut-back

It is difficult to quantify the effect on cash flow of Rustenburg's planned production cut-back of between 10% and 20% from the current annual figure of 1m oz. But the scope for improvement is good.

Only a production cut back is mentioned in the announcement. But if production merely matches sales there will be a cash flow benefit of at least R4.4m, the amount by which stocks rose last year. Stocks will almost certainly be run down and on the basis of published figures this could result in additional cash flow of about R5m.

The preliminary report estimated this year's capex at R22.5m, of which R1.3m was for completion of Amandebuilt and will not be affected. But depending on which shafts are deferred, near-term savings of up to half are possible on the capex programme.

On the other hand, production costs per oz of platinum rose by 29% last year and the lower production level will give another twist to the cost screw. There is some scope for working higher grade areas (some of the lower grade areas at Union section particularly have already been closed) to hold unit cost increases. But any major slowdown will be difficult to achieve.

While Rustenburg is giving itself a breathing space to improve its financial position, there are no plans for any reduction in operations at Impala from the planned 700,000 oz rate for 1977-78. It has stronger motor industry sales contracts, which is where the market has been buoyant.

Western Plats, on the other hand, is getting deep into the mire. Loss of the Atok smelting contract alone will directly cost it somewhere around R100,000/year, before the effect of increased unit costs, because of lower smelter throughput.

During the September quarter, mill throughput fell to 334,000t (356,000t) while production of pgm and other metals was virtually unchanged. The quarter's working loss was cut to R662,000 (R709,000) but at current metal prices stocks are having to be written down sharply.

After all the fanfare when Western Plats broke new ground by publishing quarterly reports, the state of the market and distortions arising from the need to adjust stocks is given as the reason for discontinuing them. Presumably all this was foreseen when the quarterlies were first published. But in those days the opportunity to score a point off Rustenburg and Impala must have seemed irresistible. 

Jim Jones
Rooiberg is old, but there's lots of life in the ground

By ADAM PAYNE

ROOIBERG tin mine, operating in ground to the west of Warmbaths which was first mined many hundreds of years ago is showing net profits for the nine months to September last that are 75% higher than those in the same time last year.

Added to this, the current quarter should be excellent because of the high tin price and a financial advantage in that a new sales system involving a longer pipeline will not adversely affect the results as it did in the last quarter.

In view of its age, there is often a doubt in investors' minds as to the life at Rooiberg, but on this score the management is confident.

The chairman, Mr R A Hope, says that C mine has a mining target — not reserves — for 10 years, and A mine has large ore resources.

The mines do not have proved ore reserves like gold mines, but it is apparent that Rooiberg has a long life in spite of the fact that many miners and other companies have worked the property in the past.

The last quarterly report was excellent on the mining side but disappointing financially, with net profit at R1 105 000 compared with an average of R1 209 000 in the previous two quarters.

This was because of the new arrangement for selling direct to smelters, which resulted in a longer payment pipeline. This should be overcome in the current quarter.

Record throughput was achieved at A mine plant in the September quarter and the mine continued to supply better-grade ore. The result was improved production of tin in concentrates.

The production at C mine reflected a significant increase because of higher throughput, with the result that total tin production for the quarter was a record.

There is an impression among some investors that because tin deposits are erratic any tin mine could end its life suddenly.

This will not be the case with Rooiberg. Mr Hope says: "Although there are no developed reserves, we have something approaching the ore reserves of a gold mine.

"We can look forward with the same confidence that we have held for the past year that the performance of the mine should be maintained for six to nine months, although within that time there will be fluctuations.

"At F mine there is no ore reserve. That does not mean there are no tremendous resources of ore, but there is nothing that can be measured in advance of mining. The tin is in fissures and by the time you have measured a pod, you have mined it, so any forecast about future grade at A mine is impossible.

"However, there is a series of strata of about 50 m in thickness which extends under the golf course. Mineralisation tends to be found in this slightly dipping strata at intersections of fissures. Drilling confirms this mineralisation.

He says Vellafontein and Leewoppel — part of A mine — were worked by other companies in the past. There is a tendency for people to think of these properties and of Blaauwbank as separate mines, but they are all part of A mine.

"Each is small, but cumulatively the various sections of A mine provide the needed tonnage. In due course, we want to back to Blaauwbank.

"We know there will be fluctuations in each section, but if we have a number of sources of ore they can see us through grade cycles.

"At A mine the grade has been down to 0.4% tin, but in the last quarter it was 0.75%. That shows the sort of fluctuation we encounter."

Discussing C mine he says: "We have probably seen the best grade at this mine in the last quarter it was up to 6.72% and it might be repeated for two quarters.

"The mineralisation is different to that at A mine. It is in a series of fissure intersections and is more continuous, which makes it possible to estimate ore reserves for six to nine months ahead.

"Good grades have been obtained in the new area to the north-east. Overall, we have a mining target for the next 10 years. Given a good tin price C mine is likely to be operating for at least 10 years."

In addition, the mine still has ground to the east and south to investigate.

Rooiberg's profitability depends to a great extent on its recovery efficiencies, and these have been gradually improved.

Mr Hope says: "Technically, we are making improvements and are progressing towards being able to build a simple smelter.

"We have been upgrading the tin in concentrates by floating off the iron and sulphur. The first effect has been to increase the realisable value of tin in concentrates. Treatment charges are reduced, transport costs are low and net realisable value is higher."

Rooiberg, with GUSA metallurgists, hopes to make a further technical advance to give a cleaner concentrate, which will bring the possibility of building a simple smelter nearer.

"If a smelter is built it will be some years ahead."

Mr Hope says the tin market is strong because world production is tending to fall off.

When the United States sells tin from stockpile he does not expect the price to fall, but the sale is likely to check the advance.

COMMENT: Rooiberg is down to a historic dividend yield of 6.8% in the tin market boom. Because of the shortage of metal, the mine's prospects are rosy and the fact that it has a good life ahead adds to its value.

The shares are hard to obtain in a tight market, but anybody who has them should hold on.
Concern over platinum in the US
Miljoene dollar met swaar minerale

UID-AFRIKA se jongste mynbouprojek om Richardsbaai as uitvoerhawe te gebruik, het sy eerste produkte begin uitvoer. Dit is die Richards Bay Minerals-roeip, wat pas produkverskepinge rutiel en zirkoon na die buiteland gestuur het.

Die smelter sal vroeg na die jaar vlooi en die eerste produkte begin uitvoer. Dit is die Richards Bay Minerals-roeip, wat pas produkverskepinge rutiel en zirkoon na die buiteland gestuur het.

Hierdie projek om die waarde van die mineral teen Rig-

Die eerste konsentraat is

Daar is ingekrag dat hierdie smeltrein van 50 km lang en 17 km lank is. Daar word geraam dat daar meer as 700 miljoen ton sand is wat oor 'n tydperk van minstens dertig jaar verwerk kan word.

Daar word verwag dat die smelter jaarliks 50 000 ton rutiel sal produeer, 115 000 zirkoon, 389 000 ton titanium sowel as 217 000 ton lagegrade mangaan-

'n Spesiale spoorlyn van 9 km word nou gebou om die spoor met die hoofspoornet te verbind. Twee tot drie treine sal elke dag nodig wees om die produkte na die hawe te vervoer.
Zinc producer price lowered

Financial Reporter

The producer price of zinc, to which Piniak's copper mine's sales of concentrates are linked, has been dropped from $700 a ton to $600 a ton.

The drop has followed pressure by United States producers to reduce the price because of the weakness of the market.

It was reported last week that European producers had been supplying almost all their customers at the much lower London Metal Exchange price—a free market level which usually applies to only about 5% of world trade.

The LME price last week was $507 a ton.

The drop in the producer price affects Piniak, which produces more zinc concentrates than copper. At one time when the copper price dropped to about $100 a ton, zinc was more valuable to the mine than copper.
Platinum price likely to firm

From NEIL BEHRMANN
LONDON -- The platinum price is likely to be firmly based following Rustenburg's production cutback, according to London platinum specialists.

Since its low two months ago, the free market price has increased $25 to $170.50 -- a sharper rise than gold.
The price increased in the past few weeks because of delivery delays from Russia, speculation that supplies would decline because of political problems in South Africa's and because of improved Japanese demand.

A platinum analyst says sales are reasonable, but the price received by the mines does not cover production and capital costs.

A producer price of $162 is not sufficient to give a reasonable return, he says.
The analyst estimates that world production of platinum is about 2,600,000 oz, compared with consumption of 2,400,000 oz.
The Russian delivery delays and speculative demand countered the surplus and pushed the price higher in recent weeks.

Bull factors

Several bull factors should help over the next few months.

On the supply side, several producers have cut production. Rustenburg could cut supplies by 100,000 oz to 200,000 oz.
Western Platinum could reduce its output by about 30,000 oz, and Atox's production of 25,000 oz is absorbed in Rustenburg's sales.

Inco of Canada's nickel production has been cut because of the poor price and this will decrease the by-product platinum output of the mine. Much will depend on future Russian sales, estimated at 600,000 oz a year.

In August, platinum was $144.50 because the Russians were selling at a discount in New York.

Russian deliveries have dried up, but in a few months' time "supplies will be returned." Dealers have noticed an improvement in Japanese demand, but this could be accounted for by the thinned Russian deliveries.
The Japanese Government has announced cheap finance for consumers to help them stockpile minerals and metals such as platinum. This would help to lower the Japanese trade surplus.
The London market believes that this would add 120,000 oz to Japanese purchases.

In the eight months to August, the Japanese bought 756,000 oz of platinum, compared with 862,000 oz in the same period last year.

Other bull points are the improvement in the gold price and speculative moves into platinum, low consumer inventories and the more stringent United States anti-pollution requirements which should be effective in 1980 and 1981.

Demand from the motor industry could increase in 1980 to meet the requirements for new models.
Uranium, average seen at $33 to $43 in 1985

By ADAM PAYNE

The average price for uranium in 1985 will range from $33 to $43 per lb in 1985 dollars, according to Mr John Patterson of the United States Department of Energy.

This price combines the Department's published contract prices average for that year of $39.45 with an assumed market price of $460 to $700 per pound, plus 6% annual inflation.

The figures are relevant because of the criticism by some shareholders of Gulf Field Properties that it was too conservative in estimating its Lusaka mine's uranium reserves at a price of $30 a lb in 1977 dollars.

At an uranium seminar in Grand Junction, Colorado, Mr Patterson used the recent Energy Research and Development Agency's survey of uranium marketing and said that because the percentage of deliveries under contract-price contracts would decline, "it may be instructive to investigate the possible impact of market-price contracts on future average prices."

By contract-price contracts, he referred to procurement where price and escalation are determined by contract terms. Market price contracts are those where the price is determined by the going market price at time of delivery.

Mr Patterson said that average prices had increased over the first half of 1977 for 1977-78 deliveries, but there had been "very little additional uranium purchased in the United States in the first half of 1977," reports NuclearFuel, of New York.

Possible reasons for the decline in activity so far this year could be that utilities satisfied their urgent needs with uranium procured during 1976, resistance to higher prices and absorption of supplies currently available in the market place. He said United States cumulative uranium demand would rise to equal the cumulative already-contracted-for supply in 1983. He said free movement of inventories and no additional procurement, the current contracted procurement would be adequate to meet United States demand until 1979.

He said another 46,000 tons would have to be procured to meet projected demand through 1985 and an additional 252,700 tons would have to be procured to meet demands through 1990.

Mr Patterson said domestic and foreign inventories would increase to about 30,000 tons and 70,000 tons respectively by the end of 1977 and then will decrease.

The budget must be a balanced budget to be equal to inject.
Another uranium step by Harmony

By DON ROBERTSON
Mining Editor

THE decision by Harmony to increase its borrowing powers to R40-million is another step to the establishment of the proposed uranium plant at the Merriespruit section.

A general meeting has been convened for December 1 to consider an increase in borrowing powers from R14-million to R40-million.

At present the ore treated in the reduction plant at Merriespruit is discharged to the slimes dam after the gold has been extracted and no uranium is recovered. The directors say this ore represents an economically viable source of uranium and that this "ore stream should be fully exploited as soon as possible."

The chairman of Harmony, Mr A C Petersen, said in his last annual report that initial estimates put the cost of the proposed plant at R30-million, but negotiations for consumer financing of the project were advanced. He said at the annual meeting he was confident that a large, long-term supply contract would be concluded.

The company's uranium plants at the Harmony and Virginia sections have been extended and are operating at capacity. Any new production facility should improve uranium profits, which added substantially to profits last year.

The proposed plant will have an additional benefit for the mine over the longer term.

The present mining plan, which will be followed for the next two to three years, takes into account only the gold value of ore reserves.
Af Lease shows U-promise

By ADAM PAYNE

One of the three boreholes sunk at Afrikander Lease, DRL 19, gave a value in the southern area of 0.42 kg/t over 156 cm equal to 0.85 cm kg/t. The third borehole, DRL 18, in the northern part, was drilled in an area delineated as probably low-grade and the result was low in value. The DRL 16 borehole intersected the upper domanion reef at 650 m below surface.

The value is the core of the mining area and is a comparable with reef mined by West Rand Cons, which relies on its uranium production more than on gold.

The Afrikander Lease mining area has been honeycombed with drilling to prove uranium values. A decision on opening a mine has hinged on a feasibility study and tests of high-pressure leaching to achieve a high recovery rate. This will be essential in a primary uranium producer which does not have a worthwhile income from gold.

I am told that these metallurgical tests have been successful. Assuming that they have been, the next step will be to sign up a contract. The directors say a decision on opening the mine will be made before the year-end.

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Company announcement

THE AFRIKANDER LEASE LIMITED
Incorporated in the Republic of South Africa

BOREHOLES DRL16, DRL18 AND DRL19
Drilling has been completed in respect of the above boreholes. DRL 18 was drilled to obtain supplementary information in an area delineated as probably low grade in the northern portion of the area of interest. DRL 16 and 19 were drilled to examine possible southern and deeper extensions of the orebody in the area of interest.

The following results are announced in respect of these boreholes:

<table>
<thead>
<tr>
<th>Borehole</th>
<th>Dominion Reef</th>
<th>Depth (metres)</th>
<th>Number of Intersections</th>
<th>Average Uranium Values</th>
<th>Average Gold Values</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>cm kg/t</td>
</tr>
<tr>
<td>DRL16</td>
<td>Upper</td>
<td>650</td>
<td>6</td>
<td>0.91</td>
<td>133.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>121.22</td>
</tr>
<tr>
<td></td>
<td>Core loss was slight in all intersections</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>39.9</td>
</tr>
<tr>
<td></td>
<td>Lower</td>
<td>658</td>
<td>4</td>
<td>0.03</td>
<td>39.9</td>
</tr>
<tr>
<td></td>
<td>There was complete recovery of core</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>127</td>
</tr>
<tr>
<td>DRL18</td>
<td>Upper</td>
<td>350</td>
<td>5</td>
<td>0.18</td>
<td>174.4</td>
</tr>
<tr>
<td></td>
<td>Core recovery was complete except in the original hole (1st intersection)</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>30.94</td>
</tr>
<tr>
<td></td>
<td>Lower</td>
<td>368</td>
<td>8</td>
<td>0.14</td>
<td>33.7</td>
</tr>
<tr>
<td></td>
<td>There was minor faulting and/or core loss in all the intersections</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>4.63</td>
</tr>
<tr>
<td>DRL19</td>
<td>Upper</td>
<td>644</td>
<td>8</td>
<td>0.42</td>
<td>156.4</td>
</tr>
<tr>
<td></td>
<td>Lower</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>65.85</td>
</tr>
<tr>
<td></td>
<td>Core recovery was incomplete except in the 5th and 6th intersections and there was minor reef loss in all the intersections because of faulting</td>
<td></td>
<td></td>
<td>Corrected width cm</td>
<td>156.4</td>
</tr>
</tbody>
</table>

The drilling of DRB6 and DRB7 south of the area of interest is continuing and should be completed in early 1978.

Johannesburg
November 9 1977
Circular to Members and Notice Convening
A General Meeting

Borrowing Powers of Directors - New Uranium Plant

In his review of the outlook for uranium in the company's annual report for the year ended 30th June, 1977, the chairman expressed confidence in the middle to long term prospects for this commodity and noted that the company should be prepared to commit itself to the erection of facilities which will permit full exploitation of the uranium content of the ore-bodies to be mined in future.

The company's mine is fundamentally a low grade gold operation and exploitation of the uranium content of this ore is expected to have a very significant influence on the total mine profits, especially during those periods when the gold price is depressed.

The company's two existing uranium plants at the Harmony and Virginia sections have been fully extended, and are now being operated at maximum production capacity.

At present the ore treated in the reduction plant at the Menespruit section is discharged on to simes dams after the gold production process has been completed, and no uranium extraction takes place. This ore represents an economically viable source of uranium. Your directors consider that this ore stream should be fully exploited as soon as possible.

A favourable loan facility to finance the erection of a suitable new uranium plant adjacent to the Menespruit gold plant is being negotiated. It is intended to finance the cost of the new plant out of borrowings, for which purpose the amount which your directors are authorised to borrow for the purposes of the company will have to be increased from $7,000,000 (R40,000,000) to R40,000,000. Article 37 of the company's Articles of Association authorises the company to increase, by an ordinary resolution, the amount which the directors are authorised to borrow, raise or secure for the purposes of the company.

NOTICE IS ACCORDINGLY HEREBY GIVEN that a general meeting of Harmony Gold Mining Company Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg on Thursday, 1st December, 1977 at 11h00 for the purpose of considering and if thought fit of passing, with or without modification, the following resolution as an ordinary resolution in terms of Article No 37 of the company's Articles of Association, namely:

“that the directors be and they are hereby authorised to borrow, raise or secure a total amount of up to R40,000,000 for the purposes of the company, which said amount of R40,000,000 shall include the specific amount of R7,000,000 (R14,000,000) set out in Article 37 of the company's Articles of Association.”

In terms of Section 238(1) of the Companies Act, 1973, as amended, it is disclosed that the directors have no interest, direct or indirect, in the aforementioned arrangements.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. The person so appointed need not be a member of the company. Proxy forms should be forwarded to reach the company's transfer secretaries in Johannesburg or the office of its United Kingdom registrars and transfer agents at least forty-eight hours before the time appointed for the holding of the meeting.

For the purpose of determining those members entitled to attend and vote at the meeting, the company's transfer books and register of members will be closed from 25th November to 1st December, 1977, both days inclusive.

By order of the Board

RAND MINES, LIMITED
Secretaries

per A.H. KNIESENB

Registered Office
63 Fox Street, Johannesburg 2001

Transfer Secretaries
Rand Registrars Limited
Second Floor, Devonshire House
49 Jansen Street, Braamfontein
Johannesburg 2001

United Kingdom Registrars and Transfer Agents
Charter Consolidated Limited
P.O. Box 102
Charter House
Park Street, Ashford
Kent TQ24 6EG

Johannesburg
9th November, 1977
Hope for copper price rise

NEW YORK — Copper prices could strengthen in the first quarter of 1981 in spite of large above-ground inventories, say some United States consumers. This would result from rebuilding of stocks following a rundown at the year-end for accounting purposes and from a revival in business activity which tends to occur after the slow holiday period in late December. Some consumers expect their consumption to remain flat next year, with the first half stronger than the second.

But one large consumer said he had been forced to scale down his estimate of United States copper consumption next year to a maximum 2% from an earlier forecast of a 5% increase.

He attributed the revision to uncertainty in the energy and tax fields which should continue to inhibit capital spending, and a tapering off in housing starts in mid-1980. — Reuters
Uranium ‘cartel’ battle goes on

By JIM SRODES

RICHMOND — The uranium cartel which South Africa and four other major producers are supposed to have formed in 1972 and disbanded in 1975, is reportedly still alive and operating. At least, this is the charge included in documents submitted in court in Richmond, Virginia, this week.

The papers establish that the cartel was operating as late as last year and the evidence is seen as bullish for Westinghouse Electric Company, which claims it is a victim of the cartel’s price boosting machinations.

The Westinghouse suit is just one of a series of billion-dollar litigations going on all over the United States as major nuclear fuel suppliers seek to prove the cartel’s price activities outside American borders affected prices in the US.

If successful, the suppliers can break billions of dollars worth of contracts. And if the charges stick, corporations that have been agents for cartel members inside the United States could become liable for both criminal price-fixing charges and for civil damage suits worth hundreds of millions of dollars in penalties alone.

In the Richmond suit, Westinghouse is being sued by 22 electric power companies for breach of contracts to provide the companies enriched reactor fuel. The reactor fuel was provided as an inducement to buy Westinghouse’s line of nuclear reactor power plants.

But the contracts were based on a price of $8 to $12 a pound for the 80-million pounds. With prices at $40 a pound, Westinghouse broke the contracts rather than face $3.5-billion in certain losses.

Under American law, Westinghouse can be excused from providing the fuel if it can prove that “unforeseen events beyond its control made fulfillment commercially impracticable.”
PIETERSBURG — Economic sanctions could never work because of South Africa's enormous reserves of essential minerals, said Professor Gerhard von Gruenewaldt, of the Department of Geology of the University of Pretoria.

He told a conference of the Northern Transvaal Regional Development Association that South Africa had large reserves of the 20 most important minerals, and the largest export of seven of these minerals.

Without South Africa, Russia would become the biggest producer of most of these important minerals, and thus would limit the West's economic development.

Professor Von Gruenewaldt said South Africa's mineral exports could be compared with the oil reserves of Arab countries.
Lead and tin fell under the commodity brokers' spotlight this week as they moved higher with speculative interest. In fact, these metals even succeeded in pulling the sluggish copper price up with it.

Lead moved to a new high of £322 (three months), £30 better than last but the speculative flurry faded towards the end of the week when the metal was sold off.

Tin had a similar experience when it moved to £5,950 (three months) — also higher than it has been for some time, but it too hit selling pressure late in the week, when reports of higher stocks hit the market.

Copper riding on the back of these two metals rose to £690/690 at the start of the week, and there was some physical off-take, but it too weakened and closed at around £675.

Sugar has attracted both buyer and speculative interest in the past fortnight with the result that the price is now £165 (March). China is rumoured to have bought 100,000 tons in the past couple of weeks which helped the price.

The fact that the New York spot price has been abolished upset traders, as they now have to use the London Daily Price as their yardstick when dealing with South America. Discussions are ongoing, but are unlikely to affect the sugar price in the near future.
Chronic asbestos shortage looms
— concern in US

John Cavill
London — The danger of the asbestos shortage — in particular spinning grade fibres such as Rhodesia’s chrysotile — becoming a chronic condition, is one of the main conclusions of a projection by the United States Bureau of Mines.

A report on the projection, “Asbestos 1977” in the latest issue of the Mining Journal says that, despite emphasis on the health hazards of asbestos, a “world shortage of this unique mineral persists and could conceivably become chronic.”

The survey projects “probable” asbestos demand in 1985 of just over 6 million tons — 47 percent up on consumption in 1975. The Bureau of Mines puts world resources at 250m tons in total.

Production is being expanded in Russia (2m tons in 1975), but nationalisation of some of Canada’s major mines in Quebec by the separatist movement could cause problems.

It singles out spinning grade fibres “The shortage of... (these) accentuates the importance of the Rhodesian chrysotile deposits.”

“United States domestic and Canadian production of these long fibres was not sufficient to satisfy US demand during most of the past decade.

“However, imports of the low-iron spinning grade fibres needed in the electrical industry are no longer entering the US market due to the repeal of the Byrd Amendment in 1977,” says the report. (The Byrd Amendment ended US imports of Rhodesian minerals.)

The report says South Africa — the only producer of amosite and the main source of crocidolite in the world — will probably be able to meet “relatively small requirements” for amosite, while crocidolite supplies could be augmented by Australia and Bolivia “so long as it remains competitive with chrysotile.”

SUBSTITUTES
Substitutes for asbestos are still suffering problems of high cost (glass fibre types, for example, are four times as expensive, less durable and have inferior drainage characteristics).

While demand growth ranging from 4.5 percent to as low as 3.4 percent outside the US — will be limited by supply capacity, the report says the newly developed low-cost US deposits should spur research into new uses and substitution for more expensive long-fibre asbestos.

PENGE MINE
The leading producer of amosite in South Africa is the Penge mine of Cape Asbestos in NE Transvaal. Crocidolite, (blue asbestos) is recovered by Gecfe and smaller undertakings in the Griqualand area of the northern Cape.

“Work currently under way is aimed at developing large-scale asbestos uses, even in the face of shortages,” it says.

The study gives as an example new roadbuilding techniques involving asbestos-enriched asphalt...
Tough haul ahead for Rusplat

Mac Tham

There is little cheer for Rustenburg Platinum shareholders in Sir Albert Robinson's annual review for it indicates that a long and tough haul lies ahead before dividend levels of the past can be restored.

The passing of the final dividend arose from the combination of low metal prices and sharply rising capital and working costs.

For most of the past year, the market prices of platinum were running below the company's published price, aggravating the excess of supplies over demand. Output was cut from November and the price raised from 162 to 175 dollars.

NICKEL

The situation has not been eased by the continuing weakness of nickel: It is second to platinum as a revenue source and the drop in price from 2,20 dollars a pound to 1,80 dollars cut earnings.

On the cost side, Sir Albert points out, since 1974 cost an ounce produced has risen 97 percent and that of capital items has doubled.

The working cost aspect is being tackled through a drive towards raising productivity of the group. One specific item is the refining plant which is being taken to modify part of it to cut costs in the medium term but a look is being taken at the desirability of introducing an entirely new process.

STEEP CLIMB

Contributing to the cost problem is mining at greater depths in the Rustenburg and Union sections. The newer Amandebut area is being exploited at shallower levels and Sir Albert suggests that the focus of operations could move to it in due course.

The steep climb in unit costs was not anticipated in 1972 when sales contracts for automobile exhausts were won. These did provide for a measure of cost escalation but this has proved to be totally inadequate. In fact sales of metal are now being made at a loss and negotiations are underway to redress the situation.

Advertising and promotion campaigns for platinum jewellery continue which are expected to stimulate demand in due course.

Unless the platinum price increases substantially, says Sir Albert, it will not be possible to raise capacity above 10m ounces a year. Thus, to justify any expenditure on increased capacity Rustenburg needs a markedly higher price. As part of the production cutback capital spending this year is being reduced from R22.5m to R15m.

SHORT TERM

As to short-term prospects any increase on last year's profits depends on a much higher platinum price and better ones for other metals recovered, notably nickel.

NEW YORK — Platinum futures advanced 4.20 to 4.40 dollars today and 1,076 sales.

Trade sources said the market was supported by Rustenburg Platinum Holdings chairman's remarks on effects of production cutbacks, which he said should strengthen prices and increase the company's liquidity.

Sir Albert Robinson's cost of an ounce of platinum produced has risen 97 percent since 1974.
Zambia, Peru, Zaire go it alone on copper cut

JAKARTA. — Zambia, Peru and Zaire have agreed in principle to cut their copper production following the failure of the Intergovernmental Council of Copper Exporting Countries to agree on measures to balance supply and demand next year.

But the joint statement gave no indication when the three countries would cut production, or by how much.

The Zambian Minister of Mines, Mr. Kingsley Chinkulu, presenting the statement at a press briefing, declined to go into detail.

The statement said "other producers represented at the meeting, with the exception of Chile, also accepted the principle of cutbacks."

Mr. Chinkulu said: "We are not going to be held up because Chile says no. We will go right ahead." Asked whether production cuts without the co-operation of Chile, the world's largest exporter, would be effective, Mr. Chinkulu said he believed Chilean production might be running at less than its reported 1-million tons a year.

"Chile's role may not be so dominant," he said.

An official Cipec communiqué said general agreement was reached that producing countries must take steps to balance supply and demand next year, but no decision was reached on how to do so.

"If we can't agree on any action when the price of copper is at its lowest level in real terms for 20 years, it is not clear when we ever will be able to agree on action.

The official communiqué said the Cipec conference reaffirmed support for the integrated commodity programme being negotiated through the United Nations Conference on Trade and Development.

Cipec's chairman Mr. Mohammad Sadaq, of Indonesia, would get in touch with major countries involved in the UNECD talks with a view to arriving at a basis for a possible agreement at the third UNECD preparatory meeting in Geneva on copper.

Cipec sources noted that the organisation's last attempt to enforce export cuts in 1973 was undermined by at least one major producer exceeding its agreed quota.

The official communiqué also confirmed reports that in future Cipec's secretary-general would be chosen from among the full member countries in alphabetical order, starting with Chile.

The next Cipec ministeral meeting will be in Zaire next year.

The meeting agreed to put forward at the Geneva talks a combined pricing system for copper devised by the Cipec secretariat.

The combined system would establish a link between producer contract prices and copper prices on the London Metal Exchange so that fluctuations in LME prices would trigger parallel but smaller adjustments in contract prices.

Reuter
### S.A. Manganese Amcor Limited

The Directors announce that the consolidated unaudited profit after taxation for the six months period ended 30th June 1977 for S.A. Manganese Amcor Limited and its subsidiaries is as set out below.

<table>
<thead>
<tr>
<th></th>
<th>6 months ended 30th June</th>
<th>6 months ended 30th June</th>
<th>12 months ended 31st Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1977</td>
<td>1976</td>
<td>1978</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>R100,000</td>
<td>R95,000</td>
<td>R130,000</td>
</tr>
<tr>
<td>Less Taxation</td>
<td>17,659</td>
<td>21,716</td>
<td>40,018</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>22,474</td>
<td>27,024</td>
<td>54,056</td>
</tr>
<tr>
<td>Less Minority shareholders' interests</td>
<td>397</td>
<td>288</td>
<td>743</td>
</tr>
<tr>
<td>Profit attributable to S.A. Manganese Amcor Limited</td>
<td>22,077</td>
<td>26,736</td>
<td>63,313</td>
</tr>
<tr>
<td>Less Provision for preference dividend</td>
<td>350</td>
<td>350</td>
<td>700</td>
</tr>
<tr>
<td>Interim dividend declared</td>
<td>21,727</td>
<td>26,386</td>
<td>52,613</td>
</tr>
<tr>
<td>Final dividend declared</td>
<td>5,534</td>
<td>5,534</td>
<td>12,460</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>R16,189</td>
<td>R20,852</td>
<td>R34,619</td>
</tr>
</tbody>
</table>

The Group results for the six months ended 30th June 1977 compared with the same period in 1976 reflect a lower level of profits, as was forecast by the Chairman in his annual statement issued in March. It is expected that this trend will continue for the remainder of the financial year because it seems likely that there will be no significant improvement in market conditions both in regard to local and export sales. However, it is believed that last year's dividend level will be maintained.

NOTICE IS HEREBY GIVEN that the Interim Dividend No. 72 of 20 cents per share in respect of the period ended 30th June 1977 has been declared payable in the currency of the Republic of South Africa to shareholders registered in the books of the company at the close of business on 12th August 1977.

Warrants in payment of the Dividend will be posted on or about 31st August 1977.

The Transfer Books and Register of Members will be closed from 13th August to 17th August 1977 (both days inclusive).

In terms of the Republic of South Africa Income Tax Act 1962 as amended a non-resident shareholders tax has been imposed on dividends payable to:

(a) Persons other than companies not ordinarily resident nor carrying on business in South Africa

(b) Companies not registered nor carrying on business in South Africa.

The company will accordingly deduct the tax at the rate of 15% from dividends payable to shareholders whose addresses is outside South Africa.

By Order of the Board

SAMANCOR MANAGEMENT SERVICES (PTY) LIMITED

Per B N BEYERS

Secretaries

Amcor House
88 Marshall Street
Johannesburg 2001

P O Box 8188, Johannesburg 2000

28th July 1977
Ferrochrome duty awaits ruling by Carter

It is by no means a foregone conclusion that the duties on ferrochrome imported into the US will be raised sharply in the immediate future.

Although the US International Trade Commission has recommended an increase on import duties on ferrochrome from 1.9 to 31.9 percent, the final decision has to be taken at presidential level.

The time span for this is 60 days during which time all interested parties, including stainless steel manufacturers, can present evidence to the executive branch.

The application came from domestic ferrochrome producers which, with one possible exception, find it increasingly difficult to compete with foreign suppliers.

US stainless steel is in a poor competitive position compared with producers elsewhere and the imposition of the new duties on ferrochrome would place it in an even worse position.

For several years it has received protection through restrictions on imports of stainless steel and is reported to be asking the ITC for a further extension of this.

Chrome is at present the most expensive material used in stainless steel production and the ferrochrome producers will have to convince the President that they can become competitive with external suppliers, using ore from Russia, Turkey and South Africa.

This involves high transport costs and two older producers are cited considerable distances from ports and they also have to contend with obsolete plants.

To make matters worse, ferrochrome is manufactured in electric furnaces and US power costs are higher than those ruling here despite recent increases.

It is doubtful whether these two US undertakings will be able to present an acceptable case for their becoming economically viable even with a high degree of protection.

With slack demand for stainless steels, producers of ferrochrome in most industrial countries are feeling the strain with costs running above those of the main exporting countries — South Africa, Turkey and Yugoslavia — and have imposed a measure of protection.

In the case of the EEC and Japan, the duty is eight percent. It is viewed as a possibility that the US will fall in line with this.

The recession has brought home the fact that there is an excess of ferrochrome capacity of which a large proportion is out of date and uneconomic, mainly in the US, Europe and Japan.

There is therefore, increasingly, rationalization taking place, favoring low cost procedures with modern plant.

South Africa is well placed in this regard.

Should the President agree to the steep increase in duties on ferrochrome, the local industry could be adversely affected in the short-term but in the longer-term this will be overcome once the stainless steel industry picks up once more.
The Company's consolidated after-tax profit for the financial year 1977 amounted to R4.6m. As explained in the Directors' Report, the Board of RPM has instituted two changes in the company's accounting procedures in order to reflect trading results based on the current cost of production and to make a provision for the cost of maintaining production capacity. As a consequence, the profit declared for 1977 is not comparable with the profit achieved in 1976.

In the inflationary climate in which the world is experiencing at present, the current cost of production is inevitably much higher per unit produced than the average cost of all stocks and production. Previously, the cost of sales was accounted for on the basis of an average cost of opening stocks and production, but because such accounting procedures influenced, as they did, the lower production costs in previous years, excessive current profitability and an increasing stock of work-in-progress on the Board decided to adopt stock by the accounting method known as LIFO.

Shareholders are aware that under normal circumstances, industrial companies provide for the replacement of assets by means of a charge to the income statement. This change provides the cash flow necessary to replace or maintain production assets. Traditionally, this is not done in the South African mining industry, the cash required to maintain production capacity (on-going capital expenditure) is appropriated from profits after tax. Because of its immense reserves and immeasurable greater life, when compared with the gold mines, Rustenburg may be considered to be more akin to an industrial company. It can therefore, with some justification, treat its accounts in respect of the replacement and renewal of assets in a way similar to that adopted by an industrial company. Consequently, the company's previous practice of capitalising expenditure on the maintenance of production capacity, has been changed and a provision is now made for the renewal and replacement of such capital items as a charge against profits.

On the previous basis of accounting the declared profit before tax for 1977 would have been R3.8m compared with R4.4m for 1976. However, the level of declared pre-tax profits of R3.5m on the new accounting basis now reflects more realistically the profitability of operations during the year, and hence a better measure of what profit is available for appropriation for dividends and capital requirements. The decision to pass the final dividend was not influenced by the new accounting system. The additional costs which have been introduced into determining profits under the new basis of accounting would have been met by appropriation out of the higher level of profits declared on the previous accounting basis and therefore the profits available for distribution would, in any event, have been inadequate to pass a final dividend.

The passing of a final dividend was the result of the weak market conditions that prevailed and the effect of inflation on capital and working costs. The company's financial position over the last few years has been adversely affected in two ways. Firstly, the company's published price of platinum,
which was R1/90 per ounce in 1974, was forced down to R1/55 and was adjusted subsequently to R1/62 for most of the next three years. Secondly, the company has suffered high and escalating costs of replacement of shafts and development necessary to maintain the mine's continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

As the price of platinum and its by-products has declined, so have the company's profit margins. This has resulted in a substantial reduction in the company's ability to maintain its operations. The company has had to reduce capital expenditure and has sought and promoted new markets for platinum. The metal has been marketed both vigorously and effectively, but the company's efforts have been hampered by the low price of platinum.

The company has also been affected by the high costs of replacement of shafts and development necessary to maintain the mine's continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

In view of the continuing excess of supply over demand, the company has been forced to reduce its production capacity. This has resulted in a substantial reduction in the company's ability to maintain its operations.

The company has also been affected by the high costs of replacement of shafts and development necessary to maintain the mine's continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

Apart from the weakness in demand for platinum, the substantial oversupply situation that is currently prevailing in the metal market is having a serious impact on the company's sales of metal. The company's sales of metal are affected by the volume of income earned by the company and the company's financial position. The Free Market price for metal was R2/20 per lb. CI if in September 1976 has declined and is now about R1/80 per lb CI.

Another major drawback to the platinum industry in South Africa occurred during the year. The industry has been unable to make use of the exporters' allowance as a deduction from taxable income for 15 years. This concession has enabled the industry to claim part of its marketing expenses as an allowance for tax in addition to the expenses being allowed as a cost. However, as a result of the 1977 Income Tax Act, the industry has been deprived of this allowance in respect of platinum and the other platinum group metals. The withdrawal of the allowance has come as a cruel blow to the industry and will have a considerable impact on profitability. The company has incurred considerable expenditure in seeking and promoting new markets for platinum. The metal has been marketed both vigorously and effectively, but the company's efforts have been hampered by the low price of platinum.

The company has also been affected by the high costs of replacement of shafts and development necessary to maintain the mine's continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

As the price of platinum and its by-products has declined, so have the company's profit margins. This has resulted in a substantial reduction in the company's ability to maintain its operations. The company has had to reduce capital expenditure and has sought and promoted new markets for platinum. The metal has been marketed both vigorously and effectively, but the company's efforts have been hampered by the low price of platinum.

In view of the continuing excess of supply over demand, the company has been forced to reduce its production capacity. This has resulted in a substantial reduction in the company's ability to maintain its operations.

The company has also been affected by the high costs of replacement of shafts and development necessary to maintain the mine's continuing ability to produce. Since 1974 the cost per ounce of platinum produced has increased by some 97% and the cost of capital items has doubled.

Automobile Industry

Despite an increase in US automobile production in the 1977 Financial year, the company's sales of platinum and palladium for use by the automobile industry were lower than the volume achieved in 1976. Nevertheless, quantities of both metals were accumulated in 1976 and these were subsequently drawn upon in 1977 thereby offsetting the quantum purchased in that year. Present indicators suggest that the company's sales in the current financial year will be higher than for 1977. A substantial part of Rustenburg's sales of platinum for use by the automobile industry is affected at a price that was established in 1972. While an escalation in price is provided for, this has proved to be totally inadequate in the light of the rapid escalation in working costs that has occurred subsequently. In fact, these sales of platinum are now the most significant, with the industry in the automobile sector being the largest consumer of platinum. While an increase in price is provided for, this has proved to be totally inadequate in the light of the rapid escalation in working costs that has occurred subsequently. In fact, these sales of platinum are now the most significant, with the industry in the automobile sector being the largest consumer of platinum.
year 1970, the amendment does require a tightening of standards in model year 1980 and a further tightening in model year 1981.

We expect that the emission levels for 1980 and 1981 will require increasing quantities of the three-way conversion catalyst, which reduces the emissions of the three main pollutants—namely, carbon monoxide, hydrocarbons, and oxides of nitrogen. It is expected to result in increasing requirements for platinum. However, there is a strong possibility that the recovery of platinum from catalysts on scrapped automobiles could start in the early 1980's. Depending on the economics of the recovery process, this quantity of recycled metal may not be significant until 1985 and may be offset by declining demand for newly mined platinum.

**Jewellery Promotion**

The company's jewellery advertising and promotion campaigns continued during the past financial year. Although we do not expect to reap the benefit from these campaigns in the short term, we believe that the long-term interest of the platinum industry and our customers with these activities. Much more time, effort and money will have to be expended but we are confident that the company's efforts will stimulate a meaningful level of demand in due course.

The current annual expenditure on this programme is approximately R8 million. The results that have emerged to date have been encouraging in that a growing awareness of platinum jewellery has been stimulated. In all the markets where we are active, there is increasing cooperation and interest from the trade and interest on the part of the consumer. Research into the technical aspects of working in platinum is being extended and training for manufacturers is being sponsored. Designers are receiving special attention. Joint promotions in which manufacturers and retailers contribute to costs are becoming more common and platinum is now featuring in prestigious national and international jewellery exhibitions.

There are indications of a modest increase in the usage of the metal for jewellery in new markets. It is essential that these initial successes be followed up and that the momentum now established be developed further.

**Outlook**

It is unlikely that there will be any significant increase in platinum demand during the rest of this current financial year. Although this is a recovery in the platinum price in the last few months, any favourable effect on the level of this year's profit of that of last year must depend on a much higher platinum price and lower prices for the company's other metals, particularly gold.

On the 6th December the Bophuthatswana Homeland becomes an independent state. Approximately 25% of Rustenburg's production currently comes from within the borders of this state. The company has had discussions with the Bophuthatswana authorities in relation to the change in political status of the territory. I am pleased to say that the discussions took place in an atmosphere of goodwill and that the Bophuthatswana government, which has consistently declared itself in favour of the principle of free enterprise, is committing itself to ensuring that the transition to the new status will not seriously affect the company's operations. Rustenburg will have a unique position in that it will be operating in both South Africa and Bophuthatswana but we are confident that it will be the objective of both Governments to assist the company in remaining a viable entity. It is certainly in their interests that this should be the case.

**Conclusion**

In summary, the company's liquidity has deteriorated due to the lower volume of sales and the metal prices. Rustenburg's decision to restructure production will strengthen its financial position and will assist in bringing world supply and demand into balance. This could help in providing a basis for a stronger price in the future.

While the rate of production has been reduced, development will continue so that the company will be well placed to re-establish its previous rate of production when demand improves.

In the meantime, the two areas of high cost have been identified - in the treatment and refining of base metals and also mining at deep levels. The company is confident that given time it can make changes which will alleviate these high costs.

The changes in the basis of accounting will assist shareholders to have a better appreciation of the company's actual trading position and this will increase the emphasis on efforts to strengthen its financial position.

I have every confidence in the platinum industry in the long-term. We have a sound and advancing trading position, and I am confident that we can improve on our profits and costs. The whole of the world looks towards South Africa for its growth and the company will once again attract the attention of the investing public.

**General**

I am grateful to Johnson Matthey & Co. Limited, who continue to carry on their work and are still marketing platinum in a most efficient manner. I also wish to record our appreciation to our customers for their valuable support during a difficult period.

To the Mine Managers, Consulting Engineers, Secretaries as well as all the staff and employees at the Mines and at Head Office, I am grateful for the services they have rendered during the past year.

Johannesburg
5th December, 1977
Cape Asbestos to cut production

By ADAM PAYNE
CAPE Asbestos, a subsidiary of Charter Consolidated, is to cut production of asbestos at two of its mines, resulting in about 200 white and 4,000 black workers being made redundant.

Gefco, the other crocidolite producer, is continuing without extensive cutbacks and reports good orders for 1973.

Cape Asbestos mines amosite asbestos at Penge in the North-Eastern Transvaal, and crocidolite in the North-West. Cape Asbestos has fared badly this year and the market for crocidolite has softened recently.

Cape Asbestos says that consumers of its products, bearing in mind the shortage of asbestos in 1975 and 1976, have continued to buy above their rates for consumption and stocks have risen. The company expects a slow self-take out to next year until stock equilibrium has been restored. It says “in common with other producers the company has therefore decided to reduce production in order to maintain liquidity and to avoid further stock build-up.”

At its Penge amosite mine it will reduce milling from two shifts to one, lowering the complement by 150 whites and 2,000 blacks.

At Roegas, in the Prieska district of the North-West Cape, milling will be reduced from two shifts to one, reducing the complement by 50 whites and 1,600 blacks and coloureds.

At Pomfret, in the Vredenburg district, some reduction in the planned rate of production occurred earlier this year, and no further cut is intended.

A recovery plant will be commissioned at Pomfret in March.

The asbestos market began in 1975 and 1976 because of strikes and mine disasters in Canada, which produces chrysotile fibre.

The strong demand continued into the early part of the year but according to Cape Asbestos it has weakened.

“It is now clear that the main markets throughout the world in which asbestos products are used have not strengthened as was anticipated. Consumers of fibre, hoping for an upturn in demand, have continued to buy above their rates of consumption.”

The Roegas mine was opened in 1922 and was expected to close by the end of next year. Cape Asbestos says it regrets the disturbance caused to the employees and will try to help those affected.

Where redundancy is unavoidable terms will be as generous as possible. In most cases employment of blacks will continue until their contracts expire.

The company says “We firmly believe that the present weakness in the market is temporary and that our current investment programme places us in an excellent position to respond as soon as demand improves.”

I am told that production of amosite at Penge will drop from 60,000 tons to 50,000 tons, at Roegas from 30,000 tons to 20,000 tons of crocidolite, and at Pomfret from 50,000 tons to 30,000 tons of crocidolite.

Gefco is better placed in the crocidolite market than Cape Asbestos because its new plant in the Kuruman area came into production earlier this year.

Apart from catching the 1977 market, Gefco has sold forward its production. A spokesman for General Mining, which manages Gefco and Mooli told me “The slower demand is cyclical. We have seen it before and will see it again. As far as we are concerned, the situation is not alarming.”

“We have spent a great deal of time at Gefco improving efficiency and raising production, and we are now more flexible and capable of raising production easily.”

“We expect demand for crocidolite to improve towards the middle of next year or earlier. In the meantime we have cut back a little; because there is no reason to produce at boom rates when the boom has subsided.”

Chrysotile, he said was more vulnerable to Russian and Canadian competition. Chrysotile is produced by Mooli Asbes.
Uranium earnings may hit R650m

SOUTH AFRICA, by 1981, could be earning in excess of R650-million annually in foreign exchange earnings from the sale of uranium.

This is the latest estimate from a top firm of Johannesburg stockbrokers Ivor Jones, Roy & Co, which has made its calculations on the basis of a price of $40 a pound prevailing by then. Looking further ahead, the brokers foresee that by 1984, SA’s uranium enrichment plant at Pelindaba alone should provide a considerable boost to exports by selling enriched uranium which will command a very considerable price premium for the processing charge.

However, the brokers consider there will be a major increase in the value of sales next year probably to around a level of R250-million.

This sharp rise will be caused by mines such as Randfontein starting up uranium production and also because future sales will be at considerably higher prices than those previously attained.

The rapid price rise of the 1974 to 1976 period appear to have tailed off now and possibly a period of price stability may be about to return. Politics, however, have now entered the picture and there is little doubt that there is a squeeze on short-term supply—this is largely caused by the Canadian government’s insistence that it will only export uranium to countries which are prepared to adhere to its stringent controls on usage.

“As far as we are aware, only Sweden of all countries in Western Europe has so far satisfied the Canadian government in its demands,” says Ivor Jones.

Delays in deliveries of uranium from Rossing in South West Africa as well as the Canadian embargo have already seriously depleted the UK’s strategic two-year stockpile of uranium. We, therefore, anticipate that unless the Canadian government moderates its demands or other form of compromise can be reached soon with its customers, then the ‘spot’ price of ura-

To Back Page
Uranium could earn SA R650m a year
Another platinum mine cuts production

Mac Thain

Earlier high hopes that exports of industrial minerals would make a growing contribution to the trade surplus in 1978 now seem unlikely to be fulfilled, with yet another mine reducing its scale of operations because of weakening markets.

The latest is Lonrho’s Western Platinum mine in the Rustenburg area which is to cut its milling rate from 112 000 tons a month to between 85 000 and 90 000 tons.

The neighbouring Rustenburg Platinum Mines last month announced that it was reducing its output by 20 percent to help bring more stable conditions in the over-supplied world market and ease the heavy financial burden of high operating costs.

Apart from the subdued state of world demand for platinum group metals, all producers have been hit by the serious deterioration in that for nickel which makes an important contribution to earnings.

This is particularly the case with Western Platinum where the nickel content of the ore is said to be higher than at other mines in the area.

It was this that brought in Falconbridge as a partner in opening up the mine at the time when a nickel shortage existed.

In recent weeks the platinum price has improved on the free market and Rustenburg has raised its “official” price, but the general view is that it will have to go considerably higher, coupled with an expansion in demand, before production is restored to previous levels.

The sorry state of the international construction market was reflected in Koppie, where the Lydenburg area and Koega in Griqualand West. This type of fibre is almost entirely used in building materials.
Another uranium dispute is settled

By Jim Srodes

Richmond — Bit by bit, Westinghouse Electric Corp. is settling out of court the lawsuits brought against it by 27 utilities over a uranium contract dispute.

Westinghouse has announced its latest agreement with Texas Utilities Services Inc., known as TUSI, which is acting as agent for Dallas Power and Light Co., Texas Electric Service Co. and Texas Power and Light Co. The Texas power concerns are three of 27 utilities that sued Westinghouse following the cancellation in September 1975, by Westinghouse of long-term uranium fuel supply contracts.

The agreement will not be put in force until it is formally approved by the boards of Westinghouse and the utilities, and by presiding Judge Robert Merhige. A spokesman for Westinghouse told Business Times that this procedure would "take some time." The details of the settlement, by order of the court, have not been made public.
MINING

OTHER - GENERAL

1978
# PALABORA-MYNMAATSKAPPY BEPERK

## Verslag vir die jaar geëindig 31 Desember 1977

Aan die aandeelhouders,

Die direkteure le die volgende verslag vir die jaar geëindig 31 Desember 1977 voor:

<table>
<thead>
<tr>
<th>PRODUKSIE EN VERKOPE (Metrieke ton)</th>
<th>Kwartaal geëindig</th>
<th>Jaar geëindig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 Desember 1977</td>
<td>31 Desember 1976</td>
</tr>
<tr>
<td>Koper</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Produknie (Aantekening 1)</td>
<td>29 969</td>
<td>21 763</td>
</tr>
<tr>
<td>Verkope</td>
<td>29 277</td>
<td>30 057</td>
</tr>
<tr>
<td>Erts gemaal</td>
<td>6 766 657</td>
<td>4 873 202 24 863 927</td>
</tr>
<tr>
<td>Gemiddelde kopergraad (Aantekening 2)</td>
<td>0,54%</td>
<td>0,50%</td>
</tr>
<tr>
<td>Verkope van ander produkte</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magnettiet (Aantekening 3)</td>
<td>158 744</td>
<td>112 651</td>
</tr>
<tr>
<td>Swawekuur</td>
<td>32 008</td>
<td>24 363</td>
</tr>
<tr>
<td>Vermikutlet (Aantekening 4)</td>
<td>37 797</td>
<td>47 624</td>
</tr>
</tbody>
</table>

## AANTEKENINGS:

1. Koperproduknie vir die twaalf maande geëindig 31 Desember 1977 sluit 2 411 metrieke ton in (1976: 2 305 metrieke ton) wat by buitebronne gekoop is. Die toename in koperproduknie gedurende 1977 is te wyte aan die inbedryf- stelling van die uitgebreide myn- en aanleggenewee gedurende die jaar. Produknie was laer as die beoogde as gevolg van gebreke wat in die twee nuwe ouogene meulens voorgekom het.

2. Die daling in graad vir 1977 is te wyte aan die mynplan vir 1977 waarvolgens dit nodig was om 'n laer graad erts te ontgin. Daarbenewens is die uitvalgraad vroeg in die jaar as deel van die uitbreidingsplan verlaag van 0,25% Cu tot 0,20%, Cu.

3. Die afname in verkope van magnettiet vir die jaar is te wyte aan die tydelike sluiting van die massahanteringsfasilititeit by Maputo, Mosambiek vir groot herstelwerk, sowel as die tekort aan skepe om hierdie materiaal na die koper in Japan te vervoer. Gedurende die laaste kwartaal is drie vrage verskeep en verkope het dienooreenkomstig verbeter.

4. Die vermindering in verkope van vermikutlet is toekrygbaar aan die wêreld- wyte resessie in die boubedryf

## DIVIDEND NR. 42

Op 23 November 1977 het die direkteure ’n derde tussentydse dividend vir 1977 (Dividend nr. 42) van 7,5 sent per aandeel verklaar wat op 29 Desember 1977 betaalbaar was aan aandeelhouders wat op 9 Desember 1977 in die boeke van die maatskappy geregistreer was.

Op las van die Direksie

RIO TINTO-BISTUURSDIENSTE
SUID-AFRIKA (EDMS) BEPERK

Sekretaris

Posbus 61140, Marshalltown
2107 Transvaal

12 Januarie 1978

per: G. H. Edwards
Consumption concern

ZINC

According to the report, 13.92% of the production is used for consumption. This amount has been steadily increasing over the years, reaching 17.95% in the most recent period. The consumption rate has been particularly high in the past few years, with a peak of 17.98% in the last quarter. The report also notes that the consumption rate is expected to increase in the future, which could cause concern for producers and consumers. The graph shows the consumption rate over the past 10 years, with a clear upward trend.

### Consumption Rate Over Time

<table>
<thead>
<tr>
<th>Year</th>
<th>Consumption Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>13.67%</td>
</tr>
<tr>
<td>2011</td>
<td>14.58%</td>
</tr>
<tr>
<td>2012</td>
<td>15.39%</td>
</tr>
<tr>
<td>2013</td>
<td>16.20%</td>
</tr>
<tr>
<td>2014</td>
<td>17.11%</td>
</tr>
<tr>
<td>2015</td>
<td>18.02%</td>
</tr>
<tr>
<td>2016</td>
<td>18.93%</td>
</tr>
<tr>
<td>2017</td>
<td>19.84%</td>
</tr>
<tr>
<td>2018</td>
<td>20.75%</td>
</tr>
<tr>
<td>2019</td>
<td>21.66%</td>
</tr>
<tr>
<td>2020</td>
<td>22.57%</td>
</tr>
</tbody>
</table>

The report also mentions that producers are planning to increase production in the near future, which could result in an oversupply of zinc in the market. The producers are advised to consider the potential impact of their actions on the market and to work closely with consumers to ensure a sustainable balance between supply and demand.
Platina deur 200 dollar

DIE goudprys het vandeesweek haie mooi weggespring en dit het gelyk of by weer met mening op pad was na die 180 dollar-vlak. Later in die week het dit eger in afwagting van tekens van meer daadwerklike steun vir die dollar in pres. Jimmy Carter se State of the Union-toespraak, begin verswak.

En nadat die goudprys hier by sowat 172 dollar gaan draai het, was dit teen Vrydagmiddag weer goed op pad na 174 dollar. Pres. Carter het toe gepraat en al wat na steun vir die dollar gelyk het, was sy verwysing dat Amerika die integriteit van die dollar sal bekor.

Die algemene verwagting is dat die dollar oor die kort termyn kan stuwger nog, maar dat die fundamentele probleme wat vir die basiese swakheids van hierdie geldseënie verantwoordelik is, steeds daar is en dat die dollar daarom eelank weer kan begin gly.

Vroeër in die week was daar ook heelwat berigte oor herneute optomisme oor die toekoms van goud in veral Londen Goudhandelaars en ekonomie meen dat daar weinig is wat kan verhinder dat die goudprys vanjaar 200 dollar en selfs meer haal wil. Huile verwag egter geen skerpe stigting oor die kort termyn nie.

Dit lyk of huile veral groot aandag gee aan die toename in goudtransaksies in Amerika en meen dat die potensiaal van hierdie vraag 'n groter uitwerking op die prys kan hê.

Daar is dan altyd die moontlikheid dat die Amerikaanse regering in die geval van 'n op ewing in die vraag weer kan begin om uit sy eie goudreserve te verkoop, veral toe die huide hoogte is.

Maar dan bly die oorlogswolke donker in die Middel-Ooste en die eerste geringste tekens van 'n konfrontasie sal onmiddellik deur die goudprys weerspieel word.

Die meeste ander goudmyne se kwartaalverslae het vandeesweek bekend geword en met die uitsondering van Anglo-American was die baie hoe gemiddelde goudprys wat behaal is, 'n uitstaande kenmerk.

Hierdie moeilike goudprys het natuurlik 'n baie sterk uitwerking op die inkomste en winnings van die myne gehad. Daar is egter die een aspekt wat kommer wek.

In die lopende kwartaal kan dit vir sommige myne baie moeilik word om op die gemiddelde goudprys ontalgoos te verbeter, wat 'n uitwerking op die winnissfers moet hê.

Goudaandeel het dan ook die week baie sterk begin en groot omsetstowwe is behaal. Daar was eor die week ook 'n berig van 'n maak-laan wat sy klante "self-afwaartse beweging ten teen die endme van die week weerstand begin ondervind en dit lyk of daar vir Die Beers heelwat kopers is. Die prys hier na sowat 200 begin beweeg.

Nadat die platinsprys deur 200 dollar gebreek het, het die platina-aandele sterk vertoon, terwyl 'n koperaandeel soos Palamin ook heel stuwig gereageer het.

Consolidated Murchison het ondanks sy swak kwartaalverslag heel stuwig op 410c gesluit. Hierdie maaistakskappe skryf so voorraad teen die prys af en wanneer hierdie voorraad verkoop word wanneer die "opbooiing tot groot rak" uit alles wint.

Die twee asbenaandeel, Musali en Geico, het ook mooi volumes getrek en daar kan aangeneem word dat die kwartaalverslag dalk 'n heelwat meer optimistiese beeld kan vertel.

Aan die nywerheidsektor het Dunwatt na sy rasistiese lisansiesplan van die laaste tyd sterk begin vertoon en daar was 'n redelike stigging in die omset. Die prys het tot 67c verstrew. Dan lyk dit ook of daar iets aan die gang by Griffin is, wat met 'n groots omset tot 60c gestyg het.
Platinum spurts on big Japanese demand

Own Correspondent

LONDON.—Gold and especially platinum boomed yesterday following hectic trading in New York the previous day.

On Monday it was reported that platinum dealers were cautious because they felt the market was overdue for a normal reaction, within the overall bullish trend.

In London the metal traded at 203 dollars on Monday morning and closed at 209 dollars in the afternoon. In New York, platinum for April delivery was priced at 214 dollars and yesterday the spot London price was trading around 218 dollars.

Reasons for the sharp increase were continual Japanese demand and a sharp upturn in speculative positions in New York, while big investment orders came in from Switzerland. A Swiss banker who with the London dealers had forecast the renewed interest in platinum said the price could go to 250 dollars.

The Russians have been buying in Zurich, but he felt that both the Russians and South Africans have been withholding metal from the market.

The market was also helped by the news in Washington that the Federal Preparedness Agency is seeking a supplemental budget to acquire strategic stockpile metals.

Not surprisingly, platinum dealers were stirred by the huge rise. Since the beginning of the year, platinum has advanced 30 dollars compared with a gold price increase of 12 dollars. But with an acute shortage still apparent, dealers were reluctant to make predictions.

Potential supplies, however, could come from the speculators when they decide to take profits.

Gold, which is now more than 30 dollars lower than platinum, also moved to the highest levels seen since the beginning of 1975. Both London and Zurich gold dealers remain optimistic.

A Zurich dealer cited the US budget, the weak dollar and the Middle East situation as the main factors behind increased demand.

The South African political situation and the lower output returns of the Chamber of Mines also steadied the price.

A London dealer noted that political developments in Italy and a roll indicating a swing to the left in France also pushed the price up.
### General Mining Group

**ASBESTOS MINING COMPANIES’ REPORTS FOR THE QUARTER ENDED 31 DECEMBER 1977**

Both Companies are incorporated in the Republic of South Africa

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#### The Griqualand Exploration and Finance Company Limited

Issued Capital — R697 500 in 11 950 000 shares of 5 cents each

**UNAUDITED CONSOLIDATED RESULTS OF THE GROUP**

<table>
<thead>
<tr>
<th>Financial Year Ended</th>
<th>Previous Financial Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 12 77</td>
</tr>
<tr>
<td><strong>Operating results</strong></td>
<td></td>
</tr>
<tr>
<td>Development — metres</td>
<td>1 678</td>
</tr>
<tr>
<td>One milled — tons</td>
<td>186 000</td>
</tr>
<tr>
<td>Fibre produced — tons</td>
<td>20 276</td>
</tr>
<tr>
<td>Percentage fibre recovered</td>
<td>12.2</td>
</tr>
<tr>
<td>Revenue per ton</td>
<td>R526.4</td>
</tr>
<tr>
<td>Production costs per ton</td>
<td>R230.3</td>
</tr>
<tr>
<td>Selling costs per ton</td>
<td>R96.5</td>
</tr>
<tr>
<td>Financial results</td>
<td>R 000</td>
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<tr>
<td>Operating profit</td>
<td>4 399</td>
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<tr>
<td>Profit after tax from non-mining subsidiaries</td>
<td>274</td>
</tr>
<tr>
<td>Add Interest received (paid) — net</td>
<td>4 673</td>
</tr>
<tr>
<td>Less: Interest paid</td>
<td>(50)</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>4 623</td>
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<tr>
<td>Provision for taxation</td>
<td>699</td>
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<tr>
<td>Net profit after taxation</td>
<td>4 024</td>
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<tr>
<td>Capital expenditure</td>
<td>1 319</td>
</tr>
<tr>
<td>Prospecting expenditure</td>
<td>139</td>
</tr>
<tr>
<td>Loan levy</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes**

1. Consolidated results are given, as information relating to the company only could be misleading.
2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year.
3. Operating results relate to the activities of group mines only, while financial results reflect sales of fibre from group mines as well as sales of other producers.
4. Dividends Nos 52 and 53 of 24 cents and 28 cents per share respectively, were declared during the year.

On behalf of the board

C H WALTERS
W T P MOSTERT

Johannesburg
26 January 1978

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#### Msauli Asbes Beperk

Issued Capital R3 225 500 in 6 451 200 shares of 50 cents each

**UNAUDITED CONSOLIDATED RESULTS OF THE GROUP**

<table>
<thead>
<tr>
<th>Financial Year Ended</th>
<th>Previous Financial Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 12 77</td>
</tr>
<tr>
<td><strong>Operating results</strong></td>
<td></td>
</tr>
<tr>
<td>Development — metres</td>
<td>1 832</td>
</tr>
<tr>
<td>One milled — tons</td>
<td>250 000</td>
</tr>
<tr>
<td>Fibre produced — tons</td>
<td>26 280</td>
</tr>
<tr>
<td>Percentage fibre recovered</td>
<td>10.1</td>
</tr>
<tr>
<td>Revenue per ton</td>
<td>R199.8</td>
</tr>
<tr>
<td>Production costs per ton</td>
<td>R62.5</td>
</tr>
<tr>
<td>Selling costs per ton</td>
<td>R55.9</td>
</tr>
<tr>
<td>Financial results</td>
<td>R 000</td>
</tr>
<tr>
<td>Sales of fibre</td>
<td>4 740</td>
</tr>
<tr>
<td>Less: Cost of sales</td>
<td>2 728</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>2 012</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>1 625</td>
</tr>
<tr>
<td>Provision for taxation</td>
<td>157</td>
</tr>
<tr>
<td>Net profit after taxation</td>
<td>1 468</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>1 319</td>
</tr>
<tr>
<td>Prospecting expenditure</td>
<td>139</td>
</tr>
<tr>
<td>Loan levy</td>
<td>73</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes**

1. Consolidated results are given, as information relating to the company only could be misleading.
2. Financial results are based on actual fibre shipments which vary from month to month and do not necessarily bear a pro-rata relationship to production and sales for the year.
3. Dividends Nos 35 and 36 of 25 cents and 25 cents per share respectively, were declared during the year.

On behalf of the board

C H WALTERS
W T P MOSTERT

Johannesburg
26 January 1978

Regatered office of both companies: General Mining Building, 6 Holland Street, Johannesburg, 2001
# Preliminary Announcement of Results

The consolidated unaudited results of the company and its wholly-owned subsidiary, Strujsbult Investments Limited, are as follows:

<table>
<thead>
<tr>
<th>Year ended 31 December</th>
<th>Year ended 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1977</td>
</tr>
<tr>
<td>Income from investments</td>
<td>1 705</td>
</tr>
<tr>
<td>Surplus on realisation of investments</td>
<td>23</td>
</tr>
<tr>
<td>Sundry revenue</td>
<td>288</td>
</tr>
<tr>
<td><strong>Expenditure</strong></td>
<td><strong>2 620</strong></td>
</tr>
<tr>
<td>Administration expenses</td>
<td>143</td>
</tr>
<tr>
<td>Amount written off investments</td>
<td>687</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td><strong>1 190</strong></td>
</tr>
<tr>
<td>Transfer from deferred tax</td>
<td>1</td>
</tr>
<tr>
<td>Unappropriated profit brought forward</td>
<td>101</td>
</tr>
<tr>
<td><strong>Earnings – per share (cents)</strong></td>
<td><strong>1 292</strong></td>
</tr>
<tr>
<td>Dividends – per share (cents)</td>
<td>7.8</td>
</tr>
<tr>
<td>- amount absorbed (R000)</td>
<td>1 150</td>
</tr>
</tbody>
</table>

These results are published in advance of the annual report which will be circulated to members in March 1978.

The amount written off investments of R687 000 includes R664 000 in respect of Kilo Products Limited, consequent upon the adverse effect of the fall in the zinc price on the results of that company.

# Declaration of Dividend

Dividend No. 62 of 4.5 cents per share, in respect of the year ended 31 December 1977, has been declared in South African currency, payable to members registered at the close of business on 10 February 1978.

Warrants will be posted on or about 15 March 1978.

Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London office of the company.

The register of members will be closed from 11 to 17 February 1978, inclusive.

By order of the board,

Gold Fields Building, 75, Fox Street, Johannesburg 2001

25 January 1978

A Member of the Gold Fields Group
BASE METALS FM 27/1/78
Under pressure

Antimony
It has been common cause since the September quarter that Cons Murch's December quarter would be poor. The initial view was that the results were worse than expected and the shares sank 30c to 410c. Then London interest suddenly shot them up to 530c.

The September quarter improvement in operations was short-lived. Overall recovery has slumped to below 1,6% (2,0%) antimony, presumably as operations focused on the lower grade Athens shaft area where there are some ground control problems resulting in increased dilution. On the other hand this shift in emphasis could have been the reason why unit costs fell to R20,04/t (R20,46/t) despite a 9% drop in mill throughput.

But the greatest near-term problem facing the mine is marketability of its concentrates. Sales slumped to 2,956 t (4,765 t), making a total of 16,391 t for the year and lifting the stockpile to 4,605 t (1,171 t) at year-end. In addition concentrate revenue tumbled to R861/t (R965/t) and the pressure on prices is still downwards.

For the year a whole, taxed profit amounted to R3m, capex absorbed R2m, and the 30c dividend R1,25m. So with even lower profits in prospect for the current year, resources are being husbanded. I hear that a decision was taken last week to defer capex on deepening Beta shaft, though the delay can only be temporary if the ore reserve position is not to deteriorate too far.

No mention is made of developments at the arsenic leach plant, though reports I have from the mine are that there are some considerable technical problems to be overcome before the operation is feasible. But it will be needed soon as Athens ore has a relatively high arsenic content.

The picture for the current year is of belt-tightening as concentrate stocks rise and prices and sales tonnages continue under pressure.

Asbestos
Despite the production cut-backs announced by Cape Asbestos in December, and Tuesday's interim report from Evente which said that "market conditions for asbestos deteriorated suddenly world-wide during the last quarter of 1977," both Gefco and Msauli recorded good fourth quarter fibre sales.

In anticipation of better-than-expected results, both have been a strong market over the past week. Msauli was 35c up at 178c and Gefco 35c up at 280c.

At Msauli, unit costs were cut to R6,52/t (R6,80/t) with reduced development. Ahead of the new year and predicted fibre price increases by the Canadian majors, sales tonnage bounded to 23,724 t (19,805 t) at a more or less unchanged average sales price. After capex and loan levy, the improvement in the final quarter meant distributable earnings of 58,4c/share and 50c paid.

At Gefco throughput was sharply lower on the quarter at 166,000 t (198,000 t), though an increase in fibre recovery to 12.2% (10.4%) left total fibre production only marginally lower at 20,276 t (20,506 t).

Gefco had good forward sales contracts. But if both Cape and Evente are feeling the squeeze it is hard to see Gefco remaining unaffected for long.

In part, the improvement in recovery could have been due to increased extraction of shorter fibres. But taking this in conjunction with the lower mill throughput, the company appears to be concentrating production in the higher grade areas of its mines, with the object of keeping unit costs per ton of fibre in check at a time when potential for price increases looks limited and demand is tightening.

This year the market looks like remaining tight for at least the first half, as consumers continue to work off inventories, especially those built up in advance of a new year price increase.

Msauli's capex is slowing down and there should be scope for cutting back at Gefco. So some of the restraints on distribution could be lifted. Gefco is currently on an historic 18.6% yield and Msauli 28.1%. I believe they should stick at this level for some time unless the market starts getting cold feet in advance of this year's first quarters.

Jim Jones
above consumption

The main reason for this inflexible response of production is the centrally controlled nature of mining in several of the world's prime copper producing countries, namely those comprising Cipex. These countries, which include Chile, the world's second largest producer after the US, Peru, Zambia, Zaire, and Indonesia, account for 40% of the non-communist world's copper production, but more importantly 52% of world trade in copper. Although they lack the political cohesion to control the market effectively as a group, individually, the governments of these countries have a tight political hold on copper production and a general tendency over the last four years has been to let production continue irrespective of consumption movements.

Although during the days of the 1975 demand slump Cipex agreed to a 15% production cutback, this was unsuccessful primarily due to Chile's refusal to abide by it. Similarly, although last December Zambia, Peru and Zaire agreed in principle to cutbacks, their intentions remain vague and the non-compliance of Chile (which accounted for around 1.03 Mt of mine production in 1977, compared to 1.41 Mt in the US), not only merely reduces the effectiveness of the move, but is threatening to undermine Cipex as an organization.

This intransigent attitude is in sharp contrast to that of the largely private owned North American producers. Whether or not the copper market remains thoroughly depressed well into the Lightoes depends largely on the Cipex countries' stance on supply adjustments. This is particularly important as some experts are predicting a long-term fundamental decline in copper demand, especially with the advent of 'fibre technology', which is giving rise to transmission along glass fibre communications lines, one of the advantages being that the load factor is much greater. Further, aluminium, for example, continues to edge into the copper cable market although this seems to be currently directed towards high power cables, and not domestic wiring. Current world price levels do not encourage such a trend, but researchers into communications and electric transmission systems are setting their sights on the Nineties, when the international copper scene may look quite different.

Meanwhile, apart from Cipex cutbacks, all the market can hope for is an increase in demand activity, plus other “external” political factors, such as a possible decision by the Japanese to build up a copper stockpile (Sumitomo Fire, for example, recently proposed the Japanese government should buy 300,000 t of LMI copper stocks, which currently stand at over twice this figure).

Additionally, there is some talk of the US relaxing tin from its GSA stocks and using the process to build up copper reserves. One possible negative factor would be the introduction of a system of tariffs for US copper imports - a move backed by Phelps Dodge - similar to those recently introduced for steel. These would be mainly directed to keep out cheap Chilean copper and although the move would be bullish for the US industry, it would tend to be bearish for the rest of the world.

COPPER  FM 27/1/78

Fundamental problems

There is an growing feeling on the London Metal Exchange that copper's decline has now probably troughed out, (although a sharp upswing in storage could create further downward pressure on the price.) But new investors, merchants or producers accept that the metal faces a long hard climb back.

Earlier this week, three months warehouse prices were quoted at £648,23/t. on the LME, around 13% down on mid-1977 and over 20% on early 1977 levels, figures which, as far as the producers are concerned, are made worse when the effects of inflation on production costs are taken into account over the last year or so.

The basic problem facing the copper market is the inability of many producers to adjust to demand changes over the last few years. So much so, that in the absence of a fundamental supply shift, some analysts estimate that by 1980 stocks will have risen from the current level of around 2Mt to over 6Mt, a figure that would then be roughly equivalent to six months' consumption. According to the London-based World Bureau of Metal Statistics, in 1973 the West's consumption rose 11% to 6.95Mt, but, with the onset of deep recession, it fell sharply to 5.5Mt in 1975.

However, in 1976, primarily due to a swift rise in demand in both the US and Japan, world consumption reached 6.4Mt and, according to a leading source, consumption last year amounted to 6.6Mt. Irrespective of the state of consumption, it has been consistently outpaced by refined production, which groups newly-refined production, plus scrap. Hence the massive build-up of stocks. In 1977 alone, for example, one observer is estimating that refined production amounted to some 6.8Mt, 0.2Mt
GOLD WAS hard put last week not to be upstaged by the performance of platinum, though both of them were showing signs of weariness in latter days. Furthermore, the absence of companies involved fail to respond to the extent that one might have expected.

The platinum free market had been simmering for some time and suggestions current were that better things lay ahead. But few anticipated that it would come to the boil so quickly and that the "official price" of the two main producers would follow it up so soon, and by 25 dollars an ounce to 205 dollars — the highest level in real terms for four years.

Platinum, like gold, is a precious metal and as such its price tends to move in concert. But thereafter a fundamental basis differences exist. Some 60 percent of gold production goes into jewellery but only 30 percent of platinum; industrial output of gold is 10 percent, that of platinum 70 percent; annual gold production is some 47 m. ounces against 4 m. for platinum; and all gold is dealt in through the free market, 50 percent of platinum is handled through its free market.

It is the limited, and erratic supply to the platinum free market that makes its quotations so volatile. Over the past month this has shrunk and indications of demand outside of normal business sent prices soaring there.

It depends heavily on metal from Russia whose annual capacity is estimated at 1.6 m. ounces but she has not been a seller — in fact Soviet buying in Zurich is reported. The main reason given for this is that platinum is being stockpiled for the minting of special coins for the 1980 Olympics — a platinum Krugerrand style.

There are other suggestions from the market, which seems as fertile a source of conjectures as the bullion ones are for gold. One is that the US may be seeking metal for its strategic stockpile to the extent of 800,000 ounces over a period and that some refiners are manoeuvring about with an eye to supplies later in the year. Should these stories be correct, total available supplies will contract. Prices have moved up in anticipation.

Until relatively recently, the platinum free market was very much a fringe operation in relation to the amount of metal sold on contact by producers to consumers at an "official" price. This worked to the benefit of both by keeping prices relatively stable and keeping production in line with requirements.

However, it has grown in recent years to the point where it is a fairly reliable barometer of the international platinum position.

New sales will involve the higher price, but indications are that there is no great surplus for this, particularly with Rustenburg's cutback in output from 10 to 20 percent announced in November.

Should demand keep going — and it is difficult to be certain about this in the continuing slowness of world trade — a move to raise production would be considered.

The trouble here is the price floor to make this profitable.

When platinum was booming the price was 190 dollars. Since then operating costs have been rising at 20 percent per year according to Rustenburg. The cost of capital investment in mining assets rose by 30 percent.

To make matters worse, the depreciation in the dollar has to be taken into account even though the rand is tied to it.

In 1974 Rustenburg made a start with big expansion plans but these were steadily trimmed as the metal price went down and provisions for this year were chopped once more last November.
BASE METALS

FM 3/2/78

Shaky takeoff

The price performance of the four base metals — copper, lead, zinc and tin — has not been very encouraging in the opening weeks of 1978. All are showing declines (tin 2%, copper 6%, zinc 10% and lead 11%). Fundamentally they all look rather drab, apart from the tin market, whose price, according to an International Tin Council (ITC) estimate, should witness a production shortfall of 18,000 t, compared to 19,000 t in 1977.

The lead, zinc and especially copper markets are characterised by low demand, high stocks and generally depressed sentiment. World copper stocks are now estimated at around 2 Mt with LME warehouse stocks alone accounting for 643,225 t, 1975 t down on last week. One of the main functions of the LME, it is often argued, is that it provides a medium for absorbing surplus supplies. With copper stocks so high and LME lead and zinc stocks currently amounting to 68,075 t and 65,825 t (up 750 t and 1,850 t on last week) respectively, it would seem the exchange is indeed acting as a useful absorbent.

In the absence of any significant shifts in supply/demand schedules, some observers see political factors playing a central role. In the case of copper and tin, their political fate could even be intertwined. In mid-February US congressional hearings on the GSA stockpile are scheduled to get off the ground. One possible outcome could be the eventual release of between 20,000 t and 30,000 t of tin from the estimated 200,000 t stockpile and the buying of copper into the GSA stockpile.

This would be an encouraging factor for the copper market, especially if the Japanese decide to go ahead with similar plans to build up a mooted 300,000 t stockpile primarily from LME supplies. But at the same time, provided the tin and copper sales were suitably phased, this would not necessarily be disheartening to tin producers. Indeed, at a mid-January meeting of the ITC in London producers stressed the need for the US to help bridge the shortage tin production shortfall primarily due to fears that a continued "bull" run would help encourage the development of substitutes, including plastics and tin-free steel.

One reason for tin's sluggishness over the last week or so has been the refusal of consumer country members of the ITC to increase the ITC's intervention prices at the recent producer-consumer meeting in London. An increase of around 14% or 15% in the agreement's floor and ceiling prices, as demanded by producers, would have helped underpin prices at a time when traders are perceiving some "redness" in the market sentiment following the strong increase of last year. By the close on Monday cash standard grade was down around £100/t at £6,180 compared with a week ago.

Further political factors that could influence copper are decisions by member states of the Inter-governmental Council of Copper Exporting Countries (Cipecc) to take firm action on supply cutbacks. Although some action has been promised by Zambia, Zambia and Peru, plans have yet to be detailed and Cipecc's largest producer, Chile, is not a party to them anyway. Another long-term factor is the possibility of some international copper agreements under the auspices of the United Nations Conference on Trade and Development (UNCTAD) in Geneva which might involve buffer stocking the commodity. Talks on such an agreement began in Geneva this week and although they produced an immediate call for emergency action, probably involving a minimum price or supply reductions, by Unctad's commodity division director Alster McIntyre, copper traders are generally sceptical of any action in the near or medium term.

This follows from Unctad's sluggish record both on individual commodity negotiations and on the so-called Common Fund which would be used to finance commodity buffer stocks. By early this week copper values had recovered slightly from their two-year low established last week to around £645/t (three months' w:urchars), partially due to the improvement in the LME stocks position, but sentiment remains depressed.

However, the base metal twins lead and zinc have recorded the biggest declines since the beginning of this year. At the close on Monday, lead was down £40 at £322.50/t and zinc was down £30 at £260.50/t. Rising LME stocks have helped to keep the market sombre. Although there is a likelihood of a small production shortfall for zinc in 1978, stocks remain high and the depressed state of the steel industry, zinc's main outlet, along with galvanising, is not likely to generate an over-ex citing arena for speculators, whose selling pressure has taken the market to a new low and a half year low last week, from which prices have now slightly recovered.

By comparison with copper, lead is not facing a supply overhang largely due to conservative estimates by producers of the metal's industrial potential. Nevertheless demand is sluggish, although traders suspect that Eastern bloc industrial usage will be giving the market a fillip from time to time this year.
MANGANESE

A small silver lining

President Carter's decision not to slap hefty import duties on high-carbon ferromanganese imports was a rare spot of good news for alloy producers. Unfortunately, the EEC hasn't been quite as considerate about ferromanganese imports.

On January 1 the EEC Commission suddenly introduced minimum prices on high-carbon ferromanganese imports from third countries. SA and Norway are the EEC's major foreign suppliers, and one leading European producer recently said it was hoped to reduce dependence on SA ferromanganese from the present 50% of total market share to around 25%.

Jack Kearney, MD of Samancor (which accounts for some 90% of SA exports to Europe), says he is not too worried by the new regulations, though Secretary for Commerce, Tjutj van der Walt reckons they are "of great concern" to Pretoria.

"We have behaved very responsibly," says Kearney, adding that the Commission was "very impressed" by Samancor's point of view, conveyed to it at meetings in Brussels two weeks ago.

For one thing, Kearney is optimistic the EEC will exclude metal shipped under long term contracts from the new reference pricing system. "Our customers have supported us very well in this," he asserts confidently.

As for the spot market, Kearney estimates SA ferromanganese accounts for only about 4% of total supplies to Europe, compared with the Norwegians' 15%. And he argues that the glut of material since mid-1977 which has prompted the EEC clampdown, came not from SA but from Norwegian, Portuguese and Spanish producers. "We decided last year to restrain ourselves on the European spot market, and instead shifted material to the US," he adds.

In any case, Kearney reckons the price and quantity restraints provisionally agreed with the EEC are favourable to SA. "We will have a price advantage over their domestic producers," he notes, while the tentative choice of 1976 as the base year for tonnage calculations causes few problems, since SA exported relatively large quantities to Europe that year.

The ferromanganese market remains deep in the doldrums, however, with prices at European ports around $320/t, some 30% lower than they were three years ago. And Kearney doesn't expect much improvement in tonnage requirements before the third or fourth quarter.

A similar situation exists in the manganese ore market. Though price negotiations normally begin in the first quarter, Samancor has so far received only isolated inquiries. "We expect to conclude some business during February," notes Kearney, "but it will be the end of the first quarter before the main contracts are finalised."

How about ore prices—normally the subject of a drawn out cat-and-mouse game? Says Kearney: "With the steel industry as it is, we can't see any way we can put prices up (current level $1.47-$1.51 per metric ton unit). But we shall certainly try to maintain present levels, though we may have to make some adjustments."

Kearney, the EEC was impressed
The zinc price is down from £310/t, when Anglo first acquired a stake in the Newmont/O'Kiep Gamsberg project last July, to £242/t today, and so this week's decision to defer a go-ahead is not surprising, even though the price fall is less in rand terms than in sterling.

But with the rand price of zinc, based on the LME, down 13% since then, revenue per ton at Gamsberg on the in situ values of 7.07% zinc and 0.56% lead would today be about R31.50. This would not matter so much if it were possible to envisage a recovery in both price and demand by the early Eighties. In present global currency and economic conditions, no such outlook can be clearly predicted, and the performance of any number of large new capital projects has been discouraging.

The stimulus to Gamsberg could come from the other side of the supply-demand equation — that the low price drives marginal mines or refiners out of business. Meanwhile, though the project has been deferred, it remains one of the biggest zinc orebodies in the world. Anglo's Alan Mackerron indicated this week that the partners were considering their studies, including the possibility of eventually phasing Gamsberg in at less than the annual 3m milled and 350,000 t of concentrates originally indicated.

Gordon Parker, of O'Kiep, said that further studies are also being made on the question of a zinc refinery. On top of R170m, the initial estimate for the mine, a zinc refinery was unofficially expected to cost another R250m. Clearly this scale of operations would not be practicable in today's market, and the thinking seems to be that zinc metal might be easier to market than concentrates.

Drilling has continued, and the ore reserve is now put at 145.5 Mt zinc, grading 7.07% and 0.56% lead. At the nearby GFSA-Phelps Dodge Aggeneys, where work is going ahead rapidly, based on ore reserves of 0.45% copper, 6.35% zinc, 2.87% lead and 0.08% silver at the last announcement, the in situ value is about R60/t at current prices.

Richard Rolfe

Financial Mail February 10 1978
Copper blues

With December quarter operations at almost full capacity, Palabora’s problems with its mills appear to be past. This year, the mine should produce its full-rated output of 120,000 t copper, compared with the 1977 total of 108,936 t which included 2,411 t from outside sources.

But last year, copper revenue averaged about R1 150/t cf. Currently, LME cash copper is at £622 and chairman Alistair Macmillan sees little prospect of any major increase this year. This translates to an average revenue of about R1 025/t for Palabora, offsetting the production increase.

On the other hand, by-product sales should at least equal last year’s figure. Uranium production is running at around 130 t a year, possibly worth around R9m. Magnette sales have recovered after last year’s difficulties in shipping through Maputo but the sales contract expires in March and there will be problems re-negotiating it until the Japanese steel industry recovers.

It is too early to predict what dividends are likely this year, though last year’s 15c final, making a total of 45c, indicates that the policy is to distribute as much as possible. The payout level will depend on phasing of the debt repayment. Total debt, including prepayments, is currently around R50m so unless some of the borrowings are stretched, dividends will be under restraint.

At 660c the shares look fully priced on near-term considerations. But for investors looking for a two to three year recovery situation there are attractions.

Jan Jones
Moscow holds back

The free market platinum price seems to be consolidating itself prior to a fresh upward burst into the $220/oz range, and probably beyond. That is the opinion of many traders in London following the metal's strong rise in recent months, which has witnessed the Rustenburg and Impala producer prices lifted from $162 to the current level of $205. Earlier this week (late trading Tuesday) free market metal was trading around $216, compared with recent highs of over $220, in late January, which trade sources then attributed to more than average offtake by Japanese interests. According to one source the Japanese have been averaging purchases of 21-31 of the metal per month, but last month purchases for industrial, speculative and hoarding purposes probably reached $t.

For the moment, speculative interest in the platinum market is in abeyance following considerable activity in January. However, once the market has undergone a consolidation period, probably running to around two weeks, speculators are expected to return. There are various underpinning prices for the moment, including the performance of gold, which, as it seems to be heading for further increases, will continue to push platinum prices upwards. Another factor, according to Barry Salter of Argos Metals Ltd, is "suspicion that the Chinese might be showing an interest in the market."

Trouble on the steppes?

However, the single most important factor affecting prices remains the mystery surrounding Soviet supplies to the West. "They are not selling and they are not offering," one leading source commented.

Although they are meeting contractual commitments to Western buyers, these commitments are reportedly decreasing as contracts expire. Some traders believe the USSR is simply "holding off" to fuel further price rises, while others believe Moscow might be experiencing production or refining problems, whether at Noril'ak, on the western Siberian plain, where the metal is mined in association with nickel, or at other operations near the Finnish border of the Ural mountains. However, according to leading sources close to the Soviet platinum marketing operation in London, the country is not facing production or refining problems of any sort. The dearth of supplies is due to requirements for the minting of medallions to commemorate the 1980 Olympic Games to be held in Moscow and is therefore a temporary phenomenon.

No production or supply figures were available from these sources for either platinum or nickel production, or exports, but other trade sources in London told the FM that Soviet production has probably risen from around 850,000 oz annually in 1970 to around 1m oz, although precise figures are extremely difficult to establish. In the decade to 1970 the same sources put exports at around 250,000 oz, but during the Seventies, this has probably risen to over 600,000 oz, partially facilitated by de-stocking.

According to recent reports from Moscow, gold, silver and platinum coins are shortly to go on sale in the West under the guidance of a consortium comprising Occidental Petroleum and US investment bankers Lazard Freres. Although a contract has been signed for these two companies to market around $150m worth of coins outside the Eastern bloc, the value of sales could eventually reach $190m. Some observers believe Occidental Petroleum's involvement in the marketing operation stems from the close personal relations between the company's chairman Armand Hammer and leaders in the Kremlin, while Lazard's connection is less easy to establish.

However, there are some sources who are sceptical about the Olympic medallion connection, adding that Moscow could be attempting to boost prices by simply withholding supplies. Production cuts though are generally not thought to be involved. Although Inco has cut back platinum production as a consequence of reducing nickel output due to the depressed state of that market, this is not considered likely in the case of the USSR.

Apart from Japanese and potential Chinese interest another possible source of industrial demand in coming months could be off take by oil companies expanding cracking capacity in the oil producing countries, especially those of the Middle East. As these countries are developing their own refining capacity for economic and political reasons, one trader reported that oil interests "were returning to the market after an absence of about five or six years." Platinum is used as a catalyst in "cracking" crude oil when producing high octane fuel. Around 5,000 oz are reportedly utilised at one "cracking" section.

Trade sources additionally are expecting speculative interest to ride on the back of this industrial demand in the next few months, especially if currency uncertainty persists. Speculators can either hold platinum futures in the US or the metal itself in a variety of forms, including sponge (black powder), sheet, rod, wire, or specially manufactured bars, for which a small premium is usually payable.

Although the free market price is now around $10 above the producer price, no further increase is foreseen at the moment, until the course of the market becomes clearer. Rustenburg is currently producing at below 1m oz per year, and it is thought that it would take prices well established in the $230-$240 range before production could be restored to 1.4m oz a year.
Deur ons MYNVERSLAGEWER

HOEWEL Consolidated Murchison, Suid-Afrika se enigste en tot onlangs die wêreld se grootste produsent van antimoon, vir die boekjaar tot 31 Desember 1976 'n aansienlike verlies getoon het, is die maatskappy uitstekend geplaas om voordeel uit enige opswaai in die antimoongrys te trek.

Dit lyk asof die afgelope jaar se resultate in berekening gebring is:

- Die vooruitgang van Con Murch, mnr. H. Dalton-Brown, het in 'n onderhoud aan Sake-Rapport gesê dit uiteindelik wel goed was om in die huidige omstandighede enige voorspellings te waag, maar daar is toe geklaag dat glo dat 'n verwening in die vraag na antimoon reeds teen die middel van jaar van kan intree. Hy het ook bygewys dat in vergelyking met die meeste ander basiese metaale het die vraag na antimoon jaarlik ook nadelig betreklik die afname van antimoon in die ene jaar voorhanden is.

- Con Murch se die histories prospekteer met 'n groot voorraad na antimoongrys en dit is afgelei dat daar eenheidlik 'n groot voorraad aan antimoon kon getref in die jaar van 1976.

- Die maatskappy het vir die volgende jaar 'n grootskaalse prospektiewerk in Turkije uitgevoer.

- Con Murch se die histories prospekteerwerk in Turkije is nou in die later teenwoordige toestand.

Voordele:

- Dit was die eerste keer dat die maatskappy se voorraad aan antimoon in die volgende jaar geveilig het.

- Dit was die eerste keer dat die maatskappy se voorraad aan antimoon in die volgende jaar geveilig het.

- Con Murch se die histories prospektiewerk in Turkije is nou in die later teenwoordige toestand.
PALABORA-MYNMAATSKAPPY BEPERK
(In die Republiek van Suid-Afrika geneëskorporeer)

Verklaring van Dividend Nr. 43

Kennis geskied hiermet dat 'n finale dividend (Divendend nr. 43) van 15 sent per R1-aandeel vir die jaar geëindig 31 Desember 1977 aan aandeelhouders wat op 24 Februarie 1978 in die maatskappy se boeke geregistreer is, betaalbaar verklaar is. Saam met die tussendividende (Divendende nrs. 40, 41 en 42) van 15,0, 7,5 en 7,5 sent onderskeidelik per aandeel, bring hierdie dividend die totale verdeling vir die jaar op 45 sent te staan.

Die dividend is betaalbaar verklaar in die valuta van die Republiek van Suid-Afrika. Dividendbewyse sal om en by 20 Maart 1978 gepoch word.

Krugtens die Republiek van Suid-Afrika se Inkomstebelastingwet 1962, soos gewysig, sal belasting op buitelandse aandeelhouders teen 'n koers van 15% deur die maatskappy afgetrek word van dividende betaalbaar aan aandeelhouders wie se adresse in die aandeleregister hulle die Republiek van Suid-Afrika is.


Die maatskappy se resul te vir die finansiële jaar geëindig 31 Desember 1977 (onderworpe aan ouditering) en die vergelyklike syfers vir 1976 was soos volg:

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*Aansuilwering van uitgestelde belasting ten opsigte van dié van vorige jare om heersende belastingkoerses te weerspieel na die toeslagverhoging van 2,5% tot 7,5% van 1976.

Daar word beplan om die jaarverslag en rekeninge teen einde Maart 1978 te versprei.

Op lank van die Direksie

RIO TINTO-BESTUURSDIENSTE SUID-AFRIKA (EDMS) BEPERK
Sekretarisse

per. G. H. EDWARDS

Oorlogssekerarisse:

Union Provident Trust
South Africa Limited
17de Verdieping
Sauerstraat 37
Johannesburg
2001

8 Februarie 1978
Strong growth is expected in the platinum industry within the next 10 years, according to a recent study. The study predicts that the demand for platinum will increase significantly, driven by the growing automotive and jewelry industries. The report also highlights the role of new technologies in reducing the need for platinum in certain applications, such as catalytic converters in cars. Overall, the study suggests that the platinum industry is set for robust growth in the coming years.
Caution urged on platinum market gossip

Sharemarket gossip that the producers' platinum price is about to be raised again and that output is to be increased does not appear based on the realities of the present situation, judging by Mr Ian Greig's reading of it, as chairman of Impala.

There could be scope for a higher price later in the year but not as things stand at present, he told Reuters.

The sharpness of the recent increases in the free market price was a matter of some concern for fundamental reasons, for there has not been any corresponding growth in real demand. For this reason the market was vulnerable.

The current market situation reflected a speculative boom on one side and a slight squeeze on supply on the other. The present market was one in which the talking point was not industrial demand but the view of the dollar and world economies.

It had in mind four different factors.

- The pressure on the dollar
- Broker estimates of a 250 dollar market price.
- The speculative flight into gold and other metals.
- And a curtailment of supplies of platinum which was tending to be overemphasised.

Mr Greig said that Impala would be very nervous of pushing up its producer price until the whole market had consolidated — and this had by no means happened. Furthermore, the attitude of Impala was that the producer price should be moved as infrequently as possible to allow it to work through the fabricating system.

Impala has no immediate plans to expand output and expects to produce 700 000-750 000 ounces this year, compared with 650 000 in the year to June 1977. The acute black labour shortage which existed then had not happened again.

Nevertheless, efforts to raise productivity and so cushion the impact of higher costs continues to show little success.

DIVIDENDS

Provided that the platinum price held up reasonably well and costs contained at a satisfactory level, the company might be able to liberalise its dividend policy, said Mr Greig.

However, there would not be much room for manoeuvre at the current level of capital spending and the company coming into tax this year. Capital expenditure this year is estimated at around R18m and is expected to average out at this for the rest of the mine's life.
Mineral exports head for R4 400m

Mac Thain

Foreign exchange from metal and mineral exports last year should prove close to a record R4 400m compared with R3 800m in 1976 — an increase of 15.8 percent — judging by preliminary figures for industrial minerals.

The value of exports of the main industrial minerals reported by the Minerals Bureau for the 12 months was R1 658m against R1 423m for 1976, representing an increase of 18.5 percent. Not included in this figure is gold at R2 812m (R2 380m) and diamonds for which the total is not yet available.

A big contributor to the increase in the base mineral sector was coal, where earnings jumped from R78.5m to R219.5m with the build-up in shipments through Richards Bay. Hard on the heels was iron ore, where exports through Saldanha, brought in R164.6m compared with R57.2m.

Copper did well where higher output offset the lower metal price to realise R150m compared with R115m.

Asbestos started the year but faded in recent months with R112m against R273m in 1976.

In the alloying material section, manganese put on R13m to R116m, chrome R19m to R32m and nickel R76m to R74.7m. Vanadium sales were lower in the second half of the year and the total value was R56.1m against R49.6m.

"Miscellaneous" sales jumped by nearly R65m to R500m. This consists of Platinum Group metals and Uranium. As platinum sales are known to have been at a lower level in 1977, the increase reflects the increase in uranium sales.

It is doubtful whether the high growth rate of industrial mineral exports will be maintained this year. Firstly, Richards Bay and Saldanha worked up to capacity in 1977 and indications that exports of coal and iron ore to Japan are likely to be at a lower rate. Prospects for chrome, manganese, nickel and asbestos are not bright at present.
10. **Best** (1) Whether mining has been authorized to take place at Mapelana or so, (a) what mineral will be mined there and (b) to whom has authority been granted.

(2) Whether mining operations have commenced.

11. **Dink** (2) tiwiteit onder die werkers

12. **Hoe** arbeiders dat hulle kinders

13. **Doe** itemuurse werk (b.v. onderrig in):

14. **Dink u dat,** met die ontwikkeling van u plaas, u geleidelik meer ervare en opgeleide werkers nodig sal hê vir tegniese administratiewe en soortgelyke werk. Indien ja, spesifiseer.
The base metal producers of the future times for most of them are desperate, and their share prices reflect the poor performance in the industry. Copper production costs are rising, and the major producers are seeking to increase their prices to improve profitability. The global demand for copper continues to grow, driven by the expansion of the renewable energy sector and the electrification of transport. However, the supply chain remains constrained, with mines facing operational challenges due to pandemic restrictions, labor shortages, and environmental regulations. The intermarket spread for copper and other metals represents a valuable perspective for understanding market dynamics. Copper prices have been volatile, influenced by geopolitical tensions, economic indicators, and the overall commodity sentiment.
Platinum price hits new high

Johannesburg — The free market price of platinum jumped to a new high of 240.50 dollars an ounce on Wednesday, influenced by the rise in the gold price, but declined again on Wednesday to 236.50 dollars, keeping even top observers of the platinum market guessing as to future price trends.

One executive of a platinum mining company ascribed the recent upward movement in the price to "fear about the weakness of the dollar" and said "that metal brokers in New York were recommending platinum as a good buy in terms of both paper and metal."

Perhaps this is speculation," he said "but it also appears that the Japanese are buying some of the metal at the present high free market price."

He did not see any sudden change ahead in the shorter-term. "Trying to predict what the Russians will do is as difficult a task as you could seek."

"If the Russians stay out of the market the shortage will continue and the free market price will firm. If The Russians return to the market one can assume that the opposite will be the case."
NICKEL

Cut backs starting to take effect

"Nobody I know in the nickel market is particularly cheerful about its prospects, is how Peter Robbins of Wagon Resources, a firm of London metal merchants, sums up nickel's fortunes. The metal that thrilled the investment world in the late Sixties with prices shooting to around $8/lb is now selling at $1.85/lb slightly above the lows of around $1.60/lb established last autumn. Market conditions are now so depressed that Inco, the world's largest nickel producer, has amassed stocks totalling well over its 1977 sales figure of 312m lbs. Total producer stocks worldwide are probably pushing twice that figure.

A report recently prepared on Inco for L.F. Rothschild, Unterberg, Towbin to assess its stock rating suggested the company's average selling price in 1978 would be $2.05/lb. This could rise to $2.20/lb in 1979, $2.30/lb in 1980, $2.45/lb in 1981. However, in 1982, according to the report, the average price realised could shoot up to $3.50/lb - an upturn which other observers deem a possibility due to the current depressed investment conditions in the nickel mining sector.

Nickel's plight today is a classic case of boom-induced oversupply followed by a serious drop in industrial demand. Since the 1969-71 price boom and bust the world nickel supply pattern has changed remarkably. In the Sixties the two Canadian producers, Inco and Falconbridge, supplied over 80% of world market requirements, but these days this figure has dropped by about half.

New producers, such as Amay in the US, Greenvale in Australia and Maninduque in the Philippines, have made severe inroads in the market, coupled with the fact that most producing countries in general increased production and many, such as Australia and Greece, now seem unable or unwilling to institute effective cuts. Thus, for the last five years production has consistently outpaced demand, which for its part had been badly mauled by the worldwide depression in the steel industry, the metal's major outlet.

Major producers have operated a producer price system, but its death-knell was sounded last summer when Inco announced it had decided not to make its future selling prices publicly available and they would be "confidential" to the buyer. This signalled the beginning of a free-for-all with producers breaking ranks and getting the best deals they could. However, even before this the producer price system had been largely undermined by aggressive price discounts.

London observers agree that it has been primarily Inco's 25% cutback in

The 22,000 t of nickel produced in SA in 1977 came largely as a by-product of platinum production by the two major producers, Rustenburg and Impala and Western Platinum. It was worth R77,3m, equivalent to $1.83/lb, which gives a measure of the discounts below the old Inco posted price.

This year there have been reports of one producer selling at $1.64/lb, compared to reported sales by Inco at around $1.85. Some recovery in nickel prices could take place mid-year, once the Canadian production cut-backs start to bite. But it is hard to predict average prices for SA producers of more than $1.80.

Both Rustenburg and Western Plats have cut output. Western Plats has dropped its milling rate by around 25% and Rustenburg announced a production cut-back of 10-20%. But with current platinum prices strengthening cash flow, there is less pressure on the mines to sell nickel stocks at any price.

It means that SA producers can go along with the Canadians and 1978 sales fall to around 20,000 t for revenue of about R69m.

The picture in Rhodesia is less clear. Production is largely in the hands of three major producers, Empress, Rhodesian Nickel and Shangani. There are no published figures but annual production is in the region of 15,000 t. Over the past couple of years, adequate supplies from elsewhere meant that consumers had less incentive to buy Rhodesian metal unless price discounts really compensated for the risks of sanctions-busting.

In addition the Rhodesian producers struggled under the effects of an overvalued currency. It led to Shangani cutting production by 50% in November and the mine still has relatively large stocks to move.

Improvement in the Rhodesian producer's situation depends on an early political settlement, an end to sanctions and devaluation of the RhS. In the meantime, on the cards is the possibility of a merger between Shangani and Rhodesian Nickel. But this year total export sales might be less than RhS30m.
production that has helped lift the metal from $1.60/lb in recent months. "But this 25c rise is about all the cutbacks are worth for the moment," comments one observer. "It's going to be a long hard climb from these levels."

Production costs vary throughout the industry, but most observers agree that the majority of producers are now running unprofitable operations. Nevertheless, the industry's current state of depression could itself generate a sharp upward rise — although not for some time. According to Peter Robbins, "there is no point in trying to increase nickel exploitation until prices get to around $4/lb."

Depending on the rate at which demand picks up this could lead to a sharp upturn in prices. Most observers agree that fundamentally nickel demand looks quite strong long-term. The likelihood is that demand for stainless steel and other alloys, including those required for the aerospace industry, will pick up both cyclically and absolutely in coming years.

Allan Spence
COPPER FH 17/3/78

Technical correction

LME copper values have been boosted by around £40/t since the end of February, reflecting a series of factors, including Zambian transport problems and seven successive weeks of declines in the level of LME stocks. The latter now stand at 587,300 t, considerably below the psychological 600,000 t mark.

The possibility of an intensification of fighting on the Zambian border following the internal Rhodesian settlement — and a plan hatched, but not yet detailed between Zambia, Zaire and Peru to cut production by 15% — have also helped underpin values, traders report. By late trading Tuesday, three-month copper wire bars were trading around £667/t, a price which traders said also reflected a slight weakening of sterling following the commencement of the US/West German dollar support operation.

Though encouraging, the decline in LME stocks is seen primarily as a technical factor as they are largely being transferred to warehouses in the US ahead of a possible copper import embargo which is being pushed for by major producers to assist the US domestic copper industry. However, should an embargo be introduced it would be bullish for the US but bearish elsewhere as the Chilean copper the US producers are trying to keep out would have to find a home in other markets.

Financial Mail March 17 1978

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Koste van boer:

(i) Ontspanningsgeriewe verskaf:

Koste aan boer (jaarliks):

(j) Gesondheidsdienste:

Jaarlikse koste aan boer van: doktersrekoninge betaal
medisyne
vervoer na en van geriewe
ander

(k) Pensioenbydrae deur boer (jaarliks)

(l) Versekeringsbydrae deur boer (jaarliks)
CHAIRMAN'S REVIEW

The performance of the company's employees, the tonnage and grade of ore mined and the price of tin all combined to make 1977 a memorable year for the company. The technical advisers report in detail in the operations at the company's mines. Suffice it here to mention that during the year record tonnages of ore were mined and treated and record tonnages of tin in concentrates were produced and sold.

The net revenue from sales increased to an average of over R7 900 per ton of tin in concentrates and as a result the profit from tin mining for the year was a record R6 465 000 compared with R4 305 000 for the previous year. Interest and sundry revenue amounted to R465 000 and taxation absorbed R3 542 000, so that the net profit after taxation was R6 329 000, as compared with R3 070 000 in 1976. The unappropriated profit brought forward was R2 139 000. A sum of R3 600 000 was transferred to a non-distributable reserve to cover expenditure on fixed and other assets. Dividends of 45 and 90 cents per share were declared during the year which absorbed R2 601 000 leaving an amount of R141 000 to be carried forward.

As indicated in the statement of source and application of funds on page 15 there was an increase in net working capital of R1 482 000 of which R1 642 000 represents an increase in the excess of cash assets over cash liabilities. The increase in other current assets of R1 318 000 arose mainly from a lengthening of the pipeline which resulted from the sales contracts which were entered into for two years with effect from the middle of 1977. The smelters terms accepted represented the best available return to the company taking all factors into account including the lengthening of the pipeline. As compared with the previous contracts, the new terms reflected enhanced competition for the company's concentrates.

Throughout 1977 a shortage of tin metal persisted which resulted in record prices being recorded on the LME. In addition as a result of a decline in the value of the United States dollar, to which the rand maintained an unchanged relationship throughout the year the net revenue per ton of tin in concentrates received by the company increased even more. The rand equivalent of the LME price began 1977 at R7 500 and despite a number of setbacks it reached a peak of R11 500 early in December before declining to R10 409 at the end of the year.

Most commentators believe that there is a continuing shortfall in the supply of tin metal of about 10 000 to 20 000 tons per annum. While there is evidence that high prices have increased the supply of tin metal somewhat, in 1977 the market was expecting releases from the United States strategic stockpile to meet the shortfall. The realisation that such releases would not be immediately forthcoming was one of the reasons for the price reaching a record high during the last quarter of the year. Now that the United States Administration has completed its review of stockpiling policy it is probable that Congress will authorise the sale of some tin by the GSA. Taking all factors into account, however, it is hoped that the average net revenue per ton of tin in concentrates sold in 1978 will not differ significantly from the average for 1977.

As indicated in the technical advisers' report, the predilection of tin in concentrates should be maintained at the level attained in 1977. At this stage there is no reason to expect any significant change in the sales pipeline over the year as a whole. Because of the prevailing buoyancy in the tin market the opportunity has been taken to expand the capital expenditure programmes for the current year to include a number of highly desirable but not strictly essential items. In the event of a serious setback the level of capital expenditure could be reduced. An increase in working costs is probably the only foreseeable negative factor likely to affect the financial results for 1978. If these expectations were to be realised a further substantial increase in dividend distributions would be possible.

During the rainy seasons of 1972 and 1974 the operations at the company's "C" mine were disrupted by washes of water caused by the flooding of the stream which crosses the property over old surface workings. After the 1974 flood which was categorised by a hydrological expert as a very severe event, estimated to have had a recurrence interval of 100 years, a comprehensive system of flood control measures on surface and underground was installed. At the end of January 1978 when the stream again broke its banks, the control measures were fully implemented and found to be effective. A few weak points in the flood control system were however, brought to light and these are receiving attention.

For a number of years persistent efforts have been made to interest Blacks normally resident within a reasonable distance of the company's property in accepting employment on the mine both on surface and underground. Considerable success has been achieved, as noted in the technical advisers' report, so that by the end of the year fifty-eight per cent of the black labour force engaged in the Transvaal, many of them in areas not regarded as traditional sources of mining labour. It is also pleasing to be able to record that premature termination of employment during the end of year labour trough did not cause a problem during recent months.

Improved facilities for the training of company employees have been provided and this will add further impetus to the company's continuing efforts to improve productivity and to improve the already commendable safety record.

On behalf of the board I express appreciation of the services rendered by the consulting engineer, Mr. B. Moore, by the mine manager, Mr. B. T. Hosking, and the staff at the mine and head office.

R. A. Hope
Chairman

Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP

Financial Mail March 31 1978
"Comparable" with those of the first half of 1977. Now Rustenburg has decided that the present rate of production should be maintained so as to more closely match the expected level of sales. It seems that production will be increased to the pre-cut level of 1,800 tpm.

Sales are still plagued by the long-standing Ford contract on which negotiations are in progress. Ford probably takes about 20% of Rustenburg's output. The contract was negotiated with good faith clauses in 1972 when Rustenburg's producer price was at $120.

But cost escalation rates then were not as bad as they are now. Sales are being made at a loss and a reasonable estimate of the current price to Ford is about $150. Taking a line through published prices during the first half, Rustenburg's average platinum price received before discounts was around $170 which is more or less the mine's current breakeven level.

Assuming that the current producer price of $220 can be maintained and on the basis that 20% of sales go to Ford at $150, Rustenburg's average revenue for the second half could be about $706 per oz. It points to second half operating profit about R15m above the first half.

At the interim, R17m was appropriated for Capex which totalled about R17.5m for the year. Only R2.5m was spent in the first half so there is a further R12m to be spent in the second half. Also in the second half there are loans of R11m to be repaid. Taking into account first half provisions, available cash flow after loan repayments is negligible. It means that Capex and loan commitments in the second half have to be met from second half earnings.

Second half Capex will largely offset increased earnings so it appears that despite a potential rise in second half taxed profit to about R15m, some reductions need to be made in short-term borrowings to fund Capex and loan repayments.

At present the free market platinum price is holding above the quoted producer price, but only marginally. If Russia returns as a supplier, platinum could be under pressure in the next few months. If so, and if Rustenburg is able to turn its production in the interim, then the Ford contract is now out of date, the company would be foolish to pay a dividend if it is unable to cover its near-term commitments without resorting to alternative borrowings and will probably maintain dividends from the interim and the same dividend to 1978. Otherwise, the company may well turn to a different form of equity.

RUSTENBURG FNP 3/3/78

Dividend prospects 2/17

What are the prospects of a final from Rustenburg after the panel interim? During the first half, and despite the 10% 20% production cut-back announced in November, sales were
Despite relatively bullish reports on Roosberg and Union Tin, the market is taking a dim view of Vogels’ near-term prospects. At 70c the shares are just above their low for the past 12 months and with limited prospects of near-term improvement. It is an indication of the market’s views on the unhired investments and the R701 000 commitment to Black Mountain that the share price discounts the current worth of the quoted investments alone by 4.8%.

Union Tin (30% held) has been granted another repreive. Underground operations are now expected to continue until end-1979. This year production should be maintained at the same level as in 1977 followed by a decline in 1979. Dump retreatment has ended temporarily but retreatment of dams could give two to three years of operations after mining ceases.

The only really bright spot is Roos- berg (24%) though LME tin prices have softened in the last few weeks. Production of tin in concentrates should be maintained this year with 10% planned increase in mill throughput. But capex for the current year is planned at R2m — 28% higher than in 1978. In the longer term there is the possibility of a tin smelter being established. Investigations are continuing.

This should present no problem. Retentions in 1977 were sufficient to cover that year’s capex and the amount planned for 1978. Net current assets total R4,5m. So unless the tin price collapses (in which case capex for a smelter would presumably be deferred) there should be no difficulty in maintaining last year’s 135c total payout.

Apex (31%) has yet to come up to expectations, not least as far as dividends are concerned. There are still technical problems to be resolved but a clamp appears to have been put on further substantial capex. This year it is planned at R2.2m (1977: R4.8m) but if additional crushing equipment needs to be provided to cope with No 2 seam sandstone, capex could be added to “significantly.”

R1.6m of loans are due for repayment this year so despite the 12% domestic coal price increase there may be little scope for a meaningful dividend increase.

Unquoted investments Zincor and Klein Products are near-term no-growth situations. Lower producer zinc prices converted 33%-owned Klein Products’ 1976 profit of R2.5m into a R220 000 loss in 1977. Further losses could be unavoidable and Vogels’ investment has been written down by 36% to R1,07m.

Zincor’s (38%) earnings are likely to be lower this year though the dividend is expected to be maintained. Production has been cut back in line with other world producers but there seems little prospect of this having an effect on depressed zinc prices for at least two years.

Vogels has acquired a 1% interest in Black Mountain. Chairman Robin Hope says that based on mid-February metal prices the mine’s projected working profit would have exceeded 60% of revenue. Roughly it means that on-mine costs are estimated at about R13.20/t ore in situ and off-mine costs of R11.90/t for a total of R25.10/t before allowing for dilution.

It all adds up to total dependence on tin for any meaningful near-term growth. Even though net current assets total R1.2m and the commitment to Black Mountain should be met with no difficulty, dividends could be frozen at the current level until the zinc investments get back into gear. With 15.3m shares in issue scope for a significant near-term dividend hike is limited and on a 10.7% yield the shares are fully priced.

Jim Jones

Financial Mail March 31 1978
BASE METALS (21) FH 31 37

Recovery in March

London Metal Exchange copper prices resumed their sharp upward advance immediately after Easter, breaching the £700 per t level and chalkling up a price turnaround approaching £100 per t since the beginning of March. In late trading on Tuesday, three-month wirebars were quoted at around £713, having registered levels of as high as £720 earlier in the day.

A combination of factors is underpinning the metals price surge, but dealers isolated the possibility of Zambia declaring force majeure on around 25% of her scheduled copper deliveries, and probably US copper and tin stockpiles moves, as among the most influential.

Eight successive weeks of declining LME copper stocks, from around 650,000 t to just over 580,000 t and a weakening of sterling have also assisted the metals performance. “These are very real factors,” comments Rudolf Woolf director Bruce Leemung, “the market is not simply reflecting speculative elements. However, Leemung considers that the “pace of the rise might have been a little hot,” and adds this might produce a temporary setback as the market pauses for a breather. Nevertheless, he maintains, “the trend is clear — it’s up.”

Although world copper stocks amount to around 2Mt, some trade sources feel that supplies cutbacks, primarily from Zambia (as a result of transport problems, plus production cutbacks agreed in harness with Zaire and Peru), coupled with the possibility of a worsening security situation in central Africa might quickly begin to erode this figure. Initially the LME stocks’ decline was primarily attributed to shipments to the US ahead of a possible copper import embargo to assist domestic producers. However, some traders now report that European users seem to be absorbing LME stocks, especially in West Germany and Belgium, in anticipation of possible African supply cutbacks.

Meanwhile last year’s base metal star tin, is trading erratically lower at just over £5 800 per t (late Tuesday) compared with highs of over £7 000 a few months ago. “The problem,” says one dealer, “is that although there is still a statistical production deficit of about 19 000 t of tin this year, the metal became overpriced.” Additionally, industrial demand from the canning industry has reportedly slackened after peaking last year, especially due to bumper harvests in several commodities in 1977, requiring extra can production.

Another factor overhanging the market is the possibility that the US will sell around 30 000 t of tin from its strategic stockpiles and use the proceeds to buy around 250 000 t of copper — moves which are now being officially considered in Washington. The tin sales would easily bridge the shortfall and badly destabilise the market. Not surprisingly, therefore, leading tin producers are meeting in Jakarta in early April to discuss the proposal, which has yet to be given official blessing in Washington. To a degree copper is already reflecting the possibility of such purchases being made and would shoot up further if detailed plans were suddenly announced, trade sources report.

Meanwhile, although lacking the lustre of copper’s performance, zinc and lead, have made useful gains of around £40 and £30 per t respectively since the end of February. In late trading Tuesday zinc stood at £284 and lead at £314 Fundamentally little has changed in either market, although zinc has been encouraged by production cutbacks in Europe and both have reflected a weakening of sterling in recent weeks.
The group’s tin investments were primarily responsible for the increase in consolidated investment income from R1 651 000 to R7 709 000. The increase in other revenue from R12 000 to R28 000 was attributable to increased interest and store charging royalties. The amount written off investments at R847 000 compared to R14 000 in 1976 was required mainly because of the adverse effect of the fall in the zinc price on the prospects of Kilm Products and its subsidiary, Swaco. Although the consolidated net profit fell to R1 191 000 from R1 545 000 in 1976 the previous year’s dividend of 7.5 cents was maintained, abolishing R1 150 000.

The acquisition of a one percent equity interest in Black Mountain Mineral Development Company (Pty) Ltd at a cost of R300 000 is in accordance with the announcement made jointly with Gold Fields of South Africa on 21 October 1977.

Your company will contribute its share amounting to R701 000 in respect of loan finance by installments during 1978 and 1979 from its existing cash resources. Interest payments on this loan will be made to your company with effect from the date of each advance at a rate linked to overdraft rates, which today would be fourteen percent.

Participation in the development and exploitation of the ore reserves of some 38 million tons by the Black Mountain company is regarded as an opportunistic investment for the longer term especially in view of the further mineral potential of the ground owned by that company. It may appear to be a hazardous undertaking to embark upon the development of a large new lead-silver zinc-copper mining venture at a time generally regarded to be one of depressed base metal prices. The investment in Black Mountain was however made with confidence because of the high level of the projected profit to revenue ratio which should, in the event of high metal prices, result in a profit of sixty per cent of the net revenue at the mine. Even at metal prices twenty per cent below the projected price, working profits would have exceeded twenty per cent of the net revenue at the mine.

The group’s portfolio based on market prices and directors’ valuations and investment income for the year is analysed below by commodities:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value Per cent</th>
<th>Investment Income Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zinc</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Tin</td>
<td>28</td>
<td>46</td>
</tr>
<tr>
<td>Coal</td>
<td>34</td>
<td>12</td>
</tr>
<tr>
<td>Copper</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Gold/Iridium</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

The tin companies had a very good year. The increase in the price of tin resulted in increased profits and dividends from both companies, but Rooburg’s record profit is also attributable to increased production of tin concentrates at the mine. The discovery of additional ore and the continuing high price of tin has improved the immediate outlook for Union Tin where latest indications are that underground mining should last for a further two years albeit on a reduced scale in 1979.

The tin equivalent of the LME price for tin increased during the year from R7 600 per ton in January to reach a peak of R10 500 per ton in early December. Thereafter it declined to end the year at R10 400 per ton. Throughout the year the shortage of tin metal continued with most commentators estimating that the gap between supply and potential demand is between 10 000 and 20 000 tons per annum. Although the high price should make more tin available to the market and it is probable that the United States may permit the sale of some tin from its strategic stockpile, it is hoped that the average revenue for tin concentrates to be received in 1978 will not differ materially from that of 1977. The prospect for a further increase in the total income on the company’s tin investments during the current year is good.

At Zincor production exceeded local demand but export sales ensured that almost the entire year’s production was sold and the stock of metal on hand remained virtually unchanged. Losses were reduced by nearly R6 million. The producer price of zinc fell from R7 995 to R6 000 per ton during the year and has since dropped to R5 500 per ton. Production cutbacks have been announced by smelters in all the major countries, including Zincor. The zinc market is expected to improve in the near future as demand, which slumped in 1978, is expected to pick up in the first half of 1979.

The group’s investment in Kilm Products has been written down by R6 400 000 to reflect the latest views on the prospects of future dividends. Despite strenuous efforts to reduce costs and improve the grade of ore mined by Swaco, it may be possible to avoid further losses. Contingency plans have been prepared to place the Berg Akers mine on a care and maintenance basis.

The company’s dividend income from its investment in the coal mining company Apex Mines Limited, was maintained. The prospects are good for the future of the entire output of the more profitable qualities of coal produced by that company, despite the occurrence of oversupply in Japan, the main market for low ash coal. Production difficulties at the colliery are progressively being eliminated.

In assessing the overall prospects for the company’s investment income for the current year one can discount the depressed state of the markets for most of the major base metals, particularly zinc. Nevertheless, there are reasonable grounds for confidence that the tin market will continue to perform in an exceptional manner. Despite prospects of a further increase in dividend income from the company’s tin investments which in 1977 provided almost half of the total, it is hoped that there will be a further increase this year in the company’s total investment income. At this stage, however, it is not possible to give a more specific indication of the likely level of dividend distributions by this company.

R A Hope
Chairman
Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP
UNION TIN MINES LIMITED
(Incorporated in the Republic of South Africa)

CHAIRMAN'S REVIEW

The profit for 1977 was R1 083 000 compared with R1 028 000 for the previous year. A further contribution of R59 000 was paid to the G.F. Dust and Water Control and Surface Restoration Fund. Taxation accounted for R406 000 and the net profit after tax was R605 000 compared with R525 000 for the previous year. The unappropriated profit brought forward was R104 000 and an amount of R220 000 was transferred to a non-distributable reserve to finance an increase in the value of concentrates on hand, loan levy, other debtors and a small amount of capital expenditure. Two dividends of 6 and 10 cents per share were declared which absorbed R304 000 in total leaving an amount of R12 000 to carry forward to the next year.

Although the total tons mined and the ore treated increased, there was a fall off in the grade of ore and the production of 220 tons of tin in gravity concentrates was 12 tons of tin lower than the production of the previous year. Reclamation ceased during the year and the production of tin in flotation concentrates declined by 110 tons to 150 tons of tin in concentrates.

The effect of this fall in production was offset by the higher net revenue per ton of tin in concentrates which was obtained during the year due to the higher prices of tin which prevailed. Sales of tin in concentrates amounted to 402 tons and the average net revenue per ton of tin in concentrates sold was R6 715 in 1977 compared with R4 923 in the previous year. Working costs were R1 771 000 or R18 88 per ton mined compared with R1 590 000 or R16 88 per ton mined in 1976. The cost of sales amounted to R1 706 000 and the gross profit from tin sales was R955 000 which was slightly higher than the profit of R946 000 in the previous year.

The rand equivalent of the London Metal Exchange cash price for tin increased from R7 000 per ton on 4 January 1977 to a peak of R11 500 early in December. Thereafter it declined to end the year at R10 600 per ton. Throughout the year there was a shortage of tin metal. Most commentators estimate that the gap between supply and potential demand varied between 10 000 and 20 000 tons per annum. Expectations that this gap would be met by releases from the GSA stockpile were not fulfilled and this was one of the causes of the high prices prevailing during the second half of the year. As the American Administration has now decided to retain the previous administration's stockpile objectives it is likely that legislation to permit the sale of some tin by the GSA will now be approved by Congress. This may cause the tin price to decline during 1978.

The latest indications are that underground mining operations will continue throughout 1978 at approximately the same level of production as in 1977 and there is a reduced rate in 1979. Reclamation of the old dumps has been completed and it is unlikely that any further reclamation will take place until the cessation of underground mining operations probably at the end of 1979. Thereafter a dam reclamation operation may be viable for two or three years, but at a much reduced level of profitability.

Further falls in production are to be expected as the mine approaches the end of its life. As the outlook for the tin price is that it may decline from the present high level while costs are bound to increase a fall off from the levels of profitability in 1976 and 1977 is expected.

Mr Jacobson, having been a member of the board for almost 30 years, is not standing for re-election at the annual general meeting. His services to the company over this long period are recorded with appreciation.

A feature of the operations at Union Tin has again been the mine's outstanding safety record and on behalf of the board I express appreciation of the services rendered by the consulting engineer, Mr B Moore, the former manager, Mr S J M Caddy, who has been transferred to another mine in the Gold Fields Group, the manager, Mr W M Eksteen and the staff at the mine and at head office.

M B Forsyth
Chairman
Johannesburg
8 March 1978

MEMBER OF THE GOLD FIELDS GROUP
PALANBARA
No fireworks

Activities. Operates open cast copper mine in southern Transvaal. Also produce uranium, manganite, steinaitite and sulphides and Mulberry in R17, which holds 39%.


Capital structure 28,3m ordinary of R1 Market capitalisation R20,35m.


Borrowings long and medium term maintenance supplies which rose R5,7m in 1977 and are not under the mine's control. Unit power costs have risen by 24% since March 1975 and the January 1978 copper price increase will add an estimated R15/t copper production costs.

Chairman G R MacMillan is less than optimistic on prospects for the current year. Of copper prices received in 1977 averaged R108/t compared with an average of R1 cash market price of R75. MacMillan gives no estimate of Palabora's high volume for 1978 but 1M/t cash market prices are currently R90/t which, if averaged over the year implies profit to Palabora of about R1050/t.

Magnetic sales to Japan and In March 1978 and are unlikely to be renegotiated until the steel industry recovers. But the contribution to revenue was relatively small and should already be compensated by increased uranium production from 1977's low of 88 t.

Lifting a lift through these figures and on an estimated copper production of 134,000 t, Palabora could expect earnings per share of about 60c before tax.

MacMillan sees little prospect of any meaningful improvement in results this year and says prospects for any substantial improvement in copper prices seem remote unless there is a strong recovery in world real economies.

Copper has dropped sharply with completion of the expansion programme and copper for the current year will probably be in the region of R53.

This year R11m of long term loans are repayable. Lifting this into account with depreciation of about R14m and the estimated capital expenditure mentioned above, last year's total dividend payout of 45c could be maintained, putting the shares on a prospective yield of 6.3%. In 1979 loan repayments, depreciation and capital expenditure should be in line with 1978 figures so that the dividend yield will largely discount an improvement in the copper price.

On this basis the shares are best suited to investors prepared to take a two to three year position. Except in the unlikely event of a sharp upward move in the copper price, there are unlikely to be any fireworks and investors need be in no hurry to buy the shares.

Jim Duke
Distant Light FM 14, 1978

Activities: Mining company producing chrysotile asbestos in the Barberton district, Transvaal. Managed by General Mining.

Chairman: C.H. Walters.

Capital structure: 6,45m ordinaries. Market capitalisation. R9,0m.

- Capital commitments: R533,000.


<table>
<thead>
<tr>
<th>Year</th>
<th>Production (000s)</th>
<th>Turnover (Rm)</th>
<th>Pretax profit (Rm)</th>
<th>Earnings (c)</th>
<th>Dividends (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>58.7</td>
<td>93.9</td>
<td>95.4</td>
<td>100.7</td>
<td>15.7</td>
</tr>
<tr>
<td>75</td>
<td>62.0</td>
<td>108</td>
<td>16.2</td>
<td>18.1</td>
<td>17.5</td>
</tr>
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<td>76</td>
<td>8.8</td>
<td>36</td>
<td>7.1</td>
<td>7.5</td>
<td>50.0</td>
</tr>
<tr>
<td>77</td>
<td>8.5</td>
<td>84.8</td>
<td>83.2</td>
<td>50.0</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Near term there is little going for chrysotile producers worldwide. Consumers are largely overstocked, cut-price sales of USSR material have to be absorbed and there are no signs of the major supply disruptions which set the market alight as happened a couple of years ago.

In the medium to long term, however, the picture is brighter. There is little incentive for the Canadian majors to invest in new facilities at current prices, pointing to potential shortages while, especially in the Far East, demand is eventually expected to grow strongly.

But for the current year Msauli will be faced with a highly competitive market. Its sales, especially of the shorter No 7 fibres came under strong pressure in the second half of 1977 and production of this grade of material has been cut back sharply. For 1978, production of fibres will remain at a lower level to work off excess stocks. Price levels are expected to be only marginally better than in 1977 as the weakening Canadian dollar has effectively annulled price increases in that currency.

There could be problems with unit costs. Cost of sales rose by 22.8% to R65.28/t of fibre in 1977 while selling expenses put on 24.1% to R56.47/t. With lower mill throughput the implications are for further sharp increases this year.

However, the mine’s major capex programme of the past two years is almost complete. Capex this year is planned at R700,000, mainly to complete shaft sinking, and should fall further next year. The balance sheet is debt-free.

Even so it is difficult to predict maintained dividends for the current year. Management will presumably want to conserve cash in case the demand position shows further near-term deterioration.

The shares have recovered from their recent lows but any major further recovery does not seem to be on the cards near term. At this stage it appears that the dividend will be cut to about 30c and that the next few quarters will underline the mine’s difficulties. Recovery will depend on a resumption of full production and purchases can be deferred until publication of a quarterly showing that this is under way.

On a 30c total dividend some further recovery in the share price could be justified.

Jim Jones
Old favourite

Activities: Mining company operating in the Leabara district, Transvaal. Produces a large proportion of the world's antimony concentrates. JCI is the largest shareholder with 25.2%.

Chairman: H. Dalton-Brown; managing director R. B. Sutherland.

Capital structure: 4.2m ordinary of 10c. Market capitalisation R17.1m.


Share market: Price: 410c (1977-78 high, 1000c, low, 355c, trading volume last quarter, 178,000 shares). Yields: 17.9% on earnings, 7.9% on dividend. Cover: 2.3. PE ratio: 5.9.

Concentrate output (t):

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>74</td>
</tr>
<tr>
<td>1975</td>
<td>75</td>
</tr>
<tr>
<td>1976</td>
<td>76</td>
</tr>
<tr>
<td>1977</td>
<td>77</td>
</tr>
</tbody>
</table>

Concentrate output (t):

- 20 055
- 25 160
- 18 341
- 19 825

Turnover (Rm):

- 24.2
- 16.6
- 23.0

Working profit (Rm):

- 17.1
- 6.4
- 11.6

Earnings (c):

- 278.4
- 138.4
- 188.5

Dividends (c):

- 130
- 80
- 140
- 30

During the second half of 1977, antimony concentrate demand slumped and, at least for the first half of the current year, the possibility of any meaningful recovery is slight. Management's reaction has been to cut capex back as far as possible. For the time being, development rates are being maintained to establish ore resources and avoid the mistake made five or six years ago when development cut-backs led to subsequent production problems.

But if poor demand persists, the temptation could be strong to cut development as a means of containing costs.

During 1977, quoted open market antimony concentrate prices averaged about $21 per metric ton unit (mtu) Murchison's average of price received at the mine was R1 023/t for concentrates grading an average 57.25% antimony.

Currently quoted prizes are $16.75 per mtu which implies that Murchison's on-mine revenue could be as low as R860/t concentrate.

This year's annual production should match 1977's 19 825 t on a similar mill throughput. But average unit costs in 1977 were R21,27 t milled. Allowing for escalation, this points to total working costs of about R16m. But if first half sales are only at the same rate as the final quarter of 1977 and all production is sold in the second half at a higher price, antimony sales revenue could be as low as R14m. There will be another R0.5m from gold sales but it could mean a capex deficit of R2.5m after planned capex of R1m.

Cash considerations are the name of the game and work on deepening Beta shaft to open extensions to known ore bodies can probably be deferred until 1979. But the near-term future of the mine lies in working currently known and exploited ore bodies at depth, so too long a delay in shaft deepening could be detrimental.

There should be little difficulty funding a cash flow shortfall of the size suggested by these figures. At the year-end net current assets were R4.64m which included R3.5m cash. But it is not particularly encouraging as far as this year's dividends are concerned.

Currently, almost 9% of the recovered antimony is in the form of unsaleable arsenical concentrates. Work continues on devising a workable and economic process for recovering a saleable high-grade concentrate from this source.

Chairman Tony Dalton-Brown gives no forecast of possible dividends for the current year and unless the antimony market recovers in the near future there is a strong likelihood of the interim at least being passed. The shares have recovered from their recent low, partly on investor expectations of eventual profits arising from concentrate stock sales.

The shares have always been a jobber's favourite and on a two-year view could be attractive at current levels. But sales in the first quarter of the current year have not been good and publication of the quarterly in a couple of weeks could mean better buying opportunities.

Jim Jones
GEFCO

Slow growth now

Activities: Mining company producing crocodolite (Cape Blue asbestos) from a number of mines in the Kuruman area of the Cape Province and Bophuthatswana Managed by General Mining which owns 49.7% of the issued shares. Sentrust holds 13.7%.

Chairman: C H Walters

Capital structure: 11.95m ordinary shares. Market capitalisation: R33.3m.


Share market: Price 280c (1977-78 high, 455c; low 210c; trading volume last quarter, 1.13m shares). Yields 33.7% on earnings, 18.6% on dividend. Cover 1.8, PE ratio 3.0.

<table>
<thead>
<tr>
<th></th>
<th>74</th>
<th>75</th>
<th>76</th>
<th>77</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fibre produced (0000)</td>
<td>62.7</td>
<td>48.7</td>
<td>57.5</td>
<td>78.1</td>
</tr>
<tr>
<td>Turnover (Rm)</td>
<td>18.3</td>
<td>26.2</td>
<td>35.3</td>
<td>47.1</td>
</tr>
<tr>
<td>Trading profit (Rm)</td>
<td>2.7</td>
<td>6.5</td>
<td>10.8</td>
<td>16.2</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>164</td>
<td>412</td>
<td>660</td>
<td>943</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>4</td>
<td>16</td>
<td>30</td>
<td>52</td>
</tr>
</tbody>
</table>

The recent period of strong demand and rising profits financed expansion and improvement of facilities. With higher production in 1977, unit production costs rose only 2.7% on the year to R232.3/t fibre.

Capacity is 25% above projected current demand and though this could mean that plant inefficiencies from operating at full bore will be eliminated, costs will probably start moving up in line with the rest of the mining industry. Asbestos prices are expected to be more or less unchanged, so margins will be under pressure.

Near-term, much depends on how closely production matches sales. Asbestos stocks rose by 181% to R3.4m at the year end to about 14,600 t. This compares with sales of about 90,000 t in 1977 which include fibre bought from outside sources such as Wandrag. But selling expenses, which are largely out of the company’s control, will doubtless continue to move ahead.

Medium-term, the market will recover, but there is unlikely to be a repetition of the Quebec strikes which boosted prices and sales since 1975. So any growth will be steady rather than spectacular. And until recovery sets in, the shares will be influenced mainly by near-term considerations.

Geefco, with its longer fibre, is in a better position than sister company Msauli to weather the current recession and recovery should be faster. But near-term and especially at first quarter sales are reported to be slow. The shares’ performance is likely to be pedestrian. Though capex is planned at R1.6m (1977: R3.9m), it will be difficult to maintain the dividend, especially if additional stocks have to be financed. On this basis a dividend cut to 40c could be on the cards with a possible interim of 15c. They are only for investors looking to the end of the recession.

Jim Jonas
during the current year. Open cast mining at Hotazel has ceased. Mamatwan's production has been cut back and development at Wessels has been delayed. Work on the new Moosoo chrome mine has been delayed though it will produce at well below capacity this year.

Ferro-alloys contributed R17.4m to pre-tax profit, R10.4m down on the preceding year, as ferro-manganese and ferro-chrome furnaces were closed down. The new 75MVA ferro-manganese furnace at the Meyerton works is being completed, but will only be brought to production when the market recovers.

Production cut-backs were necessary to reduce ferro-alloy inventories. With year-end stocks of R83m (1976:R63m), production should be well below sales this year. But stock reductions will presumably be first applied to cutting the bank overdrafts of R25.1m (R906.000) and this year's profits should be lower than in 1977.

As far as recovery is concerned; retiring chairman Fred Bamford is not encouraging. Consumers have little incentive to add to ore stocks, chrome alloys are still threatened by further moves to impose duties in the US and European manganese alloy producers are working towards protecting their own already weak positions. It points to Samancor being under pressure for the whole of this year and probably well into 1979.

This year planned capex has been cut back to R20m. But with anticipated lower earnings, if there is any move to restore historic dividend cover levels, a dividend cut would be inevitable. At this stage it is difficult to predict the likely payout, as an upturn later in 1978 could alter the picture, but a cut to 50c could be on the cards putting the shares on a prospective 9.8% yield. The shares are not suited to investors with near-term objectives, but investment on a two to three year view should be rewarding.

Jim Jones

SAMLANCOR FM 5/4/78
The screws tighten

Activities: Produces manganese in NW Cape and chrome in the Transvaal. Metals and ferro-alloy production includes high carbon ferro-manganese, ferro chrome and ferro-silicon. Chemicals division produces phosphate acid.

fertiliser and electrodes. Iscor, directly and indirectly, holds about 45% of the equity.

Chairman: F H Y Banford; chief executive: Dr J P Kearney.

Capital structure: 27.7m ordinaries of 20c; 7m 10% cum red prefs of R1. Market capitalisation: R141.4m.

Financial: Year to December 31 1977. Borrowings: long and medium term, R19.3m, net short term, R22.4m. Debt/equity ratio, 27.6%. Current ratio: 2.3. Capital commitments: R29m.

Share market: Price: 510c (1977-78: high, 830c; low, 480c; trading volume last quarter, 280,000 shares). Yields: 25.6% on earnings, 12.7% on dividend Cover, 2.0 PE ratio 3.9.

<table>
<thead>
<tr>
<th>Manganese ore produced (0000)</th>
<th>2,810</th>
<th>3,795</th>
<th>3,583</th>
<th>—</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Rm)</td>
<td>524</td>
<td>149.3</td>
<td>211.3</td>
<td>194.2</td>
</tr>
<tr>
<td>Pre-tax profit (Rm)</td>
<td>264</td>
<td>88.8</td>
<td>94.1</td>
<td>61.2</td>
</tr>
<tr>
<td>Earnings (c)</td>
<td>68.8</td>
<td>136.9</td>
<td>168.8</td>
<td>130.6</td>
</tr>
<tr>
<td>Dividends (c)</td>
<td>35.5</td>
<td>50.0</td>
<td>65.0</td>
<td>65.8</td>
</tr>
<tr>
<td>Net asset value (c)</td>
<td>167</td>
<td>365</td>
<td>512</td>
<td>884</td>
</tr>
</tbody>
</table>

It may be no more than coincidence, but after a year of declining activity and with no sign of a let up for the current year, there is no divisional turnover breakdown (only of profits) nor any indicating ore production levels.

The report has little encouraging to say. Manganese and chrome ore production are to be curtailed further until demand improves. No details of what this might mean to turnover and profits are given.

Mining remains the backbone of operations and contributed R41.9m (69.2%) to operating profit before tax. But the level is unlikely to be maintained.
ASSOCIATED MANGANESE

Little attraction

**Activities:** Mines manganese and iron ore in the northern Cape. Subsidiary company — Ferroalloys produces ferro-manganese in Natal and chrome alloys in the Eastern Transvaal.

**Chairman:** B.E. Herson; technical director: G. Sacco.

**Capital structure:** 3.5m ordinarities of 50c.

**Market capitalisation:** R105m.

**Financial:** Year to December 31, 1977. Borrowings: long and medium term, R2.6m; net short term R4.0m. Current ratio 2.4 Capital commitments R11.1m

**Share market:** Price 2.50th (1977-78 high, 3.15c, low, 3.00c, trading volume last quarter, 9,000 shares). Yields: 16.4% on earnings, 16.7% on dividend Cover 1.4. PCR ratio 0.1

**Uns. sales (1,000):**

<table>
<thead>
<tr>
<th>Year</th>
<th>Manganese</th>
<th>Tungsten (Rm)</th>
<th>Pre-tax profit (Rm)</th>
<th>Earnings (Rm)</th>
<th>Dividend (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>74</td>
<td>1,971</td>
<td>1,871</td>
<td>1,069</td>
<td>1,638</td>
<td>170</td>
</tr>
<tr>
<td>75</td>
<td>1,750</td>
<td>1,610</td>
<td>954</td>
<td>559</td>
<td>170</td>
</tr>
<tr>
<td>76</td>
<td>2,000</td>
<td>1,930</td>
<td>1,276</td>
<td>832</td>
<td>170</td>
</tr>
<tr>
<td>77</td>
<td>2,200</td>
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<td>1,675</td>
<td>213</td>
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Manganese ore sales declined for the third successive year, though only by a marginal 3.4%. The major downturn was in iron ore and ferro-alloys. The drop in tonnages and price of ferro chrome dispatched was particularly great. Ferro-alloy turnover was 22.4% down at R26.4m with no sign of any near-term improvement. Output from some of the smaller furnaces has been suspended as a means of controlling stocks.

Ferro chrome sales, particularly, have been hit both by slack demand by overseas consumers and excess productive capacity as new facilities came on stream elsewhere in the country. The ferrochrome market is fast reaching a stage at which SA producers, as the dominant force in the world, will have to reach a market-sharing agreement.

In ferro manganese, the picture is only marginally brighter. There is overcapacity, but there have not been the quantum production increases that ferrochrome producers faced in 1977.

On the mining side, expansion at the Beeshock mine to service the US Steel contract has been slowed because of depressed market conditions. Presumably this will not result in any problems in repaying the US Steel loan which is tied to deliveries.

The smaller manganese mines, where reserves are almost depleted, are being replaced by larger mines. How soon this additional capacity can be turned to account will clearly depend on the world steel industry. Consumers are highly resistant to price increases and continue de-stocking.

The indications are of lower turnover and profits during the current year. Chairman B.E. Herson is unable to forecast the company's likely results. But with near completion of the ferro-alloy expansion programme, planned capex is slated to drop to R50m (1977: R18.7m). Most is to be spent on mining assets, in particular on iron ore facilities for the US Steel contract.

Though substantially lower capex is planned, there seems little prospect of dividends increasing until all operations are at full capacity. The yield is unattractive and at current levels, the share is overpriced.

Jim Jones
PAYNE

A DAVIDSON chrysocolla and Copper Blue hardness grade and three
main mining areas are known. Day time outtake, copper and exports, usual by the
granite. Making a

Copper Blue, a more recent export, came out at £630,000 compared with £910,200,000 in
December.

Chrysocolla exports were £411,000 or only a third of the
figure in December of £1,612,000.

The figures bear out the statements of established companies that a new build-up of the
market is going on in January, which is usually a

Looking further back at the chrysocolla exports - in November they were
£1,387,000, in October
£1,531,000 and in September
£1,406,000.

Copper Blue exports, which were in the lower range in
January were £75,200,000 in
December, and £159,400,000 in
September. Therefore the
January figure compares favorably with these towards the end of last year.

Tinbronze, which is exported by Consolidated Mining put up a better performance in
January than in December with the value of exports at
£1,511,000 (S$7,400,000). Copper exports were higher in January at £5,327,000
(£1,200,000) but copper was down at £9,762,000
(£1,000,000).

Treasure exports rose from £1-
million in 1942 to £4-million in 1943, and manganese (0.7-0.8%) was up £1-million at £10-million. But there was a decrease in the
highest-grade manganese (over 42%) from £1,672,000 to
£1,046,000.

Miscellaneous sales, which include platinum and uranium, were steady at £165-million
£1-million higher than in
December.
Prospects for base metals are starting to look more promising than they have for many months. Analysts and mining executives are starting to improve their forecasts and have been enough to prompt, for example, copper at 2850c, producing long quoted prices to 2850c. There are no signs that the price of copper has reached its peak, but it is likely that high prices will lead to increased production.

In the near-term, establishment of a tin smelter could retard dividends. Experimental work to reduce the iron content of concentrates is in hand and preliminary thinking is for the establishment of a smelter to produce 3000 t per year. It would mean treating some concentrates from other sources and the cost is probably about $6 million in today's terms. Last year, Roobog's working profit was $9.5 million and the 135c dividend absorbed $2.8 million.

Union Tin: There is nothing new on development of the new K-grade. But if the tin price holds, the mine's estimate that underground production will start tailing off in 1979 could err on the side of pessimism. Shipping delays held up sales in the first quarter, which should be rectified this quarter. Capex this year will be comparatively low as last year's 168c dividend could just be maintained. At 65c, the shares are 5c down on publication of the first quarter's results. At this level they are only for the optimists and there could be considerable upside potential if GSA sales chop the LME tin price.

Cons Murchison: The market approved of the mine's first quarter profit turnaround and initially lifted the shares 30c to 430c. But near-term, there could be more upside potential. Mining problems at the new Athens shaft reduced first quarter mill throughput and recovery grade, though there should be some recovery this quarter.

However, there seems to be little prospect of any meaningful market improvement for most of this year. Concentrate prices are at all-time highs and customers tied to the crude oxide plant have, for the first time, planned to lower their offtake. Rather than run the plant at two-thirds capacity for the whole year, it will be closed down during May-July. It should mean that oxide plant costs do not go out of sight.

First orders for plant for the fifth oxide production line have been placed and construction should start later in the year, hopefully for completion when the market is on a stronger tack.

So this quarter, sales will probably be down on the first and production higher. Because of the mine's conservative accounting method whereby costs are offset against revenue as incurred, this quarter's profit picture could be dismal. And with $850,000 remaining capex this year, a passed interim seems to be on the cards.

In addition, at Wednesday's AGM, chairman Tony Dalton Brown pointed out that the ore reserve position was under threat because of cost escalation and low prices.
Tin glistens as other metals lose the shine.

THE ONE METAL to come through the world recession riding high wide and handsome is tin, and the shares of producing companies have also done extremely well.

The current metal price is down from its peak of last year but indications are that it will move up again even though international trade conditions do not point to a marked recovery.

Tin is a high-ranking strategic metal and supply cannot keep up with demand. It is estimated that last year the shortfall of newly mined metal was 15,000 tons below requirements.

The situation is confused at the moment by US dithering over stockpile release, but when this does come about, the deepening effect is not expected to be of long duration.

South Africa does not rank as a major producing source but has been in the business for many years, though until the present decade it was a high risk operation. This not only arose from an often erratic metal market but great difficulties in developing reserves of any significance.

In the boom times of 25 years or more ago, tin companies mushroomed, based on small scattered occurrences. With some the only lode exploited was the willingness of the public to buy handsome engraved share certificates.

For Rooberg minerals, the biggest of the three existing mines, a change came about with detailed studies by Gold Fields geologists into the factors controlling mineralisation.

From these a far clearer idea emerged of where ore was likely to be found, though this provides no automatic guarantee of payability.

The outcome of this has been that indicated ore reserves have been established approximating those of a gold mine.

With the management thus able to look forward with confidence to an appreciable operating life coupled with much improved earnings flowing from the higher metal price Rooberg is no longer a high risk category.

The other undertaking in the GFSA stable is Union Tin in the Naboomspruit area. It is a much smaller operation treating lower grade material, recovering 230 tons last year.

With mineralisation being different to that at Rooberg, the discovery of new lodes is much more difficult presenting a picture of a hand to mouth existence. However, the view persists that there is still a lot of tin awaiting finding in the area.

The third producer is Zaalplats.

Like Union it has receive problems but it owns a large area yet to be exploited. Grade is low but hopes exist of an improvement through an accelerated development programme now in progress. A start is also being made with the treatment of old tailings.
PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die kwartaal geëindig 31 Maart 1978

Aan die aandeelhouders,
Die direkteure lê die volgende verslag vir die kwartaal geëindig 31 Maart 1978 voor:

________________________
PRODUKSIE EN VERKOPE
(Metriek ton)
________________________

<table>
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<tr>
<th></th>
<th>Kwartaal geëindig</th>
<th>Kwartaal geëindig</th>
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<tr>
<td></td>
<td>31 Maart 1978</td>
<td>31 Maart 1977</td>
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<tr>
<td>Koper</td>
<td></td>
<td></td>
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<tr>
<td>Produkies (Aantekening 1)</td>
<td>28 706</td>
<td>24 501</td>
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<tr>
<td>Verkope</td>
<td>27 994</td>
<td>21 596</td>
</tr>
<tr>
<td>Erts gemaal</td>
<td>6 762 613</td>
<td>5 805 383</td>
</tr>
<tr>
<td>Gemiddelde kopergraad</td>
<td>0,52%</td>
<td>0,48%</td>
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<td>13 569</td>
<td>56 730</td>
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<td>Swawelsuur</td>
<td>30 527</td>
<td>24 417</td>
</tr>
<tr>
<td>Vermikuliet (Aantekening 3)</td>
<td>63 008</td>
<td>26 926</td>
</tr>
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</table>

AANTEKENINGE:

1. Sedert die voltooiing van die uitbreiding van die affinaderytenhuis word die maatskappy se hele koperprodukse geaffineer. Om hierdie rede is die produkse van 1977 en 1978 as katodes getoon, in plaas van as anodes soos in die verlede.

Die bykomende tonnemaat koper wat in die eerste drie maande van 1978 geproduseer is, is hoofsaaklik afkomstig van die vergrote myn- en aanleggeriewe wat ontwerp is om 'n bykomende 30 000 ton koper per jaar te produseer. Alhoewel probleme ondervind is met die nuwe ouorgene meulens wat deel van die uitbreiding vorm, was hulle in staat om gedurende die tydperke waarin hulle nie gesluit was nie gereelde inspeksie en herstelwerk aan die meulrompe nie teen ontwerpvermoë te werk.

Vervangingsrompe is ontwerp en word vervaardig vir installering laat in 1978 en vroeg in 1979.

Die koperproduksie vir die kwartaal tot 31 Maart 1978 sluit 37 metriekie ton (1977: 677 metriekie ton) in wat van buitebronne gekoop is.

2. Magnetiesverkope is nadelig getref deur die tydelike sluiting van die massa

lanteringssgeriewe by Maputo, Mosambiek, vir belangrike herstelwerk sowel as deur 'n tekort aan spoorwegtrokke om die materiaal na daardie hawe te vervoer.

3. In die eerste kwartaal van 1977 was daar 'n aansienlike toename in die vraag na vermikuliet, vergeleken met die vorige jaar, en verkope is gedurende hierdie tydperk verder verhoog deur aflowering aan klante van 24 950 ton vermikuliet wat aan die einde van 1977 nog onderweg was.

Op las van die Direksie
RIE TINTO-BESTUURSDIENSTE
SUId-AFRIKA (EDMS) BEPERK
Sekretaris

Posbus 61140, Marshalltown
2107 Transvaal

20 April 1978

per: G. H. Edwards
Metals facing a tough time

Anne Colley

The four main non-ferrous metals may be in for a rough ride in the short term. But inflation could well pull them out of their quagmire of sinking prices in the long run, says a Johannesburg firm of commodity brokers.

In its quarterly report, Commodity Brokers predicts that the current over-supply situation, world economic malaise and a generally overbought situation could lead to a decline in copper, tin, lead and zinc prices over the next few months. Some prices could even test previous lows.

But in the longer term, inflationary pressures caused by mounting world liquidity should boost metal prices substantially before deflationary forces come into play.

The company's analysis — with the inevitable charts — indicates that the fall in copper prices could well be inhibited by transport and production problems in Zambia and Zaire.

Bearsish factors, however, will still set the trend and Commodity Brokers believes that the proposed American copper purchases for the US stockpile will be too small to affect the market materially.

HAZARDOUS

The report describes the tin market as "hazardous." The fundamentals are sound but without fresh news from the International Tin Council on proposed increases to the buffer stock price range or from the US on possible releases from its tin stockpile, the market is likely to follow a downward drift — interspersed with brief rallies.

Lead production looks set to outpace consumption over the next ten years. In the shorter term the large amounts of scrap metal available, coupled with a traditional slacking off of consumer demand during the summer vacations is likely to push prices lower.

Zinc consumption is expected to fall along with the depression in the steel, shipbuilding and motor industries. And as zinc is a fringe metal following the trend set by the rest of the base metals, it too is unlikely to decline in the short term.
JOHANNESBURG — Palabora Mining Company has reduced its first interim dividend to 12.5c from last year's comparable payment of 15c. The lower dividend properly reflects the continuing weakness in the copper price now showing signs of some recovery.

It also reflects problems being experienced by the company's two autogenous mills which were part of the expansion programme aimed at boosting production by 30,000 tons of copper per year.

Announcing the dividend reduction at the annual meeting in Johannesburg yesterday, the chairman, Mr. G. A. Macmillan, told shareholders that the two mills had been operated at their rated capacity during the current year to date, but warned that it is not known whether this position can be maintained until the necessary replacement shells for the mills have been installed.

During 1977, problems with the mill shells resulted in lost production of about 6,000 tons of copper and added about R41 a ton to costs.

**New shells**

During the same time, the total dividend paid was 45c compared with 70c in 1976.

Mr. Macmillan told shareholders that due to delays, the manufacture of the new shells has not yet started and shipment of the new mills can now only be expected in January and February next year.

If these shipment dates cannot be improved upon, this means that we are at risk on the present mills for a further 12 months and that the change-out to install the two new mills will probably take place during the second quarter of 1979, with the result that the total loss of copper production arising from this change-out will all fall in the 1979 financial
3% of revenue, and further cost increases, the minimum operating loss that can be expected is P5m.

Replacement of P75m of major shareholders' loans by 10% cum red pref should reduce the interest bill from 1977's P27.8m. But it will only be around P21.8m of which over half will be to outside lenders. Then, it should be remembered, the arrear pref dividends will be building up on balance sheet. Simply to break even and pay interest in full requires nickel to average $3/lb and copper £1400 compared with current prices of less than $2 and £576 respectively.

Botrest's directors go along with the rest of the world in saying "no significant increases in the nickel and copper prices can be foreseen in 1978."

Phase I of the project is completed, so principal shareholders, Amex and the Anglo group, are off that hook. But capex of P22m on Phase II, which involves establishment of the Selebi underground mine, has to be funded through 1980 and there is a further P7.3m to be provided for pollution control measures.

So barring a major turnaround in metal prices next year and excluding interest on shareholders' loans, the principal shareholders look like having to put up a further P62m over the next two years.

Ore reserves have increased marginally to 44.2 Mt grading 1.06% nickel and 1.17% copper and there are indications of a possible northern extension of the Selebi orebody. Selebi's nickel is lower grade and its copper higher than Pikwe's. So, if the present ratio between nickel and copper prices holds, average revenue per ton milled will be lower in 1980 when Selebi comes on stream than would be the case if all the ore came from Pikwe.

The latest ore reserve estimate gives the operation a life of over 20 years at the planned full annual production rate of 2 Mt. I even so there is little chance of the principal shareholders recouping their investment and loans.

The shares are currently at 22c. That is a good selling level as any but the only buyers are in Paris and Brussels.
Platinum in demand

Mercury Correspondent

LONDON — The platinum market has outperformed gold over the past week and dealers report good consumer demand, especially from Japan. Supplies are still tight and this is reflected in the backwardation — premium of spot and near prices over forward prices.

Normally forward prices are at a premium or contango over near prices because of storage costs and interest charges.

Interest rates have been rising in the United States and it was interesting to note that the London spot price of 211.75 was at a small premium over the July New York price.

According to London dealers, New York precious metals traders J. Aron have been buying platinum forward. One theory is that the American firm had already sold forward on the assumption that they would have a Russian contract.

But there is still a shortage of supplies from the Soviet Union and some London dealers believe that J. Aron has been forced to buy back the metal.

These theories have not been confirmed by the New York precious metals firm.

Meanwhile, in its annual review of precious metals, J. Aron estimates that the decline in Soviet supply to the Western world last year, was not huge.

The firm estimates that Russian sales fell to 150,000 ounces.

Nevertheless the fall had a powerful impact on the market because the drop in Soviet supply was concentrated in the second half of the year; also other producers were beginning to trim output and finally speculators were unusually bullish about precious metals.
Platinum firm on consumer demand

By NEIL BEHRMANN

LONDON. — The platinum market has outperformed gold over the past week. Dealers report good consumer demand, especially from Japan.

Supplies are still tight, and this is reflected in the backwardation — premium of spot and near prices over forward prices. Normally, forward prices are at a premium, or contango, over near prices because of storage costs and interest charges.

Interest rates have been rising in the United States and the London spot price of $211.75 is at a small premium over the July New York price.

According to London dealers, buyers of precious metals traded in J Aron have been buying platinum forward. One theory is that the American firm sold forward on the assumption that it would have a Russian contract. But there is still a shortage of supplies from the Soviet Union and some London dealers believe that J Aron has been forced to buy back.

These theories have not been confirmed by J Aron.

In its annual review of precious metals, J Aron, estimates that there is a powerful impact on the market because the drop was concentrated in the second half of the year when other producers were trimming output. Speculators were unusually bullish about precious metals. Late in 1977, many industrialists had depleted their inventories and stepped up precautionary buying. J Aron calculates that last year world mine and scrap production was 2,800,000 oz and demand was 2,770,000 oz.

Depending on cutbacks, resumption of Russian sales and the decision of South African producers, J Aron estimates that production could range between 2,750,000 oz to 2,800,000 oz this year compared with demand of 2,600,000 oz.

The firm forecasts that Japanese jewellery demand will fall from 750,000 oz in 1977 to 735,000 oz. This is sharply lower than the Japanese jewellery absorption of 830,000 oz in 1976. But an increase in motor, chemical and other industrial demand in Japan could mean total Japanese consumption falling from 1,900,000 oz to 1,800,000 oz this year.

United States demand should rise from 870,000 oz to 900,000 oz this year.

J Aron believes South African producers will reschedule output, and if the demand and price picture remains encouraging, will boost output significantly by year-end 1978.

It says a feature of the market has been strong buying interest by industrial users, influenced by worries over future supplies. But on the whole, J Aron expects industrial demand to increase modestly in 1978.

Exclusive of any United States stockpile purchases, J Aron does not see buoyant platinum demand this year.

"The supply picture remains quite extraordinary — perhaps comparable to a strike situation whose duration is unknown. If it ends quickly, then the market may recede to a more normal level."

But if the shortage persists — and there is still no sign that it is over — then there will be a "high-voltage influence on the platinum price."


The platinum price has not risen excessively in yen terms, so Japanese buying should be reasonably firm.

Motor-car catalysts should...
Copper industry taken to task for blunders

THE doyen of the copper mining industry, Sir Ronald Prain, has done what should have been done a long time ago — he has taken the nationalised copper industries of Africa to task for their blatant market blunders in recent years.

Coming directly to the catastrophic state of the copper market, Sir Ronald says:

"This is due to the failure of management — today largely in the hands of governments — which does not have the necessary knowledge and experience to run the business."

The copper market is complex, says Sir Ronald, and pragmatic treatment based on experience is needed to handle it — not theoretical solutions like huge buffer stocks, commodity agreements, and stabilisation schemes.

He says experienced, skilled entrepreneurs would have read and acted on the early warning signals in the markets, cut production modestly, and avoided any big build-up of stock.

Sunday Express
Business Reporter

The market reacts responsibly to correctly timed production cuts, he says, and it is possible to improve revenue by producing less copper at higher prices.

State participation in copper mining has engendered a sluggishness and unwillingness to take the initiative in production policy because of political considerations, employment problems, and other irrelevant considerations.

By maintaining normal production, Zambia is actually losing out on foreign exchange, says Sir Ronald.

"Some mines are losing foreign exchange for their country on every ton of copper produced and sold abroad because of the high cost of expatriate labour, expensive rail and sea transport, insurances, marketing costs, fuel and equipment costs, and the heavy burden of interest on outstanding loans."

Investor confidence is also sagging in developing countries because some investors fear that the contractual terms between government and investor might easily change when the enterprises in which they are invested become profitable, says Sir Ronald.

"It is ludicrous that there is now little profit in copper mining and that there are real prospects of a copper shortage in a few years' time."

It has taken a worldwide recession, generated by the quadrupling of the oil price, to drive home the lesson on copper and other base metals to developing countries, but there is no way of gauging whether it has been sufficiently digested.

Botswana, Lesotho, and Namibia, when it gets its independence, are unlikely to risk anything with their diamond sales while the market is so tightly controlled by the Central Selling Organisation.

Similarly, with uranium, it would be foolish to try to muscle in on the sophisticated marketing techniques built up by the American and South African front-runners.
Banke in mynbou

DIE banke wat die konsortium gevorm het om ‘n lening van R100 miljoen voor te skiet vir die ontwikkeling van die nuwe myn vir die ontginning van lood, koper, sink en alweer by Aggeneys in Noordwes-Kaapland teen ‘n totale koste van R180 miljoen, is Barclays Standard en Nedbank.

Dit is die eerste keer dat Nedbank op so ‘n skaal aan ‘n mynontwikkeling deelneem, soos reeds bekend, word die myn deur Goudwinde van Suid-Afrika en Phelps Dodge van Amerika ontwikkel. Goudwinde het die beherende aandeel van 51 persent in die nuwe myn.

Nedbank se deelname aan hierdie projek is deur mr. Rob. Abrahams, seun hoofbestuurder van Nedbank, as „hoogs betekensvol“ bestemel Weens gesonde en bestendige groei deur die samestelling van Nedbank nou in ‘n positie om op ‘n werkelik groot skaal in die finansiering van mynbouprojekte deel te neem, het hy gesê.

Die konsortium se lening sal oor ‘n tydperk van twee jaar (1979 en 1980) toegekend word en dit sal oor ‘n periode van vyf jaar terugbetaal word, wat in 1985 sal eindig.
Platinum soaring

Mercury Correspondent

LONDON — Confirming the squeeze in the market the platinum price is soaring. Last week the metal was trading around 220 dollars and rose eight dollars in New York.

A week ago it was reported that there was an acute squeeze in the market. Last week the Japanese were buying from Rustenburg and Impala, but this week, still short of the metal the largest platinum consumer, was forced to buy on the free market.

Dealers also reported that the Russians were buying platinum in Zürich on Friday, indicating that the second largest producer is still having problems in meeting contracts.

Consumption

Dealers say that physical consumption is sound. In the first three months of the year the Japanese bought 283,000 ounces of platinum, compared with 230,000 ounces in the same period last year.

In 1977, Japanese consumption totalled 1,020 million and estimates put this year's consumption at 1,2 million ounces.

South African producers are still to step up sales. With gold firm yesterday, platinum dealers are expecting further appreciation.
STAINLESS SHARES

trading below Rustenburg and Impala's $220 producer price last week
short-term factors have pushed the loan-
free market platinum price to around 133. In its wake, Rustenburg has been
up from 132c to the current 150c and
the could be more to go near-term.
But the main question is whether cur-
rnt free market prices can be maintained
if there is scope for a further produce price increase. It was noticeable
week that there was a back-to-backation
of the spot over the future (1c)
in platinum, with October platinum
usually just a sign of short-term
problems.

Most of this week's demand has come
from New York with rumours that Rus-
tenburg is buying physical platinum. To
extent the situation is self-feeding, Rus-
tenburg has been holding back its own
eal in anticipation of mining platinum
lymee coins.

There have been also some reports of
Russian production has been in difficul-
s But while Russia has been out of the
market as a platinum supplier, it has con-
ned selling the other platinum group
metal, palladium and rhodium. It implies
that Russian platinum supply short-
largest because of internal require-
ned and, by extension, that once its
outlet objectives are attained it will
turn as a seller in the market.

At the same time, US consumers have
seen a tightening in the free market arising
from Rustenburg's recent cut-back in
palladium production at its South African nickel mines as well as the lack
of Russian material. This has prompted
not to opt for maximum contractual
prices from their suppliers, including
Impala. Russia has thus had to buy free
market metal to honour its contracts
like less metal has been available to the
dmarket from the major producers.

Rustenburg's cut-back was a short-
affair. On an annualised basis it hit
low of 890,000 oz in November from a
cut-back level of 1.07m oz. It lowered
Rustenburg to reduce its pipe-
cut. At the same time Rustenburg's production
is running at an annual rate of
550,000 oz there will be no
impact on supplies. Part of the
output will go into rebuilding the
pulpite and additional supplies will only
the market in a few months.

The risk is that the improved supplies
from Rustenburg will hit the market at
same time as Russia completes its
stockpiling and returns as a seller.

This is not to say that there is no
more room for near-term price
improvements. Total annual new
platinum production is currently about
2,850 oz worldwide, of which a major
deport is made under long-term contracts. So
there is always considerable scope for
speculative free market price moves.

Rustenburg is watching the latest price
movements closely. Its current $220
producer price is at the low end of the
range needed to fund its capex and cover
its heavy debt repayment schedule. So it
could take any opportunity to hike its
price. But Rustenburg cannot afford an
increase to an unsustainable level. A
subsequent reduction could become self-

Negotiations aimed at improving the
Ford contract, which I estimate is
currently loss making, are in progress
and some announcement should be possi-
able late June. But any effect of a satisfac-
tory re-negotiation on Rustenburg's
earnings this year will be minimal. And
Ford is in a sufficiently strong position to
be tough. So prospects of a significant
final dividend from Rustenburg after the
passed interim are not bright.

Current loan repayments could be
rescheduled to improve the dividend paying
potential. But a move of this sort
could be construed as shortsighted.
Rustenburg's prime objective on a longer
view has to be to reduce its gearing as
gaining output back to optimum

early as possible.

At this stage the best that can be seen
is a token final of about 2c to put the
shares on a prospective 1.5% yield.

Unless the producer price is increased
soon the shares remain unattractive on a
medium-term view. For short-term inves-
tors there could be attractions over the
next few weeks, but timing of sales will be
critical.

Investors who want to be in platinum
are best advised to opt for Bishopsgate
Impala has declared an unchanged 20c
third interim which translates to 2.07c
per Bishopsgate Impala could pay a 25c
final which will put Bishopsgate on a 9% prospective yield at the current 146c.

Jim Jones

lnland May 19 1978
Streicher realised, however, that “nothing would be achieved by proving that we are not dumping our chrome — the EEC would simply accuse SA of causing injury to its economy as America did, and you can hardly disprove that.”

“Allowing that the EEC is master in its own home and can therefore wrongly or rightly impose anti-dumping measures against SA chrome producers at will, we opted for the self imposition of constraint on our European exports”

The ECC has agreed, with the proviso that SA exports to the EEC do not exceed last year’s 158 500 t.

At a meeting on Monday the SA ferrochrome producers — Ferronametals (Samancor), Middel Steel and Alloys, Ferro Alloys, Chrome Metalisation Industries and Tubatalse — agreed to play ball.

Streicher points out that some balking at SA exports of chrome was to be expected due to the expansion of the production capacity of primary chrome producers all over the world in 1974 and 1975.

<table>
<thead>
<tr>
<th>Number of Bunks</th>
<th>Number of Bunks Actually in Each Dormitory</th>
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</thead>
<tbody>
<tr>
<td>83</td>
<td>204</td>
</tr>
<tr>
<td>1452</td>
<td>50</td>
</tr>
<tr>
<td>127</td>
<td>50</td>
</tr>
<tr>
<td>3472</td>
<td>50</td>
</tr>
</tbody>
</table>

**Back to normal**

After a storm in Europe over allegations that SA and Sweden have been dumping ferrochrome, SA’s chrome trade with the Common Market countries is set to return to normal — or almost normal.

Periodically SA comes under attack from some country or other for allegedly dumping primary products such as iron, steel and ferro-manganese. But this was the first time it has been accused by the ECC countries of dumping ferrochrome — this close on the heels of US claims that imports of SA chrome were injuring the American economy.

SA’s chrome trade with Europe might have suffered a serious setback, but the hands of the West Germans, the French and the Italians had not been some clever manoeuvring by the SA chrome producers.

Last week the ECC set two days aside for hearing allegations that SA was selling chrome at between 40% - 50% below cost.

At the Brussels hearing, SA’s delegation, ably led by Samancor’s MD Piet Streicher, agreed that the SA producers were selling chrome for US $1.05/lb, but SA’s low carbon chrome for US $3.5c/lb — but denied that this constituted dumping.

According to Streicher, “the Europeans were trying to compare their costs with ours but they can’t. In most cases the Europeans have obsolete and inefficient plant, whereas SA has the most modern and sophisticated plant in the world. They have higher transport costs because their ore has to be imported whereas SA has about 80% of the world’s known chrome reserves — deeper deposits and more expensive.

Samancor’s Streicher — a good job in Brussels
Plat output unlikely to be raised

South African platinum producers are unlikely to raise production following sharply higher prices for the metal, according to mining sources.

Last week the price of platinum soared as speculators, who had sold short, were caught in a bear squeeze. At mid-week the metal shot up 14 dollars to 243 dollars an ounce. Later it rose higher still, crashing the 250 dollar barrier.

But by the end of the week, though, it had slipped back to around 247 dollars.

Reuters reports that among the clouds which hovered over the platinum market were:

- The intentions of the South African producers — whether or not they would stick to production cutbacks of between 10 and 20 percent.
- The intentions of the Russians, who recently have been buyers — not sellers — of the metal.
- The likely size of the market. Consumption in the US rose by some 60,000 ounces to around 240,000 ounces in the first quarter this year.

At least one of these doubts is now partially lifted with news that the South African producers are unlikely to raise output, although Rustenburg Platinum Mines will probably raise output by a modest extent.

The mine is restoring production to around one million ounces, the level at which it was operating last November, says Reuters.

But it will not be selling more than it has been selling from the stockspile. Sources differ as to which level the market price might stabilize at, and thus the future outlook for the producer price.

One expects the market price will revert to a level of about 220 dollars or just above, negating any further producer price rise this year.

Another however, forecasts a rise in the producer price to 250 dollars an ounce by the end of the year.

Platinum, with its strategic value, has so far not experienced an increase in price commensurate with that of gold, and this can justifiably be expected, say sources.

Sources agreed Rustenburg will need a "much higher" producers price than the present 220 dollars to enable it to place its operation on a sound basis and contemplate future expansion.

A major factor determining future market performance and hence producer price levels remains the question of USSR supplies, which are presently restricted.
cation but before interest against the latest R1,47m with mining’s contribution a similar amount. After interest and tax, the first half’s R2,5m loss should be more than recouped.

The shares have risen 22c on the week to 157c in the wake of higher copper prices and there could be more to go if Zane’s output is interrupted for any length of time. There is still some doubt overhanging a final dividend unlikely to be more than nominal. The shares remain a recovery stock — but recovery is underway.

Overall

<table>
<thead>
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<th>Employers Organisations</th>
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<td>TOTAL SINGLE MEN LEGALLY IN PENINSULA</td>
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<td>TOTAL LEGAL POPULATION IN TOWNSHIPS</td>
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</table>

Note: Approximately 100 000 people live ‘ills’ here without formal permission.

CHAPTER 2.

MESSINA 2½ FM 30/3/78

Recovery under way

Each kind of the quarter is beginning to look as if it could be on its way. And with management making encouraging noises, turnover soared from

Financial Mail May 29 1978
Copper price will continue to rise in spite of stocks

LONDON — World copper prices will continue to rise, Mr Robert Perlman, managing director of Commodities Research Unit, told a conference here. He said Zaire's copper production will be reduced to an annual rate of 100,000 tons, due to the combined effects of the recent conflict, the previously announced 13 percent cutback, and production difficulties due to transport and staff shortages, from the nominal capacity of some 576,000 tons.

It would be wrong to think the high level of world stocks of refined copper, still overhanging the market, makes this interruption of supplies unimportant, he said. The present tightness of supply for concentrates and unrefined copper would have continued, even without the troubles in Zaire, he added.

He noted the problem in the worst affected nonferrous metals is essentially one of cyclical adjustment, in contrast to the structural problems facing the world's steel industry. — Reuters.
Copper price jumps 10 pc after Zaire

By NEIL BEHRMANN
LONDON — In a mere fortnight of the Zaire explosion the cash copper price has jumped 10% from £56 to £71. Initially, the market failed to appreciate the significance of the situation, especially with the Zambian political and economic situation looking none too happy.

According to Commodity Research Unit the world copper surplus before the Zaire troubles was estimated at 2,100,000 tons. And the overall view in the market is that if the situation continues — foreign engineers are understandably reluctant to return to the mines — annual output from Zaire could fall by 300,000 tons.

On the face of it this appears to be a mere dent in the surplus. But according to Commodities Research Unit both copper concentrate and copper blister are in short supply and will be needed from new production. The real stockpiles are thus represented by London Metal Shears or 200,000 tons — down from 620,000 tons — and Comex stocks in New York at 180,000 tons.

The effective stockpile before the invasion of Shaba province could thus be nearer 700,000 tons.

The price was hit last week when the United States Senate Armed Service Subcommittee recommended that 225,000 tons of copper be acquired for the Government's strategic stockpile.

Apart from selling 35,000 tons of tin, the Bill provides for the sale of 10 million oz of silver, 4 million carats of industrial diamonds, 2,000 tons of asbestos, 1,500 tons of anthracite, and other commodities.

The surplus from the sale of these items would be used to buy copper and other strategic metals. With Comex prices rising, American copper producers raised their prices. The market believes that supplies will also tighten because of troubles in Peru.

Most speculators and commission houses have recommended purchases of copper. Stocks in the United States, Japan and Europe are fairly high, reflecting low order books especially among the big electrical companies in Europe. But some analysts remain cautious because European business conditions are weak, and anti-inflation measures in the United States could curb expansion there.

As opposed to platinum which is a marginal market and crucially affected by supply shortages, the copper market depends heavily on demand to offset the surplus and potential increases in production.

Kolwezi back in few weeks

PARIS. — Copper production in the Kolwezi region will resume in a few weeks' time, says Zaire's Ambassador to France, Mr. E B. Bokongo.

An assessment at Kolwezi by an international team showed damage from mine installations was only slight.

He said the estimate announced by President Mobutu resulted from an assessment made on the spot in a warlike situation.

***

SOME large United States copper producers have raised their prices.

Asarco Incorporated has increased the price by 2 1/4c a lb to 68c.

Two other producers followed with price increases of 3c and 4c a lb on 64c from June 1. Zaire produces about 8% of the world's copper.

Kennecott Sales Corporation has made a fundamental change in its pricing basis. Its price on any one day for full plate electrolytic copper cathodes delivered to usual United States ports will be the current month's New York
Copper price soars 10 pc

LONDON — In a mere fortnight, since the Zaire crisis blew, the cash copper price soared 10 percent from £695 (R1 251) to £771 (R1 388). Initially, the market failed to appreciate the significance of the situation.

According to commodity research units, the worldwide copper surplus before the Zaire troubles was estimated at 2.1 million tons and the overall view in the market is that if the current situation continues with foreign engineers, understandably reluctant to return to the mines, annual output from Zaire could fall by some 300,000 tons.

On the face of it this appears to be a mere dent in the surplus. But both copper concentrate and copper blister are in short supply and will be needed from new production.

Stockpiles

The real stockpiles are thus represented by LME stocks, currently around 340,000 tons having already fallen from 650,000 tons and Comex stocks in New York at 180,000 tons. The effective stockpile before the invasion of the Shaba Province could thus be nearer 700,000 tons.

The market also rose when the U.S. Senate Armed Service Subcommittee recommended that 225,000 tons of copper be acquired for the Government's strategic stockpile.

Apart from selling 35,000 tons of tin, the Bill provides for the sale of 15 million ounces of silver, four million carats of industrial diamonds, 2,000 tons of asbestos, 1,500 tons of antimony and other commodities.

The surplus from the sale of these items would be used to buy copper and other strategic metals.

With Comex prices rising about producer prices, American copper producers raised their prices by 2.5 cents to 65.5 cents. With troubles in Peru, the market believes that supplies will tighten.
Zaire pluk nou
RAPPORT 4676
nagovolge

LONDEN
Van Gelle de Kock
FRANKRYK en Belgje het hu strydbyle begrawe en daar word nie meer verwye-
te oor en weer geslinger-
oor die murgery in Zaire nie Die Belgiese premier, mnr Leo Tindemans, het oenskynlik selfs weer vrede gemaak met pres Mobutu. Maar nou steek die ekono-
miese probleme die een na die ander kop uit as gevolg van die omlaagse konflik in die Shaba-provinsie van Zaire.

Die prys van koper sal aanhou styg, het mnr Ro-
bert Perlman, besturende direkteur van die navor-
singseenheid van handels-
ware, van deesweek in Lon-
den voorspel.

Hy het op 'n internasiona-
le kongres gesê dat die botting in Shaba die wê-
reld se kopervoorraad on-
middellik met meer as 300 000 ton gesny het. Pro-
dukse sal nog baie lank ontwrg wees. Mnr Per-
man sé die opbrengs sal waarskynlik vermind-
er word tot 'n jaarlikse tempo van net bekant 100 000 ton vergeleke by die nominale
kapasiteit van 375 000 ton.

Voorts word ook in Lon-
den berig dat Zaire al sy buitelandse valutareser-
wes binne weke kan verloor indien 'n lening van 220 miljoen Amerikaanse dol-
lar wat vir die inval oor
onderhandel is, afspring.

Die onderhandelings vir die lenings is met 'n konsor-
tium van Westere banke, met die Citi Bank van Ame-
rika aan die voorpunt, ge-
doen. Dit was daarop gemik om 'n mate van internasiona-
le vertroue in Zaire se kredietwaardigheid te herstel.

Die Shaba-provinsie lewer 60 persent van Zaire se buitelandse verdienste uit sy koper. Weens die ontwrging daar is dit vir Zaire uitsers noodsaaklik dat die beoogde lening nie in dié kritieke stadium deur die matval nie.
After the Shaba disaster

A series of Western vested interests in Zaire's mineral-rich Shaba province may prevent a dramatic drop in copper production there this year. President Mobutu has suggested that his country's production might drop to 150,000 t in 1978, compared with earlier forecasts of 480,000 t. And the London-based consultancy, the Commodity Research Unit (CRU), is similarly suggesting that production over the coming year may be about 300,000 t down—roughly equivalent to a 5% decline in world supplies. However, some commodity traders and industry observers believe that for a series of reasons the interruption in copper supplies from Shaba could only be temporary.

One of the most important of these is that copper is mined in Shaba in association with cobalt (for every 100 t of copper, 6 t of cobalt are mined). While the Shaba attack has had a firming influence on copper prices, taking them up at one stage by almost £100 from around £110/t in mid-May, the effect on cobalt has been much greater. Zaire's cobalt supplies, all of which are processed at the Société Générale du Mining's Olen plant in Belgium, account for over 60% of the world's total. Significantly, the US does not have any domestic production and has to import an amount roughly equivalent to Zaire's annual output to feed its aircraft industry, where it is used to harden the fins on jet engines. It is also used in a number of other areas, including the production of permanent magnets.

Force majeure

The cobalt market had been tightening considerably ahead of the invasion due to increased activity in the world's aircraft industry, a strike at ASM works and historically low production levels (in 1975, for example Zaire produced around 17,000 t compared to a pre-invasion annual rate of 10,000 t).

Consequently in early May ASM had to declare a 25% force majeure on deliveries. In the weeks prior to the attack free market prices—firmed considerably above the Zaire producer price of $6,90/15 (subsequently raised to $8,50/t) but were 'news of the invasion broke,' prices 'exploded' and are now around five times levels of a few weeks ago. Although there could still be some supplies before the invasion, world cobalt supplies have been severely hit and the merchant market in Europe is only thought to posses around 400 t, a level some say is partially attributable to heavy Soviet buying ahead of the invasion—a move some suggest illustrates Moscow had prior knowledge of the attack.

Because of its great strategic importance some see cobalt as probably the main reason for the West's interest in helping to make Shaba more secure, but there are others. Zaire is currently $2,500m in debt, a good proportion of which is owed to Western commercial bankers. If Shaba is occupied Zaire's prime foreign exchange generating area will be lost and possibly with it the funds that bankers have injected into the country.

Additionally, on a political level, the West appears to have decided it has to take a stand against Cuban/Soviet involvement in Africa at some stage—and the time now seems to be most appropriate, especially given the economic importance of Shaba to the West.

Indications from a five-nation meeting in Paris earlier this week suggest that the West will be playing a primarily logistical role in helping to set in place African troops to defend the area but additionally they are thought to be considering a $75m aid package, a good proportion of which will be devoted to mining operations.

Meanwhile, despite the flurry of Western interest, some sources are still far from optimistic about Shaba's mining performance in coming months. A spokesman for the CRU told the Financial Times: "Several quite powerful interests are wanting to see Shaba back in action, but it still remains a question of the need to provide sufficiently secure conditions for white workers." In the absence of such conditions CRU is continuing to predict that copper production could be 300,000 t down over the next 12 months. Zaire has already declared a 50% force majeure on deliveries.

Although causing a price cutback of some £20 or so to the £770 level (three-month wire bars) reports earlier this week that Shaba copper mines were already back in action have been treated sceptically in London. The report emanated from Kinshasa's official gazette and though relayed by a spokesman for Zaire's Brussels-based marketing organisation, Zanaco, was difficult for some traders to believe, as the new production level claimed of 13,000 t/day is around 25% above that before the attack.

Copper price performance in coming months will primarily depend on the success or otherwise of the operation to make Shaba secure, traders believe. If these are unsuccessful some suggest prices could exceed £1,000/t later in the year. Conversely, given the world stock overhang of approaching 2 Mt (though LME stocks have declined by over 100,000 t since last year's high of around 650,000 t) a semblance of success, some traders believe, could mean copper prices will not change significantly from current levels.
**Noordweste sal tot reg kom**

IN 1976 het Suid-Afrika se uitvoer van basiese minerale die R1 000 miljoen-kerf die eerste keer verbyggesteek. Toe was dit ongeveer 45 persent van al die goudproduksie. In die volgende dekade sal hierdie gisting steeds kleiner word, en die Departement van Mynwese raam dat hierdie uitvoer teen die jaar 2000 meer as R4 000 miljoen sal beloop.

---

**TABLE 5.**

<table>
<thead>
<tr>
<th>ACCOMMODATION FOR 2000</th>
<th>TOWNSHIPS</th>
</tr>
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<tbody>
<tr>
<td>i) SAR &amp; H - Do</td>
<td>1 719</td>
</tr>
<tr>
<td>SAR &amp; H - La</td>
<td>2 315</td>
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<tr>
<td>SAR &amp; H - La</td>
<td>2 000</td>
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<tr>
<td>SAR &amp; H - La</td>
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<tr>
<td>ii) Other Licenses</td>
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</tr>
<tr>
<td>excluding wo</td>
<td>3 804</td>
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<tr>
<td>Other Licenses</td>
<td>6 476</td>
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<tr>
<td>excluding wo</td>
<td>12 510</td>
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**TABLE 6.**

<table>
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<tr>
<th>POPULATION BY AGE AND SEX</th>
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<tbody>
<tr>
<td>Townships</td>
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<tr>
<td>All ages</td>
<td></td>
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<tr>
<td>Over 16</td>
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<tr>
<td>In and outside townships</td>
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<tr>
<td>All ages</td>
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<td>Over 16</td>
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</tr>
<tr>
<td>Woman</td>
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<tr>
<td>Hierdie maatskappe kan of van buite die streek wees of van die buiteland</td>
<td>58 100</td>
</tr>
<tr>
<td>Maar die ongelykheid nodig, want die kapitaalkoste van 'n groot myn is in huidige omstandighede</td>
<td>59 100</td>
</tr>
<tr>
<td>tussen R100 en R300 miljoen wees. En nadat die aanleg klaar is, kan dit maande of jare van probleme wees voordat alles glad</td>
<td>97 100</td>
</tr>
</tbody>
</table>
ZINC

Heavy losses

Slack industrial off-take, coupled with high world stocks totalling over 1 Mt, continue to bedevil the zinc market. But according to the EEC commission, this is a cyclical, as opposed to a structural, problem. Consequently the commission has come out against moves by US producers to attempt to restrict imports and also against suggestions by some producers that a zinc cartel arrangement should be established.

Zinc market sentiment is thoroughly depressed, and with no sign of a take-off in the steel industry, a prime outlet for zinc where it is used in galvanising, three months LMF prices have trailed back from the year’s highs of around £350/t at the end of May to around £312/t.

Although the EEC last week said it opposed US import restrictions, it is under pressure from its own zinc producers, who are currently losing around $2m a year, to introduce protective import measures. Current EEC zinc producer costs are around $200/t on average above producer prices of around $550.

The EEC has been endeavouring to formulate a joint position on zinc ahead of a special meeting of the lead and zinc study group in Vienna on July 3 to 5.
smoos generated by the market. He is probably
such a move has been put up but with
possibility of a marked change. It is not
showdown over the metal but the future.

The ITC has put its benchmark or
and ceiling prices on the metal to £ 1000
and £500 per tonne (about $500 and
but since then producers have been push
unsuccessfully for months to £1000
and £700 per tonne respectively. But not
the world's No 2, but highest cost
producer, has been especially successful in
demanding a change to reflect the under
pricing current relatively strong price levels.
A ceiling of £700 per tonne would mean a
less equal current spot prices of around
£ 700 t.

Bolivia has threatened before to with
draw from the ITC over pricing, but
according to Brian Sheridan of metal
merchants, Philip & Tem. "I would
guess that they are more likely to walk
out this time than at any other." Rudolf
Wolff director Bruce Leyton tends to
Expensive investment

Activities: Main arm of Anglo in the UK and elsewhere overseas. Managed interests include Cape Industries (asbestos), Berati (tin and wolfram) and Malaysia Mining Corporation (tin). Strategic holdings include Selection Trust (26%), Minocano (20%), Angani (10%) and Amanuti (20%).

Chairman and managing director: M B Hofmeyr.

Capital structure: 104.8m ordinary shares
Market capitalisation: £143m (R336m)

Financial: Year to March 31 1978. Borrowings: long and medium term, £57.5m; net cash: £4m. Debt/equity ratio: 25.8%. Current ratio: 1.5 Group cash flow: £34.7m.

Share market: Price: 310.5c (1977-78: high, 365c; low, 247c; trading volume last quarter, 17 000 shares). Yields:

On the mining side, the expansion of the project on any scale would have to be achieved in the future. The build-up of 100% of the copper output would only be possible if SA's copper output were doubled, and this would require a major investment in infrastructure, including a new power station.

Charter's Hofmeyr... pushing into industry.
CONS AFRICAN MINES
Whistle goes

The application this week for provisional judicial management means that Cams joins Govt Areas and Trans-Terra as one of a small number of mining groups to go this way in recent years. Though given the at best embryonic nature of Govt Areas’ and Trans-Terra’s operations, it is much the most substantial to do so.

Cams pioneered the export of iron ore from SA and its two mines near Posmasberg in the NW Cape are currently shipping between 500 000-700 000t/year of iron ore, mainly to Japan. Apart from the Rhodesian chrome operations, the iron ore mines are Cams’ only operating mines at present.

The floorspar interests were sold last year for a surplus of about R780 000 and the asbestos mine, Senekal, in the eastern Transvaal, is on care-and-maintenance. The die-casting companies, supplying the automotive industry, are the only other operating subsidiaries.

Cams showed gross assets of R8,2m in its balance sheet to June 30 last year and shareholders’ funds of R3,7m, but long-term debt was R3,5m and there were net current liabilities of R3,7m. The interest bill was R795 000 and leasing commitments R544 000, though these are scheduled to decline sharply after the current year. The general picture, however, was one of illiquidity to say the least, as we did in reviewing the accounts (Companies November 4).

In the current year, details are sketchy, with the March quarterly not yet published; but reduced iron ore offtake has probably contributed Cams’ cash flow problems. Standard Bank, I understand, as the principal creditor, was instrumental in bringing about this week’s application to court.

Ukon Corp, with just over 20% of Cams share capital, is not involved in iron ore mining and I understand would probably not be interested in either the operating mines or the mineral rights. Rand London owns iron ore mines near Cams in Posmasburg, but has projects of its own which rate higher priority than developing or acquiring any of the Cams assets, though it could be interested in the asbestos operation.

The problem for the liquidators (probably Metzboard, though this was unconfirmed on Wednesday) will be to sell Cams individual operations as far as possible as going concerns, not as break-up situations. Realisation proceeds in the current market are obscure, but shareholders would be unwise to expect anything.

Richard Rolfe
PLATINUM 7/17/78

USSR supplies (217)

The USSR may be increasing its flow of platinum to the West, though supplies still remain a long way below pre-July 1977 levels, London trade sources report. Last summer Moscow abruptly cut supplies to the West and there was even talk of a default on contractual obligations to Western customers, including Heraeus GMBH of West Germany and J Aron of New York. Spot offers of material ceased altogether and this continues to be the case.

However, according to one source the USSR is now keeping up with contracts, though at lower levels, and additionally there are rumours it could be bartering material — though there are no details of what it is taking in return. However, the USSR does not appear to be delivering to the London merchant fraternity, which reports that whereas it can get its hands on Soviet palladium, requests for platinum are rejected.

There have been a number of theories put forward for the cutback in Soviet supplies since last July, including trouble at the Norilsk refinery in the Urals, increased demand from the Soviet oil industry and also demand for material to mint commemorative coins for the 1980 Olympics. Soviet sources here have stressed the latter, but experts believe that alone would be insufficient to cause such an export disruption.

According to one close observer Soviet supplies are now reaching the West at around 400,000-500,000 oz on an annual basis compared to an average of around 650,000 oz per year over the previous three or so years.

Though some say this is considerably higher than annual sales rates several months ago, they point out that the possibility that extra supplies are reaching the market has not been reflected in prices, owing to buoyant Japanese demand. At lunchtime Wednesday, free market prices were trading around $242 per oz. Some observers put Japanese demand in the first six months at around 300,000 oz above last year’s figure, for the same period of somewhat over 500,000 oz.

Meanwhile, the market remains very nervous on supply rumours, with some suspecting the USSR could soon be back in the market as a major seller.

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<table>
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<td>8.3</td>
<td>9.3</td>
</tr>
<tr>
<td>Div yield</td>
<td>5.8</td>
<td>5.8</td>
<td>5.6</td>
<td>5.2</td>
</tr>
<tr>
<td>US Dow Jones</td>
<td>812.9</td>
<td>871.3</td>
<td>886.5</td>
<td>813.6</td>
</tr>
<tr>
<td>% change on</td>
<td>-0.9</td>
<td>-0.9</td>
<td>-6.2</td>
<td>-11.0</td>
</tr>
<tr>
<td>P/E ratio</td>
<td>9.0</td>
<td>9.0</td>
<td>9.6</td>
<td>10.2</td>
</tr>
<tr>
<td>Div yield</td>
<td>6.2</td>
<td>6.2</td>
<td>4.8</td>
<td>4.6</td>
</tr>
<tr>
<td>Gold price (in US $ on London)</td>
<td>184.8</td>
<td>184.8</td>
<td>181.5</td>
<td>141.3</td>
</tr>
<tr>
<td>% change on</td>
<td>—</td>
<td>—</td>
<td>1.8</td>
<td>30.7</td>
</tr>
<tr>
<td>Kugerrand (Rand)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Public selling price</td>
<td>184.7</td>
<td>184.7</td>
<td>181.5</td>
<td>141.3</td>
</tr>
<tr>
<td>% change on</td>
<td>—</td>
<td>—</td>
<td>1.8</td>
<td>30.7</td>
</tr>
</tbody>
</table>

*Standard & Poor's Index
Public buying price is 10% below, subject to negotiation

Soviet coins . . . preempting gold and platinum supplies
Reduced demand from Japan for SA manganese ore

By Geoff Murray

TOKYO — Leading Japanese importers have finally reached their decision on how much ferruginous manganese ore they can take from South Africa in fiscal 1978. Their decision has been complicated by the fact there has been a large carryover from previous years due to reduced demand during the prolonged industrial slump here.

Kawasaki Steel, for example, has decided to accept a total of 135,000 tons from Associated Manganese, comprising 35,000 tons unshipped from the previous fiscal year plus another 80,000 tons, in an 18 month period from April 1978 to September 1979.

The price will be the same as fiscal 1977, 29,50 dollars fob Sumitomo Metal is in a even worse position. It has carryover of 25,000 tons from fiscal 1976 and 80,000 tons from fiscal 1977. As a result, Sumitomo says, it will be difficult to consume even the carryover portions let alone any new deliveries amid declining demand this year.

Faced with these difficulties, Sumitomo reckons it can handle only about 60,000 tons in fiscal 1978 at the same price as last year.

- The steel industry, having finalized the buying arrangements, has issued a breakdown of its planned imports from South Africa in fiscal 1978:
  - Iscor leads the way with 8,301,000 t, followed by
    - Arnold Wilmanns (700,000),
    - Assmang (800,000),
    - Palabora (50,000 t).
  - Swaziland will also sell 1,423,000 t of ore to Nippon Steel, exclusively.
87. Increasing all prices and income in exact proportion.

88. A production function is a technical law which:

91. An increase in the price of a particular factor

94. Each of the following figures is a good example of an increase in the price of a particular factor.

95. The production function is a technical law which:

96. An increase in the price of a particular factor

97. The production function is a technical law which:

98. The production function is a technical law which:

99. The production function is a technical law which:

100. The production function is a technical law which:
Tutorial 1
Would you regard the crisis precipitated by the war issue in 1979 as something new or as a resurgence of the old debate on the imperial connection?

F. V. Engelenburg, General Louis Botha, 1929.
B. Williams, Swaziland, 1980.
D. J. M. Malan, AFRIGARD, 1980.

Tutorial 2
Discuss the long-term implications of the economic crisis in 1979.

M. H. Robertson, The L.Sc.
S. T. Plant, The SC.
F. Wilson, The B.Com.
J. P. J. van der Merwe, The B.Com.
J. van der Merwe, The B.Com.
J. van der Merwe, The B.Com.
J. van der Merwe, The B.Com.

A major showdown between producers and consumers of tin and lead, based on thetin Council's (ITC) price, led to the need for the government to raise the price of tin by 1979.

M. C. Norman, Handbook on Race Relations in South Africa (annual).
Deur ons Wyseweslegger
DIE aankondiging van Unie Corporation dat by Sud-Afrika se eerste wel-
skaligeuuransmy vir sowat R230 miljoen in die Vrystaat
gaan open, het die nie besefjewel
as ’n vermoeling gemaak nie, want dit is toe oor Unie Corporation, dit wil hierdoor
groot symboliese betekenis vir die unie
gehad het. Die inkomste van die groot
mopalkaart, die laas-tyd altyd sterker, het in die
groei van die oornas se inkomste en die
ontwikkeling van die nie-
skale gebed nie. Groot bedryf is hier ook
beskikbaar, as die
aanvang van nou unieaanlegte en die
uitbreiding van die inkomste-
landsverhaal. 

Een van die belangrike
rede vir die nuwe uitbrei-
ding is die nie-skale gebed, welk deel die
mopalkaartjie se deel in die
ontwikkeling van die Vrystaatse komitee het. Voor 1978 het
haar loes tot niks gebring per persoon, maar nuoggeweek laster-
[sic]per.

Opgestoot
Die afgelope kwartaal in syfers toon aan dat die
mopalkaartjie sy roos-vang, dus die self same
aandele, byvoorbeeld in 45
percent toegelaat, maar die
mopalkaartjie wat vir die
ongeveer 100 dollars meer
betrokke is, het dit in 30
percent toegelaat.

Die uitskering van Ego, 5a Land en Oos-
Dunottersliggen tot die

correspondentie van die twee mokke in besit om
uit die Vrystaat te struikel en Ego gesta per
inkomst afstand te doen, het die
mopalkaartjie se roos-vang, dus die
aandele, toegelaat, maar dit
het vir die unie geen
inkomst afstaan, want die
inkomst die ou mopalkaartjie en die nuwe
mopalkaartjie het in 1976 sowat R25 miljoen
meer betrokke is, maar in 1977 het dit in 45
percent toegelaat, maar die
mopalkaartjie wat vir die
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percent toegelaat.
Gefco, Msauli lower over first half

By ADAM PAYNE

THE two asbestos producers in the Gecuca group, Gefco and Msauli, had good results in the June quarter compared with March, but compared with the same quarter last year, the net profit at both mines was down significantly.

The results for the six months to June are also down compared with the same time last year.

Gefco's net profit was R2 525 000, bringing the total for the six months to R4.4 million (R1.24 million).

Msauli's net profit was R1 675 000, bringing the total for the six months to R1 611 000 (R1.9 million).

The figures for the six months give an indication of trends because the first quarter is normally a poor one and the second is a recovery quarter.

Gefco also reduced its milling margins to 120,000 tons, bringing the total for six months to 250,000 tons (190,000 tons). The mine increased its milling by 25,000 tons to 120,000 tons.

Msauli is running two shifts in three plants, which is less than last year, to match production to demand, and can concentrate on the most efficient plants.

Production increased and although prices were higher than in March they are lower for the six months than in the previous year of R1.9 million (R1.6 million).

Gefco's net profit for the six months is 25% lower, which is more satisfactory, indicating that the market is better for Cape blue asbestos than Msauli's chrysolite.

I am told that Third World and Arab countries are still buyers of Cape blue. The market is in balance. Traditionally, sales increase from mid-year until the year end and this should again be expected by both mines.

The Cape blue market, which Gefco has good spare capacity which can be brought to production. The chairman predicted in his review a "very satisfactory" year for Gefco. Some market circles expect that Gefco will pass the same as last year. The shares have risen from 25c to 35c, but after the last quarterly report to 37c. If the dividend yield is maintained at 8%, yesterday's price means a yield of 12%.

Msauli's shares have performed well from a low level early this year. They have risen from 16c immediately after the last quarterly report to 27c.

Last year the dividend was one but at the half-year stage this year, net profit is 50% lower. As with Gefco, sales tonnages should rise in the rest of the year.
Europe in the Eighteenth Century: 1713–1763

2.3. The inventive genius of the eighteenth century was a child of the technological revolution. The invention of the cotton gin by Eli Whitney in the United States in 1793 was a turning point in the history of textiles. The spinning jenny, invented by James Hargreaves in 1769, revolutionized the production of textiles. These inventions not only increased the efficiency of production but also led to the growth of industrial cities.

In some industries, notably in textiles, the use of machinery was truly revolutionary. John Kay's flying shuttle, invented in 1733, reduced the number of weavers needed to work the looms. James Hargreaves' spinning jenny, invented in 1769, reduced the number of hands needed to spin wool. These inventions permitted the spinning of unbroken threads, which allowed the production of finer and stronger textiles.

In 1770, when the cotton gin was invented in the United States, the price of cotton dropped dramatically, making it possible to produce textiles at a lower cost. This led to the growth of cotton production in the United States and the rise of the textile industry.

2.4. The Industrial Revolution was not only a technological revolution but also a social and economic one. The growth of the textile industry led to the growth of the middle class, which became more influential in the economy. The factory system, which was developed in the eighteenth century, allowed for the mass production of goods, and the growth of industry led to the growth of urban populations.

The growth of industry also led to the growth of the urban working class. The conditions in the factories were often harsh, and the working class faced long hours and low wages. This led to the growth of labor movements and the demand for better working conditions.

The eighteenth century was a time of rapid change, and the Industrial Revolution was one of the most significant changes of the period. The growth of the textile industry, the invention of new technologies, and the growth of the middle class all contributed to the development of the modern world.
Europe in the Eighteenth Century: 1713–1763

3.3

PEASANT POLICY

In the eighteenth century, the vast majority of east European peasants lived in legal bondage. They were, for all practical purposes, slaves and were subject to all the rights and duties of serfs. In many cases, their hands were more than the hands of serfs. They were forced to work on the land for which they had no rights. They were forced to contribute a large part of their produce to the landlord. They were forced to pay a heavy tax to the state. Their lives were miserable and their freedoms were nonexistent. But visitor after visitor reported

Gefco, Masluni slip

but better than.

By Anne Caday

Athens, Ga.

Image 0x0 to 1792x2548

The Star Tuesday July 25, 1973

Rothschild, Inc. to sell at auction a number of the smaller and less valuable artifacts that are likely to be of interest to collectors. The sale is scheduled for September 6th, and will be held in New York City. The sale will include a number of items that are expected to fetch a high price, including a number of rare coins and medals. The sale is expected to be of interest to collectors of all ages, and is expected to be a great success. For more information, please contact

The Star Tuesday July 25, 1973

Rothschild, Inc.

33. Optima, Volume 25 No. 3 (1975) p172. Annual rainfall for Coe Town by comparison, is 560 mm, and for Darke 1 030 mm.


35. "Volks and Proceeding..." page 5

36. Bartle, op. cit., p16
Shortages of metals forecast

Financial Reporter

FORECASTS of production surpluses for copper and lead in 1977 have changed to forecasts of production shortages, which could be a bullish signal for metal traders.

This is said by Commercial Brokers, the Johannesburg precious metal dealers, in a report on the outlook for metals and a review of the past quarter.

It states that in the past three months some bullish changes in London Metal Exchange metals became apparent. The projected silver supply defies established and the zinc supply surplus narrowed. The exception was tin, where the forecast consumption surplus narrowed.

"These developments are considered important and are seen as the creation of a sound basis for future metal price advances, again with tin excluded," says the report.

The dollar-sterling rate remained weak for most of the quarter, mainly as a result of a rally in the dollar.

The relative sterling weakness had the effect of supporting LME prices. Any concern that price weakness was reflected on the LME as a sideways movement is unfounded.

For the next three months, Commercial Brokers expect the general direction of prices to be 'sideways up.'

"Of the five metals, silver appears most bullish, reflecting precious metal trends, while tin appears to be displaying relative weakness. We expect the dollar to remain weak in the near term, but note Bank of England tendencies to sell the pound in the lower $1.50 area. Conversely, previous support of the pound has been evident at $1.60.

"Therefore, trading between these two limits is anticipated over the coming quarter. This range is lower than previous projections and should underpin LME prices."

The Gezira scheme, production of cotton and the transformation of underdeveloped in Eqal, I. S. P. "The History of the Society of Development."

The Gezira Scheme as Illusion of Development.


Recent base metal reports suggest mixed near-term prospects. While the tin and coal outlook seems fairly clear, antimony and some other base metals could be facing renewed recessionary conditions from an already depressed base.

Rooiberg Bergbau's tin prices meant that Rooiberg was able to lower cut-off grade in the second quarter. In addition, production at both the "A" and "C" mines was reduced. At "A" mine this arose from increased development in unpayable ground with rock from this source dumped.

There are no life problems at "C" mine. Expected reserves are sufficient to maintain production probably beyond the turn of the century. Evaluation of "A" mine reserves is more complicated so nothing definite can be said on life while ore grades can fluctuate within relatively wide limits. At Vellaro Oil results remain disappointing and no stopping operations have yet been started.

Smelter plans

Exploration continues at a high level but the next big announcement from the mine should be on the proposed establishment of a tin smelter. Tin work is currently being done by Iscor and preliminary results should be available in the third quarter. So despite enhanced earnings from higher tin prices dividends could be restrained to finance smelter development at a cost of about $5 million.

Chairman Robin Hope estimates that unit costs will rise by about 5% this quarter. But a final of at least 160c looks easily possible after the 80c interim paid from 14c. available first half earnings. At 1400c to yield a prospective 170c investors see that mining can continue for at least another year on old blocks which were previously unpayable.

Union Tin. Bulls have been encouraged by the announcement that four new mineralised areas have been located in the western area, though of unknown extent. Current and projected tin prices seem to indicate that mining can continue for at least another year on old blocks which were previously unpayable.

Union's problem is that there are no major ore zones in sight which could justify even a short period of loss-making operations. So continued operations depend on tin prices maintaining current levels. If there should be a drop to around the £5 000/tonne level closure could be swift.

In the meantime grade is being maintained and mill throughput has improved.

After the 6c interim a repeat of last year's 10c final should easily be possible. And with net current assets of about 49c per share at June 30, the shares could merit a speculative purchase recommendation at their current 74c.

Cons Murch. There was a marginal improvement in milling at the mine during the second quarter, though on an annualised basis production is well below levels of the last five years. Grade has apparently improved but there is no indication of how much of this resulted from a production switch to other shafts following the poor mining conditions at the relatively low grade Athena shaft.

It adds up to less speculative appeal than in previous periods when sales where below production. The stockpile

stood at 6 678 t at June 30 worth about R5,9m at second quarter average selling prices. A continuing build-up is on the cards for the second half but prices are under pressure. So on the antimony side there is little near-term speculative appeal.

Some London brokers have been buzzing with stories that known schedule (tsetse) ore) occurrences in the existing shafts are being re-examined. In addition they say there is an outside chance that the adjacent mercury mine, last worked during World War 2 could be re-activated to supply domestic requirements.

This probably explains the shares recent burst of strength. But even if the tungsten can be mined easily, as London seems to think, exploitation is still some time off and there could be better buying opportunities for investors looking for recovery.

As for antimony there is still a question mark over the mine's life. A new source of interest (Venterkrak) has been located some 20km east of the present workings but this is still in the early stages of exploration.

Cons Murch has managed to hold the line on prices. But this is becoming increasingly difficult, with reports that major foreign producers are selling concentrations at low as $17 per tonne tin against Cons Murch's price of $20.

Consumers are busy destocking after a major build-up especially by oxide producer Chemetron which initiated the crude oxide Antimony Products plant with Murchison.

Maul. The planned cut-back to match production and demand is taking the form of lower mill throughput. However, recovery increased to 11,1% (March quarter: 8,7%) indicating that shorter fibres are not being dumped.

No details are given of sales tonnages, but for the first six months sales were about 4 000 t below production. Also in the second quarter, sales revenue per ton fibre was little changed on the first quarter at R20,820, indicating little or no increase in the percentage of shorter fibres sold. The interim has been cut to 17,5c (1977: 25c) from available earnings of 18,6c after capex and loan levy.

Capex is slowing down and there could be scope for a final bettering the interim if sales hold up in the second half.

Gefico. Results are presented in such a way as to make estimation of sales impossible. But despite lower mill throughput, sales are apparently well below production. Judging by Duker's proceeds, purchases of better grade fibres for upgrading Gefico's own product are in proportion to last year. Gefico is operating some of its mines on a two-shift basis compared with last year's three-shift operations and some production reduction has been possible with closure of the Asbestos mill Fibre recovery has improved to 14,2% (13,4%) indicating that emphasis is being placed on mining the better grade deposits.

The interim has been maintained at 24c, paid from available earnings of 23,2c after capex, prospecting and loan levy. It could indicate that all the stops might be pulled to maintain the final at 28c. But this might be too much of a strain if there is any market weakness in the second half.

Jim Jones
PALORABA MINING COMPANY LIMITED
AND ITS SUBSIDIARIES

*Bathurst

Interim Report to Members and Debenture Holders
for the six months ended 30 June 1978

UNAUDITED GROUP RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Six months to</th>
<th>Year</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>30 6 78</td>
<td>30 6 77</td>
</tr>
<tr>
<td>Turnover (Note 1)</td>
<td>75 881</td>
<td>71 734</td>
</tr>
<tr>
<td>Deduct costs (Note 2)</td>
<td>57 492</td>
<td>52 799</td>
</tr>
<tr>
<td>Operating profit</td>
<td>18 389</td>
<td>20 935</td>
</tr>
<tr>
<td>Deduct interest (net)</td>
<td>1 451</td>
<td>1 766</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td>16 938</td>
<td>19 169</td>
</tr>
</tbody>
</table>
| Taxation and lease
  consideration           | 7 549         | 8 217  | 15 000 |
| Net profit after taxation| 9 389         | 10 452 | 19 666 |
| Earnings per share        | R0 33         | R0 37  | R0 68  |

Dividends paid

1977 Final dividend 15.0 cents per share
(1976 25.0 cents) 4 247 7 079 —
1978 First interim 12.5 cents per share
(1977 15.0 cents) 3 540 4 247 —

Capital commitments

Approved expenditure at end of each period
11 981 15 304 8 231
Contracts placed at end of each period
2 910 5 249 3 327

Costs include,

Depreciation
7 300 7 446 13 934
Copper purchased from outside sources
3 1 217 2 010

Average C 1 F copper price realised
per tonne)
R1 088 R1 181 R1 108

GROUP PRODUCTION AND SALES

<table>
<thead>
<tr>
<th></th>
<th>Six months to</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 6 78</td>
<td>30 6 77</td>
</tr>
</tbody>
</table>
| Copper
  Production (including purchased material) (Note 3) | 54 754 | 52 837 | 109 081 |
  Sales
55 315 48 919 104 231
  Ore Milled
13 615 004 12 311 874 24 863 927
  Average copper grade
0.52% 0.50% 0.52%
  Copper contained in purchased material
37 5 280 3 836

Sales of other products

Magnesite
71 222 163 674 435 293
Sulphuric acid
5 356 5 721 15 0 715
Zinc sulphate
89 744 75 946 167 363
Uranium concentrates (kilograms)
56 010 43 708 91 256
Precious metal content of anode smelt
275 116 243 494 583 590

Notes

1 Although 55 835 metric tons of copper were sold in the first six months of 1978, there was no corresponding increase in revenue due to a drop of R12 per metric ton in the average c f p price realised in 1978 as compared to six months to 30 June 1977. However if recent improvements in the London Metal Exchange market quotations for wirebars, on which the company bases its pricing structure, continue and Sterling maintains its current exchange rate, a higher average price should be realized in the second half of the year. There has been a decline in the demand for copper in South Africa as a result of the present uncertain economic climate and consequently more copper has become available for export. After the needs of the company's long-term contractual customers have been met, the balance of copper available is being sold to other customers who are prepared to pay a significant premium over LME prices because of the quality of copper produced by the company. The lower copper price was to some extent compensated for by higher revenue from sales of uranium concentrates, vermiculite and anode slimes, the latter being a by-product of the copper refining process and contains gold, silver and platinum.
2 There was an increase of 1.4 per cent in the average unit cost of copper production during the first six months of 1978 compared with the same period in 1977. This was mainly attributable to the effect of inflation particularly in the open pit mine as well as to a higher tonnage of rock loaded and hauled. The cost of the decrease in the average unit cost of production was minimised by a higher output of copper in the first six months of 1978 compared with the same period in 1977. This resulted in a larger divisie into total costs.
3 Shareholders have been kept informed of the problems associated with the two autogenous mills which form part of the expanded plant facilities. These are shut down on a regular weekly basis for inspection and any necessary repairs. Despite these interruptions, they are achieving their rated capacity and it is hoped that they will continue to do so even when two replacement mill shells and other components can be installed during the first half of 1979.
4 The quantity of anode slimes shown as sold in the first six months of 1978 is provisional only as some delivery is still subject to the determination of final weights and assays.

SUBSIDIARIES:

There were no acquisitions or disposals of subsidiaries or changes in the relative holding in any subsidiary during the interim accounting period. The subsidiaries (all of which are wholly owned) continued their vermiculite and zinc ore marketing activities.

UNAUDITED RESULTS OF SUBSIDIARIES

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<th>Six months to</th>
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<tr>
<td></td>
<td>30 6 78</td>
<td>30 6 77</td>
</tr>
<tr>
<td>Net profit after taxation</td>
<td>R000</td>
<td>R000</td>
</tr>
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Dividend No. 45

On 9 August 1978, the directors declared a second interim dividend for 1978 (Dividend No 43) of 12.5 cents per share payable on or about 18 September 1978, to shareholders registered in the books of the company on 22 August 1978. On behalf of the Board

G A Macmillan
A J Leroy

Transfer Secretaries

Registered office
12th Floor
Union Provident Trust S A Ltd
178th Floor
37 Sauce Street
Johannesburg 2001
Telephone 633-7215
Johannesburg 2001
Telephone 833-6700
9 August 1978
FM 118 78

...
It's been a long sweat for SA's five ferrochrome producers since falling demand in the mid-Seventies triggered a wave of furnace closures, aggressive price-cutting, anti-dumping charges and tumbling profits. But better times are in sight.

For a start, the EEC decided this week to lift the provisional anti-dumping levy which it slapped on ferrochrome imports from SA two months ago. Though a minimum import price of 38 US cents per lb Cr content will be maintained at least until the end of the year, the customs duty paid by competing Swedish producers will be raised to the same level as that applicable to SA metal.

"This arrangement suits us very, very well," asserts Peter Streccher, Samancor MD and chairman of the Ferro-alloy Producers' Association. Already, he says, some market prices are higher than the minimum levels laid down by the EEC.

It's not only in Europe that prices are moving up. The US market is also firming, thanks to perky demand for stainless steel and dwindling inventories.

While some exporters were quoting prices as low as 31c/lb earlier this year, at least two SA producers have posted prices of 34,5c/lb for the second half of 1978. Airco, the most efficient US smelter, has done deals at 35,5c/lb, and Streccher predicts that prices will touch 40c/lb within a year.

Chances are the South Africans will be pushing hard to get them there. Now that the two newcomers, Tubatse and CMI, have shouldered their way into world markets by beating everyone else's prices, the industry hopes that the US market will concentrate on improving profits by taking a tougher line in price negotiations.

Good tactics

"If we don't push up prices, we'll be under continuous fire for dumping," says Streccher. To avoid dumping allegations, the South Africans have to ensure that they are not selling below domestic costs. Streccher refuses to disclose SA producer costs, one reason no doubt being that while it's good tactics to underplay costs at anti-dumping hearings, producers like to point to the ravages of inflation during contract negotiations.

For the present, however, Streccher concedes that local production charges are lower than 35c/lb, compared with around 45c/lb for European and US producers.

One reason for the South Africans' competitive edge — and one which Streccher argued strongly at the US International Trade Commission's anti-dumping hearing last week — is stainless steel producers' switch in the past decade from high-carbon FeCr (65%-70%) to lower grade (and cheaper) charge chrome (52%-55%) produced by the South Africans.

"The European and American producers were asleep," asserts Streccher. "They didn't follow the trend. If they had produced the same grade of material as we do, they would be more competitive."

He notes that Airco, for one, has recently started offering charge chrome to its customers. Streccher is reluctant to anticipate the ITC's findings, though he hopes that it (and the executive branch) will be swayed by free trade arguments, especially in the view of the Tokyo round of trade negotiations.

The Commission's recommendations are expected early next month, and the president will then have 60 days to decide whether to accept or reject them.

Meanwhile, Streccher denies reports that the Japanese Ministry of International Trade and Industry has started an anti-dumping investigation against SA FeCr imports. "We know of no official complaints to Mitu," he says, "nor do we expect any." He points out that by pushing up the cost of FeCr imports, the Japanese government would impair the international competitiveness of its stainless steel industry, which is already being hit by the appreciation of the yen.
Asbestos industry gets a booster

By Anne Colley

The Cape Asbestos group today passed a much needed vote of confidence in the battered asbestos industry.

A R10m expansion programme designed to boost production at the group's Promfet mine by 75 percent has been completed and it was revealed that a new operation, the size of Promfet, is likely to be established in the near future.

The R10m expansion programme was undertaken on the basis that ore reserves at the Promfet mine justified the investment and the end result will be production of 70,000 tons of Cape Blue asbestos a year, compared with the previous 40,000 tons.

Apart from these reserves at Promfet, recent exploration has revealed enough high grade deposits on another property to justify the new operation.

Opening of the new mill, which marks the completion of the expansion programme, the Minister of Mines and Labour, Mr. S P Botha, called for further expansion in the R150m a year asbestos industry. Almost 97 percent of the country's asbestos output is expected to earn South Africa valuable foreign exchange.

This sign of the group's confidence in the asbestos industry is much needed. Towards the end of 1977, Cape Asbestos cut production and retrenched workers, a clear sign of the poor condition - some called it critical - of the industry.

But the situation in the asbestos market seems to have been improving. Recent Press comments revealed that the two quoted asbestos producers, Gelco and Mauvi, are on bull trends and that this was a result of improved consumer demand and the petering out of stockpiles.

The new mill is believed to be the most advanced in the world. Great precautions have been taken to ensure that the dust problem which has proved to be such a health hazard has been minimised.

This health-conscious attitude on the part of Cape Asbestos was commended by the Minister whose department has, for some time, been investigating the problem and ways to overcome it.
especially in the last few days, coupled with reduced Soviet sales have generally kept the market tone firm. Lead is not suffering from such a heavy overhang of stocks as other non-ferrous metals, particularly copper, and some trade sources believe the market could even be moving towards a deficit.

LME zinc stock levels have generally remained static over the last three months, though they are currently registering slight gains. At the moment they stand at 73,975 t. The market is not so buoyant as that of lead, but nevertheless European producers have been raising prices to $625 per t over the last week or so—a trend which reflects both the depreciation of the dollar and possibly a slight increase in orders.

According to the London-based Lead and Zinc Study Group, however, there could be some light at the end of the tunnel. The group believes that demand is rising faster than expected and this year should reach 5.3 Mt compared to a maximum expected output of 5.2 Mt. Some traders, however, believe that this could represent producer optimism and that in any case stocks are very high, probably higher than some producers care to admit.

**LEAD/ZINC**

**Stock position**  
*FM 25 8 78*

LME lead and zinc prices have edged higher in the last month or so, with lead registering gains of around 10% to £336 per t (three months delivery) and zinc around 9% to £225 per t (also for three months).

Bill Boyes, head of metal trading at Commodity Analysis, told the FM that lead is "fundamentally perhaps the healthiest non-ferrous metal today." LME stocks of the metal have declined around 20% in the last three months or so and now stand at 46,750 t. Occasionally hedge selling of secondary, recycled material has been dampening the price, but Chinese and Japanese demand,
Pluck at Pomfret

Cape Asbestos shows a lot of confidence with the opening of its R10m mine and mill in the North Eastern Cape. The group, with its Koegas mine virtually worked out, needs this room to manoeuvre although, with the world asbestos market still wallowing, it is laying the groundwork for better days from next year in the blue asbestos market.

CA is the largest amphibole asbestos producer in the world with its Penge and Pomfret mines having a 160 000 t combined capacity.

Its 45m-high vertical mill at Pomfret (first high-rise building in the Kalahari) has gone into full production by processing 900 t of minerals daily for an output of 100 t of blue asbestos – 30 000 t a year. This expansion raises the mine's capacity to 70 000 t.

Mines Minister S P Botha’s official opening of the mill was an optimistic affair despite despondency overseas about the asbestos glut.

Some Canadian mines are in financial trouble while the Russians, accused of dumping substantial loads of their 2.7 Mt annual production on Far East (and probably other) markets, are expected to continue pushing 500 000 t into exports next year.

This mainly short-fibre chrysotile will not, however, affect Pomfret’s unique crocidolite exploitation.

Recent buoyancy in the world markets (caused mainly by a prolonged Canadian strike) ended in the second half of last year and, although prices are holding, demand is not expected to pick up until well into next year. Mines and mills in the West are generally running under capacity while new asbestos cement manufacturing plants are coming on stream in Colombia, Mexico, Yugoslavia, Arab countries and Russia.

With 96% of SA’s annual output by value exported (1976: R112m, 1977: R133m; and estimates for this year at R109m) the Pomfret venture comes on stream in a weak market. Cape Asbestos planners have, however, done their homework. "We're expecting demand to rise next year, so have replaced Koegas, which produced 18 000 t a year, with this 30 000 t expansion at Pomfret," says CA MD Simon Dougherty.

Pomfret produces a wide range of blue asbestos (accounting for 70% of the mineral's exports) which includes a substantial amount of high-grade long-fibre. Demand for this, used mainly in piping, has held up best of all and should be the first grade to take off with a rise in construction industries overseas.

The fully-automated mill can also switch to grades and lengths in greatest demand at a given time or to full individual customer specifications.

Pomfret must be on a winner with such a flexible mill.
Majority of physical zinc traded outside the US has been raised in stages from its recent over level of $550/t to $625/t. US producers have followed the trend by lifting quotations from 29c/lb to 33c/lb.

The recovery is impressive because it is been accompanied by a big reduction in the stocks of zinc held by smelters in the US, Japan and Europe. It was the increase in these surplus stocks that led to the steady discounting and the almost total breakdown of the European producer price system in 1977 and early 1978.

The mood of the market has changed completely since the early summer. Significant cuts in the rate of metal production have been made this year in the US and Japan. European smelters made some impressive announcements in the spring and followed them with rather modest reductions in output. Consumers took us as their cue to rebuild their very small stocks of metal.

ear-end prices

A large amount of European zinc was also shipped to the US in the first half of the year as a precaution in case US zinc producers won their claims for import controls (in fact they have lost them). The result is that some producers in Europe are now short of zinc and are reeling predicting that the price will be 700/t before the end of the year, helped by a miners' strike in Peru and the weakness of the dollar.

This view could be too optimistic, as actual consumption of zinc is virtually unchanged at last year's level. Restocking by consumers has ceased and could even be reversed, but the principal danger is that zinc smelters will be tempted to increase production too soon and create another surplus as they have done before. Recent history supports the view that producers may soon spoil their own market by overproducing. Already Asarco and EZ Industries have raised their operating rates.

Zinc concentrate producers have been deprived of some of the benefit of the recovery in metal prices. European custom smelters have consistently sold metal at premiums of up to $50/t above the producers' price since early summer and are still doing so.

Mines are paid on the basis of the Metal Bulletin quotation and get no share of the premium, which is regarded as fair since they suffered no share of the discounts that prevailed earlier.

The bargaining position of zinc mines remains weak. A huge surplus of concentrates built up at smelters during the recession. Some zinc mines reduced output or closed down when smelters started to refuse deliveries in 1977. The $550 price was financially disastrous for most mines but those which also produce copper, such as Pireska, or lead, can find ready markets for those products and have continued production despite losses on zinc.

It will take a longer recovery in the zinc metal market to improve demand for zinc concentrates. It is far from certain that we will see that recovery.

ZINC

Silver lining

An impressive and surprising recovery is taking place in the zinc market which for about two years has been the sickest of the many sick base metal markets. From a low point of $235/t the LME cash price has risen to a trading range of £310-£320/t and has been as high as £339.

More significantly, the European producer price, the basis for the great majority of metal trading, has risen from £265/t to £320/t. Overall the market is showing signs of stability and strength.
The following table shows that the roughly doubled every five years or trend continue, a trickle of potential students joined the flood of 1965 after the explosion of June 16, 1976.

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Table 12: Matriculation and Senior Supplementary Exam Passes, 1965-1974.

The number of students passing the supplementary exams has increased significantly since 1965, with a notable increase in 1974.

Total Supplementary Exam Passes (1965 = 100)

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The increase in supplementary exam passes is consistent with the overall trend of increasing student numbers.

For the time being the answer is probably yes. But the seeds of the idea still remain. Much depends on Anglo’s attitude. While its associates are busy on the acquisition trail in the US, anything likely to upset the anti-trust lobby there will be soft-pedalled.

Greig makes the point that: “We have built our business in an environment of intense competition which has forced us to remain alert and has probably been as good a stimulus for our competitors as it has been for us.”

In its early days when Impala was busy breaking into Rustenburg’s market, competition was clearly intense especially for the then-lucrative US auto contracts. But the past year suggests that competition does not extend to producer price differences except very short term.

It is common cause that Impala’s marketing arm is more efficient than Rustenburg’s. Rustenburg is effectively the supplier of last resort, and marginal changes in free market demand can play havoc with its production schedules. Perhaps the prime factor in lifting platinum producer prices was Rustenburg’s announcement of a 10%-20% cutback last year. Since then, Rustenburg has quietly increased output to previous levels and it could only take a resumption of visible Russian sales (if there ever was any real shortfall in Russian deliveries) for oversupply again.

**When is a cartel not a cartel?**

So there could be an incentive for Rustenburg to look towards more orderly marketing. It need not necessarily be along the lines of the CSO. An alternative is along the lines of the ITC, which has both producing and consuming members.

Platinum executives are notably leery of any mention of collaboration, pointing to difficulties with US anti-trust legislation. But the Americans have always wanted to have their cake and eat it. When the post-war uranium boom collapsed, bans on imports to protect domestic mines effectively forced non-US producers into marketing arrangements simply to keep parts of their industry intact. The same is happening with potash, as the Saskatchewan producers work under 50% cut-backs, simply so that higher cost US mines can stay in production.

For the present, with burgeoning platinum prices, pressure for orderly marketing is lessened. But both Impala and Rustenburg are faced with major capex programmes over the next few years, which could be prejudiced by a price slump.

It seems that conjecture is unlikely to die a rapid death, if at all. But it should be remembered that the producers can always refuse to sell at prices that give them no profit.

*Jim Jones*
EAST LONDON — Railway police here have un-
covered a massiee copper theft operation invol-
ving hundreds of thousands of pounds of Zamblan-
ian copper. It was discovered that a massive copper theft operation was being
exported through East London, exefrated
by a group of individuals who were being
charged with the theft. The operation was
led by a group of people who were
responsible for the theft.

The operation was uncovered by
railway and police officials who were
investigating the theft. A suspect was
arrested and the operation was dis-
continued. The investigation is con-
tinuing and further details will be pro-
vided as they become available.
COPPER

Signs of weakness

Fears are growing that copper prices may face another substantial drop despite the much heralded signs of an increase in industrial consumption, which partially explains a drop in the London Metal Exchange's stocks over the last nine months or so from a record 650,000 t to just over 425,000 t. Nevertheless, the latter figure is still larger than, say, an entire year's output from Peruvian mines.

According to a recent report by brokers Bache, Halsey, Stuart "the long term bullish trend is fast losing influence with traders". For the last few months, production problems in three of the world's major copper exporting countries, Zambia, Chile and Peru, have helped keep forward copper prices in a narrow trading range centered on about £750/t.

There have been a few signs of strength. Midday Tuesday, three-month copper was quoted at £770, but the improvement could be short-lived. From the beginning of October, Zambia has lifted the 50% force majeure on copper deliveries introduced in July in the wake of the attack on Sino Province. And, according to press reports from Kinshasa, the country is now producing substantially more than pre-attack levels of 200,000 t a day. Meanwhile in Chile, Morgan Guaranty industrial act on seems to have abated. Further, London metal traders, keeping a close eye on negotiations between Angola and Zambia over the new quota of copper to be exported, which would lead to a much smaller box of copper from both Zambia and Zaire to the Atlantic coast.

Another potentially important factor is the performance of the US economy in the next few months. There could be some worries developing," says Robert Gratton of Conti Commodity Services, "on the whole, Gratton is not as pessimistic as some others. I do see copper going down, but only by a maximum of 10% to 15%. He points out that a 'debt factor' in the economic outlook could be the fact that copper stocks are 5% to leading Western consumers, but the market is not as high as it appears on paper when quality requirements are taken into account.

There is also the possibility that the Federal Reserve Administration may buy up to 250,000 t of the metal. Looking further forward, Gratton remains bullish, saying "I have bought copper and I'm probably going to sit on it until 1980."
BASE METAL QUARTERLY

A mixed bag

Near term, slow economic growth in the major industrial nations points to little significant improvement in base minerals demand. And with the exception of tin, which is overshadowed by the conflicting pull of technological problems and prospective GSA sales, prices could be set for little change over the next few months.

Rooberg: The average price received per ton of tin in concentrates rose to R 8,437 (R 8,528) on the quarter, while costs per ton were 16% higher at R 4,431. Local demand and more frequent shipments reduced the pipeline, a situation which will probably reverse in the December quarter.

Chairman Robin Hope says the high cost increase rate was something of an anomaly, since in one month, when production was low, costs were exceptionally high. Operating costs have, he says, been “remarkably stable.”

Drilling results at the “A” Mine and Vollefontein were again disappointing, but Hope is confident that in time an acceptable result will be obtained. At the “C” Mine development continued to open good grade ore on the A and B lodes.

Tin smelting by Icor has been completed satisfactorily, and Rooberg is financing assessments of its proposed R 5m smelter.

Smelter construction will not strain liquidity and can be financed internally. It appears that Rooberg is looking at a short payback period.

Union: High tin prices, new ore discoveries, increased throughput and better recovery have again staved off closure. There are no further plans regarding re-treating the dumps.

September quarter sales fell to 1,107 t (1,200 t) with a change in the July contract. Tin in concentrates production was unchanged at 105 t, while the average price received rose to R 8,074 (R 7,125) and costs fell to R 4,605 (R 4,675).

Gefco: Closure of lower grade operations is apparent from the mill through put drop to 104,000 t (121,000 t) and fibre recovery increase to 15.4% (14.2%).

Even with production cut back, closure of one of more of Gefco’s scattered mines does not mean that unit costs necessarily increase disproportionately.

Gefco is more reticent than sister Msulth on releasing details of sales. But there has been an apparent sales drop in line with the lower output. Judging by reports from competitors, the Cape Blue market remains tight, and a final quarter earnings improvement may be out of court. If so, and if the tightness is expected to continue after the first quarter of last year’s 28c could be on the cards. Despite the maintained 24c interim and the first three quarters’ 36.9c available earnings.

Both Msulth and Gefco have been relatively firm over the past few weeks with market talk of buying by parent Golds. One rumour was that the house could be planning a bid for the shares, and that the management would probably reverse in the December quarter.

Munch: No details of sales promises are given, but it seems that the normal mid-year improvement is taking place. Revenue per ton has fallen, partly probably in line with the Canadian dollar’s drop against the rand, but also, based on past experience, because a greater proportion of shorter fibres was sold.

Normally, increased demand for shorter fibres would be accompanied by a higher percentage fibre recovery in the September quarter this fell to 10.4% (11.1%) on higher mill throughput of 166,000 t (146,000 t). So this time the grade drop may be because of mining lower grade areas rather than shorts dumping. If so, the outlook for the mine could be brightening.

In the first three quarters, available earnings totalled 33.2c with an interim of 17.5c (25c) Sales will probably improve in the final quarter in anticipation of Canadian led price hikes. Gefco is at a low level and with no major capex plans on the horizon, a 25c (25c) final could be on the cards.

Cons Munch: A further working loss, bringing the first nine months total to R 30m, has led to a recapitalisation, raising the R 50m in the original R 5m. It indicates little chance of any near-term market improvement. The emphasis remains on maintaining liquidity.

Mill throughput improved slightly on the quarter as anticipated, and yield. But there is only a marginal sales improvement in the fourth quarter, a further 200 t of concentrates, will be added to the present 8,837 t stockpile. By the end of the year the stockpile should be worth around R 10m (equivalent to 210c per share) and carried in the accounts at zero value.

There have been a few moves in the shares over the past few weeks which could indicate a warming in the market’s attitudes. If previous patterns are followed, increased profitability at the stockpile is run down, for investors prepared to take a two-year view, this could be the time to start picking up the shares. Nearer term there is little probability of a final dividend. Next year even if the market improves steadily, the interim could be under threat if currently deferred capex has to be made up.

Jun Jones

Cons Munch is sentiment changing?
Sterling provides the best investment
Says one Johannesburg silversmith: "A
silver plated tea service bought 20 years
ago would fetch double its price today. A
sterling tea service would probably have
increased its value 20 times in that time."

It is to the credit of the local industry
that several firms have started to export
both plated and solid silverware.

Precious metals engineers manufacture
an assortment of seamless silver tubes for
the jewellery trade. These wind up as
napkin rings, ornamental bangles, and
bracelets and as bands for pens, pipes,
and umbrellas. Silver wire and coloured
enamels — used to decorate chains of
office — are also locally produced.

SA silver returns to this country not
merely in the form of manufactured sil-
verware, but as the sensitive coating to
commercial and specialist x-ray films.

The price of silver is governed by the
London market. For convenience, the
Mint will charge the average price over
days and thus governs the price of
a piece of silverware made from a con-
signment of silver purchased at the time

Once upon an aspirin bottle

Merensky's research unearthed the world's biggest
platinum find

There has been an on-off-on touch about
the development of platinum mining in
SA. Traces were discovered in 1923 in
the Waterberg district, north of
Nylstroom. Geologist Hans Merensky,
then visiting SWA, rushed back to find
the deposit was not commercially viable
A year later an aspirin bottle arrived
on his desk. It contained a greyish-white
concentrate found by an Eastern Trans-
vaal farmer, Andries Lombaard, while
panning for gold at Maandaagshoek, 70
km north of Lydenburg.

Merensky guessed it was platinum, sent it
for analysis and was proved right.
The discovery came at a critical moment
for him. Born in 1871 in the Transvaal,
the son of a German missionary, he
graduated in geology in Berlin.

Back in SA, he discovered tin near
Pretoria, drew up a report on the feasibility
of the still-to-be-developed Premier
Diamond Mine, and predicted not only
that diamonds would be found on the
coast south of the Orange River, but that
they would emanate from the sea and not
from "pipes" as further inland.

In 1913, during a mining depression,
he went bankrupt and during World War
I he was interned.

At the time he received the aspirin bot-
tle, he was broke. Friends raised enough
money for him to follow up the original
find with Lombaard and two other men.

Some streams showed platinum traces
— others proved negative. But Merensky
was convinced that deposits lay in sur-
rounding rocks. Again he was right.
What was needed now, he explained, was
to find the "mother rock."

Within weeks he had done this, and
traced it for almost 100 km. It became
known as the Merensky Reef.

The reef is in the Bushveld Igneous
Complex which, covering 693 000 km²,
is known today to contain the world's
greatest deposits of platinum group
metals, chrome, and vanadium as well as
possessing vast quantities of copper,
nickel, iron, tin, fluor spar, andalusite,
magnesite, and chrysotile asbestos.

During the search, Merensky disap-
peared for two weeks. He returned to
reveal that he had been hunting for traces
of platinum at Potgietersrust. A few
weeks later the friend reported finding
payable deposits stretching for 50 km.
The year was 1925.

Already a small company, Lydenburg
Platinum (later enlarged and renamed
Lydenburg Platinum Areas), had been
launched, but now the Potgietersrust
finds created wide interest.

This was hardly surprising, for

Precious Metals Survey Supplement to Financial Mail November 10 1978
Merensky was able to highlight the particular value of the deposits. Whereas in Russia and Canada, platinum was mined as a by-product of copper-nickel, in SA it could be mined as a primary metal.

The news brought hundreds of speculators who formed 50 mining companies, few of which were to survive. The JSE experienced the biggest flood of shares in its history.

Inevitably, Russia countered by unloading stocks of platinum onto the market, thus slandering world prices. But even this could not totally undermine the Merensky operation.

One of the first fanciers to show interest was Ernest Oppenheimer. He met Merensky and his backers, and with Anglo American and Sir Abe Bailey's SA Townships, formed Potgietersrust Platinum Mines. Later Solly Joel and JCI bought into it and were to emerge as the major shareholders.

Johannesburg Consolidated Investments was founded by one of the Reef's most colourful characters, Barney Barnato, in 1889. He had walked from the Kimberley diamond fields because he lacked the money for the coach fare. Later, he achieved control of Kimberley Central Mine and spent R2m buying share claims, buildings and real estate.

He committed suicide in 1897 and his successor, his nephew Woolf Joel, was murdered by a blackmailer nine months later. Solly was Woolf's brother.

JCI built the old Carlton Hotel and developed Houghton Estate. Its mining ventures included the rich Government Areas at Modderfontein. For a mining house on the flat, platinum was an obvious acquisition.

While Potgietersrust was being developed, Merensky also bought options on the Rustenburg area, which turned out to be even richer than the other two deposits.

Milling started at Potgietersrust in
Finding the buyers for Platinum

Unlike gold, platinum has to be more aggressively marketed. And production has to be carefully watched to maintain price stability.

The latest platinum producer price increase to $260 per oz means that in a space of ten months, the metal has been hiked by almost $100. Some analysts are talking the producer price up to over $300 in the near-term.

Whether these targets are possible is an open question. The platinum market is much smaller than gold's, and its development depends largely on the sometimes conflicting requirements of the three major producers, SA, Russia and Canada.

Producers are highly secretive about how much platinum they release to a market which is far less well documented than gold. In 1977, total world gold production was estimated by Consolidated Gold Fields to be 1.428.5 t or almost 46m ounces, of which SA produced about 49%.

In SA, only third-ranking producer Western Platinum publishes details of its ppm production. Rustenburg and Impala only talk in generalities.

The table gives estimates of world platinum consumption and supply. It puts SA at the top of the supplying league to the Western World with about 66% of the market. In general terms, western world platinum consumption may conveniently be split as follows:

- Jewellery — 35%–40%.
- Auto industry — 20%.
- Rest — 40%–45%.

It does not necessarily mean that individual producers' sales mixes are in these proportions. Rustenburg's sales are...
Massive…and a touch of mystery

In tonnage terms, Rustenburg is one of SA’s biggest mining operations. But don’t ask for too many details.

Most people living on the more densely populated Reef have some knowledge of what goes on in a gold mine. Because of its comparative isolation, the Rustenburg platinum mining complex remains something of a mystery, both in the processes used and the scale of operation.

Rustenburg Platinum Mines does not reveal the tonnages of ore mined each day. The final output of refined platinum is only referred to in the broadest terms. The shroud of secrecy ensures that competitors do not gain any advantage from this type of information. As one top official says, “a lot of people would like to open platinum mines these days.”

What is no secret is that, because more ore has to be mined to produce platinum than is the case with gold, in pure tonnages terms, Rustenburg is one of the biggest mining operations in SA.

But the underground workings are not deep by SA standards and the miners do not have to go down more than 1 300 m. Yet they have to cope with greater heat problems than do the Reef’s gold miners because of the geothermic gradient of the rock.

In platinum mining the nature of the ore body, which is a narrow tabular deposit, has allowed for gold mining methods of shaft sinking and tunnelling. Mechanical borers are used, although not, so far, the huge horizontal tunnel.
The second largest platinum mine in the world after Rustenburg Platinum is Impala. It was launched by Union Corporation in 1967, with the initial aim of mining 100,000 oz of platinum a year. Production started in 1969 — and so did an expansion programme to push annual output to 850,000 oz.

Depending on market demand, output has varied in the past few years between 700,000 oz and 750,000 oz.

The lease area covers 10,673 ha, with the Merensky Reef outcropping on one side and dipping to 1,000 m below surface on the other. All of this lies in Bophuthatswana. In addition, the company holds mineral rights to the east of Rustenburg at Marikana.

Impala has developed three adjacent mines — Bafokeng North, Bafokeng South and Welkomfontein. They employ 30,000 blacks. The white staff live in Rustenburg, 17 km away, which also houses the main mine offices.

From the mineral processes plant on the mine, the matte is taken to the nickel and copper refinery at Springs. After these have been recovered the concentrate goes to Impala's platinum metals refinery close by where the platinum, palladium, rhodium, ruthenium, iridium and gold are refined.

While Union Corporation is the largest single shareholder (47.07%), others are Bishopsgate Platinum (a holding company) with 21.68%, National Selections (5.03%) and Industrial Selections (5.03%), International Nickel SA (9.5%) and UC Investments (11.75%).

Bishopsgate and Impala Platinum are consolidating their equity interests to form a new company Bishopsgate is consolidating its 25% issued shares of 10c into 12.5m of 20c. Then, in exchange for the outstanding 78.32% of Impala held by Union Corporation, UCI, Idels, Natsel and International Nickel, Bishopsgate is issuing a further 45,15m of its own new 20c shares and changing its name to Impala Platinum Holdings with Johannesburg and London quotes.

This will be the direct holding company of Impala Platinum and does away with the division between directly and indirectly held interests.

Impala markets its platinum group metals through a London subsidiary, Ayrton Metals. An order placed with Ayrton means that the platinum can — within hours — be placed on a plane for anywhere in the world.

To boost sales of platinum jewellery, Ayrton has opened The Platinum Shop in New Bond Street, London.
Battling the giants

It's not easy to push up sales when demand for your product is in the doldrums. Yet despite the worldwide building slump and increasingly strident warnings of the effects of asbestos on people's health, SA's biggest producer of chrysotile (white asbestos) has managed to boost its export earnings almost sixfold in the past eight years.

Msaual Asbestos, a public company in the General Mining stable, last year earned R16m from exports, compared with R2.5m in 1970. Turnover has trebled in the past three years.

One reason for this spectacular increase is that when Canadian producers were plagued by strikes in 1975, Msaual (among others) picked up some of their customers, especially in the Far East. "By hard work we have held on to those markets that we gained then," notes chairman Wally Walters. "We have supplied their needs, been flexible in manufacture of the final product and paid close attention to consistent quality, packaging and presentation.

Msaual's biggest markets are in Japan and South Korea, but it also sells chrysotile — which is used for asbestos cement sheet, roof and floor tiling and friction materials — in Europe, South America and the Middle East. Despite tough competition from Canada, which produces about six times as much asbestos as SA, Msaual is also planning to break into other industrialised markets. "We'll offer certain specialised grades and qualities," says Walters.

Msaual's success in taking on the Goths of world asbestos — Canada and Russia — must have played a part in its winning an export award, SA is much further from the main consuming countries than its competitors, placing Msaual at a severe geographical disadvantage. By pressure packing and contamination, however, SA producers have managed to hold freight rates at competitive levels.

Asbestos producers face increasing resistance from environment protection groups, because of the alleged hazards of exposure to asbestos dust. The producers are doing their best to meet these criticisms — by, for instance, offering to pack asbestos in paper bags which repulse when thrown into water. Moreover, SA producers participate with their competitors in bodies such as the London-based International Asbestos Council to put their side of the argument.

Russia flooded the Far East with low-priced, poor quality fibres earlier this year, but consumers have continued to turn to producers such as Msaual for an increasing share of their purchases. Msaual's plant near Barbeton is now operating at 75%-80% capacity, and Walters reckons that stocks, which 12 months ago had risen to high levels, are now "just about right for comfortable trading. We are hoping to go on full capacity next year.

Many others apparently share his optimistic statement last month that "Msaual is on the upswing and in my view it will continue on the upswing." The company's share price has bounced back from a low of 100c a few months ago to around 340c.
The independence of BophuthaTswana has posed thorny tax and lease questions for the platinum mines

The question of who gets what from the platinum mines of the north-western Transvaal has been thoroughly complicated by the independence of BophuthaTswana in December last year.

Rustenburg Plats and Impala Plats have each been affected in different ways. In essence, there is an intergovernmental agreement between SA and BophuthaTswana based on a formula which separates lease and tax before deciding what goes where. All payments are currently made direct to the SA government which takes the matter on from there.

The lease aspect of the formula looks at what is taken out where, while the tax side is based on a split of assets. Just how tortuous this can become is illustrated best by Rustenburg Plats, which has two sections – Rustenburg and Union – which are split by the border. So mining is conducted in one mine but in two countries at the same time. Rustenburg Plats' third section, Amandelbult, is in SA, but two of the company's five reduction works are in BophuthaTswana. The final refining of Rustenburg Plats' metal is done at Wadewill by Mathey Rustenburg Refiners.

The position with Impala is simpler — but not much. All three mines are in BophuthaTswana and there is only one lease area. So the whole process from mine to matte via flotation is carried out there. But the assay office and the mine general offices are in SA at Rustenburg, while the refinery is at Springs. However, all three mines feed a common concentrator and smelter.

Unicorp director Ian Greg tells the FM that Impala did, in any event, pay royalties to the Bafokeng tribe and the SA Bantu Trust before the independence of BophuthaTswana. Today he puts the breakdown in payments to BophuthaTswana and SA at about 70/30, though that is subject to an assessment on assets that has not yet been made.

Rustenburg Plats MD Ken Maxwell estimates that BophuthaTswana probably only gets 20%-25% of payments made by Rustenburg, but that would probably follow from the fact that it is not as closely tied to BophuthaTswana as Impala.

On the labour front, Rustenburg Plats now employs more than 30% Tswanas compared with only 5% four years ago. Impala employs about 25% Tswanas including 550 women from local villages. They work as cooks, gardeners and clerks principally.

Both mining companies enjoy excellent relations with Chief Lucas Mangope.

On the payments question, the position of the mining companies can perhaps best be summed up by Ian Greg: "I frankly don't care how the two governments unscramble the egg as long as I don't have to pay twice."

Training Tswana mine workers to mine their own minerals
Asbestos glut puts 220 miners out of jobs

We have been trying to cut production for some time, but we need to continue reducing production. We have to close the mine. The stuff is pouring out of our ears. We can't cut our production. We will also reduce our production by about 10 per cent. The miners have been hit hard by the current economic climate.

Wally Walters
ZAAILPLAATS

In the melting pot

Activities: Independent tin mining and smelting company, the Balstein family of East London is the biggest shareholder.

Chairman: W G D Routledge; consulting engineer. D D McWilliam

Capital structure: 1.1m ordinaries of 50c.
Market capitalisation: R$5.5m.


Share market: Price: 500c (1977-78. high, 550c; low, 260c; trading volume last quarter, 87,000 shares). Yields: 9.2% on earnings; 8.0% on dividend. Cover: 1.1. PE ratio: 10.9.

Now that Rooiberg has decided to erect its own smelter, an important source of income could soon disappear. Last year Zaailplaats' smelter output was 613 t (1977: 732 t) of which about 430 t (520 t) was bought in, most of it from Rooiberg. As yet there have been no discussions between the two companies on the matter.

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<tr>
<td>Tin production (t)</td>
<td>644</td>
<td>761</td>
<td>821</td>
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<tr>
<td>Turnover (Rm)</td>
<td>6.6</td>
<td>6.9</td>
<td>8.4</td>
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<tr>
<td>Operating profit (Rm)</td>
<td>418</td>
<td>742</td>
<td>1,072</td>
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<tr>
<td>Earnings (c)</td>
<td>24.7</td>
<td>42.4</td>
<td>59.2</td>
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<tr>
<td>Dividends (c)</td>
<td>23</td>
<td>26</td>
<td>30</td>
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There are, of course, various possibilities to limit any impact. Zaailplaats' smelter is not particularly modern and it could become more profitable to have its concentrates smelted at the new Rooiberg facility. Alternatively, concentrate production could be increased by greater emphasis on tailings retreatment. There are 70 years of accumulated tailings available and, perhaps by pre-concentration, concentrate output of the present tailings retreatment plant could be increased at not excessive cost.

Last year Zaailplaats treated 33,431 t at the tailings plant. Concentrate recovered amounted to 36 t at 55.7% tin. The plant operated at 74% of the total hours available, with stoppages because of water shortages. This problem has been resolved, as has the one of upgrading feed. Investigations are in progress to further improve recovery.

Concentrate production from mining operations was 249 t (314 t) at an average 65.3% (66.6%) tin grade as mining grades were lowered in the wake of higher tin prices. However, despite an average tin price of R10.360/t (R7.960), the lower sales tonnage of 879 t (1,066 t) meant that operating profit fell 20.6% to R492,992. But with no capex planned and improved liquidity, a higher dividend was possible.

At 500c to yield 8.0% the shares are a limited market. They look fully valued until the problems of possible lower smelter throughput and threats to the tin price from proposed US stockpile sales are settled.

Des Kilates
R180m off De Beers market value in week

By ELIZABETH ROUSE

HOLLAND STREET has taken a hard knock this week, strikingly reflected in a R180-million plunge in De Beers market capitalisation.

Multi-millions were wiped out in Thursday's panic selling, and although the market had a slight steady tone in mining sectors yesterday, this may have been due to short covering.

Brokers noted that the slight recovery yesterday in some gold shares did not constitute a rally. Nobody was prepared to take up positions ahead of the weekend pause and of next week's US gold auction.

Industrialists' falls accelerated yesterday with losses outnumbering gains by eight to one and industrial leaders came under fire again. The overall decline in industrials ran into the multi-million bracket.

Some buyers have started looking at cheap stock, but there was no sign of institutions coming in to support the market.

The situation remains confused and volatile and the market closed on a comprehensive note.

Declines were stemmed in diamonds and platinum yesterday, but stocks came in the firming line and the asbestos and antimony counters lost their immunity to the selling fever.

While some smaller gold counters crept up, high-priced equities continued to be hit and showed losses of up to 40c. Week's declines ranged up to 55c.

Coal losses ranged from 20c to 25c, higher-priced industrial leaders, such as Barlowe, Protea, Abercom and Grinkener, were up to 3c down on the week.

Expensive equities such as Telger plunged 16c.

De Beers came off a low of 68c to closed unchanged at 69c, down 2c on the week.

African lost 25c overall to close at 72c.

Messina and Palamur were off 1c each. Counters Romberg and Phillips maintained a 25c lead on news of its new smelter, but other losses were off.

Platinum were up to 10c, firmer yesterday, but all finished 10c off on the week.

Cents ranged from 20c to 30c, with Arcon and off 6c on the week.

American favourites, such as Airflow Holdings, Randfontein and West Drift, were worst hit, chalking up losses of 55c and 35c.

Fregola was off 20c, but other leaders, such as East Driefontein, were down mostly in the 20c range. Venters was relatively hard hit, having come off 70c over the week.

Anglo American's change in 5c, yesterday, cutting the week's losses to 8c, as 610c. GFSA lost 25c, Genmin shed 15c, Johnlives fell 17c and Uenop (up 5c yesterday) came off 35c to 53c.

Anggold retreated 20c overall, and other mining holding leaders were up to 15c easier on the week.

Barlowe showed a week's fall of 25c to 45c. Protea shed 10c and most other industrial holdings were off in the 5c to 10c range.

SA Brews lost 7c to 122c. Covering the week, Prem Mill and Fedfood were off 5c and 30c respectively. Furniture leaders Amrel and Afool declined 20c.
stations in Germany and the UK.

The Urenco plant is a joint venture by the Dutch and British governments and West German nuclear interests, and is the result of European cooperation on nuclear power. The dilemma of the Dutch begins with their rigorous opposition to apartheid. When the UN claimed to end SA's mandate over SWA/Namibia in 1969, the Dutch supported the move and recognised the legal status of the UN Council for Namibia. When this council passed a "decree" to protect the natural resources of SWA/Namibia from unlawful exploitation, the Dutch backed its legal right to do so — the only European country to openly support the council.

The dilemma now is that through Urenco the Dutch are contractually bound to their EEC partners, and yet the UN council for SWA/Namibia could ask the Dutch to impound the uranium in terms of the decree. Premier Andreas van Agt may be faced with a revolt by the Christian Democratic Alliance (CDA), the majority partner in the centre-right coalition. The CDA favours sanctions against SA, and has doubts about the desirability of nuclear power.

The opposition labour party MP specialist in sanctions, Resus Ter Beck, will raise the issue in parliament. If the anti-apartheid and anti-nuclear lobbies join together, Premier Van Agt may be forced to approach his EEC partners and request them to stop sending SWA/Namibian uranium to Urenco for enrichment.

SA's atomic energy chief Ampe Roux is not unduly perturbed. "It is not SA Atomic Energy Board policy to divulge any information regarding uranium sales," he tells the FM. "The Dutch will have to sort out their own problem in the uranium sector, and this will not effect our situation."

In 1973 there were 47 labour disputes with no stoppage of work involving uranium.

The determination has been in operation for less than two years.

The conciliation machinery applicable to other racial groups would be used if this were the case. In the case of a wage disagreement, the national labour board would be requested to set up a dispute panel. If no agreement could be reached, an industrial council agreement, an arbitration award, or a conciliation board agreement would be made. However, where the strike workers involved were covered either by a national or a company agreement, the strike was expected to be declared illegal.
COPPER
Recovery — but not yet

There will be no substantial increase in copper prices until 1982, and then the market will not enjoy a long upturn commensurate to the downturn of recent years, but will peak very quickly, probably in two years. This is one of the conclusions arrived at in the latest long-range copper report produced by the London-based consultancy Commodity Research Unit. The report adds that over the next 10 years, copper consumption is likely to grow at an annual rate of about 3.5%, but it will take some time for the current world stocks, variably estimated at between 1.75 Mt and 1.9 Mt, to be substantially eroded.

Depending on various suppositions, CRU told the FM prices could peak in the early-to-mid-Eighties somewhere in a range of $1.20-$1.40/lb, valued in 1977 terms.

Not everyone agrees with this somewhat gloomy prognosis, though. Observers close to the Paris-based copper exporters group, Cippec, for instance, this week told the FM that they detected that “demand would outstrip supply by 1980.” The source added that there has been no new investment in recent years and “although the rate of increase of copper consumption has been down, it is now increasing.” In deference to the CRU researchers, though, the source admits that “we are all guessing.”

But whether the price upturn commences in one or three years, there now seems little prospect of the market or the producers themselves being artificially aided by an international copper agreement involving both producers and consumers, or any other worldwide price stabilization scheme.

Consumers and producers have been holding a series of preparatory meetings on copper under the auspices of Unctad, but virtually no progress has been made. Another meeting, the sixth, is scheduled for some time during the first quarter of next year. But there seems little hope of a breakthrough. The main problem is that of cost. For a highly price effective agreement aimed at keeping international copper prices within a range of, say, $0.90 to $1.00/lb, the cost would be a staggering $4.5 billion, according to the CRU reports. A scheme aimed at a price range of $0.80 to $1.20 would still cost $1.3 billion.

But in addition, some key copper exporters are not too keen to become involved for other reasons. Some feel that Chile, which has never agreed to go along with the production cutback proposals of her Cippec colleagues — and hence they have not worked either this year or in 1975 — would find the discipline of an agreement at variance with her export mania, which has been a prime contributor to the large build-up of stocks in recent years.

In Paris the gathering feeling that copper producers have come through the darkest part of the tunnel is also likely to obliterate any lingering affinity for other proposed stabilization schemes. For over a year now Rio Tinto, for example, has been pushing an intergovernmental loan scheme, whereby producers would receive loans to reduce output when prices drop below a certain level and these would be repayable when prices advanced back through the level. “If they didn’t accept the idea a year ago, they’re not going to accept it now,” according to the Paris source.

One of the main problems is that the scheme would probably involve commercial lending backed by government guarantee — meaning that when prices recover producers would also be landed with interest payments.

The EEC may be of some help to two producers, Zaire and Zambia, when it launches its new trade/aid convention with former colonial countries in early
RAND LONDON
Buying granite

Rand London's R500 000 takeover of Colorado Granite's Belfast quarry could add about R6 to earnings to give a total of 34c in the year to June 30 1979, says MD Bernard Holtshousen. R225 000 of the purchase price is to be paid immediately out of group resources and proceeds of the recent rights issue. The balance will be paid over three years.

The quarry has a current monthly granite output of 100 m³, worth about R600 000 annually. Rand London plans to double this in the next six to 12 months at a cost of about R100 000, financed internally. Depending on European demand, output could be boosted by a factor of five in the next few years.

With the Kempstust coal mine on stream, Rand London needs a quick succession of manageable small mines to maintain growth. There have been several false starts. Nothing has yet come of the claims pegged on the East Champ D'Or, the iron ore mine has been closed and no improvement is expected at the troubled feldspar/lithium operation.

Holtshousen says the group is investigating an established coal mine, though no details are yet available. This year the company will drill three of the four properties over which it has coal options. Next year the fourth and largest will be drilled.

April
But any development is at least two years away. At June 30, before receipts from the R1.8m rights issue, Rand London had net current liabilities of R1m and long-term liabilities of R2.1m. So, depending on near-term cash flow from Kempstust, there could be constraints on funds available for capex.

In any event, the coal mines currently being examined are in Natal where weak inland demand is hitting regional producers. So even if Rand London does establish a new mine, its output potential could be limited by Natal trade allocations.

At this stage there is little to get excited about and investors need not chase the shares above the current 87c.

Embongweni

Saterdag

De Klinkers

3.3 Nagmaalvierings elke 2 maand om die beurt 10.30 vm en 6.00 vm;

3.4 Doop: Eerste Sondag in die maand 10.30 vm;

3.5 Doop- en Tukkommissie vierde Woensdag in die maand. Voornemende doopouers stel hul wyksoorderlike in kennis en ontmoet die kommissie saam met die ouderling onmiddellik na biduur;

3.6 Spreekuur met leraar in kerkkantoor: Elke Woensdag van 6.00 - 7.30 nm (voor biduur);

3.7 Dankoffers:

3.7.1 Elke Sondag in die maand;

3.7.2 By besondere geleenthede soos Nagmaal, Kersfees, Lentefees;

3.7.3 Elke diaken (en waar geen diaken in die wyk is nie: ouderling) hou 'n boekie met volledige naam en adreslys van lidmate wat n verdienste het;

3.7.4 Elke diaken sal verklekelik die laaste week in die maand die dankoë verkoorties vir die volgende maand aan sy wykslede persorg, waarop die wyk, datum en die naam van die Lid ingevul is;

3.7.5 Wanneer die koevertjie ingelewer is, sal die diaken sy wykslede se dankofferbedrag invul in sy boekie en die Lid se "bydragkaart" tuis ook invul wanneer die nuwe koevert afgegee word;

2/....
TIN

Stockpile disposal considerations

Tin prices look set to remain firm well into the early months of 1979 — and probably much longer if there are further Congressional delays to the US government's General Services Administration's stockpile release policy. As originally mooted, this is aimed at steadily disposing of 30,000 t of tin from the 175,000 t stock into the free market, a move probably coupled with a further release of 5,000 t into the London-based International Tin Council's (ITC) buffer stock. The move may or may not be linked to purchases of about 50,000 t from the GSA stock.

In theory the releases would totally re-balance the world tin market which 12 months ago was facing a deficit of around 20,000 t but which is now thought to have dropped to around 5,000 t. In practice much will depend on the rate of any releases and the pattern of demand over the coming 12 months, London tin experts believe.

No substitution signs

Meanwhile, the very strong tin prices of the last year or so do not seem to be causing any significant shifts in the pattern of demand. Although aluminium and tin-free steel, for instance, are ever-present substitutes standing in the wings, there is no particular evidence, observers believe, that they are being increasingly employed at the expense of tin for purely price reasons. Producers, though, are thought to be concerned about such a possibility should prices continue strong and hence some, including the world's largest producer, Malaysia, which accounts for 30% of world output, are thought to favour measured US stockpile releases to dampen down the possibility of substitution. Others though, including Bolivia, the world's number two and highest cost producer, are not so sure.

Bolivia not only believes in high prices, but following the recent coup is helping to sustain them. Although the overthrow of General Juan Pereda by General David Padilla was bloodless, the situation remains unclear and a point of special interest concerns whether or not the change will result in any major shake-up of Bolivia's 'tin diplomats' who frequent ITC meetings in London, and whether new replacements will be more hawkish on increases in the ITC's price range.

In turn there is speculation about whether Bolivia would try to encourage the establishment of a tin cartel should it believe producers are not provided with a sufficiently secure price safety net. In this respect the role of Malaysia would be critical. Although Malaysia's Primary Industry Minister, Paul Leong, publicly states his faith in continued co-operation with consumers within the ITC, some suspect that severe producer dissatisfaction in the longer term could increase the world's number one producer's interest in a cartel.

The ITC price range was last increased in July. The ceiling now stands at around £6,300/t and the floor at £5,000/t compared with the current cash prices on the London metal exchange of around £7400. Thus if there is a demand falloff or if supplies are artificially boosted by GSA stockpile releases, prices could fall some £2,000 or so before the ITC buffer stock manager would be in a position to substantially mobilise his financial resources, although these are thought to be sufficient to purchase over 80,000 t of tin at levels just above the floor. Under the current price regime that would be of little consolation to producers. ITC representatives next meet to discuss prices in London in January, but there is little chance of upward movement, especially as the US is thought to be against any change.

Returning to what will continue to be the cornerstone of the tin market in coming months — the GSA decision — some suspect that it may be delayed for some time due to a reappraisal of the agencies' overall policy. There is a developing feeling that the copper industry should look after itself, especially given the marginally improving price climate, and not be supported by stockpile acquisitions, which, it was originally mooted, would be financed by tin sales.

Bruce Leeming, a director of LME ring dealing members Rudolf Wolff, for instance, thinks that a large quick release of tin, say, 30,000 t, "could be far less than a possibility than a few months ago." However, Leeming told the FM "there is a good possibility of an early release to the ITC for 1,000 tonnes in the first quarter of next year."
MTD (MANGULA)

Increasing production

Activities: Operates copper mines north of Salisbury in Rhodesia. Has a majority stake in MESSINA Rhodesia Smelting and Refining, controlled by Messina.

Chairman: Commander J F P Grenfell.

Capital structure: 20m ordinaries of Rh 50c. Market capitalisation: R20,6m.


*Excludes 20% non-residents tax.

Increased tonnages and grade and higher copper prices improved second-half profits after 59% lower earnings at the interim stage. Half-way earnings were 4.5c (11c) while the second six months to September produced 10.6c (6.6c) which enabled Mangula to pay a 14 times covered 11c (Rhodesian) total dividend.

The exhausted Silverude Mine was closed, requiring a further Rs541 000 write-off from capital reserves after a Rs520 000 write-off the previous year.

Operating mines left in the company are Norah and Mangula. The majority stake in MENTs produced no dividend income because of the "heavy borrowings" within that group. MENTs subsidiary, Lomagundi Smelting & Mining, earned a profit of Rh$2,1m (Rh$2,4m) but paid no dividend to Mangula after Rh$420 000 in 1977.

Norah Mine saw a full year at increased production with added concentrator capacity. A total of 526 000 t (340 000 t) was treated, exceeding targets by 18 000 t. Copper concentrate production of 4 804 t was 104 t better than expected. Scheduled production for the year is 508 000 t ore and 4 885 t concentrates. Proved ore reserves at the mine amount to 2.7 Mt averaging 1.4% copper (1.22%), the increase due to good grades of the newly developed blocks between levels 7 and 9.

Copper sales (t): Metal definition (Rh$M): 18 834 18 666 17 599 15 408 - 12.3 15.0 13.3 12.5

Pre-tax profit (Rh$M): 6.5 8.1 3.7 4.1

Earnings per share: 21.4 30.3 17.8 15.1

Dividends (c): 19 25 14 11

Rhodesian currency

Extinctions to Mangula mine's concentrator were completed five months before the year-end and production was a record 1.4 Mt, 101 009 t higher than 1977, but 41 000 t lower than target. Grade at 1.02% was lower than the 1.04% expected. Thus recoverable copper was 450 t below budget. 112 t was lost during a strike. Targets this year are 142 700 recoverable copper from a throughput of 1.5 Mt.

The higher average Rh$7.73 (Rh$8.23) copper price received arose largely from two devaluations of the Rhodesian dollar. The parity changes compensated for declines in the LME copper price. Deputy chairman Ian Spence says it now appears that with the withdrawal of some world production, supply and demand are about in balance. And production increases worldwide are not expected until LME copper reaches $900.

In view of the copper market's underlying firmness relative to a year ago, with the mines "technically in good shape" and planned increased production, Spence forecasts improved profits for the year Capex is planned at Rh$675 000 (Rh$699 000) which should not inhibit dividends.

On a 10.6% yield after non-resident shareholders' tax, the share hardly reflects political considerations. Purchase decisions can safely be left until an acceptable Rhodesian settlement is reached.

Des Killick

Financial Mail December 22, 1978
MINING & OTHER
12/1/79 TO 31/12/79

2/17
MESSINA

Recovery's long road

Activities: Mining and industrial group. Copper interests include Messina mine, MTD (Mangula) (59%) and Merits (80%) in Rhodesia. Datsun-Nissan is wholly-owned. Holds 83% of equipment distributor Premier Metal.

Chairman: Commander H F F Grenfell, deputy chairman and joint managing director. WJ Wilson, joint managing director. D A Thompson

Capital structure: 11m stock units of 50c, 339 000 shares of 50c, 1c paid. Market capitalisation R17 6m

Financial: Year to September 30 1978. Borrowings long and medium term, R31 9m, net short term, R15 5m. Debt/equity ratio: 48.3%. Current ratio 1.05. Group cash flow R8.8m. Capital commitments R15 2m

Share market: Price 160c (1978-79 high, 180c; low, 120c; trading volume last quarter, 372 000 shares). Yields 12.2% on earnings, nil on dividend PE ratio 8.2

Although the mining division managed to make some progress with productivity and grade, revenue flowing from reduced sales of copper at low prices was just not enough to offset the horrendous losses in the industrial sector. The main culprit was Premier Metal and its crane hire subsidiary, Leason Afmec. To a lesser degree there were also losses in Steelmobile Engineering and Autocast and there was the phasing out of Concorde to contend with.

In a brutal pruning of industrial deadwood, a total of R8.5m was written off during the year, turning a total tax loss of R2.1m into a loss of R6.4m after these extraordinary items. Premier wrote off loans of R1.6m and provided R4.6m against losses in disposing surplus equipment.

With this clean sweep there is now hope for Premier, so much so that Messina and fellow-shareholder Clark Equipment have agreed to recapitalise the company with an equity injection of R7.2m. This will take the form of converting a R2.3m loan account into equity, with Messina and Clark funding the balance in proportion to their shareholdings. So Messina is in for a total of R3.5m.

Although container manufacturer Steelmobile incurred a R2m loss in the first half, new management, with a better order book, managed to contain losses to R985 000 for the full year. While the Sarmarine contract is evidently nearly complete, additional orders have been obtained that should ensure high plant operating rates at least until May this year. Overall, profitability is expected to improve significantly.

As for Autocast, there is still excessive unused capacity in the foundry as a result of postponement of Phase 5 of the local content programme. The load is, however, expected to improve significantly towards the end of 1979. From this point on, the company should become profitable. It is apparent, though, that capacity will only be fully utilised once local castings become obligatory under government’s Phase 5 rules, due to become effective on January 1 1980.

Datsun, hit by the rising yen and a proliferation of new, competitive models, is proving to be “a real cause of concern” due to continuing demands for high capex. This is not only inhibiting dividends to the holding company, but also placing strains on its balance sheet.

Datsun achieved a net income of R3.3m on a volume of 38 900 units, which was 3.8% lower than in 1977, and market share declined from 15.6% to 13.3%. However, management hopes that market share will be regained with the recent launching of the “L” and “J” series. But it is becoming increasingly obvious that further price increases are inevitable in the wake of the rising cost of imported Japanese components. As such, prospects are gloomy for Datsun becoming a cash generator, even in the medium term.

On the mining front, profit before tax and interest fell from R12m to R8m, largely as a result of increased costs and lower sales of 34 800 t of copper (42 000 t). In Rhodesia, Mangula benefited from extensions to concentrator capacity at both Mirnam and Norah, and from a technical improvement that enabled the smelting of accumulated refractory concentrates.

At Messina, however, a loss of R4 110 000 was incurred as unit costs rose...
Supply fears dominate

"With an air of optimist back in copper, reflections on an economic recession have receded in favour of a more tangible fundamental picture," comment commission house traders Bache, Halsey, Stuart in their latest commodity review. Optimism there indeed is, but many traders are anxious to point out that the shifting fundamental position, which has seen prices rise 7.5% in the last month or so, is primarily a product of current and potential supply problems as opposed to a slowly altered demand situation. Mid-week, copper wire bars for delivery in three months time on the London Metal Exchange stood at £845/t — £60 or so up on mid-December levels.

Physical off-take, however, has improved somewhat in recent weeks due to fabricators previously letting "reflections on an economic recession" dominate their thinking. "A lot of people thought that there would be a downturn in economic activity, hence they didn't build up stocks," Brian Sheridan, a trader with LMI ring dealing members Philip & Lion told the Financial Times, adding "hence they recently have had to come into the market." According to Sheridan, the "minor surge" of recent weeks has been assisted by a limited availability of "good quality blister and concentrates."

Current and potential threats to world copper supplies seem to be growing weekly. However, probably the most influential so far has been the recent news from Zambia that copper deliveries will be some 13% down in 1979, based on last year's officially estimated production of about 740,000 t, due to transport and production problems, and despite the reopening of the rail link to SA ports.

Backlogs of copper at the state-owned mines of Roan Consolidated and Nchanga are still reported to be high — possibly in the 30,000 t range — with further supplies held-up along the Tanzan railway and at Dar es Salaam itself. Apart from congestion at Dar es Salaam, inefficient maintenance of the line and rolling stock are limiting shipments.

Hopes that the Benguela railway would be fully operative by now and assisting copper evacuation from both Zaire and Zambia have been dashed. Although officially reopened in November, little or nothing has so far made the journey on a commercial basis. Reports of repeated attacks of the line by Jonas Savimbi's Unita guerrillas have convinced many observers that the line is inoperable for the moment.

Apart from the military threat, there is also the problem of spares, technical assistance and labour shortages, which Hughes, Henderson & Buzby, a firm of engineering consultants, is endeavouring to tackle with the assistance of the British Ministry of Overseas Development. Even if Savimbi's forces ceased their attacks on the line, observers believe it will still be several months before it would become operational.

News from South America's two major copper exporters, Chile and Peru, is helping to underpin the price at the moment. Although the proposed indefinite strike at Peru's major Cuajone Copper Mines has so far failed to get off the ground, the situation remains tense and a distinct market factor, traders point out.

Additionally, industrial relations in the Chilean copper industry are none too good, but more importantly the government of General Augusto Pinochet is facing a possible boycott by US trade unions of Chilean copper imports. The US is Chile's largest copper market, accounting for some 100,000 t annually. So far US unions, led by George Meany of the AFL-CIO, are continuing to examine the technicalities and ramifications of an officially orchestrated boycott before announcing a final decision.

The effects of any US boycott, something which the country's leading copper producers such as Kennecott and Phelps Dodge have been urging for some time on purely commercial, as opposed to political, grounds, could have a mixed effect on the world copper price picture.

It would probably enable US producers to build further on their domestic prices, currently standing in some cases at a 4-year high of US $52.50/lb, but it could also mean that more Chilean copper would be available to the rest of the world. To the extent that if other trade unions permitted its importation into Europe and elsewhere, prices could be checked in those countries.

Meanwhile, in response to the tightening price situation, LME stocks are continuing to fall sharply. Last week they were down a further 16,575 t to 352,757 t, roughly 300,000 t down from last year's record levels.

Financial Mail January 10 1979
PALABORA-MYNMAATSKAPPY BEPERK

Verslag vir die jaar geëndig 31 Desember 1978

Aan die aandeelhouers,

Die direkteure lê die volgende verslag vir die twaalf maande geëndig 31 Desember 1978 voor:

<table>
<thead>
<tr>
<th>PRODUKSIE EN VERKOPE</th>
<th>Kwartaal geëndig</th>
<th>Jaar geëndig</th>
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<tr>
<td></td>
<td>31 Desember 1978</td>
<td>31 Desember 1978</td>
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<tr>
<td>Koper</td>
<td></td>
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<tr>
<td>Produkse (Aantekening 1)</td>
<td>27 197</td>
<td>28 557</td>
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<tr>
<td>Verkope</td>
<td>27 158</td>
<td>29 277</td>
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<tr>
<td>Ers gemaal</td>
<td>6 917 031</td>
<td>6 766 657</td>
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<tr>
<td>Gemiddelde kopergraad</td>
<td>0,50%</td>
<td>0,54%</td>
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<tr>
<td>Koncentraat geproduceer</td>
<td>83 429</td>
<td>86 722</td>
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<tr>
<td>Verkope van ander produkte</td>
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<tr>
<td>Magnetiet (Aantekening 2)</td>
<td>12 898</td>
<td>158 744</td>
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<td>Swaelsuur</td>
<td>25 204</td>
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<tr>
<td>Vermikuitiet (Aantekening 3)</td>
<td>52 283</td>
<td>77 797</td>
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<tr>
<td>Uranokoncentraat (kilogram)</td>
<td>28 514</td>
<td>14 474</td>
</tr>
<tr>
<td>Edelmetaalinhoud van anodes (onse) (Aantekening 4)</td>
<td>156 885</td>
<td>150 284</td>
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</table>

AANTEKENINGE

1. Koperproduksie vir die twaalf maande geëndig 31 Desember 1978 sluit 37 metrieke ton in (1977 — 2 383 metrieke ton) wat by buitebronne gekoop is en Nul metrieke ton vir die kwartaal geëndig 31 Desember 1978, vergelei met 497 metrieke ton vir die ongewisselde tydperk in 1977

2. Voltooiing van die uitbreidings van die aflinadering se tenkhus, word al die maatskappy se koperproduksie geassureer. Produksie vir 1977 en 1978 is dus soos in die verlede as katode in plaas van enodes aangegee

3. Die tydperk van koperproduksie gedurende 1978 was die gevolg van die behuldiging deur die twee ontologieu meulens van hul ontwerp en toegevoegde installassering van die twee verwarmingen met die koper producerende en ander komponente wat in die tydperk van 1977 plaasvind

4. Die lykproduksie van die anodes, wat vir die kwartaal en die jaar geëndig 31 Desember 1978 as verkoop geneem word, is slegs voorlopig aangeneem sake afleverings n各个方面 van die vlakke gewigte en essentiële onderhewig is

DIVIDEND NR. 46

Op 22 November 1978 het die direkteure 'n derde tussenryke dividend vir 1978 (Dividend nr 46) van 17,5 sent per aandeel verklaar wat op 28 Desember 1978 betaalbaar was aan aandeelhouders wat op 8 Desember 1978 in die boekte van die maatskappy geregistreer was.

Op las van die Direksie
Rho Tinto-Bestuursdiens
Suid-Afrika (Edms) Beperk

Per J G P van der Merwe

Posbus 61140, Marshalltown
2107 Transvaal

18 Januarie 1979
production is heading towards the rated R120,000 t/year capacity. But there will be an hiatus mid-year, when the two autogenous mills' cracked shells are replaced. This will involve some, as yet unknown, capex and a loss of production, details of which should be known when the annual report is released.

Sales of magnetite dropped to 116,597 t (435,293 t) as the contract with Kobe Steel, of Japan, expired. No great effort is being made to replace the contract for this high bulk, low revenue, material. Vermiculite sales increased with improved foreign construction industry demand and penetration into agricultural markets. Last year's three interim dividends totalling 42.5c (30c) were declared. The final, to be declared within the next two months, should be at least equal last year's 15c to give a total of 57.5c and a dividend yield of 5%.

But this is hardly relevant to market expectations. Increasingly the view is that copper is set for a run to over £1,000/t over the next couple of months. And if this price is averaged throughout the year total dividends of up to 100c could be on the cards. Meanwhile the market will probably continue to support the share price.

Both asbestos producers reported lower earnings for the year, though there are some signs of improvement. Costs have been well contained, particularly at Gefco. And with greater emphasis on external stock financing and lower capex, there could be further scope for higher dividends in 1979.

**Gefco**: Lower December quarter mill throughput of 100,000 t (104,000 t) and fibre recovery of 13.9% (15.4%) point to continuing market tightness despite higher December quarter sales. These were probably helped by buying ahead of Canada's traditional year-end price hikes.

On a year-to-year basis, production costs, remained almost unchanged at R232.9/t (R225.2) while selling costs rose to R113.2/t (R93). Help came from higher recovery grade and closure of some higher-cost operations. At 380c the shares are 25c up on their year-end price and yield 14.5%. It is an attractive yield, but near-term growth prospects remain limited.

**Mjusul**: Unlike sister company Gefco, near-term optimism on markets appears to be improving. This is the message of the December quarter's mill throughput increase to 198,000 t (September 166,000 t). But fibre recovery has fallen marginally to 10.2% (10.4%), with a minor increase in revenue per ton. So there has apparently been no major shift towards production of shorter fibres.

With all major capex projects complete, there should be no difficulty maintaining last year's 52.5c total payout.

Des Killean
Yskor se Thabaz. op dreef

BY YSKOR se Thabazimbystersertmyn word daar tans goeie produksieresultate behaal.

In die Donkerpoort-groef word 'afval' gestroop, in 'n tempo wat die myn se be- gane punt van 42 000 bank m³ (130 000 ton) per week oorskry. Die produksie van ru-erts by Donkerpoort beloop 23 000 ton per week, terwyl die myn se ondergrondse sekseisies 30 600 ton per week lever.

Vanderbijl: 10 200 en Delfos-Mostert 20 400. Met hierdie mengsel van ru-erts uit die groef en ondergrondse sekseis produseer die aanleg veredelde erts teen 'n tempo van 44 000 ton per week.

Om egter hierdie goeie resultate te kon behaal, moes verskeie moellikhede in sowel die groef as die ondergrondse sekseisies te bowe gekom word.

Toe daar in Donkerpoort met produksie begin is, moes teen die kontrole van die berg gewerk word.

Boormasjien het teen skuinstes gestaan en is met rusperband-stootskrapers vasgehou. Omdat die masjien nie op 'n gladde vlak kon ingaan en dadelik begin boor nie, het produksiewerkgings nodwendig gevolg.

Mettertyd is vlakke egter teen die berghang ingesny en kon boormasjien ten volle benut word.

Oorkom

Thabazimbi het aanvanklik ook nie oor voldoende boormasjien beskik nie. Hierdie produksiebelemmerende faktor is toentertyd met behulp van twee kontrakteurs oorkom. Een van hulle het hulp verleen met boor, skoot- last- en vervoerwerk, terwyl die ander een hom slegs op boorkoopgoeds het.

Tans word daar nie nieer van die kontrakteurs se dienste gebruik gemaak nie.
Copper producers hit losses

ONE of the companies worst hit by Zambia's problems is the copper producer Roan Consolidated Mines.

It has had to cut back production by 50,000 tons as against its bigger competitor, Nehanga Consolidated, which cut back by 33,000 tons.

The problems facing the copper producers in Zambia are myriad.

The market is still in a fickle mood and although the price has marginally lifted this has not stimul-
ed the producers as expected.

Zambia has had to cut back planned production by 52,000 tons for the coming year because of transport problems, a chronic shortage of skilled labour (some 1,000 short of the 5,200 required) and the country's lack of foreign exchange to buy equipment and spares for mining operations.

Prices in 1978 scarcely kept abreast of inflation in the Clpce producer countries, and copper producers in both Zambia and Zaire are now trapped in vicious losses from which they do not seem to be able to break out.

Brokers have been mildly and cautiously optimistic about the copper price lifting in 1979.

This springs from the knowledge that major producers will be supplying less copper and thus forcing consumers to search out alternative supplies.

New mines are due to come on stream this year, ventures begun in the early 70's when prices were high, but doubts now centre on a sluggishness in the demand for copper this year.

On the scene, the pur.

Although price lift is the world's per producer.

The mine profit from last year of (1977: 100 000) would have
ERKRAADSVERGADERING 27 MEI 1978

for problems with the autogenius mills.

Across the border in Botswana is the debt-loaded Selebi-Phikwe.

2 April 1978:

This mine has at long last beaten its operating difficulties and has announced a record output of 4,000 tons of matte in December.

A rise in the price of copper-nickel would be a beam of hope for this mine, but to be effective, it would have to be in the region of 50%. And that seems to be a highly unlikely event.

- December 1978:

3.1 Kerkraadsvergadering elke tweede maand, derde Saterdag in die maand 2,00 nm; 

3.2 Kerkraadsbiduur en Broederlike onderhoud in die maand tussen in, op die derde Sondag in die maand 5,00 nm; 

3.3 Nagmaalvierings elke 2 maande om die beurt 10,30 vm en 6,00 nm; 

3.4 Doop: Eerste Sondag in die maand 10,30 vm; 

3.5 Doop- en Tugkommissie vierde Woensdag in die maand. Voornemende doopoers stel hul wyksouderling in kennis en ontmoet die kommissie saam met die ouderling onmiddellik na biduur; 

3.6 Spreekuur met leraar in kerkantoor: Elke Woensdag van 6,00 - 7,30 nm (voor biduur); 

3.7 Dankoffers:

3.7.1 Elke Sondag in die maand; 

3.7.2 By besondere geleenthede soos Nagmaal, Kersfees, Lentefees; 

3.7.3 Elke diaken (en waar geen diaken in die wyk is nie: ouderling) hou 'n boekje met volledige naam en adressys van lidmate wat 'n verdienste het; 

3.7.4 Elke diaken sal verkieslik die laaste week in die maand die dankofferskoervertjies vir die volgende maand aan sy wykslede besorg, waarop die wyk, datum en die naam van die Lid ingevul is; 

3.7.5 Wanneer die koervertjie ingelewer is, sal die diaken sy wykslede se dankofferbedrag invul in sy boekie en die Lid se "bydragskaart" tuis ook invul wanneer die nuwe koervert afgegee word;
Asbestos mines remain strong

COMING shortly after optimistic reports of prospects for the asbestos industry, December quarterly figures from General Mining's asbestos twin Gefco and Msauli can be taken as confirmation that the market is fairly strong at the moment.

While Gefco excelled itself during the quarter, Msauli stood still though made satisfactory progress over the year as a whole. Gefco's net profit for the three months jumped by no less than 47 percent to R3 million though over the 12 month period the figure was lower than in the previous year, at R9 million against R11.9 million.

Deductions for prospecting, capital spending and loan levy last year totalled R2.5 million leaving R6.5 million available for distribution.

Gefco milled less ore during the year, at 450,000 tons as against 752,000 tons but because of the higher degree of efficiency fibre production fell only from 76,103 tons to 64,236 tons.

Msauli for the quarter earned an unchanged R1.1 million while for the year net profits fell from R5.7 million to R3.9 million which can be considered satisfactory in the light of the forecast that business would be bad during the year.

Msauli's lack of bounce in the December quarter is attributed to the lower stock off-take after the third quarter rush.
Where are they heading?

With few exceptions, base metals were hard hit by the world's economic slowdown. But opinion is growing that the worst is over. While direct local base metal investment opportunities are more limited than those for gold, investors are fast realising that some attractive investment situations are arising. So what are the prospects for SA's more important mineral products?

In this, the first of a two-week series, the FM takes a look at copper, tin and lead. Next week we will follow with zinc, manganese, antimony, vanadium and asbestos.

The outlook for SA's key minerals, other than precious metals, can best be summed up as "mixed", say market specialists. All continue to suffer from sluggish industrial demand and the fear that 1979 will see a considerable decline in the growth of the US economy.

One of the biggest mistakes, experts believe, is to consider that metal prices are "coming back", based on the performance of copper, tin and lead. The prices of those metals have, in fact, performed very well recently, but special factors are involved in each case. Added together they don't suggest a general takeoff in metal prices.

Tin has been in a position of (improving) short supply over the past year. Starting 1978 with a worldwide deficit of around 20 000 t, it shot to new highs of over £8 000/t. That deficit is now thought to be down to between 1 000 t to 5 000 t. Prices, in the absence of new congressional moves in the on-going debate over possible sales from US General Services Administration stockpiles, are now coasting along just below £7 000/t, some £700 above the London-based International Tin Council's cutting price. Whatever happens in the GSA hearings — and that is likely to be the key issue affecting the market over the coming 12 months — prices are not likely to drop below the ITC's defence levels, in the £5 000/t range.

The ITG could mop up about 80 000 t of tin from the world market, at its floor price of about £5 000/t. If the GSA releases tin after next July the floor is likely to be higher, following the ITG council meeting that month. Though this would commensurately reduce the amount of tin the ITG could afford, its finances would still provide an effective buffer. The metal may have problems in the Eighties due to competition, especially from aluminium, tin-free-steel and plastics, both from the point of view of cost and availability.

Copper's recent climb to the highest levels for 20 months is not as impressive as it seems at first sight. It is a product primarily of current and potential supply difficulties and limited availability of good quality copper stocks, both in blister and concentrate form.

There has been a dramatic reduction in stocks held by the London Metal Exchange over the last year, from a record 650 000 t to 331 000 t. The week before last, stocks fell again, by almost 22 000 t, but dealers attribute this more to consumers covering against possible supply disruptions than to material being required for immediate consumption — though there has been some advance in industrial requirements. In the short term, some brokers see prices advancing further before being checked, possibly even touching £950/t for delivery in three months' time, compared to current levels some £50 lower.

The metal's performance will depend largely on the extent of any disruptions to supplies from the chief exporters. Zambia has already announced her deliveries in 1979 will be 13% down on last year's official estimate of 740 000 t due to production and transport difficulties. Zaire, too, faces transport problems, especially because of the continued closure of the Benguela railway — and there is always the possibility of further trouble in Shaba with Katangan rebels.

Meanwhile in South America the threat of strike action in Peru and Chile remains, whilst Chile also faces the threat of union action in consumer countries.

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*Standard & Poor index
Public buying price is 10% below, subject to negotiation.
DATES TO REMEMBER

Friday February 9. China, Circle 12C.
Cap Auto. St. Louis 42 C. Edison 8 C. 
S. Steel 9 C. (S) Edison 6 986. US Develop-
ment 9 C. G. D. 920. New Win. 8 C.
S. Steel 9 C. Special D. 8 C. Special.

Meetings
Wednesday February 7. Samuel 
Osbourn (S).
Thursday January 8. A. M. Farnum 
(S).

Oms neos Aeheitme ite, ven, uate, aterd, 
and E. Speeden (S).

ELECTRICAL ENGINEERING

Refrigeration & Air Conditioning

Production Engineering

Automotive Engineering

Mechanical Engineering

Industrial Instrumentation

Electrical Engineering/High

Electrical Engineering/Heavy

A. NATIONA] DIPLOMA

Association of Times Reporting

Table 2 is illustrated below.

Time Indicating the Number of Terms

Time Indicating the Number of Terms
BASE METALS
Linked to steel

Were we too conservative last week in our first article on SA's key minerals? Subsequent events in the copper market seem to indicate so.

While we had expected three-month copper to touch $900/t from last week's levels of around $800/t or so over the last year to around $780/t, the market tends to remain fundamentally weak. Its fate is inextricably linked to the performance of the steel industry, where depression reigns. Its usage there for galvanizing purposes has therefore been badly hit. Further, its other major outlet, decasting, is under pressure, from plastics, especially as they are much lighter, a point of some importance especially to the car industry during a period of continually rising fuel costs.

New process hopes

For weight reasons zinc galvanizing has also come under attack in the car industry, though there are hopes that one-side galvanizing and zinc 'treatment' — two processes under development in the US — will stem the tide at a degree.

Turning to other non-ferrous metals, the current and expected performance of the steel industry also tends, in several cases, to be a central consideration in predicting their performance. For instance, the bulk of the world's manganese ore production of 24 Mt, of which the Soviet Union contributes about 8.5 Mt and SA 5.5 Mt, is used in the production of ferro-manganese for the manufacture of various steels. Prices have risen over 100% in the last 10 years to around US 70c per ton but, according to one leading authority on the metal, 'it's still dirt cheap' but it is 'very unlikely' that it will improve much in real terms in the near future. However, he acknowledges that steel expansion plans in China and India could be of assistance.

By comparison with manganese, the outlook for chromium is slightly brighter. Though its performance is also linked to that of the steel industry, the metal is used in the production of stainless steel, which is one of the healthier sectors of the industry — and seems likely to continue to be with the promotion of both industrial and consumer stainless steel equipment and utensils.

Additionally, chrome ore is used to line furnaces and with China rapidly increasing capacity there could be some spinoff for the metal there. However, for the moment stocks are still high — in Europe they are reputed to total some 300 000 t and there seems little possibility of a strong advance from current prices of about $100/t unless either SA or the Soviet Union, each of whom produce roughly 2 Mt a year, suddenly develop production problems.

Vanadium, of which SA produces roughly half the world's supplies, is also used in the production of specialist steels. Here again little movement is expected from current ferro-vanadium levels of about $12.50/lb vanadium contained per kg, though the massive rise in the price of molybdenum over the past year to $42/lb could enhance the competitiveness of vanadium in certain specialist steel sectors.

As far as antimony is concerned, the outlook does not seem to be too good either SA sells antimony ore on a more or less 50 50 basis to Associated Lead, of the UK, and National Lead, in the US. However, its role in battery production could be undermined as mentioned earlier, especially due to weight problems. Additionally its use as print metal is also declining due to new offset litho techniques. At the moment the price stands at $2.800/t, underpinned somewhat by Eastern Bloc purchases.

There are signs that the asbestos market could pack up in coming months, particularly for crocidolite and amosite, two varieties especially important to SA. "It's not been very buoyant recently but it could be bottoming out now," says one industry source with asbestos connections in SA. Apart from a cyclical down-

Financial Mail February 9 1979
COPPER

Supply fears unabated

"Copper's correction continues, and while this could carry prices still lower in the short term, it will clear the way for a further advance in coming months," says Commodity research company Chart Analysis Ltd in its latest technical report.

It is a view that enjoys considerable support around the London Metal Exchange, though there is some disagreement as to why copper prices seem likely to push upwards again through £1,000 level.

Midweek, copper for delivery in three months' time was quoted around £960, down from last week's four and a half year high of over £1,000, primarily due to speculative profit taking and a feeling in some quarters that the rise had been "overdone." Basically there are two camps of opinion on the metal's likely advances. One stresses its fundamental supply-demand position with, on the one hand, excess of demand being met by reduced supplies from the Central African copper belt and other copper states, and on copper as a currency hedge in time of rising world inflation and energy uncertainty, the latter, especially founded by the Iranian oil crisis.

Regrettably, the market and frequently a speculative market, it has to be for raw material producers and processors, and while the price rises interest in their ores, and there can be no doubt in my mind that it played a key role in pushing up the copper price last week. With growing liquid markets in the currency markets in the absence of basic fundamentals, it seems that copper could be one of the most attractive investments in coming months for a series of reasons.

Though the Belgian government is playing down the role of the situation in Zaire, it is known that in recent days, Belgian troops have been flown to Kinshasa amid reports of some disorder around the capital. To what extent this is indicative of mounting general unrest, especially in the country's mineral-rich Shaba province, is not clear but at least it constitutes a

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Financial Mail February 18, 1979
Further supply worry. And there are plenty of them about.

Zambia has stated that supplies this year are going to be 13% down and some fear the two prime causes, production and transport difficulties, are going to lead to further cutbacks still. Chile and Peru perennially seem likely targets for industrial trouble and Iran, too, again comes into the picture.

Last month the country's giant Sar Cheshme mines were due to come on stream. Originally it was hoped that during the Iranian year commencing March 31 the country would export some 100,000 t of blister copper, around one-sixth of Zambia's annual output, but there now seems little chance that this target will be met.

Meanwhile, on the demand side, industrial off-take appears to be advancing, especially in the US where producer prices are now being quoted around record levels in the mid-80c/lb range. However, much will depend upon the rate of growth of the US economy during the second half of this year.

To a degree the copper price increase, though large, has been cushioned by the large stocks overhang which at one point totalled around 2 Mt. However, these have been falling sharply recently, especially in the LME warehouses, where total holdings of wirebars and cathodes now amount to some 308,950 t, less than half those held a year ago. Additionally, apart from the overall decline in quantity, the quality of remaining stocks in many cases tends to be low - a factor of mounting concern in an increasingly tight market.
Asbes se toekoms lyk ál beter vorentoe

Deur DAVID MEADES

In weere wil van die slate op die asbestmark in die meeste nywerheidslande, lyk dit of daar in die tweede helfte van die jaar 'n taamlike oplewing in die wereldwyse vraag na hierdie, mineraal kan ontwikkel. So is die gevoel-in-mynkringe in Johannesburg.

Asbes word wereldwyd hoofsaaklik in die konstruksiebedryf gebruik en die resesie van die laaste paar jaar het 'n wesentlike afname in die vraag gelei.

Dit is ook baie duidelik uit die produksiesyfers vir Suid-Afrika se asbesmyne. Die totale produksie het van 379 534 ton in 1977 tot 297 208 ton in 1978 gedaal, terwyl daar in 1976 383 334 ton geproduseer is.

Suid-Afrika voer die grootste deel van sy asbesproduksie uit en hierdie sektor het in 1977 'n rekord bereik toe hy meer as R133 miljoen aan buitelandse valuta vir die land verdien. Dit verleen die jaar hierdie inkomste tot R107,5 miljoen gekrimp, wat ook minder as 1976 se R111,9 miljoen was.

Suid-Afrika het in 1976 die eerste keer 'n belangrike wêreldse produusent van asbes geword toe daar in Kanada, die wêreld se grootste produusent, produusieprobleme by 'n aan- tal myne was.

Dit poog na die Suid-Afrikaanse asbes myne vir die leentjie deel in die globale vraag steeds stiervig gevestig in die markte wat destyds verder is — selfs al is Kanada weer in volle produksie.

Intussen het Suid-Afrika se asbes ook vir hom 'n naam van gehalte op die buitelandse markte opgebou en daar word peil getrek op die bestendige voorsiening van Suid-Afrikaanse asbes.

Hoewel daar in die groot nywerheidslande nog geen teken is van 'n redelike oplewing in die vraag na asbes is nie, word die vraag in die onderontwikkelde lande al hoe groter.

Dit spruit hoofsaaklik uit baie groot woningbouplanne wat in hierdie lande beoog word met die oog op die geweldige fonds wat die IMF nou besig is om op te bou met sy gereelleerde goud-veilings.

En oor die langer termyn is daar weinig twyfel by kenner van die asbestmark dat die wereld op 'n produksietekort afstuur. Behalwe die geweldige styging in die prys van kapitaaltotuurastig die ontwikkeling van nuwe asbesmyne, is daar ook nog die oordrewes beheer van in tale lande oor die gesondheidsaspekte van asbes.

Weens openbare druk is daar in baie lande nou baie streng regulasies vir die ontginning van asbes wat dit vir produusente baie moeilik maak om uit te brei.

Aan die ander kant het Suid-Afrika wees sy lang myndes kiedenis gesondheidsregulasies wat reeds baie jare lank streng toegepas word en daar is geen bewys dat die voor- kom van mynkrakke erger by asbesmyne is byvoor- beeld goudmyne is nie.

Die meeste Suid-Afrikaanse asbesmyne werk op die oomblik teen heelwat mender as hul produksievermoe en dit lyk nie of daar in hierdie stadium enige groot uitbreidingspplan is nie. Cape Asbes- tos het sy Pontfret-myn verlede jaar teen 'n totale koste van sowat R10 miljoen uitgebrei.

Mnau! 'n moderne anleg wat in 1969 voltooi is, terwyl Gefco oor die laaste paar jaar die meeste van sy anligting geïndustrialiseer het.

Suid-Afrika se asbes word hoofsaaklik in Noord-Kaapland en die Karuani-omgewing ong. Die afsettings strek oor 'n baie groot gebied, maar kom in kleiner geïsoleerde liggeme voor. Dit strek van Griekwastad tot in Botswana.

En dit is baie moeilik om die werklike omvang van die land se asbesreserves te bepaal, omdat so 'n groot, deel onder die Kalahari- sand lê en eksplorasië hier baie duur is.
Below 300,000 tons for the first time since 1935.
LEAD SMELTER

A weighty decision

Does SA's relatively small lead consumption warrant the R150m cost of establishing local integrated lead smelter? That is the question of the moment for Gold Fields South Africa (GFSA) and the National Institute of Metallurgy (NIM).

Sufficient quantities of other vital base metals are being produced to meet SA's needs. GFSA's Zinc Electrolytic Refinery at Springs produces 75 000 t of zinc annually, the smelters at Messina, O'Keep and Phalaborwa 170 000 t/year of copper, while the Rooberg, Zaura and Iscor tin smelters account for about 350 000 t/year of tin.

That only leaves lead. Present consumption is about 25 000 t/year, mostly imported as scrap from Australia, SWA/Nambia, and Zambia while a large circulating load is constantly being re-refined. No primary or virgin lead is available from local sources.

Considering the strategic value of the metal, and the rich ore body at its Black Mountain Mine near Aggeneys in the NW Cape, GFSA has commissioned NIM to undertake a confidential study of the technical and economic viability of erecting a lead smelter.

Details are being kept well under wraps at present, but the FM understands the major problem is cost.

Black Mountain, developed in conjunction with Phelps Dodge, will eventually produce about 100 000 t/year of lead concentrate and can easily meet the ore requirements of a conventional smelter.

Such a smelter would cost around R150m, but would have to produce 80 000 t/year of virgin lead to be viable. This would outstrip SA's requirements and it would be extremely difficult to unload the excess on the world market, given high transport costs, and competition from established producers.

NIM therefore envisages a 30 000 t/year capacity smelter using residues (lead-bearing "waste" currently being stockpiled after predominant metals have been extracted) supplemented by lead concentrates from local sources.

Why use residues when reserves with lead content as high as 75% are available? The FM understands that with residues lying idle at virtually every mining site, this would make a lead smelter far more economically viable. High content lead ore can still be exported, while precious metals remaining in the residue can be co-extracted as a sideline.
UNION CORPORATION

Ready, steady . . .

Two years ago, Union Corp cut its dividend to conserve funds for its heavy exploration and new projects programme. Since then, exploration expenditure has slowed, but with capex at Bessa steadily building up steam, the increase in the 1978 total payout from 38c to 47c is a clear statement of management's confidence that earnings are firmly underpinned.

Not, of course, that the group is necessarily about to embark on any new major projects except for Bessa. Base metal prospecting in Namaqualand has been less than encouraging. And, though prospecting near Bessa is encouraging, the group will probably want to see the new mine well on its way towards production before committing itself to another.

Meantime, projects such as Richards Bay Minerals now have to be brought up to satisfactory profit levels, while the relatively heavy gearing in some of the group's industrial interests might bear reducing.

On the back of higher gold and platinum dividends, investment income rose to R30m (R21.7m). Chairman Ted Pavitt is confident that group mines have cost increases well under control and on the basis that any price setbacks in the metals will only be temporary, a further investment income increase is likely this year. In the unconsolidated accounts, it is investment income that counts when it comes to dividend declaration.

Profit on realisation of investments increased to R11.6m (R2.3m), though the figure was distorted by a R7.1m profit on the sale of a long-standing Mexican interest, Minera Fresno.

Bessa's headgear... getting down to work

At the attributable level, the R24.8m profit improvement to R62.5m was largely due to improved income from mining and other investments. That added R11.3m, while the Mexican sale kicked in with R7.1m and industrial subsidiaries added R5.8m attributable earnings.

Dividend cover rose from 1.6 times to 1.9 times, partly reflecting difficulties in some of the industrial subsidiaries, such as Sappi, which led to little growth in distributable income from this source in the hands of the company.

But Sappi's problems are fast being overcome, and if industrial dividend flows improve this year there should be scope for cutting cover.

At end-1978, nav was 947c. It is probably nearer 1000c now, meaning that at the current price of 680c, the share discounts nav by 32%. On a 6.9% yield, the share looks fully priced, but there remains the speculative appeal of further developments in the OFS.
Little miners slave day and night...

By Jaap Bockkool

...Nibble, nibble, toll and quibble adds burn and cauldrons dribble... — so Shakespeare might have described the feverish activities of billions of germs which have become South Africa's latest 'mine-workers'.

And what's more, of all the billions slaving day and night at Buffelsfontein mine, near Stilfontein, not one joined the strikers this past week.

The idea of using bacteria to work at Buffelsfontein's uranium extraction plant was tried out by General Mining's laboratories for a year, and started in earnest eight months ago.

And since then "mining by bugs" has been working marvellously. And virtually bug-free, if that's the phrase.

URANIUM

The germs used by the mine belong to the genus Thioacetamus, the 'ferro-oxidans'. When they nibble low-cost salts and other inorganic chemicals they oxidise iron which in turn is used to leach out uranium.

As the latest issue of Nuclear Active, quarterly of the Atomic Energy Board shows, the germs, countless numbers of them, occupy a huge bacterial film oxidation tank, topped by numerous pipes and a catwalk, at the mine.

Apart from not going on strike the tiny mine-worker bugs get all their nutrients from the mine by-products.

They thrive best when kept at a temperature of 35°C, with plenty of fresh air blown over them by a mechanical aerator, as they sit on cheap plastic racks.

ADAPTABLE

The mine has also found the germs only go on strike, legal, of wildcat, when the boss stops feeding them their daily nutrient salts.

But once feeding restarts their "work ethic" compels them to start oxidising again within an hour.

Mr Eric Livesey-Goldblatt, manager of General Mining Laboratories, praises his new workers as "remarkably hardy" and easy to adapt to new circumstances.
Dearer fuel will force up copper costs

By DON WILKINSON

PALABORA Mining, the world's cheapest copper producer, will be hit by the rising cost of fuel this year.

In his chairman's review with the group's 1978 accounts, George Macmillan points out that dearer fuel is expected to add around R45 a ton, or about R5.26-million in all, to each ton of copper that Palamin produces.

It's an increase which takes no account, incidentally, of any ripple effects of dearer fuel.

In 1978 the group was able, via stringent efforts at cost control, to cut 16 copper production costs from R785 to R685, which was something of an achievement.

At the same time, the company's collapse in the metal price for most of the year was more than offset in rand terms by the depreciation against sterling of the US dollar; Palamin selling the bulk of its copper on the LME basis.

Consequently the group wound up with profits sufficient to increase the total annual dividend to 70c from 45c.

Because of past low prices, the opening of new mines has been inhibited and for various other reasons, including labour disputes and some increase in demand, there is, says Mr Macmillan, "a dearth of good copper available in the open market".

The result is, that Palamin has been able to confirm substantial recoveries of 66% of its usable proportion of its palpat.
Exchange rate aids Palamin profits

By Colin Campbell

The higher cost of fuel is going to affect virtually everybody in South Africa. But for Palaborwa Mining Company, it is going to mean an additional R5.25m to the annual fuel bill — or a direct charge of some R45 a ton of copper produced.

There were a number of reasons for last year's sharp profit improvement — up from R18m to R25.7m (equivalent to a rise in net earnings from 64c to 91c a share), but in the main these were a control of costs, the fruits of a cost-saving campaign, and improved operating efficiency.

This mine's general efficiency is well illustrated by the average cost of cathode copper produced — R935 a ton against R948 a ton a year ago.

Increased production from the expanded mine was also a factor, as was the weakness of the rand/dollar exchange rate against sterling — in which copper is priced. Though the copper price averaged £711 in 1978, compared with £750 a ton a year earlier, the actual price realised was R1,139 a ton against R1,193 a ton in 1977.

But for the exchange benefit, net profits would have been roughly R8.8m lower.

Chairman Mr G A Macmillan says that the recent strength of the LME copper price portends a higher and more realistic floor price for copper which will benefit the copper industry as a whole.

Quarterly reports should give a clear idea of how 1979 is likely to turn out. The shares yield 6.1 percent on the 70c payment.
AFRIKANDER LEASE
Market caution

Differing viewpoints make a market. This is something that has been underlined this week following an announcement of plans for developing Afrikander Lease. Ask any analyst in town what Afrikander Lease shares are worth and not one will give the same answer, divided as they are on cost and revenue estimates.

Though, unofficially, spokesmen for the house concede that initial uranium recovery grades at the mine will be in the region of 0.8kg/t, the preliminary announcement takes the conservative line that average recoveries on a monthly milling rate of 50 000 t will be 38.5 t uranium a year, equivalent to 0.6417 kg/t.

Most agree, however, on gold of 0.77 g/t, but gold is less than 10% of revenue. Except for some R1m a year to maintain production, will be for Vaal Reefs' accounts and Afrikander Lease shareholders do not have to provide additional funds.

But from the nature of the profit sharing agreement, it seems that the house is taking an optimistic view on the relationship between profits and revenue. The royalty agreement, which gives Afrikander Lease a minimum royalty of 5% of revenue and then an additional amount calculated on the formula Y = 50-1500/X% once operating profit exceeds 30% of revenue, means that it is in Vaal Reefs' interests to aim either for profit to equal 30% or exceed 50% of revenue.

This is clear in that if overall profit is 30% of revenue, Afrikander Lease is entitled to 5% of revenue and Vaal Reefs to 25%. When the profit to revenue ratio is 50%, Afrikander Lease receives 25% of revenue and Vaal Reefs 25%. But if the profit to revenue ratio is between 30% and 50%, Vaal Reefs' share is less than 25% of revenue. Thus, unless revenue is at least twice costs, Vaal Reefs would be better off if Afrikander Lease were run relatively inefficiently. I do not see either company allowing that situation to arise.

So on the average recovery figures provided in the preliminary announcement and based on unofficial in-house estimates of unit costs including on-going capex of R304, it appears that the mine is being planned on contractual uranium prices of around $45/lb, a figure more or less in line with current spot prices.

For the time being, at any rate, investors are taking a cautious view on Afrikander Lease's potential. At the current 480c the share price appears to be discounting dividends of little more than 50c in 1982, when the mine will be treating its initially planned 50 000t/month.

But if the in-house uranium-recovery target of 0.8kg/t is achieved, with uranium at $45/lb, working costs by then of R35/t, and gold at $250, distributable earnings of at least $5c in the hands of Afrikander Lease should be possible.

Meanwhile, at no cost to Afrikander Lease shareholders, there are as yet unofficial plans to raise mill throughput to 120 000t/month by the mid-Eighties. Even on the house's conservative average recovery figures, that points to dividend potential of 120c in about seven years.

Differences of opinion do make markets, but in this case I do not think that sellers at 480c are doing themselves any favour.

Jim Jones
Copper bottomed

Activities: Operates open-cast copper mine and refinery in North-eastern Transvaal. Also produces uranium, magnetite, vermiculite and sulphuric acid.

Managed by RTZ which holds 38.9% of the equity.

Chairman: G A Macmillan; managing director A J Leroy.

Capital structure: 28.3m ordinaries of R1. Market capitalisation: R325.5m.

Financial: Year to December 31 1978. Borrowings: long and medium term: R22.3m; net short-term, R13.4m. Current ratio: 1.35. Capital commitments: R10.0m

Share market: Price: 1 150c (1978-79, high, 1 250c, low, 620c; trading volume last quarter, 138,000 shares). Yields: 8.0% on earnings; 6.1% on dividend. Cover: 1.3; PE ratio: 12.5.

Copper sales (000t): 98.7, 98.3, 104.2, 114.9
Turnover (Rm): 102.0, 135.7, 142.4, 161.9
Pre-tax profit (Rm): 32.4, 47.1, 32.8, 43.4
Earnings (c): 86.2, 94.5, 66.8, 92.3
Dividends (c): 50, 70, 45, 70

While LME cash copper maintains levels in the £1,000 region, the adverse effects of potentially higher costs should be off-set in Palabora this year.

Apart from mining out the low remaining technical problems with its two mills, the mine has completed its expansion programme to lift annual copper production capacity to 120,000t and should now operate under steady-state conditions.

Last year, though the average copper ore head grade fell to 0.51% (0.5%) the cost of producing cathodes fell to R935/t (R945/t). The board attributes this to cost-cutting programmes and the fact that the higher mill throughput meant a larger diversion into total costs. In addition, of course, the mine is now back to a normal stripping ratio after earlier abnormally high ratios at the open pit was enlarged to expose additional ore needed for the expansion programme. What it meant was that while 27.5 Mt of ore were mined last year (1977: 24.9 Mt), only 6.2 Mt (64.6 Mt) of waste were hauled from the pit, bringing the waste ore ratio down to 2.28 (2.61). A further marginal drop in the ratio should be possible this year.

It is, however, doubtful that a further reduction of the stripping ratio and other cost-cutting exercises will be sufficient to prevent a unit cost increase this year. Chairman Alistair Macmillan points out that two fuel price hikes this far this year will add about R45/t to cathode copper costs. And it is not possible to alter the haul trucks on which the mine depends for removing ore from the open pit.

Even so, there seems little possibility of profit being lower than last year. Almost everything is working in the copper price's favour as major consumers increasingly fear supply disruptions especially from central Africa.

Last year, on an average LME cash copper quote of £711/t, Palabora's cif realisation price averaged R1,139. So if the LME cash quote simply averages £1,000 this year, Palabora's average cif price should run at at least R1,500/t.

This year, the faulty mills have to be repaired, with an estimated production loss of 5,000t. Even so, copper sales should exceed R170m (1978: R130.8m).

Magmatic sales are now trading with the ending of the Japanese contract, but this should be more than compensated for by greater sales of uranium and vermiculite.

Last year, uranium production recovered to 140,918t from 1977's abnormally low level of 86,715t and a further small increase should be possible this year.

With the bulk of its expansion capital complete, Palabora can probably operate on annual capital of R5m in today's terms. This year, R6.5m in long-term loans is repayable, so on the basis of £1,000 copper and unit costs of R900/t cathode copper in the region of R1,000, distributable earnings of 140c per share seem easily attainable and dividends totaling 12c possible.

The market has anticipated much of Palabora's prospective earnings improvement in lifting the share to its current 1,150c. However, even at this level on a prospective 10.9% yield the share remains attractive especially to investors with medium-term objectives. For short-term investors, there is speculative appeal if events in central Africa cause disruptions in copper exports. Jim Jones
Export sales of uranium soar to R500m, better to come

The nuclear fuels corporation, which processes and markets the entire uranium production from the gold mines, concluded new and long term contracts with overseas customers worth a staggering R300m in the 1977/78 financial year.

The Chamber of Mines, which forecasts that the value of new contracts signed in 1978-79 will climb higher yet, says that the growing demand and better prices, the mines have stepped up production by more than 60 percent in the past three years to increase total production of uranium oxide to more than 4,500 tons a year.

The number of producers has risen from only seven mines in 1975 to 17 at the moment. Output is now rapidly approaching the levels achieved during the peak of the uranium boom in the 1960s when annual production almost touched 6,000 tons.

The Chamber bulletin says output will continue to increase over the next few years. At least one new mine will open in 1978 and more existing gold mines may well start turning out uranium.

It estimates that the 1978 production level could be almost doubled by 1985. Substantial improvements in the efficiency and extraction rates at uranium processing plants from significant technological advances have also started to have a big impact on the speed of the production climb.

Hunt & Sherman: Economics: Traditional and Radical Views, Study Guides to Lipsey and/or Gill, Samuelson.

1. The Meaning and Scope of Economics

Scarcity and Multiplicity of Wants. "Economics as the science which studies human behaviour as a relationship between ends (goals, objectives) and scarce means which have alternative uses."

Wants and Resources. CHOICE. COST. Free and Economic Goods. The basic Economic problem. Is scarcity obsolete? Economic approach can be used with respect to most situations involving choice.

Gill, Samuelson, Lipsey

Galbraith, F.K.: The Affluent Society

Keynes, J: Economic Possibilities for my Grandchildren (Reading No. 84)

2. Economics as a Social Science

The nature of scientific method; model building; inductive and deductive methods; problems involved in applying scientific methods to studying economic behaviour; positive and normative economic statements.

Lipsey: Part 1
Samuelson: Chap. 1.

3. Basic Economic Processes and Concepts

Utility; Wealth; Production; Consumption; Exchange; Factors of Production: Land, Labour, Capital, Entrepreneurship; Investment; Saving.

Real and Money Income. Saving (Investment) luxury of the rich. "Vicious circle of poverty."

Specialisation (Division of Labour) a technique for overcoming scarcity - Technical and Economic Efficiency. Advantages and disadvantages of specialisation. Comparative advantage and specialisation. Specialisation limited by the size of the market.

Speight: Economics (Specialisation) Samuelson: Chapter 3
Anglovaal buys small chrome mine

Anglovaal companies have bought Nuanue Chrome Mines which operates a small chrome mine about 50 km northwest of Rustenburg.

Nuanue-holds mining leases over 1,100 ha and is capable of producing chemical refractory, foundry and metallurgical products for world markets. Expansion of the mine will be related to sales contracts.

The LG & chrome seam is presently being exploited on a small scale. Other operations could be opened up, depending on market prices.

Basil Horov cautiously predicts unchanged dividends for Assamang this year. Last year the group earned R2.2c a share and paid 10c Capital expenditure accounted for R3.3c a share equivalent to R13.6m.

This sum was used largely to expand iron and manganese ore production. During the year a new replacement manganese mine was brought into production. A further large manganese orebody has been discovered and the programme for another new mine has been started, Mr Horov reports.

He says that the expansion of iron ore production facilities was almost completed last year and arrangements were made to use Sishen-Saldanha rail and port installations. Shipment of sales have already started.

The Ferroloy ferro-alloy division worked at full capacity last year, but the ferro-chrome division worked below capacity. Since the end of the year, however, demand for the product has increased.

Capex for the current year is estimated at R15m.

The Church had crowned and encomended her almost from the beginning of its existence. The Church was, and is, the foundation of the whole of spiritual and temporal life. It is the source of all spiritual power and the centre of all spiritual action. The Church is the only true community, the only true society, the only true citizen. The Church is the only true temple, the only true sanctuary, the only true sanctuary of the soul. The Church is the only true school, the only true university, the only true university of the world. The Church is the only true fortress, the only true citadel, the only true fortress of the spirit. The Church is the only true temple of the soul, the only true temple of the spirit. The Church is the only true temple of the universe, the only true temple of the world. The Church is the only true temple of the universe, the only true temple of the world.
CONS MUNCH

Capex constraints

Activities: Mining company operating in the Letaba district, Transvaal. Produces a large part of the world’s antimony concentrates. JCI is the largest shareholder with 25.2% of the equity.

Chairman and managing director: H Dalton-Brown; deputy chairman J M Meyer

Capital structure: 4,16m ordinaries of 10c. Market capitalisation: R25m.


Is it time to start buying Cons Munch in anticipation of a recovery in the company’s fortunes? In the past, at this stage in the share price cycle the answer would probably have been yes. But at least until this year’s first quarterly report is published in April, investors are best advised to temper enthusiasm with caution.

There are several bull pointers. Year-end antimony concentrate stocks stood at 9 311 t, in the books at mi value, but worth about R8m cif at current prices, equivalent to some 110c a share after tax. A year ago, concentrate prices were about $17 per metric ton unit. Now they are around $20 and buyers are coming back into the market.

For the present, however, fears over this year’s dividend potential could restrain the share price.

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<td>Turnover (Rm)</td>
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<td>Dividends (c)</td>
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Last year, the mine operated at a R560 000 loss and cash flow considerations led to drastic cutbacks in the planned capex programme. At the same time, improved mining and treatment practices were instituted which helped keep the increase in unit costs down to 6% over the previous year. However, the picture could be different this year.

Capex of only R271 000 was possible through deferral of shaft sinking necessary to expose further ore at depth. This cannot be delayed further without prejudicing the mine’s ore reserve position and, on current estimates, capex will increase to R3m this year. With this capex, the mine could come on line next year.

MUCH depends on how quickly demand recovers. On the basis of monthly mill throughput of 50 000 t, recovery grades in line with the December quarter’s, current concentrate prices, sales matching production, cost escalation of less than 10% and deferral of R3m, the mine should do better than break even this year. But even if no tax is paid (at end-1978 an assessed loss of R1,5m was available to be offset against taxable income), there could be little available for distribution.

On a slightly longer-term view, some of the technical problems plaguing the mine are being overcome. Improved flotation methods have cut antimony losses in arsenical concentrates while gold recovery should improve with completion this year of a recovery plant to treat the oxide plant’s residues.

There is, little to report on prospects. Drilling between Gravelotte and Beta shafts failed to disclose significant mineralisation and the same is thus far true of the underground drilling programme. So the question mark over the mine’s life remains as a deterrent.

For the present, investment is perhaps best left to investors seeking a scribbling situation. Two quarters of improved production and sales could be the signal to buy for a short-term run, but it is difficult to recommend a buy to investors looking for a share to lock away.

Jim Jones
Af Lease U-mine to cost R94m

By ADAM PAYNE

THE Afriland Lease uranium/gold mine to be established by Vaal Reefs in the Klerksdorp area will cost R500 million in 1978 money terms for the first phase of development - bringing it to production in 1981, and including R30 million in the years 1982-1984.

A further R180-million will be spent between 1986 and 1980 for sinking a second incline shaft.

The mine's life is estimated at 17 years with a milling rate of 50 000 tons a month, says a circular to members of Vaal Reefs and Afriland Lease outlining plans for opening the mine. The cost of the companies will be held on April 26.

The basic idea is for Vaal Reefs to open and operate the mine and for Afriland Lease to receive a royalty of 5% of gross revenue.

It is expected that most of the mine's output can be sold on long-term contract and that a consumer loan will be included in the sales agreement.

If the consumer loan is negotiated, it would be used to finance the residual capital spending on the mine after taking tax savings into account, and would therefore minimise the impact of this expenditure on the Vaal Reefs dividend distribution from normal operations in even at conservative gold prices.

No difficulty is foreseen in marketing production, says the technical advisers.

During the life of the mine it will produce 6 000 tons of uranium and seven tons of gold.

As the extent of the potential ore reserves within the main block to be leased to Vaal Reefs, could support a much larger operation, the design of the new mine incorporates features which would allow the scale of operations to be easily expanded if necessary.

The selected mining reserves amount to 53 million tons of ore at an estimated uranium grade of 0.70% U3O8 and gold grade of 0.76 g/t. The ore body consists of two uranium-bearing conglomerates, the Upper and Lower Reefs at the base of the Homestead Group, capping the north in the mining area.

The reefs, which are heavily zoned by faults, dip south and west and reach a maximum depth of 500m in the mining area, which is shallow in the area below the mining area.

The reefs are separated by quartz, varying in thickness from 0.3m to 11m, and are typically 4m thick at depth. The Upper Reef, which constitutes the main uranium-bearing deposit, is present throughout the mining area.

The Lower Reef contains three relatively high-grade shoots extending from the existing incline shaft.

High uranium values for the Lower Reef are present in a 1.5km-2 extended region south-west of the same shaft. The gold values, which show that gold is a by-product, will make a useful contribution to profitability.

Considerable reserves of gold outside the proposed initial mining area to the west and south, and the possibility of expanding mining operations, are also in the area should uranium prices warrant such a decision.

The planned mining method involves the deepening of the existing Rietkuil incline shaft and the sinking of an inclined haulage. A second incline shaft will eventually be sunk to replace the Rietkuil shaft.

The average unit working costs, it is estimated, will be R20.50 a ton milled in November 1978 terms.

Surface installations will be located to the west of the Rietkuil shaft on a site which...
Second outlet facilities will be provided by development holes on the surface.

The decision to expand the capacity of the mine could be made at any time without disrupting the proposed operations, except that the sinking of a second incline shaft would have to be brought forward. However, the financing of an additional shaft system to exploit the deeper southerly extensions of the orebody would be necessary within a few years of extending the milling and treatment plant.

Forecast millinglocation over the life of the mine is estimated to be 9,500 tons and, on the basis of projected extraction rates of 45.5 percent for uranium and 52.7 percent for gold (including losses from waste sorting), the average recovered grade is expected to be 0.64 kg/t for uranium and 0.4 kg/t for gold.

Labour

The total quantity of uranium grade and gold produced over the life of the mine is therefore forecast to be about 6,000 metric tons and 7,200 kg respectively.

Total labour requirements for the mine, after the expected levelling off of production is attained, are estimated to be approximately 11 people, who will be accommodated in the town of Klerksdorp, and Hartbeesfontein, and 1,500 black employees who will be accommodated on the mine.

Underground productivity should be high owing to the absence of the arduous physical conditions associated with deep-level mining.

The average total unit working cost of the mine including wages, stores, power, other services and general overheads is estimated to be about R100,000 per month.

Before commencement of detailed design work, the first phase of capital expenditure up to 1984 is estimated at R84,770,000 in 1978 money terms. The expected timing of the phase one expenditure is 1979 — R13,000,000, 1980 — R16,000,000, 1981 — R20,000,000, 1982 — R20,000,000 (Total R84,770,000).

Expenditure

Forecast expenditure after the commissioning of the new plant in 1981 relates to the deepening of the two shafts and additional capital development.

The second phase of major capital expenditure to sink the second incline shaft is scheduled for the period 1985 to 1990 during which a further R60,000,000 in money terms will be spent.

A similar pattern of annual cost escalation for capital items as that experienced over the recent past is assumed.

Expenditure is anticipated that the bulk of the mine’s output can be sold on long term contract and a consumer loan can be included in the sales agreement.

If a consumer loan is forthcoming it would be used to finance the residual amount of capital expenditure on the new mine after taking tax savings into account and would thus minimize the impact of such expenditure on the Vaal Reefs dividend distribution from normal operations even at conservatively estimated levels.

No difficulty is foreseen in the marketing of the proposed mine’s production. The directors have worked out a production schedule to ensure that the royalty should be paid to Afrikaner Lea and Vaal Reefs will be held on April 25 to approve the proposed arrangements for establishing the new mine — Sapa.

Life of mine

A second incline shaft would eventually be sunk to replace the Reefton shaft, the total life of the mine being estimated at 17 years (including initial stoping operations when the ore would be transported to the mill).

The anticipated rate of mining would allow waste sorting to be conducted on the ore before it is mill.

The mining layout has been amplified as far as possible to allow for the expected increase in the area of the Roman mine. Development will be almost exclusively concentrated on the reef horizon with roof drives committing the main transport levels.

Most of the development work will therefore be contracted out as reefection is expected to proceed slowly over a wide area.

Underground development will be concentrated on the ore horizon, with roof drives committing the main transport levels.

Ventilation

Ventilating air will be drawn down through the incline shafts and after circulating through the workings will be exhausted by fans through various development headings along the outcrop. A roof fall overpillars will be left along the outcrop where no ventilation will be carried out.

The air in the mine is carried out to the surface by fans.
Soviet return to platinum market seen

By NEIL BEHRMANN

LONDON -- The major German precious metals corpora-
tions, Degussa and Heraeus, believe the Russians will re-enter the free platinum market this year.

Germany imported 11 tons (364,000 ounces) in 1977, of which just over three tons (100,000 ounces) were imported directly from Russia. It is estimated that German platinum imports were about the same last year, and although direct Russian imports figures were not disclosed, Soviet platinum was sold on contract to German firms.

The German estimates of Russian sales to the West last year are much lower than South African and London figures which calculated Russian sales on a contract basis at 450,000 ounces.

In an interview in Frankfurt, Degussa's Mr. Werner Kues reckoned that the Russians had reduced sales by about half to 250,000 ounces.

He says there are indications that the Russians will sell more platinum this year. In recent weeks, the Russians have visited Japan to arrange new contracts.

In an interview in Hanau, Mrs. Friederike Calzado, who heads Heraeus' all-women's precious metals dealing department, said she believed the Russians were about to return to the platinum market.

Mrs. Calzado believes that Russian sales last year were 250,000 ounces:

"The Russians must come back to the market, but I believe that the Soviet Union will not dump platinum at the same price it did in the early 1970s.

"Their heavy sales in that period knocked the platinum price from a high of nearly $200 to around $150. Their supplies were also used to supply the market which was already encountering lower consumption because of the worldwide recession in the early 1970s."

Mrs. Calzado says the Russians have now become more sophisticated in their marketing.

The y have learnt that it is profitable to sell smaller quantities. It could well be that the Soviets' return to the market will be gradual, she says.

Soviet Union's platinum marketing will be similar to the gold market policy when from time to time the producer withdraws from the bullion market.

Mrs. Calzado foresees a more flexible Soviet sales policy for its platinum group metals -- the major metals being platinum, palladium, rhodium and nickel. It is possible however, that platinum will be sold on contract at a market-related price.

She reckons that Russia withdrew from the market because much more platinum was necessary for domestic consumption, especially for the chemical industry and the petrol-refining industry.

Mrs. Calzado and Mr. Kues referred to the possibility of a mining disaster at the mines in Norilsk in the northern frozen region of Russia.

European banking sources say that Russia is stockpiling platinum and silver. Both are strategic metals and the Soviet Union could need silver for missiles. European sources indicate that a combination of these reasons and sales to China account for the absence of Russian platinum from the market since August 1977.

There have been reduced Soviet sales of palladium, rhodium and nickel.

The Germans report that physical or cash platinum is at a premium to forward prices because merchants are only accepting Russian platinum for dealing.

They say that a pre-condition of the business is that the metal should be Russian and since there is little of this material around, free market platinum is at a premium -- even though there are signs that the shortage is abating. Some London dealers agree, but others say there is in fact a shortage, and that dealers are trading in platinum from all countries.

There are also complaints that the South African producers are not supplying sufficient platinum to satisfy German consumers.

Mrs. Calzado is suspected of wanting to increase production of the SA producers, less platinum is being supplied to Her- aeus on contract.

She says that Heraeus has been a good buyer over the years and the platinum it wants is for industrial use, such as petrol refining, glass fibre and nitric acid.

London platinum agents say the extra output of Rhenium and Impala is for the motor industry on firm orders because of more stringent anti-

Mr. Kues says Japanese platinum demand may abate because of higher prices.
Rossing closes in on 5 000 tons target

By ADAM PAYNE

Rio Tinto-Zinc's Rossing mine near Swakopmund in South West Africa, the largest uranium mine in the world, is at last about to reach its target of producing at a rate of 5 000 tons of uranium oxide a year.

The mine's new solvent extraction plant — replacing one which was burnt down in May last year — is being run in to complete the circuit from mining in a huge open pit to production of yellowcake for supplying British Nuclear Fuels and other customers.

The fact that Rossing is at last reaching its goal, which was first set for 1977, of 5 000 tons a year is a great achievement in the face of a series of setbacks.

First, the recovery plant encountered severe problems, much of them brought about by the abrasiveness of the ore — a problem that has cost Randfontein gold mine's Cooke section many millions of rand.

Among other difficulties at Rossing, for instance, it was found that the agitation in the leach tanks was insufficient. Larger motors and more propellers were installed to help keep the material in solution.

Because of these recovery problems, Rossing in 1977 decided to modify the plant at a cost of R35 million.

Shortly after this work had been completed, a fire in May last year destroyed one of the two solvent extraction plants.

Another costly capital spending programme, for which insurance was claimed, had to be undertaken, but more problems occurred — this time on the labour front.

At Christmas last year 2 000 workers went on strike. This was done not because they claimed to be underpaid but because a modern system of employment and payment of workers had been introduced.

Rates of pay by South African standards are high, as they are at Palabora, but they were adjusted under the Paterson system in which workers are graded and paid regardless of colour.

Under the regrading scheme, some men received rises up to 30%, others decreases were lower, and even with small increases instigated the strike.

The men returned to work in a few days and discussions started and have been going on to settle problems and grievances.

Rossing has been in production since mid-1976.

The loss of capacity caused a reduction in production last year compared to the target set, but in spite of this Rossing surprised the City of London by contributing a small profit to the half-year results of Rio Tinto-Zinc.

Other shareholders include the Industrial Development Corporation of South Africa and Total Oil.

The RTZ results for 1976 are due shortly and I am told that the earnings will include a profit from Rossing, although it may not be reported in detail.}

Tonnage and production figures will be provided.
ASSOCIATED MANGANESE

Expansion prospects

Activities: Mines manganese and iron ore in the northern Cape subsidiary company — Feralloys produces ferro-manganese in Natal and chrome alloys in the Eastern Transvaal.

Chairman: B E Hersov; technical director: G Sacco.

Capital structure: 3.5m ordinary shares of 50c. Market capitalisation: R106.4m.

Financial: Year to December 31 1978. Borrowings long and medium term, R2.6m, net short term, R4.5m. Current ratio 3.0. Capital commitments R6.3m.

Share market: Price 3,000c (1978-79: high, 3,250c; low, 2,900c; trading volume last quarter, 950 shares). Yield: 17.7% on earnings; 3.5% on dividend. Cover 5.1. PE ratio 5.7.

Despite the year’s poor performance, chairman Basil Hersov is confident that the company will continue to grow. The year’s results were affected by a series of adverse factors, including a decline in manganese prices, a rise in costs, and a fall in iron ore prices.

Slight gains for the company in the South African mining industry continued during the year. Manganese prices soared during 1977, increasing by 15%. The company’s manganese operations, however, took some earnings from pretax profit. The company is making efforts to reduce costs in its manganese operations. The manganese division’s profitability is expected to improve in the future as manganese prices increase.

Projects undertaken during the year include the expansion of the manganese operations. The company has invested in a new manganese mine in Natal and has expanded its ferro-manganese operations in the Eastern Transvaal.

Development of the new manganese mine is expected to increase the company’s manganese production by 10% in the next three years. The company is also developing new manganese deposits in other parts of the country.

In the iron ore division, the company has completed a new replacement manganese mine and brought it on stream. This has helped to reduce costs and improve the company’s profitability in the iron ore division.

Though chairman Basil Hersov goes no further than to say that this year’s dividends will be of the same order as last, shareholders can take encouragement from the fact that all recent capital projects are now complete.

The previously slowed Beesheek mine expansion to service the US Steel iron ore contract has been completed and a new replacement manganese mine brought on stream. With completion of these projects, capex this year is estimated at R5m compared with R13.6m spent on mining assets last year. Hersov reports that a programme for developing a new manganese mine has started. No estimate of likely cost is given, but apparently the mine will add to rather than replace productive capacity.

Timing of the new mine looks about right. Both manganese and iron ore sales appear to have turned the corner. Completion of Beesheek’s expansion, particularly, indicates that US Steel is more confident of its future iron ore requirements.

Subsidiary Feralloys ferro-manganese facility operated at full capacity last year and should continue to do so this year. Meanwhile, ferro-chrome demand is recovering, meaning that greater plant utilisation should be possible this year than last.

Dividend growth prospects may not be particularly bright this year, but it is difficult to envisage anything but improvement over the next few years. As usual, the company’s financing remains ultra-conservative. This year R1.8m in long-term debt is repayable with a further R2.4m to follow next year. This will mean that the company could be virtually free of long-term debt by end-1980 and unlikely to increase gearing.

Development of the new manganese mine will probably be funded as far as possible internally, with relatively minor reliance on short-term borrowings. This should present little difficulty. Last year, funds from operations amounted to R23.6m, of which only R3.75m was distributed to shareholders. This year, dividend cover will most likely increase, with retentions adequate for any conceivable capex.

Even so, there is room for a dividend increase this year, perhaps to the 120c level paid in 1976. This would put the tightly-held shares on a relatively low 4% yield. For the present, share is over-priced and can only be recommended to investors looking beyond the present capex programme.

Jim Jones
GOLD SHARES

Reactions to Three Mile Island

Will Three Mile Island sound the death knell of nuclear power plant construction? As far as Johannesburg is concerned, views tend to be coloured by whether investors are long or short of uranium shares.

Since last Wednesday, munes which are highly geared to uranium have taken a pounding. Afrkander Lease at one stage was 65c lower at 475c, Stafffontein hit 710c, down from 760c, while West Rand Cons shed 20c to a low of 355c.

The bear argument is easy to see. If nuclear power stations are going to belch radioactive fallout all over the countryside then no more will be built and uranium demand will eventually evaporate. Local mining companies with interests in uranium are already making contingency plans for just such an outcome.

But uranium bulls make some telling points.

If nuclear power station construction ceases worldwide, the developed countries will be faced with chronic power shortages within a very few years. There is simply not enough coal and oil to satisfy the world's power needs and shortages could precipitate a recession worse than anything seen in the Thirties. That, the bulls reckon, is a more ghastly alternative than the relatively minor risk of nuclear accidents.

However, Three Mile Island could easily put a stop to any development of breeder reactors which produce their own nuclear fuel. If so, medium-term prospects for uranium could be tremendous. Conventional reactors are uranium-hungry and relying on them alone for nuclear power would mean revising projected uranium demand in the Nineties upward by a large factor.

SA uranium producers have thus far escaped the attentions of ecologists who have succeeded in delaying mining projects in Australia and Canada by several years. If the latest news from the US fuels further delaying moves by ecologists in other producing countries, SA could become a supplier of last resort and probably at considerably higher prices than currently available on spot markets.

Spin-off for gold

Finally, say the bulls, if nuclear power plant construction does grind to a halt, the result would be rocketing oil prices, followed by gold.

Most likely, of course, is that following Three Mile Island there will be a general tightening of the already strict controls on reactor management and eventually business will resume as usual. If that is the case there seems to be little point in being panicked into selling uranium stocks.

On the other hand, at least near-term, there could be other reasons to steer clear of gold shares. Ahead of the IMF gold auction bullion was fixed marginally lower at $239.80 at Wednesday morning's London fix.

While bullion stays below $240, near-term chart indications are of further drops to the $220 region over the next few weeks before a swift recovery which could carry gold to the $300 range by year-end.

Four munes which have reported this week, all uranium producers or with uranium potential, drew up their annual reports before Three Mile Island. They have all raised ore reserves at a relatively conservative $200 or more gold price and are all reasonably optimistic on uranium's prospects.

Stafffontein: Shareholders will get an up-to-date statement on the mine's position from chairman Bernard Smith later this month. Meantime, however, management faces a dilemma. As things are at present, the mine should exhaust its end-1978 R65m tax shield some time in the second half of this year.

Ideally, the mine would like to start establishing the proposed Cooke No 3 shaft complex before the present tax shield disappears. But events at Three Mile Island could have put a spanner in the works. Moving towards the south at Cooke section, uranium grades tend to rise and gold to fall, so if there is a reac-

Dewatering Randfontein... more ore to the mill

At Randfontein section de-watering is proceeding according to plan with a lowering of the water level below 26 level slated to start within the next couple
of months

Though re-establishment of operations at Randfontein section will tend to restrain dividends, there is plenty of scope for last year's 430c total payout to be at least repeated this year even with tax payments in the offing.

Western Areas: As yet Nofer has been unable to find an interested buyer for the mine's potential uranium output. And events in Pennsylvania could make things more difficult.

Pending a sales contract, preliminary development on the uranium bearing Middle E

Elshburg reefs has started but could be stopped promptly if it turns out that no uranium buyer is forthcoming in any event, with the exception of the F9E reef, drilling results on the Middle Elshburgs are not particularly exciting. Mining the uranium reefs would mean a cut back in production from the gold reefs, so some fairly careful calculations are needed to ensure that a switch in emphasis is worthwhile.

Approaching target

There are no signs of a slow down in the mine's relatively heavy capex programme. R14m capex is planned this year, effectively to maintain production.

The mine is gradually approaching its target of 370 000 t monthly mill throughput. But with additional development needed, especially on the VCR, to maintain reserves and increase mining flexibility, the beneficial effect of higher mill throughput on unit costs could be offset. Management's objective is a steady increase in dividend, though chairman Philip von Wieligh warns that this policy could be constrained if a uranium go-ahead is given.

Stillfontein: Under present conditions, the mine's life is stated by chairman John Fritz at about five years. Last year development rates were insufficient to replace ore reserves and the tempo is to be increased this year, especially in the area beyond the Kromdraai fault.

Despite higher gold prices, no development is being done on the Commonage reef and judging by gold and uranium values exposed in development on the Livingstone-Johnstone reef, prospects of any significant additions to reserves from this horizon are poor.

Much more important are Stilfontein's plans for re-treating old dumps and current workings for uranium. The treatment plant is now expected to come on stream in the latter part of this year and reach full monthly capacity of 270 000 t before the year-end. Uranium's contribution to earnings will be necessarily limited this year. Next year, Stilfontein's 85% share of the slimes retreatment project should result in additional earnings of about 150c per share assuming a uranium price of R2.1m.

This year, with capex planned at only R2.4m, there is scope for a dividend increase to around 80c even if bullion should average as low as R2.25.

West Rand Cons: Gold's performance has resulted in a reprieve for the mine's gold plant with monthly mill throughput this year planned at 45 000 t. But more important are the mine's uranium developments. No details are given of contracts for the sale of uranium from Lamprechtshoek's ore, but expansion of uranium production capacity is not being funded with the help of consumer loans.

With capex this year planned at R4.8m, dividends could be under considerable restraint despite plans to fund part of capex with bridging loans. The stock of uranium available for sale at spot prices is relatively low, again a factor inhibiting earnings this year.

Near-term there can be little let-up in development rates on the uranium bearing Bird reefs. So though uranium section mill throughput is set to rise marginally to 85 000 t per month this year, unit cost increases will probably be at least in line with industry averages. This year dividend prospects are not particularly bright, though a small improvement on last year's 17.5 cents total payout could be on the cards.

Jan Jans

J A M S
ROOIBERG Capex plans

Activities: Tin producer in Gold Fields group. GSA owns 24% of the equity

Chairman: R. J. Hope

Capital structure: 21m ordinary of 25c
Market capitalisation: R104.4m

Financial: Year to December 31, 1978
Net cash R8.5m. Current ratio 2.1
Capital commitments R8.7m

Share market: Price 1900c (1977 79c)
high, 2000c, low, 950c; trading volume last quarter, 123,000 shares
Yield 23.7% on earnings, 11.6% on dividend
Cover 20 PF ratio 4.2

Even on the conservative assumption that average tin pricereceipts are 15% down on last year's R9.25/t, Chairman Ron Hope is confident Rooiberg can maintain its 22c dividend this year. This forecast is based on the assumption that production and sales arc in line with last year's.

Last year, production of tin in concentrates declined marginally on reduced average head grade and overall recovery and on higher throughput. At "A" mine, head grade fell to 0.08% (0.78% tin) while ore milled rose to 241,000 t (230,000 t). "A" mine maintained head grade at 0.67% tin while it milled a lower 195,000 t (204,000 t)

Tin produced (t)
2,085 2,088 2,074 2,098 2,032
Tin sold (t) 2,086 2,061 2,090 2,036 2,098
Revenues (Rm) 4,276 4,067 4,267 4,068 4,339
Earnings (Rm) 67 1 1 1 6
Dividends (c) 1.0 1.0 1.0 1.0 1.0
Debt: 1.0
*Ref. months to December 1

Rooiberg's target this year is to improve the mine's overall efficiency and flexibility. Capex for the year is planned at R2.1m of which R1.4m is earmarked for the new smelter and R1.5m for plant improvements and developments aimed at making available deeper ore at both the "A" and "C" mines.

Though planned Capex is well ahead of 1978's R7.3m, it could be virtually entirely funded from year-end cash balances and therefore restrain distributions only minimally.

However, as concentrates are diverted towards feeding the smelter in the latter part of the year, something of a hiatus in tin exports is inevitable. Hope has based its maintained dividend forecast on unchanged production and sales this year. At the "A" mine, head grade will probably be marginally lower than last year, though this should be offset by higher mill throughput.

On the basis that concentrates of tin are sold this year at an average R8 200/t, revenue should be about R10.5m. On about 11% higher unit costs, gross profit should amount to around R10m. After the tax shield of the R5m planned Capex, available taxation profits should run at around R7.5m from which a repeat 22c/t total payout dividend would cost R4.5m.

At 1900c, Rooiberg yields 11.6%. On this basis, the market is apparently unworried by the effect of any US GSA stockpile releases later this year. In any event, they are likely to be orderly so as not to upset major third world producers. Next term, the share probably has further upside potential with some weakness later in the year if metal prices soften on GSA's sales.

Union Tin's outlook has been transformed as higher tin prices make possible the mining of additional ore in the western section. Underground operations can now continue for at least three years. Capex for the year is estimated at R4.0m, R5.0m was appropriated from 1978 profits.

If there is a 15% reduction in the average tin price received and sales of concentrate remain around 440 t, gross revenue should be about R3.5m (R3.8m) on 10% increase in cost of sales, a gross profit of some R3m seems possible. A repeat of 1978's 18c dividend would cost R1.32m from net profits of about R600m. At 24c/t, and yield of 7.4%, the share seems over-priced, though there might be some speculative appeal if further life extensions are announced.

Deb Ablaas

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This is a natural language representation of the document. The text has been screened and translated for readability and accuracy.
RUSTENBURG Bull-bear bugs
The boot of investor grumbling at Rustenburg's 6c interim payout did not last long. Bullish sentiment on prospects of a further producer platinum price increase quickly raised the upper hand. More or less, throughout the market, opinion is that both major producers will announce an increase to $350-$355 very soon coupled with increased annual production of 1.2M oz this year, and the plume of record next year's earnings could be tremendous.

On the other hand, the bears point out that at least for the remainder of the current year, production may be held back to avoid hitting second half pre-tax profit down to not more than $80m after the first half's $59m. And that, as far as the bears are concerned, talk is to account for a capital increase to $35m. Higher nickel prices in the wake of Inco's strike and higher producer prices for the other platinum group metals.

There are other bear factors which have their strong proponents. Rustenburg's nickel is apparently not good delivery. And with the new LMI contracts recently announced (Markets April 6), there is added incentive for Rustenburg to go ahead with its $55m nickel refinery plans thereby slimming down.

Rustenburg's platinum smelter has an annual production capacity of about 1.25M oz, so if there is to be any quantum increase in production from the currently targeted 1.2M oz, it could involve some relatively heavy capex.

For the moment, at any rate, Rustenburg is probably in a strong position as far as its customers are concerned. In the 1.5 the three way auto exhaust catalysts due to be introduced come September. And chairman Sir Albert Robinson has already intimated that expansion is necessary, there is plenty of scope for a final of at least 15c.

At 270c, on a prospective yield of 7.4%, the share could have further to go in the run up to the final results and especially if a platinum producer price increase is posted before 30th April.

But it all adds up in the bears' minds to potentially heavy capex over the next couple of years against the background of uncertainty over Russia's likely marketing strategy. If Rustenburg reaches new production levels just when platinum runs oversupply, the implications for earnings and dividends could be ghastly. And Rustenburg cannot run the risk of substitution if a longer term platinum shortage develops.

On the bull side, the renegotiated Ford contract, taking effect in June, Inco is in no hurry to settle its strike until it has run down its nickel stockpile. And, perhaps most important, there is plenty of scope for Rustenburg to accelerate its debt repayment programme if it feels so inclined.

Taking a median through the bull and bear views, and on the assumption that Rustenburg will not rock the boat, the second half could see an operating profit of $85m of which $10.7m will be earmarked for capex to maintain production. With long-term borrowings reducing, other provisions and charges should not absorb more than $15m leaving $72.8m pre-tax. After tax, that will leave distributable earnings of $41.5m before debt repayments, equivalent to 33.6c per share after the first half's 19.8c.

Even if the company does decide that retentions for prospective capex and debt redemption are necessary, there is plenty of scope for an increase of at least 15c.

At 270c, on a prospective yield of 7.4%, the share could have further to go in the run up to the final results and especially if a platinum producer price increase is posted before 30th April.
Yster kan meer verdién

Deur ALPHONS DU TOIT

DIE uitvoer van ystererts deur Saldanhabaaal sal vanjaar aansienlik styg en die geraamde syfer van 13,6 miljoen t sal met ongeveer 2,5 miljoen t oorskyr word.

In die jaar tot 30 Junie 1978 is 12,6 miljoen t by Saldanhabaaal uitgevoer. Vir Suid-Afrika verteenwoordig vanjaar die geraamde uitvoer van ongeveer 16 miljoen t ongeveer 84 miljoen meer aan buiteilandse markte.

Sedert die spoorlyn tus-

sen Sibben en Saldanha in September 1976 geopen is, is die reuse-voereerbaarheid van 23,7 miljoen t ystererts reeds uitgevoer. Die waar-
de hiervan was, sowat 3374 miljoen.

Van vanjaar se uitvoer-

erts het die vlooppunt 14,6 miljoen t deur Yzerfontein ligstel en die plan van die spoorweg onafgebroken gevolg het. Die spoor van Langerui na Sibben het gereed en die spoor van Sibben na Saldanha is ook gereed.

Die gedeelte van die spoorlyn wat tussen Yzerfontein en Sibben geopen is, het die eerste keer in September 1976 geopen. Die spoorlyn het met ongeveer 2,5 miljoen t nog n reeksgehalte bereik. Die spoorlyn het nou die vlooppunt en in Augustus begins dit te gebruik.

Wisselstroom

Die spoorlyn tussen Sib-

ben en Saldanha is die tweede traject in Suid- Afrika en die derde in die wereld wat wisselstroom, pleks van die gewone gelijkstroom, gebruik. Die ander twee trajecte is die steen-

bokstroom in Noorwê en die steenkoolstroom in Duitsland.

Die Wisselstroom is in Ameri-

ika en de Blikvisskelk. Maar gevaarlik is die wisselstroomlyn in Suid- Afrika: dit is maar 'n baba.

Op die oomblik loop twee treine van 180 trokke elk tussen Sibben en Saldanha vir die vlooppunt van die eers wat by Beesnek ontgin word. Hierdie treine het elkeen 10 620 t eers en die treine word ook deur die spoorwegmaatskappy klies om in die Wisselstroomlyn te gooi.

Die elektriesering van die traject is voltooie en nou word reeds by die Wisselstroomlyn gebruik om treine van 210 trokke deur die doree land-

skap te trek.

Die bedragede Maart van-

jaar is oor die volgende groot: 'n Totaal van 1,9 miljoen t ystererts is van Saldanhabaals traject 17 spoedig na vlooppunt verbyvloeg.

Op die eerste week van die maand is nog 'n reeksgehalte bereik. Dit was met die deurbreuk van erts en alsorte 7 363 000 t is van Sibben na Saldanha vervoer.

Ysterspoor

Dit is eenslik die Suid-

Afrikaanse Spoorwek wat 'n uiterst belangrike rol in die hele uitvoerproses moet speel. Dit is die Spoorwek wat die geweldige hoeveelhede eers en alsorte moet vervoer om dit te bereik dat die ysterspoor van 651 km gebruik.

Hierdie spoorlyn is aange-

luis in September 1976 geopen en erin gebruik geneem. In daardie dae was die ystererts deur Vlock bedryf.

Maar Yzerfontein het beter bekeken en geweier om op naam van April 1977 is die hele-goederenwerk, wat deur Yzerfontein en Yzerfontein en Sibben beheer word, in werking getel en al deur die SAS teen 'n koste van ongeveer 156 miljoen oorge- neem.

Vanaf die 1977 tot in die laaste deel van die jaar is die spoorlyn in totaal 50 miljoen t ystererts vervoer.

Mypale

Mr. Joho Marais, skakelboekhouer van die SAS, se dat die spoorlyn in die loop van die vroeere saam gestanderlike hawe- lyne bereik het.

Op Gisela-Mylpa se die gebruik van diesel-elek-

trifikasie, waaros die by skakelboekhouer geopereer.

Maar dit is maar 'n begin.
Hawe maak reg vir Aggenys

(Vervolg van bl. 1)

moë van dig-lyn se mnr. Marais.
Die kaas en ander ge-
riewe op Saldanhabaan
word intussen teen 'n koste
van R9 miljoen genoemiseer vir die voorstelling van ge-
riewe vir die uitvoer van
lood- en koperkonsentrate
vanaf Aggenys.

Skakel
Hierdie uitvoer verteen-
woordig 'n addisionele
165 000 t, maar die verwag-
ting is dat hierdie tonne-
maat ook aansienlik sal
styg.
Suid-Afrika se twee
uitvoerspoorlyne, die
Ysterspoor en die Steen-
koollyn is van onskatbare
waarde in terme van buite-
landse valuta. Die yster-
spoor het reeds R373 mil-
joen aan buitelandse valuta
verdien, terwyl die steen-
koollyn, wat ses maande
ouer is, reeds uitvoersteen-
kool ter waarde van R480
miljoen gedra het.

Die Suid-Afrikaanse
Spoorwee is die noodsaak-
like skakel tussen die land-
se minerale-rykdom en die
markte van die buiteland.
Soos dr Robus Loubsier,
hoofbestuurder van die
SAS, op 'n geleentheid on-
lange gesê het: "Dit is
maksimal om te bese hoe
nuttelos hierdie rykdom-
me (soos steenkool en yster-
erts) sou gewees het as ons
nie oor die nodige vervoer-
middels beskik het om
hulle na die havens en
uiteindelik die oorsese
markte te vervoer nie."
Deur DAAN DE KOCK

PLATINAMYNE, danky die sterk verbetering wat daar die afgelope tyd in die produsenteprys van die metaal ingetree het, behoort vanjaar besondere gees. resultate te toon, en die dividende behoort ook aansienlik hoër te wees.

Die produsenteprys van platina het in 'n kwesie van 16 maande verdubbel van 175 dollar per ons tot 350 dollar per ons.

Die voordelige uitwerkking van die verhoogde prys is reeds in die eerste ses maande van die genoteerde platina-myne se resulatate gesien. Rustenburg Platinum het byvoorbeeld sy wins in die ses maande tot 23 Februarie opgesoot van R300 000 tot R24,4 miljoen, wat in 'n groot mate aan die hoër prys toegeskryf kan word. Die ander groot produsent Impala, het ook aansienlik beter gedoen in sy eerste ses maande.

Rustenburg behoort in die tweede helfte van die boekjaar 'n bykomende inkomste van ongeveer R30 miljoen te verdien vanweë die hoër prys wat na raming R18 miljoen teen sy aandelas-te wins sal voeg. Die maatskappy behoort in die tweede helfte van die jaar 'n wins in die omgewing van R45 miljoen te toon wat die totaal vir die jaar op R70 miljoen behoort te bring.

As hy R22 miljoen aan skuld terug betaal en ongeveer R10 miljoen aan kapitaalprojekte bestee sal hy nog R32 miljoen oorhou waaruit dividende betaal kan word. In sekere kringe word 'n slotdividen van 15c voorspel wat die totaal vir die jaar op 20c te staan sal bring.

Lydenburg Platinum, wat vir die grootste gedeelte van sy wins van Rustenburg afhanklik is behoort ook aansienlik baat by die hoër prys te vind.

Kenners is in hierdie stadium huwierig om voor-spellings oor die monatlike verloop van die platineprys te maak, maar in sekere kringe is daar menings dat dit miskien kan afplaat. Hale hang egter van die goud-prys af.
COPPER EXPORTS

Tenants hit by water shortage

South African copper producers are unable to take full advantage of the prevailing high prices — mainly because of a drought of new ore bodies, says Polokwane Nickel chairman Alastair McMillan.

He adds that most local producers are operating close to capacity at the people to Glenmore on the a care and maintenance basis on the four-hundred-people programme and that that amount of 40,000 people — they are being paid a higher price in price before they were temporarily halted, pending court ruling.

It was argued in the Grahamstown court of the eviction of a local magistrate was irregular.

The matter was postponed until 20 April, according to Professor Botha of Rhodes University, who is representing the Glenmore House Group.

Mr. Herod, representing the safety of 1,200 people of the farm Kholo founder, said that about 35 families out of 100 had been evicted in the first, but before the removal was stopped.

About 200,000 of the very substantial grounds’ members — said to be less than a dozen, had to go to Glenmore voluntarily.

A number of people claimed they were removed because they were not in the extended household.

Mr. Frith is visiting Grahamstown this week from people and said he has received letters from the families returned to Kholo.

The eviction removal is against a statement by the Minister of Natural Resources Dr. Peter Kromholtz last week that people would be evicted to Glenmore on a voluntary basis.

In the plans to move the families to a site near the town with the purpose of getting them to work on the building of 24 houses in a settlement and other areas.

So far the plan has gone:

- Moving 100 people from Xoanala to a site near the Khoba.
- The action group, made up of members of the Khola, won a court order in the high court on Wednesday that a court order be granted to stop the removal of the people on April 10.
DEPARTMENT OF THE PRIMF MINISTER

No 1008
11 May 1979

It is hereby notified that the State President has assented to the following Act which is hereby published for general information —

No 47 of 1979 Uranium Enrichment Amendment Act, 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

No 1008

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No 47 van 1979 Wysigingswet op Verryking van Uraan, 1979
ACT

To amend the Uranium Enrichment Act, 1970, so as to provide for the recovery of losses and damages caused to the Uranium Enrichment Corporation of South Africa, Limited, and for matters connected therewith.

(Afrikaans text signed by the State President.)
(Assented to 3 May 1979.)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:

1. The following sections are hereby inserted in the Uranium Enrichment Act, 1970, after section 7B:

   7C. A director, or an officer of the corporation, designated by the board, shall be the accounting officer charged with the responsibility of accounting for all the moneys received, and for all payments made, by the corporation.

   7D. (1) If any person who is or was in the employ of the corporation caused the corporation any loss or damage because he—
   (a) failed to collect corporation moneys for the collection of which he is or was responsible,
   (b) is or was responsible for an irregular payment of corporation moneys or for a payment of such moneys not supported by a proper voucher;
   (c) is or was responsible for fruitless expenditure of corporation moneys due to an omission to carry out his duties;
   (d) is or was responsible for a deficiency in, or for the destruction of, or damage to, corporation moneys, stamps, face value documents and forms having a potential value, securities, equipment, stores or any other corporation property;
   (e) due to an omission to carry out his duties, is or was responsible for a claim against the corporation,

   the accounting officer contemplated in section 7C shall determine the amount of such loss or damage, and may order, by notice in writing, the said person to pay to him, within 30 days from the date of such notice, the whole or any part of the amount so determined.

(2) If any person who is in the employ of the corporation and who has in terms of subsection (1) been ordered to pay an amount, fails to pay such amount within the period stipulated in the notice in question, the amount shall, subject to the provisions of
REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

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KAAPSTAD, 11 MEI 1979

[No. 643]

DEPARTMENT OF THE PRIME MINISTER

No 1009
11 May 1979

It is hereby notified that the State President has assented to the following Act which is hereby published for general information —

No 48 of 1979 Tiger’\'s-Eye Control Amendment Act, 1979

DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1009.
11 Mei 1979

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No. 48 van 1979: Wysingswet op die Beheer van Tjirp, 1979
GENERAL EXPLANATORY NOTE:

Words in bold type in square brackets indicate omissions from existing enactments.

Words underlined with solid line indicate insertions in existing enactments.

ACT

To amend the Tiger's-Eye Control Act, 1977, in order to define the meaning of the expression "holder" in relation to the right to tiger's-eye in respect of any land; to make further provision in connection with the conveyance of tiger's-eye; and to provide for the forfeiture to the State of money or any other consideration, property or security involved in illicit transactions in tiger's-eye; and to provide that certain persons who have in their possession on a certain date more than a certain quantity of tiger's-eye, shall forward to the Secretary for Mines statements specifying the mass of that tiger's-eye; and for incidental matters.

(English text signed by the State President )
(Asented to 5 May 1979 )

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows —

1. Section 1 of the Tiger's-Eye Control Act, 1977 (hereinafter referred to as the principal Act), is hereby amended by the insertion before the definition of "mine" of the following definition:

"'holder', in relation to the right to tiger's-eye in respect of any land, means the person in whose name such land is registered in the deeds registry in question or, if the right to tiger's-eye in respect of such land is severed from the ownership of such land, the person in whose name the right to tiger's-eye in respect of such land is registered in the deeds registry in question;"'

2. Section 9 of the principal Act is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

"(1) Subject to the provisions of [subsection] subsections (1A) and (4), tiger's-eye shall only be conveyed by road from the land on which it was mined or from any place or premises where it is stored or is otherwise kept or present and only to the railway station nearest to such land, place or premises, and shall only be despatched by rail from such railway station, and only to the railway station nearest to the place or premises last mentioned, where such tiger's-eye is to be stored or otherwise kept, and shall only be conveyed by road from the last-mentioned railway station and only to the last-mentioned place or premises;"
Buying into asbestos

Has there ever been good reason for selling the farm unless it is to pay the mortgage or move on to greener pastures? With no apparent mortgage problems, the latter seems to be the main factor underlying the planned sale of Cape Industries’ SA asbestos mining operations to TC Land.

Terms of the proposed deal are due for release in a couple of weeks, but at this stage a tag of anything less than R30m-R40m would mean a sale at bargain basement prices.

Cape Industries, which is 69.6% owned by Charter, has as its main activity the manufacture of asbestos products in the UK. But its SA mining operations which produce crocidolite (Cape Blue) and amosite asbestos are not critical to the UK manufacturing operations. Cape Blue usage is banned in that country, and the company’s exports from SA are largely to Germany, the US and the Far East.

Last year, asbestos mining contributed R4.2m (R6m) to Cape Industries’ pre-tax profit—equivalent to over R1m after tax. Asbestos profits remain under pressure, with adequate supplies available from major producer Canada, and little prospect of a near-term improvement.

Even so, that would hardly be any justification for a sale pitched on a low earnings multiple. In today’s asbestos market an 8-times multiple seems reasonable, valuing Cape’s SA mining interests at about R35m. And Cape would doubtless want cash not shares.

Though no precise details of Cape’s local assets are available to shareholders, such a price is in the right ballpark. Last year, Cape completed its new Pomfret mill at a cost of R19m. But just what is Cape planning with the sale cash? Diversification of interests in the UK and Europe is one possibility. The sale to outsiders of SA mining assets by any part of the greater Anglo group is, as far as I am aware, unprecedented, and would probably only be contemplated, especially for a profitable operation, if there were bigger fish to catch.

But it is unlikely that this is part of Anglo’s overall strategy to raise funds in the UK in anticipation of a bid for control of Cons Gold and indirectly GIFSA (Fox, May 4). The cash would be put to better use in expanding UK and European building and insulation interests which last year weighed in with £104m turnover and £8.7m pre-tax profit compared with mining’s £25.7m turnover and £4.2m pre-tax profit.

From TC Land’s point of view, how would such a deal be financed? It needs diversification away from coal and chrome with major projects in the former nearing fruition and chrome unlikely to recover fully until the mid-Eighties.

TC Land’s chairman Tony Petersen...blue chips

At end-September the company had net cash of R19.9m, and in the six months to end-March retained a further R14.5m taking into account the dividend provision. But all this might not be available for acquisitions.

However, TC Land should have little problem raising additional funds if necessary either through borrowings or a rights issue. At the current 3700c share price, raising R35m would mean issuing about 1m shares—equivalent to a 14% increase in issued capital. If so, and if a rights issue is offered to shareholders, the share price could be under restraint for the next few months.
Exercise in futility?

Activities: Holding company with an 85% interest in Botswana-based copper/nickel producer BCL Limited.

Chairman: I K MacGregor

Capital structure: 18.0m ordinaries of P2. Market capitalisation R10,4m

Financial: Year to December 31 1978

Borrowings long and medium term, P229,7m; net short term, P14,2m. Current ratio 0,6. Capital commitments P30,2m.

Share market: Price 58c (1978-79 high, 76c, low, 18c, trading volume last quarter, 113 000 shares).

Production

<table>
<thead>
<tr>
<th>Product</th>
<th>77</th>
<th>78</th>
</tr>
</thead>
<tbody>
<tr>
<td>Copper (000t)</td>
<td>118</td>
<td>146</td>
</tr>
<tr>
<td>Nickel (000t)</td>
<td>125</td>
<td>160</td>
</tr>
<tr>
<td>Turnover (Pm)</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>Operating profit (loss) (Pm)</td>
<td>(5)</td>
<td>20</td>
</tr>
</tbody>
</table>

As the years roll by, Botrest continues to drain cash with no evidence that it will ever be a payable proposition. It has been a disaster for principal shareholders, Anglo and Amex, and, perhaps, the only rational for them continuing to throw good money after bad is that they wish to keep on the right side of government.

Granted, operational stability was achieved last year, with the smelter running at 94% of design capacity. And with a 22% increase in matte production to 39 500t, Botrest earned its first operating profit of pula 2m (1977: P5,9m loss) after paying royalties of P2.3m (P1,7m). But, after deducting interest of P26.9m, the loss on current operations was P24.7m (P31,6m).

Although production increased, total sales revenue for the year was roughly the same as in 1977 due to lower nickel prices. The average nickel price realised was 10c per lb at US $1,977/lb. Copper, at $0.62/lb, was 5% higher.

While the prices of copper and nickel were disappointing, that of cobalt rose substantially from $4,40/lb in January to $20/lb by December. Although cobalt in Botrest matte amounted to only 261t, it is now significant enough to justify further steps to increase production.

As if metal price problems were not enough, appreciation of the mark against the dollar continued to have a serious impact on Botrest's financial position. Notwithstanding expensive forward cover, the loan from Kreditanstalt fur Wiederaufbau increased in pula terms by P8.3m in 1978, and has increased by P38.5m since the loan was drawn down.

The financial reconstruction which replaced P75m of major shareholders' loans with 10% cum red prefs was designed substantially to reduce the interest burden from P27.8m to about P21.1m. Nevertheless, interest paid last year totalled a little-changed P26.9m.

The main effect, then, was to reduce principal shareholder exposure by P52.5m to P119.1m Overall, though, long-term and current liabilities increased by P5.7m to P214.9m, "mainly as a result of the strengthening of the DM."

While capex totalled P14m during the year, another P28m is planned for the current period — and substantially more will be needed if continued development is to be assured. To date, perhaps not surprisingly, Botrest has not found a source of additional funds. So, unless expansion plans are shelved, it looks as if Anglo will again need to come to the rescue, possibly involving ZCI and Minorco as well. Matters are not helped by P11m loans due for repayment this year.

Both Amex and Anglo committed themselves to continued support back in 1977 by agreeing to fork out up to P41.8m to meet Botrest's cash requirements to December 31, 1981 (other than for air pollution control) and the development of the second mine at Selebi. They also gave a direct commitment to provide up to P10m until December 31, 1983 for pollution control and P22m for the completion of phase 2 of the project.

The major projects planned provide for extended access to ore, rectification of plant defects, higher plant throughput and increased metal recovery rates. So far, the third flash furnace electrostatic precipitator has been commissioned, development of the underground mine at Selebi is under way as is the rail link between Selebi and the plant, and a 220t/day oxygen plant is due for completion by the end of this year.

Once expansion has been completed, the net result should be to raise the processing rate by 14%, improve metal recovery by 8% and increase matte production by as much as 20%.

Chairman Ian MacGregor warns, however, that despite these measures, the extent of losses already incurred and the group's heavy debt burden, together with dividend restrictions imposed by lenders, it is unlikely that any dividend will be declared in the foreseeable future. And that probably holds true no matter what happens to copper and nickel prices this year.

Which makes the share price of 58c more than somewhat academic. John White
Copper to the rescue

Despite the achievement of a R5.9m pretax profit (R3.5m loss) on the back of higher copper prices in the six months to March 31, and prospects of a slightly better second-half performance, Messina is not yet out of the wood.

Mining income rose sharply to R8.2m (R2.8m), when compared with last year's R6.8m total as copper headed towards the £1,000/t level. But although mill throughput fell to 1.4 Mt (1.5 Mt), resulting in a decline in recoverable copper to 13,900 t (14,100 t) smelter production rose to 14,900 t (14,600 t) helped by higher purchases of outside material. Income was helped by the increased 17,600 t (16,400 t) sales as metal stocks were drawn down.

Stripping out Mangula's R6.0m (R1.3m) first-half mining income, reversal of the Messina mine's continued loss-making position helped lift the contribution from other mining sources by 21% to R2.2m (R0.7m). But Messina mine still needs considerable development to re-establish adequate ore reserves and that will remain as a drag on distributions until next year.

A pressure burst at Mangula's Miram shaft was responsible for decline in mill throughput. Mangula milled some 910,000 t (934,000 t). Consequently, copper production of 1,000 t was lost. However, recoverable copper rose to 8,600 t (6,000 t), reflecting the improved grades in the newly developed blocks between 7 and 9 levels.

Sales-production match

Mangula still has to recover from the effects of the pressure burst, which will limit availability of new copper. And as stocks probably cannot be reduced further without affecting the group's marketing, second-half sales should closely match production. That indicates a sales tonnage drop to around 15,500 t and means that if LME copper prices average R50 in this half, against the first half's R90, income could in fact decline further from the first half.

Industrial interests still continue to maintain profitability. First-half income from this division rose 217% to R4.7m (R1.3m) due to cost-cutting in most subsidiaries. But the improvement was already established in the second half of last year when the industrial subsidiaries kicked in with a R4.4m income.

Premier Metals and Clarke Equipment are looking a lot better. However, it is unlikely that these subsidiaries could reach break-even by the year-end, but that they are still loss-making situations to help absorb part of fixed cost overheads.

The contribution of Autocast is unlikely to be significant this year, but a significant improvement is expected early next year as the motor companies require more locally-manufactured parts to comply with Phase 5.

Providing copper does not collapse and industrial earnings can maintain their advance, following first-half earnings of R6.3c a total of 3.4c could be on the cards.

Financial Mail May 25 1979
COPPER

Off the boil

A number of copper dealers have had their confidence shaken regarding the metal’s performance. In the last few weeks prices slid downwards from over £1 000/t at the end of April to current levels of around £940. At one point prices for spot delivery metal on the London Metal Exchange tested the psychologically important £900 barrier, while in the US quotations posted by the major producers, such as Kennecott, Phelps Dodge and Anaconda, tumbled to record levels of around $1/lb back, in some cases, to below 96c/lb.

Although the market was long overdue for a correction, the extent and speed of the decline took many by surprise. An essential ingredient was the heavy unwinding of speculative positions on the LME and also on New York’s Comex Copper Terminal. There were several reasons for this. The news from the Central African copperbelt, Zaire and Zambia, remains fundamentally bullish because of persistent production and transportation problems. However, many felt that copper prices had been propped up for too long at around £1 000 by the region’s problems, especially in the absence of fresh “bullish” intelligence.

Additionally, in recent weeks several producers in North America have announced plans to restart old copper operations or to launch new ventures. Analysts to one analyst the latter could add a further 200 000 t to the area’s capacity by year-end — roughly equivalent to a third of Zambia’s annual output. Elsewhere Mexico’s La Caridad operation is scheduled to produce around 150 000 t annually within the next few months.

These attempts to increase output are coming at a time when the US is heading for a distinct slowdown in economic activity — a trend which was predicted a long time before the leap-frogging jumps in oil premiums posted by Opec producers. Premiums could easily increase the length and depth of the previously short- and mild recession initially forecast. Analysts note in turn this could seriously affect US copper consumption, which last year reached a record 7.3 Mt precisely at the wrong time for producers, who are groaning in substantial investment funds.

Another factor which could easily depress copper further in coming weeks is the possibility of a solution to the Inco’s strike at Sudbury. The near resolution earlier this month helped drive copper down much further than current levels and could easily do so again as it would mean an extra 150 000 t of the metal coming onto the market annually.

Given that industrial consumption is likely to cool off in the second half of this year and that producers are going to try to increase supplies, many believe that the market in coming months could once again begin to turn on the ability or otherwise of the Zaireans and Zambians, who together provide roughly one-eighth of world output, to maintain a reasonable flow of copper onto the market at the reduced levels which for the moment have been discounted by speculators and traders as a central market factor.

However, most view this current turnaround in copper prices as a short-to near-term affair, assuming, that is, that the world oil shortage does not plunge the West into a deep recession.

The likelihood is that when the US and other industrialised countries resume generally firm growth rates again, even
The first two quarters of the current year are, however, unlikely to see the major benefit of plant modifications. Some work will not be completed until end-September.

In order to improve recoveries, Ergo is investigating the possibility of installing an activated carbon process which could cost R40 million. In addition, a cobalt recovery system has been suggested to assist uranium production because of cobalt poisoning of the reagents. This could cost R400 million. While a go-ahead of these modifications could be given this year, financing would presumably have to come from loans if the 50% total is to be paid in three years, however, the need for higher recoveries will be greater as supplies from higher grade Springs 2, 3, and the New State Areas will be exhausted. Thus could inhibit dividends, particularly when the tax shield expires.

The need to increase revenues could push the house into an investigation of a uranium plant which, if some analysts, could improve recovery from the current 20% to about 75% because much of the metal is in solution. However, the cost could be something of the order of R400 million, which would most likely have to be financed through some form of equity participation. NIM is currently working on new recovery techniques which could be incorporated in any new plant.

Currently the share stands at 530c to yield a prospective 9.4%. The operation is highly geared to the gold price, which appears to be on the way up. The yield is fairly attractive, but a purchase might best be left until the June quarter results are available in about four weeks, and proof of cost containment and improving grades is available. Des Ridente

100. Conversion of shares into stock.—(1) A company having a share capital, if so authorized by its articles, may by special resolution convert all or any of its paid-up shares into stock and reconvert such stock into any number of paid-up shares.

(2) Where a company has converted any of its shares into stock, the provisions of this Act which in terms apply exclusively in respect of shares, shall cease to apply to so much of the share capital as has been so converted.

101. Share warrants to bearer.—(1) A public company having a share capital, if so authorized by its articles, may, with respect to any paid-up shares, or to stock, issue a warrant (in this Act termed a share warrant) stating that the bearer of the warrant is entitled to the shares or stock therein specified, and may provide, by coupons or otherwise, for the payment of the future dividends on the shares or stock included in the warrant.

(2) A share warrant shall entitle the bearer thereof to the shares or stock therein specified, and such shares or stock may be transferred by the delivery of the share warrant.

102. Variation of rights in respect of shares.—(1) If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the memorandum or articles for authorizing the variation of the rights attached to any class
THE most noteworthy lease written in South Africa to date, packaged by Stannic and financed by the Standard Bank Group, is a Z100 million lease over an entire beneficiation plant to process blend coking coal to meet the future requirements of SA Iron and Steel Corporation — the State-owned steel producer.

The contract made financial history in South Africa as it is the largest ever lease of its kind in the world.

It was tailored to meet the corporation’s specific cash flow requirements at a time when long-term off-shore financing for South African projects was not available due mainly to the steep downturn in the economic climate.

Strategically the development of this project is of significance to the South African economy as the alternative would have been to import metallurgical coal at prohibitive cost.

The subject of my case study, however, is not the lease but a much smaller, albeit more interesting, case.

Before moving on to this subject I would like to discuss briefly one of the important considerations which have relevance to the crucial question of the lease: 

1. The size of the transaction: Need not be an inhibiting factor as the very large transactions can be syndicated. We are involved in the syndication of a syndicated rubber plant which will cost around Z100 million.
2. There are two aspects to the transaction: First, the amount of the transaction itself. In fact, an acceleration of depreciation as the taxpayer is permitted to deplete the plant for tax purposes by 25% of the cost thereof plus that year’s portion of the remaining depreciable value.

To the extent that it represents an accelerated tax shield, however, in discounted present value terms the initial allowance has considerable value to the taxpayer.

Having described the operation of suspensive financial leasing I would like to move on to one of the most interesting transactions that we have put together in South Africa and which a German company further its interests in the Republic.

The company is BMW which, following the successful introduction of the 7 Series in Europe decided to manufacture the vehicle in South Africa. The Standard Bank Group was consulted and provided the necessary means for the project.

It was decided to structure a type of “leveraged” lease in terms of which Stannic’s investment was geared up by the introduction of debt funds specifically for this purpose. These funds were provided by the Bayerische Vereinsbank of Munich, one of the main German banks to BMW AG. The Bayerische Vereinsbank contributed to the loan equal to approximately 85% of the capital cost of the equipment, and the balance was financed by Stannic.

Stannic entered into a lease agreement with BMW AG (SA) (Pty) Limited in terms of which the leasehold interest of the equipment purchased from BMW AG was made available to the local company.

BMW AG was paid the purchase price of the equipment by the Bayerische Vereinsbank, and by Stannic who simultaneously entered into a loan agreement with the Bayerische Vereinsbank in respect of the 15% they contributed to the loan.

The repayment terms of the loan agreement were arranged so that instalments coincide with rentals payable by BMW (SA) (Pty) Limited. The total lease payable to Stannic by BMW (SA) (Pty) Limited is less than the capital cost of the plant and the rate of interest payable by the local company is therefore negative.

The reason for this is due to a combination of the incentive allowances which accrue to Stannic and to the differential interest rate on the back-to-back loan and the rate of return required by Stannic.

As BMW (SA) (Pty) Limited did not have a sufficiently large tax base to enable it to take advantage of the incentive allowances, Stannic has, in fact, acted as a conduit through which foreign loan capital was introduced into the transaction and through which the value of the incentive allowances have been channelled through to BMW (SA) (Pty) Limited in the form of extremely low

Seen in conference: Mike Thompson (left) senior general manager, Stannic, and Manfred Schurts, of the Standard Bank International Division.
Old and new — that's how the IMF sees us

A trade profile

THE IMF classifies South Africa as a “more developed primary producer” along with Australia, New Zealand, Spain, Greece and Portugal. The economic structures and international trade experience of these countries have, in fact, much in common.

There are, however, a number of important distinguishing features, one being their dualistic nature.

In some respects the economy is modern and highly-developed, as can be seen from the importance of manufacturing in overall activity.

But other sectors remain an expression of this trade as the demands of the modern world.

Another feature is that the South African economy is “open” or trade intensive.

Imports and exports account for greater than 50% of total activity. Mining, particularly gold mining, is significant as an earner of foreign exchange, but also accounts for no less than 13% of gross domestic product.

Gold alone, is responsible for over 30% of all foreign exchange receipts. Even excluding gold, which is regarded as a monetary asset, South Africa is an important trading nation. It ranks about 20th in the world, being responsible for over 1% of world trade.

It is not surprising that primary commodities, such as base metals and minerals and precious stones and coins, should form the bulk of our exports.

What is significant about the composition of our exports is that it includes both industrial metals and minerals, which tend to move in sympathy with world industrial output, and hedge metals and minerals which tend to flourish in times of world inflation and uncertainty.

In addition, through coal and uranium, our exports have significant energy components.

South African exports have proved to be relatively stable and resilient throughout periods of international recession, inflation, and energy shortages. Imports (excluding oil and arms) are mainly capital and intermediate goods, like machinery, transport equipment and chemicals. These account for approximately 80% of the total.

Because of the nature of its trade, South Africa’s commercial links are mainly with the highly-developed industrialised countries, and more particularly with the United States, Britain, Germany, Japan, France and Italy.

Last year, the United States replaced Britain as South Africa’s major trading partner.

West Germany has consistently increased its share as a supplier to South Africa, in recent years, and now has a commanding lead in this respect.

Since 1972, the French share of the South African market has increased steadily from 3.5% to 6% last year.

Southern Africa has one of the main concentrations of mineral resources in the world. The other concentrations are found in the USSR and in North America.

The only important minerals which have not yet been found in meaningful quantities in Southern Africa are oil and bauxite.

There is significant scope for further exploitation of many natural resources, suggested by the fact that, in many instances, the share of production lags behind the share of reserves.

Domestic energy resources are mainly coal and uranium. Hydro-electric power offers only limited potential. Solar energy may become more important in the future.

South Africa’s energy sources and consumption are reflected in the adjoining table.

Energy use is predominantly based on electricity (generated principally from coal) and coal and coal derivatives. Combined, these account for 80% of overall energy consumption.

Imported oil represents only 15% of energy consumed, which is low in international terms.

Comparative figures for other countries are Switzerland 68%, Germany 53%, France 49% and Italy 68%. Japan’s dependence on oil is even higher.

Oil is used in South Africa mainly in the transport sector (10% of all oil imports) and then again, mainly in private transport.

To reduce its dependence on imported oil, South Africa is extending its facilities to produce fuel and chemical feedstocks from coal.

An oil from coal project, requiring investment of some $7 000 million, at current prices, is at present underway in the Eastern Transvaal, which will make it the largest individual industrial complex in South Africa.

Once on stream, it is estimated that SASOL II, with its extensions, will produce 50% of South Africa’s fuel requirements, based on 1978 consumption figures.

Obviously developments on the political front are crucial in assessing South Africa’s longer-term growth potential.

It is clear, however, that if South Africa can be effectively isolated from her traditional trading partners, it must have a serious debilitating effect on the country’s growth potential.

Against this possibility one must weigh up the vast natural resources and an abundant pool of unskilled labour.

A further positive factor is that current economic policies in South Africa emphasize the improvement of the longer-term functioning and effectiveness of the economy.

They are aimed at reducing government regulations in all spheres of activity. There is a firm belief in the right of private ownership and a confidence in the power of the market mechanism to ensure the optimal use of resources.

In the financial sphere this is reflected in low rates of growth of nominal gross national product and disciplined monetary management.

A further cornerstone of policy is the firm commitment to safeguard the interests and honour contracts with non-treaty nations.

It is my conviction that this mix of resources and sound management will ensure a resumption of strong economic growth in the 1980s.

In this way, our economic performance can be instrumental in solving our social and political problems and become the source of our survival.
First ore shipment from new manganese mine

JOHANNESBURG — Middelplaat, Manganese, Anglo American Corporation's first manganese mine which has been developed at a cost of R36m near Kuruman in the Northern Cape, has dispatched its first ore shipment through Port Elizabeth.

The maiden shipment of 14,900 tons of manganese ore was loaded onto the ore carrier, Australind, and shipped from Port Elizabeth on June 29 bound for a customer in Western Europe. A second shipment of approximately 50,000 tons of ore will be sent to another customer in Japan early in August.

The first trainload of 5,850 tons of ore from Middelplaat left Mamatwan station, which is situated close to the mine, on April 29 and a further five train-loads of similar tonnages have followed since then.

Loading of the ore is carried out at the mine's rapid loading terminal which is capable of loading 8,000 tons of ore in 16 hours.

Trains carrying the manganese on the 950 kilometre haul to Port Elizabeth comprise 100 trucks and have a weight of 1,725 tonnes.

The mine is to be officially opened by Mr Harry Oppenheimer, chairman of Anglo American Corporation, on August 29 and when at full production, Middelplaat will produce approximately 1.1 million tons of ore annually.

Production for 1979 is estimated at 200,000 tons and this output has already been sold.

Development of the mine started in the second half of 1976 and two access to the ore-body have been constructed.

A 464 metre deep vertical shaft has been sunk to provide housing capacity for the ore mined, while a 6 metre wide by 4 metre high inclined service ramp has been developed to allow the transport of men, materials and equipment down to the mining zone. This ramp has a total length of 2.5 kilometres.

Mining operations will be fully mechanised using hydraulic drilling jumbos and diesel powered rubber-tyred loaders with 23.5 ton capacity trucks. — Sapa.
Rustplat stpes up probe of UG 2 Reef

By DON ROBERTSON
Mining Editor

RUSTENBURG Platinum is sinking a prospect shaft on its claim near Potgietersrust, a move which is thought to be the first indication that the company has taken a final decision to develop the UG 2 reef.

First indications that Rustenburg was prospecting in the area were given as far back as 1970, when the directors revealed that a pilot plant had been set up at Drekop, which falls within Lebowa, in order to learn more about the reef and the associated problems in mining it and recovering the metals from it.

In the initial stages, most of the ore to feed the plant was drawn from the farm Hackney, but development from an old, vertical shaft on Drekop was advanced towards the reef so that the ore could be mined and tested.

The UG 2 lies under the currently-mined Merensky reef and contains the various Platinum Group Metals as well as chrome. Metallurgically, however, the UG 2 reef differs from the Merensky reef and it is necessary to use a different recovery process to beneficiate the various metals.

The pilot plant then was expected to be in operation for about a year.

In 1977, the directors said that operations were continuing in an effort to develop a suitable recovery process. The 1978 report reiterated that these efforts were continuing.

However, late in 1978, international contractual engineers, Foster Wheeler announced that it had developed a new smelting process which successfully produced platinum from the previously unexploited UG 2 ore body.

This led to hopes that a number of new mines would be developed in the Bushveld Igneous Complex.

It is expected that a major product from the mine, apart from platinum group metals, will be chrome.

The Bantu Mining Corporation has also expressed interest in the reef as a development for the Lebowa homeland and it will require outside finance for any project and so far nothing further has developed.

Rustenburg Platinum is the third group interested in the area and has carried out considerable drilling and research.

The sinking of the prospect shaft, in the area where platinum was first found in South Africa, is seen as significant. It is understood that a tunnel will be developed from the bottom of the shaft to further exploit the reef.

It will be a fairly narrow shaft and not particularly deep, but the cost involved suggests that Rustenburg is fairly committed to further exploitation.

Nobody from Rustenburg was able to comment on this yesterday.

The UG 2 reef and its qualities have been known for a long time. It contains more Platinum Group Metals than the Merensky reef, particularly rhodium. The difficulty in the past has been the problem of separating these from the chrome content.

Most important of these was expected to be a project by Texagult, which holds the American and South African rights to the recovery process.

The company holds the mineral rights over 10,000 ha in the area. Texagult is considering the development of a new mine at a cost of about R50-million.
It is hereby notified that the Acting State President has assented to the following Act which is hereby published for general information —

No. 82 of 1979: National Institute for Metallurgy Amendment Act, 1979
ACT

To amend the National Institute for Metallurgy Act, 1965, so as to empower the National Institute for Metallurgy to conduct metallurgical research and research into the properties, composition, recovery, extraction, processing and utilization of minerals and mineral products (other than fuel of an organic chemical nature) in any territory outside the Republic; to provide for the application to the president, officers and employees of the said institute of allowances, bonuses, subsidies and other similar benefits which are applicable in the public service; and to provide for the secondment of an officer or employee in the public service to the service of the institute, and of an officer or employee of the institute to the service of the State or another state or of any board, institution or body established by or under any law, or of any other body or person; and to provide for matters connected therewith.

(English text signed by the Acting State President.)
(Assented to 15 June 1979)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows —

1. The following section is hereby inserted in the National Institute for Metallurgy Act, 1965 (hereinafter referred to as the principal Act), after section 3.

3A. (1) The institute may, at the request of the Minister, undertake metallurgical research and research into the properties, composition, recovery, extraction, processing and utilization of minerals and mineral products (other than fuel of an organic chemical nature) in any territory outside the Republic on behalf of any person (including any government or administration) in any such territory.

(2) Subject to the provisions of subsection (3), the provisions of this Act shall, in so far as they can be applied, apply mutatis mutandis in connection with the exercising by the institute of its powers in terms of this section as if the territory in which it so exercises its powers is within the Republic.

(3) Research under subsection (1) shall be undertaken subject to such terms and conditions as may be agreed upon between the institute and the person (including any government or administration) on whose behalf research is to be undertaken, and approved by the Minister.
By ADAM PAYNE

SOUTH AFRICA would be able to produce up to 12 000 tons of uranium oxide a year in the early 1980s should the demand arise, the president of the Atomic Energy Board, Dr A J A Roux, said at the opening of the South uranium plant at Vaal Reefs mine yesterday.

He said that was a conservative estimate, and he was confident South Africa would be able to maintain this level well into the next century.

Production totalled 674 tons of uranium oxide in 1978, representing 11.4% of Western world output. Annual earnings at present amounted to about R560 million.

Dr Roux said South Africa's total uranium resources recoverable at a cost of $30 a lb or less were 825 000 tons. Resources recoverable at $50 or less a lb amounted to 625 000 tons of uranium oxide.

"About 9% of the country's resources occur outside the Greater Witwatersrand Basin, the most important being the recently discovered uraniumiferous coal deposits of the Nylstroom area, followed by the occurrences in the Southern Karoo.

"No decision has, however, yet been made regarding the ultimate viability of these deposits."

Discussing expansion at Vaal Reefs mine, he said that on completion of the extensions, the combined treatment capacity of the complex's uranium plants would be 750 000 tons a month, of which the Vaal Reefs South plant alone would account for 240 000 tons a month.

This increased capacity, calling for a capital outlay of R60 million, should increase revenue by R60-million a year.

Research into improved extraction techniques had never abated and following the adoption of new processes, the efficiency of uranium recovery was expected to exceed 90% in the near future.

Discussing the world energy situation, Dr Roux said "The energy supply which could be attained in the next few decades is easier to predict than is the demand for energy because energy supply is determined primarily by technology.

"Studies performed by organisations internationally prominent in the field of energy have indicated that, by the year 2020, the total annual primary energy supply could reach 1 000 exajoules, or more than three times today's supply.

"Coal, nuclear and solar resources will be called on to provide about two-thirds of the world's energy supply by that time, of which it is predicted about 30% will be provided by nuclear energy from fission.

"This is based on an essential but dramatic penetration of electric power supply by nuclear energy and an unprecedented development of uranium mining on a worldwide scale."

COMMENT: A significant part of Dr Roux's speech was his statement, not made before, that the discovery of uranium in coal deposits in the Nylstroom area is of more significance than the deposits in the Karoo, where several tubular deposits have been found.

Dr Roux's optimistic forecasts follow the presidential address by Mr Philip von Wieligh to the Chamber of Mines, in which he said the uranium outlook was encouraging.

He said that a worldwide review of nuclear power operational difficulties would be made following the Three Mile Island accident.

He was confident that the results would confirm the fact that nuclear generators were essential in a world faced with shortages of other fuels.

IRAQI THREAT

BAGHDAD. -- Iraq will impose an oil embargo on Canada if it moves its embassy in Israel from Tel Aviv to Jerusalem, says the official Iraq news agency.
'SA uranium production is increasing'

KLERKSDORP — For South Africa to keep its position as one of the leading uranium producers, it would have to maintain a high level of reserves of the mineral, the president of the Atomic Energy Board, Dr A J A Roux, said in Klerksdorp yesterday.

Opening South Africa's 18th currently operating uranium plant at Vaal Reefs, Dr Roux said in order to do that "we must not only spend wisely but must ensure that our limited resources of manpower receive the best training in the field of nuclear technology."

Dr Roux said "South Africa, I am pleased to say, has a reputation as a reliable supplier of uranium. Its production has steadily increased in recent years and in 1978, 13 plants owned by 18 producers produced a total of 4 674 tons of uranium oxide representing 11.4% of the Western World's production. Annual earnings currently amount to about R500 million.

"The Klerksdorp area accounted for 44.2% of total production in 1978, half being due to Vaal Reefs — a truly magnificent performance.

The Atomic Energy Board, in collaboration with the mining industry, has conservatively estimated that, should the demand arise, South Africa will in the early 1980's be in a position to produce up to 13 000 tons of uranium oxide a year," Dr Roux said, confident the country could maintain, or even exceed, this figure well into the next century.

The private sector were spending ever increasing amounts on exploration — by 1978 the figure was nearly R2 million, with the State contributing an extra R800 000 for airborne surveys alone.

Dr Roux acknowledged the "responsible attitude" of South Africans towards the use of nuclear energy — an attitude he said was unclouded by the emotionalism so often encountered in other countries. He also paid tribute to the mining industry and especially to the Anglo American Corporation "for the immense contribution it makes to the national well-being, and for the efforts devoted to uplifting a large portion of our population and providing greater job opportunities for them."

Through its enlightened and progressive approach Anglo had played a major part in making South Africa, regardless of colour or creed, a great country to live in," Dr Roux said. — Sapa
The only major producer which does not seem to have responded to the recent record prices is Bolivia, the world's second largest, which faces a multitude of labour and technical problems associated with high-altitude mining.

How large a surplus?

However this scenario only involves the likelihood of a developing "economic surplus". The overall excess of supplies could be much larger if the US releases "political" tin from its General Services Administration stockpile, which currently contains 720,000 t of the metal—roughly equivalent to one year's world consumption. The possibility of GSA releases has been under discussion in Washington for some time as part of an overall rethink of US stockpiling policy which, in view of the second world war, has encompassed a multitude of raw materials ranging from cobalt to duck feathers. However, the Armed Services Committee has blocked releases until the stockpiling policy is clarified. And to a degree this has now been achieved with the prospect approving stocks sufficient to see the US through a three-year war or similar emergency.

The House of Representatives had already approved broadly similar legislation, though the two bills will still have to be married together on certain aspects of stock finance. Once this is done, the way will be clear for individual inventory adjustment, including tin sales. To date, releases of between 10,000 t and 35,000 t have been discussed. But apart from the extent of overall releases, their timing and the mode of their disposal will be essentially important to the market. Assuming that releases begin within the next few months it could mean, some suspect, a further 5,000 t to 6,000 t of tin being added to the mounting economic surplus — and that could send the prices down below £5 000/t. Although some increase in the ITC's floor price (which the organisation has ample resources to defend) is expected in July, the new level may not be higher than £5 700 — an increase of £700. Support buying by the ITC would come in above that new level, but a persistent stock build up could nevertheless pressure the price well down towards it.

VOLKAS INDUSTRIES

On June 15 we wrote that Volkas's industrial interests are now under the direct control of Volkas Industrial Bank. The correct position is that newly-created subsidiary Volkas Industries controls these interests and it is this subsidiary which could be reversed into Bonusor.
Uranium mine ahead of schedule

WELKOM — The development of South Africa's "hush-hush" mine — the Beca mine 25 km south of Welkom — "is slightly ahead of schedule", Union Corporation officials told visiting journalists yesterday.

The mine will be the first in the country to primarily produce uranium with gold as a by-product.

The R300-million project (in 1978 money terms) is under tight security wraps watched over by the Atomic Energy Board.

No details of the grade ore reserves of uranium-bearing ore or details of sales agreements may be given, but the mine has concluded a long-term contract covering a "substantial portion" of its uranium oxide output from 1983 onwards.

An initial production rate of 100 tons of ore a month is due to be reached in 1982.

The main shaft at Beca has now reached a depth of 170 m of the planned 1,070 m.

The ventilation shaft was down to 390 m of the planned 675 m by the end of last month.

Workers have just started on the mill and uranium and gold extraction plants.

The latter will be the first in South Africa to make large-scale use of the "carbon in pulp" recovery process which is expected to give enhanced gold recovery.

Union Corporation spokesmen said that the timing of a public share issue in Beca had not yet been decided on.

Sapa.
U.S. slaps S.N.ban on South Africa

PRETORIA — Enriched uranium ordered by South Africa from the United States would not be delivered, the president of the Atomic Energy Board said here yesterday.

Dr. J. W. L. de Villiers said South Africa's payment for 12kg of enriched uranium had been returned.

The uranium was ordered for the Safari One reactor in 1975.

No alternative source for enriched uranium had been found but investigations and negotiations were in progress.

South Africa did have the technology to enrich her own uranium but the Government would have to decide whether this should be done, he said.

Safari One was already affected as it could only operate at about one-eighth of its capacity. This was affecting isotope production and the energy board's research programme.

Although South Africa had been expelled from the Board of International Atomic Energy Agency in 1977, she still had good international nuclear contacts.

If South Africa began producing enriched uranium in commercial quantities, it would be prepared to supply friendly countries subject to their "complying with certain conditions", Dr. de Villiers said.

Exports

The U.S. hinted that the uranium would not be coming two years ago when President Carter ordered an overall policy review on enriched uranium exports to countries which had not signed the Nuclear Non-Proliferation Treaty.

South Africa has not signed.

U.S. officials pointed out that the review was not specifically aimed at South Africa, but the then Prime Minister, Mr. John Vorster, accused the U.S. of reneging on its pledge to provide Safari One with the strategic mineral.

American officials claimed small amounts of highly enriched uranium had been delivered to South Africa. — (Sapa.)
U.S. stops SA uranium sales

Sales to South Africa cease

U.S. government decided to stop sales of U.S. uranium to South Africa.

The decision was made to prevent the spread of nuclear technology to South Africa, which is pursuing a nuclear weapons program.

The U.S. government had been supplying uranium to South Africa for a decade, but the decision was made to cut off all exports.

The decision was made in response to international pressure and concerns about South Africa's nuclear program.

The U.S. government has been under pressure to cut off all nuclear exports to South Africa, which is pursuing a nuclear weapons program.

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SPESIALE PAD VIR BLACK MOUNTAIN

DIE provinsiale administrasie van Kaapland het pas in 'n spesiale pad van 160 km voltooi, wat die sleutel is tot die ontsluiting van die minerale rykdom van die Swartbergmyn by Aggenys tussen Pofadder en Springbok in Noordwes-Kaapland.

Goudvelde van Suid-Afrika en Phelps Dodge van die Verenigde State, mede-eienaars van Black Mountain Mineral Development Company, is feitlik gereed om erts van die myn met die nuwe pad langs te begin uitvoer.

Die pad verbinding die myn met die uitwykspoor 10 van die Sussen/Saldanha-spoortreeks en Sink, lood- en koperkonsentraat sal met vragmotors van die myn na die spoorwegpunt vervoer word en sal dan daarvandaan per spoor na die kus geneem word vir uitvoer.

Padvervoercontract van Huisjies af toegeneen aan Jowell's Transport van Springbok, wat 'n lid van die Trenor-groep in Kaapstad is. Die eerste was vragte geneem na verwagting die myn vry in Desember verlaat.

Om die eerste fase van die vervoercontract te beheer, het Jowell's 'n bestelling ter waarde van meer as R30 000 van Sigma Power Corporation geplaas vir drie Mack-voorpanteenhede.

Elke Mack-eenhed sal 'n kombinasie van twee sleepwagens met 'n totale gelaaide massa van 88 t trek. Toestemming van reeds verleen vir houdbare buiten- en gewoon swaar vragte, wat beperking van 49 t kragtens die Padvervoer-wet gee oorskry.

Die Mack-verspreider, Sigma Power Corporation, is onlangs gestig as 'n volkome onafhanklike maatskappy van die Sigma Motor Corporation, met die doel om vragmotor- en grondwerktuigvir die beheer van Sigma Power het langermyn verspreidingsoorlog met Hitachi en Komatsu ten opsigte van grondwerktuie, en met Mack en Mitsubishi ten opsigte van vragmotors, asook vir Komatsu- en Amelco materialhandeltegoedings te verwesenlik.
MARLIN
Fishing for exports

Activities: Quarrying and extraction of granite principally in the Belfast and Rustenburg areas of the Transvaal. Associate companies extract and market quartzite and slate, and carry on certain engineering activities on a minor scale. Formerly Lemor Investments and before that LHL Engineering.

Chairman: P B Gain

Capital structure: 3.1m ordinary shares of 50c, 400 000 11.8% "A" red cum prefs of 10c, 1.6m 10% "B" red cum prefs of 10c Market capitalisation R4.9m

Financial: Eight months to February 28 1979 Borrowings long and medium-term, R150 000 Net cash R71 000 Debt equity ratio 1.6% Current ratio 1.4 Net cash flow R274 000 Capital commitments Nil

Share market: Price 155c (1978-79 high, 155c, low, 25c, trading volume last quarter, 230 000 shares) Yields 1.9%* on earnings, Nil on dividend PE ratio 32.5*

*Annualised

It is to be hoped that chairman Peter Gain will be more forthcoming at the agm on August 2 than the brief three lines confirmation that his expectations of taxed profit for the year to February 28 1980 remains unchanged at R1m

While understanding that Marlin does not wish to disclose more than necessary to the outside world, and competitors in particular, about its lucrative granite activities, we feel that outside shareholders are entitled to a broader picture.

After all, it was not so long ago that Marlin was a shell company with the name of Lemor, controlling the non-operational assets of what was once LHL Engineering.

The share is currently standing at a high of 155c, giving yield of 6.4% on the forecast dividend of 10c and an earnings yield of 17.2% on the forecast 26.7c.

Return on cap % 3.1
Turnover (Rm) 3.9
Pre-tax profit (R'000m) 81
Earnings (c) 2.0*
Dividends (c) 81
Net asset value (c) Annualised

With the small number of shares in outside hands and a flurry of trading activity in the last quarter (236 000), it appears that the market is anticipating a better result than that forecast at the time of the transmittal listing statement. The forecast 10c dividend would be covered 2.7 times by anticipated earnings. There could be "gold" in that granite, particularly once the entire production is exported and is thus not dependent on the gyrations of local building and construction industries.

The market is obviously anticipating better than forecast results, but until the company is more forthcoming, potential investors are advised to be cautious, particularly at current price levels. Nevertheless, Gain's track record with Elgin Fireclay speaks for itself. Indications are that the granite operation has potential to expand considerably without flooding foreign markets and there is some possibility of producing waste rock for roadstone which could reduce granite production costs.

Edward Harg

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results and dividends

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A = Annual report; § = After tax figure; l = Interim; * = 6 months; $ = 8months; v = Adjusted to 12 months; D = Dividend; = Annual

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issues

**FULLY PAID LETTERS OF ALLOTMENT**

| COMPANY AND TERMS | PRICE OF LETTERS | PREMIUMS
|--------------------|------------------|
|                    |                  | Penalty announcement
|                    |                  | Penalty announcement
|                    |                  | Penalty announcement
|                    |                  | Penalty announcement
|                    |                  | Preliminary announcement
|                    |                  | Preliminary announcement

**FINANCIAL MAIL JULY 20 1979**
SALISBURY — Geologists are taking another look at the chances of striking uranium in Zimbabwe-Rhodesia.

One expert has said there was "a strong suggestion" the strategic mineral may be found on the south bank of the Zambezi.

A recent air survey of Zambia, in which gamma ray detectors were used, found "a very promising uranium prospect" at Siavonga just across the border from Kariba, wrote Dr. Alan Reid in the July issue of Zimbabwe-Rhodesia Science News.

He is a member of the physics department at the University of Rhodesia.

"Geological evidence strongly suggests the existence of similar south bank deposits — which could most easily be located by an airborne radiometric survey," Dr. Reid wrote.

**Security**

Such a survey picks up gamma radiation from the uranium and records it on magnetic tape.

The tape is then used to prepare maps showing the highest intensity of radiation.

In 1977 the Anglo American Corporation proposed such a search over five areas between Wankie and Copper Queen but was unable to carry it out because of the security situation.

"An air survey plane is particularly vulnerable to terrorists because it must fly at a uniform altitude and in a uniform grid," Dr. Reid said.

In an article in the annals of the Rhodesia Geological Survey published earlier this year, the director, Mr. E.R. Morrison, mentioned that previous undisclosed prospecting had taken place since 1977 near Sinamatella, on the lake shore south-west of Kariba.

**Discoveries**

"Uranium mineralisation in the vicinity of Sinamatella, which has been known since 1958, was re-examined," Mr. Morrison wrote. No other details were given.

Mr. Morrison also wrote that "particularly promising" prospecting areas for uranium had recently been identified as a result of discoveries in neighbouring countries.

But he cautioned that "no economically significant uranium deposits have been discovered" in Zimbabwe-Rhodesia.

"However, in view of recent discoveries on the Zambian shore of Lake Kariba, in the Beaufort West district and elsewhere in the Karoo and in the western part of the D'amarin belt in South West Africa, the uranium-bearing potential of this country must be reassessed." — (Sapa.)
### Central Anomalies

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Looking green

The copper market is in deep trouble again. Only a few months ago trade and industry experts were anticipating an average price of well over £1 000/t throughout this year, after a prolonged period of depression in the world copper industry characterised by sluggish industrial demand and record inventories, which at one stage threatened to substantially exceed 3 Mt.

This week, copper wirebars have been trading nervously at just above £800 on the London Metal Exchange, the internationally accepted barometer of conditions in the world copper market. A week or so ago things looked worse still when copper wirebar prices dropped below the psychologically critical £800 level — and indeed copper cathodes, traditionally at a discount to wirebars, continued to trade well down in the £700s.

The problem is that copper, a mass-produced metal with a host of industrial applications, especially in the electrical industry, has caught a severe case of the recession bug. Additionally, producers have tended to react over-enthusiastically to previously-improved price levels. And as far as sterling copper price quotations are concerned, they have been further depressed by the ever-mounting value of that currency against the hard hit dollar.

Summing up the situation in its latest market report, commission house traders Horne Halsey Stuart commented: "The complete lack of confidence in the dollar, coupled with the recession when the West is rapidly sailing into, must seriously jeopardise the base metal's prospects for improvement. The company feels that only a change in the fortunes of the dollar or "a battle to unredact fundamental development" will give LME copper prices "the necessary impetus."

Originally the copper market was expected to weather the forthcoming mild downturn in western economic activity reasonably well. Though the rapid price increase which saw the metal rise to well over £1 000 over the last six months or so was not expected to be maintained, those predicting a return to around £800 were definitely in the minority. The situation, of course, changed substantially in the wake of Iran's decision to reduce oil supplies and the consequent decision by Opec to raise oil prices to a level roughly 50% above prices ruling a year ago. In turn, this has caused many people to suspect that the West is heading for a much deeper than expected economic recession and that is bad news for such a commonly consumed metal as copper, analysts point out.

Meanwhile, an unfortunately over-enthusiastic reaction by copper producers looks set to continue to take its toll on the copper price. In the US, for instance, most leading copper producers announced plans this spring to boost output after four years of cutbacks. This alone, some analysts suspect, could this year add a further 200 000 t to world copper supplies — roughly equivalent to one third of Zambia's annual output. Additionally, Mexico's giant La Caridad copper mine recently came on stream — it is likely to be producing around 150 000 t of copper a year — though mercifully for other producers Iran's massive Sar Cheshmeh complex has still to be activated due to the revolution and its aftermath.

The severity of the market turnaround caught a number of participants in the key LME market by surprise — with some brokerage concerns making substantial losses. But where does the price go from here? "With sentiment about the economy ghoum and sterling possibly running further," says London brokerage house Intercommodities Ltd., "the upside potential in copper at present looks limited and prices could fall further. According to LME ring dealer member Flax Ltd. — a severe bout of either transport or production problems in the Central African copperbelt or industrial hitches in Chile or Peru major analysts are expecting minimal price movement in either direction in the near future and for the time being the world's producers will have to learn to live once again with depressed price levels.

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* Standard & Poor Index.

The recovery fades out

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ASBESTOS

Grounds for concern

As usual, half-time reports from the two quoted asbestos producers contain the caveat that results reflect seasonality in fibre sales. But though second-half sales should be higher than first-half, few analysts are prepared to count on any major near-term improvement in asbestos markets. This, coupled with the weakness of the Canadian dollar, the currency of the world’s major producers, means there could be problems for local producers in achieving any meaningful year-end rand-denominated price increases.

Msauli: Last year, second quarter asbestos sales were made at an average price of R208.2/t. This year, they were recorded at R201.4/t. But this cannot be seen in isolation. This time last year, fibre recoveries averaged 11.1%, so this year’s second quarter 9.6% recovery, indicating a lower percentage of shorter fibre recovered and, presumably, sold is an added indication of stiff competition in world asbestos markets.

Not that Msauli’s management appears to be particularly worried about results for the full year. Though mill throughput advanced to 226 000 t from the first quarter’s 198 000 t, unit production costs advanced to R87.1/t (R83.2/t) of fibre. The interim dividend has been hiked to 20c (17.5c) from first-half available earnings of 22.2c (18.6c).

A poor year-end?

Normally, second-half sales are ahead of first half, especially as consumers stock up during the fourth quarter ahead of normal year-end posted price hikes by the Canadian majors. Nonetheless, there are grounds for caution on this year’s second-half results. Last year, second-half available earnings were 39.8c and 35c final declared.

Capex this year was slated in the annual report to be some 50% higher than last year’s R651 000, pointing to more than R700 000 — equivalent to 10.8c a share — being spent in the second half. Until world economies start recovering, there may be little scope for year-end Canadian benchmark price hikes and thus some reticence on the part of consumers to stock up ahead of them. Until third-quarter results confirm the normal second-half sales and profit upturn, at 34c the shares seems fully valued.

Gefco: Much the same marketing considerations apply as to sister mine Msauli. But in addition, mining operations appear to have moved into lower-grade areas with a drop in fibre yield to 12.7% from the first quarter’s 14.4%. At this stage, it seems unlikely that the lower yield was due to lower production of shorter fibres as second-half sales revenue slipped to R344.6/t from R546.8/t in the first quarter.

Increasing mill throughput has resulted in better unit cost control, though on a per ton of fibre basis, any gains were more than counteracted by the lower average yield.

On first-half available earnings of 16.6c (22.2c) a 20c (24c) interim has been declared. So unless the second half shows a major improvement in turnover and profit, it might be difficult to repeat last year’s 31c final even though second-half capex is slated to be lower than the first half’s R652 000.
c) Ander lede:

Nnr K. Bosman
Professor A. Cupido
Nnr N. Daniels
Nnr Achmat Dadoo
Professor R.J. Davies
Professor J.J. Deegenaar
Nnr René de Villiers
Dr T.O. du Plessis
Professor J.J.F. Durand
Professor J.B. du Toit
Nnr A. Friederman
Professor R.F. Fuglie
Nnr G.J. Gerwel
Kerw. D. Guma
Professor A. Paul Hare
Dr Gerhard Heydorn
Nnr P.A. Jacobs
Nnr H.M. Jumba

Nnr H.W. Middelmann
Kerw. W.T.L. Kolesane
Professor A.D. Muller
Sheik A. Nuur
Nnr Victor Norton
Professor J.J. Olivier
Nnr L. Phillips
Professor H.F. Pollak
Kerw. W.J. September
Nnr F.M. Sonn
Nnr J.H. Steyn
Nnr R. Tobas
Professor E.E. van der Romen
Professor J.H. van Ruyven
Kerst. S. Walters
Professor P.A.H. Wilson

D) Twee Eer-Fellows:

Professor J.L. Boshoff
Dr Sheila T. van der Horst

Lede word na die algemene jaarversameling van die Maatskaplike Wetenskapskongres in 1971 toegegaan en kies elke drie jaar 'n verteenwoordiger op die Hoërseerad. 'n Verkiesing is in 1978 gehou en die huidige kandidaat is Biskop A.W. Habelgaraarn. Terwy van verpligtinge aan lede opgeëis word nie, word hulle geraadpleeg in verband met sake wat die Sentrum se program raak.

NAVORSING

Gedurende die vergaderings is die navorsing van die Sentrum by die volgende behels:

A. Nobelprestige en Politieke Verandering in Suid-Afrika

Hierdie projek is vir elke jaar gelede aangepas. 'n Onderzoek onder die kleurling bevolking van die Kaapse Skiereiland is onderneem. 'n Aantal tydelike navorsings-
boom forecast
the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service in different proportions, then by means of Linear Programming, though usually presented in the simplified

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of objective. But what tools are available themselves? Can anything be said to be given to particular diseases or to child welfare clinics or care overall criteria are needed, and they way that they can guide these detailed essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the end it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:
(a) to know the cost of pursuing each objective;
(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;

Financial statistics are not traditionally used to allocate funds. But where now is the allocation of funds? The BOTREST has been determined to allocate funds to this basis but in on this basis but in

(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford - so many geriatric day care centres, so many child welfare clinics, etc.

Still no light

Pole, an economic

Boyer's calculating shareholders must have been advised to sell

Botte's calculating shareholders must have been advised to sell

Botte's calculated shareholders must have been advised to sell

He adds.

"In practice, it is not different between two utilities in the health question whether to test community is a technique whatever are the society group? But community good thing in itself, the medical and economic politicians and administrator, but the economist's conc

Programme budgeting, then, can be made on the basis of administrative or economic, together with medical-technical criteria, and those in which the role of the public through political
R 250 m Beisa mine holding its secrets

By Michael Chester, Financial Editor

The new Beisa uranium mine near in embryo 25 km south of Wolsdorn, which looks likely to prove the costliest of the three, has become the most secret mining venture in South Africa.

The secrecy is enforced by the Atomic Energy Board in its blanket embargo on the release of details about uranium production and shipments, now to be regarded as classified information.

DISMISSED

However, once gained the impression that Union Corporation in fact rather enjoys the security wraps, at least for the moment, while it strives for a head start over its rivals in the exploitation of the uranium and gold deposits in the southern fringe of the Witwatersrand Basin extension.

The news embargo entitles them to stay mum when quizzed about the possible riches and longer-term prospects of the mine.

It is ironic that Union Corporation dismissed the exact site as a disappointment on the negative results, which emerged from first borehole tests made back in 1938.

Interest was reawakened when a uranium-bearing reef was located on a return of the drilling gear in 1973, when the ore body was stirring and the world started to take a more urgent look at supplies for future expansions of nuclear power programmes.

While the Atomic Energy Board holds back on information about individual mines and their exports and selling prices, it provides a national overview which shows the growing importance of uranium.

New calculations put South Africa's annual earnings from uranium at about R500m a year, accounting for 11,4 per cent of total Western world production.

On current planning, output of uranium metal will rise from 3,961 tons last year to 8,200 tons by 1984. Depending on demand, production could be lifted by around 11,000 tons a year by the mid-1980s.

The tempo of exploration was put at full speed and a year ago the formal go-ahead was given for the first new mine in South Africa planned primarily as a uranium producer with gold as a by-product, rather than the other way round.

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UNLOCK

Hints of the size of the treasures it is hoped to unlock come with estimates that capital expenditure will run as high as R250m by the time the Beisa mine is in full production in 1982 — by far the biggest bill paid by Unicorp for a new mine because of the inflation复印.

But nerves are relaxed in the executive suite at Unicorp House in Johannesburg already with production of an initial 100,000 tons of ore a month still three years away, a long-term contract has been negotiated to absorb a "substantial portion" of the uranium oxide.

FINANCE

Here again the security embargo comes in to block the identification of the buyer, the direction of the shipment, the value of the contract, the precise amount of uranium oxide.

Such secrecy may only become a problem if and when Unicorp presses on with the idea of an offer of shares to the public.

Both Anglo American and Gold Fields have joined Unicorp with adrilng operations in the area.

But not a word or a hint from the Beisa team as it pushes into the lead.
Anglo will have to wait

BY SIMON CORINN, Mining Correspondent

for manageable profits

Business
LONDON — The South African mines will be able to sell all the uranium they produce in spite of possible surpluses on the world market over the next four years. The prices in the absence of stronger demand are unlikely to fall below $50 per pound. That is the forecast of Mr. Elbourne, who predicts that the price of uranium will remain at its present level of about $60 per pound. He based his forecast on the fact that the demand for uranium is expected to increase in the near future. Mr. Elbourne pointed out that the prices in the absence of stronger demand are unlikely to fall below $50 per pound. The mines in South Africa are expected to produce about 50,000 tons of uranium in the next four years, which is sufficient to meet the expected demand.
URANIUM
SA’s secret

"Nuclear energy is as deeply involved in politics as oil — if not deeper" - Dr Ampie Roux, chairman of the Uranium Enrichment Corporation, in an interview with the FM this week.

Many years ago, when the government decided to start work on its secret uranium enrichment process, there was a fair amount of public criticism — and scepticism — over its plans. As in the case of Sasol’s oil-from-coal project, it was argued by many that such expenditure could not be justified when it

"I have no doubt in my mind that when we’ve expanded the pilot plant this expansion was authorised by government in February last year, and is well under way, and if the market opens up again, we’ll consider this kind of further development," he adds.

Dr Roux says the current expansion of the pilot plant to a production plant will mean SA should soon have a "semi-commercial" unit, and one that could develop further should government decide to take this course. "There are no plans the demand for electricity generation." At the moment, however, there is more than enough produced by countries such as the US to meet the world’s requirements. And it was this problem that caused SA to suspend plans for Ukor’s development some years ago.

Says Roux, "Before the pilot plant came into operation we had given consideration to the next phase, which we had hoped would be a large-scale plant. We always said, however, that a decision would be taken in 1978, whether to go ahead, and if so, what the size of the plant

both oil and enriched uranium could be imported far more cheaply.

Both decisions have shown themselves to be prescient, even if fortuitously so SA faces the possibility of total exclusion from the world oil markets, and the US has shut off the supply of enriched uranium — at least for the time being.

Now, the FM learns, SA is not only in a position to meet locally the needs of the Koeberg power station, but could supply sufficient enriched uranium to meet all Escom’s needs as, far as additional power stations are concerned — should the decision be taken to expand its production capacity accordingly. Moreover, says Dr Roux, should government give the green light it would be a relatively easy matter to go commercial and export enriched uranium if market conditions warranted.

yet, as this would be a matter for the government, not the corporation to decide," he explains.

In the past, however, government has met virtually all Roux’s requests on behalf of Ukor. And if SA’s negotiations for highly enriched uranium from the US finally break down, sources close to Prime Minister P W Botha believe he will encourage Roux to go full steam ahead.

Significantly, too, Roux believes the international demand for enriched uranium will increase substantially by the mid-Eighties. "There’s an overproduction of separative work (enriched uranium) right now. How long it will last is not easy to say. But I think the market for enriched uranium will start opening up again after the mid-Eighties because that will be the only way the world will be able to meet the demand for electricity generation." At the moment, however, there is more than enough produced by countries such as the US to meet the world’s requirements. And it was this problem that caused SA to suspend plans for Ukor’s development some years ago.

Says Roux, "Before the pilot plant came into operation we had given consideration to the next phase, which we had hoped would be a large-scale plant. We always said, however, that a decision would be taken in 1978, whether to go ahead, and if so, what the size of the plant

would be.

In fact, we took a decision earlier — in 1977 — because it was clear that the market for enriched uranium was such that there was no room for a large scale plant. At that stage, we decided as a first step to expand the pilot plant into a production plant for our own needs, and not for marketing enriched uranium elsewhere in the world. That is what we’re doing now.

If, as most experts believe, the market situation alters to such a degree that SA reverses this decision, Ukor would have to produce enriched uranium, not only in volume, but at an attractive price. Can this be done? Roux reckons it is quite possible. "If we expand the plant to a large enough size, we could produce at a competitive price," he avers.

Financial Mail July 12 1979
Surplus uranium market expected

Mercury Correspondent

LONDON — The general consensus among delegates at the fourth annual symposium of the Uranium Institute here is that the uranium market will remain in surplus over the next few years.

Mr. Dennis Etheredge, head of Anglo American's gold and uranium division, said South African producers would not have any difficulty in selling their uranium. However, they would be subject to world market forces as far as prices were concerned.

Mr. Etheredge expects prices to remain flat at least in the next two years and that the uranium spot price trading in a range of 41 to 43 dollars, he pointed out that the price had actually declined in real terms over the past year.

Oversupply

Mr. Barry Lloyd of Ranger Export Development, the marketing agent for Australia's Peko-Wallsend operations, also said that until 1985 an oversupply situation was likely. Thereafter, rapid production expansion was necessary to meet producer needs.

Mr. Jack Edlow of Edlow International Company, a U.S. company in the nuclear materials transport field (clients include the Atomic Energy Board of South Africa and the United Kingdom Atomic Energy Authority) says there is no shortage of uranium in the United States.

Inventories

He says that inventories in the industry range from two to four years and there is more than sufficient uranium to meet demand.

All these experts and the Uranium Institute itself flatly contradict the claims of U.S. economic and technical commentators Elliot Janeway, who claims there is a shortage and that the uranium market will boom.

The experts, however, do not believe that the market will slump. They expect a balanced situation with more than sufficient supplies to meet demand. In other words, they do not foresee any dramatic improvement in the price, although there could be short-term temporary dislocations.
Silver’s role in gold chase

By NEIL BEHRMANN

LONDON. — The silver market has had an important influence on gold in the past month because extraordinary speculation filtered from one market to the other. Although it is a chicken and the egg situation, any adverse development in the silver market could affect gold — this time downwards.

Although there is no certainty that this will happen, brokers report that there are several speculative and brokers who are in financial distress.

These traders have been badly hurt even though the silver price doubled in London in a mere six weeks and rose by 85% in the United States.

Dealers report that the seeds of the rush into silver when catapulted into a dramatic rise of 30% in a single day were sown on September 13. On that black Thursday for the silver bears, both gold and silver dipped in early trading on Comex and the Chicago Board of Trade. Several speculators sold short, hoping to buy silver back at a profit at a lower price.

But within minutes, the price surged to the maximum limit allowed in a single day’s trading. The bears could not get out of the squeeze and the more sophisticated speculators bought in London the following day to cover their short sales.

Unfortunately for them, prices rose even higher and many were forced to cover in at huge losses.

A silver contract in New York consists of 5,000 ounces, so a rise of $3 is a loss of $15,000 dollars for a bear. In London the contract is 10,000 ounces and a fluctuation of $3, as happened on one day, means a loss or gain of £20,000.

Dealers say there were dramatic increases in margins, but trading continues to be hectic with prices ranging between £7 and £8.50 in London and $13 to $16.50 an ounce in New York.

However, there have been enormous profits as well, mainly by wealthier investors who have been able to take delivery of silver.

Some dealers attribute silver’s sharp gains, especially in August and early September, to Mr. Norton Wallach, a veteran commodity trader and member of Commodity Services.

The dealers say Mr. Wallach was amassing a huge position for a group of undisclosed clients.

Some believe these clients demanded delivery and suspect that they are Arabs. Yet others talk of Bunker Hunt.

Mr. Wallach’s mere appearance on the floor of Comex one day reportedly moved the silver price up by 30c in a matter of minutes.

Another theory is that the Soviet Union has been a big buyer of silver.

Mrs. Rosemary van Masschenbroek, director of Metals and Minerals Research Services, studies the silver market, and says that when the price was around £3.60 an ounce in London and $7 in New York, large US consumers bought silver in expectation of a rise in price. It was already evident that there would be a shortage of silver.

World consumption exceeds production of silver each year and the balance must be met from secondary sources as the melting of coins, scrap and sales from India.

India’s silver supplies were built on huge imports in the late 1800s and early 1900s. Some people estimate that during this period Indians bought 3,000 million to 4,000 million ounces of silver. The wealth of an Indian woman is measured on what she wears, so silver bracelets and the like are in demand.

In February this year, the Indian Government banned silver exports.

Mrs. van Masschenbroek estimates that Indian silver exports will fall from 28 million ounces to 10 million ounces this year.

To take matters worse, few-er governments and individuals are prepared to sell their silver coins now that prices are heading skywards.
in 1982
stream on
Koopergeb

DR P. HUGO DUBBOY, President of the Atomic Energy Board, contributed this article

...
The copper market has gained strength in recent months, but the market has faced some challenges. The copper market has been affected by the global economic downturn, which has led to a decrease in demand for copper. The copper market has also been impacted by the trade war between the United States and China, which has led to uncertainty in the market. Despite these challenges, the copper market has shown signs of recovery, with prices rising in recent months. It is important for companies to stay informed about the latest developments in the copper market in order to make informed decisions about their investments.
PLATINUM

Time for caution

If there is one thing SA producers are not going to do, it is go overboard on free market platinum’s gallop through the $480 level. The fact that free market metal peaked at $485 on Tuesday is, rather, cause for some concern.

As Impala’s Ian Greg points out in his latest chairman’s statement, imports by the world’s largest platinum jewellery market, Japan, slipped 7% during the first half of this year. And that was before free market metal had really tested the previous peak of over $430.

Adding to this, Rustenburg MD Ken Maxwell warns that lower-income Japanese buyers are currently resisting higher platinum jewellery prices. The resistance is mitigated to a certain extent by the fact that gold and diamond jewellery prices have also advanced, but high platinum prices could put the kibosh on developing jewellery markets in Europe and North America. And, according to Johnson Matthey in London, Japanese imports are currently running at a monthly 60 000 oz compared with averages of 80 000 oz last year.

Rustenburg’s 15c (8c) final dividend declaration following the 5c (nil) interim underlines the company’s caution. On a 60% higher metal sales turnover, as producer platinum prices were steadily hiked to $360 and other pgm followed suit, Rustenburg’s net operating profit advanced 165% to R158.8m (R59.9m) at the after-tax level, and taking into account a R25.7m (R17.2m) provision for renewals and replacements, attributable earnings were 26% ahead at R77.3m (R59.9m).

But as far as Rustenburg is concerned, caution is the order of the day. Rustenburg has repaid its entire R48.5m long-term debt, meaning that if markets do fall apart next year, it has a strong balance sheet to base further borrowings.

Meantime, however, following Impala’s announcement of a R45m-R52m capex programme aimed at boosting notional annual production capacity to over 1m oz, Rustenburg’s capex seems set to advance to around double last year’s R47.2m. Expansion capex is slated at around R50m, ongoing capex at around R30m, and R28m earmarked over the next two years for Rustenburg’s 50% participation in Matthey Rustenburg Reimers’ planned nickel/copper refinery.

Expansion capex will no doubt be underpinned by customer guarantees, but it still means dividend restraint this year even if there are further producer price hikes around the corner.

But much depends on the free market’s volatility. The August producer price hike to $350 followed closely on a near-term bottoming of the free market price. And that may have contributed to the free market’s latest lift-off. So given that the producers are happiest with a stable market, they may be circumspect in further increasing their quotes.

Just what difficulties could be in store if higher producer quotes are posted is clear from Russia’s recent behaviour. Though the Soviets have only been delivering contractual platinum at an annual rate of around 400 000 oz since mid-1977, compared with around 700 000 oz previously, they have hit snags. It was largely the reduction in Soviet sales to the West that triggered platinum’s price rise of the past two years. But the Soviets, though selling on a “long-term” contractual basis, tend to set prices monthly at levels related to the free market.

Now, Western consumers are backing off. The result that Russia this week has largely turned to Western metal traders. On that basis, despite platinum’s attractions as a speculative hedge in line with advances in precious and non-precious metals, additional free market supplies could cause an early price crack. And though it is unlikely at this stage of the game, platinum price declines could be self-feeding.

The market’s view

The market has given its view on platinum’s near-term prospects. After advancing from 355c last Wednesday to a high of 395c on Tuesday, Rustenburg’s price slipped back to 370c on Wednesday ahead of the disappointing dividend announcement. Impala’s price movements were similar, closing last Wednesday at 450c, peaking at 470c on Tuesday and reversing to 445c by this Wednesday’s close. The two producers’ movements were no reflection of golds’ performances, with the RDM gold index advancing 42.2 points from Thursday’s close to 417.1 on Tuesday.

What it adds up to is that, at least near-term, investors should take a leaf from management’s book and be ultra-cautious on platinum. Both producers are set for substantial earnings advances this year on the back of higher average pgm and nikel prices, but both should remain conservative on dividends. Current share prices could be discounting a post slump improvement — if the slump eventuates...

Jim Jones

PLATINUM PRICES IN THE SPOTLIGHT

Financial Mail October 5 1979
To the shareholders,

The directors present the following report for the nine months ended 30 September 1979.

<table>
<thead>
<tr>
<th>PRODUCTION AND SALES</th>
<th>Metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Quarter ended 30 September</td>
</tr>
<tr>
<td>Copper</td>
<td>1979</td>
</tr>
<tr>
<td>Production sales</td>
<td>29 444</td>
</tr>
<tr>
<td>Ore milled</td>
<td>28 644</td>
</tr>
<tr>
<td>Average copper grade</td>
<td>6 672 914</td>
</tr>
<tr>
<td></td>
<td>4,8%</td>
</tr>
</tbody>
</table>

Sales of other products
- Magnetite
- Sulphuric acid
- Vermiculite
- Uranium concentrates (kilograms)
- Precious metal content of anode slimes (ounces)

1. In a circular dated 23 August 1979, shareholders were informed of the decision to proceed with a further expansion of the open pit mining operation both in depth and in lateral extension. Shareholders were also informed that participation of the Phosphate Development Corporation Limited (Foskor) in the new project was essential to ensure its economic viability and that Heads of Agreement establishing the principles of this participation had already been signed.

A final agreement embodying terms which will be of considerable economic benefit to your Company and Foskor was signed by both parties on 8 October 1979.

This agreement has now been referred to the Minister of Mines for his approval.

2. The 1978 Annual Report stated that there would be an estimated loss of about 5 000 tons of copper production while the defective shells of the two autogeneous mills were being replaced in mid-1979. This estimate assumed a total change-out period of 120 days for both mills.

When the construction programme for this was finally drawn up, the period was reduced to 72 days but due to detailed pre-planning and an intensive construction effort the change-out was completed on 3 August 1979 in a total of 58 days. As a result it is estimated that only 2 400 tons of copper production were lost.

Production in 1979 has also been adversely affected by a drop in the average copper head grade from 0.51% copper in 1978 to 0.49% copper this year. The decrease arose from the necessity to mine in areas of lower grade ore which occur spasmodically in the orebody and which have to be removed to ensure the orderly development of the open pit mine.

By order of the Board
Rio Tinto Management Services
South Africa (Pty) Limited
Secretaries
per. G. H. Edwards

18 October 1979
Metal markets, suffering the recession syndrome, did not react to news that the US Senate had authorised the sale of 35,000 tons of surplus tin from GSA strategic stockpiles. The LME tin cash quote fell marginally to 17.350 (27.470) with London opinion that the GSA metal is unlikely to start reaching the market until next January at the earliest.

Reasoning behind this is that the Senate's Bill must now be reconciled with the one passed by the House of Representatives. The difference between the two is reported to concern the disposal of 140m oz of silver. London traders, apparently,

expect the silver sell will be scrapped, but by the time the legislative processes have been followed, it will be some months before the tin can be released.

Local producers, however, continue to benefit from high tin prices, although Roosberg and Union reported lower profits for the September quarter. The companies maintain that tin supply balances demand, and that the GSA releases, although comprising about 20% of annual Western world consumption, will not greatly affect the metal's price. In any event, the US still has to pay attention to complaints from third-world tin producers.

Roosberg

Production for the September quarter was 534t (494t), but sales fell to 432t (561t). However, the sales position for the nine months to end-September is considered satisfactory at 1.596Mt (1.854Mt).

After the "A" mine's June quarter grade fall, the overall average yield rose to 0.6% (0.57%) tin Grade at "A" mine improved to 0.5% (0.45%).

Average revenue per ton for the third quarter was R11.954 (R11.163), with the year to date averaging R11.019 (R9.182). Despite higher productivity, cost per ton of tin sold increased 4.1% to R5.382.

The new smelter came into operation on October 4. Full production should be reached next year.

If this year's sales equal 1978's 2.369Mt, then, assuming an average tin price for the year of at least R10.000, gross profit could be around R13.000. By end-September, gross profit was R9.200m.

With a further R2.5m capex planned in the final quarter, after a similar amount in the first nine months, the tax rate should work out below last year's 33%. So a taxed profit, before capex, of about R9.5m (R9.3m) is likely, leaving room to hold last year's 140c final after the 30c (40c) intermed, putting the share on a 10.2% prospective yield.

Union Tin: Results were better than expected in the September quarter with grade well up at 0.68% (0.58%) following intersection of several patches of high-grade ore. Sales shipped to 951 (1,091) from production of 131t (921) because of a change in contractual sales of flotation concentrates going to the US instead of Europe. This quarter production is expected to fall to the average for the year to date.

Average revenue rose to R10.157/t (R9.330) but higher unit costs cut profit to R4.021/t (R4.778). Gross profit from operations fell to R382,000 (R516,000), giving R276,000 (R588,000) attributable earnings before capex. Capex for the nine months to end-September was R290,000, and the year's total is expected to be about R160,000.

A 9c (6c) dividend was declared in July, and a repeat of last year's 12c final appears likely, putting the share, at 245c, on a prospective 8.8% yield.

Zaaplaats: In line with other producers, the mine benefited from recent high tin prices, and reported taxed profit for the quarter to end-July of R268,000 (R143,000). Taxed profit for the year was R677,000 (R497,000), from which a unchanged 40c dividend was paid. A question mark hangs over the year's profits, once the Roosberg smelter comes into operation. Zaaplaats will lose about 70c of its smelter throughput.

Production from its own mine last year amounted to 300t (258t), of concentrates. Presumably shareholders will be given some indication as to future plans in the annual report. There is, of course, speculative appeal in tailings re-treatment.

Cons Murch: When the mine returned to the dividend lists with a 30c intermed, there was a perceptible change in market sentiment towards the share. With the mine's technical difficulties largely overcome, grade had apparently stabilised, while concentrate sales in excess of production gave a substantial boost to earnings.

But the September quarter's sales decline to 3,941t, from production of 5,082t, throws up doubts as to likely performances for the rest of the year. As usual, the quarterly report carries the caveat that sales revenue depends on quarterly shipments, which can vary widely. But that is...
The Karoo is in the grip of atom fever with news that several major mining companies have stepped up their uranium prospecting activity in the area and with indications that full-scale mining could soon be a reality.

At least five major mining companies are carrying out tests or preliminary boring in the area.

The sinking of a prospecting shaft by the Esso Mining Company on Rysklu Farm, 55 kilometres from Beaufort West, has been widely interpreted as an indication that full-scale uranium mining could be imminent.

New farms in the area are fetching record prices because of the interest being shown by uranium hunters.

Mining prospectors have been taking extensive options on prospecting rights from farmers who own land in a rough line from Beaufort West to Sutherland and east from Beaufort West to Graaff-Reinet.

Farmers are getting an average of R1-a-hectare for these prospecting rights, and even up to R4,000 for these concessions, farmers said this week.

If suitable mineable deposits are found the farms could get at least R100-a-hectare for their land, they told the Tribune.

The atom fever was sparked several years ago when indications of uranium mineralisation were found during prospecting for oil in the Karoo.

At one stage about 13 companies were prospecting on a small scale in the area.

The sinking of the Rysklu prospecting shaft earlier this year has plunged the area into a second wave of atom fever.

Since last year five large mining companies, with headquarters in Johannesburg, have been buying up prospecting rights in the Beaufort West, Aberdeen, Graaff-Reinet and Sutherland districts.

A manager of Esso, who said his name could not be used, said the company had been exploring uranium mining in South Africa for about five years.

"We are still gathering information on the Karoo prospect," he said. "At this stage we have no results to release. It's going to be a very long continuing process," he said.

He declined to comment on the amount of land Esso are prospecting on.

It is understood Esso have sunk several thousand test holes on Rysklu and surrounding farms.

Geologists from other companies have been testing boreholes and sinking equipment down dry boreholes in their search for uranium.

Spokesmen for both the Newmont and Johannesburg Consolidated Investment Mining companies confirmed this week that they had carried out initial drilling investigations in the Karoo.

A JCI spokesman said they were involved in exploratory drilling "We have been sinking test shafts to determine the ground structure and where the seam lies," he said.

He said he could not estimate how much land was involved in their prospecting but said it was "lots of farms in Sutherland."

In July this year, the 1979 edition of the prestigious Mining Annual Review, published in London, suggested that the R50,000-million-a-year multinational oil giant Exxon (Esso is a subsidiary of Exxon) could be the first group to mine uranium in the Karoo.

The report adds that, despite the political risks, South Africa is seen as the world's most reliable uranium producer.

Meanwhile the price of farmland has rocketed.

Last year ground sold for R30 a hectare. Today, the same land fetches between R40 and R60 a hectare.

A spokesman for the Atomic Energy Board in Pretoria has estimated that the energy potential of South Africa's uranium could be in the order of twenty times that of official extractable coal reserves if fast breeder nuclear power reactors were used.

If such uranium were to be used in the presently available thermal nuclear power reactors, the energy potential of uranium reserves would be about one-third that of coal.

The Tribune, 28 October 1979.

---

Drilling in the search for uranium in the Karoo has been stepped up.

By CHRIS WHITFIELD
但不限于价格指数,由于市场元素,它们应被视为这种背景下的一种经济动乱,尤其是建筑工地的罢工。这导致了对石棉销售的担忧,特别是对建筑业的打击。

反映市场的担忧,石棉价格在任何情况下都在上涨。Mjall和Geilo都有来自许多国家的高评价的矿石。尽管管理一直努力尽快恢复供应,但中短期的前景仍然有限。而长期的形势似乎没有改善。

然而,市场目前没有足够的石棉供应。但最近的报价表明,市场对价格乐观。价格的上涨可能反映了市场对供应紧缩的担忧,而供应不足可能加大了价格的上涨压力。

然而,有迹象表明,随着供应的增加,价格可能会有所下降。这可能反映在产量的增加上,因为产量增加可能会导致价格的下降。但目前,市场仍然对价格保持高度的敏感性,这可能反映出市场对供应的担忧。

总结

总的来说,市场对石棉的供应和价格保持高度的关注。市场对供应紧缩的担忧,以及对长期前景的不确定,可能导致了价格的上涨。但随着供应的增加,价格可能会有所下降。

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Caldecott Waits to Reap Manhattan Riches

The Cape Times, Thursday, November 15, 1979 (p. 317)
Although chairman Quentin Routledge points out in his review that the board is reviewing "the whole policy of operations" and considering whether to continue retreating operations on a much reduced scale, smelting operations could become more attractive at current tin prices. Certainly, this is the fact that the No. 1 smelter has been rebuilt and fitted with redesigned smelting and new pre-heaters, which have increased capacity by 10%, indicates management optimism.

However, it is known that the directors are characteristically cautious, particularly in the light of the fluctuating tin price. As far as underground ore reserves are concerned, there is little doubt that operations can be sustained at current levels for many years. In addition, plant throughput could be increased following commissioning of the new tailings plant. The company has intensified its search for year it produced an unchanged 36 tons of concentrates. The new plant comes on stream early next year.

Until initial results from the new tailings plant are known, doubts could continue over the share's worth. It is unlikely, given management's previous approach, that significant capex will be applied to expanding output from underground. On this basis, distributable profits should be maintained this year, with scope for a dividend advance to 50c. The share's prospective 13.5c yield discounts production uncertainties that in turn may result in a revaluation. Of this year's dividend, 10c is paid in September and 5c in March. The share is in a strong uptrend in recent weeks and the current price of R 2.50 is a mark of the directors' own forecast of the company's future performance.

### TABLE II

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<thead>
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<th>ASIAN</th>
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<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Rheumatic Heart Diseases (390-398)</td>
<td>115</td>
<td>121</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1.2%</td>
<td>1.5%</td>
<td>2.5%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

**By Andrew Motsi**

*SOUTH AFRICAN NEWS*

*Redrawn cartoon*
ALUMINIUM PRICE TOUCHES NEW HIGH

By A C Parker

LONDON. — At least one base metal — aluminium — was not overshadowed this week by the stampede into gold and silver.

It touched a record high of 2843 a ton in the three months position before easing to 812 50 in the middle of the week.

The high was caused by a shortage of nearby metal, which also pushed up the cash position to 1920 at one stage before it fell back to 1454.

CONTRIBUTING

One factor contributing to the firmness and the backwardation was a report that India would be importing 90,000 tons of the metal in this fiscal year.

Tightening supplies of copper, together with the soaring gold market, pushed three-month metal up to £1033 50 a ton before it eased to £1007 50 at midweek.

ZINC provided one of the week's surprises by staying firm. Three-month metal held at £341 50 a ton at midweek.

Silver absorbed some of the stampede into precious metals with three-month metal touching 635p an ounce before settling back at 888 50p at boom continues.

Mr Jack Nolan has been appointed president of Frasers. Mr Nolan served as chairman of the group from 1972 up to the time of his retirement in 1974. He will be the second person to hold the office of president of Frasers. The first was the late Lord Fraser of Lonsdale.
Immunity from recession boosts producers

By ANGELO MUNZER

Enhanced investment outlook

Jin Price Optimism

Sunday Times Business
Chrome mines threatened

By ANDREW MCMULTRY
SOME local chrome mining operations may be threatened with closure as a result of a decline in real prices received for chromeite on local and international markets.

Added to falling real prices since a base level in 1977, has been rapidly rising costs, particularly those connected with ocean freight, and intense local competition has placed considerable pressure on smaller mining operations.

The trend of falling real-term value of high carbon ferrochrome in world markets has continued since 1974 when prices were at a peak.

High carbon ferromanganese exporters will require a price rise of 10 to 15%, from about 40c to 45c a ton, to about 50c to 55c a ton — just to maintain the real-term value of prices.

Uncertainties clouding the possibility of a price rise include the effect on the market of Rhodesian producers re-entering the picture with large tonnages at competitive prices.

Peter Streicher, managing director of Samancor and chairman of the Ferroalloy Producers’ Association, told the Institute of Mining and Metallurgy in London last week that, from a South African viewpoint, the situation is exacerbated by the rise in the value of the rand relative to the dollar.

"Receipts, consequently, in rand terms have been even less rewarding," he says.

However, a price rise in real terms could be forthcoming before 1981. Mr Streicher had earlier warned the association that it would be unwise to try to achieve market penetration, at all costs.

The creation of too much capacity carries the danger of an overhang of stocks in the market place, invariably resulting in low prices and slow recovery.

South African ferrochromium exports and production have grown spectacularly this year.

The 1979 figure is now likely to be some 25% above the 500,000 tons for 1978.

Further growth at an average annual rate of over 20% is expected until 1981.

"This is due largely to the high cost of electrical energy in the EEC, Japan and the United States associated with ferrochromium production and a desire from those countries' steel industries to avail themselves of advantages arising from importing ferrochromium from South Africa with its relatively cheap energy component reflected in its favourable price.

Local chromeite production is expected to total some 4.5 million tons in 1980, with individual mines producing quantities varying from 2000 to 8000 tons a month.

Chromeite production will increase at 13% a year until 1981 and then at 6.8% until 1990, giving an average growth rate of about 8% over the whole period.

A chart showing the relationship of the relative importance of various diseases categories to the overall mortality on each continent for six hypothetical situations is provided. The chart indicates that the importance of the major causes of death varies from continent to continent, with infectious diseases being more important in Africa, and non-infectious diseases being more important in Europe and North America.
## Demand for Titanium

A sudden upturn in world demand for titanium is expected during 1993 as the metal enters a new phase of growth. The upturn is being driven by the need for high-strength materials in a variety of applications, including aerospace, defense, and construction. Titanium's unique properties, such as its corrosion resistance and high strength-to-weight ratio, make it an attractive material for these industries.

The global market for titanium is expected to grow by approximately 6% in 1993, with most of the growth occurring in the aerospace and defense sectors. This growth is expected to continue in the coming years, with the market projected to reach $10 billion by 2025.

### Titanium Suppliers

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Year</th>
<th>Production (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASM</td>
<td>2018</td>
<td>350,000</td>
</tr>
<tr>
<td>Alcoa</td>
<td>2018</td>
<td>400,000</td>
</tr>
<tr>
<td>TiMet</td>
<td>2018</td>
<td>300,000</td>
</tr>
</tbody>
</table>

### Titanium Demand by Sector

- **Aerospace:** 40% of total demand
- **Defence:** 30% of total demand
- **Energy:** 20% of total demand
- **Construction:** 10% of total demand

### Key Drivers of Demand Growth

1. **Aircraft Engineering:** The need for lightweight, high-strength materials in aircraft engineering is driving demand for titanium.
2. **Military Applications:** The military sector is a significant user of titanium, particularly for high-performance components.
3. **Renewable Energy:** The increase in renewable energy generation is leading to a rise in demand for titanium in the construction of wind turbines and solar panels.
4. **Medical Applications:** Titanium's biocompatibility makes it a popular choice in medical applications, such as orthopedic implants.

### Challenges

- **Cost:** The high cost of production remains a challenge for the titanium industry.
- **Supply Chain:** Ensuring a stable supply chain is crucial to meet the growing demand.
- **Environmental Impact:** The environmental impact of titanium production is a concern, and companies are under pressure to reduce their carbon footprint.

### Policy Implications

Governments and policymakers are recognizing the importance of titanium for national defense and economic growth. They are working to support the industry through research and development, incentives for investment, and international cooperation to ensure a stable supply chain.

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*By Andrew McPhail*

Managing Director, Blue Titanium Ltd.
SA's tiger's eye industry faces ruin

The tiger’s eye industry is rapidly moving to destruction. Unless urgent government action is taken, employees in all facets of the industry will find themselves unemployed. South Africa's entire semi-precious stone production might be in jeopardy.

This emerged during an extensive Cape Times investigation lasting several weeks in which both prospectors and gem-cutters blamed the decline of the R3 million industry on legislation introduced in recent years.

However the creation could be supported by government statistics. When the Cape Times requested figures for the amount of tiger’s eye mined in the last year and export amounts, the Department of Mines said they were unable to assist.

The legislation — the Tiger’s Eye Control Act, gazetted in 1977 and the amendment gazetted this year — was cited by those involved in the industry as the root cause of the decline.

Mr. Jack Susman, chairman of the South Africa Gem Cutters Association, said yesterday that tiger’s eye was the backbone of the cutting industry and was the reason for foreign commerce buying in South Africa.

But through an ambiguous section in the act relating to tumble pieces of tiger’s eye, partly processed stone was being exported in pieces like Hong Kong and Taiwan where they were being processed and sold at prices far lower than those found in South Africa.

Without the tiger’s eye大厦, international buyers were purchasing all their semi-precious stones on other markets, a move that was slowly killing South Africa’s businesses.

Re-assess

Mr. Susman appealed to the government to re-assess the tiger’s eye situation before it was too late. The industry can still be saved but the Department of Mines had to make certain changes, he said.

He said that the department should control everything to do with the physical mining of the stone but that the Department of Commerce should maintain the issuing of permits to the gem cutters and exporters.

The Department of Mines did not have the necessary experienced personnel to manage the tiger’s eye cutting industry, he said.

Mr. Susman said that due to lack of knowledge, thousands of rare and expensive stones were being lost annually. Due to the legislation, certain people were exporting partly processed items at ridiculously low prices.

He cited illegal export, ineffective control and indifference as the cause for the decline in the tiger's eye industry.

As a result of the present system, poor quality stone was being released on the international market.

Meanwhile, one of the former prospectors for tiger’s eye Mr. George Swanson, of Springfield, also blamed the legislation for the decline in the industry.

The stringent legislation had forced prospectors into finding other sources of income. He claimed that the mineral industry had “never been so good” but legislation had “killed tiger’s eye”.

Legislation against the export of tiger’s eye had killed off mining companies and was the reason for the collapse of the industry.

Mr. Swanson, of Amorran extraction whose family has lived in the Springfield area since 1877, was asked about the collapse in the industry during a Cape Times investigation.

Mr. Swanson, looked upon as the leading prospectors in the “land of samples” — the northwestern Cape — was the discoverer of the only known source of blue lace agate, now adopted as the symbol of world ecology.

More wealth

He claims there is more wealth in his concessions in South Africa and S.W.A than in the Reef Line business that runs through a large house in Springfield and varroises touches it in the outback that wealth from the ground is stored.

To the sound of wild prospects in the dry hills outside Springfield, he described the decline of the tiger’s eye industry.

The legislation against export killed off competition, he said.

One of the few people still working Many have lost jobs through the cut-back in the semi-precious stone industry.

Mr. Jack Susman — the tiger’s eye industry is dying.

Mr. George Swanson, of Springfield, also blamed the legislation for the decline in the industry.

Photograph by R. L. Krieger.
Plat producer price $420 on firm demand

BY ADAM PAYNE

Impala Platinum and Rustenburg Platinum Holdings increased their producer price for platinum from $380 an oz to $420 an oz yesterday, reporting that demand is firm.

They also increased their price of palladium from $155 an oz to $170 an oz. The $175 level was set in September. Palladium, with nickel, is one of the two main metals produced after platinum.

The iridium price was raised to $410, having been $360 an oz since March 1976. Only small quantities of iridium are produced.

Mr Ian Greg, chairman of Impala, said that the free market price at $410 an oz yesterday morning had "gone mad" in sympathy with gold and silver. Thus was a rise of almost $50 overnight.

He said the supply-demand situation, on which Impala and Rustenburg based their pricing, was about in balance, although "a little tight".

"It is not quite right to the extent suggested by the free market price," he said. However, we are confident we can sustain $420.

A Rustenburg Platinum spokesman said that in present international circumstances, $420 represented a realistic price. He said "the current free market price reflects a strong speculative element. We believe there is sufficient substance behind the demand from industry to justify the increase."

The price of $420 is $120 more than in November last year. It was raised from $390 in an oz to $420 in January; to $390 in April, and $380 in August.

Most of the Rustenburg and Impala production is sold on contract at the producer price, but some is sold on the free market.

Looking at Impala's prospects for the six months to the end of its financial year in June next, the $420 price means an after-tax profit of R150 million added to pre-tax income.

This is calculated on the basis of sales at a rate of 290,000 oz a year. One can estimate after-tax income increasing by R750 million, and with 57 million shares in issue this represents about 12c a share, or, to be conservative, 10c to 12c a share.

Rustenburg Plats year ends in August, so there will be eight months with sales at the higher price. Taking production at 1,200,000 oz a year, eight months' production would be 800,000 oz, representing an extra income of R150,000,000 from the $420 an oz rise. Taking this at about R13 $100/00 for after-tax income, the earnings a share would be 11c.

COMMENT: The slowdown in U.S. automobile sales must be taken as a warning sign that market conditions for platinum in this area could change.

Equally, a reduction in the free-market price could restore some of the Japanese jewellery demand which has dropped heavily because of steep price rises.

If speculation in gold, silver and platinum keeps the free-market price high, the producer price should be maintained at a higher level than would otherwise be possible.

Both Impala and Rustenburg appear to be confident that $420 can be sustained and shareholders will welcome the decision to raise the price.

One Johannesburg analyst is looking for a dividend distribution of 90c from Rustenburg this year to put the share on a yield of 10.6% at yesterday's price of $470c.

He expects 60c from Impala to put the share on a yield of 11%.

My belief is that if the producers can sustain the price at $420 for at least six months, there could be something left in platinum shares in the short term.

In the longer term, one needs a crystal ball to judge how demand and price will move in the face of such factors as a possible US recession and unpredictable movements in the prices of gold, silver and platinum.
Black Mountain spending

Financial Reporter

BLACK Mountain — the lead, silver, copper and zinc mine
controlled by Gold Fields of
South Africa — will incur capital and operating costs of
about R170-million before
reaching the self-financing
stage next year.

This was announced yester-
day by GFSA which said that
on recent price patterns Black
Mountain would have net rev-

Black Mountain spending

20/12/29
217

enue for a full year's produc-
tion from sales contracts al-
ready arranged of about R110-
million.

That compares with the R100-
million estimate published in
1977.

GFSA said total expenditure
to date on Black Mountain, in-
cluding interest charges, was
about R140-million.

It was planned to increase
the milling rate to the designed
capacity of 94 000 tons a month
in the first half of 1978.
Platinum could go as high as $700

LONDON. The free-market platinum price — which fell to $634 in London yesterday morning after 2/648 on Wednesday — could hit $700 early next year but then decline sharply, say precious metals analysts and dealers.

They say the price could also suffer a further reversal in the next couple of trading days before rallying.

Many say that in spite of strong physical demand over the past few days, notably from Japan, the market is largely in the grip of speculative fever and some fairly heavy liquidation and profit-taking as possible in US markets in the next few days.

Analysts say the market is nervous and any sell-off set in at around the $630 to $640 an ounce level, but after a temporary correction they expect a bout of renewed strength.

Most say this should last through the next two months or so during which the price could rise beyond $700.

Wednesday’s producer price increases to $420 from $380, although well behind the free-market level, will provide some fillip in that they underline a base strength in fundamentals.

But analysts say the market price could suffer a serious setback from the middle of the first quarter of 1980 onwards.

They were reluctant to assess the potential downside limit — except to say it was measurable.

“The price could maintain its buoyant trend over the next month or so, but a fall then is unlikely to be followed by any return to around current levels for a considerable time,” says one dealer.

With the prospect of a recession next year, and the adverse effect that would have on the US automobile industry and Japanese jewellery output, the market is markedly vulnerable to currently assessed fundamentals, analysts say.

Some say, however, that much depends on the course of the gold price and the extent to which it is fuelled by Middle East and other political developments.

Sustained momentum in the platinum price is therefore possible.

Some dealers expect the present speculative euphoria to fade somewhat next year against the background of a deflationary world economy.

Under such conditions the speculative interest leading precious metal markets at present could switch to more orthodox financial instruments, such as bonds and equities.

The free-market palladium price has traded around $180 this week compared with the new South African producer price announced on Wednesday of $158, up from $135.

Analysts and dealers generally are bullish about price prospects.

“It should breach $200 with ease during coming weeks,” says one dealer — Reuters.
0 To each Pole

By ANDREW MONCARY

UNAMIUM, LOOK-AHEAD

...
Uncertainty over uranium
Russia

‘enriches SWA uranium’

Argus Bureau

LONDON — Uranium from the Rossing mine in South West Africa is being processed into usable reactor-grade uranium by the Soviet Union — and the South African Cabinet knows of this, according to a report in the London Sunday Times.

Uranium from the mine is also being secretly sold to Japan, Iran — and West Germany, in spite of a United Nations ban on the export of minerals from the territory.

The mine, which belongs to the British company Rio Tinto Zinc, is the world’s largest open-cast uranium mine. Since it opened in 1976, RTZ has adamantly refused to disclose to whom and on what terms its uranium is being sold.

ONLY STATE

The only state to admit it receives uranium from Rossing is Britain. France has shares in Rossing, and receives and processes its uranium.

The West German and Japanese governments have repeatedly denied any links with Rossing.

But inquiries by the Sunday Times have uncovered startling new facts. The report states that:

- Iran has a 15 percent stake in Rossing and is a major buyer of its uranium. The Ayatollah Khomeini’s regime is now trying to break the contract.
- In spite of a Government announcement that all connection with Rossing had been severed years ago, West Germany remains a major investor in, and a major buyer from, Rossing.

In spite of equally vehement protestations Japan continues to receive Rossing uranium. But it is the processing of the uranium which is the most surprising, says the report.

The uranium leaves Rossing as oxide, but has to go through various stages, including enrichment.

The only member of the nuclear club which has surplus enrichment capacity is the Soviet Union. In 1975-1976 the Soviet Union concluded an agreement with the Shah. The Soviets enrich the Rossing uranium on behalf of Iran and West Germany.

At an earlier stage in the processing a British company handles the uranium on behalf of Iran.

The South African Cabinet is not a direct party to any of these deals, says the report. But ‘it knows of and had to approve all of them.’
SA knows Reds process uranium from SWA

The Star Bureau

LONDON — Uranium from the Rosslng Mine in SWA/Namibia is being processed into usable reactor-grade uranium by the Soviet Union — and the South African Cabinet knows and approves of this, according to a report in the London Sunday Times.

The only state to admit publicly it receives shipments of uranium from Rosslng is Britain, which relies on the uranium to meet 42 percent of her domestic nuclear power programme needs.

It is also known that France has shares in Rosslng and also receives and processes its uranium for its nuclear stations.

The mine belongs to Rio Tinto Zinc, a British company.

The West German and Argentine Governments have repeatedly denied any links with Rosslng.

But inquiries by the Sunday Times in South Africa, the United States, France, Holland and West Germany have uncovered new facts.

Says the report:

- Iran has a 15 percent stake in Rosslng and is a major buyer of its uranium. This deal was concluded by the Shah. The Ayatollah Khomeini's regime is now trying to break the contract.

- Despite a Government announcement that all connection with Rosslng had been severed years ago, West Germany in effect remains a major investor in, and a major buyer from, Rosslng.

- Despite equal amounts of protestation to the contrary by the former Japanese Prime Minister, Japan also continues to receive Rosslng uranium.

- SURPRISING

... but it is the processing of Rosslng uranium which gives rise to the most surprises, says the report.

The uranium leaves Rosslng as oxide but has to go through various stages including enrichment before it can be converted into the nuclear reactors.

Iran has no enrichment plant and West Germany does not have an independent one. The only member of the nuclear club which has surplus enrichment capacity is the Soviet Union — a by-product of their ambitious military programme.

In 1975-1976 the Soviet Union did a deal with the Shah. The Soviet state company Techsnabexport enriches the Rosslng uranium on behalf of Iran.

The Soviet Union is also enriching SWA/Namibian uranium on behalf of West Germany. The report estimates about half of West Germany's current needs are processed from the Rosslng uranium by the Soviet Union.

At an earlier stage in the processing the British company British Nuclear Fuels also handled SWA/Namibian uranulta on behalf of Iran.

The South African Cabinet is not directly party to any of these deals, says the report, but it knows of — and approves — all of them.