MINING — GENERAL

4 JAN. 1980 — 31 AUGUST 1980

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(232) (210) (64) FM 4/1/80

DUIKER

Medium term potential

Activities *Mining holding company in the Lonrho group with coal and asbestos mining interests SA Managed holds 39,5% of the equity, Tweefontein 28 6% and Witbank Consolidated 15,1%*

Chairman *S C Newman, managing director R A Lee*

Capital structure *11,2m ordinaries of 35c Market capitalisation R65m*

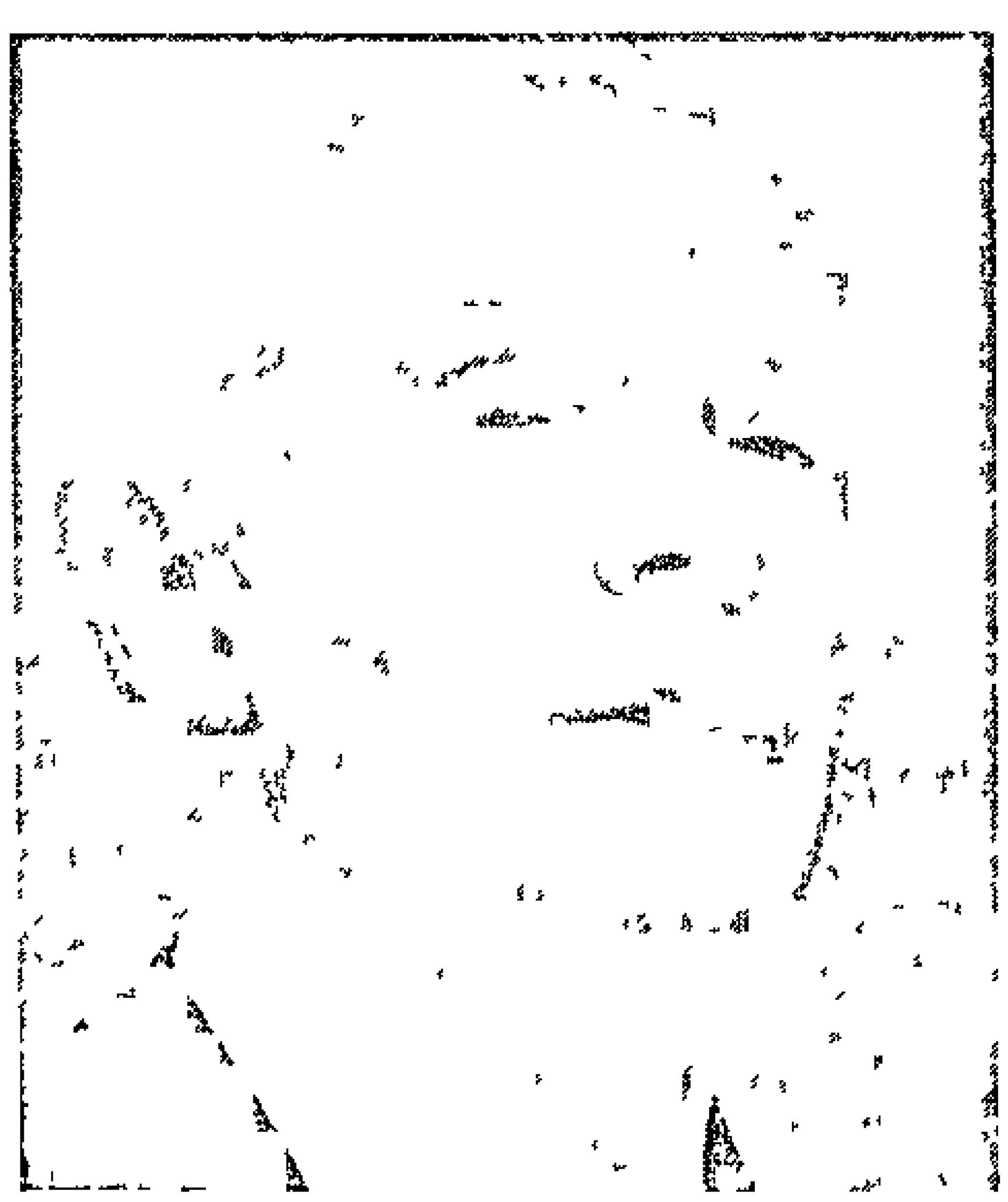
Financial *Year to September 30 1979 Net cash R7,6m Current ratio 1,7 Capital commitments R10,5m*

Share market *Price 580c (1978-80 high, 630c, low, 310c, trading volume last quarter, 171 000 shares) Yields 10,9% on earnings, 6,2% on dividend Cover 1,8 PE ratio 9,1*

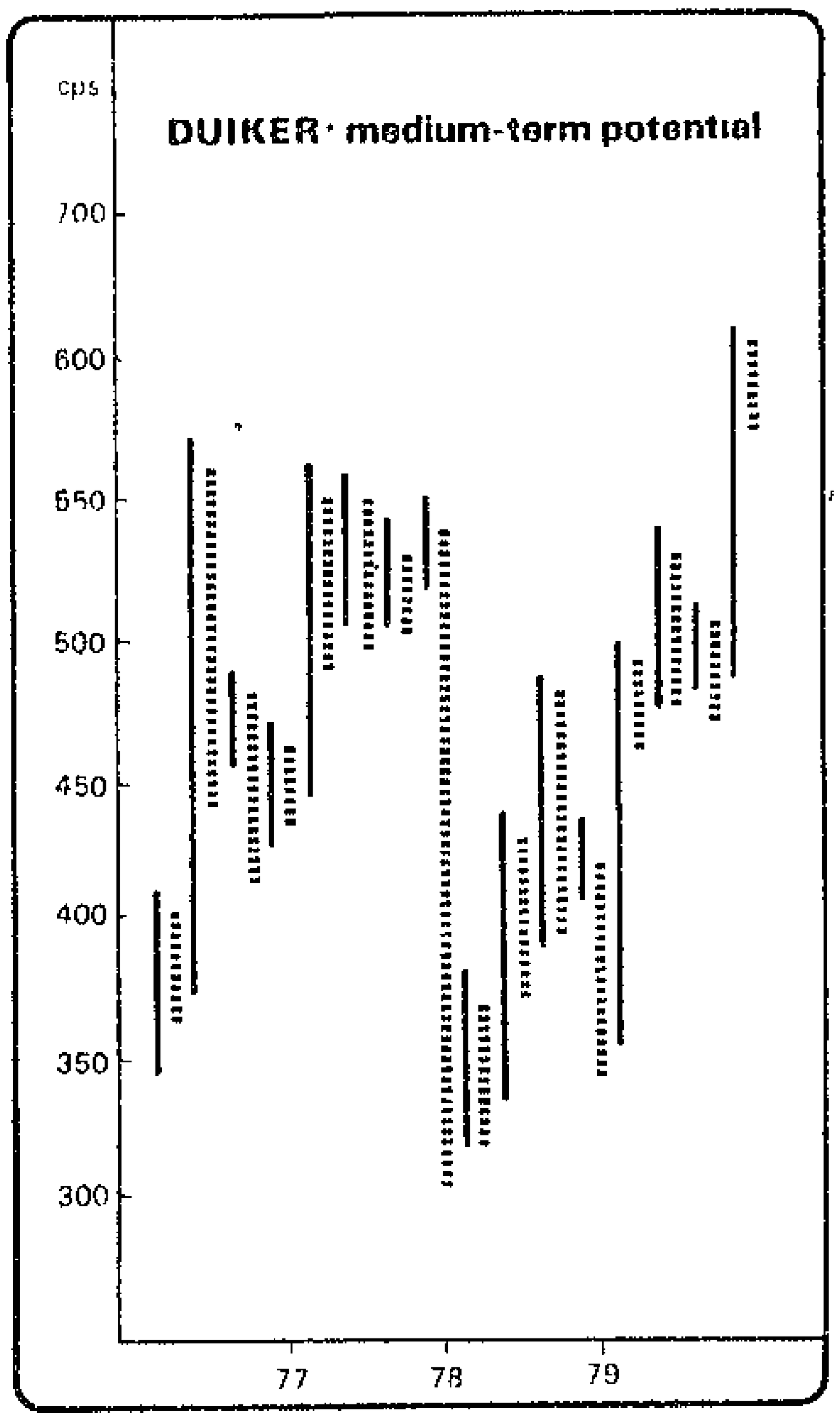
	76	77	78	79
Coal sales (000t)	2 159	2 392	2 472	2 544
Turnover (Rm)	9 9	12 5	11 7	9 7
Pre tax profit (Rm)	5 1	12 1	15 7	12 4
Earnings (c)	52 6	64 8	80 9	63 5
Dividends (c)	20	45	36	36
Net asset value (c)	210	387	387	417

At least for the next couple of years, management is likely to be cautious on dividends But though that may make the share less attractive than alternative investments, it need not preclude purchases by investors prepared to take a positive view on the company's mineral rights

Chairman Syd Newman makes no bones about this year's dismal prospects for asbestos The two operating mines, Emmarentia and Wandrag, are selling at minimal contractual levels, with material being sent for blending and sale by Gefco Newman sees little prospect of the situation improving in the near term, nor does



Syd Newman improving prospects with gold



he foresee any major improvement in selling prices

Thus, while normal development of the mines continues, asbestos is unlikely to make a greater contribution to pre-tax profit than last year's R1,7m

The same is true for the anthracite operations Technical problems resulted in production of poorer quality and lower-priced materials And there is apparently little prospect of any near-term improvement in prices On the other hand, the previously contentious Mhlangapisi deposit could prove to have better prospects than the company was prepared to predict only a year ago

Then available geological information led Newman to say that coal contained in the Dundas seam was so badly weathered that its mining was not a proposition However, further exploration of the Alfred seam has disclosed reasonably attractive tonnages of anthracite and exploration expenditure is to be stepped up

As with other producers for the local market, Duiker's bituminous coal operations have been constrained by weak demand and unexciting controlled prices However, establishment of Tweefontein's Boschmans section is, to all intents and purposes, complete This year, capex for coal operations is planned at R7,1m compared with last year's R8,6m At this stage there seems little possibility of any further near-term heavy capex commitments for bituminous coal projects

Management is not particularly optimistic on near-term coal revenue and contents itself with the cautious opinion that, depending on domestic controlled prices and export sales, revenue should at least match last year's level Thus, as far as the company's existing operations are concerned the immediate future is unlikely to be particularly spectacular However, there could be other pay-offs for shareholders by the mid-Eighties

On its own account Duiker is drilling gold, uranium mineral rights near Klerksdorp Though no precise details are given, the ore being evaluated probably lies in the lower Witwatersrand series which is becoming increasingly attractive as bullion advances

Meanwhile, Duiker retains a 40% interest in the Erfdeel Dankbaarheid block in the OFS which is being evaluated by Anglo and its associates One view is that the area will be developed through Western Holdings to take advantage of tax allowances in that company's accounts If an independent mining operation is established, it is difficult to foresee Duiker taking up a proportional commitment to the area s capital needs More than likely is that a free ride will be taken in the equity of a new mine or that Duiker will seek some form of royalty agreement

That probably makes sense if it means an eventual strong cash flow which can be used for development of the company's more traditional mining operations This year it is difficult to predict any material improvement in last year s 36c dividend payout R8,5m — equivalent to some 76c per share — is earmarked for capex this year, while a further R2m capex could be in prospect if the decision is taken to establish operations at Mhlangapisi

But for investors who are prepared to wait completion of the company's development projects, some solid dividend growth could be in prospect within the next three to four years In the meantime, there remains the speculative appeal of the gold holdings

Jim Jones

CEMENCO (99) FM 4/1/80

Basic changes?

Activities *Holding company with main subsidiaries engaged in design and manufacture of steel and metal products Holds 50% of Gold Fields*

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CORONATION SYNDICATE

Rhodesian discount

FM 11/1/80

Activities *Mining finance company in the Lonrho group with Rhodesian subsidiary operating four gold mines and one copper mine. Tweefontein holds 62,2% of the equity*

Chairman *S C Newman*

Capital structure *6m ordinaries of 25c. Market capitalisation R36,6m*

Financial *Year to September 30 1979. Net cash R7,4m. Current ratio 1,6. Net cash flow R3,8m. Capital commitments R215 000*

Share market *Price 610c (1979-80 high, 650c, low 145c, trading volume last quarter, 94 000 shares). Yields 19,3% on earnings, 8,9% on dividend. Cover 2,2. PE ratio 5,2*

	'76	77	78	'79
Turnover (Rm)	14 5	14 2	15 2	21 4
Mining profit (Rm)	3 0	2 0	4 9	9 5
Dividend income (R000)	102	—	86	250
Pre tax profit (Rm)	2 5	1 5	4 5	8 7
Earnings (c)	42 0	24 2	75 4	117 6
Dividends (c)	5	25	8	54
Net asset value (c)	98	95	138	175

Rhodesian settlement prospects and booming gold and steady copper prices have lifted Corsyn's share price from 160c to 610c in the past year. And for investors who are confident that Rhodesia will evolve peacefully, the share still seems good value. Chairman Syd Newman is not prepared to forecast metal prices, but he forecasts a higher dividend this year using a conservative $380 gold price and steady £990 copper price.

The group's operating mines in Rhodesia turned in a record profit in the year to end-September. The largest gold mine, Arcturus, achieved an operating income of R2 8m (R1 3m) on almost unchanged throughput of 108 000t (103 000t) yielding 755 kg (631 kg) gold. Mashona Kop produced 39 kg (50 kg) gold on unchanged throughput, which resulted in income of R85 000 (R88 000). Mazoe turned in operating income of R1 9m (R1 1m) from 561 kg (627 kg) gold, and Muriel R3 4m (R2 4m) from output of 647 kg (700 kg) gold.

The lower profit from Mashona Kop arose as the mine was nearing the end of its underground life. Before the year-end, the mine's assets were transferred to Arcturus and both mines will now be accounted together. At end-September, the estimated reserves of the four gold mines were 928 000 t (860 000 t) at an average grade of 10,6 g/t (11 g/t). Mashona Kop's reserves fell to 2 000 t (7 000 t) at 10,5 g/t (11,3 g/t).

The Inyati mine increased copper output to 3 237 t (3 146 t) and a higher metal price produced revenue of R1,3m (R110 000).

Corsyn was largely successful in holding costs last year. Newman says overall operating costs rose to R10,7m (R9,2m), but the outlook for the current year is less bright. Particularly in a changed political framework, labour costs are likely to escalate, and Newman notes a critical shortage of skilled labour. He feels wage rates could rise by as much as 20% this year, which could cost Corsyn R750 000.

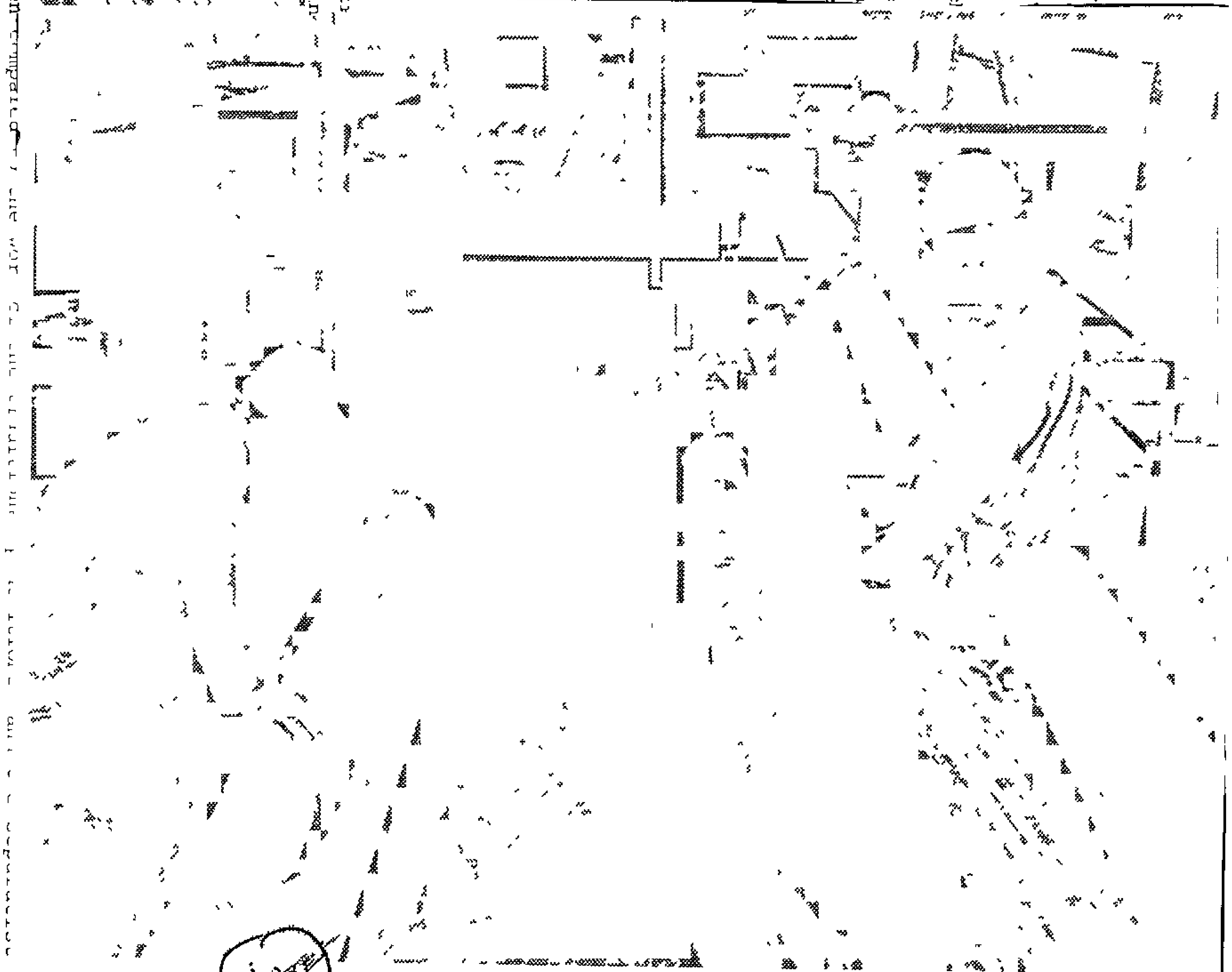
The outlook for the three gold mines appears favourable. Capex this year is estimated at R3 5m (R1 9m), with the bulk being spent at Arcturus, where the mill capacity is being increased to handle more dump and/or underground material and to prospect a new area. At both Muriel and Mazoe exploration to reveal new underground reserves is continuing.

Corsyn's dividends from Watcons and Dunker amounted to R244 000 (R81 000) last year, and at least the same revenue should accrue in 1980.

Newman calculates that gold at $380 and copper at £990 with a 750p/oz silver price should result in turnover of about R26 5m (1979: R21 4m) and operating income of R12 5m (R8 7m). This, he says, would allow 1979's 54c dividend to be "comfortably" exceeded notwithstanding higher unit costs.

At 610c the share yields a high historic 8,9%. The prospective yield is even higher, reflecting the still-tenuous Rhodesian situation. A purchase might best be left until after the February elections, though at this stage the share rates a hold.

Corsyn contributed R4 1m (R2 7m) or 71,8% (66,5%) of parent **Tweefontein's** taxed profit. This year Dunker's payment will probably not exceed last year's 36c, indicating Corsyn will produce an even larger share of 1980's profit. Tweefontein stands at 1 900c on an 12,1% historic yield which discounts the Rhodesian connection.



New concept in mine supports

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A R1-million purpose-built factory for the manufacture of pipe sticks and stick props has been opened in Westonaria by HL & H Mining Timber, a member of the Hunt Leuchars and Hepburn group.

Pipe sticks are a relatively new innovation in roof support for underground mining operations, consisting of a single round turned timber pole which is inserted under pressure into a steel tube This operation is seen in the picture.

Stick props consist of a telescopic timber filled tube the length of which can be adjusted by the insertion of timber discs

Underground, these supports can be used in place of timber mat packs at the working face and the stope, the single pole giving equal or greater roof support than the mat pack while taking up considerably less room in what is already a very limited area.

They are, however, unsuitable for roof support in such areas as gulleys where the timber mat pack remains the major source of roof support

HL & H Mining Timber's new factory at Westonaria is capable of meeting the demand for this new, but already widely accepted form of underground support

The plant is well situated for distribution to the West Rand and Western Transvaal mines, while a similar plant is already in operation in Welkom serving the Free State mines

Timber is railed to the Westonaria plant from HL & H Mining Timber's own forests, and the poles are then reduced to perfectly uniform timber inserts by turning them on a high speed round wood reducer

The pipe sticks and stick props will be distributed by road from the Westonaria depot to the mines serviced in that area

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KOM 210

Another bumper year ahead for minerals

By DON ROBERTSON
Mining Editor

THE value of South Africa's metal and mineral production could rise to about R13 400-million this year if the gold price holds above $450 and the sales of other non-gold products continue to grow at current rates

Revenue for 1979, although the figures are not yet final, is expected to be between R9 500-million and R10 000-million, representing an increase of between 40% and 45% over the R6 876-million earned in 1978. This excludes revenue from BophutaTswana, estimated at R350-million for 1979.

Dr D C Neethling, head of the the Minerals Bureau, says exports of metals and minerals, which make up 85% of total sales revenue, can be expected to grow again at between 40% and 45% this year, although the contribution from the non-gold sector will be lower than it was last year.

At the annual congress of the South African Mineworkers' Union in Johannesburg yesterday, the Minister of Mines, Dr F W de Klerk, said that gold sales last year brought in an estimated R5 600-million compared with R3 900-million in 1978.

He said that although was confident about the outlook for the mining industry this year, any optimism must be tempered by the high rate of inflation which resulted from uncontrollable factors, such as rising oil prices.

Dr Neethling said estimates for 1979 were based on gold production of 703 tons at an average price of about $300, representing about 57% of total revenue.

For 1980, the Minerals Bureau, which advises the Government on policy and forecasting, expects conservatively that gold production will dip to 685 tons this year. This is based on the theory that recovery grades will continue to decline at the higher gold price and thus result in lower production.

However, the bureau bases its overall calculation on an average gold price of $450 for the year which would push up revenue from this source to about R8 200-million.

Looking at the other "big six" minerals, Dr Neethling is equally confident of the future, although he cautions that the improvement in sales 'is not expected to be as large as last year.

Diamonds· Sales revenue rose by 33% last year, but in spite of higher prices — and a rumoured further price rise soon — the increase this year is expected to be about 15%.

Coal. Sales last year totalled about 22 800 000 tons representing a 55% improvement in revenue. It is expected that sales in the current year will be about 25-million tons.

Uranium. Although shrouded under the Atomic Energy Act, revenue last year is thought to have risen by 40% and is expected to continue to grow at about this level in the current year.

Platinum Sales improved last year by about 60%, excluding figures from BophuthaTswana. Starting from this higher base, revenue in 1980 is expected to increase by about 25%.

Iron ore· Revenue increased by about 40% last year from sales of about 17-million tons. Although the Saldanha Bay port has facilities for exports of about 32-million tons, it is not expected that sales will rise much this year.

Copper Revenue rose by 8% last year, but the higher prices now prevailing and an expected increase in sales, should result in an improvement in revenue of 20%.

Revenue from these six sectors rose by about 40% in 1979, but should be only 20% to 25% up in 1980.

Sales growth is expected in other sectors such as silver and manganese.

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Supervision is done by the local MCH clinic nurse and at visits of the

Van Wyk (*13) describes a rather different scheme in an urban setting, whose main aim is to provide liaison between health services and the community. St John's Ambulance and Dr van Wyk at the Dr Abdurahman Day Hospital in the Cape have been training 'Auxiliary Information Disseminators and Educators' (AIDEs). They are volunteers, 5 who had been working with BABS, a community social improvement team, and 5 from volunteers working at the Early Learning Centre nearby. Auxiliaries would visit homes, note any major health problems and distribute literature on health topics and on health services available. If the scheme is successful, it is hoped that the role of the auxiliaries can be expanded.

Wagstaff (*21) has also been training lay health workers in Soweto 'to extend simple health care and education into the home and collect various basic data'.

Other village health worker schemes described by Savage in Chapter 6, are:

(i) the 'agentes polivalentes' of Mozambique,
(ii) Family Welfare Educators in Botswana, and
(iii) Village Health Workers in Lesotho.

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economic status than the average, and that where the difference was marked

From Swaziland, Sr Ntiwane (*39) describes the role and training of Rural Health Visitors (RHV's). The cadre was initiated because 'it has not been possible to build more clinics' yet it was considered important to have health units within walking distance of every family. 'The process of selecting trainees is one of community participation'; requirements are literacy and interest in health and other community matters. Training is done by a public health nurse and members of other health related ministries and voluntary organisations. Each RHV is allotted 40 households in her area. She carries out a wide range of preventive and educative tasks, deals with water supply, promotes pit latrines, gives emergency care, monitors diseases and co-ordinates community development activities.

Mines promise big computer bonus

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By ANDREW McNULTY

THE mining industry is promising a honeypot for computer companies

Suppliers of equipment and data processing facilities, some of whom have experienced a slow-down after several booming years in South Africa, are realising that computer applications in mining could turn out the fastest growth areas yet

Growth over the next few years could be phenomenal

Bart Cross director of Control Data SA's mining group, estimates the computer market for technical mining applications is now about R15-million a year but will greatly exceed R100-million in the next five years

Payrolls

This does not include the widespread use of computing power by the expanding mining industry in conventional applications such as payrolls and personnel

He believes that ultimately about 1% of the average mine's gross profits (excluding gold mines whose figures are distorted by the gold price) will be spent on data processing

The total computer market in South Africa is worth about R400-million

Technical applications are still a relatively embryonic field and new developments that have originated here or have been adapted from advances made overseas are drawing the attention of mining houses

Exploration

Technical uses include

o Evaluation of ore reserves in establishing a geological data base during long term exploration programmes

o Short-term reserve evaluation for use with daily mine production planning

o Transport simulation programmes that improve efficiencies in surface and underground mining

o Critical path analyses used in major construction projects such as the erection of a dragline or shaft-sinking

o New developments in computerisation of minerals processing are easing problems in obtaining required grades

o Evaluation of alternatives in planning new projects — to a known margin of error

o The field of rock mechanics, which is improving the safety of deep level mining

All of these functions will improve efficiencies and more important, are capable of helping solve the shortage of skilled manpower that threatens to hamstring future growth of the mining industry

Shortage

There is a chronic shortage of geologists for example, and computers make it possible for one geologist to do the work of more than four

Technically this ratio could be 10 1 But in practice there is usually a great improvement in the quality of the work and the ratio is more like 4 1," says Mr Cross

Some mine operators have made strong commitments towards providing their own data processing facilities

Anglo American as well as its 80% subsidiary Computer Sciences (CSL) which competes as a commercial computer company, has Anmercosa an inhouse service operation based at Welkom which services AAC mines

Equipment

Johann Mulder, communications manager of CSL, which has raised its R14-million turnover in 1978 to R20-million, says mines absorb R800 000 in bureau processing with a further R1-million spent on equipment

He projects turnover on technical mining computing will soon be R4-million to R5-million

Doug Gardner, head of ICL's mining division says ICL's turnover from mining and related activities rose from R5,5-million in 1973 to R11,5-million last year Further annual growth of 25% is expected

"Until recently there was some ... from mines Today there is a tremendous demand from mine management for new planning tools," he says

Conservatism

Barry Havenga, ...nical sales manager at Per...us, says the potential for computing in mining is still "hugely underutilised", largely due to the industry's conservatism in the past

The big constraint will be a skills shortage, a problem throughout the computer industry — the overall shortfall is about 2 500 people — but far worse in this area where the specialist must be an engineer or geologist first and a computer man second

Mr Cross recalls one computer job advertised recently for a mining engineer The ad appeared with a salary of R18 000 The same job was advertised a month later for R27 000"

Inyanga ngoku sele izakuphela abasebenzi abangama - 88 bakwa Fattis & Monis efektri eBellville South benogwayimbo. Into ebangele ukuba bagwayimbe kukugxothwa kwabasebenzi abahlanu ebebesebenza nabo. Bathi unobangela wokugxothwa kwaba basebenzi bahlanu, kukuba bebengamalungu eTrade Unions Le union ibe izama ukwenza uphando nothethwa thethwano lokuba kunyuswe imali ibeyi - R40 ngeveki yaye kusetyenzwe iyure ezisi - 8 ngemini. Umphathi wefektri leyo uthe ezizinto bazifunayo zingaphezu kwamandla yaye ziya kwenza uqushululu efemini.

Abasemagunyeni kumbutho weUnion onamalungu ayi 10 000 (amawaka alishumi) obizwa ngokuba yi (Food and Canning Workers Union) bathi abo bagxothiweyo bebesayinile amaphepha anika iUnion igunya lokuba benze uthethathethwano ngemeko ezibetele ekunokuthi kusetyenzwe phantsi kwazo. Ifektri leyo ilalile oluthethathethwano neUnion. Ifektri ibalula into yokuba omatshini ekusetyenzwa ngabo bathathe indawo yabantu yiyo lento kunyanzeleke ukuba kuphungulwe abasebenzi.

Nangona aba bagxothiweyo ingabantu beBala uninzi lwabo bagwayimbileyo ngamagoduka abantu abamnyama. Nangona bathe bagrogriswa ngokugxothwa babuyele emphandleni aba basebenzi bamnyama bame bemi kwicala lebeBala ababathatha ngokuba bangabantu kwabo. Ngosuku lokuqala logwayimbo indoda imele icala losebenzi ezame ukubohlula abeBala kubantu is consistently worse than that of the whites. The 'coloureds' have higher mortality rates for all the major causes of death apart from cardiovascular diseases and neoplastic diseases in men over 65 years of age, neoplastic diseases in women in this group, and cardiovascular disease in men 45-64 years of age during 1960 and 1970 Clearly the rate of 5/1 000 which has been chosen is entirely arbitrary but a similar pattern of mortality emerges if lower or higher levels are selected.

Two aspects of these age-cause specific mortality rates require emphasis. Firstly, whilst being affected by the incidence of the diseases in question, these rates are also influenced by their fatality rates, for example, a decrease in the mortality related to Tuberculosis will not only be influenced

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Hunt for Cons Gold renewed

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LONDON — Consolidated Gold Fields drew attention yesterday to an unidentified buyer of its shares. The renewed buying had taken place in the past three weeks, said Cons Gold.

The price of the shares rose 18p to 510p on the London Stock Exchange yesterday, reports Sapa-AP

The chairman of Cons Gold, Lord Eroll of Hale, reported increased buying by unidentified sorces Rumours of an attempt to purchase a controlling interest in the company have been circulating for weeks

Lord Erroll said "Since early December there has been a progressive increase in the number of unregistered transfers held by persons unknown"

The directors had drawn this to the attention of the London Stock Exchange and believed shareholders should also be told

The statement said the possibility of a creeping acquisition of the company was mentioned by Lord Eroll at Cons Gold's annual meeting last November, although the company's share register revealed nothing untoward at that time

But in Johannesburg, company officials and investment analysts said it was unlikely that South African interests were buying into Cons Gold, reports Reuter

Dr Fred du Plessis, managing director of Sanlam and deputy chairman of Bank Holding Corporation, said "Sanlam is definitely not involved"

He was reluctant to being drawn further, but sources told Trevor Walker of Reuter it was highly unlikely that Afrikaner interests were involved in buying Cons Gold shares

They said General Mining was still involved with the amalgamation of Union Corporation and a major new undertaking of the Cons Gold nature would be difficult to understand

Analysts said that because of the nature of the takeover of Union Corp by Genmin, British market observers tended to look to Afrikaner interests to account for any sharp rise in the Cons Gold share price

The deputy chairman of Gold Fields of South Africa, Mr Robin Plumbridge, said "It is very easy to write off the obvious"

He said there had been various bullish forecasts concerning Cons Gold in recent months by British analysts and the increased buying of Cons Gold could stem from this

It was difficult to understand why a South African company would contemplate buying into an overseas company through the financial rand premium and consequently lower-yielding investment return

Johannesburg analysts say that if Afrikaner interests are not involved, the only other contender would appear to be Anglo American — and this is viewed as unlikely

Anglo has 40% of South Africa's gold output and given the Government's view of monopolistic situations, particularly concerning the Anglo American group, analysts doubt that it would contemplate a move of this magnitude

Similarly, companies like Barlow Rand are ruled out — mainly because of the disadvantages of investing in overseas companies through the financial rand and the natural widening of the premium any weight of funds would cause

NEIL BEHRMANN reports that the buyer is operating through one of the jobbers and buys the shares when gold is weak

Brokers say that relative to the market, Cons Gold is behaving well Before gold picked up from $660 on Tuesday morning, Cons Gold shares were appreciating while gold shares with much better potential yields were weak

Brokers also note that there has been extensive activity in Union Corporation, Anglovaal and Barlow Rand Some believe that General Mining will sell its 20% holding in Anglovaal to Barlow Rand to pay for the increased stake in Union Corporation

They say there has also been increased activity in General Mining Although Cons Gold takeover talk dies down from time to time, the market still talks of a potential predator, possibly General Mining

At the end of last November it was estimated that the large interests had bought about 15% of Cons Gold Some brokers believe that the stake is now over 20%

Both white and 'coloured' females have shown an increasing life expectancy at the age of 45, and although this has been small, it contrasts with the downward trend of both white and 'coloured' males.

Although it is apparent that the Expectation of Life at birth for the 'coloureds' has shown a marked improvement between 1941 and 1970, it is salutary to note that neither 'coloured' males nor females, at either e_o or e_{45}, have reached expectations of Life in 1970 which are as high as the whites were in 1929. What also gives some cause for concern is that although the expectation of Life cannot be expected to improve indefinitely, it would appear that the 'coloured' life expectancy is levelling off at a much lower age than has occurred in the white community.

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'Geologist's firm never existed'

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By TONY STIRLING
Chief Reporter

THE GEOLOGIST who drew up the technical reports for prospectuses of two public mining companies under investigation by the police, this week described his calculations of the mineral reserves of their mining options as being based on a "pick and shovel job"

This was alleged by Mr Leo Jacobs, a Randburg geologist who drew up the reports for Consolidated Base Mineral Corporation (Conbase) and Northern Transvaal Consolidated Mines (NTC) He said he had used a few geological instruments and had done some trenching

His reports indicated that the claims were unproven and required further exploration, but this had not been done satisfactorily

The reports were made in the name of Jacobs en Vennote, described as consulting geologists and mining engineers

Mr Jacobs said that Jacobs en Vennote did not exist. "I was an employee of the mining companies concerned You will note that Jacobs en Vennote is not described as a company in the reports "

He was satisfied one of the claims in his reports — of a substantial deposit of garnet — was accurate But because there had been no proper tests during his three years with the Midwest group, he was unable to say whether his estimates of reserves were accurate

The companies placed in their prospectuses huge estimated sales values on the deposits held by them. In the case of Conbase, the sum was R140-million, and for NTC, R112-million, after the deduction of costs

Before the companies got off the ground, associated companies had acquired more than 2-million shares in NTC and Conbase, and were due to get about R1-million in exchange for ceding options to NTC and Conbase

Through divisions and increases, the issued share capital of Conbase has been increased from 3-million shares to more than 34-million, while that of NTC has moved from 1-million to 7-million Through the sale of a group company to Conbase, which has also taken over NTC, 12-million more shares have been acquired by group interests in Conbase, and several million more through the NTC takeover and the division of shares

Balance sheets indicated that a total of R8-million in shares had been sold by February 1978

According to informants, at least R12-million, and possibly as much as R20-million, worth of shares had now been sold

The cash position of Conbase of R460 000 at the end of February 1978, and NTC at nearly R400 000, appeared to have altered drastically by the end of last October when the bank balances of the companies at Nedbank, Sandton City, were R100 and R494 respectively

Informants said about R600 000 generated by the mining concerns went via the holding company, Midwest Mining, to Consolidated Technology, as financing for the collapsed Rand Technics group

One of the directors of the public companies, according to my informants, took a loan account of about R745 000 in Midwest on the strength of funds channelled from Conbase and NTC Another non-director and non-shareholder is alleged to taken a substantial loan account of several hundred thousand rands

From auditors' reports in August 1978 relating to material irregularities, it also appears that substantial sums were hived off into group companies to repay loans and finance loans to these companies, in alleged contravention of terms of the prospectuses

According to former mine manager Mr Herman Schutte, 320 tons of garnet had been extracted from one of the group's mines.

In selling its shares, Midwest made use of companies operating under another holding company, Rand Acceptances (Pty) Ltd, and when acting as the agents for the share deals, were due a commission of 10%

The key figure behind the companies is Mr Piet Koornhof, described as a consultant, who holds neither directorships nor shares in any of the companies.

Several former employees said Mr Koornhof, several of whose relatives are employed by the group, is effectively head of activities

Mr Koornhof receives a salary of R3 000 a month and lives in a group company house in Hyde Park, Sandton, said to be insured for R745 000. According to my informants, he also receives a commission on the sale of all shares

In 1976, Mr Koornhof was convicted of fraud relating to the sale of shares in a public company operating a flat scheme at Umzumbe on the Natal Coast He was fined R10 000 and given suspended sentences totalling four years This would preclude him from acting as a director of companies unless rehabilitated by the Supreme Court

Mr Herman Bonnet, described as chairman/managing director in the group's records, lives in Sandton and, like Mr Koornhof, was formerly associated with the collapsed Ryk Tulbagh group of companies

Mr Yigeal Katz, executive director of Midwest and chairman of the collapsed Consolidated Technology group, lives in Sandton

When I met Mr Katz last week, he said the companies had nothing to hide and were reorganising and intended soon to have their incomplete share registers handled by an outside concern He claimed the mines were operational and had substantial contracts for the sale of minerals

He declined to give details of the value of the sale of shares to the public

Two companies which may feature in police investigations are a Mauritius-based company called Midex, through which imports of radios were allegedly made from Taiwan, and Sominex International, registered in Luxembourg, which informants have said now holds a substantial number of shares in the public mining companies

The history of the Rand Technics group goes back to the establishment in 1978 of Rand Technics Manufacturing (Pty) Ltd, which was converted into a public company in 1979, and at the same time increased its share capital from 4 000 R1 shares to 3-million R1 ordinary shares

The same pattern as was used in the mining companies is evident in the Rand Technics group Shares worth R2,999,993 were issued to Consolidated Technology (Pty) Ltd, an affiliate, in exchange for rights relating to a CB radio-based security system known as the Rand Spyder Security System, patent on which was said to be pending, according to the prospectus

A first issue of shares was then offered to the public through company and private salesmen

However, within three months, and before many shares had been sold, Rand Technics and its associated companies were put into provisional liquidation by Consolidated Technology, which has a claim against Rand Technics of R246 000

By then some R210 000 had been collected in deposits from would-be buyers of its equipment

About R125 000 in deposits from customers who purchased security systems which were not received from Rand Technics are included among the creditors

A circular from the liquidator, Mr A J Hessels, to the creditors, indicates that the company may be brought out of liquidation on an offer of compromise, and I understand that members of the public who contributed money to buy shares are being sent refunds

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Huge mining fraud inquiry

By TONY STIRLING
Chief Reporter

POLICE are investigating fraud charges relating to the Midwest Mining group, which operates out of plush offices in Sandton City and is believed to have sold about R12-million in shares to the public.

Hundreds of platteland investors have bought shares in the companies, the first of which went public in mid-1975.

The Rand Daily Mail has been investigating the activities of this group of companies for the past two months. Top detectives of the Police Commercial Branch at John Vorster Square are known to have taken statements from several former employees of companies in the group.

The group includes two public companies, Consolidated Base Mineral Corporation and Northern Transvaal Consolidated Mines

Points to emerge in the "Mail" probe include

- An allegation by a geologist, employed by the group to draw up the original technical reports in the prospectuses, that he was merely an employee and that the firm of geologists in whose name the report was issued did not exist,
- An allegation that a man previously convicted of fraud was the effective head of the group, though he appears neither as a director nor a shareholder in any of the companies in the group,
- An allegation that a director of companies in the group used R15 000 of company money for his own purposes,
- Evidence that the previous auditors of the two public companies found that material irregularities existed in the use of funds which had been collected from the public, and
- An allegation that the cash position of the two public mining companies declined seriously between August 1978 and the end of last October

The two companies, which have a combined total of issued shares exceeding 40 000 000, have sold shares heavily on the platteland during the past five years

When the "Mail" visited the registered offices of the two companies last week, the share registers were not complete and reflected only a fraction of the share dealings

Shares have been sold to members of the public in two ways through copies of a registered prospectus issued in the name of the two companies, and in terms of declarations under the Companies Act

A parallel investigation is being conducted into the collapse of the related Rand Technics Manufacturing group, which was placed under provisional liquidation last November A public company, Rand Technics Manufacturing was formed to sell shares to the public and issued a prospectus

However, I understand that few shares were sold to the public in this company before it collapsed Its liabilities exceed its assets by about R280 000, and it was financed through a R600 000 loan from Consolidated Technology (Pty) Ltd, which in turn obtained the money from the mining group

The "Mail" has established that a former employee of Rand Technics Manufacturing has made allegations relating to the collection of about R210 000 in deposits from members of the public for "Rand Spyder Security" systems The former employee claimed that certain equipment did not exist at the time the deposits were taken

The first sign of problems within the mining group came in August 1978 when the auditors — Von Gesau, Coetzee and De Wit, and Goldby, Compton and Mackelvie — sent the directors of

One of the numerous share certificates issued to a shareholder of a company in the Midwest Mining group

the two public companies warnings of alleged "material irregularities"

The alleged irregularities referred to related to the fact that moneys raised by the sale of shares in terms of the prospectuses were used in a manner other than specified in the prospectuses

The money had allegedly been used to repay loans and finance loans to Midwest Mining and subsidiary companies

The auditors resigned early last year and reported the alleged irregularities to the Public Accountants and Auditors Board The report was made to the board after the directors had failed to rectify the alleged irregularities drawn to their attention by the auditors within the specified notice period of one month

Between them, Consolidated Base Mineral Corporation and Northern Transvaal Consolidated Mines could boast less than R600 in cash at the bank, while the total cash position in the mining group's 10 bank accounts was just over R31 000 at the end of last October

Investigation's of the group's affairs is liable to prove extremely complicated because of the fact that the public mining companies have had several public issues of shares between them sold in terms of registered prospectuses — but have also sold shares to the public in terms of declarations under Section 141 of the Companies Act without issuing a prospectus

Adding to the complications is the fact that shares have been divided and increased in number from 3 000 000 shares in Consolidated Base Minerals to more that 34 000 000 issued shares, while Northern Transvaal Consolidated Mines now has 7 000 000 issued shares after divisions and increases to facilitate a proposed listing on the Johannesburg Stock Exchange

● 'Geologist's firm never existed' — Page 3

Oil-from-coal plant plan for N Tvl

14/2/80

By DON ROBERTSON
Mining Editor

GENERAL Mining and Sentrachem are investigating the possibility of establishing a large-scale oil-from-coal plant in the Northern Transvaal It would use as feedstock coal from an extensive field on the Springbok Flats, north of Pretoria

The coalfield, proved by 965 boreholes at a cost of R13 200 000, covers an area of 950 sq km This expenditure excludes the purchase of options and mineral rights

However, it will be a long time before any decision is taken on the synthetic fuel plant South African and overseas technical feasibility studies are continuing to establish a method of turning the coal to fuel

But even if the synthetic fuel plant is not established several coal and uranium mines will be established in the area

The emphasis for the extraction of oil from coal is being placed on a direct liquefaction process, which eliminates certain processes used at Sasol This will cut down on lead times and the enventual cost of such a plant

Pilot plant tests of the process have been successfully conducted overseas and various research projects are approaching the larger demonstration plant stage

Dr Wim de Villiers, chairman of General Mining, said at a Press conference in Johannesburg yesterday "The performance of the demonstration plant will determine the feasibility of the process, the overall economics and whether to proceed with large-scale commercial plants

"It must be appreciated that no commercial plant using the so-called direct liquefaction technology is at present in operation anywhere in the world

"In the case of the coal being tested, the initial laboratory tests have indicated high reactivity and it has been arranged for a few hundred tons of material to be tested in the overseas pilot plants within the next few months "

It is expected that in the current year the group will obtain knowledge of the performance of coal, with similar characteristics, in large plants overseas

"Should these indications be positive, the next step will probably be the production of sufficient coal to support a large-scale production test in overseas facilities This would involve the sinking of a shaft and the expenditure of fairly substantial funds "

However, Dr De Villiers said that no decision to go ahead with the synthetic fuel project was likely to be taken for the next 18 months and that it would then take about another five years before the plant reached the production stage

Important, though, was the fact that research has indicated that the process would yield more diesel than petrol, which would make it a valuable supplement to Sasol

He would not give any indication as to the possible production from the plant or what the capital cost might be, although expenditure on the feasibility study was expected to be about R13-million, which would be financed by General Mining and Sentrachem

Although the oil-from-coal plant is an uncertainty at this stage, General Mining and its associate Trans-Natal Coal intend to go ahead with the development of the coal field to extract various qualities of coal and uranium as well, possibly, as alumina, which is used in the manufacture of aluminium, potassium and molybdenum

The potential reserves of the coalfield are

- An area containing blend coking coal
- Areas containing medium quality steam coal with indications of significant concentrations of uranium
- Limited areas where coal is poorly developed, but where uranium is present
- Reasonably large areas containing medium or low quality steam coal where uranium is insignificant

Reluctant to divulge further details concerning uranium reserves because of the restrictions of the Atomic Energy Act, Dr De Villiers said, however, that they were large enough to be a significant addition to national reserves

In terms of an agreement between the three companies, Sentrachem, which recently swallowed Fedmis, has been given a 49% interest in the oil-from-coal project It will receive coal from the mine, process it, and pass it on to another plant for the extraction of uranium and other metals It will share in the cost of research in the programme

In consideration for this right, it has given General Mining and Trans-Natal the right to subscribe for 10% of the enlarged Sentrachem group at 470c a share

Trans-Natal has, however, waived its 5% particpation in Sentrachem to General Mining in exchange for a larger share of the mining operation Trans-Natal will, therefore, have 55% of the mining operation and General Mining 45% Trans-Natal will supply the coal to Sentrachem on a cost-plus basis

General Mining has hived off part of its 10% stake in Sentrachem to Federale Mynbou and Sentrust in the ratio of 1,25% and 0,375% respectively General Mining will hold the additional 8,375%

Should additional partners be allowed to participate, as seems likely, General Mining and Sentrachem will make shares available to them

GENMIN/SENTRACHEM

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Fuelling growth

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FM 15/2/80

General Mining and its associates may be out of the race for Cons Gold (in fact they may never have been in it), but, if gradually emerging plans for exploitation of the group's coal/uranium deposits in the Springbok Flats area of the Northern Transvaal come to fruition, the group's growth will be further solidly based on establishment of grassroots projects

Sentrachem shareholders have approved their board's proposals to participate with General Mining and Trans-Natal in the coalfield's development (*Fox* November 11 1979) They have also approved the sale of 10% interest in their company to General Mining and its associates. And, though few details have been revealed as to likely costs (more than R1 billion is in prospect), with Sentrachem's participation, funding the project will be made that much more easy

As things stand, preliminary investigations show that production of liquid fuels from coal by the liquefaction process is possible But that is only at the laboratory scale — the problems of ironing out possible plant scale snags have yet to be met However, the group is pulling in considerable foreign expertise in the field (and perhaps an eventual direct participation) while production could be under way by the mid-Eighties

Essentially, the project, which could provide a significant proportion of SA's diesel and petrol needs breaks down into three basic divisions Mining operations (which are currently owned as to 45% General Mining and 55% Trans-Natal) are planned to produce coal for sale on a cost plus basis This will be delivered to the carbonaceous project (owned 49% by Sentrachem 25 5% by General Mining and 25 5% by Trans-Natal) for recovery of liquid fuels The ash from this is then to be passed to the metallurgical project (equally-owned by General Mining and Trans-Natal) for recovery of uranium and other metal by-products

At this stage only preliminary work has been completed on the overall project's viability But it is a fairly safe bet that initial evaluation has been carried out based on petrol and diesel prices closely related to Sasol's, while uranium has probably been costed in somewhere below the current $40 lb price

It is highly likely that interests in the project will vary before it comes on stream Presumably, Sasol will have to rubber-stamp any developments before they are passed by government and it is not an outside chance that Sasol will be offered and accept participation in the venture In addition, despite political reservations by some foreigners on investment in SA foreign applications for the recent Sasol issue clearly demonstrate that the attractions of energy stocks outweigh political detractions

On that basis do not be surprised if major overseas energy companies seek participation General Mining is not averse to bringing in significant foreign partners as the Tubatse ferro-chrome venture with Union Carbide demonstrates

As I have said no details have been announced of likely costs but the scale of General Mining's likely commitment makes it clear why the group wants to take out the Union Corp minorities, broaden its capital base and pull in funds from its shareholders

That deal is still subject to considerable debate among brokers and investors And with the market's present view, once the take-out of minorities is completed, General Mining's shares could come back It is perhaps unfortunate, therefore, that only preliminary information is available on the liquid fuels project which could have a considerable impact on group earnings within the next five years or so

Evaluating the project in the context of the Union Corp offer is difficult Perhaps the best advice to shareholders is to treat developments separately Respond as you wish to the Union Corp offer but do not ignore General Mining's longer-term growth potential

In any event, with less than all of Union Corp under its belt, General Mining may be less than enthusiastic about assisting in funding Union Corp's new ventures such as Beatrix if this competes with funds for Northern Transvaal coal developments Combined the two groups should have considerably more fund-raising muscle than as separate entities

Jim Jones

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WESTERN DEEP

Ultra project

FM 15/2/85

For the next six years, Western Deep's shareholders will suffer from lower dividends than would have been possible without the mine's planned expansion project. But it is a suffering which should be borne gladly. On the details announced, eventual returns on the project appear highly attractive.

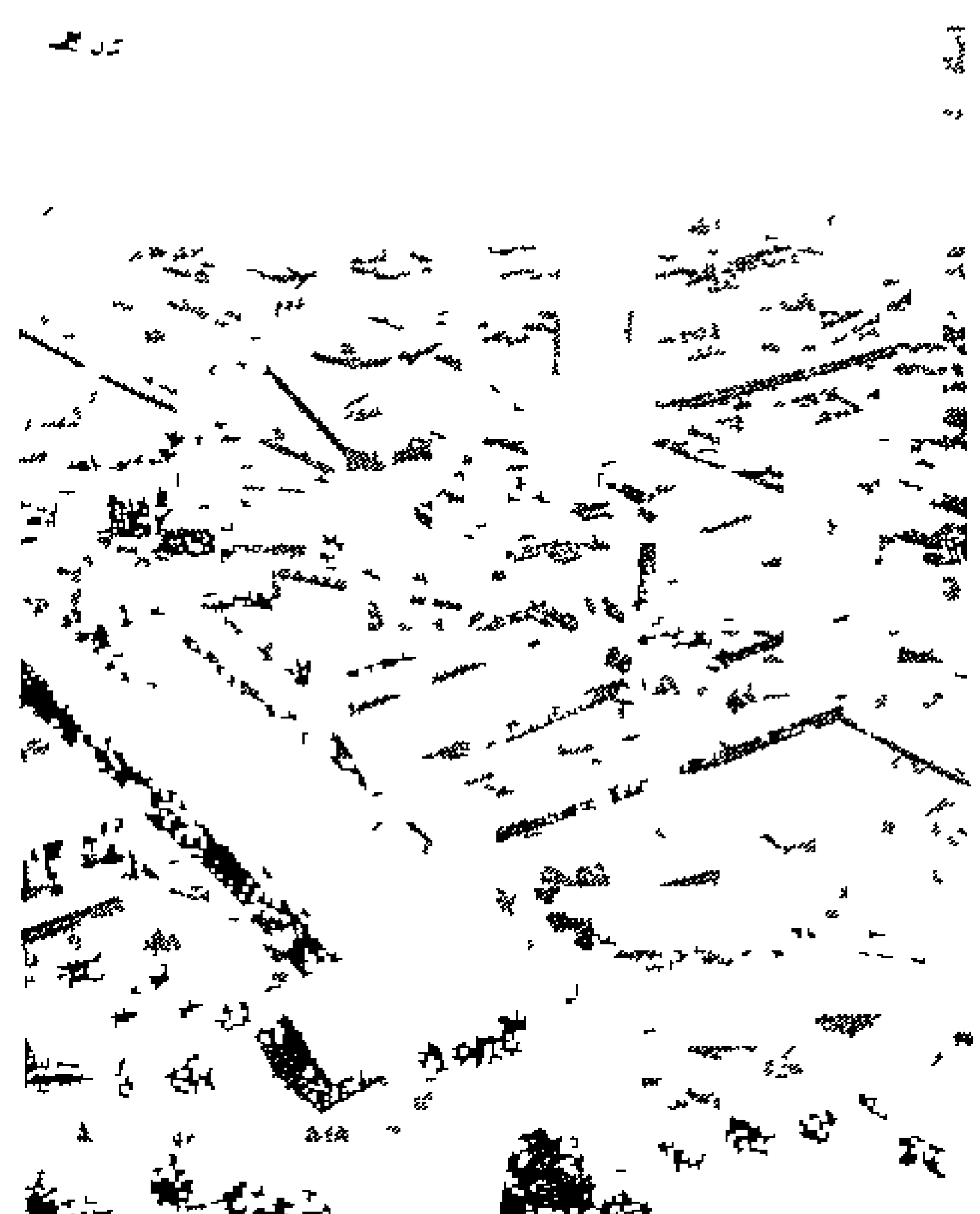
In today's terms, the mine is to spend R715m on shafts and plant designed to increase by 1985 monthly mill throughput by 160 000 t from the current 280 000t. In addition, operations are to be extended to mine 56 Mt of VCR grading 8,2g/t in ground held by Western Ultra Deep below the mine's southern boundary starting in 1992.

It is, of course, impossible to project gold prices and cost escalation rates over the next 40-odd years of the mine's remaining life. But assuming gold price and cost advances in line with inflation rates, in today's terms the initially planned R450m capex through to mid-1986 implies an annual distributable after-tax earnings reduction of about 120c a share.

However, (assuming a gold price of $650 and initial gold yields in line with the 8,2g/t indicated for the VCR to be eventually mined from the ground owned by Western Ultra Deep,) before capex needed to complete the project, distributable earnings should increase by around 315c per share in 1986.

At the taxed level, in real terms, the R265m to be spent between 1985 and 1992 will be an easily manageable annual 70c-odd per share.

Of course, acquisition of mining rights over the southern ground will not be cost-free. But because operations in the area are not scheduled to start until 1992, the present value of the cost to Western Deep should not be large.



Western Deep . . . digging deeper

For a start, Wit Deep, which has a 22,5% interest in most of the area's mineral rights, is participating proportionately in the drilling of two exploratory holes. However, it is highly unlikely to fund a 22,5% participation in the capex needed to exploit the ground. Wit Deep simply does not have the available funds, nor, I would imagine, would it be prepared to sell any or part of its holdings in East Drie and Elandsrand to fund a major participation.

Most likely, I imagine, is that Wit Deep will opt for a free ride. That could either be some form of royalty once mining starts in the area, an allocation of Western Deep ordinary shares or, perhaps an issue of shares which do not carry dividends until profits are available from mining the new area. The mineral rights have always been a speculative attraction in Wit Deep. But though they are now a realisable asset, their realisation is unlikely to be an insufferable drag on Western Deep.

In the fourth quarter of last year, on a $407 average gold price and with capex of R30,6m, Western Deep reported distributable earnings per share of 99,5c. This year, if gold averages $600 and the planned expansion capex comes in at full bore, dividends of 500c are well within reach.

Dividend restraint may make the share marginally less attractive to, say, US investors, who tend to look for a pay-back period of about seven years on SA gold shares. But if it does, and results in any price weakness because of US selling, the share's attraction to local investors will be greater. Western Deep remains one of the soundest gold shares available.

Jim Jones

Expert views SA's mineral potential

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Star

10/2/5?

It is refreshing, I think, after hearing so many economists and other so-called experts talking on the performance of gold and other minerals to listen to the views of a more technical-orientated fundi.

One such occasion cropped up this week at a luncheon hosted jointly by the American Chamber of Commerce in South Africa and the American Men's Club, where Dr Laurence Alberts was the guest speaker

Dr Albert is a well-known figure in scientific circles, a renowned physicist and is currently the president of the National Institute for Metallurgy — a position he has held since 1971.

RESPECTED

His specific brief at the luncheon was "mining resources in South Africa" — a subject in which he is very well versed

In fact, he quipped, "over the past few weeks I have had no less than 10 foreign journalists sitting at my desk discussing such a topic."

So from this one can glean that he is not only respected in scientific circles but also by the Press an as invaluable source of information on the South African mineral scene

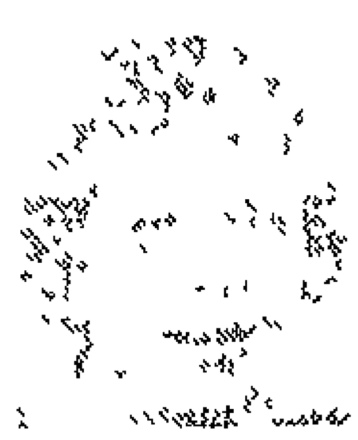
Dr Alberts underlined the necessity for research within the minerals industry, the optimum use of existing facilities, and South Africa's importance as the producer and supplier of a host of minerals.

MESSAGE

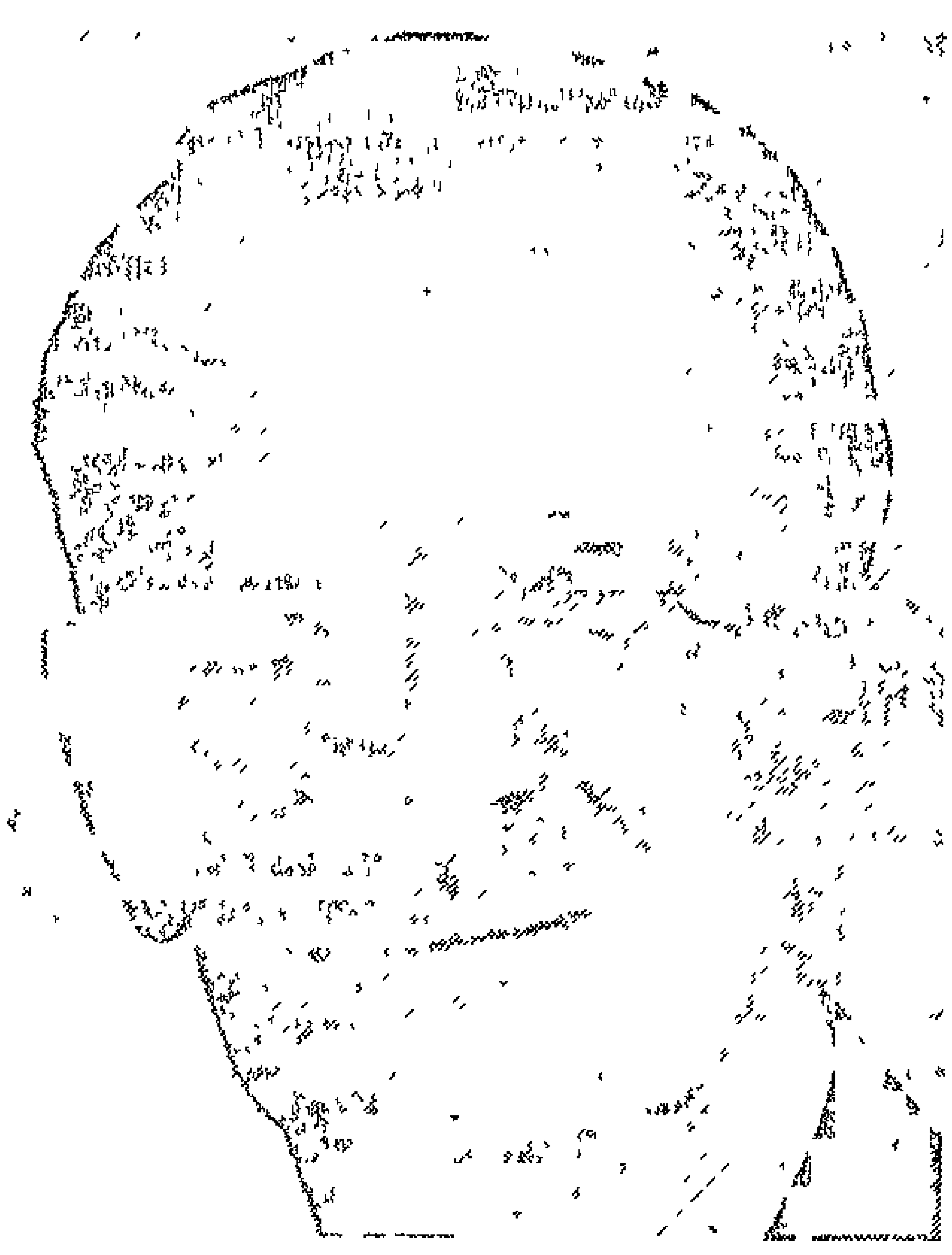
Despite the surface area [illegible] Africa making up about [illegible] percent of the world's land mass, it produced the bulk of the world's gold and one sixth of the free world's uranium It produces chrome in quantities that outstrip any other country and is well up in the platinum output stakes

But possibly the main message that stemmed from his talk was that the Western world should actively seek to preserve the free enterprise system in South Africa.

Because South Africa is the largest producer of many minerals, customers overseas should protect their supply position — and one of the ways of doing this is to ensure that free enterprise continues here.



Stephen Suckley listens to some views on South Africa's mineral potential.



Dr Laurence Alberts . . . very bullish for South African minerals in the future and suggests that one day platinum may take over the role of gold.

Many economists and mining experts are still caught up in the gold euphoria But production of gold between now and the end of the century will decline fairly rapidly to around 350 to 400 tons

And what is going to replace this major source of revenue which has been the backbone of the South African economy?

Some food for thought expressed by Dr Alberts [illegible] that platinum could possibly take over the role of gold — especially as the metal becomes more and more accepted as a form of jewellery.

METHODS

Gold will eventually run out and platinum is undoubtedly an alternative that will keep the country alive for many years to come, especially with the huge deposits that are known.

Another point raised by Dr Alberts was that extraction methods should be carefully monitored so as to maximise production from existing facilities.

In South Africa, much sound work has been done in stepping up the performance of established mineral beneficiation plants without changing the technology involved, Dr Alberts said.

"Ways of improving processes could possibly keep me in my job for another 100 years," he quipped

Giving an example, he said in the case of platinum [illegible] South African producers [illegible] extraction [illegible] rate of around [illegible] percent.

"You are not telling me that with some thought we could not boost this by even an extra 1 percent," he said.

This would increase the profits of the companies involved and also benefit the balance of payments.

NOT VIABLE

Optimisation of existing facilities will not mean that new technologies in the mineral field will come to a stop.

But, says Dr Alberts, in many instances the application of new techniques to established plants is just not viable on a cost basis.

A point in case here is the breakthrough in the gold mining industry where carbon pellets are used to encase the gold at a certain stage of the process, making extraction much easier

New gold mines will apply this method but the cost to convert existing mines would be uneconomical

ENCOURAGING

Listening to his talk — and the hosts must have been very pleased with the turnout as the function room was packed out — I certainly gained the impression that Dr Alberts was very bullish on the future path of minerals in the country

As the largest producer of chrome, the move more and more towards stainless steel by major countries in the world is an encouraging factor.

Coal's future is assured for many years to come, both on the export side and as a major source of power in South Africa.

During question time the inevitable question of nuclear power cropped up

Again, Dr Alberts was well within his depth to answer questions on this aspect because prior to his present appointment he was vice president of the Atomic Energy Board

OPTIMISM

He believes that no more nuclear power stations will be set up in South Africa in the foreseeable future. The Cape will not grow to such an extent that a further one will be justified while in the Transvaal coal will continue to form the prime power supply

With South Africa producing one sixth of the world's uranium, the main source of nuclear power, many local analysts have expressed optimism over a renewed surge in nuclear power towards the end of the 1980s

POLITICS

Dr Alberts, however, was unwilling to commit himself on prospects for nuclear power in the Western world in future, save to say that while the economics are there, nuclear power has moved into the realms of politics where nothing is certain

Dr Alberts bills himself as a "naive physicist" but many who have listened to his views on an important sphere of South Africa's existence would not agree

I for one will certainly welcome listening to Dr Alberts again. His views are crisp, authoritative and not without a sense of humour.

That always helps to make a good lunch

The Star

Friday January 18 1980

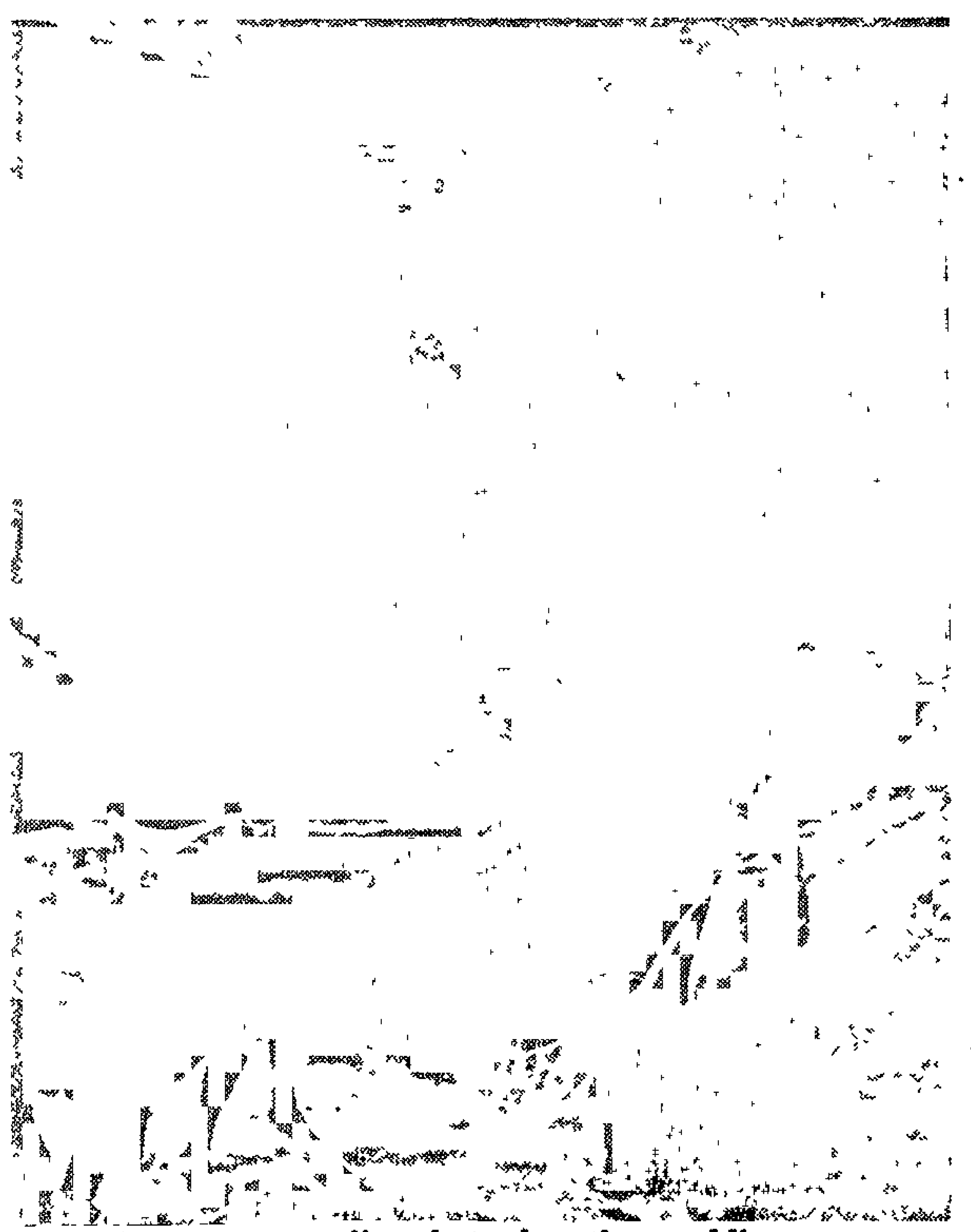
CLASSIFIED ADVERTISEMENTS INSIDE

BRIEFING

18/1/80 (210)

Landlocked states snag new sea law

This year should see a new set of laws governing "hydrospace" — the world's sea resources. South Africa with its 3 000 km coastline and neighbouring landlocked states will be affected. CARE asked LOUWINE VAN MEURS, a South African expert on the Law of the Sea, to assess the situation.



Lesotho — no coastline, but when the world's seas are divided up will it get a share of their mineral and fish w... ?

The land-locked states of southern Africa play an important role in the current debate on the law of the sea. The seven-year debate should come to a head this year.

One of the still unresolved problems at the United Nations Conference on the Law of the Sea concerns the standing of land-locked and otherwise disadvantaged states.

Many land-locked states argue that the continental shelf and the exclusive economic zone (EEZ) should be regarded as belonging to an entire continent, or at least a whole region, and not just to the adjacent coastal states.

Botswana, Lesotho, Zaire and Zambia have all favoured greater participation by land-locked states in the exploitation of both living and non-living resources of the EEZ of Southern Africa.

Heritage

In 1974, Zambia, for example, introduced draft articles which gave all states in a region "equal rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether renewable or non-renewable, of the sea-bed and subsoil and the superjacent waters."

The argument is that if the deep sea-bed minerals are regarded as the common heritage and the property of all mankind, why should not states in a particular region share resources of the EEZ in that region?

But the land-locked states have been unable to convince coastal states that the resources of the continental shelf and the EEZ belong to all as an inherent right.

In spite of the continued existence of a number of unsolved problems, it has now been possible for the first time since the start of the Conference in 1973 to set a definite deadline, August 1980, for the adoption of a new law of the sea convention. The third UN Conference on the Law of the Sea (UNCLOS III) ended its eighth session in New York late last year. Its delegates have now completed six years of negotiation.

Target

Since the first session of UNCLOS III in December 1973, delegates of almost every UN state have gathered for a number of weeks every year, once or twice a year, for the purpose of creating a new all-embracing law of the sea. Now, six years later, one can ask whether a UN conference of this magnitude and scope has really achieved what it set out to achieve.

Agreement had to be reached on innumerable and often very controversial issues including detailed regulations for deep seabed mining, the limits of the continental shelf and the exploitation of its resources.

Agreements have been concluded on sea pollution, protection of fisheries, limits of territorial waters, the 200 nautical mile (229 km) exclusive economic zone, passage through international straits, and limits of sea areas pertaining to islands and archipelagos.

Consensus on all these issues had to be reached between coastal states and land-locked states, between states from the Western wor' and communist states, and between developed and developing states.

One of the most acute causes of political and economic confrontations between the developed and developing states is the technological superiority of the developed states. This makes accessibility to the deep sea-bed and its resources possible only to the few developed states.

The result is competition with Third World states who depend on exporting land-based minerals — copper, manganese, cobalt and nickel — for their economic survival.

Perseverance

In spite of the fact at no spectacular soluons were forthcoming om the 1979 eighth sion, Conference hairman Amerasinghe nounced that August 1980, had been set as e limit for the new aft treaty.

This has become possible only through the erseverance of all the onference delegates in eir marathon efforts reach the ultimate oal of international w-making for all pects of ocean areas, "hydrospace," in the ce of many differces in outlook.

The plan under which deadline for conling the treaty has n set includes 10 eks of meetings durg this year divided to two parts of five eeks each. The first meeting will convene in New York on March 3.

A first negotiating text was produced in 1975. The present and latest version of the negotiating text was produced in May 1979 following the first part of last year's session. This text contains 304 articles and seven annexes.

It is expected that the ultimate treaty will not deviate much from this text. It is planned that the final revision, hopefully resulting from the first part of this year's session, will be altered in status from informal negotiating text to draft convention. This draft would then be open for amendment, and the convention would be adopted during the last week of the resumed session.

The signing of the actual treaty will take place in 1981 in Caracas, the seat of the first 1974 substantive session.

In terms of the latest version of the negotiating text, only states, not political groups or groups of states, may be parties to the eventual treaty.

Mining

Among thorny problems which still remain unsolved are those relating to the International Sea-bed Authority which is charged with the control of deep sea mining.

The essential characteristics of sea-bed mining had already been hammered out. There would be a parallel exploitation system, by the International Sea-bed Authority on the one hand and public and private entities on the other. Under this system each applicant would choose an area large enough for two mining operations of equal estimated commercial value, and the authority would then select one of these sites for itself, leaving the other to the applicant.

But a proposal was made in New York last year to the effect that the authority would be authorised to request an independent expert to assess whether the applicant has submitted all the required data.

Financing

Such a proposal, it seems, might have the effect of creating an image of the authority as an entity always in opposition to public and private applicants, even though these applicants are themselves states or state-sponsored, and should therefore be able to identify with, not oppose, an authority which is itself constituted of all interested states.

Under the heading of financing the authority, a new draft article was introduced by which the "Enterprise" (the operating arm of the authority) would be assured of the funds needed to carry out a fully integrated mining project by the raising of loans, regular contributions by states, and a flexible tax system.

Regarding the outer limits of the continental shelf, there is still no definite agreement.

Several proposals were put forward in respect of the presence of submarine oceanic ridges and their possible effect on the definition of the limits of the continental shelf.

The position of land-locked and otherwise disadvantaged states continues to be a source of dissatisfaction to such states. For example, Austria submitted a draft resolution urging coastal states to facilitate participation by land-locked and geographically disadvantaged states of the same region or sub-region in the exploration and exploitation of the natural resources of the continental shelf.

The delimitation of maritime boundaries between opposite or adjacent states was another unsolved problem. Discussion continued to be characterised by two opposing positions whether the delimitation line should be drawn equidistant between the two shorelines in question, or whether the emphasis should be placed on "equitable principles" in delimiting boundaries.

Published

The determination of the method of delimitation would depend largely on the potential natural resources located in the offshore areas of specific opposite or adjacent states. The possible presence of such resources might dictate the need for recognising the existence of "special circumstances" or invoking the doctrine of "equitable principles," rather than employing the median or equidistant method.

The delimitation of maritime boundaries between SWA/Namibia and the 12 South African islands off the SWA coast has created renewed interest.

On November 7 1979, the Territorial Waters of SWA Proclamation was published, under which the territorial waters of SWA/Namibia are defined as extending to 12 nautical miles from the low water mark and the fishing zone to 200 nautical miles from the low water mark.

This proclamation has not yet come into operation but is designed to have the same effect in SWA/Namibia waters as the South African Territorial Waters Amendment Act of 1978 now has in the waters of the Republic.

All 12 South African islands lie within the 100 m depth line and all lie well within the newly created 12-mile SWA territorial sea limit.

Each island generates its own territorial sea, its own fishing zone and its own continental shelf. The extent of each of these is determined on the same basis as the corresponding zone pertaining to the mainland. This therefore calls for a delimitation, which in this case is done by the median line method, the median line being the line of equidistance from the respective low water baselines.

South Africa and SWA/Namibia are not the only states having a 200 nautical mile fishing zone. The general acceptance over the years of the exclusive economic zone as a concept has resulted in the passing of legislation by many states of a 200 nautical mile fishing zone.

This year the world is expected to make a momentous step by agreeing to a common law of the sea and its enormous resources.

Fisheries

This has affected the fishing rights of the distant water fishing states. Such states may with the consent of the coastal state, catch fish in a coastal state's fishing zone for which the coastal state has no fishing capability.

These states may, however, be limited in their intake if the coastal state deems it necessary to provide protective measures for its offshore fisheries.

The Division of Sea Fisheries at present controls the whole South African coast up to 200 nautical miles from the low water mark for the purpose of patrolling the waters of the zone, allocating fishing quotas, and concluding agreements with foreign states for fishing within the 200-mile zone.

DEPARTEMENT VAN MYNWESE

No 86 18 Januarie 1980

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het stukke geproklameerde grond wat tesame ongeveer 3,2465 hektaar groot is, geleë is op die plaas Witpoortje 117 IR, distrik Brakpan, myndistrik Heidelberg provinsie Transvaal, geregistreer is op naam van die Stadsraad van Brakpan en aangetoon op 'n sketskaart waarvan afdrukke bewaar word onder RMT R20 79 in die Mynbriewekantoor Johannesburg en in die kantoor van die Mynkommissaris Heidelberg, kragtens artikel 184 van die Wet op Mynregte 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/919)

No 95 18 Januarie 1980

TERUGTREKKING VAN DIE UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het, kragtens die bevoegdheid hom verleen, die uithou van grond vir die doel van 'n dorp ingevolge artikel 184 van die Wet op Mynregte 1967 (Wet 20 van 1967), soos vervat in Goewermentskennisgewing 920 in *Staatskoerant* 5275 van 14 Mei 1954 en soos aangetoon op 'n sketskaart waarvan afdrukke in die Mynbriewekantoor, Johannesburg, en in die kantoor van die Mynkommissaris, Heidelberg, onder RMT 2108 bewaar word teruggetrek

(19/5/1/918)

DEPARTEMENT VAN SAMEWERKING EN ONTWIKKELING

No 90 18 Januarie 1980

BEPALING EN AFSONDERING VAN 'N DORP BEKEND AS HA-TSHIKOTA, DISTRIK SOUTPANSBERG

Ek, George de Villiers Morrison, Adjunk-minister van Samewerking, handelende namens die Minister van Samewerking en Ontwikkeling kragtens die bevoegdheid hom verleen by regulasie 4 (1) (a) van Hoofstuk 1 van die Regulasies vir die Administrasie en Bestuur van Dorpe in Swart Gebiede, afgekondig by Proklamasie R 293 van 1962, bepaal en sonder hierby af onder die naam Ha-Tshikota die grondgebied beskryf in die Bylae hiervan as 'n dorp vir die okkupasie, bewoning en ander redelike behoeftes van Swartes

G DE V MORRISON, Adjunk-minister van Samewerking

(Lêer T8/6/12/H71)

BYLAE

Die volgende stukke grond, geleë op die plaas Vleyfontein 316 LS, distrik Soutpansberg, provinsie Transvaal soos aangedui op algemene planne wat deur die Sekretaris van Samewerking en Ontwikkeling goedgekeur is en in sy kantoor bewaar word en waarvan afskrifte beskikbaar is in die kantoor van die superintendent van die betrokke dorp

(a) Algemene Plan PB 407/1978, groot 84,6995 hektaar

(b) Algemene Plan PB 72/1979, groot 25,2880 en 32,9496 hektaar

DEPARTMENT OF MINES

No 86 18 January 1980

RESERVATION OF LAND FOR PURPOSES OF A TOWNSHIP

The State President has in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for purposes of a township portions of proclaimed land, which together are approximately 3,2465 hectares in extent are situated on the farm Witpoortje 117 IR, District of Brakpan Mining District of Heidelberg, Province of the Transvaal are registered in the name of the Town Council of Brakpan and are shown on a sketch plan copies of which have been filed in the Mining Titles Office Johannesburg and in the office of the Mining Commissioner, Heidelberg, under RMT R20, 79

(19/5/1/919)

No 95 18 January 1980

WITHDRAWAL OF RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, under the powers vested in him withdrawn the reservation in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), of land for purposes of a township by Government Notice 920 in *Government Gazette* 5275 of 14 May 1954, as shown on a sketch plan, copies of which are filed in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner, Heidelberg, under RMT 2108

(19/5/1/918)

DEPARTMENT OF CO-OPERATION AND DEVELOPMENT

No 90 18 January 1980

DEFINING AND SETTING APART OF A TOWNSHIP KNOWN AS HA-TSHIKOTA, DISTRICT OF SOUTPANSBERG

I George de Villiers Morrison Deputy Minister of Co-operation acting on behalf of the Minister of Co-operation and Development under and by virtue of the powers vested in him by regulation 4 (1) (a) of Chapter 1 of the Regulations for the Administration and Control of Townships in Black Areas, published under Proclamation R 293 of 1962 hereby define and set apart under the name of Ha-Tshikota, the area of land described in the Schedule hereto as a township for the occupation, residence and other reasonable requirements of Blacks

G DE V MORRISON, Deputy Minister of Co-operation

(File T8/6/12/H71)

SCHEDULE

The following areas of land situate on the farm Vleyfontein 316 LS, District of Soutpansberg, Province of Transvaal, as indicated on general plans approved by the Secretary for Co-operation and Development filed in his office copies of which are available in the office of the superintendent of the township concerned

(a) General Plan PB 407/1978, in extent 84,6995 hectares

(b) General Plan PB 72/1979, in extent 25,2880 and 32,9496 hectares

Hansard 2 13/2/80
Cols 668 →

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MINING TITLES REGISTRATION AMENDMENT BILL

(Second Reading)

The MINISTER OF MINES Mr Speaker I move—

That the Bill be now read a Second Time

The Mining Titles Registration Act, 1967 regulates the registration of mining titles, i e mining rights granted or acquired under the mineral laws, other rights connected with prospecting and mining, stand titles and certain other deeds and documents by the Registrar of Mining Titles

A nomination agreement for the purposes of the mineral laws relates to alienated State land i e land which is not owned by the State and in the title deed of which there is a reservation to the State of the right to minerals The owner has the exclusive right of prospecting on alienated State land and he may either himself exercise that right or grant that right and the right to acquire a mining lease over the land in question to his nominee by means of a nomination agreement which is binding upon the successors in title of the owner of the land if such agreement is embodied in a notarial deed and registered in the Mining Titles Office

In terms of section 5(1)(d) of the Act it is one of the duties of the Registrar of Mining Titles to register a nomination agreement and any cession, renewal, modification abandonment or cancellation thereof upon application

Section 48 of the Act contains provisions regarding applications to the Registrar of Mining Titles for the registration of nomination agreements and matters incidental thereto

According to the present wording of section 48, it is only compulsory to submit the owner's copy of the title deed of the land in question to the Registrar of Mining Titles when application is made for the registration of a nomination agreement The said Registrar must forward a copy of the agreement and the title deed to the Registrar of Deeds for the area in which the land is situated, who has to note the agreement against the title deed and in the appropriate registers Although section 48(3) requires that the abandonment or cancellation of a nomination agreement be noted against the title deed by the Registrar of Deeds concerned, section 48(1) imposes no obligation that the title deed of the land in question be handed in at the office of the Registrar of Mining Titles for that purpose

Hon members will notice that section 48 contains no prescriptions to the applicant in connection with the registration of a renewal modification abandonment or cancellation of a registered nomination agreement Section 48 also does not provide that an applicant for the registration of a cession of a registered nomination agreement has to hand in the title deed of the land in question and that such cession has to be noted against the title deed

*Since a registered nomination agreement is binding upon the successor in title of the owner of the land it is essential, for the information of prospective purchasers of the land, that the owner's title deed and the Deeds Registry's copy of it should indicate not only the existence of such an agreement but should also indicate, for example, that it has been renewed

Problems arise when attorneys, notaries public and conveyancers undertake to do reference work in the Deeds Registry for prospective purchasers of land, for example, and the title deed of the land or the copy of the nomination agreement do not indicate the true state of affairs in respect of for example a renewal Nor does the land owner's title deed indicate the position There are cases where, according to the registers in the Deeds Registry, or according to the owner's title deed, it may be accepted that a nomination agreement has elapsed owing to effluxion of time and the land is "clean", but where it is subsequently discovered that the agreement was in actual fact renewed The reason for such an unsatisfactory situation being able to arise is that section 48 lays down no provisions with regard to the renewal of such an agreement

Attorneys, notaries public and conveyancers have requested—and they are supported in this by the Registrar of Mining Titles—that section 48 of the Act be rectified so that the registration of any cession, renewal or modification of a registered nomination agreement shall also be noted against the title deed of the land as well as in the registers of the Deeds Registry

A problem that can be foreseen is in the case where a holder of an agreement may renew it without again having to consult the owner of the land in the matter, or where an agreement is ceded and the owner is not party to such a cession, and the owner refuses to make his title deed available for notation In order to cope with such a situation it is being proposed that section 48 be extended to provide that the registration by the Registrar of Mining Titles of a cession, renewal modification, abandonment or cancellation of a registered nomination agreement shall nevertheless be noted in his records by the Registrar of Deeds and that such a registration be noted against the owner's title deed at a later stage when it finds its way to the Deeds Registry in connection with another matter Section 45(3) of the Mining Rights Act, 1967 (Act No 20 of 1967) contains similar provisions, in case the owner's title deed is unobtainable for making an endorsement on it to the effect that the land has been proclaimed or deproclaimed for the purposes of that Act, as the case may be

The Chief Registrar of Deeds was consulted and he has no objection to the proposed amendment of section 48 of the Act

Hon members will also note that a few improvements to the Act are being proposed, viz the improvement in the definition of "nomination agreement", in section 1 and the improvement of the wording of section 5(1)(d)

Mr I F A DE VILLIERS Mr Speaker, the hon the Minister has explained the operation of the existing Mining Titles Registration Act of 1967, and has shown the need why there should be greater clarity in some of the wording of that Act and how greater effectiveness can be achieved in the registration, renewal, cancellation and modification of nomination agreements as newly defined in the Bill before us I believe that the improvements proposed by the hon the Minister are fully justified and will in fact effect an improvement Having ourselves struggled through what is a rather difficult Bill to read we have no hesitation in saying that the effect of the Bill is beneficial It will no doubt be helpful also to the Registrar of Deeds and the Registrar of Mining Titles We will support this Bill

*Mr R B MILLER Mr Speaker, on behalf of my party I want to tell the hon the Minister that we have no objection to the Amendment Bill We have been told that it is an improvement which has been made at the request of various persons and bodies, i e those affected by it most In practice this will mean an improvement while the principle of the measure is not being change Consequently we support the improvement

*Mr W C MALAN (Randburg) Mr Speaker, I am merely rising to convey to the hon the Minister the support of this side of the House in the acceptance of this Bill

There is a deeper principle underlying this legislation on which I should like to express a few thoughts We are dealing here with something more than the mere extension of section 48 of the Act as envisaged in clause 3 of the Bill We are in fact concerned with the perfecting of the South African Registration Law According to J W S Heyl in a work *Grondregistrasie in Suid-Afrika*, the principle upon which Registration Law is based, is twofold, i e to ensure on the one hand that there is unassailability of title for the owner and on the other to provide interested parties outside the immediate parties with legal security In the earliest times as far back as the time when Roman Law held sway, ownership was transferred, initially by giving possession with a concomitant intention of allowing the transfer to take place This could take place either by means of a physical transaction or by entering into an expressed agreement In Roman Dutch Law this developed further into a formal system, where parties that had negotiated a transaction had to appear before a judge in the area where the particular property was situated The transaction was then concluded there This was afforded statutory force for the first time with the Edict of Charles V, in 1529, which made the transfer of ownership by means of registration a fixed and inflexible practice Consequently this law was the prevailing law in South Africa after the Dutch East India Company occupied the Cape in 1652

The first act of registration recorded in South Africa was the registration of property in the name of a certain Steven Jansz, one of the first freeburgers on 14 April 1657 Before long, however, the unreliability of the records which is basically the problem we are dealing with here and is in fact the cause of the legislation before us because a great problem *inter alia* because no endorsement was made to the deeds to indicate that there were deeds that had expired when the property was again transferred in further ownership We find the first attempt to provide legal

security in South Africa with the promulgation of a Proclamation, in the Cape Colony, on 2 July 1686 In terms of this Proclamation Johannes Gulielmus de Grevenbroeck opened the first registration book He copied the deeds that had already been issued into a register What was also important was that a diagram was included with each deed Thus was basically the forerunner of what we know today as the office of the Surveyor General

Only in 19 January 1828 was the office of Registrar of Deeds introduced for the first time, and this was done in terms of a Cape ordinance What is also interesting is that he was initially known as the "Registrar of Slaves and Deeds" until the office of Registrar of Slaves disappeared in 1834 Incidentally it is also interesting to know that one of the oldest stamps still being preserved in the Cape Town Registration Office is that of the Registrar of Slaves and Deeds Over the decades the law of registration extended here and subsequently made provision for the keeping of other registers and *inter alia*, in 1909 the register for mining titles as well I believe we can say with pride that the system in South Africa has developed into at least one of the best systems if not the very best in the world

The Bill we are now dealing with is in fact an effort to extend these principles further in order to demonstrate to the general public the unassailability of title as well as the legal security For that reason I gladly support this Bill

*The MINISTER OF MINES Mr Speaker, I should just like to thank hon members who participated in this debate for their support of the Bill In particular I should like to thank the hon member for Randburg most sincerely for his contribution I believe he did us a favour by giving us this wonderful survey of the history of a fantastic registration system I share with him the pride he has in our legal system, and in particular our registration system as well His speech, I believe will be a useful piece of reference for everyone in future

Question agreed to

Bill read a Second Time

Bill not committed

Bill read a Third Time

20/2/80

Hansard No 3 Q Col 127)

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Mining at Mapelana

*9 Mr R B MILLER asked the Minister of Mines

(1) Whether his Department has authorized mining at Mapelana, if so, (a) what mineral will be mined there and (b) to whom has authority been granted,

(2) whether mining operations have commenced?

†The MINISTER OF MINES

(1) No (a) and (b) fall away

(2) Falls away

GENMIN/UNION CORP

20

FM 22/2/80

Pulling together

With publication of preliminary results by General Mining and Union Corporation, UC minority shareholders now have virtually all the information they are likely to receive before formal offer documents are distributed early next week.

Accepting or rejecting Genmin's 280:100 offer for the outstanding UC shares will presumably depend on shareholders' perceptions of the two groups, and this is complicated somewhat [illegible] cent 52% stake in [illegible]

Looking at UC first for the year to end December 1979, it has [illegible] earnings advance to [illegible] up on the previous year's [illegible]. The growth has been solidly based. Operating income rose [illegible] to R117,6m (R88,3m) [illegible] income 5[illegible] to R[illegible]

At Genmin, consolidated earnings advanced 55,6% to [illegible] income [illegible] improved [illegible] to [illegible] R68,7m) while investment income [illegible] to R29,1m (R21,1m). Whether such a comparison is entirely valid can be debated [illegible] Genmin also holds [illegible] Union Corp and the [illegible] performances [illegible] figures should be [illegible] UC. But deconsolidation [illegible] does help shareholders make [illegible] accepting [illegible] an eventual earnings [illegible] should [illegible]

At the [illegible] interest burden [illegible] remove some advantages [illegible] level.

Both groups are in a strong growth phase with plans for considerable [illegible] over the next few years. But in the near term at least UC probably has a bit of a lead over Genmin because of its higher gold exposure. Last year, for example, Genmin's own gold and uranium operations provided [illegible] UC on the other hand [illegible] twice as much. This year [illegible] absolute margin could [illegible] partly offset in [illegible] accounts because of the [illegible] Union Corp holding.

On the industrial side [illegible] slouch. Its industrial division [illegible] broke the R1 billion turnover [illegible] year and increased a [illegible] by 59% to R81,6m.

Going by statements from UC's industrial companies, earnings this year should remain in a strong growth [illegible] this with prospects for gold [illegible] be that Union Corp will outperform Genmin this year. That could deter [illegible] ers from accepting Genmin's offer. However, taking a longer view, there are advantages to being with Genmin rather than as a minority in its subsidiary.

For a start, at an average gold price of $600, a reasonable estimate is that about 48,5% of UC's earnings will come from gold and uranium before the proposed merger, about 45% of Genmin's earnings would be gold/uranium sourced, while post-merger, the percentage would fall marginally to around 44%. Proportional [illegible]

[illegible]

Genmin's Wim de Villiers doubling the [illegible]

[illegible]

During the last [illegible] both groups [illegible] potential [illegible] that [illegible] selling direct stakes to [illegible] holders. As things stand [illegible] could mean Genmin picking [illegible] of the tab — something it is not [illegible] to establishing mines in which it [illegible] greater [illegible] grounds [illegible] two.

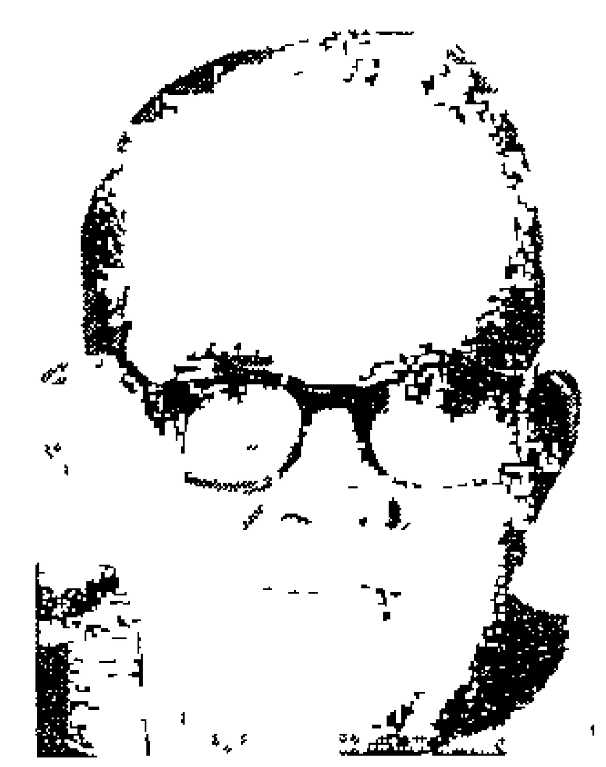
RAPPORT, 24 Februarie 19[illegible]

210

Onsekerheid of Genmin vir Unicorp kry

Deur GERT MARAIS

GENERAL MINING sal vroeg vandeesweek volledige besonderhede van sy aanbod vir Union Corporation bekend maak. In hierdie stadium is dit nog nie 'n uitgemaakte saak dat die aanbod gaan slaag nie.



DR W J DE VILLIERS, voorsitter van General Mining

MNR E PAVITT, voorsitter van Union Corporation

Die onsekerheid word geskep deur ontevredenheid oor die aanbodprys wat in sommige kringe bestaan. 'n Groep makelaars hier en Londen voel dat die voorgestelde prys van 80 Genmin-aandele vir elke 100 van Unicorp te laag is.

Teen Vrydag se sluitingspryse van onderskeidelik 1 900c en 1 450c beteken dit 'n premie van net 4,8 persent. 'n Verhouding van 1 tot 1 word deur die ontevredenes as meer realisties beskou. Dit sal 'n premie van 31 persent verteenwoordig.

Genmin het 75 persent van die stemme op die vergadering nodig vir sukses.

Volgens die jongste beskikbare inligting word 87 persent van Unicorp se aandele in Suid-Afrika gehou, 8 persent in Londen en 5 persent in die res van Europa.

'n Sterk gevoel bestaan in sommige plaaslike kringe dat dit hoogs onwaarskynlik is dat die Londense aandeelhouers die aanbod gaan aanvaar. Onsekerheid bestaan oor dié in die res van Europa.

Die groot argument is dat Genmin nie in Londen bekend is nie, dit daar swak verhandel en die aanbod in elk geval nie aantreklik is nie.

In Suid-Afrika het sommige makelaars hul kliënte reeds afgeraai om die aanbod te aanvaar. Ander is ook besig om Unicorp se aandele op te koop in die hoop dat die aanbodprys verbeter sal word.

Dit lyk egter nie in hierdie stadium asof enigiemand aktief besig is om stemme teen die aanvaarding van die aanbod te werf nie. Die teenkanting is spontaan.

Wanneer enige oorname ter sprake is, is veral twee faktore van belang. 'n Duidelike uiteensetting van die voordele wat die verkoper gaan kry deur te verkoop, of 'n aanmoediging in die vorm van onmiddellike kontant, of hoe alternatiewe waarde.

Die uiteensetting van die voordele om die aanbod te aanvaar sal in vandeesweek se besonderhede bekend gemaak word, maar diegene wat teen die aanbod is, het blykbaar reeds besluit dat Unicorp beter waarde as die gesamentlike Genmin/Unicorp sal lewer.

Hul redenasie is dat Unicorp se vooruitsigte beter as dié van Genmin is en dat sy koste per ton laer is. Vir hulle is die argument dat die maatskappye gesamentlik makliker krediet vir groot ontwikkelinge gaan kry, nie geldig nie. Hulle meen ook dat Unicorp aansienlike verdere uitbreidings in die Suid-Vrystaat kan onderneem, sy neerslae naby Leslie nou betalend is en dat daar geen bykomende voordeel in is om hul uiteenlopende belange nou saam te gooi nie. Afsonderlik bied hulle elkeen verskillende voordele vir die belegger.

Aan die ander kant glo Genmin natuurlik dat sy aanbod billik is.

Toe die aanbod bekend gemaak is, was die premie nie net 4,8 persent soos nou nie, maar wel 14,3 persent. Unicorp se prys het daarna gestyg om in lyn met die aanbodprys te kom.

As 'n mens verder na die verhouding van 80 vir elke 100 op grond van 1979 se resultate kyk, lyk die prentjie heelwat anders. Op grond van 1979 se verdienste moes die aanbod 58 vir elke 100 gewees het, op grond van dividende 62 vir elke 100 en op grond van batewaarde 68 vir elke 100 aandele in Unicorp.

Diegene ten gunste van die aanbod wys verder daarop dat 'n betekenisvolle groei in die verdienste deur die vergrote groep getoon behoort te word. As die jongste resultate, voor inagneming van eksplorasiekoste volgens afdeling opgedeel word en dié van die vergrote groep daarvolgens bereken word, sou Unicorp se aandeelhouers in die afgelope jaar 'n styging van 12 persent in verdienste getoon het deur die aanbod te aanvaar.

Albei kante is ewe oortuig van hul eie standpunte.

Dit lyk egter of Genmin 'n bietjie onseker oor die uitslag is, want hy het 'n openbare skakelmaatskappy aangestel om sy beeld tot aan die einde van Maart te bevorder.

18. Yithi "Leg of mutton', "the tail of a sheep", "the horns of a sheep" in Xhosa.

19. Unina kaThemba wanika uThemba imali enjani? Red paper money (R1,00)

20. Wathi ni kuThemba ngemali? (Answer in indirect speech) He should safely keep it.

21. Umnini-venkile wayezakumnika nto ni uThemba? Silver - bronze (change money)

22. UThemba wayezakuthenga nto ni ngenye isenti? Any nice thing he wished to buy.

63
53
R116

SUNDAY TIMES, Business Times, February 24, 1980

210 (80)

Anglo is poised for big things

A MOVE in the share price of Anglo American below 1 300c would be a buy signal for a share with excellent long-term prospects

This is the conclusion of a comprehensive study of Anglo American Corporation (AAC) by a leading firm of Johannesburg stockbrokers.

However the authors believe better buying opportunities should occur.

Earnings for the year ending March 1980 are forecast at no less than 132c which is expected to provide a final dividend of 45c giving a total for the year of 55c 46c.

On the share price of 1 390 on Wednesday this would yield a prospective 4,67% compared with prospective yields around 12% in long-life gold mines at current prices — but the downside risk in an investment in AAC is very much less.

Forecast earnings for the year ending March 1981 are 200c and the dividend for the year 90c. On the current share price this would give a dividend yield of 6 47.

A major feature of AAC is the long-term growth potential of its investments in almost all sectors.

The study which links AAC's prospects to four factors: the energy situation, the gold price, the state of the world politico-economy and South Africa's political situation gives a fascinating insight into the growth that can be expected.

GOLD Prospects are considered to be excellent with AAC continuing to benefit as its gold portfolio is heavily orientated towards the long-life relatively low-cost producers.

Income from AAC's gold investments is forecast to rise 75% in the 1980 financial year and about 90% in 1981.

The 1981 projection is based on an assumed average gold price for the 1980 calendar year

By ANDREW MCNULTY

of $500 oz compared with $310 oz for 1979 and $675 oz for January 1980.

Developing mines which have yet to pay dividends are estimated to comprise at least 20% of AAC's portfolio.

URANIUM Production will increase by at least 80% over the next three years. It is estimated that by 1985 prices will have risen sharply and by that year uranium may be contributing more than 25% to the profitability of uranium gold mines.

DIAMONDS Income from diamonds is expected to increase only slightly in both AAC's financial years 1980 and 1981. Unchanged dividends can be expected.

De Beers long-term outlook appears most favourable the study finds. The 50% increase in production scheduled for the next three years will significantly increase De Beers portion of world production and hence assist De Beers in maintaining its market monopoly.

Recent diamond finds in Australia have created great excitement among investors there but it will be at least six months before any conclusive feasibility studies are completed.

INDUSTRIAL Dividends received by AAC from this sector are slated to rise by some 25% in 1980 and 20% in 1981 based on increased export and local demand.

COAL Income to increase by 25% in 1980 and 18% in 1981 with strong income growth forecast in the long term.

PLATINUM Income is forecast to rise by 150% in 1980 and 100% in 1981.

COPPER Income will increase substantially as a result of the higher copper prices. Improved transport arrangements and sustained high cobalt prices should result in a dramatic improvement in the profitability of the Zambian producers.

It is worth noting that while Group earnings per share have grown steadily throughout the 1970s with periods of rapid earnings growth corresponding to periods of a strongly rising gold price AAC's EPS growth has been slightly lower than that of the mining house sector.

This is because of AAC's higher than average degree of diversification which has resulted in dilution of the effects of the strong gold price rises of the late 1970s.

It can be concluded however that AAC's earnings have relatively less downside potential should the gold price weaken significantly.

It is interesting to note from the gold portfolio that almost two thirds are low-cost producers although almost 9% comprises mines operating at costs above $200 oz. The average mining cost of the portfolio is estimated at $117 oz.

under the supervision of ... reporting to the head office in Port Shepstone. All the district managers hold Labour Agents licences with endorsements to recruit for all sugar companies.

RDM 26/2/80.

(210)

The aims behind that Genmin offer

By DON ROBERTSON
Mining Editor

THE rationale behind the General Mining bid for complete control of Union Corporation is undoubtedly the desire to create a financially strong group with the muscle to raise the necessary finance to develop its many exciting projects

And the official offer document released today contains a recommendation of acceptance by Mr Ted Pavitt, chairman of Union Corp and from Barclays National Merchant Bank, who were called in to protect the interests of minorities

When the offer was first made in December, the terms — 80 General Mining for 100 Union Corp — drew criticism from some sources However, since the year-end results for both groups were announced last week, a better understanding of the deal becomes apparent

On a straight dividend, earnings and asset basis, the 80 General Mining shares represent a reasonable premium on the 100 Union Corps, although the switch in the emphasis of the income contribution of the new, enlarged group might not be to every shareholder's liking

As an integral part of the deal, it is required that General Mining make a rights issue to existing shareholders in the ratio of 30 new shares for every 100 shares held at 1 500c to raise R189-million

In addition, 1 170 000 A ordinary shares will be issued to Federale Mynbou and Sentrust in exchange for the cancellation of Fed Mynbou's 25% participation interest in General Mining's new ventures and Sentrust's 10% participation right

Assuming all these proposals are implemented a shareholder of 80 Gen Mining shares in the enlarged group would have received dividend income of 89c a share or R71,20 based on the results to December last This compares with 62c a share or R62 on 100 Union Corps

On an earnings basis, the figures for 80 Gen Minings would have been 195,6c a share or R156,50 compared with R136,4c a share on 100 Union Corps or R136,40

Based on net assets, the figure for the Gen Mining shares is 2 135c a share or R1 708 compared with 1 642,9c share or 1 642,90 for 100 Union Corps

General Mining has expressed a policy of maintaining at least a dividend cover of 2,2 times, slightly less than it held last year This would represent a dividend of 71,2c a share from the combined group compared with 62c from Union Corp

On an overall income position, based on December figures, the position changes regarding the composition of the income base and for the Union Corp shareholder who holds dear the previous predominance of gold, uranium and platinum in his portfolio, he might not like the switch

It must be borne in mind though, that this composition could change in the future

Prior to the scheme, gold and uranium made up 33,4% of income to Union Corp This will fall to 26,5% in the new group, based on last year's figures

Platinum contributed 12% to Union Corp but this will fall to 8,1% and the strong contribution from industrial and commercial investments will fall to 29% from 38,6%

The difference will effectively be made up by a bigger income from coal of 7,3% against nil and 25,1% against 13% from financial and management services

The change is much the same when considering the restructuring of the assets

The benefit of a bigger stake in the growing coal industry appears to be the only benefit from this change in portfolio income

However, the document points out that the operating profits of the 12 gold mines in the enlarged group contributed to earnings based on a gold price of $270 for the period to September Since then, the gold price has risen to an average of $489

But the longer term benefits might perhaps outweigh what could be a short-term switch in the income contribution, certainly with regard to financing new capital projects

In the past, Union Corp has been retsricted in its ability to raise finance, its balance sheet being fairly heavily committed

General Mining on the other hand is fairly free from debt and will raise R189-million from the rights issue Invested at 7%, this cash will earn 13,52c a Union Corp share

Together, the group has a number of exciting projects on hand

The primary uranium producer, Beisa is expected to come into production in 1981 at a cost of R250-million The Beatrix mine, now being considered, could cost R400-million Sappi expects to spend R500-million over the next five years

Most interesting is Gen Mining's plans to develop its northern Transvaal coal fields to produce uranium, various grades of coal and possibly synthetic fuels This project would cost a considerable amount

Should the deal be approved by shareholders, Federale Mynbou will end up with a 45,40 stake in the group, the Union Corp minority 29,82% and the existing Gen Mining minority 24,78%

Unicorp says 'yes' to Genmin offer

It is a whole new exciting world for General Mining and Union Corporation, and I therefore see little reason why Unicorp shareholders should have second thoughts about accepting General Mining's offer of 80 of its shares for every 100 Unicorp shares now held. The board of Unicorp, led by chairman Ted Pavitt, recommend the deal to shareholders.

By Colin Campbell,
Deputy Financial Editor

The plan to buy out the outstanding 48.3 percent of Unicorp not now held will put the enlarged mining house in strong shape to tackle the riches of South Africa and opportunities elsewhere that lie ahead in the 80s — something which may not have been as easily tackled as separate units because of the enormous costs of mining and exploration.

The offer document says that "Genmin continues to explore for gold and base minerals and interesting discoveries have been made which are in the process of being evaluated." Genmin has exciting potential coal developments on the cards.

PLANS

Unicorp is spending R250m to open the new uranium/gold mine Beisa. It will need R400m if it goes head with a new gold mine south east of Beisa, and has extensive industrial development plans as well — only recently Sappi announced a R500m programme over the next five years.

As one house the potential to tap financial resources will be greater, and as one group Unicorp shareholders will share in the progress. Ownership of the enlarged Genmin, assuming all the proposals are accepted, will be Fedmyn 45,40 percent, Unicorp minority 29,82 percent, existing Genmin minority 24,78 percent.

As a separate issue Genmin plans to raise R159m by way of a rights issue from its own existing shareholders. The money raised will benefit the group but the now Unicorp shareholder will not have been called on to contribute.

Because of Genmin's extensive and promising coal interests today's Unicorp shareholder will be taken into a field where he is now hardly represented. On the other side Genmin gets wider and closer access to overseas interests, including gas and oil fields in the Gulf of Mexico and the North Sea.

It is clear from the documents that both houses need each other.

With preliminary 1979 year-end figures of both groups to hand, the 80 for 100 share proposal gives a 118 percent increase in dividend income, a 117 percent appreciation on earnings and a 40 percent rise on net asset value considerations.

Both mining houses have come a long way in their own right over the years. As one they should be travelling even further — and faster.

What it cost

The cost of the scheme between General Mining and Union Corporation is estimated at R400 000.

The formal offer document, published today, says that this R400 000 will be paid by Genmin, but that the fee of Barclays Merchant Bank Limited will be paid by Unicorp.

There is no breakdown of the costs, but they would include merchant bank fees, the fees of auditors and lawyers, printing and publishing costs, stamp duties and other costs usually associated with schemes of arrangement.

Hansard 4(239) 28 2.80

210

(239) 28-2-80

Mineral production of Black states

310 Mr R A F SWART asked the Minister of Co-operation and Development

What was the value of mineral production, excluding platinum, in each of the Black states in 1979?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

Black States	Value of Mineral production 1979
Gazankulu	R 1 452 267
KaNgwane	R17 749 213
Ciskei	R 832 401
Lebowa	R56 949 856
KwaZulu	R 768 458
KwaNdebele	Nil
Qwaqwa	Nil
Venda	R 1 136 509

(Note. With reference to Venda figures are only until date of independence—13 September 1979)

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS

13020 BACHELOR OF ARTS YEAR : 2

STUD NO	SURNAME	FIRST NAMES						
~~133849N~~	~~PEARCE~~	~~CAREY SUSAN~~						
140639U	PETERSEN	BERTRAND SYDNEY						
133499H	PLAATJIES	NANCY						
137501H	PLAGIS	JOHN ACHILLES						
139271G	REDMAN	BARRY GEORGE	105104	LATIN I				
052892R	ROSS	SALLY MARY	103302	SOCIAL ANTHROPOLOGY II(PRE	2-	(60)	1	052892R
			~~104202~~	~~ARCHAEOLOGY II~~	~~2-~~	~~(74)~~		
			110303	AFRICAN HISTORY II	2-	(60)		
121461Y	SANDGROUND	DAVID LEON	106202	ECONOMICS II	3	(53)	1	121461Y
133333C	SFAKIANOS	ALEXANDER GEORGE	107201	ENGLISH II	3	(57)	1	133333C
133034C	SHAPIRO	DEENA MERLE	107101	ENGLISH I (PRE-1980)	3NX		1	133034C
137998Y	SHAPIRO	LEONARD STEVEN	114101	RELIGIOUS STUDIES I	F	(44)	1	137998Y
134302F	SOLOMON	IVOR DANIEL	004201	PSYCHOLOGY II	3	(58)	1	134302F
135878U	STIGLING	TERESA	004101	PSYCHOLOGY I	2-	(63)	1	135878U
			103302	SOCIAL ANTHROPOLOGY II(PRE	ABS			
~~111532F~~	~~VERBEEK~~	~~DEVON CLARE~~	~~004101~~	~~PSYCHOLOGY I~~	~~2-~~	~~(63)~~	~~1~~	~~111532F~~
			101103	AFR LANG INTENSIVE (XHOSA)	F	(25)		
			107101	ENGLISH I (PRE-1980)	2-	(60)		
			110101	HISTORY I	2-	(61)		
121723H	VISAGIE	EUGENE FULTNER	102101	AFRIKAANS	ABS		3	121723H
102168C	WOLFFE	HENRIETTA ANNE	110202	HISTORY II	3	(52)	1	102168C

* TOTAL NUMBER OF STUDENTS 37

DEAN

REGISTRAR (ACADEMIC)

UCT

Mineral sales hit R9 768m

210 CT 11/3/80

By DON ROBERTSON
Mining Editor

THE total value of South Africa's metal and mineral sales last year amounted to R9 768-million compared with R6 876-million in 1978, according to official figures released by the Minerals Bureau.

This represents a 27,5% increase over the previous year's figure, and the Bureau, buoyed by the higher gold price, is confident that a similar improvement can be achieved in the current year.

The total figure is made up of R8 500-million from exports against R5 843-million previously, while local sales brought in R1 267-million compared with R1 032-million.

The major metals again contributed heavily to the overall improvement, with gold the biggest money-spinner, earning R5 842-million compared with R3 900-million.

Antimony sales rose to R11 800 000 from R2 800 000, while copper exports earned R190-million against R147-million.

The rapidly expanding coal market was worth R509-million compared with R325-million. Diamonds sales earned R547-million against R445-million.

STU13-9 EXAMINATION RESULTS IN ...

13020 BACHELOR OF ARTS

STUD NO	SURNAME	F...						
~~133849N~~	~~PEARCE~~	~~CAREY~~						
140639U	PETERSEN	BERTRA						
133499H	PLAATJIES	NANCY						
137501H	PLAGIS	JOHN AC					1	137501H
139271G	REDMAN	BARRY G			F	(36)	1	139271G
052892R	ROSS	SALLY MA	103302	SOCIAL ANTHROPOLOGY II(PRE	2-	(60)	1	052892R
			~~104202~~	~~ARCHAEOLOGY II~~	~~2+~~	~~(70)~~		
			110303	AFRICAN HISTORY II	2-	(60)		
121461Y	SANDGROUND	DAVID LEON	106202	ECONOMICS II	3	(53)	1	121461Y
133333C	SFAKIANOS	ALEXANDER GEORGE	107201	ENGLISH II	3	(57)	1	133333C
133034C	SHAPIRO	DEENA MERLE	107101	ENGLISH I (PRE-1980)	3NX		1	133034C
137998Y	SHAPIRO	LEONARD STEVEN	114101	RELIGIOUS STUDIES I	F	(44)	1	137998Y
134302F	SOLOMON	IVOR DANIEL	004201	PSYCHOLOGY II	3	(58)	1	134302F
135878U	STIGLING	TERESA	004101	PSYCHOLOGY I	2-	(63)	1	135878U
			103302	SOCIAL ANTHROPOLOGY II(PRE	ABS			
~~111532F~~	~~VERHEEK~~	~~DEVON CLARE~~	~~004101~~	~~PSYCHOLOGY I~~	~~2-~~	~~(63)~~	~~1~~	~~111532F~~
			101103	AFR LANG INTENSIVE (XHOSA)	F	(25)		
			107101	ENGLISH I (PRE-1980)	2-	(60)		
			110101	HISTORY I	2-	(61)		
121723H	VISAGIE	EUGENE FULTNER	102101	AFRIKAANS	ABS		3	121723H
102168C	WOLFFE	HENRIETTA ANNE	110202	HISTORY II	3	(52)	1	102168C

* TOTAL NUMBER OF STUDENTS 37

DEAN

REGISTRAR (ACADEMIC)

UCT

RDM 11/3/80

Cons Gold — A big buyer ~~16~~ 216 is still ~~27~~ around

By NEIL BEHRMANN

LONDON. — Despite Anglo American's controversial acquisition of a 25% stake in Consolidated Gold Fields, brokers report that a big buyer is still around.

Dealers say a South African buyer took five million shares last week

However, both London and South African brokers could not confirm whether this purchase did take place

The jobber Ackroyd is said to be very active again Some brokers maintain that General Mining or perhaps a "front" such as Anton Rupert could be involved again

However, the Sunday Telegraph comments that an eventual full-scale bid from either Anglo American or General Mining cannot be ruled out

It was interesting to find that Cons Gold shares were firm even though it was ex-dividend to the extent of 10p It maintained its strength, despite a very weak gold price and shaky gold share market

The Daily Telegraph commented "One of the big unknowns in recent weeks is the part played by Barlow Rand and by Rembrandt's Dr Anton Rupert who is strongly believed to have held a large personal stake"

RAND DAILY MAIL, Tuesday, March 11, 1980

(210) (116) (232)

Anglo coup increases UK minerals isolation

RDM 11/3/80

THE British Government has the power to freeze the 25% interest built up by De Beers Consolidated Mines and Anglo American Corporation in Consolidated Gold Fields, writes Paul Cheeseright in the Lombard column of the Financial Times

The Office of Fair Trading is deciding whether to mount an investigation If it does, it might care to consider whether the accumulation of South African influence over the UK mining industry, and especially the pivotal role of the Anglo-De Beers group, is in the public interest The problem is highly relevant to the debate over whether the UK should have a more active minerals procurement policy

There are four major mining houses in London Of these four, only Rio Tinto-Zinc remains predominantly under British control Charter Consolidated is effectively controlled from Johannesburg and was indeed established by Anglo American as a window on the world And Charter has a 25,8% stake in Selection Trust Now Consolidated Gold Fields has moved partially within the Anglo American orbit

The point is that, if the UK Government responded to civil service, academic and industry urgings and made a deliberate effort to diversify Britain's sources of mineral supplies away from traditional areas — among which South Africa is extremely important — then there could be a block on the actions of three of the mining houses

At the moment the mining houses do not play a significant direct role in the UK economy Contracts between their mines and UK consumers are few But their expertise is a national asset If there were to be a Government-backed minerals policy, it would inevitably draw that expertise into a much closer relationship with the UK economy

A stage could conceivably be reached where the aims of a UK Government clashed with those of the South African Government, which after all needs to maintain the loyalty of traditional customers

At that stage it is not clear which way the South African influence on the UK mining houses would be exercised In short, three of the mining houses are not free agents This would not matter if it could be assumed that the commercial links of a century with South Africa will always be maintained, ensuring a steady supply not only of chrome and manganese, but of precious and base metals

But that assumption is not necessarily valid Political tensions in Southern Africa are there for all to see The prospect of South African social discord leading to a leak in the minerals supply-line is real, although perhaps remote

The prospect is real enough for both the French and West German governments to start building stockpiles of those minerals where South Africa is a major supplier They want to reduce minerals dependence on South Africa At the same time, however, the UK Government is apparently content to allow South African influence over its industry to increase

The explanation for the contrast is simple Although the three countries share a reliance on imports of minerals, the French and West Germans have been much readier to take official action to reduce vulnerability to breaks in supplies

While the UK has traditionally relied on the market, the French and West Germans have established minerals companies, granted tax incentives and provided exploration grants

Against the background of the South African situation and the widely expected shortages of the 1980s, Sir Keith Joseph, the Industry Secretary, might ponder the value of similar schemes

He could find that intervention in minerals procurement is as necessary as intervention in energy policy, in which case it might be better if he could deal with UK companies, not Anglo-South African groups

De Beers lifts final to 52,5c

210

RDM 12/3/80

By DON ROBERTSON
Mining Editor

BUOYED by an increased and more widespread investment portfolio, De Beers has weathered a tough diamond market and has raised the final dividend for the year to December to 52,5c a share from 45c in 1978 on unchanged earnings of 205c a share

The final takes the total to 72,5c from 65c previously

The payout and earnings are better than the market expected, with earnings projections ranging from 180c to 190c a share and the final dividend forecast at 50c

Attributable profits for the year were R742-million compared with R741-million, before the provision in the past year of R14-million, which represents the cost of admitting migrant workers to the pension fund. They were previously on a separate company allowance scheme

Earnings from diamonds were down at R831-million from R956 million in spite of almost unchanged revenue from the Central Selling Organisation in 1979

Income from interest and dividends brought in an increased R312-million compared with R234-million in 1978, which more than covered the dividend payment of about R261-million

The profit retention for the year is about R413-million, or 115c a share

In a move to create a wider spread of interests, the book value of investments was increased during the year to R620-million from R418-million. Part of this reflected the 6% increase in the holding in Anglo American and the 2% rise in the holding in Minorco after the restructuring of the Anglo holding in Charter

In addition, 5% of Consolidated Gold Fields was bought during the year. Subsequently a 25% stake was built up in Cons Gold, half of which was sold to Anglo

Reflecting the improvement in market prices, the value of the group's listed and unlisted investments rose to R2 201 million at the yearend from R1 004-million. The market value of listed investments was R1 875-million compared with R817-million

The cash balance, which stood at R1 294-million at the end of 1978, was reduced to R974-million. This was used partly to finance the increase in diamond stocks which rose to R409-million from R256 million and the rise in the book value of listed investments

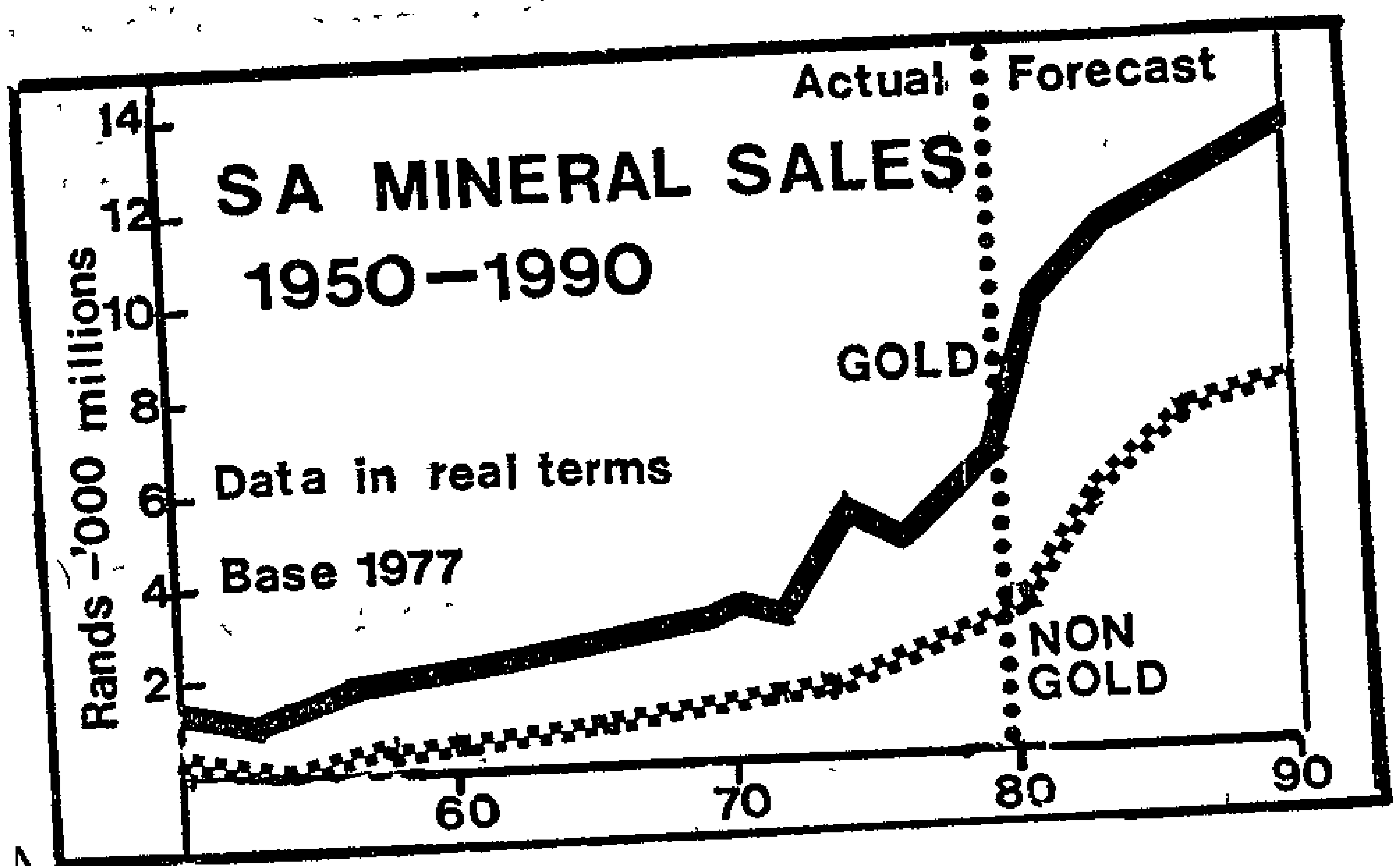
Current liabilities were reduced to R537-million from R645 million, long-term loans were increased to R103 million from R69-million, other current assets to R349-million from R239-million and unlisted investments to R127-million from R80-million

The need to finance the stock increase suggests that the market went through a fairly bad patch towards the end of the year, although this must have been solely in small stones. In February, the price of larger stones — over one carat — was raised by an average 12%

At the current price, the shares yield 7,2% on the dividend

Mines set to earn R15 000m a year in 80s

STAR 12/3/80 (210)



By Michael Chester, Financial Editor

Income pouring into South African mines — gold and diamonds to coal and copper — looks set to soar to a phenomenal R15 000m a year during the 1980s, according to forecasts by the Minerals Bureau of the Department of Mines.

The prediction was disclosed in an industrial review released by the Chamber of Mines in Johannesburg today.

It comes on the heels of calculations that mineral sales accelerated by a record rate of nearly 45 percent last year to total almost R10 000m.

Now the Minerals Bureau expects earnings in 1980 to touch R11 500m in real terms, even assuming a lower rate of increase of around 20 percent.

Moreover, it expects the trend to stay intact throughout the decade and so push revenue from mineral sales to R15 000m by 1990.

The forecasts are based on assumptions of the probable further expansion of the mining industry starting with new ventures planned to come on stream this year and entirely new projects anticipated in the next 10 years.

NW CAPE

Of particular significance in 1980 will be the development of the Black Mountain area of the North West Cape, which will produce lead, zinc and silver concentrates to a combined value of about R150m.

The Chamber of Mines review notes: "Although gold will almost certainly continue to remain the largest single contributor to South Africa's total mineral earnings for some years ahead, its proportional contribution is expected to decline from the current projected level of almost 58 percent to about 44 percent by 1990

"This view is based on the relatively faster rate of revenue increases expected from the non-gold sector, and particularly those minerals connected with energy — coal and uranium."

Total earnings from coal is likely to exceed R1 000m this year and make a 130 percent surge to R2 300m by 1985. And coal revenue is plotted to top R3 000m a year by 1990

Unicorp is urged to accept bid by Genmin

210 232

STimes 16/3/80

IN A recommendation which openly contradicts the view of many British analysts, W Greenwell & Co, a major London stock broking firm, is urging Union Corporation shareholders to accept the 80 General Mining shares being offered to them in exchange for every 100 Unicorp shares which they hold.

Principal basis for this recommendation is the opportunity for Unicorp shareholders to participate in Genmin's northern Transvaal fuel/coal project, which the firm considers has "exciting potential"

Greenwell views the northern Transvaal project in a light that "suggests the possibility that General Mining will become an energy stock by the second half of the 1980s".

It adds "A clue to the confidence that General Mining has in this project, even at this early stage of investigation, is the recent enlargement of its controlling stake in Trek Petroleum If you are going to produce fuel, then it is a sensible idea to control its distribution and have some say in the retail price

"By the end of the 1980s, Opec will still be in control of the price of the world's most commonly used energy source.

"In our opinion, the price of oil and gas and petroleum derivatives, for example, naptha (a feed-stock for the chemical and plastics industries) will be considerably higher in relative terms

"It is not inconceivable that naptha derived from coal will be a cheaper alternative than naptha derived from other sources, so with their coal areas and proven technology, South Africa could become a major supplier of liquid petroleum products to world industry"

BY JOHN SPIRA

Other reasons given by the firm for acceptance of the Genmin offer are

- The combined group, with its strong asset backing, will be in a better position for the financing of new projects, thus ensuring continued growth.
- Rationalisation of human resources will mean that trained personnel can be utilised elsewhere, thereby strengthening the group and easing a potential brake on expansion
- It is only in gold and uranium that the two groups overlap Their remaining interests are complementary and the combined group becomes "exceedingly well spread"

Accordingly, while a Unicorp shareholder surrenders a small amount of income from the precious metals sector, he gains from coal, asbestos, fluorspar and heavy industry, "which is going to do very well in the expanding South African economy"

- Ignoring price changes, the next increase in earnings that a Unicorp shareholder can expect will come from Unisel in 1980 and Beisa in 1983

For Genmin, two new collieries (Matla and Ermelo) reach full production before June 1981, there is a 5-million ton a year coal export quota to be filled and the new heavy industry gear box and axle projects will be contributing earnings before 1983

On acceptance, a Unicorp shareholder will share in this earnings growth.

- The holder of 100 Unicorp shares could have been 16% better off had the completed scheme for the expansion of Genmin taken place a year ago.

New stoping method a boost for mines

STAR 17/3/80 210 ~~211~~ ~~214~~

By Stephen Suckley

South Africa's mining industry, in many ways unique, has come up with existing techniques to suit designing and modifying a number of firsts in local requirements.

A well-established company in South Africa Gold Fields Cementation, which carries out mining, cementation, core drilling tunnelling and mechanical mining has come up with a technique for permanent stope support using grout which is a great (a sand/slagment mixture) improvement on previous methods.

LARGE SCALE

The concept of mixing sand/cement grout on surface and then pumping it underground is not a new idea. It has been used for many years for sealing fissure and similar work.

But it had never been done on a really large scale up until 1973 when Elsburg gold mine commissioned CFG to install a plant and pump grout for use in stope supports.

Since then the company has erected similar plants at Western areas, Randfontein and at Rustenberg platinum mines.

But as problems arose — and there were no other similar operations on which to draw knowledge — improvements and modifications to the type of group plant operations have been constantly made.

So much so that the company's latest grout plants at Paardekraal and Towlands shafts at Rustenburg and No 2 shaft Western Deep Levels are completely different from previous ones.

Improvements and modifications are usually made to lead to more efficiency and this is what GFC claims for its latest design in plant.

But possibly one of the most important changes or modifications has been the move over to hydraulic pumps pioneered by the company compared with air driven pumps. Important also from the nuisance point of view as the noise created by a batch of six air pumps would frighten away a herd of elephants. Hydraulic pumps easily operate at half the noise level which makes working conditions that much more pleasant.

PUMPING

A brief description on how the plant operates runs like this. Sand is handled from stockpile into a batcher using a boomscaper and then fed on to a conveyor belt. The belt discharges a fixed quantity of sand into a 750-litre pan mixer.

The cement and slagment are mixed and water added and the mixed grout is fed into a Dean mixed for final mixing. Grout is pumped into agitator tanks and fed to the pumps to be pushed underground

Because the new plants have been improved, a better quality grout can be obtained and with hydraulics the pumping rate remains constant.

At the Paardekraal plant GFC has a standby air pump just in case there is a power failure. If grout becomes stuck in up to 7 kilometres of piping it sets and causes tremendous problems to rectify.

It also means that compressor air can be better utilised underground for the production of ore.

Once the grout gets underground it is fed into porous bags that have been built into steel or timber frames or into skeleton packs for supports.

Mines that are using grout based packs report definite advantages over other methods. These include cost savings, less transport labour, a reduction in support material transported down the shaft and an increase in both tonnage hoisted and broken

According to a spokesman for GFC "We estimate that 40 percent of the gold mines in South Africa are capable of using the grout based pack method."

There is, of course, competition in the industry. GFC's main rivals are the Unicorp/Gen Min backed RUC operation and Anglo's Shaft Sinkers.

Mining merger approved

20/3/80 210

CT

By DON ROBERTSON

JOHANNESBURG — Shareholders of Union Corporation, at a series of meetings here yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining

The merger will create South Africa's second biggest mining house with assets of R2 700-million

Formal completion of the deal now requires only Supreme Court approval This will be dealt with on March 25

At a meeting of scheme members 1 360 shareholders voted casting 14 357 748 votes in favour of the merger Only 391 245 votes were registered against the deal

Only two shareholders at the meeting queried the deal with one suggesting that the terms of the offer — 80 General Mining shares for 100 Union Corporation shares — be improved

At the following general meeting, four special resolutions and one ordinary resolution giving effect to the scheme were passed unanimously

At a Generl Mining meeting shareholders voted unanimously in favour of the acquisition by General Mining of all the shares in Union Corporation not already held

General Mining shareholders also approved plans to inject R189 million cash into their company through a 30 for-100 rights issue at R15 a share

Unit trusts

Buyers sellers yield

SA Growth 329 80 (322 60) 305 86 (299 21) 4 70 (4 80)
National Growth 196 36 (190 77) 183 28 (178 08) 3 56 (3 67)
SA Trust 141 22 (137 50) 131 74 (128 28) 4 25 (4 36)
Old Mutual 312 20 (305 54) 292 00 (285 78) 3 66 (3 74)
UAL 326 21 (318 53) 307 90 (300 61) 4 47 (4 58)
Sanlamtrust 307 00 (300 06) 286 83 (280 36) 4 30 (4 40)
Trust 94 66 (93 53) 88 31 (87 25) 4 54 (4 60)
Santamgro 135 45 (132 84) 126 38 (123 95) 4 28 (4 37)
Syfrets 95 32 (93 38) 89 89 (88 05) 5 39 (5 50)
Guardbank 294 25 (285 84) 276 87 (272 69) 4 31 (4 37)
Standard 205 29 (201 85) 194 94 (191 68) 4 48 (4 55)
Standard Income 102 86 (102 86) 100 32 (100 33) 9 25 (9 25) — Reuter

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 5

13010 BACHELOR OF ARTS YEAR : 1 13010

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
159454V	MCCARTHY	MELISSA JANE	911102	MATHEMATICS IA	3	(50)	1	159454V
152965K	MEHL	ANNETTE ELISABETH INGRID	10K102 905102 916103	GERMAN INTENSIVE CHEMISTRY IB ANIMAL BIOLOGY (HALF COURSE)	ABS F F	 (27) (39)	7	152965K
157093D	MERCURIO	GIANCARLO	110101	HISTORY I	ABS		1	157093D
155747D	MICHAELS	KAREN	003101 ~~304101~~ 107101	SOCIOLOGY I ~~PSYCHOLOGY I~~ ENGLISH I (PRE-1980)	ABS SNX	 ~~(50)~~	1	155747D
158469Z	MITCHELL	JANE	118101	CULTURAL HISTORY OF W.E. I	UP	(50)	1	158469Z
157815N	MORRIS	CATHERINE MARIA	004101 107101 115103	PSY EN IT				
150180P	MORT	MELISSA RUTH PRINCE	114101	KE				
150783V	MULLER	SUSAN LORENCE	110101	H				
157521U	MURRAY	ESTELLE	116120	D				
137983G	NAKIDIEN	MOGAMAT TOYER	107101	E				
157560L	NASH	JENNIFER ANNE	004101 115102	P F				
~~155924H~~	~~NEWMAN~~	~~JENNIFER ANN~~	~~111101~~					
157913V	NORMANN	HANSJURG	117101	P				
~~155878H~~	~~O'CONNOR~~	~~SHIRLEY ANNE~~						
162116N	PAM	JONATHAN RICHARD						
~~154187V~~	~~PATERSON~~	~~IAN JAMES STEWART~~						
154286C	PETERSEN	DESIRE SHIRLEY						
156134L	PHEIFFER	FREDI CHRISTIAAN						
~~154154L~~	~~POTGIETER~~	~~FELICITY ANGELA~~						
133406G	PRITCHARD	ROBERT STEPHEN						

G.G. 6891 (210)

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No. 524 — 21 Maart 1980

SKRAPPING UIT DIE REGISTER VAN BEHEERDE MYNE

Hierby word ingevolge artikel 11 van die Wet op Bedryfsiektes in Myne en Bedrywe, 1973 (Wet 78 van 1973), bekendgemaak dat die Minister van Mineraal- en Energiesake verklaar het dat die myn bekend as Meerlust Quarries (Pty) Ltd, ontgin deur Peak Quarry (Cape) (Proprietary) Ltd, Posbus 34, Eersterivier, 7100, op die plaas Meerlust, in die landdrosdistrik Stellenbosch, Kaapprovinsie, met ingang van 1 Mei 1980 ophou om 'n beheerde myn te wees.

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No. 524 — 21 March 1980

REMOVAL FROM THE REGISTER OF CONTROLLED MINES

In terms of section 11 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973), it is hereby notified that the Minister of Mineral and Energy Affairs has declared that the mine known as Meerlust Quarries (Pty) Ltd, worked by Peak Quarry (Cape) (Proprietary) Ltd, P.O. Box 34, Eerste River, 7100, on the farm Meerlust, in the Magisterial District of Stellenbosch, Cape Province, shall cease to be a controlled mine, with effect from 1 May 1980.

ION RESULTS IN FACULTY ARTS — AS AT 29 02 80 — PAGE 2

YEAR : 1 — 15016

FIRST NAMES	COURSE	DESCRIPTION	SYMBOL			
~~ANDREW KENNETH~~	~~105104~~	~~LATIN I~~	~~F~~	~~(39)~~	~~1~~	~~153982X~~
VIVIEN ELIZABETH	117101	POLITICAL SCIENCE I	UP	(50)	1	156529G
~~VINCENT CHARLES~~	~~004101~~	~~PSYCHOLOGY I~~	~~ABS~~		~~7~~	~~155547Z~~
	102101	AFRIKAANS	F	(28)		
	107101	ENGLISH I (PRE-1980)	F	(44)		
~~SABINE RUTH~~	~~004101~~	~~PSYCHOLOGY I~~	~~F~~	~~(39)~~	~~7~~	~~156038B~~
JEFFREY	102101	AFRIKAANS	UP	(50)	1	157915X
	107101	ENGLISH I (PRE-1980)	3NX			

OF STUDENTS 30

REGISTRAR (ACADEMIC)

BASE METAL AND COA

IN THE GOLD FIELDS

Reviews by Chairmen for the year ended

(All the Companies are Incorporated in the Republic of

VOGELSTRUISBULT METAL HOLDINGS LIMITED

Income from investments rose from R2 519 000 in 1978 to R3 358 000 in the year under review, with the coal, tin and zinc investments all contributing to the increase There was a profit on sales of investments of R236 000 and sundry revenue of R371 000 Administrative expenses were R182 000 and the total profit was R3 783 000 compared to R2 473 000 in the previous year An amount of R1 300 000 was transferred to investment reserve and R2 452 000 was paid in dividends equivalent to 16 cents per share, which was an increase of 4 cents per share

The company contracted to subscribe for 1 250 000 shares in Sasol Limited at R2 per share of which 500 000 were acquired during the year, 125 000 were taken up on 2 January 1980, and the balance of 625 000 will be acquired in the next twelve months In addition 46 213 Rooiberg shares were purchased and 7 000 Hartebeestfontein and 6 000 Vaal Reefs shares were sold

These changes in the portfolio of investments resulted in a net increase of R1 555 000 in the book value There was a marked increase in the value of investments from R28 464 000 to R45 575 000 with the market value of listed investments increasing from R21 502 000 to R35 768 000 As at 31 December 1979, the net asset value per share at market prices of listed investments and directors' valuations of unlisted investments was 306 cents per share compared with 196 cents per share a year ago The portfolio is analysed by commodities below

	Value (Per Cent)	Income (Per Cent)
Coal	38	25
Tin	33	43
Zinc	20	25
Other	9	7
	100	100

In 1979 there were a number of developments affecting companies in which this company is invested Undoubtedly the most important of these was the commencement of trial milling at the Black Mountain mine in November 1979 Deliveries of zinc concentrates commenced in January 1980, and the first shipment of lead concentrates left from Saldanha Bay in February When the mine reaches full production it is estimated that it will produce 130 000 tons of lead concentrates, 30 000 tons of zinc concentrates, and 20 000 tons of copper concentrates, with silver an important by-product in the lead and copper concentrates By the end of 1979, R140 million had been expended on this project and it is expected that before the company achieves financial self-sufficiency during 1980, its total financial requirement will peak at approximately R170 million This amount is within the financing already provided or arranged

At Apex there was an increase in profitability which was achieved by raising the level of coal production and by containing costs The higher profits were to a large extent absorbed by higher tax but it was nevertheless possible to increase the dividend substantially The scope for an improvement in sales is limited by market constraints and the company is in a period of high capital expenditure but it is probable that the dividend will be maintained

Both tin companies performed well and benefited from the high tin prices which prevailed in 1979 At Rooiberg there was an increase in the tonnage mined and a slight reduction in the cost per ton mined, but production was adversely affected by a decrease in the grade at "A" mine However, because of the higher net unit sales revenue received, profitability did not decline proportionately An important development at Rooiberg was the commissioning of the tin smelter which will make South Africa self-sufficient in tin Although at the time of writing there has been a sharp increase in the price of tin, apparently as a result of the reported decision by the United States to defer until July the implementation of its proposals for the sale of stockpile tin, it is considered unlikely that the high tin prices which prevailed in 1979 will persist throughout 1980 Provided there is no substantial drop in the tin price below the 1979 average, profitability should be maintained because of the contribution to profits by the smelter

Union Tin increased its profitability with an increase in production and higher sales revenue Due to the discovery of new areas of mineralisation, the increase in the scale of operations and the tin price, the outlook for the mine continues to improve There is sufficient ore "in sight" to maintain mining operations for three years and it is reasonable to assume that more ore will be discovered during this time to prolong the life of the mine further

Zincor increased its profitability and the dividend was increased The demand for zinc in South Africa was strong and sales amounted to 80 000 tons A fourth roaster will be commissioned in the fourth quarter of 1980 which will raise Zincor's productive capacity to 90 000 tons per annum Sales of zinc in South Africa are at the European producer price, which rose from $720 to $845 per ton during the first seven months of 1979 This rapid increase proved unsustainable and the price was reduced to $780 per ton until February 1980, when it was increased to $825 per ton

The outlook for base metals is inextricably linked with that of the world economy as a whole In the last quarter of 1979 the price of base metals was buoyed up by a carry over of sentiment from precious metals The expectation that a recession would develop in the United States and other industrialised countries and that this would have an adverse effect on the demand for base metals did not materialise, and may not do so to any significant extent in the immediate future because of an increase in defence expenditure in the United States It is unlikely that the high prices for lead and tin will be sustained in 1980, but any drop in price will probably not be severe Over the last two years the zinc price has recovered from the drop

UNION TIN MINES LIMITED

Results of operations at the mine exceeded expectations during the year and the outlook has improved

Production of tin in concentrates increased from 408 tons in 1978 to 432 tons of tin in 1979 The average realisation at mine from the sale of concentrates increased from R8 621 to R10 095 per ton of tin in concentrates due to the higher prices of tin which prevailed during the year Total revenue from the sale of 426 tons of tin in concentrates amounted to R4 303 000

Total working expenses were R2 427 000 for the year compared with R1 989 000 in 1978 The cost per ton mined increased by R2,12 to R19,50, an increase of 12 per cent Wages accounted for R0,98 per ton of the increase and stores for R1,07 per ton The mine did well to contain costs per ton mined to a level below that of the increase in the consumer price index during 1979 of 14 per cent

Gross profit on tin sales amounted to R2 002 000 compared with R1 468 000 in the previous year There was a small amount of sundry revenue and the total profit before tax was R2 094 000 Tax accounted for R648 000, leaving a profit after tax of R1 446 000 The unappropriated profit brought forward was R136 000 and of the R1 582 000 available for appropriation R850 000 was appropriated for expenditure on fixed and other assets and R576 000 was paid out in dividends equivalent to 24 cents per share, leaving R156 000 to be carried forward to 1980

Expenditure on other assets was R269 000 approximately half of which was required to finance an increase in the value of concentrates on hand Capital expenditure for the year amounted to R486 000 Over half of this expenditure was incurred in improvements to the black hostel and married quarters, this work is continuing Total capital expenditure in 1980 is likely to be of the order of R600 000

A modest increase in the scale of mining operations is planned for 1980 and production of tin should likewise increase The likely price of tin in 1980 is difficult to predict The prospective sales of tin from the United States GSA stockpiles mentioned last year did not materialise but are likely to commence in 1980 The latest statistics issued by the International Tin Council show that production is increasing at a faster rate than consumption and these two factors could have an adverse effect on tin prices On the other hand, the many uncertainties in the world may have a contrary effect on strategic commodities like tin and I will be surprised if the average rand price of tin (three months) in 1980 falls much below the price of R12 600 per ton in 1979 but, as a matter of prudence, mine planning has been based on an average price of R12 000 per ton At this level of tin price it should be possible to maintain the dividend at 24 cents per share

The technical advisers report that due to discovery of new areas of mineralization, the increase in the scale of operations and the tin price, the outlook for the mine continues to improve in that there is still sufficient ore "in sight" to maintain mining operations for three years and it is also reasonable to assume that more ore will be discovered during this time to prolong the life of the mine further

The mine has maintained its excellent safety record and I congratulate Mr B Moore, the consulting engineer, and Mr W M Eksteen, the mine manager, and their team on this and their production record

M B Forsyth
Chairman

Johannesburg
6 March 1980

Vogelstruisbult (continued)

which occurred in 1977 and there is a reasonable prospect of a continuation in the rise of the zinc price in 1980 The price of silver, another metal of great importance to the Black Mountain company, at present stands at a price greatly in excess of our expectations of a year ago and is likely to continue to be strongly influenced by the prices of other precious metals

There has been a very substantial increase in income from investments in the last two years During the current year similar increases in dividends received are unlikely but dividends will be received for the first time from the company's investment in Sasol The company is committed to invest an additional R1 250 000 in Sasol in the next twelve months and further opportunities, particularly in investments in the energy field, will be followed up as they arise In these circumstances shareholders should at best expect only a modest increase in dividends during this year

R A Hope
Chairman

Johannesburg
6 March 1980

ZINC CORPORATION OF SOUTH AFRICA LIMITED

The company has had a most successful year Profit on production was R15 107 000 compared with R9 937 000 in 1978 After accounting for sundry revenue and deducting overheads and depreciation, the profit before tax was R11 897 000 *(R6 210 000 in 1978)* Tax amounted to R4 704 000 *(R2 298 000)* and the profit after tax was R7 193 000 *(R3 912 000)* Of the total amount of R7 404 000 *(R4 124 000)* available for distribution, R5 000 000 *(R2 400 000)* was transferred to a non-distributable reserve and R2 200 000 *(R1 513 000)* was paid in dividends equivalent to 40 *(27 5)* cents per share

Production of zinc amounted to 75 000 *(79 000)* tons A shortage of zinc concentrates, especially in the fourth quarter of the year, necessitated a cut-back and accounted for the shortfall of 4 000 tons compared with the production of the previous year Total zinc sales were 80 000 *(78 000)* tons The excess of sales over production was provided from stocks which stood at 3 000 tons at year end

There were no overseas export sales and sales of 80 000 tons to the local market were substantially higher than sales of 75 000 and 78 000 tons in 1977 and 1978 respectively There has been a very sharp recovery in local demand for zinc in the last two years and the demand is now well above the peak of 64 000 tons achieved in 1974 before the decline which followed This is in sharp contrast to the consumption of zinc in the world (excluding the Socialist block) which in 1979 was 4 668 000 tons, still less than the consumption of 4 874 000 tons in 1973

Galvanising continues to be the largest use for zinc in South Africa and in 1979 accounted for 73 per cent of consumption The zinc alloy diecasting industry has grown over the last two years and now accounts for 9 per cent of South African zinc consumption, copper zinc alloys have maintained a 9 per cent share, while zinc oxide and fabricated zinc accounted for the remainder

Zincor continued to supply South Africa's total requirements of zinc metal and it is the company's policy to expand capacity to enable it to continue to perform this function A fourth zinc sulphide roaster is in the process of erection which will raise the capacity of the electrolytic refinery to some 90 000 tons per annum at a cost of R4,7 million This roaster is expected to be operational in the fourth quarter of 1980 and will also enable the company to reach its full productive capacity treating zinc sulphide concentrates only, should zinc oxide concentrates no longer be available Any further increases in the productive capacity of the refinery will involve the erection of additional roasting and acid production facilities together with a new cell house and its ancillary equipment

In order to meet the objective of supplying the country's demand, it is of course essential that the company has the necessary zinc concentrates The start of production at the Black Mountain Mineral Development Company's Aggeneys mine has eased the position in that the total production of that company's zinc concentrates has been purchased by Zincor Nevertheless, if the company is to be in a position to expand productive capacity still further, additional zinc concentrates will have to be forthcoming

Zincor follows the European producer price on which most sales outside North America are based At the beginning of 1979 the price was $720 per ton after having been as low as $550 for half of 1978 The price increased in stages to $845 per ton in May 1979 which held until August 1979 when the price was reduced to $780 per ton Since the year-end the price has increased to $825 per ton but this is still less than the price of $860 per ton recorded in 1975 It appears that after a period of over-production and low prices which caused the closure of some mines and metal producers, the zinc industry is on the road to recovery, but the price is still less than that which some claim to be necessary for a viable international industry As far as Zincor is concerned, the advantage from the firming of the international dollar price of zinc could be eroded by an appreciation of the rand against the dollar It has been deemed prudent to plan on the basis of an $800 per ton zinc price at an exchange rate of $1,2240 to R1 and at this level of zinc price a modest increase in the dividend may be expected

It is important for the company to contribute to and be fully informed of the latest research and development into industrial and chemical applications for zinc and, to achieve this, it has joined the International Lead and Zinc Research Organisation (ILZRO) of New York Of particular importance in the South African context is the work that ILZRO is doing to promote the use of galvanised sheet in mass housing The company has been a member of the Zinc Development Association for some years and deems it important to maintain and develop, where possible, its international connections

The company continues with its own efforts to improve efficiency and to remain cost competitive It is particularly pleasing to report that the company received an award from the National Productivity Council in 1979 for the process which was developed at Zincor to improve zinc recovery by hot acid leaching Interest has been expressed in the licensing of the process abroad

It is also pleasing to report that the company has maintained an excellent safety record and I have great pleasure in recording the appreciation of the board for the services to the company rendered by the Consulting Metallurgist, Mr D A Viljoen, the General Manager, Mr D R Allen, and the staff at Springs and at Head Office

M B Forsyth
Chairman

Johannesburg
6 March 1980

COAL COMPANIES

ELDS GROUP

ended 31 December 1979

(the Republic of South Africa)

ATION RICA

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M B Forsyth
Chairman

ROOIBERG TIN LIMITED

The year under review was an important one for Rooiberg in that with the commissioning of the tin smelter in October 1979 the company produced tin metal for the first time The new name of the company reflects this development

Production of tin in concentrates was 2 071 tons *(2 292 tons in 1978)* The drop in production was due to a lower grade of ore at "A" mine In the last quarter of the year the production of gravity concentrates was smelted by the company and 340 tons of tin metal were produced, of which 119 tons were sold Sales of tin in concentrates and tin metal amounted to 1 934 *(2 369)* tons Notwithstanding the lower sales, revenue at R21 814 000 *(R22 810 000)* did not fall proportionately because of the higher net revenue per ton which averaged R11 277 *(R9 627)* for the year Cost of sales of R9 667 000 was 4 per cent above that of the previous year and gross profit was R12 148 000 *(R13 533 000)* After accounting for sundry revenue the profit before tax was R12 868 000 *(R14 404 000)* Tax was R3 512 000 *(R5 070 000)* and the profit after tax R9 356 000 *(R9 334 000)* Of this sum R4 580 000 was appropriated for expenditure on fixed and other assets and dividends absorbed R4 773 000 equivalent to 230 cents per share, which was 10 cents per share higher than the 1978 dividend

The total tonnage mined increased from 541 000 tons to 684 000 tons partly as a result of open-cast mining at "A" mine It is encouraging to note that there was actually a decrease in the cost per ton mined from R16,92 to R16,00 per ton, and that at the end of the year 40 000 tons of ore were stockpiled on surface

Capital expenditure in 1979 was R4 356 000, R1 653 000 of which was incurred on the smelter Upgrading of hostel accommodation began and this work will continue at an estimated cost of R2 870 000 in 1980 Expenditure on "C" mine plant will amount to R1 185 000 for the installation of a fines HMS plant and a tin flotation plant for the recovery of tin from current and accumulated slime tailings Total capital expenditure in 1980 will amount to R7,5 million

No significant improvement in grade at "A" mine is forecast for 1980, so that it is expected that "C" mine will again supply well over half the tin Without an improvement at "A" mine, it is unlikely that the 1979 level of production will be exceeded All the high-grade gravity concentrates will be smelted by the company and it is forecast that the production of tin metal will be approximately 1 800 tons The flotation concentrates, which are of a lower grade, will continue to be exported for the time being

The company is considerably encouraged by the demand for tin metal and it is not envisaged that there will be any difficulty in disposing of the total production at prices related to L M E prices It is likely that over half of the tin will be sold in South Africa where Zinc Corporation of South Africa Limited acts as agents The commissioning of the Rooiberg smelter has meant that South Africa is now self-sufficient in tin Brandeis Goldschmidt are the company's agents for export sales which are being made to Europe and the United States

During 1979 the tin price on the L M E ranged from £8 100 per MT *(R14 612)* to £6 630 per MT *(R12 232)*, averaging £7 244 *(R12 880)* There was a small surplus of production over consumption during the year The tin price was buoyed to some extent by a carry over of sentiment from precious metals, despite the expectation that stockpile sales would commence The U S tin disposal bill was finally signed and became law on 7 January 1980 The bill provides for 30 000 long tons of tin to be sold domestically and 5 000 long tons to be sold to the International Tin Council It is expected that sales of the 30 000 tons for U S domestic consumption will commence shortly but objections from producer members of the ITC could delay this The sale of this material is likely to be spread over about three years and if this proves to be the case it would result in an additional supply of about 5 per cent to the market The GSA sales, therefore, coupled with a possible drop in demand and an increase in production, might be expected to depress the tin price The price fall should not be severe or extended, however, and increased Soviet buying and events in Bolivia and Thailand could support the price At the time of writing, however, there has been a sharp increase in the price of tin, apparently as a result of the reported decision by the United States to defer until July the implementation of its proposals for the sale of stockpile tin

Provided the 1980 average tin price does not fall significantly below the 1979 average in terms of South African currency and provided there is no fall in production, it should be possible to maintain working profits at the 1979 level, because increased profits from the smelter could offset lower tin prices and escalating costs At this level of profitability it is likely that the dividend will be maintained during the current year, despite the substantial increase in capital expenditure

On behalf of the board I express the appreciation of the services rendered by the consulting engineer, Mr B Moore, the mine manager, Mr B T Hosking, and the staff at the mine and head office

R A Hope
Chairman

Johannesburg
6 March 1980

APEX MINES LIMITED

Sales of metallurgical coal were 1 281 000 tons *(1 131 000 tons in 1978)* of which 489 000 *(407 000)* tons were exported to Japan and 792 000 *(723 000)* tons were sold locally Exports of power station smalls were 938 000 *(801 000)* tons and sales of thermal coal to the domestic market amounted to 315 000 *(422 000)* tons Total sales amounted to 2 534 000 *(2 354 000)* tons The profit on coal mining was R11 259 000 *(R8 880 000)* and after taking to account non-mining revenue the profit before tax was R12 468 000 *(R10 506 000)* Tax amounted to R3 128 000 *(R1 490 000)* and the profit after tax was therefore R9 340 000 Dividends declared during the year amounted to R2 535 000 *(R1 767 000)* equivalent to 130 *(90)* cents per share

These very satisfactory results were achieved by raising the level of production and by containing costs The higher profits were to a large extent absorbed by higher tax but it was nevertheless possible to increase the dividend distributions to shareholders Capital expenditure was R5 294 000 for the year, which was R1 300 000 more than my estimate a year ago Greenside has been in operation since 1946 and it is imperative that it upgrade its accommodation for employees and other facilities to modern standards Good progress has been made in this regard and the rebuilding of the hostel should be completed this year

Although it is unlikely that the mine will be able to expand production very greatly in the next few years because of a limitation of markets, capital expenditure is likely to continue at a high level and will be of the order of R6 million in 1980 as detailed in the technical advisers' report Expenditure on housing and hostel accommodation will be incurred although at a slower rate than in 1979 More houses will be provided for both white and black employees Travelling to working places becomes more onerous as the mine becomes more dispersed and expenditure will be incurred to cut travelling time underground A start will be made in this direction in 1980 In order to maintain reasonably balanced mining positions on No 2 and No 5 seams a higher proportion of production will have to be won from known areas where conditions are more difficult or seam widths narrower This will require the adoption of more capital intensive mining methods

No significant increase in sales is expected during the current year The commissioning of a heavy media plant for the recovery of the minus 0,5 mm low ash coal will raise the yield of low ash coal from No 2 seam, but because of market constraints it is most unlikely that sales in 1980 will exceed those of 1979 Sales of power station smalls, which are produced as a by-product of low ash coal production from No 2 seam and are exported by TCOA, will be limited not by lack of demand but by the Association's export allocation Sales of metallurgical coal to Highveld are running at more or less the maximum capacity of the No 5 seam plant and are meeting requirements There is a possibility of a modest increase in TCOA sales to the inland market and this may have a small benefit for No 4 seam

The mine has the capacity to increase production and if the three coal seams being exploited at Greenside, namely Nos 2, 4 and 5 seams, are to be mined out simultaneously, production at No 4 seam should be substantially increased Unfortunately because of the limitation of No 4 seam sales by the company's allocation in total TCOA sales, production from this seam is running at less than 30 per cent of the capacity of the No 4 seam plant In addition there are reserves of coal on No 4 seam sufficient to sustain production at twice or three times the present installed capacity of over one million tons per annum

I have for long been concerned about the waste of the energy content of the tailings from washing plants that are being discarded by this company's colliery These discards together with those from other collieries in the Witbank area could possibly be burned in a power station, which would have to be designed and erected specifically for this purpose Unfortunately the discards have a high sulphur content This is an environmental hazard which will have to be minimised either by pre-treatment of the discards or by the adoption of additional precautions in the power station, or both Such an important development could only be promoted by the coal industry and Escom acting together, and it is to be hoped that the initiatives that are currently being taken will eventually succeed

An increase in the controlled price of coal was announced on 1 February 1980 The new average price of 949 cents per ton is an 11 per cent increase The differential between grades has been increased from 28,5 to 36 cents per ton and the price at colliery for the various grades is now related to the heat content The company is paid the controlled price for all sales of domestic coal and power station smalls, which are made by the TCOA and participates along with all other TCOA members in the profit earned by the TCOA on the export of power station smalls The price of No 5 seam metallurgical coal escalates in proportion to the controlled price of A grade coal

The company has recently agreed with Highveld to make 720 000 tons per annum available for delivery for the next five years Apart from the price increase related to the increase in the controlled price there will be a small increase in the realisation from these sales Negotiations with the Japanese steel mills on the supply of low ash coal from No 2 seam for the year ending 31 March 1981 are in progress It is likely that the cost of sales in 1980 will increase at a faster rate than sales revenue and there will be a lower gross profit level

Despite the prospect of little or no increase in sales and the high level of capital expenditure it is at present envisaged that it will be possible this year to maintain the dividend rate at the same level as last year

On behalf of the board I have pleasure in expressing appreciation of the services rendered by the consulting engineer, Mr E L Atkinson, the mine manager, Mr K P Schleicher, the staff at the mine and head office and to the Transvaal Coal Owners Association

R A Hope
Chairman

Johannesburg
6 March 1980

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...business problems ... Company

Union Corp keeps R45m for expansion

STAR 26/3/80

(210)

By Jean Moon

Union Corporation has retained R45,6m partly for additional working capital and partly for the development of new projects.

These retentions are essential to meet the rapidly rising costs of providing and replacing equipment and to provide the necessary funds to expand business activities thereby creating new job opportunities so vitally necessary for the good of the South African economy.

In his annual review chairman Ted Pavitt said the preparation of a possible shaft site has begun on ground held under option by a subsidiary, Beatrix Mines. The rate of progress at Beisa Mines has enabled Union Corp to improve on the original timetable and it is believed that Beisa will be brought into production in 1981.

Unisel came into production "on the crest of a wave," said Mr Pavitt, with gold prices some five or six times higher than when feasibility studies were completed in 1974.

Its maiden dividend was declared only five months after the mine was officially declared open.

Dividend income from gold mining investments rose 82 percent to R26,6m emanating largely from group mines which earned in excess of R500m in 1979 while after tax profits rose to R132m.

Mr Pavitt believes that 1980 will prove to be a turning point in the attitudes of the environmentalists to the use of nuclear power.

STU13-9 EXAMINATION RESULTS IN FACULTY ARTS AS AT 29 02 80 PAGE 1

14210 B.A./PERFORMERS DIP (SPEECH & DRAMA) YEAR : 1 14210

STUD NO	SURNAME	FIRST NAMES	COURSE	DESCRIPTION	SYMBOL
~~1523373~~	~~MALOOLA~~	~~DUMILE~~	~~116120~~	~~DRAMA I~~	
1523660	POGRUND	JENNIFER SOLANGE	115101	FRENCH I	

* TOTAL NUMBER OF STUDENTS 2

DEAN

EDUCATION NEWS

210 Post 27/3/80

Mines give bursaries

EIGHT black students have received bursaries from the Chamber of Mines for the current academic year. This was announced by a spokesman for the chamber this week.

The bursaries provide university registration and tuition fees, residence fees and R500 per annum for the entire course which the student elects to take. These bursaries are awarded to sons and daughters of employees in the industry

The students are: Leslie Hlabana who attended the Herman Thebe School at Swartruggens and is taking a B Admin degree at the University of the North

Elson Kunene who attended the Mlokothwa High School, Nongoma and is taking a B Sc. degree at the University of Zululand.

Radipuo Leeuw who attended the Leroko High School, Bloemfontein and is taking a B. Admin. degree at the University of the North.

Esau Mabele who attended the Barolong High School and is taking a B. Sc. degree at the University of Zululand.

Alois Manzi who attended the Lebogang High School and is taking a B. Sc degree at the University of Fort Hare.

Miss Nombuyiselo Magabane who attended the Pholela Training College and is taking a B A degree at the University of Fort Hare.

Michael Mofokeng who attended the Jordan High School and is taking a B Sc degree at the University of Zululand

Phillip Sathekge who attended Meadowlands High School and is taking a B Sc degree at the University of the North

1/4/80

50 000 sign to oppose mining in Kruger Park

212

Argus

Environment Reporter

NEARLY 50 000 people — including more than 4 000 in the Cape — have signed a petition protesting against an Iscor plan to mine coking coal in the Kruger National Park.

The petition was organised by the Argus Group's Care campaign. More than half the signatures were collected by the Wildlife Society of Southern Africa.

The signatories include pupils at many schools — Kimberley Girls' High set the record with 341.

The petition will be presented to the Minister of Forestry, Mr A J Raubenheimer, towards the end of the month.

Signatures are still being received. They can be sent to the Care campaign, care of The Argus, P O Box 56, Cape Town 8000.

The campaign was sparked off by Iscor's plan to mine at Pafuri — one of the most rare and sensitive areas of the park.

The 20-year operation would affect 100 square kilometres.

MSAULI

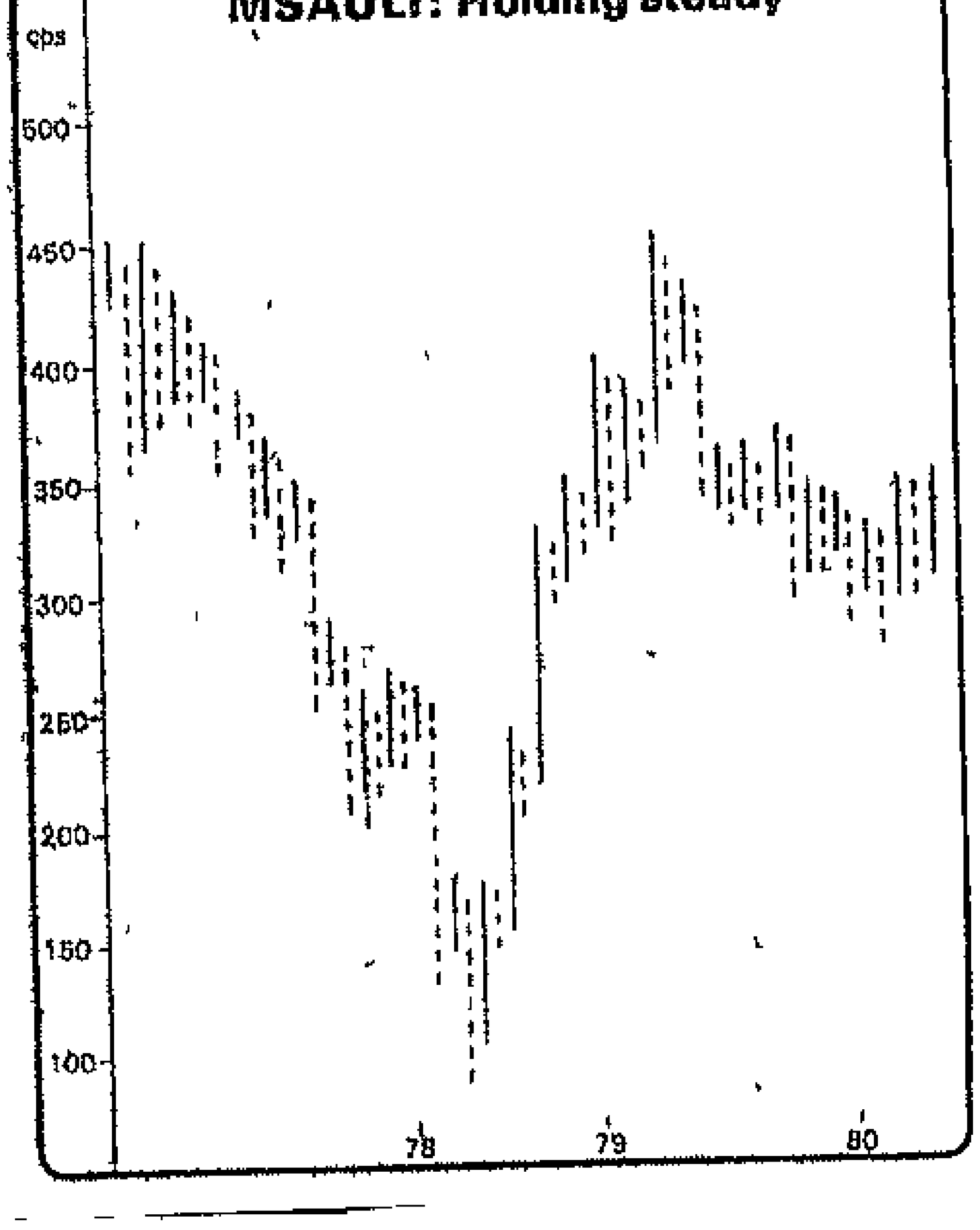
Looking stronger

Activities *Mining company producing chrysotile asbestos in the Barberton district, Transvaal Managed by General Mining*
Chairman *C H Walters*
Capital structure *6,5m ordinaries of 50c Market capitalisation R21,9m*
Financial *Year to December 31 1979 Net cash R105 000 Current ratio 1,0 Capital commitments R289 000*
Share market *Price 340c (1979-80 high, 450c, low, 280c trading volume last quarter 35 000 shares) Yields 16,0% on earnings, 11 8% on dividend Cover 1,4 PE ratio 6,3*

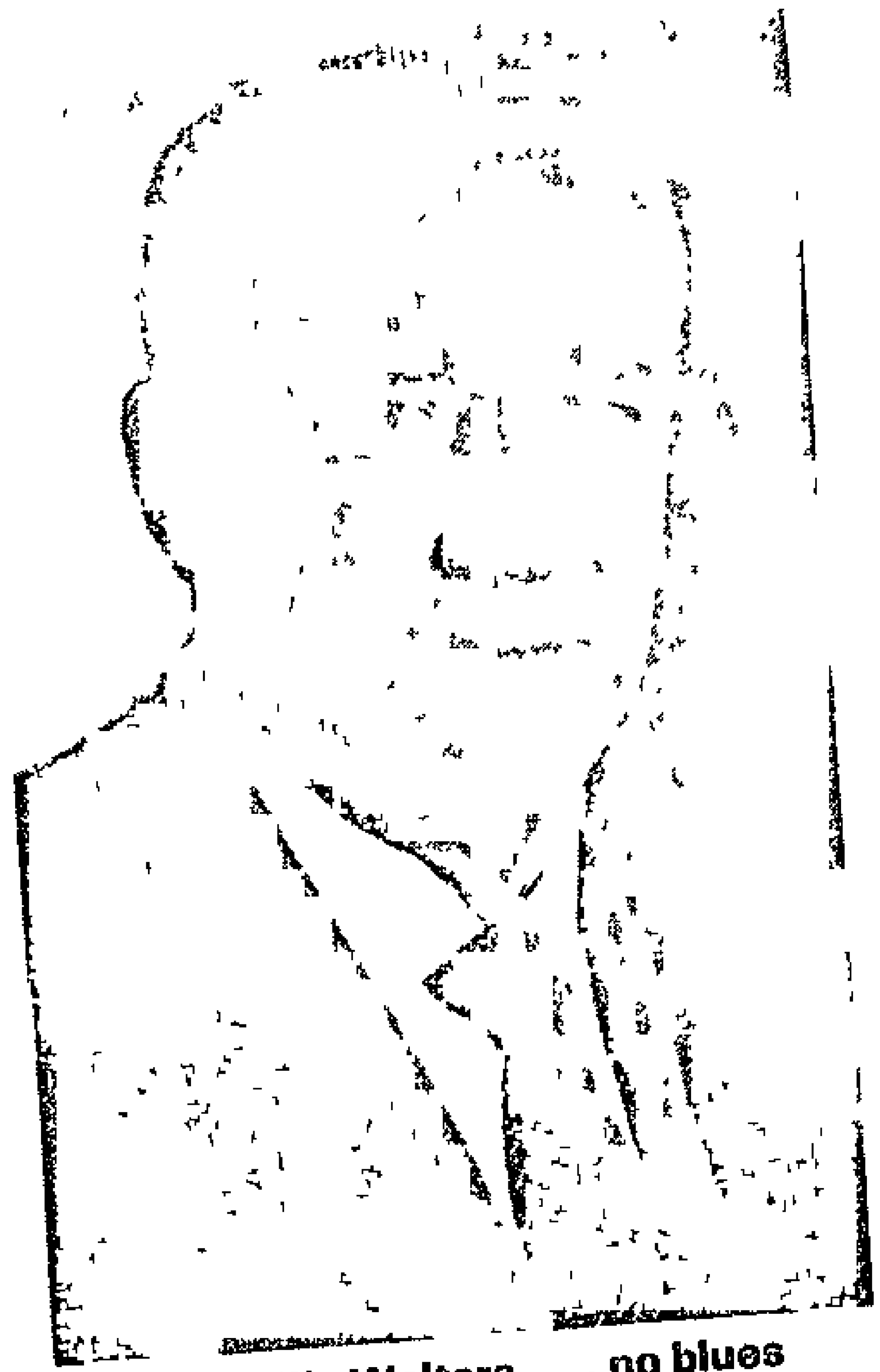
	76	'77	'78	'79
Fibre production (000t)	95 4	100 7	71 0	85 0
Turnover (Rm)	16 2	18 1	16 2	17 8
Pre tax profit (Rm)	7 1	7 5	5 8	4 7
Earnings (c)	94 8	83 2	63 7	54 3
Dividends (c)	50	50	52 5	40

Chairman Wally Walters has been consistently confident of the mine's potential, even during the downturn of 1978 And had it not been for unforeseen technical problems which resulted in unacceptably high ore dilution and higher unit costs, a solid earnings advance might well have been reported last year

As it is, the dilution problem has now been largely overcome, and the directors confidently expect a significant improvement in fibre production during the current year If this transpires, unit costs should benefit, though development rates could continue at last year's high level Unless higher dollar-denominated sales prices, possible in the wake of higher benchmark Canadian quotes, are again eroded by a rising rand dollar exchange rate, profits could be set for a substantial rise



MSAULI: Holding steady


Msauli's Walters . . no blues over chrysotile

The only possible cloud on the horizon is a worldwide recession which chops demand and prices Even so, Msauli has the technical capacity to produce highly competitive fibre types and blends, and should be protected from an economic downturn by the spread of its markets as well as its reputation for producing a high quality product

Whether this means investors should climb into the shares is another matter The boom of a few years ago was achieved largely because of strikes in Canada, and the subsequent turnover and profit reversal was pretty spectacular So though the mine is efficient, and management is taking a highly positive view of this year's prospects, investors' attitudes towards the share should be tempered by caution over uncontrollable market shifts

Apart from saying that satisfactory trading is expected this year, management does not attempt an earnings projection Capex for shaft sinking is expected to continue for five years, with this year's total expenditure estimated at about R800 000 Apart from the shaft sinking programme, no major capital projects are in prospect On that basis, retentions should be no greater than required for capex on a year-by-year basis

A better view of this year's likely performance will be possible with publication of the first quarter's results Ahead of that, the shares seem reasonably valued

Jim Jones

Fm 18/4/80 210

Federale Mynbou Beperk

Chairman's Review by Dr W. B. Coetzer

I am pleased to report that the satisfactory growth of Federale Mynbou in the past has again been achieved

The earnings per share increased from 93,6 cents in 1977 to 135,7 cents in 1978 and 218,2 cents in 1979 The asset value per share increased from 1 033 cents in 1977 to 1 269 cents in 1978 and 2 260 cents in 1979 In view of the sound distribution of the interests of General Mining and Union Corporation, the results for 1980 should again show satisfactory growth

Union Corporation became a wholly owned operating subsidiary of General Mining on 26 March 1980 as a result of a scheme of arrangement between the corporation and its members It is expected that the merger of those two mining groups will in the long term also result in material advantages for this company through its 45,6 per cent interest in the restructured General Mining group The following advantages in this regard, can be expected

- more effective utilisation of group capital and manpower resources in respect of new projects,
- enhanced ability to raise funds for new mining and other ventures and a better spread of the risks involved in projects of this nature,
- rationalisation of the marketing of certain minerals which will strengthen the Group's competitive position in international markets
- the availability of wider career opportunities enabling the group to attract and retain skilled staff

As a result of these developments the agreement to participate to the extent of 25 per cent in any new business undertaken by General Mining has been cancelled The position has now changed materially in that Federale Mynbou has become purely an investment company with no contractual obligations on the part of General Mining and Union Corporation to offer it participation in new projects other than such participation as may be considered in the normal course of business

This recent development will not necessarily result in Federale Mynbou purely holding an important interest in the General Mining/Union Corporation Group On the contrary I consider that Federale Mynbou as an investment company has a sound future with the further possibility from time to time of interesting portfolio investments other than the already established interest in General Mining and Union Corporation

Gold production remains an important part of the Group's activities and income from this source increased considerably owing to a remarkable rise of 53 per cent in the price received for gold during the year It is expected that the price of gold will fluctuate sharply in the short term but that it will show an increasing trend in the longer term

Uranium production increased by 32 per cent and a similar increase is expected in the current year

Coal sales increased by 10 per cent and the future prospects for this product remain very promising The interesting developments in regard to the Northern Transvaal coalfield are dealt with in the General Mining chairman's review

The Group again maintained a satisfactory position in regard to the production and marketing of platinum asbestos chrome and other base minerals

The Group's industrial companies also performed well The upsurge in the South African economy has resulted in an improvement in business conditions in general but has not yet spread to the group companies engaged in heavy engineering and development of the infrastructure

The new taxation scales for individual persons announced by the Minister of Finance in his budget are praiseworthy In this way the Minister has kept his promise of the past to attempt to provide after further study, relief in regard to personal taxation as far as possible Apart from a series of subsidiary proposals regarding relief for specific purposes, the basis of personal taxation, namely the marginal rate and the income level at which it is reached has been adjusted The new 50 per cent marginal rate is in accordance with the recommendation of the Franzsen Commission in 1968, as well as the Royal Commission on Taxation in Canada It must, therefore, be expected that for the foreseeable future this rate must be accepted as realistic and that the Minister will not readily announce further reductions in this regard The income level at which taxation of 50 per cent is reached is a changing norm which in accordance with the recommendations of the Franzsen Commission should be constantly adjusted in line with the development of the South African economy I am convinced that the Minister will take thorough account of this and that a further increase in the R40 000 income level can be expected Many economic factors and fiscal problems will naturally have to be considered by the Minister For example, there are inflation factors on the one hand and also the extent of sales tax These are factors which may well have a strong influence from time to time in regard to reconsideration of the income level

At this stage I would prefer to limit comment on the investigation of taxation of fringe benefits as it is logical that the Minister has to examine this matter The open approach to this problem by the Minister and the spirit of consultation with the private sector in this regard is encouraging and it is expected that this thorny matter will be settled on a reasonable and satisfactory basis

In conclusion, I have high expectations of the new spirit of consultation and co-operation between the Government and the private sector regarding the economic development of the Republic to its optimum capacity

16 April 1980

sheet at ~~nil value~~, any catch-up sales later in the year could provide a solid boost to individual quarterly results

Prieska Ore milled in the March quarter fell marginally to 709 000 t (781 000 t), with production of 25 500 t copper (27 900 t) and 25 600 t (30 100 t) zinc in concentrates However, concentrate despatches which vary from quarter to quarter increased to 30 500 t (20 300 t) copper and a lower total 27 000 t (29 900 t) of zinc Nevertheless total operating income increased significantly to R8,1m (R3,3m), which after higher non-mining income and lower interest, paid produced taxed profit of R8m (R3,2m)

In the quarter Prieska spent R1,9m (R2m) of this year's R10,3m planned total capex

Des Kilalea

BASE METALS

Price clouds

(210) FM 18/4/80

Though base metal prices have held up better than gold in the past month, there are indications their relative strength is ending Since the Bunker Hunt episode scared much of the speculation out of the base metal markets, and with signs that industrial demand could be subsiding, prices have eased from recent highs. For example copper is down from £1 400/t in February to a current £930, while tin has dipped from the mid-March high of £8 400/t to £7 700

Tin rose to the record high in March when the US announced that it would delay its planned 500 t a fortnight release of metal from GSA stocks There is still some uncertainty that even this amount will be released, particularly in light of the weaker trend in the metal price The US is likely to avoid a confrontation with producers, particularly the likes of Bolivia — the world's highest cost producer — and perhaps a lesser amount will be offered when the fortnightly sales start in July

However the metal suffered when the International Tin Council agreed on a new £6 000/t (£5 150) floor price, which at that time was significantly below the LME price

Nevertheless, local producers Rooiberg and Union Tin expect any fall in the tin price to be slight Rooiberg chairman Robin Hope says the additional supplies from the US will add marginally to world supply, and with the fall-off in speculation, the trend is easier But the reaction should not be too severe

Rooiberg: In the quarter to end-March Rooiberg recovered an unchanged total 531 t tin in concentrates, while sales totalled 53 t (306 t) The fall came as only low-grade concentrates were sold, while the entire high-grade output was sent to the smelter Thus the smelter's metal production was 498 t (340 t) with sales of 453 t (306 t)

Sales for the quarter were R6,9m (R5 2m), reflecting the benefits of a 12,1% higher metal price received of R13 700/t (R12 200) However the 14% increase in the unit sales cost to R6 000/t (R5 250), in part reflecting the use of the smelter, meant pre-tax profit rose 31,4% to R3 9m (R3m), compared with a total revenue increase of 33,5% Capex for the quarter was lower at R794 000 (R1,9m), hence an increase in the average tax rate to 34,4% (14,5%)

The current quarter should see the average tin realisation similar to that of the March quarter And there are hopes that costs increases might be more modest as smelter efficiencies become apparent

During the quarter the company exercised its option to buy mineral rights on the farm Olievenbosch Elsewhere drilling has indicated scattered payable values

In his last chairman's statement, Robin Hope said the average tin price for 1980 should not be much below that received in 1979, and there was every prospect of the dividend being mantained at 230c The March quarter benefited from the record tin prices, and so might be unusual compared with prospects for this year But in view of the falling capex now the smelter is complete, Hope's dividend forecast might prove conservative if his price estimates prove correct

Union Tin· Production in the March quarter increased to 116 t (97 t) tin in concentrates, while sales dropped to 102 t (131 t) as a result of shipping schedules Sales revenue was R1,2m (R1,4m), representing an average realisation per ton of R12 000 (R10 900) This 11,1% increase compares with a 24,9% rise in unit sales costs to R6 500/t (R5 200)

Initially it was expected that Rooiberg would next start treating Union's tin at the smelter But as yet there are no plans to do this, since the Union material is both low-grade and too impure

Cons Murch The mine has started the year slowly with production not matched by sales, and the antimony concentrate stockpile increased by 608 t to 7 512 t at end-March With gold production figures not provided, it is impossible to tell how the planned improvement in gold recovery is progressing Unless gold skyrockets, this year's results may not be particularly exciting, though there need be little difficulty in matching last year's 100c total payout

As recessionary forces take a grip on the world, antimony sales could come under a cloud, though because of the mine's accounting system, whereby antimony stocks are carried in the balance

THE ARGUS, WEDNESDAY APRIL 23 1980

FINANCE

210

SILVER BRINGS BIG PROFITS TO NEW CAPE MINE

249

SOARING silver prices could bring profits of more than R100-million this year to the giant new Black Mountain base metals mine at Aggeneys in the Northern Cape.

This was estimated yesterday at the mine's official opening.

The mine was planned as a lead mine with copper, zinc and silver as by-products. But silver has become the biggest profit earner as a result of rocketing prices over the past nine months.

Silver output is expected to be more than 113 000 kg a year.

SELF-SUPPORTING

Production started at the end of last year, barely two years after an agreement by Gold Fields and Phelps Dodge to go ahead.

The mine is expected to become financially self-supporting this year at a total capital outlay of R170-million — less than the 1977 feasibility estimate of R181-million.

Gold Fields' chairman, Mr Adriaan Louw, said: 'We hope that even during the threatening international recession, this new venture, one of the lowest cost producers of its kind in the world, will make a big contribution to the profits of both companies.'

Total reserves are estimated at 238-million tons

Only one of three ore-bodies is being mined and no decision has been taken about working the other two.

At the present annual production of 1 125 000 tons the mine has a life expectancy of 30 years, but if future metal prices are favourable the exploitation of the other deposits could go on for many more years.

Mr George Munroe, president of Phelps Dodge, who flew from the United States for the opening, said: 'This will soon be one of the most important lead mines in the world. A quarter of world lead production will eventually come from here.'

Lead concentrates yield 7 114 tons of lead a month and 728 kg of silver — enough lead for 700 000 car batteries and enough silver to plate 80 000 sets of cutlery, the company calculates.

Copper concentrate produce 330 tons of copper monthly and 1 660 kg of silver — enough silver for 330 000 rings

A month's zinc production could galvanise 5 sq km of sheet steel.

The mine employs 200 white, 692 coloured and 586 black workers.

Tom Hood

NM 23/4/80 (210)

Shortage of key metals possible

There was a dearth of mining ventures coming on stream, which could conceivably lead to a shortage of key metals in the medium term, the chairman of the Standard Bank, Mr Ian MacKenzie, said here yesterday.

Opening the R170 million Black Mountain Mineral Development mine, which is to produce lead, zinc and copper concentrates as well as silver, Mr MacKenzie said there seemed to be a 'price

BUSINESS MERCURY

panic' situation in metals on world commodity markets

Frenetic gold trading in the past six months had rubbed off on silver and copper as well as other commodities, although weak markets were now evident

Inflation

'Inflation and almost uncontrollable energy prices are of primary concern to the capital intensive mining and minerals industry, and the result of these factors is a dearth of mining ventures coming on stream so that this could conceivably lead to a shortage of key metals in the medium term '

Mr MacKenzie said the mine's milling rate was expected to reach the designed capacity of 94 000 tonnes a month by the middle of the year

Importance

This highlighted the tremendous importance of the Black Mountain Development, which was expected to yield an annual output of about 132 000 tonnes of lead concentrates, 35 000 tonnes of zinc concentrates and 22 000 tonnes of copper concentrates, together with some 113 000 kg of silver produced as a by-product, Mr MacKenzie said

The mine, a joint venture between the Pyelps Dodge Corporation of the United States and Gold Fields of South Africa, is expected, according to the mine management, to have an annual net revenue of more than R100 million a year — (Sapa)

GFSA starts developing Cape's 'Witwatersrand'

(210 CT 24/4/80)

BY PAUL DOLD
Financial Editor

TWO new mines may be opened by Gold Fields close to the group's existing Black Mountain mine at Aggeneys in the Northern Cape — an area which is being dubbed by miners as the "second Witwatersrand" but, unlike the Reef, it will be founded on base metals

Vast mining development is likely to take place over the next few years and metal prices will no doubt have a direct bearing on the timing of exploitation

After preliminary prospecting work, the emphasis will be on detailed drilling programmes followed by actual development

Millions of rands are likely to be pumped into new mines by local mining groups and overseas partners and the Northern Cape is on the verge of a massive mining boom At least four new mines may be opened in the area but this is bound to increase as detailed prospecting and evaluation of surveys is undertaken

Gold Fields, with its Black Mountain development, has taken the lead but not far from Black Mountain, Anglo American is engaged in an intensive prospecting programme at Gamsberg and a mine is widely expected to be opened there

Although GFSA stresses that no decision has been taken to go ahead with further mining development at Black Mountain, mining sources believe that the first steps may well emerge over the next few months

At the official opening of the mine on Tuesday by Standard Bank's chairman, Mr Ian Mackenzie, Mr George Munroe, the chief executive of Phelps Dodge, the giant US mining group which is GFSA'S partner in the project held out the hope that the development of Black Mountain was but the first stage in a long and flourishing partnership between his group and Gold Fields

Apart from Black Mountain's 38m tons of proven reserves, diamond drilling on the remainder of the farm has indicated lead, silver, zinc, and copper bearing deposits of around 200m tons and these estimates may be highly conservative

Black Mountain itself is a R200m project to tap part of these deposits and will have an annual output of 132 000 tons of lead concentrates, 35 000 tons of zinc concentrates and 22 000 tons of copper

In lead alone it represents some four percent of world production But the mineral treasure chest will include 113 000 kg of silver produced as a by-product The milling rate is expected to reach capacity of 94 000 tons by mid- year

Phelps Dodge Corporation undertook the first detailed diamond drilling programme along the orebody in 1970 Three ore bodies were eventually intersected, — Swartberg, Broken Hill and the Big Syncline, with Broken hill the most promising

GFSA and its partners subscribed for 51 percent of Black Mountain Mineral Development Company GFSA provided an interest-bearing deferred loan of R35m Additional finance through bank loans and other institutions totalled R111m The banking consortium consisted of Standard as lead bank (R49m) and included Barclays and Nedbank (R27m each)

Mr Munroe describes Black Mountain as a world class ore body and there is little doubt that he is delighted with the choice of Gold Fields as partner in the project Several other groups were also in the running The final cost of the mine is some R171m, well within the 1977 feasibility estimate of R181m

As GFSA chairman Mr Adriaan Louw said at the opening ceremony, Black Mountain was a very unusual project for GFSA from a financing point of view This is probably the first time that GFSA has financed a risk venture through loans and not equity capital

The speed of bringing the mine into production underscores the muscle of Gold Fields and the efficiency of the mine management led by Black Mountain chairman, Mr R Hope, and mine manager, Mr Blair Hook

First production began a mere 24 months after the partnership agreement was signed and annual revenue is estimated at some R100m

It is no small achievement for the mine to be developed in the semi-desert in an area with virtually no infrastruture Contractors on the project included Bateman, Concor, General Erection, Henred Fruehauf, Wing Airways, Bechtel, Longtill, LTA, Murray and Stewart — Candac, RUC Mining, Vecor, AHM Construction, Acquatic Services, Industrial Carriers, Newell Dunford, Prok Africa, Redpath, and Robertson & Hitchins

Water has to be piped 56km from Pelladrift on the Orange River The concentrates are trucked 166 km to Loop 10 on the Sishen — Saldanha rail line and from Saldanha copper and lead are shipped to world markets including Europe and Japan The zinc is processed by GFSA's own subsidiary Zincor at Springs Two large villages have been built to house staff and the outstanding landscaping is turning Aggeneys into an oasis with half olympic size pool tennis courts and sports fields

The infrastructure iniated by Gold Fields will undoubtedly form the base of development for the area, particularly the access to the Sishen rail link and the new water pipeline is a significant milestone

GOLD QUARTERLIES

Steady state

FM 25/4/80

Ahead of this Friday's IMF conference, which is expected to give the green light for a gold-linked substitution account, and indications that US interest rates have peaked out, gold dithered Under normal circumstances, both factors should have supported gold prices A gold-linked IMF substitution account can be seen as a first step towards remonetisation of gold as well as limiting the IMF s scope for extending its gold auctions, while lower US interest rates should lead to some dollar weakness while lessening the cost of maintaining positions in gold

The problem is, of course, that the signs of a US recession are becoming increasingly clear, and recession, if it results in lower inflation rates, is hardly a bull factor for gold Meanwhile, London's view is that world political events have reached near-term stability The Afghan, Iranian and Yugoslav situations are, it is thought, unlikely to deteriorate materially, meaning stasis in gold's security premium And though London is cautious on the boycott of SA's coloured schools, the feeling is that it is a situation which can be contained

What is being counted on is gold holding around or just below the $500 level for the next six months or so If that view turns out to be correct, gold mine earnings should be in the same area as their average for the past six months And that points to some solid up-coming dividends which should support share prices

Ergo On an annualised basis, gold production is well ahead of the downward-revised 5 500kg target If the improved recovery rates can be maintained, there are two years of healthy dividend payments ahead until operations move into lower-grade dumps and the tax bite starts

On the other hand, despite improved uranium recovery uranium revenue continues to perform stodgily with, it seems sales below production Available earnings are apparently being fully distributed with no retentions which could be used to even out the eventual earnings/payout drop, which will come with lower dump grades and tax incidence If the March quarter's operational levels are maintained and if gold does no more than average $500 the current year could see a total payout of 175c That compares with last year's 25c interim and 85c final

Elandsrand. Mill throughput is planned to rise to the monthly 120 000 t interim target during the second half of the year, but complete flexibility of operations is unlikely to be achieved until next year Gold recovery is planned to average 5,77g/t this year so further improvements from the March quarter's 5 66g/t are in prospect Dividends are unlikely this year, even though the mine can internally fund planned capex at an average gold price of $430 Any earnings from gold beyond that level could well be first reserved for repayment of the R28,4m loan outstanding at end-December

Present plans are to increase production beyond 120 000t/month in the latter part of 1981 to reach, probably, 180 000 t by early 1983 By that stage the mine should have the flexibility to mine pay shoots accurately, pointing to an eventual recovery of 10g/t or more

Vaal Reefs Investigations are still at a preliminary stage, but if it is decided to mine VCR pay shoots overlying the present working, there will be no let-up in the company's heavy capex programme for some years Additional milling capacity will probably be needed, while it may be necessary to exploit relatively high grade VCR shoots beyond the mine's western boundary That may well mean the eventual sinking of a further shaft

Though Vaal Reefs owns 25% of Southvaal — meaning that royalties paid to that company are partly re-cycled to Vaal Reefs in addition to its 45% profit share from the south lease area — the latter is probably the better defensive stock This year gold recovery from the south lease area is planned to rise to 10g/t, while at Vaal Reefs itself, recovery is slated to fall to about 7,8g/t Vaal Reefs own grade could fall further as mining of the VCR (which can be mined at a probable average grade of about 5g/t) kicks in

Western Deep Though the impact should be masked by higher average gold prices and lessened by tax savings Western Deep s distributions will be restrained by the R450m expansion capex planned through to 1985 (*FM* February 15) The additional capex which is designed to increase mill throughput by a monthly 160 000 t in 1985 is equivalent to 1 800c a share

Further earnings dilution could be on the cards if Wit Deep and Western Ultra Deep, which own the mineral rights on ground to be eventually mined south of the mine s present lease area are to be paid for their rights in Western Deep shares In the near-term much depends on gold's price performance

Management will probably adopt a cautious payout policy during the coming years of heavy capex But with available earnings of 263c from the March quarter's operations even if bullion averages only $500 for the rest of the year a total payout of 500c could be within reach In any event, the share is best suited to investors with medium-term objectives who are looking for a defensive stock and are prepared to ride out any gold price setbacks

SA Lands Surface drilling has been terminated with negligible gold values disclosed by the final deflection of borehole SRK 1 In fact, the surface drilling programme appears to have been ended ahead of schedule, indicating that management is having to re-think the potential of ground to the south of the present lease area Presumably, once operations are under way at Van Dyk (*FM* February 22) exploration of the southern ground can eventually be carried out from underground

Free State Geduld The mine has retained 43c from first-half earnings, but that may be necessary to limit any disparity between the final and the 475c interim dividend Before taking into account any consumer loan receipts, this year's capex is planned at R92m while during the first half, after taking into account consumer loans the mine appropriated R29,2m for capex This points to a considerable capex appropriation upswing in the second half of the year

Thereafter capex should fall significantly, though further heavy calls could be in the pipeline if, for example, Jeanette is incorporated into the mine to develop a large tonnage but low-grade operation

At this stage it is probably safest to assume that the final dividend will not be significantly greater than the interim, though that estimate could be thrown out either way by gold's price performance

Free State Saaiplaas. More than any other participant, the mine depends on earnings from the Joint Metallurgical Scheme (JMS) March quarter earnings from this source were particularly disappointing, with little hope of near-term improvement so long as the spot market for uranium remains over-supplied

Almost no matter what happens to gold dividends are unlikely this year though with a capex slow-down in prospect next year payments should then start However they will be constrained by the mine's low gold grades and not reach full potential until the JMS gets its profit act together

President Brand Full-scale sinking of the No 5 shaft should result in higher on-mine capex during the current six months and next year, but to an extent that could be offset by lighter capex at the JMS And while gold prices maintain current levels, possible calls on the R15m loan commitment to Free State Saai should be limited

One worrying factor, though is the contribution of the JMS Though previously lost sales contracts have been replaced, uranium sales are clearly under pressure and well below production capacity That will presumably be mitigated to an extent if it is not necessary to repay consumer loans to Iran which no longer wants uranium

The final could at least match the 320c interim though the mine has retained only 13c from first-half operations

President Steyn Technical problems hit the March quarter's operations but have now been overcome A return to capacity milling and planned recovery grades could result in a reversal of the abnormally high March quarter cost increase Leader and "A" reef development sampling continues to disclose reasonable gold and uranium values It is possible that an early decision will be taken to increase the scale of operations on these horizons, though that would result in lower overall gold recovery grades than at present

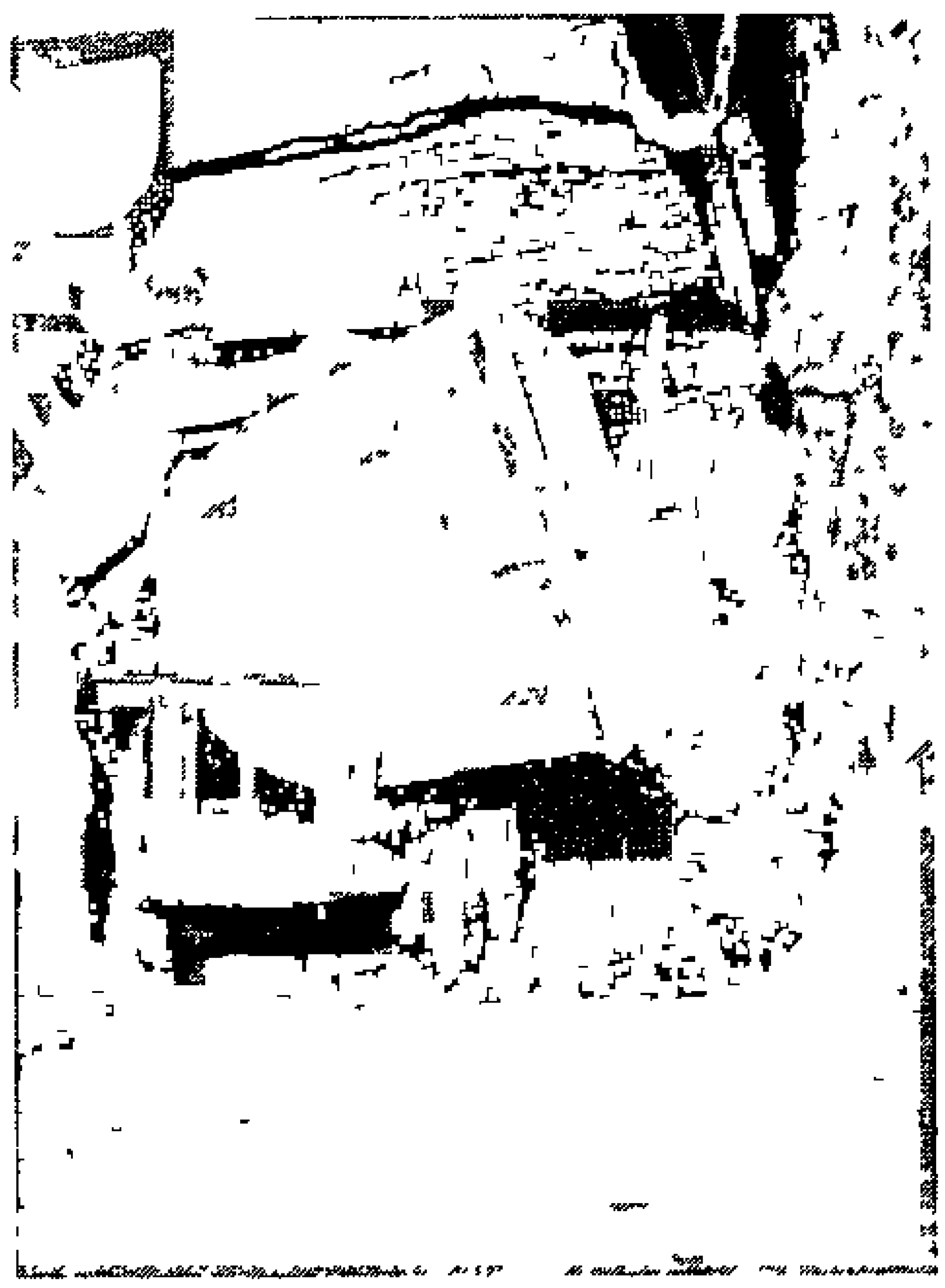
The mine's relatively heavy capex programme should end this year, while at current gold prices a 300c final could be paid to follow the 280c interim

Welkom The JMS's poor profit performance is a great disappointment, especially as it was the mine's share of this revenue which was expected to offset potential earnings falls accompanying lower gold grades

Though most of the mine's accessible higher-grade ore has been extracted, there are prospects for extensions to the north and beyond the Ararat fault, while development on the Leader reef continues to disclose reasonable values in some areas There are also prospects for extending operations if the mine participates in the establishment of operations on Erfdeel /Dankbaarheid However, all these prospective developments could involve relatively heavy capex, which is a negative factor at this stage of the mine's life Though a final equalling the 130c interim is possible, investors should take into account future prospective grade falls and the mine's limited life at current recovery grades

Western Holdings. Only 15,7c was retained from first-half available earnings of 690 7c which is a blow for investors who had been expecting the mine to be used as a vehicle for developing other operations in the area Leader reef development and sampling rates continue to increase but ore values being disclosed are far from attractive It is therefore safest for shareholders to take at face value management's earlier warning that the scope for mining the reef is limited If that is the case, and there are no plans for extending operations into other areas shareholders should steadily amortise their investments The Basal reef is fully developed with no possibility of extensions being discovered to the west of the mine's lease area

West Rand Cons Though gold recovery grade fell in the March quarter with low grade material drawn from the surface dump, an upturn could be in prospect if, at current gold prices, it is decided to increase mill throughput at the gold section Near-term, however more depends on uranium sales and production trends The influence of the higher-grade Luipaards Vlei ore is being felt with higher uranium recovery grades and an increase in the tribute payment Though the March quarter resulted in available earnings of 41c, the year's capex got off to a slow start Depending on the pattern of uranium sales, dividend caution may be apparent at the half-way stage



Turning out the profits

Buffelsfontein. The mine has capex of R14,7m to spend during the current quarter so if gold does no more than remain at current levels, available earnings of around 175c are possible On that basis a final of up to 400c could be paid following the 160c interim However, management may choose to be cautious on dividends ahead of likely capex for new shafts to exploit the Lucas block

Stilfontein As 85%-owned subsidiary Chemwes is to repay its consumer loans this year and next the mine's uranium revenue is likely to be negligible With continued ore sorting the mine should suffer no meaningful gold grade drops while it continues to mine the Vaal reef It will be a different matter if mining moves into the relatively low-grade VCR Timing of that if in fact it is possible will depend largely on remaining Vaal reef life Management has estimated the remaining life of underground operations at about five years though there is every possibility that could be extended with mining of ground tributed from neighbouring Vaal Reefs

Capex is now negligible and with available earnings of 141,2c from the first quarter's operations, an interim dividend of 200c is well within reach

Grootvlei Kimberley reef drilling to the north east of Nos 3 and 4 shafts resulted in miserable grades and channel widths This may need be nothing to despair of as, the reef exhibits particularly well-defined pay shoots and payable ore may exist in the drilling area Meantime underground sampling continues to disclose useful grades, though over narrow channel widths

Despite the unattractive drilling results, the mine remains one of the better gold price speculations with management's lastest estimate of an eight-year remaining life probably erring on the side of caution An interim of 90c is possible

Marievale Though the mine drew a higher tonnage of ore from underground, and less from the rock dump recovery grade fell At current gold prices scattered pockets of ore underground are looking increasingly attractive but getting at them will be relatively costly A 50c interim is the least that can be expected

Bracken Development continues to disclosé attractive grades, and the higher gold price has led to greater mill throughput at lower recovery grades That trend is likely to continue for the next few months, though whether there is any possibility of a life extension remains to be seen With only 5,2c retained from the first half's operations the final could repeat the 37c interim — but if gold continues at present levels it will be a tight run

Leslie The mine is operating in the same way as Bracken — higher mill throughput and lower grades Further grade reductions are in prospect, though coupled with higher milling rates Development sampling is hardly exciting but at current gold prices there are additional tonnages of previously un-pay ore available for mining Following the 29c interim, if the gold price stagnates a final of 25c may be all that is possible

Kinross Higher grades with increased ore being drawn from the richer No 2 shaft area have apparently been off-set by mining of lower grade ore in other areas verage recovery grades over the next couple of quarters Capital expenditure is relatively low and will probably remain so until it is decided or necessary, to extend operations beyond the mine's northern boundary With 8 1c retained from the first half's operations it may just be possible for the final to match the 84c interim For the present the share is a safe if unexciting dividend payer

Winkelhaak The mine retained a relatively high 35,6c a share from the first half's operations, and this may presage an increase in capex when newly-acquired ground to the east is opened up Even so, a 200c final to follow the 194c interim seems possible even if gold does no more than hold its own at current prices

St Helena Basal and Leader reef development sampling continues to provide fairly pedestrian results Further recovery grade falls could be on the cards during the next two quarters, but at least the mine is unlikely to be faced with any dividends From the first half's operations 49 6c has been retained Following the 305c interim, a final of 350c could be in prospect

Unisel From now on capex will be relatively low though distributable earnings will be constrained over the next four years as the mine repays its loans Current recovery grades are about half those predicted for the Basal reef in the mine's prospectus so there is plenty of room for improvement as production gets into full swing However, some grade lowering is possible if anything but small tonnages are mined from the Leader reef Following the 40c maiden interim a final of at least 50c is to be expected It should, however be remembered that the mine will start paying tax within the next couple of years That will be accompanied by an inevitable reduction in distributable earnings unless gold heads into the stratosphere

Wit Nigel. Management believes the halted and says production should now be maintained at a monthly average of 80 kg That estimate, however, probably errs on the side of caution

Within the next three years or so, and with completion of the new shaft which is currently being pre-cemented mill throughput could double from its present level while flexible mining of pay shoots should mean higher recovery grades Meantime, of course there is the small matter of capex Almost no matter what happens to gold, dividends will at best be token until the new shaft is completed

South Rood The December quarterly report was late and the March quarter's will be delayed until MD Loucas Pouroulis returns from overseas Meantime all sorts of rumours surround operations, most of which do little to encourage investors Much has been made of the way new management will turn the mine around, but for the moment it is probably safest to be cautious on the shares

Jim Jones

GOLD QUARTERLIES

	Gold									Uranium				Profit		EPS after capex & loan levy
	Cost R/kg	Cost $/oz*§		Revenue R/kg	Revenue $/oz§	Milled *000 t		Recovery g/t*		Milled* 000 t		Recovery* kg/t		Gold R 000	Uranium & other R 000	c
ANGLO AMERICAN																
Elandsrand	7 084	272	(254)	16 494	634	236	(214)	5,7	(5,3)					13 226	706	5,9
Ergo				16 575	636	4 504	(4 554)	0,4	(0,3)	4 504	(4 554)	0,17	(0,15)	— 28 471 —		68 9
Free State Geduld	3 118	120	(110)	16 336	626	709	(688)	12 6	(12,9)	†631	(592)	0 09	(0 09)	107 049	3 522	302,1
Free State Saai	9 149	351	(295)	16 508	633	353	(314)	2 8	(3 5)	†578	(356)	0 18	(0 19)	6 958	982	19,8
President Brand	3 260	125	(118)	16 477	632	832	(836)	9,3	(9 2)	†919	(867)	0,10	(0,08)	94 200	5 674	225,2
President Steyn	5 101	196	(166)	16 380	628	876	(908)	6,8	(7 0)	†1 195	(1 240)	0 11	(0,12)	65 918	7 515	183,8
Vaal Reefs	4 554	175	(162)	17 372	666	2 043	(1 978)	8 0	(7,9)	2 297	(2 022)	0 19	(0,18)	215 376	10 195	324,3
Welkom	6 333	243	(211)	16 588	636	551	(532)	4,8	(5,2)	†312	(281)	0 19	(0 22)	25 878	1 414	82,6
Western Deep	2 797	107	(92)	17 626	673	836	(830)	14,3	(15 1)	228	(240)	0,21	(0,22)	184 063	4 006	263,0
Western Holdings	3 172	122	(109)	16 417	631	816	(778)	8 8	(9,3)	†1 160	(1 072)	0 09	(0 08)	89 041	5 591	451,5
ANGLOVAAL																
ET Cons	4 291	164	(149)	17 754	679	84	(89)	6,2	(6,3)					6 988	50	62,3
Hartebeestfontein	3 994	153	(144)	17 341	663	717	(718)	11,2	(11,2)	717	(694)	0 14	(0,14)	107 181	8 570	367,3
Loraine	11 224	429	(383)	16 554	633	413	(383)	3,1	(3,6)					6 824	126	33,0
GENERAL MINING																
Buffelsfontein	5 142	197	(186)	16 840	641	800	(798)	8 0	(8,2)	761	(771)	0,20	(0,20)	75 244	(2 386)	229,7
Stilfontein	4 694	180	(188)	17 330	664	480	(493)	9,0	(8,5)	859	(873)	0 20	(0,19)	54 945	(3 999)	141,2
WR Cons	20 173	773	(790)	15 791	604	443	(437)	1,4	(1,3)	262	(295)	0 35	(0,33)	(2 681)	5 197	41,0
GFSA																
Deelkraal	11 697	447	—	16 828	644	150	—	3,4	—					2 646	224	0,8
Doornfontein	4 467	171	(160)	15 334	587	360	(360)	8,4	(8,4)					33 122	901	116,0
East Drie	2 072	79	(63)	17 262	660	630	(630)	15,7	(18 6)					151 637	2 999	105,2
Kloof	2 595	99	(88)	16 225	621	520	(530)	14,5	(15 0)					103 466	2 072	123,0
Libanon	4 422	169	(158)	15 668	599	420	(420)	6,9	(7 1)					32 718	805	143,7
Venterspost	7 033	269	(237)	16 525	632	320	(322)	4,9	(5 1)					15 072	631	129,1
Vlakfontein	4 794	183	(177)	18 159	694	180	(180)	1 1	(1,2)					2 408	117	18,3
West Drie	2 002	77	(65)	16 424	628	675	(675)	17,5	(18,8)	299	(302)	0,23	(0,24)	171 576	6 098	432,9
JCI																
Randfontein	6 182	236	(206)	16 498	630	986	(1 036)	5,3	(5 5)	949	(974)	0 16	(0,15)	53 911	5 817	417,3
Western Areas	6 909	264	(214)	16 515	631	1 054	(1 085)	4,7	(5 1)					47 589	1 375	51,8‡
RAND MINES																
Blyvoor	4 348	166	(143)	17 448	668	482	(496)	9,1	(9,5)	494	(493)	0 18	(0,17)	57 140	6 825	107,5
Durban Deep	8 808	337	(304)	16 529	632	484	(516)	3 5	(3 6)					13 091	247	152 1**
ERPM	7 955	304	(293)	17 714	678	570	(574)	5,2	(5,0)					28 808	310	193 5**
Harmony				16 796	643	1 795	(1 802)	4,3	(4,5)	1 237	(1 211)	0,09	(0,10)	— 82 322 —		127,8
UNION CORP																
Bracken	4 988	191	(175)	15 547	596	210	(195)	4,4	(4,6)					10 016	62	26,5
Grootvlei	5 630	216	(182)	16 588	636	415	(415)	3,8	(4,2)					17 378	23	63,9
Kinross	4 248	163	(152)	15 890	609	400	(400)	5,8	(5,8)					27 333	192	57,5
Leslie	7 166	275	(244)	16 270	624	280	(260)	3,1	(3,4)					8 044	86	19,5
Marievale	5 914	227	(192)	16 617	637	240	(240)	1,5	(1,6)					3 866	67	37,9
St Helena	3 362	129	(103)	16 519	633	500	(500)	8,0	(8 4)					52 822	532	215,3
Unisel	5 194	199	(181)	17 055	654	220	(194)	6 2	(6,2)					16 236	(1 505)	51,7
Winkelhaak	2 963	114	(101)	15 655	600	535	(525)	6,7	(7,0)					45 876	843	139,0
INDEPENDENT																
South Rood			(515)				(74)		(2,0)							
Wit Nigel	10 596	405	(385)	15 856	607	75	(74)	3,2	(3,3)					1 265	36	10,7

* Figures in parentheses refer to previous quarter
† Deliveries to Joint Metallurgical Scheme
§ Calculated at $1 23 = R1 where figures not provided by mine
** After State loan repayment
‡ Excludes consumer loan receipts

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

A member of the Johannesburg Consolidated Investments Group of Companies

FM 25/4/80

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Chairman's Statement

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg at 11.15 a.m., on Monday, 28th April 1980.

I have pleasure in submitting my review for 1979 The gold price averaged R8 160 per kilogram in 1979 (U S $304 per ounce) compared with R5 604 per kilogram in 1978 (U S $200 per ounce) and this factor, coupled with increased production of gold and uranium, resulted in a substantial increase in the company's profits despite a significant increase in costs and the planned reduction in recovery grade Operating profit for the year ended 31st December 1979 amounted to some R100 million, an improvement of 36% on that achieved in the previous financial year Capital expenditure absorbed R22,7 million compared with R58,4 million for the 1978 financial year and dividends paid to shareholders increased to R32,5 million, equivalent to 600 cents per share, compared with R24,4 million in 1978, equivalent to 450 cents per share

Randfontein section

Shareholders will recall that on 3rd November, 1979 the board published a statement to the effect that discrepancies existed between the values being obtained from sampling of the ore from the established reserves in the Randfontein Section as well as in the final recovery of metals from that ore, and the values which might have been expected from past records and operational experience in the period 1955 to 1964, a situation which gave rise to doubts as to the viability of present operations in this particular section of the mine

Since that announcement, this adverse variance has been the subject of detailed investigation by the technical advisers, mine management and also by independent outside consultants The most important contributing factor is that mining operations at the Randfontein Section during the period 1955 to 1964 were concentrated largely in a well-defined zone or ore shoot, particularly towards the end of the period, at which time only the highest grade stopes were mined Current stoping operations, on the other hand, were necessarily undertaken throughout the Randfontein Section, dependant as the mine was on stope faces that became available as the section was progressively dewatered The characteristics of the ore from present operations differ from those of ore produced previously from the ore shoot.

Changes in practice make it difficult to compare past and current experience However, current sampling results are lower than those obtained during the period 1955 to 1964, for reasons which cannot be fully ascertained despite detailed investigations Mining operations are also now taking place in stopes where the reef inclination is much flatter than the very steep stopes mined some two decades ago and where it is consequently much more difficult to stope to the extremely narrow widths previously achieved and also to negotiate faulting A greater measure of dilution to the grade of ore mined thus takes place

As regards uranium plant practice, the original Millsite Plant relied heavily on surface waste sorting to enhance the grade of ore delivered to the treatment plants, and on the more expensive batch ion-exchange recovery process which ensured high recovery efficiencies The refurbished facilities at Millsite, however, were designed on the assumption that all underground tonnages would eventually be treated at Cooke Plant and that Millsite would be used initially only for gold recovery and subsequently for the re-treatment of tailings for the recovery of uranium. Consequently no provision for sorting was made Furthermore, for cost and operational considerations, a continuous ion-exchange process was incorporated into the plant design and this has resulted in higher losses to residue than might have been the case with a batch ion-exchange process

Although the information given above contributes in a material way to an understanding of the discrepancies it is not possible to reconcile completely the differences between past and present results

From a practical point of view the Randfontein Section appears to be capable of continued production on a modest scale of some 70 000 to 80 000 tons milled per month for the next four years and certainly longer if a decision is made to re-establish the No 2 North Shaft to give access to deeper levels in the mine At current gold and uranium price levels, and based on current recoveries, these operations are and could continue to be marginal They are nevertheless worthwhile, as they will contribute to the uranium supply requirements of the company's sales contracts Every effort will be made to make up any difference between tonnages available from underground at the Randfontein Section and the available capacity at the Millsite Plant from tailings dumps on the mine

A study is at present in progress to determine whether or not the No 2 North Shaft should be refurbished in the light of the changed circumstances

Uranium production

The reduction in throughput and recovery grade from underground at the Randfontein Section will result in a reduction in the mine's total uranium production until the Cooke No 3 shaft system can be brought into operation Arrangements are being finalised in terms of which this quantity of uranium will be supplied by other South African producers thereby enabling your company to meet its commitments to customers in full These producers have accepted the terms of the company's sales agreements

The Cooke uranium plant has been slow to meet acceptable operational targets Failure of rubber linings in the leach section, and the systematic withdrawal of leach tanks in service for re-lining, initially resulted in inadequate leach capacity in the plant The failure of filters to perform because of excessive downtime and also a lack of adequate filtration capacity inhibited this section from meeting its targets Finally an initial shortfall in capacity in the ion-exchange area, due to corrosion and inadequate clarification, reduced the efficiencies of the operations of the section These problems were compounded by a shortage of skilled technical and operational staff However, throughput now matches that of the gold plant and the emphasis on improving recovery efficiencies will continue

Throughput at the Millsite uranium plant remains acceptable, with efforts continuously being made to improve recoveries By the end of April, the Millsite uranium plant will have the capacity necessary to filter throughput in two stages, thus minimising dissolved losses, and also the additional capacity to treat this filtrate Overall recovery efficiencies should thus again improve

Uranium production increased from 117 tons in 1978 to 417 tons in 1979 with 148 tons being produced in the March, 1980 quarter Further improvements at the Cooke Plant should result in production reaching a rate of 700 tons per annum in the near future

Gold production

Throughput and recoveries at both the Millsite and Cooke gold plants are now acceptable but the mine's gold recovery grades are influenced to a large degree by the low recoveries at the Randfontein Section The overall grade in 1979 fell, in line with expectations, from 11,4 grams per ton to 6 grams per ton, as the tonnage milled from the Randfontein Section increased This also reflected the effect of higher gold prices on the payability of areas being developed, particularly at the Cooke No 2 shaft Further reductions in gold grade must consequently be expected if the gold price remains at the current level as, in accordance with the mining lease agreement, mining grades are required to match the average grade of ore reserves During 1979 gold output increased from 21 106 kilograms to 23 486 kilograms but in 1980 production is expected to revert to approximately the lower level

Future operations

Current mining plans call for a ventilation shaft to be sunk between the Cooke No 1 and Cooke No 2 shaft systems This shaft is necessary because both of these systems are operating on a scale much in excess of that for which they were originally designed However their capacity to circulate the additional air required is limited

A decision has been made to proceed with the development of the Cooke No 3 shaft section which will have a mining capability of 150 000 reef tons per month Initially a bratticed vertical shaft will be sunk in the area to link up with development from Cooke No 2 shaft system but in due course an additional ventilation shaft will be required to supplement the available ventilating capacity The capital cost of the Cooke No 3 shaft system, including infra-structure such as housing and the cost of expanding Cooke Plant capacity, is expected to be R200 million in today's money terms The bulk of these funds will be spent over a six-year period Uranium production from Cooke No 3 shaft section will be sold in terms of the current long-term sales contracts

Capital expenditure for the current year is likely to be of the order of R46 million This will arise largely from additional development in the Cooke No 1 and No 2 shaft areas, additional housing and hostel facilities for these shafts, the ventilation shaft, and the commencement of the Cooke No 3 shaft system, with its ancillary infra-structure

Karoo uranium

Your company continued in its association with the Johannesburg Consolidated Investment Company, Limited in the exploration of the Karoo Basin at a cost of R447 000 for the year This exploration has revealed the presence of a number of relatively high-grade ore deposits but of as yet limited extent The exploration and evaluation of the areas held under option is continuing with particular emphasis on their operation as a group of small mines Should this prove feasible, your company may participate in a pilot scale project to determine the parameters that might apply to such an operation

Finance

The company paid tax and State's share of profits in 1979, for the first time in over a decade

In respect of the State loan, the total outstanding commitment of R7 926 000 was repaid in December, 1979

The company's consumer loans, with an outstanding commitment of US $103,8 million, became repayable in quarterly instalments, commencing in the first quarter of 1980 Cognisance must be taken of this commitment and of the capital expenditure programme for 1980 of some R46 million, and of the impact of taxation, when determining the level of dividend distributions in the future However, if the gold price continues at current levels and provided working costs do not escalate to unprecedented levels, particularly as a result of the present negotiations on wage increases with the various Associations and Unions in the Industry, then the company should be in a position to further enhance dividend payments in 1980

Safety

The mine has recently achieved a million fatality-free shifts for the seventh time in its history In addition it has been awarded four gold stars in terms of the International Mine Safety rating scheme On behalf of your Board I wish to congratulate the management and staff on their efforts and achievements

Acknowledgements

Your board wishes to emphasise the importance to the company of the financial assistance received from the State, without which progress towards the mine's full potential would have been delayed by some years At a time when the price of gold was static, my predecessor, Dr R S Cooke, initiated an approach to the State for assistance in developing the new Cooke Section, and in an unprecedented and far-sighted gesture a loan of R8 million was granted on a rand for rand expenditure basis, with interest and capital repayments deferred until the mine was in a position to meet these commitments

I wish particularly to acknowledge the dedication of the operating, technical and consulting staff of the Cooke and Millsite plants in what has been a very difficult period They deserve great credit for the improvement in operational results achieved and the prospect of better results in the future

In conclusion I would once again record the board's appreciation of the excellent and sustained services rendered by the general manager, Mr H A G Slater and his staff at the mine and the consulting, technical and administrative staff at head office

Bernard Smith
Chairman

Johannesburg
21st April, 1980

GENERAL MINING FM 25/4/80 210 ~~2325~~

Solid growth base

Activities *Mining house with major interests in gold, coal, base metals and industry Since the year-end the house has gained 100% control of Union Corporation Controlled by Federale Mynbou and associates, who after the rights issue, will hold 15,6% of the ordinaries and 76,9% of the 'A' ords*

Chairman and managing director *Dr W J de Villiers*

Capital structure *78,3m ordinaries of 40c*, 1,17m "A" ordinaries of 40c*, 250 000 6% cum prefs of R2 Market capitalisation R1 083m*

Financial *Year to December 31 1979 Borrowings long- and medium-term, R167,3m, net short-term, R244,4m+ Debt equity ratio 42,6% Current ratio 0,9 Net cash flow R100 6m Capital commitments R72,5m*

Share market *Price 1 675c (1979-80 high, 2 300c, low, 785c, trading volume last quarter, 97 000 shares) Yields 13,6% on earnings, 6,0% on dividend Cover 2,3 PE ratio 7,3*

* After 10 for 100 rights issue
+ Includes creditors

	'76	'77	'78	'79
Distributable income (Rm)	34 5	43 3	63 4	98 5
Quoted investments				
Book value (Rm)	235	241	274	298
Market value (Rm)	263	445	647	1 210
Earnings (c)	83	104	151	228
Dividends (c)	42	45	60	100
Net asset value (c)	911	1 090	1 367	3 142

The past year has seen significant changes in the group, with strong performances from major income sources, and topped early in 1980 by the acquisition of Union Corp minorities and the build-up of strategic holdings in the portfolio Whether any of these changes will have a major impact on earnings per share in 1980 remains to be seen, as the Union Corp tie-up is geared to a longer-term view, and there will be a significantly higher number of ordinary shares to service as part of the takeover and the subsequent rights issue

The Union Corp takeover increases total assets of the enlarged group to R2 703m, against R2 514m as calculated on January 1, which, with the issue of 37,5m ordinaries and "A" ordinaries, means a fall in net asset value to 2 135c (2 428c) According to the scheme documents, the consolidation of Union Corp in the year to end-December 1979 would have meant pre-tax profit of R230,7m, compared with Genmin's actual R218m, while earnings per share would have been 195,6c against the actual 235c – a 17% reduction Against this, however, is weighed the longer-term

Wim de Villiers now for more green field projects

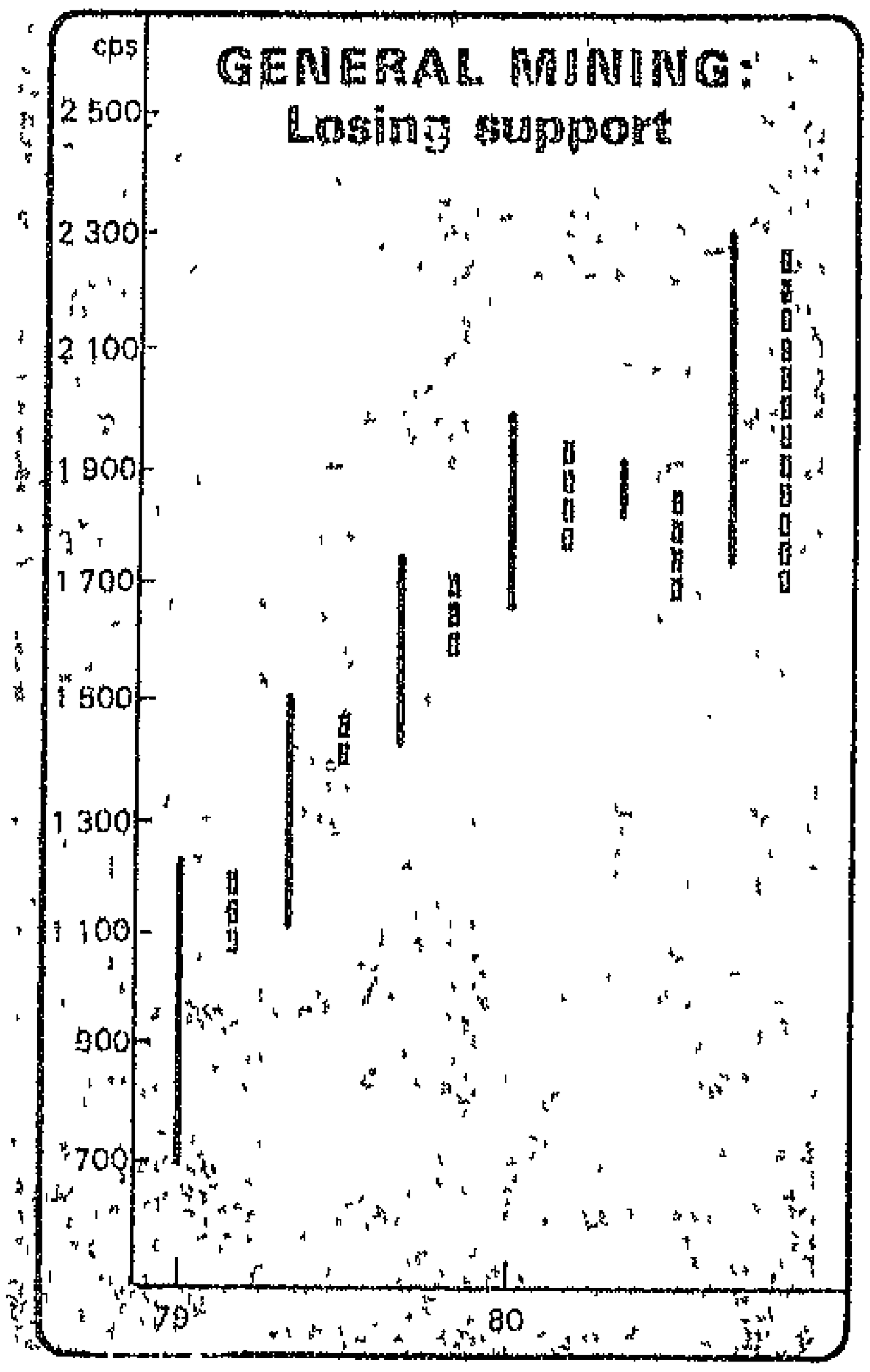
expansion plans of the Union Corp group which includes Beisa and Beatrix, as well as its high quality industrial assets

The main thrust of last year's consolidated profit advance came from gold interests platinum through Union Corp and Lydenburg and strong performance from the coal and industrial divisions Chairman Wim de Villiers says the gold price received by the group increased 53% last year, and though the trend is uncertain he foresees a significantly higher average for 1980 with a beneficial impact on profits Uranium production rose 32% as a result of the Chemwes plant for uranium extraction at Buffels and Stilfontein, and radiometric sorting at WR Cons Though uranium prices are currently weak, he confidently expects a longer-term improvement

Coal sales were up 10% to 27,5 Mt last year, reflecting the commissioning of the first Matla generating set and Ermelo Mines where production is just short of planned capacity Profits from this source benefited from the domestic coal price increase and exports De Villiers says there are signs of strengthening export prices He reiterates statements during the year that no definite news can be expected of the fuel extraction plans in the Northern Transvaal, in conjunction with Sentrachem until further studies have been completed But it is probably safe to assume that De Villiers is being ultra-cautious on the project, and that a start to capex is possible this year

Prices for the group's base minerals and chrome were not particularly buoyant last year but an improvement is expected in 1980 De Villiers says higher prices are apparent in some 1980 contracts negotiated so far However, against this must be set downside risks if the US and the rest of the industrialised world slides into a deep recession

The industrial division of Genmin relies to a great extent on capital investment in SA And although the general business atmosphere is improving De Villiers says there have been few signs of increased fixed investments Genmin is embarking on a substantial investment programme including a gearbox and axle plant in SA



Besides the Union Corp takeover, there have been significant changes since the year-end in the make-up of Genmin's portfolio Investment income rose 46,2% last year to R75,3m (R51 5m) in line with higher dividends from gold, platinum and coal holdings while the group's industrial interests performed much better For example Dunswart declared its first dividend in three years – a 10c total for the year

Changes in the portfolio since the year-end include the swop with Old Mutual of Genmin's 19 5% of Lydenburg for a parcel of shares the cash purchase of 16% of Siemens SA, an increased 47 3% (18,4%) stake in Trek, and the purchase of 8,4% in

25/4/80

(20)

Sentrachem An offer has been made for balance of Klein Aub

ATTRIBUTING PROFITS

	1978 Rm	%	1979 Rm	%
Gold & uranium	17,3	22,[illegible]	29,4	26,8
Platinum	2,7	3,[illegible]	8,2	7,5
Coal	9,8	12,6	12,2	11,1
Minerals/ beneficiation	7,9	10,1	5,4	4,9
Commerce/industry	2[illegible],8	20,6	31,3	28,5
Financial	8,4	[illegible],2	3,8	3,5
Management/other	10,0	12,8	19,6	17,7
	77,[illegible]	100	109,9	100

INVESTMENT PORTFOLIO ANALYSED

	1978	1979
Gold/uranium	42	49
Platinum	18	15
Coal	14	14
Metals/minerals	8	5
Industry/commerce	14	10
Financial/others	4	7
	100	100

Capex for the group this year is estimated at R72,3m (R209,5m), but, with the R189m proceeds from the rights issue, financing this should not mean any need for dividend restraint However the capex figure could alter significantly, should a start be made on the Northern Transvaal coal and other mining projects

Prospects this year look good, with gold likely to average significantly higher than in 1979 and the coal outlook has improved with firming export prices Industrial companies in the group are also geared for strong performance In particular, the Union Corp paper and packaging operations should turn in sparkling results At 625c for a 6,2% historic yield, the share seems cheap compared with others in the sector That may reflect investors' caution over near term earnings per share based on the increased number of shares in issue But it is a caution that may have been overdone — the house has a solid performance record

Des Kilalea

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FM (210)

De Beers Chairman's statement

De Beers has maintained its position as leader of the diamond industry but is today much more than a diamond mining company

– MR. H F OPPENHEIMER

An abridgement of Mr Oppenheimer's annual statement

The year 1979 was in some respects a difficult one for the diamond trade and the Company's results were, in the circumstances, very satisfactory The Group's net attributable profit at R742 million was virtually the same as in 1978 The composition of the profit was, however, markedly different in that the diamond account, at R831 million showed a reduction of R125 million as compared with 1978, whereas interest and dividend revenue at R312 million as compared with R234 million showed an increase of R78 million and tax and lease payments to the State at R355 million were R50 million lower partly as a result of higher capital expenditure The reduction in the diamond account is due partly to higher working costs and partly to the fact that there were less sales by The Diamond Corporation from old stocks held at low prices In the main the increased revenue from investments reflects higher dividends from our major shareholdings in Anglo American Corporation and AECI as well as larger dividends from our trade investment in De Beers Botswana Mining Company In these circumstances, and bearing in mind that in spite of difficult trading conditions a good start has been made in 1980, deferred dividends were raised from 65 cents to 72,5 cents per share Net current assets at 31st December 1979 after providing for the dividend amounted to R787 million

The value of investments and loans was R2 304 million as compared with R1 073 million last year After deducting those foreign loans that have been used for investment purposes, and allowing for minority interests the total value of net investments, loan levy at R121 million and net current assets attributable to De Beers at 31st December was R3 011 million or 837 cents per deferred share as compared with 530 cents the previous year

Throughout 1979 the demand for diamonds of one carat in weight and upwards remained strong and this has continued in 1980 The demand for the small sizes of diamonds however has been and remains weak At the beginning of this year some improvement in market demand overall made itself felt but the rise in interest rates to unprecedented levels is likely to create increasing financing problems in the cutting centres, where the holding of stocks has become extremely expensive and, as a result, the position has become more uncertain Market conditions for the rest of the year will obviously depend to a large extent on developments in the American economy and we expect the weakness in the demand for small sizes to continue In spite of these difficulties sales by the CSO have so far been higher than last year and it looks as though the current level of sales is likely to be maintained for the rest of the year

The market for industrial diamonds remained firm throughout the year However, a reduction in the supply of natural industrial diamonds has forced a substantial swing away from natural to synthetic diamond in this field Our industrial division was able to adapt itself successfully to these conditions and major expansion programmes are underway at the Group's synthetic diamond factories The industrial diamond market continues to expand and we are well placed, both technically and commercially, to take advantage of this situation

Diamond production by the Group amounted to 13 985 000 carats as compared with 11 995 000 carats in 1978 Of the increase of 1 990 000 carats, the Orapa mine in Botswana, which is owned in equal partnership with the Botswana Government, accounted for 1 637 000 carats and there was a substantial increase of 475 000 carats from Namaqualand The CDM production, at 1 653 000 carats was down by 246 000 carats and further reductions in the output from this source must be expected over the years ahead It is important, both for the diamond industry and for the emerging state of Namibia which last year received by way of tax and loan levy 64 per cent of CDM's mining profits, that the life of this property should be extended for as long a period as is economically possible, and to this end a major prospecting campaign is in progress both within and to the north of the company's present mining area and in the offshore concessions of the Marine Diamond Corporation which are at present leased to CDM CDM remains a very important contributor to the profits of the De Beers Group, though the proportion of total profits derived from South West Africa/Namibia, amounting in 1979 to 18 per cent, is less than it used to be in the past

The expansion programme at the Finsch mine is nearing completion The new plant will be in operation in the middle of the year and production is scheduled to rise from the present level of slightly in excess of 2,5 million carats to approximately 4,5 million carats per annum Excellent progress is being made in the development of the Jwaneng mine in southern Botswana This is an exceptionally important project which is estimated to cost Pula 280 million to complete The mine is planned to come into production in 1982 at a treatment rate of 4,8 million tons per annum Revenue from diamonds is already a very important element in the national income of Botswana and will become very much more important when Jwaneng reaches full production It is not too much to say that the interest of the Government of Botswana in the stability and prosperity of the diamond industry is virtually as great as that of the De Beers Company itself and I am glad to be able to report that the relationship between the Government and the Company is smooth and co-operative

We have over a number of years been pursuing a policy in regard to employment practices designed to eliminate all traces of racial discrimination in the affairs of the Company The annual wage award made to mine employees in June of last year finally established a fully integrated wage scale for all employees, irrespective of race, in the Group mines in South Africa and South West Africa/Namibia, and earnings of unskilled mine employees are in excess of the supplementary living level established by the University of South Africa In Botswana and Lesotho mine wages are negotiated and fixed in consultation with the governments of those countries

A feature of the accounts is the massive investments of De Beers in companies outside the diamond industry, and the important income which we derived from these diversified sources During the year the book value of listed investments increased by R202 million which is largely accounted for by the acquisition of an additional 5 per cent in the capital of Anglo American Corporation, and an increase in our interest in Minerals and Resources Corporation (Minorco) Anglo American published excellent interim results and substantially increased its interim dividend There is every reason to expect that its final accounts for the year will prove equally satisfactory The interests of Minorco are for much the greater part outside South Africa, especially in North America and our investment in this growing company provides a desirable measure of diversification in our holdings Minorco has interesting prospects before it which will be actively pursued By the year end we had acquired an interest of just under 5 per cent in Consolidated Gold Fields Limited and after the year end we increased this interest to approximately 25 per cent and sold half of the total to Anglo American Consolidated Gold Fields which is based in Britain is a widely diversified and efficiently managed company with important interests in Britain, South Africa, the United States and Australia This large investment will further strengthen and diversify our portfolio

While the outlook for the diamond industry is not without its problems, it is on the whole satisfactory and this, taken together with our growing diversified holdings in other businesses, gives good reason to expect satisfactory results for the present year De Beers has successfully maintained its position as the leader of the diamond industry but it is today very much more than a diamond mining company It has therefore achieved a greater solidity than ever in the past

The 1979 report and chairman's statement are obtainable from Consolidated Share Registrars, 62 Marshall Street, Johanneburg 2001

The annual general meeting of members will be held at 36 Stockdale Street, Kimberley on Tuesday, 27th May 1980 at 14h30

DE BEERS CONSOLIDATED MINES LIMITED

UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has [be]en answered), leave columns (2) and [3] blank

n (1)	Internal (2)	External (3)
7	12	
8	0 -	
9(a)	7½	
Examiners' Initials		

RDM 2/5/80

Mr O to have talks with Mr Mugabe

(272)

(D)M 2/5/80 RDM 2/5/80

(210)

SALISBURY — The South African magnate, Mr Harry Oppenheimer, arrived in Salisbury yesterday for a meeting with Zimbabwe's new Premier, Mr Robert Mugabe, once billed as a Marxist opposed to multinational businessmen

Mr Oppenheimer, chairman of the giant Anglo American Corporation, planned to meet Mr Mugabe for talks today, corporation officials said

Anglo American has wide interests in Zimbabwe, including chrome, ferro-chrome, nickel, coal, sugar, citrus fruit and industrial ventures

No details of the discussions have been released, but observers said that Mr Oppenheimer seemed certain to probe Mr Mugabe's pledges to allow a large measure of private enterprise to continue in the new Zimbabwe

Mr Mugabe has made it clear that, in return, he expects employers to improve workers' conditions and to train more blacks for managerial positions — Sapa-Reuter

Zimbabwe is to use petrol blend

(272)

'Mail' Africa Bureau

SALISBURY — Blend petrol will be introduced on the Zimbabwean market at the end of the month to replace premium grade petrol

The new fuel will contain 15% ethanol produced from locally-grown sugar cane, 84% regular grade petrol and 1% Zimbabwean-produced benzole

"As stocks of premium grade petrol in the hands of retailers are exhausted, they will be replaced by blend petrol, which will have the same octane rating," a spokesman for the Ministry of Commerce and Industry said yesterday

The blending of locally-produced ethanol with petrol will result in substantial savings of foreign exchange and will cushion the impact of future oil price fluctuations

"This is very much in the national interest," the spokesman said

He said the introduction of blend petrol was unlikely to cause any initial problems to motorists

"And any problems which might develop after a period of time should be overcome easily and cheaply"

Zimbabwe's Industrial Development Corporation had made an extensive study of alcohol blend petrols and their effect on vehicles

The spokesman said most motorists would not notice any change in their vehicles' performance after warm-up, or any change in fuel consumption

"Motor dealers and service stations throughout the country have been advised of the necessary minor adjustments or modifications which might be required if problems arise from the use of blend petrol"

[Eco]nomics 1A.

[(to be copied from] the heading on the Examination Paper)

(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2. Blue or black ink must be used for written answers The use of a ball point pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3. Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used
4. Do not write in the left hand margin

WARNING

1. No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
2. Candidates are not to communicate with other candidates or with any person except the invigilator
3. No part of an answer book is to be torn out
4. All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa TRIO RAND/S P C T PSL UPD 100 000 1978 PD UCT AM7a Vervaardig in Suid Afrika

Barlows thumps forecast

RDM 10/5/80 210

By HOWARD PREECE
Financial Editor

BARLOW RAND has produced gold-lined results for the six months to March 31, with attributable taxed profit up 71% from R53 739 000 to R92 109 000. The interim dividend has been raised from 12c to 18c in keeping with a profit performance that has far exceeded the group's original hopes.

Turnover was up by 46% from R1 042-million to R1 517-million.

Barlows, the industrial/mining giant, has excelled across the board. But the windfall from Rand Mines gold interests gave the interim results a particularly handy boost, even though the contribution is still small in relation to total profits

Investment income, essentially from the Harmony, ERPM, Blyvoor and Durban Deep gold mines, rose from R8 770 000 to R17 531 000

A statement on the overall results says. "The higher growth rate in profit is largely due to better margins, management controls and higher dividend income from gold investments."

Earnings a share at the halfway stage were up 62% from 46,5c to 75,4c after some weighted average dilution from additional issued shares, notably through the C G Smith takeover in December last year

Pre-tax profit was up by "only" 59% from R134-million to R214-million.

The tax incidence was considerably reduced, however, from higher dividend income and through greater use of tax allowances on new plant and machinery.

Of course, the slice going to outside shareholders — basically in TC Lands, Plascon-Evans, C. G. Smith and GEC — also rose sharply, from R27-million to R50-million.

Mr Mike Rosholt, executive chairman of Barlows, says: "In general the growth in profits and earnings reflects the improved performance of the South African economy.

"A strong domestic market for domestic steel and sustained export demand for ferrochrome resulted in Middleburg Steel & Alloy earning higher profits

"The mining division benefited from increased coal revenues

"The improvement in consumer demand and the strong recovery in the construction and building industries resulted in higher turnover and profits in the cement and lime, building materials and steel distribution, paint and packaging divisions

"Whilst the economies of South Africa's major trading partners are entering a period of recession it is unlikely that this will impact seriously on South Africa this year, other than to slow down the growth of exports

"With the large balance of payments surplus on current account likely to continue, the South African economy should remain strong for the remainder of this year"

He warns, however, that while this should ensure a substantial growth in earnings over 1979 the rate of increase in the second half of this year is unlikely to match the first half.

COMMENT: Net earnings rose by 46% in 1978-79 and Mr Rosholt suggested in the annual report that growth this year might not be as strong.

With the halfway net earnings up by 62%, it is certain that growth in 1979-80 will end up even higher than in the previous year, even with Mr Rosholt's caution about the second half of this year.

Still, underestimating of profit by Barlows is an established, and understandable, tradition.

Last year the group paid a total dividend of 38c. This year a final of 36c (26c) and a total of 54c look possible.

The share price has, of course, bounded up since the annual report — market capitalisation is up R300-million since last September — although at 930c yesterday it was well off the year's peak and 45c higher on the week.

That puts the prospective dividend yield around 6% with a three times cover.

Superb though the results are, the market has probably anticipated them well and the share price may not make big immediate headway.

Barlows remains, though, as blue a chip as it has ever been.

De Klerk warns of Russia's mineral hunger

210

RDM 17/5/80

THE ASSEMBLY — The West should realise there were more important factors than internal peace and accommodation between South Africa's peoples which threatened their continued access to the country's minerals, the Minister of Mineral and Energy Affairs, Mr F W De Klerk, said yesterday

Opening the Committee Stage debate on his vote, he said it was, however, important that internal peace be pursued between South Africa's population groups

"But anyone who thinks that this is the only prerequisite to ready access to our mineral resources is making a grave mistake

"Of course it is important, but what is however also necessary is that there should be real understanding of the seriousness of other threats "

Mr De Klerk referred to an interview with Mr Igor Glagolev, "a respected and senior research member of the prestige USSR Academy of Science and foreign affairs advisor to the Soviet Central Committee and Politburo until 1976"

He had told a South African journalist that the Russians were determined to take South Africa to get full benefit of its tremendous mineral wealth He was not sure whether Persian Gulf oil or South African minerals now had the highest priority, but taking South Africa's minerals would bring them control of the world and nothing could then stop them

This was not conjecture, Mr Glagolev was quoted as saying, but official Soviety policy

"This Government has time and again warned in this regard," Mr De Klerk said "It will continue to point out that the disruption of stability in South Africa, with a view to gaining direct control over our mineral resources, is the main aim of Russian strategy in Southern Africa

"We do not ask our friends in the West to agree with what we are doing But we do ask them to recognise the real enemy and to ensure an atmosphere which will enable us to continue pumping the life blood which they need into their factories, furnaces and power plants

"South Africa is of key importance to the economy of most Western countries, and in many cases we deliver the major percentage of metals and minerals to countries which they themselves regard as of strategic importance to them," Mr De Klerk said

This fact was underlined by a 45% increase between 1978 and 1979 in exports of minerals and mineral products to more than 90 countries — "a phenomenal increase in spite of a weakening of the world economy and the fact that the major mineral consuming countries are trying hard to diversify their sources of supply "

Mr Ron Miller (NRP Durban North) said Western and Third World countries should be asked to invest in Sasol projects so that fuel could be pumped into a "hungry Africa"

He said African countries to the north should be given every opportunity to produce their own food

The United States, West Germany and other Western countries should be encouraged to invest in Sasol projects so that they could share in the benefits with the rest of Africa

"A nation which can provide development to a developing nation will go further in its international relations than a country that can only provide military hardware "

He appealed to Mr De Klerk to do everything possible to husband the country's vital resources

Mr W J Rossouw (NP Stilfontein) said blacks on South African mines should not be granted blasting certificates

He said he had no objection to them being given blasting tickets in the homelands

There they could also become mine managers

"One man with a blasting certificate can provide work for 1 000 workers Not everyone need have a blasting certificate

He also pleaded for increased training of black and coloured miners — Sapa

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NOTICE 347 OF 1980

DEPARTMENT OF MANPOWER UTILISATION

INDUSTRIAL CONCILIATION ACT, 1956

APPLICATION FOR VARIATION OF SCOPE OF REGISTRATION OF AN EMPLOYERS' ORGANISATION

I, Johannes Nicolaas Hitchcock, Industrial Registrar, do hereby, in terms of section 4 (2) as applied by section 7 (5) of the above-mentioned Act, give notice that an application for the variation of its scope of registration has been received from the Chamber of Mines of South Africa. Particulars of the application are reflected in the subjoined table.

Any registered employers' organisation which objects to the application is invited to lodge its objection in writing with me, c/o the Department of Manpower Utilisation, Laboria Buildings, corner of Paul Kruger and Schoeman Streets, Pretoria (Postal address Private Bag X117, Pretoria, 0001), within one month of the date of publication of this notice

TABLE

Name of employers' organisation.—Chamber of Mines of South Africa.

Date on which application was lodged—17 March 1980.

Interests and area in respect of which application is made.—Employers engaged in—

(a) the Coal Mining Industry in the Magisterial Districts of Dannhauser, Dundee, Glencoe, Klip River, Newcastle, Ngotshe, Utrecht and Vryheid;

(b) the Diamond Mining Industry in the Magisterial Districts of Hay, Kimberley and Namaqualand,

(c) the Asbestos Mining Industry in the Magisterial District of Kuruman,

(d) the Copper Mining Industry in the Magisterial Districts of Namaqualand and Prieska,

(e) the Lead Mining Industry in the Magisterial District of Kenhardt, and

(f) the Manganese Mining Industry in the Magisterial Districts of Kuruman and Postmasburg

"Mining Industry" means the operations of any mine as defined in the Mines and Works Act, 1956 (Act 27 of 1956).

Postal address of applicant—P O Box 809, Johannesburg, 2000.

Office address of applicant—5 Hollard Street, Johannesburg

Attention is drawn to the following requirements of sections 4 and 7 of the Act

(a) The representativeness of any employers' organisation which objects to the application shall in terms of section 4 (4) as applied by section 7 (5) be determined on the facts as they existed at the date on which the application was lodged and, as far as membership is concerned, only members who were in good standing in terms of section 1 (2) of the Act as at the aforesaid date shall be taken into consideration

(b) The procedure laid down in section 4 (2) must be followed in connection with any objection lodged.

J. N. HITCHCOCK, Industrial Registrar.

(16 May 1980)

KENNISGEWING 347 VAN 1980

DEPARTEMENT VAN MANNEKRAG-BENUTTING

WET OP NYWERHEIDSVERSOENING, 1956

AANSOEK OM VERANDERING VAN DIE REGISTRASIEBESTEK VAN 'N WERKGEWERSORGANISASIE

Ek, Johannes Nicolaas Hitchcock, Nywerheidsregistrateur, maak ingevolge artikel 4 (2) soos toegepas by artikel 7 (5) van bogenoemde Wet, hierby bekend dat 'n aansoek om die verandering van sy registrasiebestek ontvang is van die Chamber of Mines of South Africa Besonderhede van die aansoek word in onderstaande tabel verstrek.

Enige geregistreerde werkgewersorganisasie wat teen die aansoek beswaar maak, word versoek om binne een maand na die datum van publikasie van hierdie kennisgewing sy beswaar skriftelik by my in te dien, p/a die Departement van Mannekragbenutting, Laboriagebou, hoek van Paul Kruger- en Schoemanstraat, Pretoria (Posadres· Privaatsak X117, Pretoria, 0001).

TABEL

Naam van werkgewersorganisasie—Chamber of Mines of South Africa.

Datum waarop aansoek ingedien is.—17 Maart 1980.

Belange en gebied ten opsigte waarvan aansoek gedoen word—Werkgewers betrokke by—

(a) die Steenkoolmynbedryf in die landdrosdistrikte Dannhauser, Dundee, Glencoe, Kliprivier, Newcastle, Ngotshe, Utrecht en Vryheid;

(b) die Diamantmynbedryf in die landdrosdistrikte Hay, Kimberley en Namakwaland;

(c) die Asbesmynbedryf in die landdrosdistrik Kuruman;

(d) die Kopermynbedryf in die landdrosdistrikte Namakwaland en Prieska;

(e) die Loodmynbedryf in die landdrosdistrik Kenhardt, en

(f) die Mangaanmynbedryf in die landdrosdistrikte Kuruman en Postmasburg.

"Mynbedryf" beteken die werksaamhede van enige myn soos omskryf in die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956).

Posadres van applikant—Posbus 809, Johannesburg, 2000.

Kantooradres van applikant — Hollardstraat 5, Johannesburg.

Die aandag word gevestig op onderstaande vereistes van artikels 4 en 7 van die Wet·

(a) Die mate waarin 'n beswaarmakende werkgewersorganisasie/verteenwoordigend is, word ingevolge artikel 4 (4), soos toegepas by artikel 7 (5), bepaal volgens die feite soos hulle bestaan het op die datum waarop die aansoek ingedien is, en wat die lidmaatskap betref, word alleen lede wat ingevolge artikel 1 (2) van die Wet op voormelde datum volwaardige lede was, in aanmerking geneem.

(b) Die prosedure soos voorgeskryf by artikel 4 (2) moet gevolg word in verband met 'n beswaar wat ingedien word

J N. HITCHCOCK, Nywerheidsregistrateur.

(16 Mei 1980)

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RDM 21/5/80

CORM, PERTOT

EFT, TRONG, TOTAL,

CORM, XOLD

US may boost mineral demand

By NEIL BEHRMANN

LONDON. — The US Federal Emergency Management Agency (Fema) has recommended significant changes in the US strategic stockpile. If Congress accepts the proposals, the increases in the stockpile could boost the demand for South Africa's minerals and metals over the next few years.

According to Metal Bulletin, Fema cannot authorise the implementation of its goals until it receives cash Some of the money will come from Congress This means there must be congressional approval — and wrangles.

Another source of cash flow for Fema will be strategic stockpile sales of tin, starting on July 1, tungsten and some other commodities.

The platinum group in particular stand out as priority requirements and could help these metals when demand is depressed

In terms of the Fema recommendations, the new stockpile objetives for platinum will be 1 300 000 ounces compared with the present level of 450 000 ounces, palladium 3-million ounces against the current inventory of 1 200 000 ounces, and iridium 98 000 ounces compared with the holding of 16 900 ounces.

Two other by-products of the platinum companies would also be bought by the General Services Administration if Congress approved. The cobalt inventory would rise from 41-million lb to 85-million lb and nickel from zero to 2[illegible]-million lb

Chromite stocks would rise from 2 500 000 short tons to 3 200 000 tons. However, the current inventory of high and low carbon chrome would be cut.

The new objective for manganese ore is 2 700 000 short tons and at first sight this implies that there will be sales of 1-million tons from the inventory of 3 600 000 tons This manganese was bought in the 50s and is a lower grade than the ores used today

Rather than flood the market with this unwanted low-grade manganese (30% to 40% instead of today's 44% to 48%), the GSA is examining potential swop deals and how to upgrade stocks

In terms of the Fema aims, the GSA would increase bauxite and alumina invesntories markedly, and stocks of cadmium, chromium, columbite, tantalite, titanium sponge, vanadium pentoxide (from 541 tons to 7 700 tons) and zinc would be built up

The main disposals would be silver where Fema recommends the sale of 139-million ounces, tin, tungsten and antimony

Under the proposals the GSA would sell 42 000 tons of tin (higher than the present objective of 35 000 tons) leaving 15 000 tons in the inventory. The present antimony inventory is 40 700 short tons and under the new stockpile objective, 4 700 tons would be sold

This is an improvement on the previous stockpile objective which required sales of nearly 21 000 tons of antimony

ER CONSOLIDATED FM 23/5/80

Little change

210 61

Activities *London-registered investment company with portfolio of UK, SA and Zimbabwean shares Holds mineral rights in the OFS and Transvaal*

Chairman *N H Marshall*

Capital structure *13 1m ordinaries of 10p Market capitalisation R6,6m*

Financial *Year to December 31 1979 Net cash R71 000* Debt-equity ratio 2 0% Current ratio 0 9 Group cash flow R512 000**

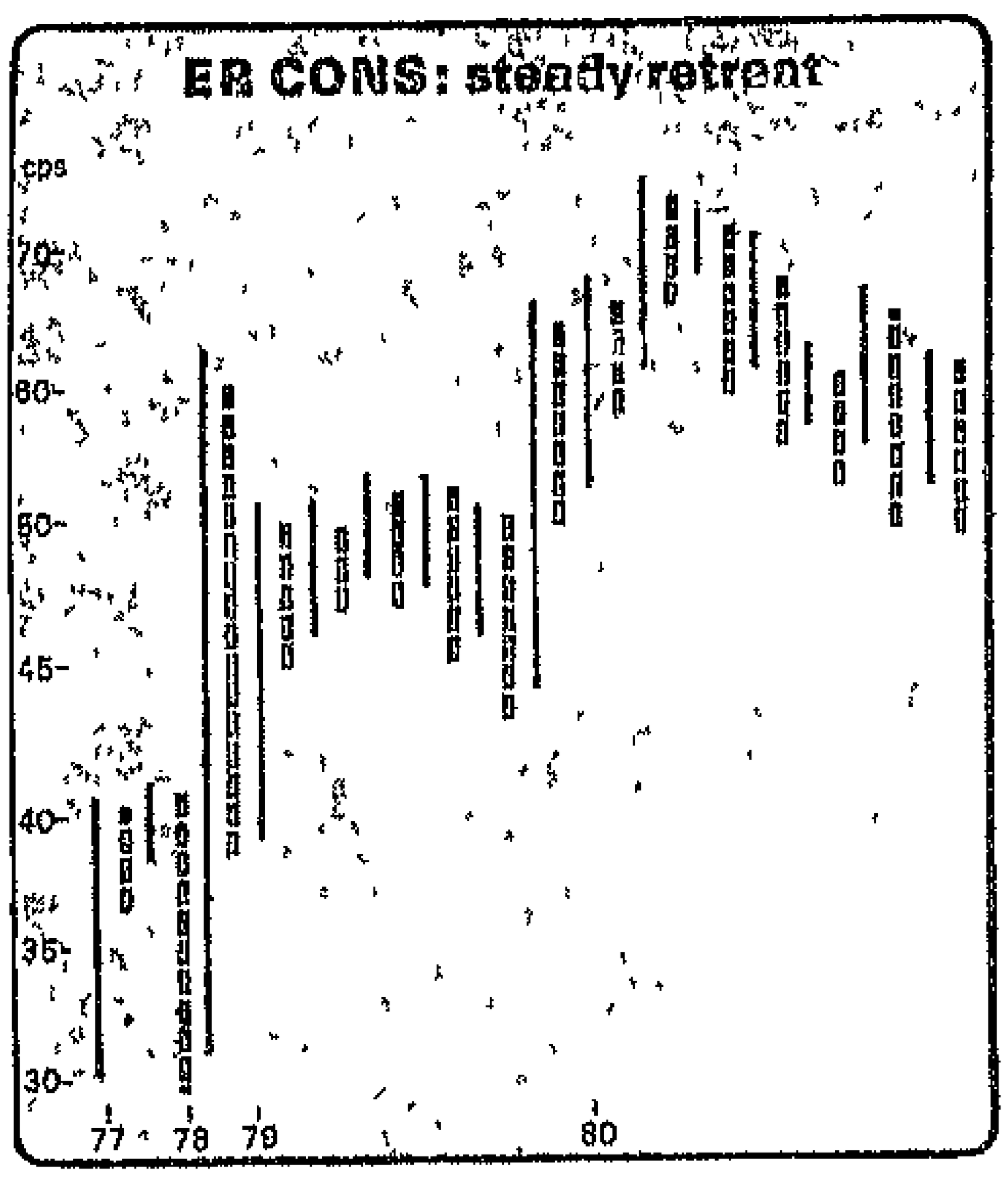
Share market *Price 50c (1979-80 high, 75c, low 43c, trading volume last quarter, 620 000 shares) Yields 7,8% on earnings, 3,8% on dividend Cover 2,1 PE ratio 12,8*

	'76	'77	'78	'79*
Investment income (R000)	377	412	462	756
Investments (Rm)				
Book value	4 6	4 8	5 3	5 4
Market value	3 8	4 6	4 9	7 0
Earnings (c)	2 3	2 3	2 4	3 9
Dividends (c)	1 5	1 7	1 9	1 9
Net asset value (c)	23	30	33	29

* Calculated at £1=R1 837

It would have paid investors to have had a holding in local investment companies rather than those with UK-based portfolios during the past year ER Cons holds shares in UK industrial/mining and oil companies as well as southern African investments, and its dividend performance has been unexciting Last year earnings increased 31,3% to 2,1p (1 6p) but the dividend was held at 1,05p Thus any additional receipts to local shareholders come from changing exchange rates

With the 2-for-5 rights issue at 32c planned, plus last year's decision by some shareholders to accept ordinaries in lieu of dividends, it appears unlikely there will be any increase in the payment this year



The company also stresses the need for additional funds, not only to bolster working capital in subsidiaries but also to make the group less reliant on borrowed money This has become particularly pressing in view of the high interest rates in the UK

Portfolio changes during the year were relatively few, with a profit on share dealing of R69 400 (R170 500) At end-December based on market values, the major investment sector was gold, comprising 9% (7%) of the total portfolio

The outlook for UK investments does not appear too bright Chairman Norman Marshall says investment policy is directed towards income growth, but adds that with the changes in government economic policy many companies face a difficult period in the short term However, the relaxation of exchange controls and the rights issue offer scope for increasing investment abroad Southern African investments and the changed political situation in Zimbabwe could also have a beneficial effect on dividend flows

While the outlook for southern African investments is good, this may not be translated into higher dividends to shareholders Marshall is quite clear on the fact that the group must not rely on borrowed funds, so retentions appear set to increase The share stands at 50c on a 72% premium to assets At this level it is unlikely to attract much investor interest

Des Kilalea

Namaqualand set for bright mining future

24/5/80

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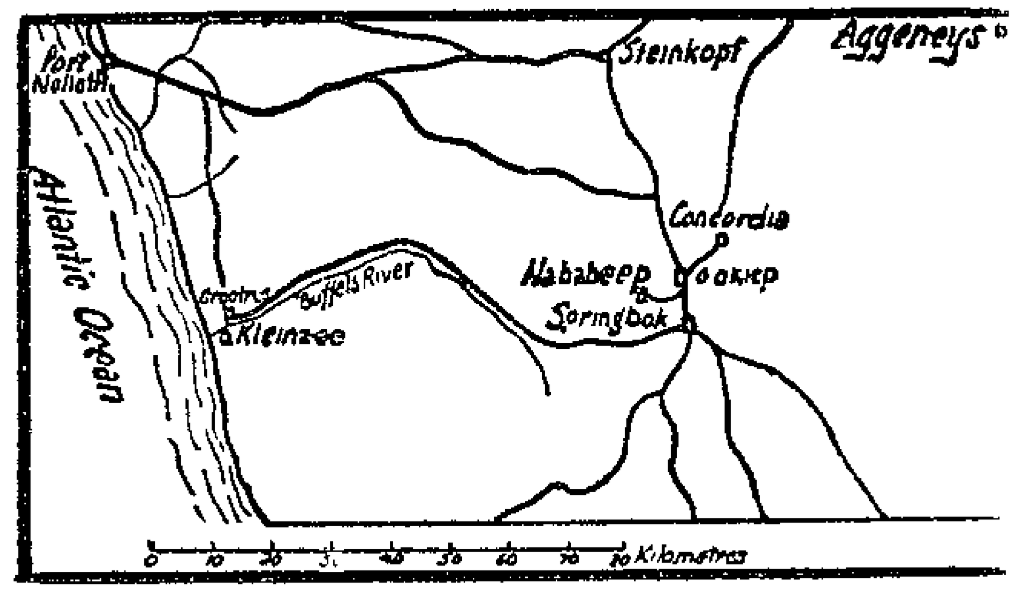


By Peter Goosen

THE mining study group of Parliament, top officials of the department and the Minister of Minerals and Energy Affairs Mr F W de Klerk visited the mining areas of Namaqualand last week at the invitation of the Namaqualand Mine Managers Association. Included in the party was the MP for Namaqualand Mr E Louw. The group travelled through the area by South African Air Force Dakotas.

NAMAQUALAND, the semi-desert and largely undeveloped area of the Northern Cape has one of the brightest futures for rapid growth in South Africa as its buoyant and expanding mining industry turns out millions of rands worth of export ore.

Stable metal prices led to the rapid growth of mineral mining in Namaqualand, with more people and more money coming into the area

Millions of rands are being invested in copper, lead, zinc and silver mining

At Aggeneys, 65 km west of Pofadder, the Black Mountain Mineral Development Company is producing four percent of the world's lead in their Broken Hill mine, which did not exist until two-and-a-half years ago.

Increased

At Carolusberg the O'Okiep Copper Company's yearly ore production of about two million tons will soon be increased by the mining of a new ore body

For the future the mine Black Mountain mine manager, Mr David Blair-Hook, predicts that with its Broken Hill, Black Mountain and Aggeneys Mountain deposits, the mines have enough ore for 200 years

The company, which was established with a capital outlay of R170-million, has a monthly output of 94 000 tons

Develop gardens

The residents of the two villages at the mine are encouraged to develop gardens in their desert environment and grass is supplied by the company from its grass farm on the Orange River. Trees are supplied from the company nursery

Mr David Blair-Hook

Mr Blair-Hook said the coloured staff pay R15 a month for a house which includes a lounge and diningroom suite which eventually became the property of the occupier The rent then dropped to R10 a month.

Staff are helped to settle in with their families by social workers from Cape Town's Mitchell's Plain

Mr Blair-Hook predicted that within 10 years the present population of the Black Mountain area would increase from about 3 000 to 10 000 and the mine's production would double in the same period.

Just over two and a half years ago there was one single building in the whole Black Mountain area — the original farmhouse

The 20 000 hectare mine property now has housing for its total work force and boasts two churches, a creche, a school, a pre-primary school and two recreation clubs

Every house is air-conditioned and all race groups live in identical units

The O'Okiep company also has three mines in the Nababeep area and two more — Hoits and Koperberg — in its Carolusberg division.

In reserve is the giant Gamsberg zinc deposit with 150-million tons of ore

'There is no doubt that the future prosperity of Namaqualand lies in its mining industry,' Mr Blair-Hook said

But, he added, Government must move urgently to ensure the future growth of the area. One of its most urgent needs was for an air link to Springbok, Aggeneys and Kleinzee on the coast.

Also important was a rail link to the Sishen-Saldanha rail system.

Mine managers have cut across company barriers and formed the Namaqualand Mine Managers' Association which has a small but exclusive membership of 10.

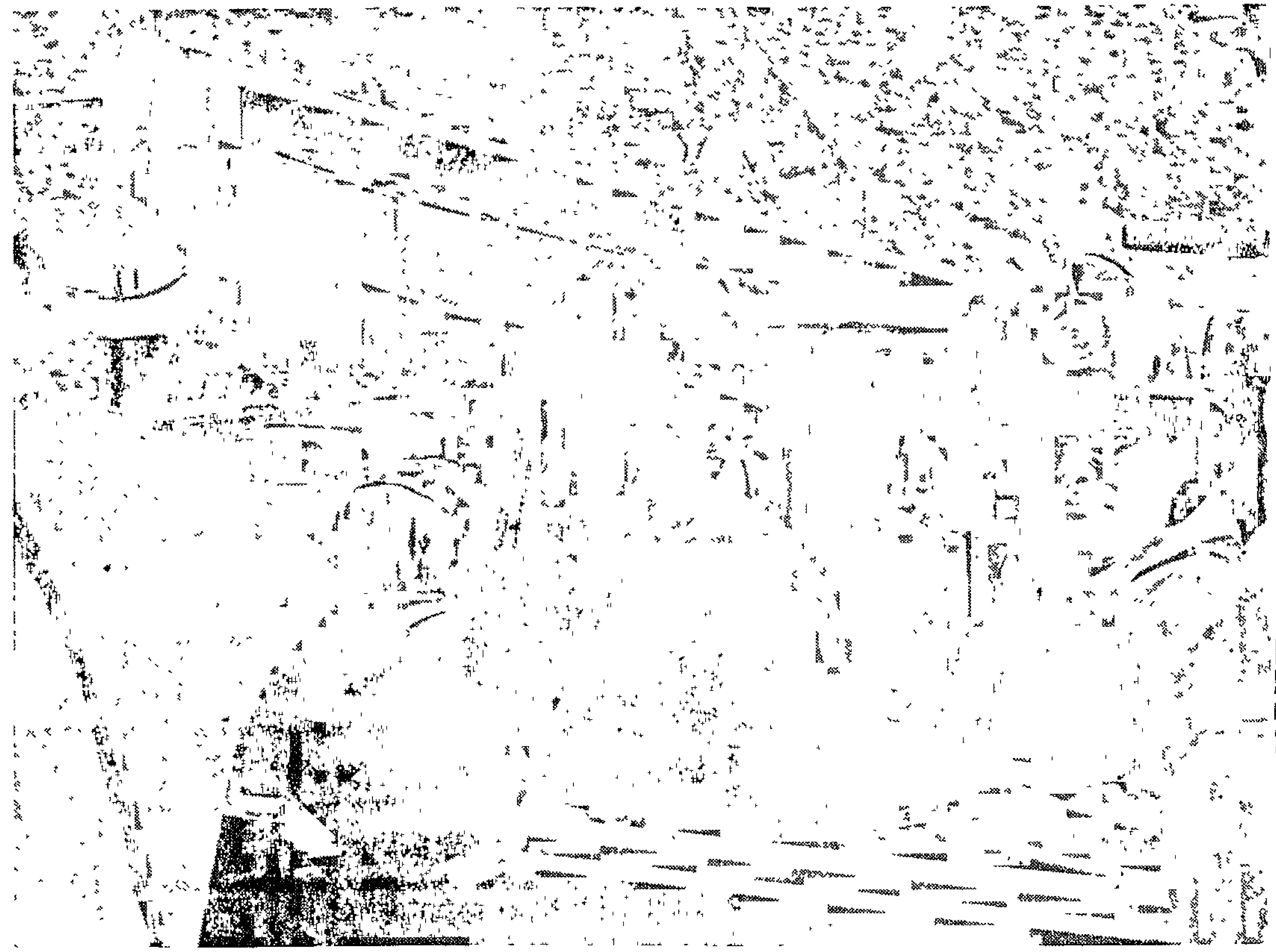
The 10 control all mining in Namaqualand and collectively wield awesome power in the territory.

'We now speak with one voice and are sure that we will be listened to, Mr' Blair-Hook said.

Commenting on the mining future of Namaqualand, the MP for Namaqualand, Mr E Louw, said it was realistic to assume that the best hope for the area lay in its mineral wealth and its blossoming mining operations

He was confident that Namaqualand's infrastructure would improve with the development of the mines

'We have enormous agricultural potential along the Orange and Olifants Rivers and I am sure that once the need exists for further and larger supplies of agricultural products, the area can cope,' he added



DRESSED in helmet overalls and gumboots the Minister of Minerals and Energy Affairs, Mr F W de Klerk, prepares go underground at an O'Okiep Copper Company mine near Springbok in Namaqualand

FM 30/5/80

(210)

STRATEGIC MINERALS

Stockpile stopgap

Recent rumblings indicate the US, Britain, France and Germany are seriously re-thinking their policies on stockpiling of strategic minerals which are purchased from SA.

While such a move may hold ominous portents for this country in the short term, it could help to offset the effect of recessionary conditions in the West.

Present conditions are causing a levelling off of demand for SA minerals, particularly ferrous and non-ferrous. Should stockpiling of certain minerals, ie manganese, chrome, vanadium and platinum, in countries such as France and Germany be implemented, demand is expected to stabilise rather than be pushed up dramatically.

IMPORT DEPENDENCY OF THE INDUSTRIALISED WESTERN WORLD COUNTRIES ON SOUTH AFRICAN MINERAL SUPPLIES

Percentage of each country's total mineral imports supplied directly by South Africa in 1978

Commodity	Japan	United States	United Kingdom	West Germany
Andalusite group minerals	71	90	65	15
Antimony	—	6	90	15
Asbestos	34	4	18	12
Chrome ore	52	48	79	66
Coal	30	49	1	19
Copper	9	—	6	10
Diamonds	7	52	n/a	26
Ferrochrome	71	79	18	54
Ferromanganese	—	45	46	4
Fluorspar	27	23	—	12
Gold	—	—	66	5
Iron ore	5	—	10	8
Manganese ore	35	4	46	73
Manganese metal	—	31	74	52
Nickel	18	4	—	17
Platinum group metals	28	55	58	9
Vanadium	90	87	—	6
Zinc	—	4	—	9
Zirconium	7	1	7	16

cally.

Stockpiling programmes outlined for France and Germany could carry these countries for three to four months only. Targets, if met, are not expected to significantly skew SA mineral sale projections for 1980.

For example, it is reported that a programme to stockpile a two-month supply of all imported metals by 1985 or 1987 will be resumed by the French government sometime in 1980. Expected cost of a two-month supply is \$800m. The purchases are expected to focus on copper, lead, tungsten and chromium.

The UK is rethinking its stockpiling policy. It has been advised to establish emergency stockpiles of certain metals "to assure the UK steel industry adequate supplies during short term disruptions."

It has been suggested a British stockpile should consist of up to one year's supply of ferro-manganese, ferrovanadium, ferrochrome and cobalt. In addition some stocks of nickel, tungsten, molybdenum and columbian should be kept on hand.

The West German Cabinet has already approved a draft plan for the stockpiling by private companies of about one year's supply each of manganese, chrome, cobalt, vanadium and asbestos.

SA should benefit from these programmes even if stockpiling is phased in gradually. Expected 1980 mineral exports revenues are likely to rise by at least 31%, to a conservative R13 billion.

As the sole primary producer of certain strategic minerals and metals, SA holds a tight rein on platinum, for example. Russia produces platinum largely for its own needs. Canada is a small producer, and production is usually as a by-product of nickel.

Says one minerals industry spokesman: "SA's platinum reserves are limitless. By virtue of being such a large producer, SA obviously has a profound effect on world platinum markets. If countries, for example the US, try to stockpile significantly, the price would be pushed up out of all proportion. Platinum producers would not savour that and are unlikely to increase sales too dramatically."

US target for stockpiling platinum is to more than double present stocks. The ideal is to achieve this within a period of 12 months. However, chances of achieving this are slim because of present market conditions.

Even though there's "a spotty recession" in the US at present, with some sectors of the automotive industry in severe downturn, other sectors of industry are booming, such as the aircraft industry. Platinum is of strategic importance and increasingly in demand in the automotive as well as the electrical and chemical industries.

US government platinum metal holdings are at present 454 000 troy ounces; the goal is 1,3m. The other platinum group metals, iridium and paladium, are equally sought after. US government stocks of iridium stand at 17 000 troy ounces; the goal, 98 000. Paladium stocks: 1,2m troy ounces, the goal: 2,5m.

"Although definite goals have been set for increasing stockpiles of certain minerals," a US minerals officer tells the *FM*, "the US stockpiling policy is a non-policy at the moment. We're in the throes of a re-evaluation programme."

US thinking now centres on "a proper evaluation of our own resources. We've leaned on imports for so long that this assessment is overdue."

'hatever the outcome of this reassess t, the outlook for the exports of SA ierals and metals remains favourable mand may flatten temporarily in the ly Eighties but indications by countries h as the UK US Germany Japan and nce are that SA's strategic minerals ld find themselves on stockpiles all , the world

Of particular significance are platinum nganese chrome, asbestos nickel sil- and vanadium Only antimony exports e expected to drop 80% from 1979 levels 1980

Increasingly in SA's favour is the fact at Russia has failed on supplying the rld with strategic raw materials Ac- rding to some sources the Russians mselves are said to be stockpiling cer- in minerals imported from the West ich as lead and titanium

Says one SA minerals expert "We be- ieve the Russians are running desperately hort of raw materials It is now assumed at production of certain minerals such s chrome ore and manganese are uneco- mic and exports are no longer feasi- le

He takes a very bullish outlook on 1980 mineral exports "Of particular signifi- ance will be the upturn in export rev- nues earned from gold platinum, dia- monds, coal and iron to name some of the p performers in the field

He categorically rejected the suggestion that SA could exercise its clout in the minerals field by steeply increasing prices for sought after commodities

SA's continued success in minerals and metals exports relates firmly to the phi- losophy that prices are determined by the laws of supply and demand

SA minerals producers have avoided price cartels and collusion It is unlikely that they will ever enter into an Opec type situation

Anglo strides on—assets hit R8000m

STAR 3/6/80

~~88~~

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By Colin Campbell
Deputy Financial Editor

Market value of Anglo American Corporation's listed investments at March 31 had swept past the R5 000m mark from the previous year's R3 000m level, to bring the corporation's total assets to R8 177,9m

All round, it was a very good year for Anglo whose profit to ordinary shareholders was R306,6m against R202m previously, and whose total dividend payment rises by 52,2 percent from 46c to 70c a share

Net earnings translate into 136,1c a share against 90,2c a share previously, but if the share of undistributed profits of the investments in which it and its associates have 20 percent or more were taken into account, the estimated total earnings for the year ended March would have been 260c a share against 184c a share previously

RECORD

Fuller details of the record year will be furnished in the annual report due at the end of the month, but gold contributed a good half of the corporation's investment income, which moved ahead from R220,6m to R321,4m, or by 45,6 percent

Anglo's deputy chairman, Mr Gavin Relly is personally bullish about gold — a view no doubt shared by his colleagues — and says there are more things running for gold than against.

Though gold has obviously played its part in Anglo's record results Mr Relly said there had been a good all round "across the board" peformance.

The total dividend of 70c a share covered 1,9 times returns 4,8 percent on last night's share price of 1 450c

Anglo didn't have much news to say about the recent acquisition of a stake in Cons Gold, and the broad thoughts about the prospects in Zimbabwe could be labled "warm" rather than "hot," though now that Zimbabwe has access to world markets Zimbabwean operations should do well

Anglo stopped prospecting because of the war — whether it picks up the shovels again depends on how the politics and the economics and the new state develop

Anglo's forecasts and hopes for the current year will be spelt out in the annual report — but clearly if gold gathers strength, and if South African industrial concerns in which Anglo has roots continue to move ahead, then 1980-81 should be a very good year again

All round, Anglo remains a solid and promising share.

'Dawn raids' battle 'not worth fighting'

3/6/80

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The Star Bureau

LONDON — The financial editor of The Times has dismissed the controversy over "dawn raids" — such as the De Beers Consolidated Goldfields and Charter Consolidated-Anderson Strathclyde operations — as a battle which is not worth fighting

"One can think of plenty of battles worth fighting on behalf of small shareholders, but this is not one of them," is the concluding comments in the Financial Editor column published yesterday

The Times' column points out that Lord Shawcross, chairman of the city takeover panel, tacitly admitted that while "dawn raids" were a cause for concern it was difficult to know how to deal with them.

Says The Times "The issues which concern the authorities are whether some shareholders — by implication the small ones who normally do not have direct and immediate access to the market — are being unfairly treated"

The other concern was "How to allay suspicions that large shareholders may have been tipped off beforehand that such an operation is to get under way"

But The Times considers that possible rules — such as enforcing partial bids or lowering the current threshold under which a full takeover is obligatory, from 30 percent to 20 percent — would only fetter the market

The "dawn raider" is not a new phenomenom, it says, and the existing takeover code ensures a "fair crack of the whip" for shareholders in the event of a bid while monopolies legislation can force disinvestment "in extreme cases"

"The real answer is to let the market be. The small shareholder may well be at a disadvantage when the dawn raider arrives — but there are other occassions (when, for example, he wants to sell his shares) when he is at an advantage," says The Times

FM 6/6/80 (210)

General Mining Group

DIVIDEND DECLARATIONS

NOTICE IS HEREBY GIVEN that dividends have been declared by the undermentioned companies, payable to shareholders registered at the close of business on 20 June 1980 The registers of members of the companies will be closed as follows

Ordinary shareholders	21 6 1980 to 4 7 1980 both days inclusive
Preference shareholders	21 6 1980 to 30 6 1980 both days inclusive

The dividends are 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 the undermentioned currency conversion dates or the first day thereafter on which a rate of exchange is obtainable

Dividend warrants will be posted on or about the dates mentioned below and in the case of non-resident shareholders, tax of 15 per cent will be deducted

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

Mining and Investments

Name of Company	Class of Share	Dividend No	Amount Per share Cents	Currency Conversion Date	Posting Date	Description	Total Dividend for year cents
Buffelsfontein Gold Mining Company Limited	Ordinary	46	430	28 7 80	7 8 80	Final	590
Stilfontein Gold Mining Company Limited	Ordinary	52	160	28 7 80	7 8 80	Interim	—
West Rand Consolidated Mines Limited	Ordinary	98	7½	28 7 80	7 8 80	Interim	—
	Deferred	89	425	—	7 8 80	Interim	—
The Griqualand Exploration & Finance Company Limited	Ordinary	58	7½	11 8 80	21 8 80	Interim	—
Msauli Asbes Limited	Ordinary	41	17½	—	21 8 80	Interim	—
Sentrust Limited	Ordinary	28	37	11 8 80	21 8 80	Final	55
Trans-Natal Coal Corporation Limited	Ordinary	35	16	11 8 80	21 8 80	Final	30
The Clydesdale (Tvl) Collieries Limited	Ordinary	134	30	11 8 80	21.8 80	Final	45

Industries

Name of Company	Class of share	Dividend No	Amount Per share cents	Posting Date	Description
Dunswart Iron & Steel Works Limited	6% Cumulative Preference	87	6	30 6 80	Interim
	6% Cumulative Redeemable Preference	5	6	30 6 80	Interim
	10½% Cumulative Redeemable Preference	5	5¼	30 6 80	Interim
The Standard Brass, Iron & Steel Foundries, Limited	5½% Cumulative Preference	74	5½	30 6 80	Interim

The declaration of ordinary interim dividends by Dunswart and Standard Brass will be considered at the time of issue of their interim reports in July 1980

By order of the boards
GENERAL MINING AND FINANCE CORPORATION LIMITED
R A WILSON
Group Secretary

General Mining Building
6 Hollard Street
Johannesburg 2001
(P O Box 61820
Marshalltown 2107)

4 June 1980

ANGLO AMERICAN FM 6/6/80 (210)

Managing the golden flow

When Harry Oppenheimer writes his chairman's statement sometime in the next few weeks, he may find it hard to know where to start During the past 12 months, apart from earning record profits, the Anglo group has been restructured while effective control of Cons Gold and its SA subsidiary GFSA has been secured

It is hard to say which was the most important But there is little doubt that the group is now structured for major developments, while the next few years will provide sufficiently strong cash flows to fund even the most cash-hungry projects

Last year some 50% of Anglo's R321,4m (R220,4m) dividend income was gold sourced — a virtual doubling of gold's contribution to earnings That, however, was based on an average gold price of about $306 This year so far, the London gold fix has averaged almost $590 While the world, and particularly SA, remains as it is, a fall below $500 seems unlikely before year's end And that points to another doubling of Anglo's gold dividend income alone to over R300m

For the rest, performance is unlikely to be as spectacular That is far from meaning that it will be a slouch At least on the diamond side, De Beers could be set for a year of consolidation But solid performances elsewhere, particularly by SA industrial companies which should feel the full effect of the nation's economic resurgence, could easily boost Anglo's total dividend income to around the R500m mark this year

Higher interest and tax bills will pare non-dividend income advances However, at this stage it may not be unreasonable to project a further 50% taxed attributable income advance to about R450m compared with last year's R306,6m (1979 R202m), equivalent to about 200c (136,1c) a share On past performance, that could point to a dividend total of 100c, though if the world is clearly in recession by early-1981, management will probably be cautious and break with the recent twice-covered dividend pattern

In any event, as the year progresses there are going to be some hefty sums burning holes in the corporate treasurer's pocket For the moment, management is playing it cool on likely near-term developments The Gamsberg zinc project remains on ice until base metal prices show signs of permanent recovery, prospecting in Zimbabwe has yet to re-start, while the group is almost certainly waiting to see how the Mugabe government's attitudes to foreign mining groups develop before committing significant sums to the country, early developments in the OFS near Union Corp's Beisa mine could be unlikely, and the possible establishment of mining operations near the area being prospected by Anglovaal/Middle Wits is so far down the line as to need no near-term allocation of funds

Elsewhere in the OFS, of course, the picture is different A decision on the Erfdeel/Dankbaarheid prospect is near, while the attractions of further expanding FS Geduld through incorporation of Jeannette and, perhaps, Loraine could become irresistible

Then there is the unfinished business of

Harry Oppenheimer . . . planning for the next century

Cons Gold According to deputy chairman Gavin Relly, there has been no change in the combined Anglo/De Beers 25% shareholding announced in February But Oppenheimer has not ruled out an increase to 29,9%, above which level a full scale offer would have to be made to other shareholders in terms of current LSE regulations At present there is, in any event, no intention of increasing the stake beyond 29,9% After that, 1% a year could be added to the holding, and that, according to LSE rules, would not necessitate a full-scale bid

No doubt management is waiting for publication of the annual report to make the announcement, but a strange omission to date has been the complete lack of detail on the cost of the Cons Gold raid The acquisition is so important for the group that it is unlikely shareholders will be kept in the dark on the cost for very much longer Meanwhile, rumours continue to circulate in London to the effect that some trade-off between part of Cons Gold's 46% stake in GFSA and non-SA assets of the greater Anglo group is in the air

But to revert to likely gold developments While Oppenheimer and Cons Gold chairman Lord Erroll of Hale are categoric that it is in everyone's interests to maintain a fully competitive situation in SA's mining industry, there are some areas which could be developed jointly by Anglo and GFSA Both groups have adjacent mineral rights in the newly developing OFS mining area, while, in the long term, joint ventures could be set up to exploit gold-uranium reefs to the west of Doornfontein

Presumably the group's plans for the next few years will be detailed in the annual report Until the world's economy gets back into good kilter, non-gold mining and industrial developments will not roar ahead It is more than likely that the group's Australian off-shoot is taking a close look at diamond developments in that country with an eye to eventual participation in any mines that may be established At the same time, the non-SA operating arms, Charter and Minorco, have been strengthened by removal of obligations to fund cash drains Cleveland Potash and Selebi-Pikwe Charter, in any event, is embarking on an acquisition programme in the UK

Though non-gold developments may be moved to the back burner, unlike many non-SA mining groups which do not have a gold earnings underpinning, the greater Anglo group has a sufficiently strong earnings base either to directly fund or raise debt capital to fund developments ahead of metal price recoveries And successful deployment of the Anglo's gold-based cash flow could be all important for developments to take the group into the next century

Jim Jones

Plate Glass . . . the outlook improves

March, one rather important point seems to have been overlooked — namely, that the group was operating from a very low profit base after the setbacks of 1977 and 1978 Profitability has only now been restored to what may be considered a normal rate in terms of funds employed

Full analysis of this will have to await the annual report In the meantime, however, it appears that the net return on equity funds before conversion to the lifo stock accounting system was probably no more than 24% last year After the change to lifo, the return is estimated at about 21%, which is much in line with the present profitability of other industrial companies

At the same time there is no gainsaying that these returns are materially better than the sub-standard 8,9% of 1979, and the even worse 5,5% of 1978 when earnings reached their nadir of 23,6c after a period of abnormally difficult trading

At that stage it was decided to undertake a fundamental restructuring of the group management was jacked up, unprofitable outlets were closed and tighter financial controls were instituted By 1979, benefits were starting to flow through, and earnings for that year improved to 36,9c, even though the group had to absorb non-recurring (and unspecified) costs associated with the restructuring

The full benefits of these moves, coupled with a buoyant economy, are evident in the latest results which show a 138%

Margins were further expanded by better capacity use and, at the pre-tax level, amounted to 13,5% against only 6,3% previously — both calculated on a pre-lifo basis

The gain in earnings was enhanced by a lower tax rate arising from previously-incurred tax losses, a decrease in the proportion of profits attributable to outside shareholders of subsidiaries and the gearing effect of the group's pref shares The final result was pre-lifo earnings of 123,7c which reduces to 103c after the lifo adjustment

Dividend policy was unaffected by the change in the method of stock valuation, and the 50c total (18c interim, 32c final) is still covered 2,5 times by pre-lifo earnings This is virtually unchanged from the cover on 1979's payment of 14c (5c interim, 9c final) from earnings of 36,9c Pyramid Placor is, as usual distributing the total amount it receives from its interest in Plate Glass, and has declared dividends totalling 17,8c (5c)

The company forecasts a 25% increase in earnings this year based on current sales performance, the probability of a higher tax rate and a rights issue which is expected to increase the issued share capital by about 7% Shareholders, however, will be hoping that this estimate will prove as accurate as that provided in last year's annual report when earnings of around 50c were expected *Brian Thompson*

HULETTS FM 6/6/80 3 sugar

Drought damage

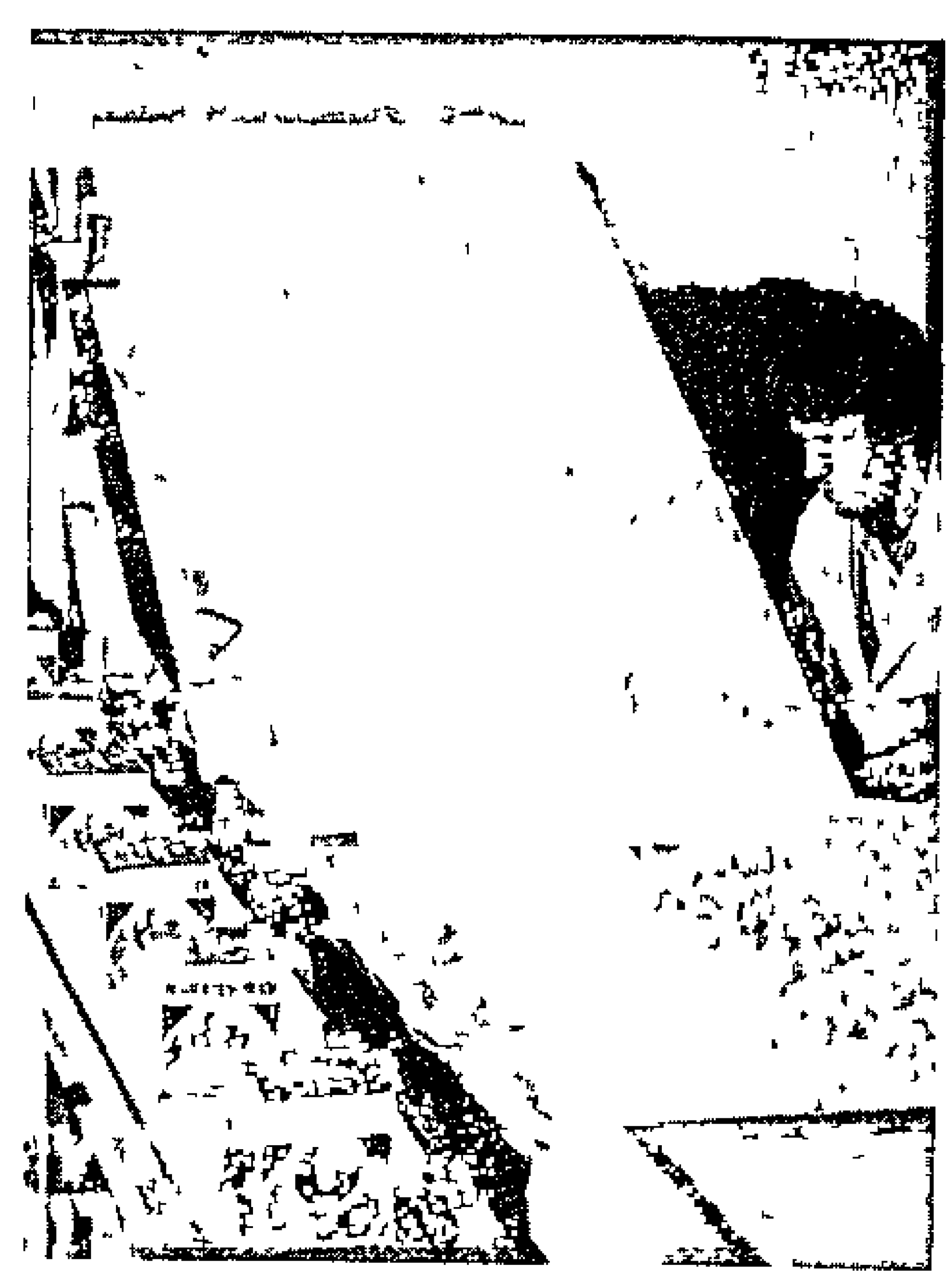
The 25% increase in Huletts' attributable profits for the year to end-March is a little disappointing after the results of C G Sugar (up 43%) and Tongaat (up 32%) However it is not entirely unexpected in view of the problems this company has been having with drought and the spreading incidence of a cane pest

As usual, the preliminary profit statement does not comment on results But in the interim report the company estimated that its share of the milling proceeds from the sugar industry would decline to 30,6% from 33,9% previously The drop may, in fact have been larger, as the recent C G Sugar announcement noted an increase in that group s share from 35,2% to 40,3%

Whatever the final figures the reduced share must have diluted the benefits of the considerably higher export prices which the industry received The annual report is therefore likely to show a further decline in the proportion of group earnings attributable to sugar In 1979 sugar accounted for 61% of trading profits (before tax and interest) against 68% in 1978

The probability that non-sugar interests provided the major portion of the profit increase is reinforced by last week's results from Huletts Aluminium, where pretax profits were up R2,9m (39%), accounting for almost one-quarter of the overall improvement in group profits During the year, Huletts also bought the 51% controlling interest in Hypack Products from its immediate holding company, S & T Investments thereby making Hypack a wholly-owned subsidiary And judging by the results of other packaging companies, it would be surprising if Hypack has not exceeded its taxed profit estimate of R2,7m

The results show a 24% increase in group turnover, and an even larger 31% improvement in pre-tax income excluding dividends from foreign investments (mainly Huletts' Zimbabwean subsidiaries) But the tax rate was higher at 37% (33%), as was the proportion of profits



Huletts . . . production slow-down

Midwits doubles final

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RDM 6/6/80.

By ELIZABETH ROUSE

MIDDLE Witwatersrand, the mining exploration, finance and investment arm of the Anglovaal group, emerges as the star performer among the group's top companies.

All have boosted their dividends on record June yearend profits, the mining investment companies' excellent results having been foreshadowed by the sharply higher dividends declared by Anglovaal group mines earlier this week

Midwits, whose investment portfolio includes Harties, Buffels, Harmony and Zandpan, has raised its final dividend to 45c from 22,5c, which lifts the year's total by 86% to 65c from last year's total of 35c.

Midwits taxed profit climbed by 87% to R13 511 000 in the year to June from 1979's R7 236 000

The top company, Anglo-Transvaal Consolidated, achieved a record taxed profit advance of 59% to R37 106 000, equal to 867c a share compared with 543c a share earned last year

The final dividend on the ordinary and A ordinary shares has been increased to 180c from 120c, raising the total by 53% to 230c from 150c The dividend is in line with market expectations

Anglovaal's profits have more than doubled over the past two years

Anglovaal's improved results were achieved after considerably increased expenditure on mineral exploration The higher profit stems mainly from increased mining company dividends, increases of more than 40% in industrial companies' earnings and higher profits on realisation of investments

The final dividend of the company's participating preference shares has been lifted by 30c to 95c, bringing the total to 125c from 85c

Anglovaal Holdings final has been increased by 6c to 18c, giving a 55% increase to the year's total at 22,5c compared with 14,5c paid last year Estimated taxed profit was R895 000 higher at R2 254 000

Anglo-Transvaal Industries annual dividend has been raised by 42% to 34c from 24c on a 44% rise in taxed profit to R25 250 000 (R17 577 000) The dividend is better than expected, estimates having put distribution at 32,5c.

See ... diagram ... ed

Mineral treasures prop up the world

Post 11/6/80 (210)

POST Africa News Service

Southern Africa owns Aladdin's cave of riches

SOUTHERN AFRICA, and especially South Africa, holds vital keys to the future of the steel industry in much of the rest of the world.

This is the reality behind the cliched line that: "The communists covet our mineral resources because by controlling them they can control the west."

Yet even if one accepts the notion that a communist government in South Africa would still have to sell its products for the best price — and that would mean to the west as well — it remains so that this part of the world is of immense strategic mineral significance

Forget gold, diamonds and silver Industrial diamonds are naturally important but, at root, gold, gem diamonds and silver are only valuable so long as men deem them to be so.

Leaving uranium briefly aside, the really strategic minerals today include chrome, manganese and vanadium

Without them various grades of steel simply cannot be made And steel, as much as oil, props up today's world

Southern Africa has totally disproportionate deposits of all three minerals.

Certainly it would be foolish, but a determined Southern African cartel could wreak as much havoc by withholding the big three as the Arabs did with Opec and the oil price

Manganese is generally acknowledged as the most important ferro-alloy element Ninety five percent of it is used in the steel industry

FIGURES

Exact figures are difficult but South Africa holds anywhere between 48 and well over 50 percent of the world's manganese resources One estimate gives South Africa 7 300 million tons as identified resources and the rest of the world 6 500 million tons

South Africa has long been the non-communist world's biggest manganese supplier

Latest available figures (1975) show that South Africa supplies Britain with more than 40 percent of her manganese, West Germany's mighty steel mills with over 50 percent of theirs, Japan's massive industries with nearly 50 percent Statistics have almost certainly increased since then

Chromium is just as important there is no known substitute for it in the manufacture of certain high grade stainless steels Most stainless steels contain about 18 percent chromium.

One estimate is that between them South Africa and Zimbabwe have a staggering 93 percent of the world's reserves (South Africa accounting for 83 percent), the only other appreciable reserves being in the USSR

Another figure gives South Africa 18 000 million tons of chromium ore and the rest of the world a scant 4 400 million tons

Again, as world reserves decline, South Africa's supplies become increasingly important to the West's big industrial nations With Zimbabwe, South Africa will enjoy with a virtual world monopoly.

Vanadium, because of its toughness and tensile strength is used in structural steel and, because it is non-magnetic, in permanent magnet steels as well.

Structural steel containing vanadium is widely used in building skyscrapers

The big plant outside Witbank is the largest producer of vanadium in the world and although more vanadium has been discovered elsewhere than was earlier thought to exist, South Africa still has one of the largest deposits of vanadium-bearing one in the world

One estimate says South Africa has over 60 percent of the world's vanadium but with the new discoveries a more accurate figure is probably around 20 percent 3,8 million tons from 220 million tons of ore as against 19 million tons in the rest of the world

Platinum is another strategic mineral of which Southern Africa has a virtual world monopoly.

Its properties as a catalyst make it an important part of chemical industry including the obviously vital catalyst cracking process in oil refining

Platinum and palladium are extensively used in the electronic industry for contacts and circuits Platinum is used too for pollution control in motor vehicle exhaust systems which are now regulated by law in the United States and other overseas countries

MEASURE

By any measure Southern Africa has more than 80 percent of the world's platinum deposits One source says Southern Africa, mostly Bophuth-Tswana, has demonstrated resources of 6,2 million kilogrammes while the rest of the world has a scant 308 000 kilogrammes more

Southern Africa's huge advantage is that platinum here is mined as just that platinum In Russia and Canada, the world's other major producers, it is a by-product of the copper and nickle industry This positions Southern Africa uniquely to regulate production according to world trends

Uranium, the nuclear fuel, is another obviously strategic mineral as the search for oil substitutes goes on So important is it that Canada, with considerable resources, decided to reserve her production for domestic use

South Africa's uranium production, largely a by-product of the gold mining industry, is important therefore to big energy users such as the United States, Japan and West Germany

There are considerable uranium resources in SWA/Namibia as well, one source crediting the territory with more than five percent of the world's reserves

At one point South Africa, credited with anything up to 15 percent of the world's resources, provided about one sixth of the West's uranium

South Africa's resources will grow more important as the oil crunch squeezes harder and nuclear fuels — with their unique capacity for providing enormous quantities of energy for small amounts of fuel — become more strategic

ESTIMATE

One estimate is that by 1985 South Africa and SWA/Namibia will be producing an annual 15 000 tons

Southern Africa, with 50 percent of the world's gold, about six percent of the silver and roughly 34 percent of the diamonds as well, is a 20th century Alladin's Cave of the riches which keep society running.

And in this late part of the century the implications are no fairy tale

It is our huge good fortune that we were so richly endowed, it is an enduring strategic problem for the west, for the leaders of big industrial nations who know that much of what keeps their wheels turning has come, and will increasingly come, from here.

A South African attempt to pressure the west with local mineral resources would be plainly stupid we need them even more than they need us

But the significance of local resources is certainly not lost when it is time to make decisions on this part of the world in the corridors of power in Washington, Bonn, London, Tokyo and the rest

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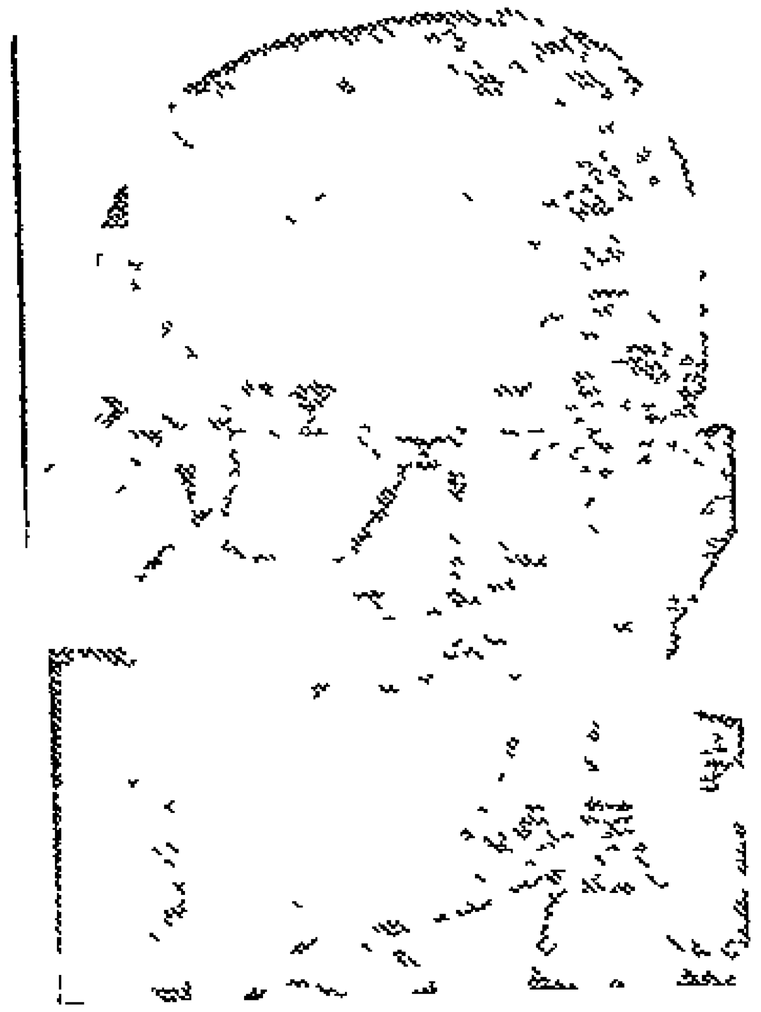

Dr De Villiers

Mr Pavitt

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Bosses of the R2 700m giant

By ADAM PAYNE

THE MERGER of General Mining & Finance Corporation and Union Corporation has resulted in the formation of one of the world's major mining groups with assets of R2 700-million

Heading this new giant, called General Mining Union Corporation are Dr Willem de Villiers executive chairman and managing director and Mr Ted Pavitt executive deputy chairman Mr Pavitt will continue as executive chairman and managing director of Union Corporation

Although the two companies constitute a single mining house, they will retain their separate organisational structures

Shareholders will be asked to approve the name General Mining Union Corporation on July 2

The group has some of the biggest developing and embryo projects in South Africa under its control

Beisa Mines is a uranium gold mine south of Welkom due to start producing next year

Also in the Free State precementation work has started at the shaft site of Beatrix mine south-east of Beisa

In the Northern Transvaal a major exploration and testing programme has revealed a large coalfield Potential reserves include blend coking coal and uranium The group, with Sentrachem, is investigating the feasibility of direct liquefaction of petrol and diesel from this coal

In the Transvaal a factory is being established to produce high-quality heavy gearboxes and planning of a similar factory to produce rear axles for heavy vehicles is in progress

An expansion programme by the Impala Platinum operation in BophuthaTswana is nearly completed Under Impala Platinum the group operates Bafokeng North and South mines, Wilderbeesfontein North and South Mines and Mineral Processes at Magaliesburg The nickel/copper and platinum metals refineries are in Springs

The group's operating gold mines include Bracken, Buffelsfontein, Fairview, Kinross, Leslie Marievale Grootvlei Stilfontein Winkelhaak, St Helena and West Rand Consolidated Unisel the newest of the gold mines was brought to production last year as was the Chemwes plant for the extraction of uranium from the slimes dams of the Stilfontein and Buffelsfontein mines

The Trans-Natal Coal Corporation and Clydesdale Collieries have 13 collieries

Extensive base minerals and metals operations include asbestos, fluorspar, manganese copper chrome and salt in South Africa Ilmenite, rutile and zircon are produced in Australia and South Africa A joint venture in Spain mines lead and zinc

Two major financial companies in the group are UC Investments and Sentrust The group has participation in banking

The major industrial subsidiaries feature a wide spread of interests including manufacturing, contracting shipbuilding, light and heavy engine and steel production foundries, paper production and packaging, and marketing of petroleum products and mining equipment

Industrial companies include Sappi, Hall Longmore Kohler Bros, Carlton Paper, Dunswart Iron and Steel Works, Evelyn Haddon, Superocla, Sandock-Austral, Unicorn Shipping, African Coasters, Darling & Hodgson, Kanhym Investments, Trek and RUC Mining Contracting

Row flares over Genmin gearbox bid

RDM 16/6/80.

(210)

By HOWARD PREECE

A MAJOR battle has flared between the motor manufacturers and General Mining over Genmin's R60-million bid to secure an effective monopoly in the production of truck gearboxes and heavy truck axles

The outcome will have an important effect on truck prices

The National Association of Automobile Manufacturers claims that "the decision by the Department of Industries and Commerce to create a monopoly is totally opposed to the Government's stated intention to support and encourage a free market capitalistic system"

It is seeking an urgent meeting with Dr S W van der Merwe, the Minister of Industries and Commerce

Naamsa also claims that the move could harm the Atlantis Diesel Engine project — although the gearbox and axle plan is intended to slot in with Atlantis

The motor manufacturers are counting on powerful backing from Atlantis in their attempt to force a Government rethink, at least on timing

Atlantis is the State-sponsored plan to give a monopoly of diesel engine production to Mercedes and Perkins for strategic and local content reasons

According to some estimates, the combination of higher prices for diesel engines and for gearboxes and axles could add 50% to the cost of new trucks

The Genmin subsidiaries involved are AS Transmissions & Steering Boxes, which has asked for a 15% duty on trucks fitted with imported gearboxes rather than its ZF gearboxes, and SA Axles which reportedly wants a 20% duty on trucks fitted with imported axles

A statement by Mr Colin Adcock, managing director of Toyota and chairman of the Naamsa heavy vehicle subcommittee, says "Naamsa must record its total opposition to the granting of a monopoly in respect of the proposed manufacture of truck gearboxes and heavy-duty axles

"The decision was reached without any reference to the industry and, apparently, without any alternative sources of supply being investigated

"The industry has at no stage ever opposed a local content programme in medium and heavy trucks, but has only asked that this be planned in conjunction with it and in such a manner as to make it as economical as possible for both the manufacturer and the consumer"

Mr Adcock says the Genmin move could give some truck producers major advantages over competitors (Mercedes has been cited as a particular beneficiary in one report)

He says that "at the very worst, Naamsa believes that the manufacturing rights to gearboxes and axles should have been granted on a similar basis to that used for the granting of engine manufacture That is, the right to manufacture should have been advertised and prospective manufacturers should have been in a position to submit proposals which could have been discussed with the industry, thus ensuring an acceptable and broader choice of product"

Mr Adcock says Naamsa has "emphasised that the request that the transmissions and axles be localised concurrently with the launch of the Atlantis diesel programme was totally impractical and any attempt to do so would undoubtedly delay the launch of this project It is admitted that a limited number of manufacturers who currently use the engines which form the basis of the Atlantis project and the gearboxes and axles which it is proposed to manufacture in South Africa could meet this timing

"The management of the Atlantis Diesel Engine project confirmed that they could not accept any changes which might jeopardise the timing of their programme

"Naamsa is happy, therefore, to have the assurance that ADE will support it in avoiding any action which might be detrimental to the present programme in which all manufacturers have already invested considerable sums of money

"Finally, while Naamsa accepts the strategic need to build gearboxes and axles locally, it feels that if this new programme is designed to offset the cost of South Africa's strategic and independence, then there are better ways to achieve this"

RAND DAILY MAIL, Thursday, June 19, 1980

NIM's vital role in economic mining

(210) RDM 19/6/80

By SIMON WILLSON
Industrial Reporter

THE success of South Africa's mining industry would depend on its research and development institutions finding more economical methods of extracting minerals from ore, said Dr Louw Alberts, president of the National Institute for Metallurgy (NIM).

Dr Alberts was speaking at NIM's Randburg headquarters on the first occasion the institute has opened its doors to journalists

He said a central characteristic of South Africa's substantial mineral deposits was that they were invariably found in extended orebodies

"This is because, over time, the richer deposits have been exhausted In general, we have very low-grade ores in this country," Dr Alberts said

As the costs of recovering minerals increased with the lowering of the ore grades, recovery methods needed to be improved to maintain the viability of mining

This was the important role fulfilled by NIM "Our laboratories are the biggest of their kind in the world and, while our biggest mining houses have their own laboratories for day-to-day research, only we can adequately perform the important long-term research for the industry "

NIM is a Government-funded organisation with some money coming from research it does exclusively for private domestic and overseas sponsor companies It has an annual budget of R8-million

Dr Alberts gave two examples of ways in which NIM had reduced costs and increased efficiency in the South African mining industry

"One is the carbon-in-pulp process for recovering gold from ore The traditional process is to dissolve the gold in cyanide and get it out by filtration

"But NIM's carbon process uses carbon particles to absorb the gold and the gold-loaded carbon comes out separately We estimate that this process will reduce capital costs by 50% and running costs by 30%, and will mean a great deal to the mining industry," Dr Alberts said

Another example was a study performed by NIM on some chrome furnaces The NIM team took a furnace which produced 3 300 tons of chrome a month and computerised its operation

The computerised furnace then turned out 6 000 tons of chrome a month — a production increase worth R1-million to the industry

On show yesterday was NIM's latest acquisition — a R250 000 X-Ray spectrometer imported from Germany to speed up the analysis of test drilling samples and thereby give the world's fastest go-ahead or thumbs-down to possible mining sites

Dr Alberts confirmed that the new spectrometer would have "a very important role" in the analysis of samples from the hunt for uranium now going on the Karoo

"Exploration is now going on in the Karoo for uranium and small deposits have been found The question that still has to be answered is whether the uranium is there in sufficient quantities to make mining it economic," Dr Alberts said

US rearming a metals booster

RDM 25/6/80

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Financial Reporter

INCREASED defence spending in the United States and other countries should boost the demand for South African base metals, according to Mr Etheredge.

But he told chamber's annual meeting in Johannesburg yesterday that "any abatement in the degree of political unrest together with the realities of the coming recession in the US" and elsewhere could lead to a fall in commodity prices

Other points made by Mr Etheredge included

- Mineral exports last year rose by 45,5% to R8 500-million
- Sales of coal reached R1 143-million with exports over R500-million
- Krugerrands have become priced out of reach of the man in the street But the new half, quarter and tenth of an ounce coins will meet this problem
- Gold will remain "a barometer of the world's economic and political problems"
- Total wages of gold and coal mines were R1 373-million, of which more than R800-million was earned by blacks

SA mine is suing Tswanas for R44m

210

RDM 26/6/80

BY TONY STIRLING
Chief Reporter

A SOUTH African mining company is suing the BoputhaTswana Government for R44-million relating to the alleged unlawful cancellation of a mineral lease on a claim which extends under Sun City

The company is Rare Earths Investments (Pty) Ltd, the managing director of which is the Johannesburg advocate, Mr J M van den Heever

A preliminary application relating to the suit is due for hearing in the Supreme Court, Mmabatho, today

At today's hearing the BophuthaTswana Government will seek security for costs for R100 000 from Rare Earths (Pty) Ltd

The mineral leases under dispute allegedly includes areas in the Pilanesberg range where veins of 'rare earth' — a radioactive ore for the exportation of which permission is required from the BoputhaTswana Government under the Atomic Energy Act — extend under the grounds of Sun City

The leases date back to before the independence of BophuthaTswana which entered into an agreement with the South African Government at independence for the protection of the holders of such rights

210 fm 27/6/80

COMPANY ANNOUNCEMENT

90TH ANNUAL GENERAL MEETING
OF THE CHAMBER OF MINES OF SOUTH AFRICA

Mining dominates export-led boom

The following is an abridged version of the address by Mr D A Etheredge, President of the Chamber of Mines of South Africa, at the 90th annual general meeting of the Chamber in Johannesburg on 24th June, 1980

The past year saw the advent of the long-awaited economic revival, led by dramatically increased mineral earnings and assisted by a changed psychological climate resulting from shifts in Government policy aimed at removing discrimination in the workplace and improving the circumstances of the urban blacks

The confidence of the business and investment sector, both local and foreign, was further encouraged by the Government s welcome recognition of, and emphasis on, the role of private enterprise as the key to continued and future economic expansion Together with this was the Government's commitment to regional economic co-operation as enunciated by the Prime Minister Mr P W Botha at his meeting with business leaders in Johannesburg on 22nd November last year

Some of the optimism which characterized the period immediately following these developments has regrettably begun to ebb in the face of signs that the resolve needed to implement these new directions in policy may be lacking South Africa has great potential for social and economic progress, and it will be tragic if the momentum briefly gained, which touched all groups, is permitted to founder in disillusionment flowing from a failure to meet what are, at this stage, still essentially modest expectations

MINERAL SALES

The value of South African mineral sales including gold increased by 42 1 per cent in 1979 to total R9 768 million, while mineral exports increased by 45 5 per cent to total R8 500 million

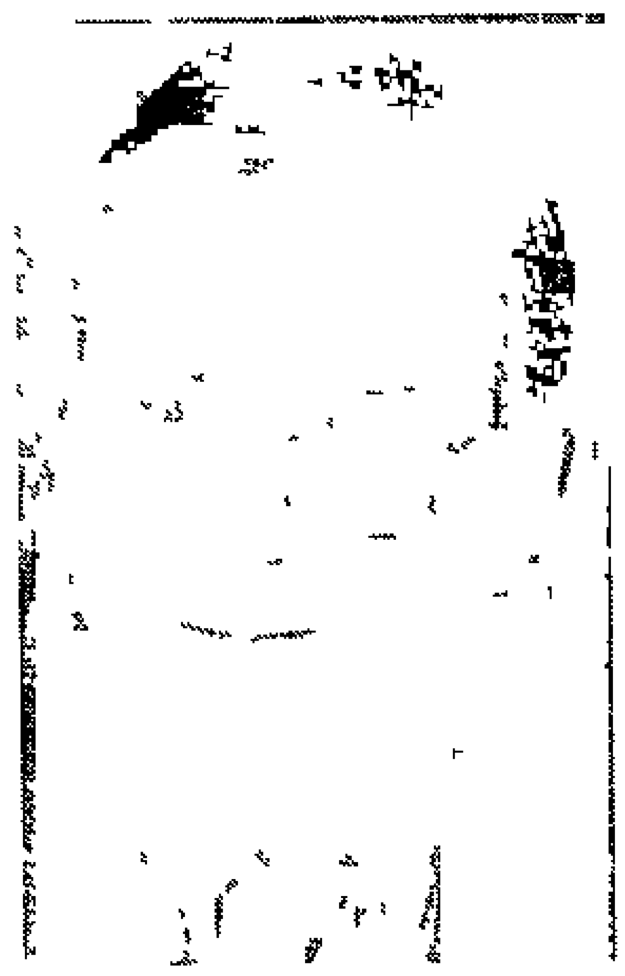
The mining industry s share, including processed minerals of total South African exports rose from about 68 per cent in 1978 to approximately 73 per cent last year reflecting one facet of the resurgence of mining as the dominant factor in the national economy

While some minerals performed more spectacularly than others, sales of practically all our minerals increased appreciably in value last year and some notably coal iron ore and manganese increased in volume as well The individual roll-call is impressive, with the value of gold sales up 49,8 per cent, silver 103 3 per cent, diamonds 22,8 per cent, antimony concentrates 98,8 per cent, coal 30,8 per cent, copper 40 per cent, fluorspar 29,6 per cent, iron ore 33,7 per cent, manganese 52,1 per cent and a range of other minerals, including uranium and platinum, up 38,9 per cent

COAL

World demand for coal increased sooner than most projections had indicated, due, among other things, to the unexpected speed at which some countries were able to convert from oil to coal for part of their energy needs As a result, this year has seen a steadily increasing number of potential buyers visiting South Africa and prices for steam coal on export markets have risen

Domestic pithead price increases for coal, averaging 11,2 per cent in the Transvaal and 10,1 per cent in Natal, were authorized in February this year It is to the credit of the producers that they accepted, as an anti-inflationary gesture, lower



Mr D A Etheredge

increases than those to which they were entitled in terms of the formula set by the Government This action was made possible largely by the higher prices being received for export coal

Not only did coal exports subsidize the cost of domestic energy, but they earned more than R500 million last year placing coal, as an earner of foreign exchange, in the same league as diamonds uranium and platinum

URANIUM

The production of uranium oxide continued to rise substantially during 1979 as members of the Nuclear Fuels Corporation, the Chamber's uranium marketing organization, increased their combined output of uranium oxide by approximately 1 000 tonnes to 5 540 tonnes This is 22 per cent above production in the previous year In the last 12 months three large new uranium plants have been commissioned One of these is specifically designed for the recovery of uranium from gold tailings dams It is a matter of interest – and a technical achievement – that, whereas a few years ago it was found possible to treat these surface accumulations on a small scale only, no less than one-third of our uranium production now comes from such sources

In the past year we have seen a continued decline in world demand for uranium with a resulting weakening of the price It is impossible to foretell how long this position will continue Nevertheless, in company with many others who are concerned with securing the world's future energy needs, we continue to place our confidence in nuclear power as an expanding source of energy

THE GOLD MARKET

The substantial increase in the gold price had an adverse effect on the demand for gold used in the fabrication of jewellery Gold usage in this area declined from 1 007 tonnes in 1978 to 737 tonnes in 1979 once again reflecting a price-elastic response to the higher gold price

In view of the importance of the demand for gold by the jewellery industry it is considered that every effort should be made to ensure that the new price levels do not lead to a further drop in quantity of gold used in jewellery fabrication It was decided, therefore that the Chamber s gold promotion and marketing arm, Intergold, should take steps to assist the gold jewellery industry

Although the substantially higher gold price has affected the volume of Krugerrand sales which fell from just over 6 million coins in 1978 to just under 5 million in 1979, it is reassuring to note that the revenue earned from Krugerrand sales continues to increase, the 1979 figure at R1 330 million being R286 million more than the 1978 total of R1 044 million The contrast between the decline in sales and the increase in revenue earned is even more striking in the first five months of this year Whereas the number sold is down by 51 per cent from 1 858 000 to 910 000, the revenue earned has nevertheless risen by 6 per cent from R397 million to R421 million

At the current gold price the Krugerrand is beyond the reach of many people and it is no longer able to fulfil one of its most important objectives, namely that of providing the man in the street with an easily attainable and afordable vehicle to own gold The Chamber therefore decided, and the Government agreed, to add to the present range three other gold coins containing respectively one half one quarter and one tenth of an ounce of gold All three will be legal tender coins with no face value and we expect them to be available towards the end of 1980

The major growth in demand for gold in 1979 was due to increasing speculative and investment interest A particularly important element was the growing desire of large holders of U S dollars to diversify a portion of their holdings into other investments While the rapid rise in the gold price in late 1979 largely reflected this type of demand speculative activity in mid-January 1980 reached unprecedented heights, forcing the gold price to $850 an ounce

The subsequent decline in the price was encouraged by increasing U S interest rates, the financial problems encountered by speculative operators in the gold and other precious metals markets the increasing amount of physical metal dishoarded onto the markets by profit-takers and the growing realization that the U S economy was moving into a recessionary phase

After some consolidation around $500 the price recently showed renewed activity I expect that the gold price will continue to be affected by the various factors I have mentioned and that consequently it will remain a barometer of the world's economic and political problems

RESEARCH

The Chamber's Research Organisation co-operated with a gold mine in the design and installation of an integrated cooling system using refrigeration which, it is expected will provide acceptable working

Now, the sales tax they will get consum producers to If the price is not re consumed a price.

conditions for acclimatized men in areas where rock temperatures are as high as 54 degrees centrigade A procedure has been developed for identifying individuals who are heat tolerant, and therefore do not require acclimatization or who do not need to undergo full acclimatization

Development of methods for mechanizing the stoping operation continued throughout 1979 A mechanized stoping system based on the reciprocating flight conveyor, used in conjunction with blasting and incorporating hydraulic support, barricades and drill rigs was shown to be very promising during underground trials The test site was mined out in the third quarter of 1979 and a further intensive trial will take place during 1980

Development of the portable gold analyser has reached an advanced stage The third prototype of this instrument was tested in extensive underground trials with encouraging results when used in narrow reefs

Significant advances have been made in evolving a metallurgical process for concentrating gold uranium and pyrite underground and for yielding a waste material which is suitable for placement by hydraulic means as backfill Various components of this process are currently undergoing field trials

SAFETY

Encouraging news in the field of safety is that in spite of significantly increased mining activity, the steady reduction in the reportable injury rate has been maintained Despite a marginal increase in the fatality rate for coal mines, the casualty rates, which embrace fatalities and reportable injuries, in respect of all classes of the Chamber's member mines, reached their lowest levels ever in 1979

LABOUR

It is now generally acknowledged that South Africa's capacity for economic expansion and growth is limited by a major physical constraint, namely the acute shortage of skilled and professional manpower The tragedy is that this situation is found in a country with immense manpower reserves

The problems of the mining industry cannot be over-stated Between the fourth quarter of last year and the end of the first quarter of this year the shortage of all categories of skilled personnel among the Chamber s member mines increased from about 1 000 to about 1 600 This shortfall is nearly equivalent to the entire complement of skilled personnel required to man two medium-sized gold mines employing perhaps 20 000 people

These figures demonstrate quite clearly our absolute reliance on skilled manpower to create jobs and generate wealth, and underline the fact that, with mining now in a major expansionary phase, the situation is already serious and liable to become critical in the near future Efforts are being made to recruit trained personnel from overseas but this can only be a stop-gap measure as the proper solution lies in training South Africans to do these jobs It is to be hoped that some of the barriers preventing this will be removed in the near future and that the trade unions involved find solutions to certain problems which they have The Chamber in consultation and negotiation with the other parties involved will assist as far as possible in solving these complicated and sometimes delicate issues

THE SOUTH AFRICAN ECONOMY

Far from declining in importance, as normally happens to primary industries in developing economies, the mining industry is increasing its role

A significant new study commissioned by the Chamber and conducted by the University of Pretoria s Bureau for Economic Policy and Analysis, shows that directly and indirectly mining accounts for about 26 per cent of South Africa's gross domestic product, a far greater proportion than had previously been suspected

The growing international demand for most mineral products and the increasing investment by the mining industry in South Africa to exploit base mineral resources are indications that the mining industry's role in the economy will become even more important over the next decade

THE OUTLOOK

As I indicated in my opening remarks, South Africa is experiencing an export-led boom with mining playing the predominant role There has also been a return of business confidence inspired to a large extent by hopes of a progressive abandonment of outdated political philosophies and practices It is important to secure these twin bases of the present economic revival

It is vital firstly to maintain a vigilant watch on cost increases Secondly, South Africa must reinforce the image it has established as a reliable supplier of minerals

Finally, the State must create a framework to assist future mining development if the industry is to continue to maintain its position in world markets and the economy is to progress at a rate which will permit the aspirations of all sectors of the population to be satisfied This calls for the creation of conditions that will attract substantial capital investment and in particular an educational system that will produce the human skills required to carry out the new projects We are at the stage now when barriers to black advancement are being removed but blacks are unable to take advantage of this because of the inadequacy of their basic schooling

Investors from abroad need to be assured that their assets in South Africa are secure, and if capital is to be obtained from domestic sources those factors which at present discourage the accumulation of funds for mining development must be removed Here I refer not only to the average tax rates paid by the gold mining industry, which are sharply discriminatory compared with taxes paid by other industries, but to taxes which act as a disincentive to mining expansion

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

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DOORNFONTEIN

Green light

210

FM 4/9/80

With the granting of a mining lease over the ground south of Doornfontein's present mine, the final *imprimatur* has been given to development into the new area And that has put an end to fears — expressed, of course, when gold was still wallowing well below $300 — that the mine might not maintain full-capacity operations beyond 1984

Not that there was ever any doubt that a mining lease would be granted over the area But the mine's life expectancy is now probably somewhere in the region of 15 years or more

Little drilling has been done to evaluate the area but management believes it is not necessary Carbon Leader underlying the ground is an extension of that presently being mined to the north, and grades are not highly variable Most likely grades will average around the 7 g/t to 8 g/t now being mined in the southern part of the existing mine

As yet planning is not complete for the area But I understand that in addition to the two originally planned sub inclines to establish operations, a decision has been taken in principle to sink a vertical shaft from surface

The cost of that has yet to be finalised, but it could add at least R50m to last year's R73m estimate of the cost of establishing operations in the new area Before tax, that is equivalent to an additional 500c a share on the increased share capital, and though the quarterly report due next week will almost certainly indicate some major retentions ahead of the capex programme, dividends will be under some restraint for a couple of years As it was, the mine's 100c final declared last month was probably generous under the circumstances of higher capex

Apart from the life advantages of mining the new ground, a new vertical shaft will eventually provide longer-term benefits in the form of better ventilation and more flexible mining operations And that means better cost control

Apart from that, following an earlier rebuff, the new ground is to be merged with the old mine under one mining lease and the mine will be classified as an "other deep level mine" meaning a 10% allowance on capex for ten years More to the point, the initial impact of capex will

proved activity in the building industry, from a low last August to its current peak of 410c With an historic yield of 5,9% and a prospective yield in the region of 6,8%, it seems fairly priced

continued

Mr O gives nod to giant BP takeover

RDM 8/7/80

210

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By HOWARD PREECE, Financial Editor

MR HARRY Oppenheimer yesterday gave his blessing and crucial approval to the biggest takeover deal in British financial history.

British Petroleum, the oil giant, announced details of a R768-million (£428-million) bid for Selection Trust, the US-based mining, mineral exploration and mining finance group.

A statement said the directors of both BP and Seltrust had agreed the deal.

Mr Oppenheimer's approval was, however, crucial

He is chairman of Anglo American which holds a 36% stake — effective control — in Charter Consolidated, the British-based international mining finance group

Charter holds a 27% stake (now worth some R200-million) in Seltrust.

London commentators are unanimous that BP would not have made the bid for Seltrust without being certain of Charter's vital approval

Now they are asking what is in it, apart from a huge profit, for "the Oppenheimer interests".

A popular theory is that the deal should be seen in conjunction with the 25%-plus stake in Consolidated Gold Fields that was acquired in February this year by Anglo and stable companion De Beers

The suggestion is that Cons Gold might be prepared to hive off its 46% stake in Gold Fields of South Africa in return either for Anglo's stake in Charter or through some deal involving Minorco

Minorco is a Bermuda-based international mining group in which Anglo holds 39%, effective control

A spokesman for Anglo American said in Johannesburg last night that he had "no comment" to make on these London reports.

But mining analysts in Johannesburg say that the London commentators may be drawing too hasty conclusions

They point out, for example, that Anglo has gone to great trouble to build up its international role through Minorco and would be unwilling to run it down

But there seems no doubt that the directors of Cons Gold would like to get Anglo out of their group.

They also seem politically sensitive to their involvement in South Africa

So some eventual deal that leads to Anglo having direct control over GFSA — Anglo and GFSA together control over 60% of South African gold production — cannot be ruled out

Meanwhile Charter has acquired an oil interest and/or a lot of cash

Seltrust's interests include about 35% of South Africa's Unisel gold mine It is also involved in nickel, iron ore, silver, zinc and diamonds variously in Australia, Canada, the US and West Africa

BP is looking generally for major diversifications outside oil and has big coal interests in South Africa.

● See Page 15

BP in R768m bid for Seltrust group

RDM 8/7/80 210

LONDON. — THE biggest takeover bid in London's financial history is announced, with British Petroleum offering more than R760-million for the big mining finance group, Selection Trust, in another bid by a giant oil company to diversify away from oil

British Petroleum and Selection Trust, both issued statements saying their boards had agreed to terms of a R768-million offer by B P for Seltrust s shares

The announcement came after weeks of speculation Three weeks ago B P said it was interested in the group, and speculation hotted up after shares in the two companies were suspended on Friday

It follows a trend by the world s leading oil companies to diversify their activities

B P and others have been turning their attention increasingly towards mining, coal and other minerals, in the face of rising oil costs, calls for oil conservation and the eventual prospect of oil supplies running short

B P has made little secret of its wish to expand Earlier this year, B P chairman, Sir David Steel said that although the company wanted to develop oil and gas resources wherever possible, it also wanted to move into other activities "mainly connected with the production and use of energy and other resources"

B P already has a successful mining division, B P Minerals, and is a big coal producer in the private coal industries of Australia and America

But the acquisition of Selection Trust would be a major change in the shape of the partly government-owned B P

The London-based finance group pumps money into mining projects including nickel mining in Western Australia, copper, zinc and silver in Australia and Canada, gold in South Africa and Nevada, iron ore in Australia and diamonds in West Africa

The offer by B P is subject to agreement by the companies' shareholders and by the usual stock market and international authorities

About 26% of the shares in Selection Trust is owned by Charter Consolidated, the mining finance house linked with Mr Harry Oppenheimer

B P said that Charter Consolidated intended to accept the offer, as did the directors of Selection Trust, who held about 2% of the shares in their company

B P is offering 18 of its shares for every five Selection trust shares This works out at £13,46 for each Selection trust share based on stock market prices before Friday's suspension

The total sum of £427 700 000 is about £50-million more than the previous record bid in London set by Grand Metropolitan's takeover of Watneys Brewery Company in 1972

Selection Trust shareholders have also been offered an alternative by B P, if they prefer cash

This amounts to £12,75 a share which would value the whole company at £405 200 000

B P said acquisition of Selection Trust would give it a vehicle for developing its mining interests consistent with its policy of expanding into non-oil based extractive industries

Mr Robin Adam, a B P managing director, said 'We are very pleased that we have been able to reach agreement with Selection Trust, which represents some of the best expertise in the international minerals industry '

He said it was intended that Selection Trust would operate as a separate company within the B P group

The chairman of Selection Trust, Mr John du Cane, said "We in Selection Trust have frequently expressed our faith in the future of the mining industry, and our belief that the world is facing a serious shortage of metals in the not too distant future " — Sapa-Reuter

SA mining machinery can stand on its own

15/7/210 RDM 17/7/80

By SIMON WILLSON
Industrial Reporter

MINING machinery made in South Africa could now compete with the best in the rest of the world because of this country's expertise, said Mr Bill Lawrence, president of the Chamber of Mines, yesterday

He said in Johannesburg at the launching of the first South African-made box-hole borer that the mining industry gained its expertise in the toughest school in the world — South Africa's hard-rock, narrow-seam, deep-level gold mines

"This country has come a long way since 1948 when the Government first introduced import control

"It is now no longer a question of protecting a fledgling domestic industry struggling to hold its own against imported products, or of creating artificial barriers which can inhibit real growth by encouraging inefficient, high-cost industries "

He said Smith Boart's R1-million SB 200 blind hole boring machine was a notable contribution to South Africa's efforts to achieve industrial self sufficiency through import substitution

It was also an important development in the drive to mechanise the gold mines

The new machine is the product of a venture between Smith International of the United States and Boart International

The drill pipe, head and cutters for the machine were made by Smith Boart at its Kempton Park works, and the machine and its hydraulics were manufactured by Klockner-Becorit of Klerksdorp, also a Boart company Local content is about 85%

The machine was previously imported from the United States where it was made by Calweld, a Smith International subsidiary

Mr Lawrence said The mining industry has played a key part in the import replacement programme and has shown the way for other sectors

"And it is not purely an altruistic attitude It is motivated by self-interest as well For by encouraging local manufacturing companies to involve themselves in the complexities of mining in the most arduous and demanding environment to be found anywhere in the world, the mines have managed to solve many a problem

"In many instances, solutions have had to be found locally because there was no precedent elsewhere "

There was no doubt that technological improvements were still necessary in the gold-mining sphere

"The traditional method of drilling and blasting is time-consuming and wasteful, while the necessity to enhance productivity to offset ever rising costs has made it crucially necessary to speed up the mining process "

The first SB 200 machine has been bought by Johannesburg Consolidated Investments Western Area gold mine, and will start underground drilling on August 1

Mr Hilton Davies, chairman of Smith Boart, said his company did not regard the SB 200 as the ultimate in box-hole borers

"Machines with new and improved features are already in our minds and the next generation is on the drawing board

"Design modifications should enable us to reduce the price in future without sacrificing strength or efficiency."

SA mining machinery in world class

By SIMON WILLSON

MINING machinery made in South Africa could now compete with the best in the rest of the world because of this country's expertise, said Mr Bill Lawrence, president of the Chamber of Mines

He said in Johannesburg at the launching of the first South African-made box-hole borer that the mining industry gained its expertise in the toughest school in the world — South Africa's hard-rock, narrow-seam, deep level gold mines

'This country has come a long way since 1948 when the government first introduced import control

"It is now no longer a question of protecting a fledgling domestic industry struggling to hold its own against imported products, or of creating artificial barriers which can inhibit real growth by encouraging inefficient, high-cost industries

He said Smith Boart s R1 m SB 200 blind hole boring machine was a notable contribution to South Africa's efforts to achieve industrial self-sufficiency through import substitution

It was also an important development in the drive to mechandize the gold mines

The new machine is the product of a venture between Smith International of the United States and Boart International

The drip pipe head and cutters for the machine were made by Smith Boart at its Kempton Park works, and the machine and its hydraulics were manufactured by Klockner-Becorit of Klerksdorp, also a Boart company Local content is about 85 percent

The machine was previously imported from the United States where it was made by Calweld, a Smith International subsidiary

Mr Lawrence said "The mining industry has played a key part in the import replacement programme and has shown the way for other sectors

"And it is not purely an altruistic attitude It is motivated by self-interest as well For by encouraging local manufacturing companies to involve themselves in the complexities of mining in the most arduous and demanding environment to be found anywhere in the world, the mines have managed to solve many a problem

"In many instances, solutions have had to be found locally because there was no precedent elsewhere '

There was no doubt that technological improvements were still necessary in the gold mining sphere

"The traditional method of drilling and blasting is time-consuming and wasteful, while the necessity to enhance productivity to offset ever-rising costs has made it crucially necessary to speed up the mining process "

The first SB 200 machine has been bought by Johannesburg Consolidated Investments Western Area gold mine, and will start underground drilling on August 1

Mr Hilton Davies, chairman of Smith Boart, said his company did not regard the SB 200 as the ultimate in box-hole borers

Machines with new and improved features are already in our minds and the next generation is on the drawing board

'Design modifications should enable us to reduce the price in future without sacrificing strength or efficiency "

BASE METAL QUARTERLIES 215

Weakness coming?

FM 1/8/80

After record prices in the first quarter of the year tin dropped in the second quarter as speculative pressures eased and fears of imminent recession grew.

However a dramatic shake-out seems unlikely and a responsible sales policy on the part of the US GSA says Rooiberg chairman Robin Hope should lead to a further price drift during the current six months. Undue influence from the important but high-cost Bolivian producers has also been averted, and there is a reasonable degree of stability in the tin market at present, he adds. Even so yet another Bolivian revolution is influencing near-term prices.

Then there is the "problem" of a strong rand. Apart from lessening the impact of steadier LME tin prices on local producers Rooiberg and Union, it will also further clobber revenues at troubled antimony producer Cons Murch.

[illegible]

pean to have helped support demand and prices for both metals. But now the US and European economic recession could start biting.

Rooiberg Tin price stability has been accompanied by higher grades and taxed profits rose 19% from R2,6m to R3,1m in the quarter to end June.

At the 1979 year-end Hope indicated that grades were not expected to rise. However a temporary increase developed from curtailment of production at the low-grade opencast A mine so that 10 000 t of higher-grade ore stockpiled at C mine could be treated at the A plant. That resulted in an A mine head grade rise to 1,6% tin (1,32%). At end December the C mine stockpile was 40 000 t so there is room for a repeat performance this quarter.

Total ore crushed slipped from 126 600 t to 125 000 t but the increased yield led to a rise in total tin in concentrates recovered from 531 t to 606 t. The tin smelter produced 536 t of metal against 498 t in the previous quarter and sales of tin rose from 453 t to 585 t.

As a result, pre-tax profit was up 9% from R4m to R4,4m and the lower tax burden which arose out of almost doubled capex helped produce a higher level of taxed earnings. An unchanged interim dividend of 90c has been declared from first half earnings per share of 278c (222c).

Capex should continue at current levels through the second half of the year. Further down the road Rooiberg may get involved with GFSA's investigations into lode and alluvial tin deposits at Bella Vista in Brazil.

Union Tin Sales were hampered during the quarter. A 51 t sales shortfall of tin in concentrates was accounted for by difficulties in shipping 13 t gravity concentrates to Europe and by problems at a receiving refinery for about 38 t of flotation concentrates. The shortfall in sales will be made up in the current quarter.

As a result of the sales slippage, revenue declined from R1,2m to R671 000 and pre-tax profit dropped from R589 000 to R358 000. As capex fell from R262 000 to R133 000 the tax rate rose from 24,3% to 26,5% and taxed earnings were down from R446 000 to R263 000. An unchanged 9c interim has been declared from first-half earnings of 29c (25c).

Cons Murch So much for the recovery. After a slow start to the year — possibly because of tightening inventory controls by US customers labouring under soaring interest rates — and a pick-up in the second quarter, management now warns that a significant demand drop is expected for the current three months.

It remains to be seen whether this will persist but the chances are that with Europe now in recession and UK industry in a tailspin demand from major UK

ASBESTOS QUARTERLIES 210

Little improvement

FM 1/8/80

Of all the quoted mining sectors, asbestos is perhaps the most closely attuned to world economic trends Markets (particularly for blue asbestos which has been hit by ecological and health fears) are at best stodgy And they are unlikely to recover until this recession has been worked through

The effect of that is increased competition, particularly from major producer and price setter, Canada But the Canadians have the advantage of a weak currency, whereas gains to SA producers from year-end dollar-denominated price increases have been wiped out by the rand's strength

Gefco· Despite an apparent second quarter sales improvement it is difficult to generate any enthusiasm for the company's near-term prospects Production statistics are perhaps, a better reflection of management's expectations than quarter-by-quarter sales trends And the way things are going, management seems to think that the best policy is to cut-back production at its higher-cost operations and retain earnings

That hardly indicates any expectation of an early recovery in blue asbestos markets Meantime, off-take from Duiker (see below), which is blended with Gefco's own fibre, continues at minimum contractual levels

More cuts coming?

If anything, further production cuts could be on the way And though they will presumably be at the higher cost end of the production spectrum, they could contribute to further production cost advances on a per ton of fibre basis unless fibre recovery percentages rise

Apart from the problems blue asbestos has in overcoming health fears among end-users in an increasingly environmentally conscious world, any demand recovery must await a reversal of world recessionary trends On a shorter time scale, there is also the problem of the strengthening rand which has narrowed rand-denominated selling prices despite increases in dollar price quotes A rising rand, however, acts positively on rand selling costs

Msauli: Technical problems which hampered first quarter production have been overcome and the mine is closely matching output to sales But unlike sister mine Gefco, at least over the past quarter, Msauli's fibre shipments were in an uptrend

Higher mill throughput and an improved 10,2% (9,8%) fibre recovery allowed the mine to cut unit costs both on per ton milled and per ton of fibre produced bases But that must be seen in the light of the March quarter's production problems The limit of unit cost reduction may well have been reached

Management is apparently more confident on near-term prospects than Gefco Even though the mine is engaged in a relatively expensive shaft sinking programme, first-half available earnings have been almost fully distributed Following the 17,5c interim, a final of 20c could be on the cards

Duiker: As things are at the moment, investors are unlikely to pay any great attention to asbestos' contribution to Duiker's profit Sales are plodding along at a quarterly 2 502 t, the contractual minimum for deliveries to Gefco And prospects of a near-term increase are slim

More to the point, however, are the company's coal and gold development plans The Mhlangapisi anthracite project is being planned to produce an annual 600 000 t in 1983 at a capital cost of R19m And that will more than double the company's anthracite output Then there is Erfdeel/Dankbaarheid At this stage it is not altogether clear how Duiker plans to fund its participation, particularly as Mhlangapisi could make heavy calls on earnings over the next three years

The fact is, however, that Duiker has plenty of room for increasing borrowings At end-December, the consolidated balance sheet revealed long-term debt of only R1,77m compared with shareholders' funds of R47,7m And then there is always the prospect of a rights issue to raise additional permanent capital Ultimate parent Lonrho is raising £35m in London, part of which could be earmarked for this part of the world

Further down the road, there are possible gold/uranium developments on Lower Witwatersrand reefs to the north of Hartebeestfontein They will almost certainly be held back until Mhlangapisi and the OFS capex are out of the way Meantime, though, it may be wise not to expect any near-term dividend fireworks, The share is for investors with medium-range objectives

Jim Jones

FM 1/8/80

(240)

MINERALS POLICY

New committee

Minister of Mines Willem de Klerk's announcement at the end of June on the formation of a high-powered Minerals Policy Committee has been kept deliberately low key

The committee's main brief, it seems, is the optimal utilisation of SA minerals, which chalked up sales of R10 000m last year

Rationale for appointing the committee is ministerial recognition of the complexity of the mining industry and the desire for a "sensible future development of the mining industry"

De Klerk believes sales this year will increase to more than R13 000m, escalating to R26 000m by 1985

With both private and public sector members represented on it, the committee, chaired by De Klerk, will involve itself with the broad spectrum of mining actitivities and problems A look will be taken at co-ordination of minerals exploration, marketing, pricing policies and beneficiation

To allay industry fears of government intervention, De Klerk restated government's "absolute belief in free enterprise" The committee, he said, will be no threat to the private sector and/or free enterprise Nor would it interfere with the normal business relationship between producers and international buyers

Committee members are Genmin chairman Dr Wim de Villiers, Anglo American Gold and Uranium chairman and immediate past president of the Chamber of Mines Dennis Etheredge, Samancor MD Piet Streicher, Atomic Energy Board president Wynand de Villiers, director-general of Mining and Energy Affairs Sarel du Plessis, Minerals Bureau director Dr Dirk Neethling, and deputy director-general of Minerals and Energy Wessel van Wyk

The committee will operate confidentially This doesn't mean, however, that SA intends forming a pricing cartel on strategic minerals As "a responsible supplier to the world," SA rejects the use of strategic minerals as "a weapon to hold the world to ransom," one committee member says As he says "In a boycott situation, it's debatable who wins the battle Should countries overseas build up large stockpile of minerals we may be the first to collapse

Dr Theo Beukes Minerals Bureau chief mineral economist agrees Boycotts are a double edged sword he says On rough estimate 60% of most minerals can be recycled if need dictates And Beukes points out there is also the real threat that frustrated buyers may turn to substitutes or alternate sources of supply even if they should prove more costly

Samancor's Streicher endorses this view Boycotts have a habit of boomeranging It is far better to make yourself indispensable as a reliable supplier

He sees the committee's crucial function as consultation between the private sector and government on the development and marketing of minerals technological developments and problems of infrastructure such as railway services It gives us an opportunity to talk together on what's best for the country"

Etheredge cautions on one point Although the private sector is well represented on the committee I hope the committee's activities will not be an intrusion on the activities of private enterprise

WM 2/8/80 (210)

Plans to stockpile minerals

There has been much speculation about South Africa's position as a supplier of vital strategic minerals to the West and the extent of the West's dependence on South Africa. Our Financial Editor, Jon Beverley, makes some comparisons.

FRANCE is to spend R320-million and West Germany about R400 million in a plan to stockpile minerals, many of which can be, and are, supplied by South Africa.

The United States is also thinking about its mineral reserves, but a complicated scheme to augment — and sell materials from — the stockpiles of the General Services Administration has been wending its way slowly through the lobbies of vested interests on Capitol Hill.

Other countries probably have the same ideas but have not said so.

The French decision means spending over 1980 and 1981 and concerns copper, nickel, cobalt, titanium, palladium, lithium, manganese, lead, tungsten, and chrome and other minerals.

Purpose

The purpose is 'to face any possible supply shortages which might affect the French economy', Mr Pierre Hunt, a presidential spokesman, said after a recent Cabinet meeting. France imports about 85 percent of its raw material requirements.

The German plan is for the same reasons — to keep industry going if supplies are denied. The Government will make loans available for firms to stock up a year's supply.

The German shopping list includes manganese, chrome, cobalt, vanadium and asbestos. Discussions continued in March with the Government signalling that it would finance eight months' stocks which, with the four-month supply on hand, means a full year's supply.

Germany's concern began in May 1978 when its Economics Ministry published a report which pointed out possible problems in mineral supply and examined the future supply potential.

It was not a cheerful picture — given the disturbed state of the world, and southern Africa in particular.

'South Africa is not a certain source of supply', I was told on a visit to Bonn by a Foreign Ministry spokesman.

In spite of that outlook South Africa is bound to play a vital role in mineral supply.

Here is a table covering the minerals in which South Africa is among the world top ten in output:

Mineral	S A output	Rank	% world production
Platinum	secret	1	48
Gold	700 000 kg	1	58
Vanadium	11 243 tons	1	38
Chrome ore	3 318 824 tons	1	36
Andalusite etl	128 531 tons	1	33
Manganese	5 290 110 tons	2	22
Vermiculite	165 419 tons	*	*
Antimony	11 831 tons	3	18
Diamonds	7 6m carats	3	19
Asbestos	380 164 tons	3	8
Flourspar	350 679 tons	3	8
Uranium	3 368 tons	*	*
Coal	85m tons	9	3
Nickel	21 955 tons	8	3
Iron ore	26m tons	9	3
Titanium	secret	8	3
Copper	205 414 tons	10	3

(* Communist data is not known but vermiculite ranks second with 33 percent of Free World production and uranium third in the Free World with 13 percent of production.)

These are the current shopping lists:

Mineral	S A as world exporter	Suppliers to Europe
Vanadium (G)	60 percent	Finland 47%, S A 42%
Manganese (G)	30 percent	S A 52%, Gabon 24% Brazil 9%, Australia 8%
Chrome (F&G)	28 percent	S A 31% Eastern bloc 24% Turkey 13%
Asbestos (G)	11 percent	Canada 65%, Russia 14% S A 13%
Copper (F)	3 percent	Zaire 20%, Zambia 19% Chile 19%
Lead (F)	negligible	Australia 31% Canada 16%
Tungsten (F)	negligible	Eastern bloc 17% Portugal 14% Chile 10%
Cobalt (G)	negligible	Zambia 33% Zaire 24% S A 7%

(Data published in Optima and relating to 1974 to 1976.)

This covers only the minerals that France and Germany have announced. There are many others where South Africa is a significant exporter. Figures are not easily come by but can be deduced from our role as a world producer.

Remgro in R100m energy, metals drive

2/8/80

By DAVID CARTE
Deputy Financial Editor

AS PART of a huge diversification drive, Rembrandt Group, in partnership with an unnamed European group, has established a R100-million off-shore commodities-based investment company

This is revealed by the annual report released today

The new company has spent R100-million on geographically spread and diversified portfolio investments in metals, minerals and energy Of this, R48 300 000 was spent after the year to March 31

The report does not say so, but Rembrandt watchers said the new company was established with the proceeds of the sale of Rothmans Canada last year.

Remgro also invested R78 500 000 in South Africa last year

Its biggest SA investment was the R41-million it spent following its rights in the Federale Mynbou issue In March, Remgro acquired a 20% interest in Total SA for R16-million

It spent R6 300 000 following its rights in the Volkskas issue and its 20% interest in Legal & General Volkskas cost R5 800 000

In February, the group entered a joint chemical manufacturing venture with Henkel KGA of West Germany Its share of this 650-man, two-factory operation cost R9 400 000

Much of this domestic capital expenditure was financed by the net cash inflow of R79 500 000 arising from the reconstitution of the liquor industry

For the first time Remgro gives an asset and profit breakdown, which shows the extent of its diversification out of liquor and tobacco

At the yearend, 57% of capital employed was in tobacco and liquor, 12% in mining, 13,5% in liquid funds and 15,6% in other interests

The profit contribution from tobacco and liquor fell from 84,4% in 1979 to 72% This happened even though liquor and tobacco profits were 8% better at R84 500 000

Mining's contribution rose from 10,5% to 13% and liquid funds' from 5% to 10% This trend away from tobacco and liquor towards mining and energy is expected to be even more marked next year

In the year to March, in spite of the strength of sterling and the rand, Remgro pushed up pre-tax profit 28% to R97 623 000 A slightly lower tax rate, enabled taxed profit to rise 31% to R76 891 000

Thanks presumably to the £18-million — or 18% — drop in profits of Rothmans International, which is not mentioned in the annual report, income from associates fell 7% to R40 688 000

Income of subsidiaries sold during the year was R3 188 000 compared with a loss of R5 388 000 in 1979

The upshot was that attributable earnings rose 27% to R118 670 000 while earnings rose in line from 179c to 227,3c a share Earnings excluding associates were 57% better at 149,4c (95,1c)

The stronger rand and pound had the effect of reducing total reserves by R30 300 000, whereas in 1979 it increased reserves by R19-million Exchange rate changes knocked R4 800 000 off pre-tax profits In 1979 they benefited profits to the tune of R1 700 000

Capital employed, excluding current liabilities, at the yearend was R835-million, of which R750-million, or 90%, was shareholders' funds

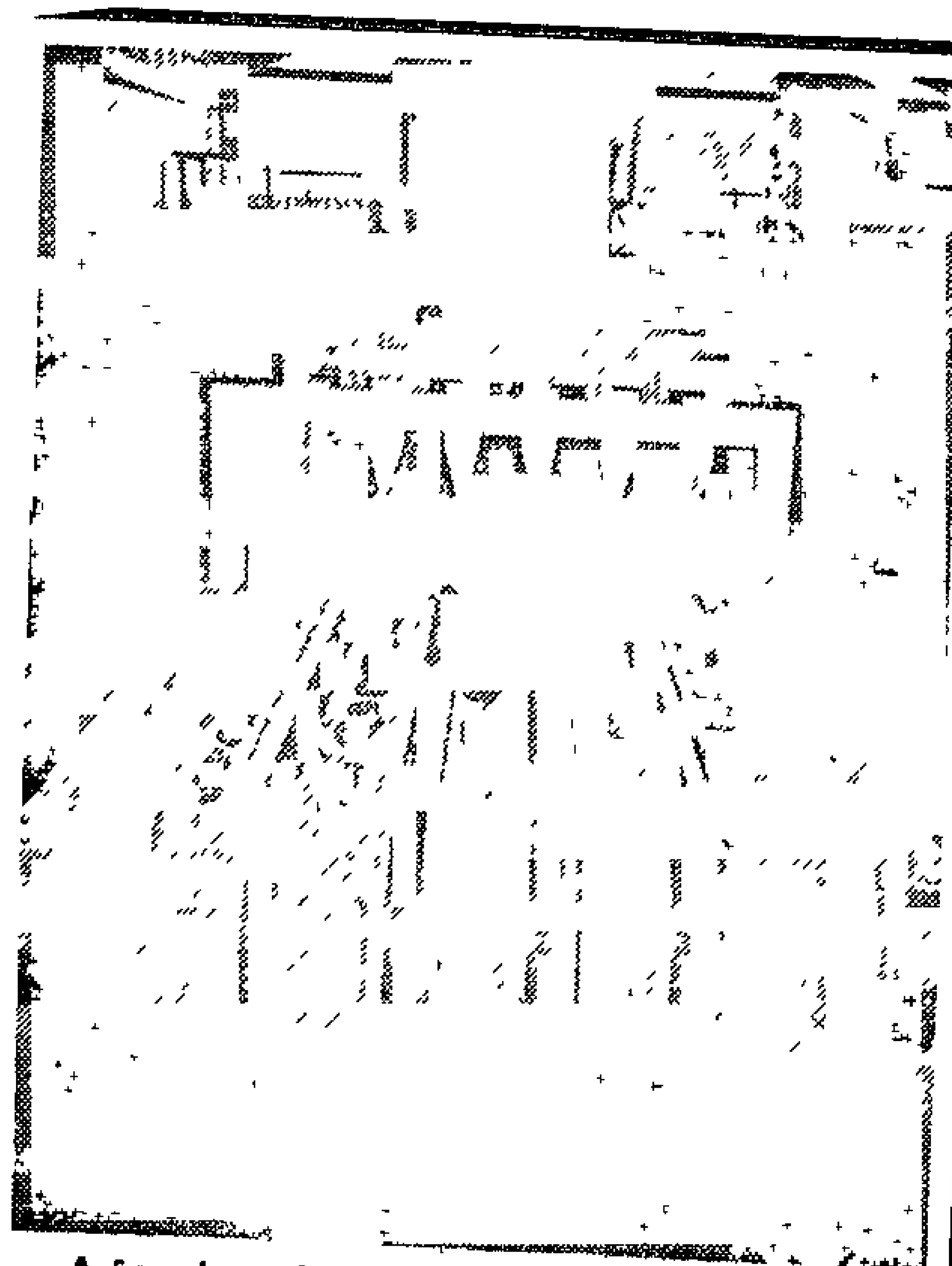
Rembrandt Controlling, Technical Investment Corporation and Technical and Industrial Investments all depend entirely on Remgro for their income and their performance and prospects mirror those of the operating company

COMMENT: Remgro is fast changing its nature, switching from the increasingly frowned-upon and regulated "dying habits" of smoking and drinking for the "now" sectors, commodities and energy.

The super-secretive group is even becoming slightly more forthcoming with information.

All these things are positive for the rating. So is the likelihood that sterling will weaken in the year ahead.

The bad news could be recession overseas and a stronger rand. Whatever happens the well-covered dividend is guaranteed to grow respectably over the medium term, so all the Rembrandt shares are reasonable value in a rather expensive market



A five-channel model 17 radiometric ore sorter.

Anglo mines get ore sorters

Star 16/6/88

210

Three Anglo American mines, Welkom Gold Mining, Free State Saaiplaas and Vaal Reefs Exploration Mining, have ordered Model 17 Radiometric Ore Sorters.

This brings the total number of radiometric sorters on Anglo American mines to four. In 1979, the first radiometric sorting plant of this type in the world was commissioned on Western Deep Levels.

The Model 17 Radiometric Sorter measures the gamma ray emission of uranium bearing ore which is correlated to particle size by an electronic processor to determine mineral grade.

Material separation is effected by activation of high pressure air jets which deflect ore bearing particles into a separate flight path for conveyance to the processing plant while rejecting waste material.

The machine is capable of throughout tonnages of up to 120 tons an hour.

Working costs of mines could rise

210 NM 5/6/80

London Bureau

THE latest Mining Journal's quarterly review of South African gold shares forecasts that working costs could rise by 25 percent this year.

This compares with the 12 percent annual increases in 1978 and 1979.

The review says that working costs rose considerably in the first half of this year.

White union membership rose by 16 percent from May, and officials' salaries increased from June.

In July, black workers received an extra 15 percent for underground work, while surface workers are being paid 28 percent more

Inflation

Considering an inflation rate of 14 percent, 'it is apparent that further increases in costs must be expected

'Apart from the direct effect of wage and price increases, most mines are committed to considerable expenditure to open or reopen previously unpayable stoping areas.

'Taking all factors into consideration, it will not be surprising if working costs for calendar 1980 are approximately 25 percent higher than in 1979.'

At the same time, the policy of working previously unpayable areas can be expected to reduce recovery grades

Heavy capital expenditure on shaft-sinking and general mining equipment has been announced by many mines, including Libanon, Doornfontein, President Brand and Randfontein.

'The hope must be that the gold price, on average, will maintain a sufficiently high level to offset to a major extent the effects of higher working costs, decline in grades and relatively high levels of capital expenditure.'

Consumption

'At the time of the earlier sharp price rise, consumption fell from 1 000 tons in 1972 to 518 tons in 1973 and 225 tons in 1974

When the new pattern of prices had stabilised in 1976, demand recovered to 935 tons and held at 1 000 tons again in 1977 and 1978.'

'This pattern is unlikely to be repeated exactly, but the fall to 737 tons in 1979 could well be followed by a further fall to, say, 350 tons in 1980 '

SA leads field in mining world

R10 Star 9/8/80

Own Correspondent

CANBERRA — South Africa has become a kind of magnet for those in other countries wishing to keep up to date with the latest mining technology

That is the assessment of Australia's foremost mining industry group, the powerful Australian Mining Industry Council

The Mining Industry Council's Journal the "Mining Review" chose a story on South Africa's mining industry to lead its latest journal under the heading "South Africa Space-age Eldorado"

The four-page article inside was specially written for the journal by South Africa's Ambassador to Australia, Mr John Oxley with the assistance of Mr Leon van Zyl, counsellor at the South African Embassy in Canberra and the South African Minerals Bureau in Johannesburg

KRUGERRAND

Previewing the article, the Review's editorial states "The Krugerrand featured in this month's cover is an example of the South African minerals industry's successful promotion of its most important commodity gold

"But South African industry is more broadly based than gold production, as this month's world scene article demonstrates

"The country's mining industry has led the world in developing techniques for deep mine shaft sinking, ventilation and coping with rock stress and as such has become a kind of mecca for those in other countries wishing to keep up to date with the latest technology"

OUTLOOK

The report states that South Africa and Australia, together with the USA and Canada are today the Western world's top mining and mineral-producing countries

"South Africa is preeminent in the mining of more than 50 varied mineral commodities

"No country of comparable size possesses such a range of essential minerals or is better endowed than South Africa"

After giving a history of mineral development in South Africa, the reports paints a bright picture for the 'Eighties

The South African Minerals Bureau expects that the momentum of 1978 and 1979 will carry through the industry in 1980 and 1981 with sales growing by at least 34 percent a year

"Of additional importance to the growth foreseen in the existing and continuously expanding SA minerals industry will be the further broadening of the base of the non-gold sector by increased exports of lead, silver and titanium products, and no doubt in time, of zinc and other base metals and materials too"

The report also predicts an increasingly geographical spread of markets from the current level of 90 countries

"The competitive advantage of abundant resources, coal-based energy and modern plant and equipment, should also lead to an increasing share of the world market, particularly of processed mineral commodities

DECLINE

Gold production is expected to gradually decline as the reserves of higher grades of ore diminish

The report said that a decline from the present level of 703 tons to 676 tons by the end of 1985 is forecast

Total mineral sales are expected to increase by nearly two and a half times from 9 768m rand to 25 500m rand by 1985

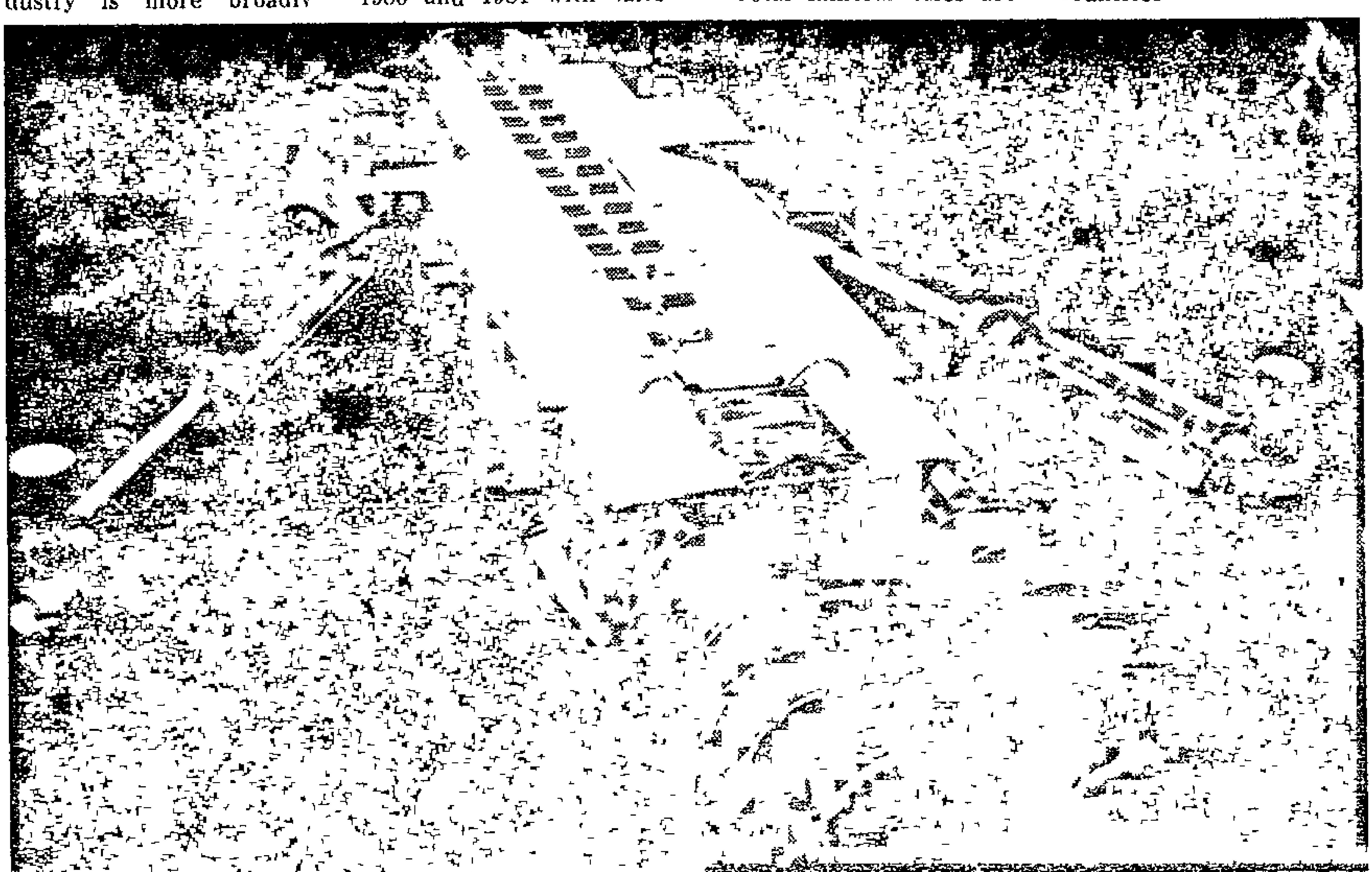
"In the hard world of the Eighties, access to and the availability of mineral supply will be determined, more so than before, by non-market or so-called geopolitical factors

"The forces of supply and demand will interact to ever-increasing degrees with the conflicting forces of resource diplomacy and the politics of raw materials and energy.

"The surge of economic nationalism in newly-established states and the demise of private enterprise, together with the resultant increasing "politisation" of trade, could lead to the formation of further trading blocs and cartels"

The report said that paramount in the field of industrial expansion has been South Africa's development of the oil-from-coal industry, Sasol

Interestingly, the report said that Australian authorities are showing "considerable interest" in the process developed commercially by Sasol which is selling its technology to a number of countries



The Fairchild Wilcox Mark 21 illustrates how far automation has advanced in the South African mines as machines rather than men tunnel into seams

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SA mining's reliability impresses US

(210)

RDM 11/8/80

By ADAM PAYNE

MR CHARLES Sweetwood, retiring minerals officer at the US Consulate in Johannesburg, has been impressed by two factors during his service in South Africa:

- The ability of minerals exporters to "deliver the goods" on time and according to contract
- The diversification and expansion of the mining industry

Mr Sweetwood will retire tomorrow and will be succeeded by Mr Peter Hansen, who was US Minerals Officer in Rio de Janeiro

Mr Sweetwood said "When I arrived in 1975 the economy was sound, but then it went into a general slump and now it is climbing to new heights

'The greatest single factor in this upswing is the contribution by the mining industry of between 17% and 19% to the gross domestic product each year

'In the time I have been here, the most outstanding development has been the drive to diversify mineral exports on a large scale

'Before I arrived the industry was heavily dependent on gold and diamonds It still depends on them, but there are now other exports achieving big totals in tonnage and revenue

'The industry has developed a far sounder economic base than it had previously It is one of the soundest based mining industries in the world because of its diversification "

He said the first big diversification was into coal When he arrived South Africa was exporting 2-million tons a year Last year it exported 20-million tons and the target was for 44-million tons in 1985

"Iron-ore exports have grown in a similar dramatic way Five years ago exports through Port Elizabeth were relatively insignificant

"Now Iscor and private enterprise are exporting more than 14-million tons of ore a year through Saldanha Bay which, like Richards Bay, has one of the most modern facilities in the world

'The ferroalloys industry, including particularly ferrochrome and ferromanganese, has increased powerfully through expansion by Samancor, the completion of the Gencor-Union Carbide charge chrome plant at Tubatse and the completion of Johnnies charge chrome plant at Lydenburg

"They are ultra-modern plants, as are Samancor's smelters, and have placed South Africa in a commanding position in world markets"

Mr Sweetwood said the most significant development was not in any particular commodity but in South Africa's ability to deliver on time and in accordance with contract conditions

"Buyers overseas know they can rely on South African exporters This means that they can plan many years ahead knowing that the commodity will be delivered according to contract

'My work has been to assist in the minerals trade between South Africa and the US and it is critically important that the buyer should not be worried about deliveries In dealings between this country and the US buyers know that specifications and schedules will be met "

Mr Sweetwood commented that the level of sophistication in South African mining was extremely high, even though the gold mines were still labour intensive

The mining companies were swinging with mechanisation and they were training people as fast as they could

Mr Sweetwood, a geologist and a registered professional mining engineer, was in the mining industry for 20 years in the US before he joined the US Government foreign service He served as minerals officer in India for nearly 10 years before coming to South Africa

He is retiring to his home in Boise, Idaho

A new set-up on mining scene

Mining Editor

MINING equipment supplier, Carman Industries has set up a new company, Carman Projects to handle turnkey projects

Headed by former Olympic Engineering director, Mr I L Rautenbach, the firm installs crushing, screening and conveyor systems to the mining, quarrying and allied industries

Carman Industries' managing director, Mr Hennie Nagel, says that apart from mining industry demand, he expects an increase in demand from the quarrying industry, as a direct result of increased activity in the construction sector

Billion will revive ERPM

STAR 15/8/80

(210)

By Colin Campbell, Deputy Financial Editor

The strength of the gold price has put new life into one of the oldest gold-mines on the Reef. This will mean new jobs for 6 000 people and will give birth to a R48-million building programme for hostels, married quarters and amenities for blacks at ERPM, Boksburg.

East Rand Proprietary Mines over the next five years will be spending R300-million on modernising, expansion, and underground development.

Expenditure up to the turn of the century, taking inflation into account, could be a shade short of R1 000-million

25 YEARS

A detailed feasibility study suggests there is sufficient ore to support operations for at least 25 years, provided the gold price averages 600 dollars an ounce in real terms "for the foreseeable future."

Even if it fell to 500 dollars, the programme would still be feasible

In 1969 you could have bought ERPM shares on the stock exchange at 145c each. Last night you would have had to pay R38

ERPM plans to acquire additional mining ground, sink about 15 shafts in the next 20 years, install refrigeration plants and deepen existing shafts to reach eventually more than 4 000 m into the earth

In eight years ERPM hopes to produce 20 tons of gold a year At present it produces just under 12.

The mine is to raise part of its capital requirements via a rights issue of new shares which should generate R47,5-million.

INITIAL PHASE

Though ERPM believes that at a real gold price of 600 dollars an ounce over the next five years it could fund the initial phase of its development programme and still maintain a dividend of at least 360c a share, it has decided to raise cash from shareholders just in case there is a temporary fall in the gold price below 600 dollars.

It will raise a further R15,8-million between 1983 and 1985 by way of options

ERPM plans to acquire additional mining ground, sink about 15 shafts in the next 20 years, instal refrigeration plants, deepen existing shafts to reach eventually more than 4 000 m into the earth, and build new hostels and other surface facilities

A number of other mines are known to be conducting similar studies

● Page 16: Supermine ERPM in R300-m drive.

SECTION B.

Supermine ERPM in R300m drive

S/MAIL 15/8/80 (210)

The strong gold price — and mining belief that gold will "hold" — has enabled ERPM to go ahead with a multimillion rejuvenation which will make it the fourth biggest gold mine in the country

By Colin Campbell, Deputy Financial Editor

It is to spend R300m over the next five years — and many more millions up to the end of the century — which will effectively turn ERPM into a giant new supermine

If ERPM can do it there must be a host of other gold mines which are equally poised to go ahead with major expansion plans

Other mines in the Rand Mines group are known to be conducting feasibility studies — Rand Mines Properties for one has three gold mines which used to be quoted in their own right — and the confidence which ERPM has now displayed is bound to spill over to other mining boards

Breaking the projected expansion down into five-year periods, ERPM's managing director Mr Tony Honnet said that taking inflation into account ERPM would be spending R312m in 1981-85 R309m between 1986-90 R177m in the period 1991-95 and R194m from 1996 to the turn of the century The globular figure is thus around R993m In today's rands, the total comes to R429m

The massive capital programme means that ERPM should not be paying tax for three years starting January 1981

The life of the mine will be extended by at least 25 years, and possibly up to 50 years, provided the gold price received averages 600 dollars an ounce in real terms for the foreseeable future

Even if the gold price dipped temporarily ERPM could weather this As a precaution should the gold price fall, ERPM has decided to launch a rights issue to raise R47 5m on a 40 for 100 basis at R30 a share and there will be options to subscribe for a further one share for every four new shares issued in the rights issue at R40 which will raise R15 8m The detachable options will be for subscription in January 1983, 1984 or 1985

Mining will account for nearly R236m, or nearly three quarters percent of the initial capital programme followed by R48m which will be spent on hostels, married quarters and amenities for blacks

Once the initial five-year programme is completed, ERPM should be able to fund itself for the balance of its programme from net cash flow Net cash flow after tax and appropriations, and measured in escalated terms, is estimated at R2 775m in the 20 years to 2000AD working on a 600 dollar gold price

Even working on a 500 dollar gold price the projected net cash flow is still very respectable at R1 653m in the 20 years to the end of the century

ERPM says based on a real gold price of 600 dollars over the next five years the mine can carry the R300m programme itself and still maintain a dividend of [illegible] 360c a share during the [illegible] period ERPM [illegible] a share of the future

Y CANDIDATE MUST enter in n (1) the number of each question ered (in the order in which it has answered), leave columns (2) and nk

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NOTE CAREFULLY

1 Enter at the top o of the block on t question you are a

2 Blue or black in answers The use ... pen is acceptable Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used

3 Names must be printed on each separate sheet (e g graph paper) where sheets additional to examination book(s) are used

4 Do not write in the left hand margin

s, pieces of paper or other mate- ought into the examination room tes are so instructed

e not to communicate with other candidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Star 2/1/8[illegible]

210

Anglo to re-open Simmer

An Anglo American Corporation associate company would soon undertake the re-opening of the Simmer and Jack Mine, about nine km from Johannesburg, the two companies announced today.

In terms of an agreement entered into with Simmer and Jack Mines, the corporation's prospecting company, Anglo American Prospecting Services, has completed a detailed feasibility study and the corporation has exercised its option to begin a new mining and metallurgical operation at Simmer and Jack.

A tributing agreement will be entered into shortly between Simmer and Jack and the Anglo American Corporation associate company which is to undertake this work.

Mining work will commence shortly and will concentrate on the shallow Kimberley Reef utilising the South Deep Shaft for access.

Further details, particularly those relating to the terms of the tributing agreement would be announced later.

These arrangements are subject to the agreement of the Minister of Mineral and Energy Affairs to whom application will be made shortly. — Sapa

Mineral exports over R6 000m for half-year

Star 28/8/80

Latest statistics for the production and sales of metals and minerals for the year to June are available and sales have passed the R6 000m mark for exports in the first half of the year.

The June export picture was not overtly impressive at R914,9m but was far better than May's R772,2m. Gold sales realised R731,7m of this June total as against May's R557,6m despite a fall in production to 55 767 kg from 57 300 kg in May.

CONFIRM

Perhaps the most interesting figures are those for diamond sales which confirm market talk that De Beers' CSO sights since the first three months of the year have not been very impressive

The high point in diamond sales was in January when R85,2m was sold before R53,7m in February when a price rise of 12 percent was introduced In March sales were R58,3m and in April rose to R65,4m.

The fall came in May when sales slumped to R12,7m and in June not much recovery was achieved with sales of R15,5m

Asbestos sales improved substantially in June, following the 10 percent price rise in Msauli's chrysotile fibres and sales of R2,1m was achieved for June against May's R1,6m, despite a drop in production to 8 099 tons from 10 119 in May.

Trans Hex to decide on takeovers

S Times (Bus) 31/8/80 (210) 2801

By PENELOPE MORGAN

THE board of Trans Hex Beleggings meets on Tuesday to decide whether to accept takeover offers for its two holding companies, Seeland Mynbou and Naskor Mynbou

The bidders are Octo Diamonds and Corporate Credit Services The amount involved is about R10-million and moving up all the time

Theron Holdings, which operates the three undersea mining concessions held by Trans Hex, has dropped out of the bidding

Trans Hex holds four of the 12 undersea concessions in the area — off the Namaqualand coast — three of which are contracted to Dawn Diamond Company, in which Theron holds a controlling interest

All four of the concessions come up for renewal by the Department of Mineral Affairs in January 1981

Although Theron's position regarding Trans Hex is secure, some mining sources believe that the terms of the prospecting leases could be altered

Hugo Richter, Theron's chairman, tells Business Times that the only manner in which such terms can be altered is for the prospecting leases to be converted into mining leases

"I cannot see this happening," he adds, "but if the leases are converted, the result will be beneficial to Theron "

Francois Hoffman, managing director of Trans Hex, says "I have no doubt at all that since we have discharged all our prospecting lease obligations, they will be renewed in the same way they have been since 1971 when we acquired them "

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MINING - General

1-9-80 - 31-12-80

PLATINUM 210

Going higher

FM 5/9/80

Last Thursday's rapid-fire $55 platinum producer price hike to $475/oz by Impala and Rustenburg took many observers, including me, by surprise How, it was asked, could a producer price hike be justified when, less than two weeks earlier, out-going Impala chairman Ian Greig had been expressing less than bullish views on the platinum market?

Though both major producers have given several reasons for the latest increase, they have been greeted with some scepticism both here and overseas And at least on near-term considerations it is not difficult to sympathise with the sceptics

Basically both producers have hiked their quotes to compensate for cost increases and the strengthening rand/dollar exchange rate since last December's $40 increase to $420 Which is all well and good, but as some analysts see it, that is no guarantee that buyers at the producer price will stomach an increase

As it is, industrial and jewellery demand has not been altogether exciting for the past eight months or so, while both Rustenburg and Impala have been unable to prevent customers buying at the producer price and taking an immediate turn by selling at higher levels on the free market

Impala, particularly, believes that a producer price hike will not stoke up the free market, a development which could knock any incipient recovery in the important Japanese jewellery sector on the head As Impala sees it, the Japanese are at last realising that the days of cheap platinum are over and that the metal is as competitive as gold

Downturn ending?

Meantime, Rustenburg quotes recent Japanese import figures showing an increase in platinum purchases as a sign that this year's downturn is ending Normally Japan accounts for about one third of volume platinum sales The fact is that a large part of the Japanese jewellery market's collapse was a result of soaring free market platinum prices — at the retail level jewellery is sold at free market-related prices So if Rustenburg and Impala had feared that a producer price hike would fan any flames under the free market and thereby hammer volume demand, they would have been circumspect in their pricing

Then there is the US auto industry which uses platinum in exhaust emission control catalysts Both producers feel that the auto industry recession has seen its worst With the new model year due to start in October, auto sales are expected to pick up smartly Not that that would have been affected by a platinum producer price increase As I understand it, sales to Detroit are not based on the current producer price but on a previously-determined base price which is adjusted for production cost increases and exchange rate shifts

But particularly as New York metal dealers see it, counting on a solid near-term auto industry recovery may be too optimistic Certainly there are signs that the US is moving out of its recessionary trough, but there are fears that once the presidential elections are over, any economic pump priming will fast disappear

For the moment however, I do not believe there need be too many fears that Rustenburg and Impala will be unable to hold their higher platinum price The speculative market which determines free market prices may be narrow in volume terms, but for the moment it is fairly closely mirroring gold And it should, therefore, continue as a measure of the world's insecurity level particularly if any US recovery is accompanied by a surge in inflation rates

More to the point though is what happens if the world calms down and the present economic recovery proves to be temporary If so and if that cuts free-market platinum self-feeding producer price cuts could be forced on Rustenburg and Impala

Free market platinum has yet to perform as it did after last December's producer price hike But if it does, that could be solid evidence that there is no threat to the producers' latest quote And that would put platinum shares in a completely new ball game

OCEANS (210)

Access to riches

FM 5/9/80

After more than six years of arduous negotiation, the world is now near to agreement on a new treaty governing the use of the oceans and access to their riches, which the United Nations has already declared "the common heritage of mankind"

At the end of the ninth session of the Law of the Sea (LOS) Conference in Geneva last week, delegates generally agreed they will now finalise the treaty at their next and last meeting in New York next spring Calling it "a happy day," chief US negotiator, Elliot L Richardson, said future historians would look back on this meeting as "the most significant single development of the rule of law since the founding of the United Nations"

"It is now all but certain that the text of a convention on the law of the sea will be open for signature in 1981," Richardson said

The principal breakthrough made at the latest conference session was agreement on splitting the proceeds from mining the rich mineral deposits, which lie on the ocean floor in the form of metallic nodules, between private mining companies, which alone have the technology to retrieve them, and the developing world

A new UN body, called the International Seabed Authority, will be set up to license all deep-sea mining more than 320kms from the coastline and receive a share of the profits in the form of a new international tax that will be used by the UN for development aid But, in addition, the authority will mine some deep sea mines on its own account, for the UN s profit

Mining companies applying for a licence must offer the seabed authority a prospected mining site adjacent to their own and be prepared to sell it in certain circumstances

To get the seabed authority into the mining business, industrial countries have agreed to lend it $1 billion But they have also secured veto powers over all its major decisions to protect the rights of their mining companies

Yet the sluggish world economy and soft metal prices have rubbed a lot of the glitter off the prospect of deap sea mining since the Law of the Sea conference began

In theory, the seabed authority will only be allowed to authorise enough ocean mines to meet 60% of the incremental work demand for manganese and nickle, the two principal minerals found on the ocean floor, allowing land-based mines to meet the other 40%

Falling returns

But a recent US Interior Department study warned that deep sea mining companies must brace themselves for a return of only 8% on investment, instead of the 20% to 30% return they say they need to compensate for the risks

Private interest in seabed mining is on the wane And the LOS now recognises that if it ever gets going on a big scale, land-based cobalt producers, notably Zaire and Zambia, will be hard hit by the large quantities likely to be found mixed up with the managese and nickle, and may need special aid

But while the new rules for deepsea mining are the centre piece of the emerging LOS treaty, they are not its only provision The treaty also codifies a vast body of maritime law, protecting the right of maritime passage through territorial waters and for the first time requiring signatories to prevent pollution of the oceans by member countries' ships and from their shores

Yet the LOS conference is also the story of how the biggest fish got away The new treaty will formally endorse every country's right to own the fish, oil, natural gas and other riches under the sea to a distance of 448km from its coast

Some idealists once hoped all these riches would be declared the "common heritage of mankind" and used to assist the poorer nations But with some $30 trillion worth of oil and gas and most of the world's edible fish lying in these waters, nationalism has triumphed

Govt Areas—no shortcut to profits

210

STAR 6/9/80

Geoff Shuttleworth

Mining

Government Areas certainly has potential in the next few years, but for the immediate future shortages of capital are likely to hamper profitability

A visit to the mine confirmed that the two reduction plants, incorporating the carbon-in-pulp process are operating efficiently but mill throughput is not constant and results in some underutilisation

Dump material is being used to plug the gaps and at present only 5 000 tons of underground ore a month are being milled In the last quarter this was discernible as the average grade was 1,21 grams per ton against an ore grade on the Black Reef of 3,99 grams

A new winder is being assembled at the number 7 incline shaft and this should result in an improvement fairly soon so that projections of 20 000 tons a month by mid 1981 do not seem unreasonable By that stage dump material treated, at the current grade of between 0,6 and one gram a ton, at a rate of 16 000 tons a month will bring projected mill throughput to 36 000 tons a month

PROJECTIONS

Working costs, based on last quarter's results are high The number 7 shaft is extremely shallow where the Black Reef is being hoisted there is virtually no development work needed so that working costs of over R30 a ton seem very high

One must assume that the low mill throughput is largely responsible for the high working costs and these should be reduced substantially as the mill rate of underground material picks up

Looking at projections for a financial year to the end of September 1981, the picture is not all that promising Working on constants of a 200 000-ton mill rate for the year, working costs of R20 a ton and a yield of 2,5 grams a ton, an analysis shows that attributable profit of R625 000 could be achieved at a gold price of 700 dollars an ounce

At a gold price of 650 dollars attributable profits would fall to R17 000 and a loss of nearly R600 000 can be expected at a price of 600 dollars If the average price for the year falls to 550 dollars the loss would be around R1,2m However discouraging these prospects appear, it should be added that the accumulated debit of R2 2m has been taken into account in the projections

CAPEX

Work on the mine, that is both Modder 74 and Government Areas which are shortly to be merged into Consolidated Modderfontein Mines, is aimed at keeping the costs low, using high grade dump material which in the case of vlei material has a high grade of 1,46 grams a ton and at providing as much working profit as possible to fund the capex which for 1980 is estimated at R1,7m

Capex projections through to the end of 1982 are at least R6m and obviously the rights issue set for the end of October will be crucial in determining positive cash flow

While there have been numerous rumours of Government Areas going for a London Stock Exchange listing and even New York as well the move is far from likely. Cash is needed right now and such listings would take a considerable length of time It appears that Mr Lucas Pouroulis and Dr Charles Ferreira are going to keep control to themselves and develop the mine from its and their own resources

Looking at the mine's medium-term potential, it seems that if the cash hurdle can be overcome in the first two years, then the mining operation could become fairly profitable A key consideration is the mining tax lease formula, which is under consideration by the Government Mining Engineer At present it is an offset formula based on Y equals 60 minus 360 over X, which means that tax rises fairly sharply as profitability increases

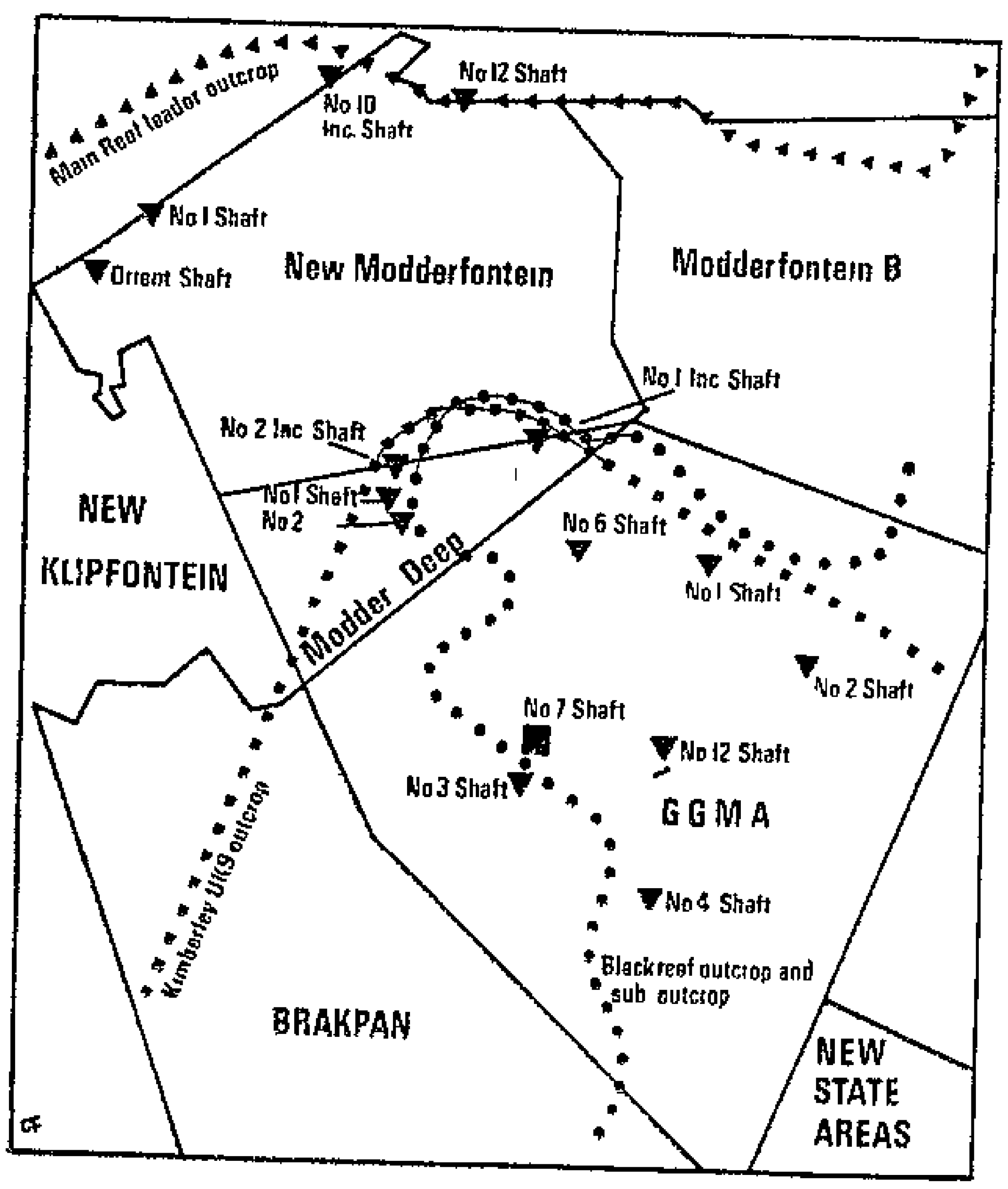
Ore reserves are officially given in the 1979 annual report as 5,7m tons of Black Reef at 3,99 grams a ton and 16,5m tons of Kimberley Reef at 5,83 grams

Unofficially ore reserves are probably much greater, nearer 25-million to 35 million tons of ore at around 5 grams a ton This does not include the Black Reef

OPENING

In the mine's favour is the number of shafts which extend mostly to the Main Reef which is extensively mined out This is the lowest reef dipping to 700 m at Number 4 shaft and while containing pillars of high grade ore will not be touched for the foreseeable future Inspection of shafts and haulages are being undertaken with a view to opening up a further shaft and it seems likely that Number 12 will be chosen

The incorporation of the Modder 74 area means that Kimberley reefs which were barely touched on Modder Deep, and which are fairly rich in mineralisation because of the proximity to the Witwatersrand Basin are accessible through the No 7 shaft There are at least 10 reefs in addition to the Main Reef Kimberley Reef and Black Reef The latter two outcrop on Modder Deep and dip south at about 5 degrees



GENCOR 210 FM 12/9/80

Lifting off

The days when General Mining suffered a poorer market rating than the other mining houses are over, and it is not difficult to see why With completion of the Union Corp takeover and repayment of loans needed for the initial acquisition of control, the fully merged company Gencor is on solid financing and earnings bases and prepared for strong growth for at least the next 10 years

Though chairman Wim de Villiers emphasises the importance of expansion and development of the group's existing operations, by the end of the Eighties major contributions will be derived from projects which are now either at the grass-roots stage or still on the drawing boards And judging from the interim accounts, there should be few if any funding constraints even though the next couple of years are expected to see major capital spending advances At end-June the group disclosed consolidated long-term debt of only R192,9m, a debt equity ratio of 8,2% and net current assets (including R646,3m cash) of R271,9m

The fact is that with shareholders' funds of R1 025m calculated on the book value of investments alone, there is scope for raising additional debt of at least R500m if necessary to help finance new projects And there is no shortage of those

The Beisa uranium/gold operation in the OFS is now scheduled to come into production next year — a year ahead of original schedule By that stage, spending at the nearby Beatrix gold mine should be starting to build up, with a production start date target of 1985 And it is probably reasonable to assume that capital spending will by then have started at the 50%-owned northern Transvaal coal project

For the moment there is no inclination or need to let the public in on Beisa For a start, keeping the wraps on Beisa is probably necessary for strategic reasons if other OFS mines are being planned which need mineral rights inputs from other houses exploring in the area More to the point, perhaps, the time does not seem to be right for floating off shares in what is essentially a uranium producer Better to wait until uranium prices are on the mend before selling part of the equity

Though management does not stick its neck out on likely uranium price trends, it is confident that the current delays in reactor starts will be short-lived As De Villiers sees it, the world has to become increasingly nuclear if it is to satisfy its energy requirements for the rest of this century And that implies higher uranium

Gencor's de Villiers . . . ready for the next round

prices within the next year or so

Current uranium prices are, however, having an impact on thinking on the Langer Heinrich uranium prospect in SWA/Namibia That and an inclination to wait as long as possible to see how the territory's politics develop As it is, most of the technical feasibility work has been completed for Langer Heinrich

Then there is the northern Transvaal coal Proving the technical and financial viability of basing an integrated liquid fuels and chemical feedstock facility on the coalfield will probably take another 18 months-odd By the time capital is needed for the project, development of the group's gearbox and axle plant should be complete, so the group need not be faced with a bunching of capital spending

To get back to Gencor's latest interim results, however On a comparable basis, with Union Corp as a wholly-owned subsidiary, first-half earnings per share rose to 161c (1979 first half 99c) against 213c for the whole of 1979 Gold and uranium contributed R55m or 41,5% of the first half's R132,6m attributable profit Coal, which should be a major growth area over the next few years, weighed in with R7,3m (5,5%) On a duller note, the group's metals and minerals operations have been hampered by slack export demand, tight prices and the rand's advance against the dollar Metals and minerals contributed R5,8m (4,4%), and will probably remain sluggish for the next 12 months

Following the 50c (25c) interim paid from first-half earnings per share of 161c (107c), management forecasts a total payout of 145c covered 2,2 times

At 2 600c the share yields a prospective 5,6% and is a sound medium-term buy

Jim Jones

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GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No R 1885 12 September 1980

WYSIGING VAN REGULASIES

WET OP MYNE EN BEDRYWE, 1956 (WET 27 VAN 1956)

Die Staatspresident het kragtens artikel 12 van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), die regulasies in die Bylae uitgevaardig

BYLAE

1. In hierdie regulasies beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing R 992 van 26 Junie 1970, soos gewysig by Goewermentskennisgewings R 303, R 304 en R 305 van 1 Maart 1972, R 1346 van 4 Augustus 1972, R 2101, R 2102 en R 2103 van 15 November 1974, R 513 van 1 April 1977, R 1189 van 8 Junie 1979 en R 537 van 21 Maart 1980

2 Die Regulasies word hierby gewysig deur in Hoofstuk 1—

(a) paragraaf (21) deur die volgende paragraaf te vervang

"(21) 'materiaal' alles wat deur middel van enige hysinstallasie, hyser of selfgedrewe mobiele masjien vervoer kan word, uitgesonderd persone en delfstowwe, (16)", en

(b) die volgende paragraaf na paragraaf (26) in te voeg

"(26A) 'selfgedrewe mobiele masjien' 'n masjien of voertuig wat ontwerp of aangepas is om hoofsaaklik op wiele of rusperbande te beweeg en aangedryf word deur 'n motor of enjin en wat gebruik word vir die vervoer van persone of vir die vervoer of hysing van materiaal of vir die vervoer, sny, breek, boor, winning, laai of verwydering van 'n delfstof of deklaag in of by 'n myn of bedryf, en wat gebruik word of bedoel is om gebruik te word vir werksaamhede by of rakende 'n myn of bedryf en sluit dit ook 'n sleepwa in wat saam met so 'n selfgedrewe mobiele masjien gebruik word, (27A)",

GOVERNMENT NOTICE

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

Gg 7219

No R 1885 210 12 September 1980

AMENDMENT OF REGULATIONS

MINES AND WORKS ACT, 1956 (ACT 27 OF 1956)

The State President has, in terms of section 12 of the Mines and Works Act, 1956 (Act 27 of 1956), made the regulations in the Schedule

SCHEDULE

1 In these regulations "the Regulations" means the regulations published under Government Notice R 992 of 26 June 1970, as amended by Government Notices R 303, R 304 and R 305 of 1 March 1972, R 1346 of 4 August 1972, R 2101, R 2102 and R 2103 of 15 November 1974, R 513 of 1 April 1977, R 1189 of 8 June 1979 and R 537 of 21 March 1980

2 The Regulations in Chapter 1 are hereby amended by—

(a) substituting the following paragraph for paragraph (16)

"(16) 'material' means and includes whatever may be conveyed by means of a winding plant, elevator or self-propelled mobile machine, except persons and minerals, (21)", and

(b) adding the following paragraph after paragraph (27)

"(27A) 'self-propelled mobile machine' means a machine or vehicle designed or adapted principally to travel on wheels or crawler tracks driven by a motor or engine which is used for conveying persons or for conveying or lifting material or for conveying, cutting, breaking, drilling, winning, loading or removing mineral or overburden in or at a mine or works and used or intended to be used in connection with operations at and pertaining to a mine or works and shall include any trailer used with such self-propelled mobile machine, (26A)",

For full text see Gg.

A.2

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 1868 SJ7214 (210)

12 September 1980

DECLARATION OF ADDITIONAL WORK AS RISK WORK

It is hereby notified that it is the above-mentioned Department's intention to recommend to the Honourable the Minister of Mineral and Energy Affairs that he declare the following additional work at controlled platinum mines to be risk work under section 13 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973)

All work performed at the smelters excluding work of a temporary nature performed by contractors or their employees which shall be completed within a period not exceeding 12 months

In terms of section 13 (2) of the said Act, the Minister is required to consider such representations (if any) as may have been made to him by the owner of the mine concerned before he declares work at such mine to be risk work Owners who have any objections to the Department's intention are invited to lodge such objections, in writing, with the Director-General Mineral and Energy Affairs, Private Bag X59, Pretoria, 0001, within thirty (30) days of the date of publication hereof

VAN MINERAAL- EN ENERGIESAKE

No 1868

12 September 1980

VERKLARING VAN BYKOMENDE WERK TOT RISIKOWERK

Hierby word bekendgemaak dat dit bogemelde Departement se voorneme is om by Sy Edele die Minister van Mineraal- en Energiesake aan te beveel dat hy die volgende bykomende werk by beheerde platinamyne kragtens artikel 13 van die Wet op Bedryfsiektes in Myne en Bedrywe, 1973 (Wet 78 van 1973), tot risikowerk verklaar

Alle werk wat verrig word by die smelters, uitgesonderd werk van 'n tydelike aard wat deur kontrakteurs of hul werknemers verrig word en binne 'n tydperk van hoogstens 12 maande afgehandel moet wees

Ingevolge artikel 13 (2) van genoemde Wet moet die Minister die vertoë (as daar is) oorweeg wat tot hom gerig is deur die eienaar van die betrokke myn voordat hy werk by sodanige myn tot risikowerk verklaar Eienaars wat besware teen die Departement se voorneme het, word versoek om sodanige besware binne dertig (30) dae vanaf die datum van publikasie hiervan skriftelik by die Direkteur-generaal Mineraal- en Energiesake, Privaatsak X59, Pretoria, 0001, in te dien

The Advisory Committee on asbestos which was set up in 1976 to examine health risks by the UK government has recommended in its most recent report that the legal limit be reduced to 1f/cc for chrysotile, 0,5 for amosite and 0,2 for crocidolite and that the import of blue asbestos be formally banned.[80a] The committee says that there is no safe level for asbestos and that substitutes should be used wherever possible. The new levels should not be called hygiene standards but control limits as they are not safe. It expresses concern over the presence of asbestos in food and drink and calls for investigation into the link between gastrointestinal cancers and asbestos. In addition to further medical checks, information campaigns directed to those exposed and controls on protective clothing and breathing equipment are recommended.

There has been some dissatisfaction with the efficiency of the factory inspectorate, and the General Maintenance Workers Union have called for a workers' inspectorate. The new Health and Safety at Work Act provides statutory rights for employee organisations to be involved in discussion of measures taken in the factories. The government agencies, have statutory obligations to inform employee organisations of their findings, if called in by them to investigate working conditions and dust levels at factories.[81]

2. **Sweden.**

Sweden banned blue asbestos in 1976 and instituted a ban on working with a/c products at the same time The ban was lifted for certain a/c pipes under pressure from industry later in 1976. The ban on other a/c products led to the closure in mid-1977 of the biggest Swedish a/c factory which was owned by Eternit.[82]

In May 1979 a total ban on all asbestos containing products was instituted along with stringent regulations for handling residual asbestos.

3. **Norway.**

Norway is expected to follow the Swedish example at some time in 1980.

ElectraMynbou
ElectraMining
1980

Edited by Geoff Shuttleworth
Designed by Brian Hall

15/9/80

Robot with a gift for welding

STAR

By Jean Moon

Shades of George Orwell's 1984 are appearing in South Africa The country's first robot will be demonstrating its superiority in the field of welding at the Electra Mining exhibition For its first trick it handed Minister of Mineral and Energy Affairs, Mr F W de Klerk, a pen at the opening

The Easb welding system was developed in cooperation with Asea and already 150 robots are operating in 18 countries Would be buyers are now faced with a five month wait for deliveries

LABOUR

Product marketing manager Christer Hentz expects that the take-off in South Africa will be good in the light of a drastic shortage of skilled labour here It is thought that only five people in this country hold welding degrees

The machine reduces the time involved in a welding operation to one third, and operates in four dimensions Objects to be welded are placed on a manipulator (turntable) and the machine is programmed to make many welds in an area the size of a chair Manipulators can carry weights of 150 kg or 500 kg For larger areas, the robot can be placed on rails to move along the entire area where welding operations are required

The basic machine costs about R180 000, but the optional extras can considerably increase the price The programming of the computer tapes which drives it can be done by experienced welders after about one week's training Instruction tapes can be married together so that the machine moves from one welding operation to another in the required succession

Demand ensures Electra Mining show success

210 15/9/18

The fourth Electra Mining exhibition which opens today promises to be a phenomenal success The organisers have had to hire out a fourth hall to cope with the surge of exhibitor [illegible]es and organisers believe that the gate of 24 000 people who visited the exhibition in 1978 will easily be exceeded.

The biennial exhibition opens on Monday and continues until Friday By that time chief organiser Mr Stan Young estimates that 30 000 people will have passed through This will significantly exceed the number of people who visited the prestigious American Mining Convention held in Las Vegas

AREA

The actual area now exceeds 30 000 sq metres, covered and open stands, compared with the 20 000 sq metres originally planned Even after the hiring of the fourth hall, late inquiries had to be turned away

About R120m of equipment will be on display ranging from the massive 47-ton dragline bucket to the more sophisticated electronic equipment

More than 300 000 complimentary tickets have been issued to members of the industry, each exhibitor being issued a minimum of 500 tickets

Mr Young said the heavy booking for Electra Mining 80 was all the more significant because the exhibition last year gave birth to Componex, a subsidiary exhibition of electrical and electronic components These were formerly part of Electra Mining, but had expanded so much that a separate exhibition was warranted

LARGER

Mr Young ascribed the growth in Electra Mining to the size and growth of the mining industry in southern Africa and the increasing role of minerals in the local economy

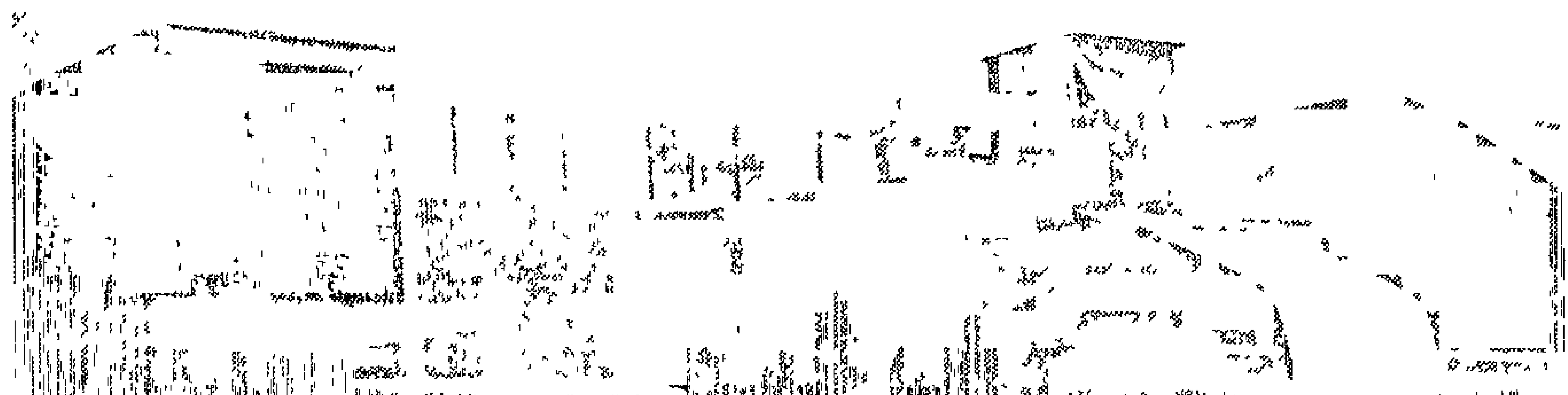
"The fact that previous exhibitions generated a tremendous volume of trade inquiries in the field of mining, electrical and general industrial equipment has also boosted its growth"

The exhibition is about 25 percent larger than the exhibition held in 1978 but Mr Young says that the question of putting on Electra Mining every year is not feasible

"The amount of forward planning and the cost of moving equipment and diverting qualified staff to man the stands is just too great to warrant an annual exhibition

"Even though the exhibition is still held on a biennial basis, there are one or two manufacturers who still work on a four-year cycle — the most important of which is Boart International," he said

In terms of [illegible] light of the [illegible] cast mining [illegible] [illegible]ons dragline bucket manufactured by Dorbyl, is a highlight [illegible] bucket is part of a 18 storey high dragline used in open [illegible] of 110 tons at a time



Army of overseas visitors expected

The number of overseas exhibitors and visitors will rise very sharply when the exhibition gets under way today.

This year there will be exhibitions by German, British, French, Japanese and American companies which comprehensively cover the mining industry's needs In addition to the number of exhibitors, a large influx of foreign visitors is expected

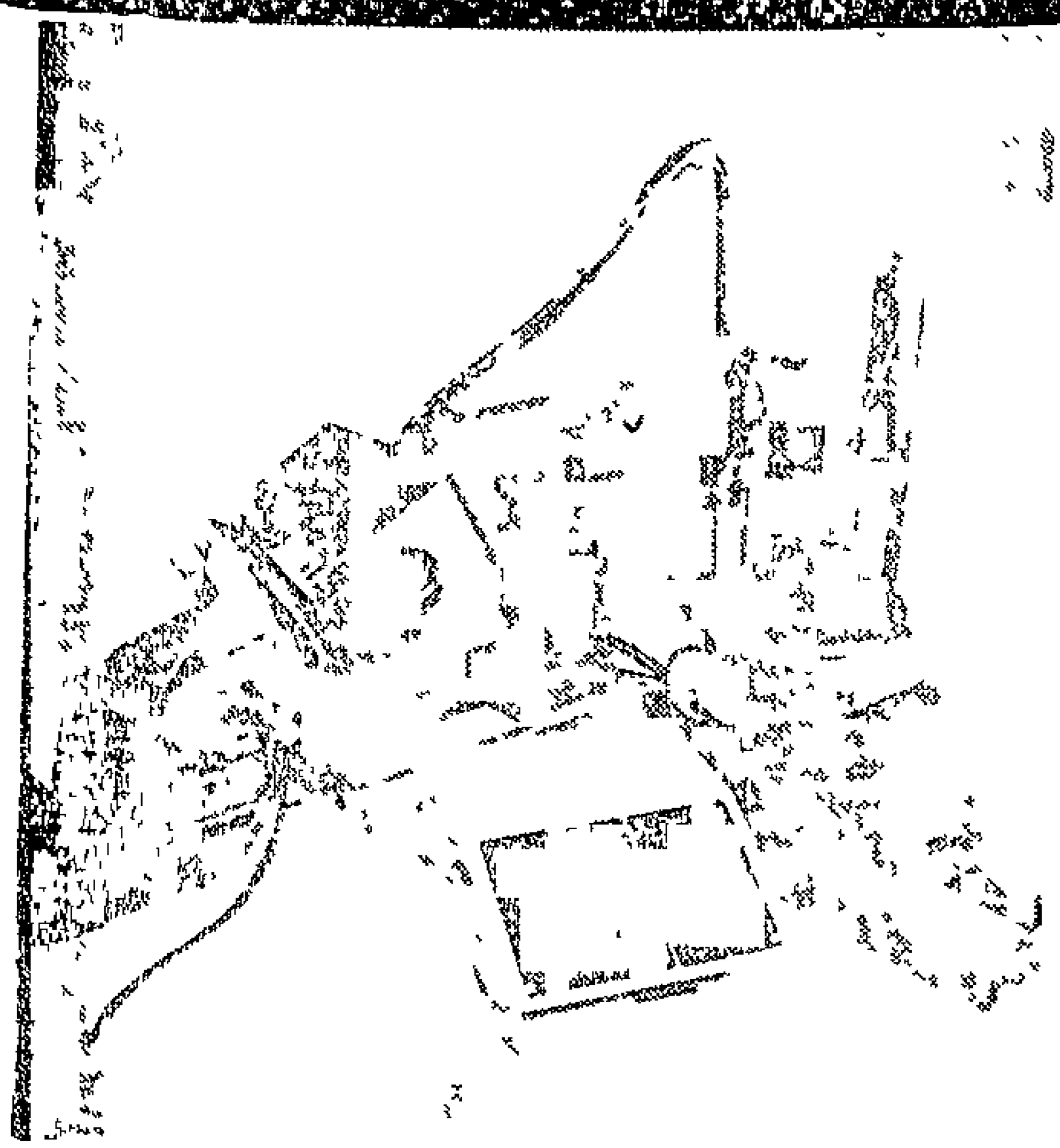
To add to the international flavour, the International Federation of Automatic Control will be holding a 41-nation symposium in Pretoria at the same time and participants will be encouraged to visit Milner Park

JOINT VENTURE

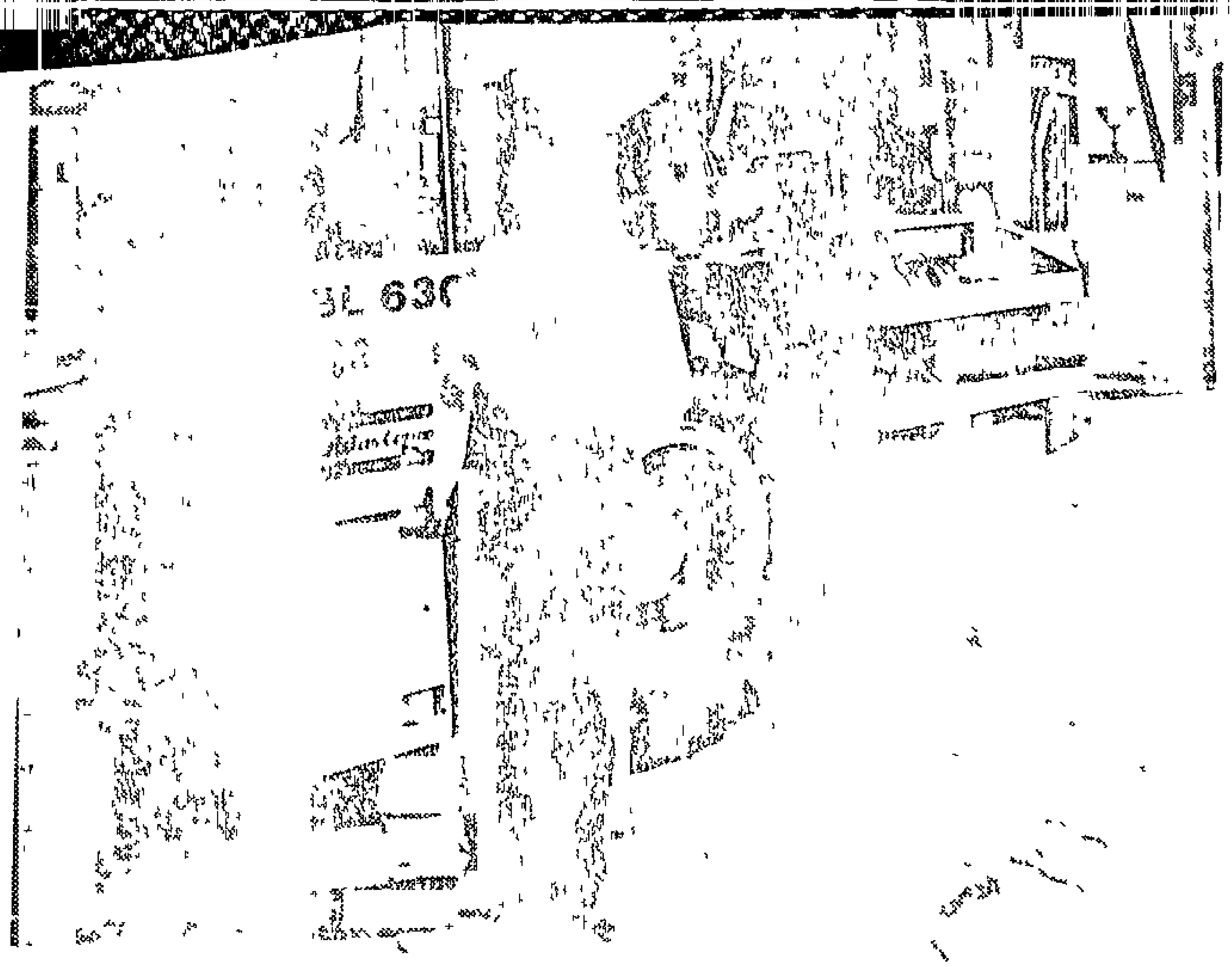
The South African Institute of Metallurgy, second only to the US Bureau of Mines in size and scope, will also be conducting a c lloquium.

Seventeen British companies will be taking part in the exhibition in addition to British-owned South African subsidiaries. Their entry has been arranged as a joint venture by the British Electrical and Allied Manufacturers Association (BEAMA) and the British Overseas Trade Board

The British exhibits comprehensively cover the field of mining from the end stage of benefication of minerals to winding and head-gear



The [illegible] robot welder complete with two manipulators and the control panel



The [illegible] the exhibition [illegible] of organ[illegible] [illegible]n Young who is ex pecte[illegible] [illegible]rs in the five [illegible] exhibi[illegible] run

[illegible] The [illegible] mining [illegible] and showing

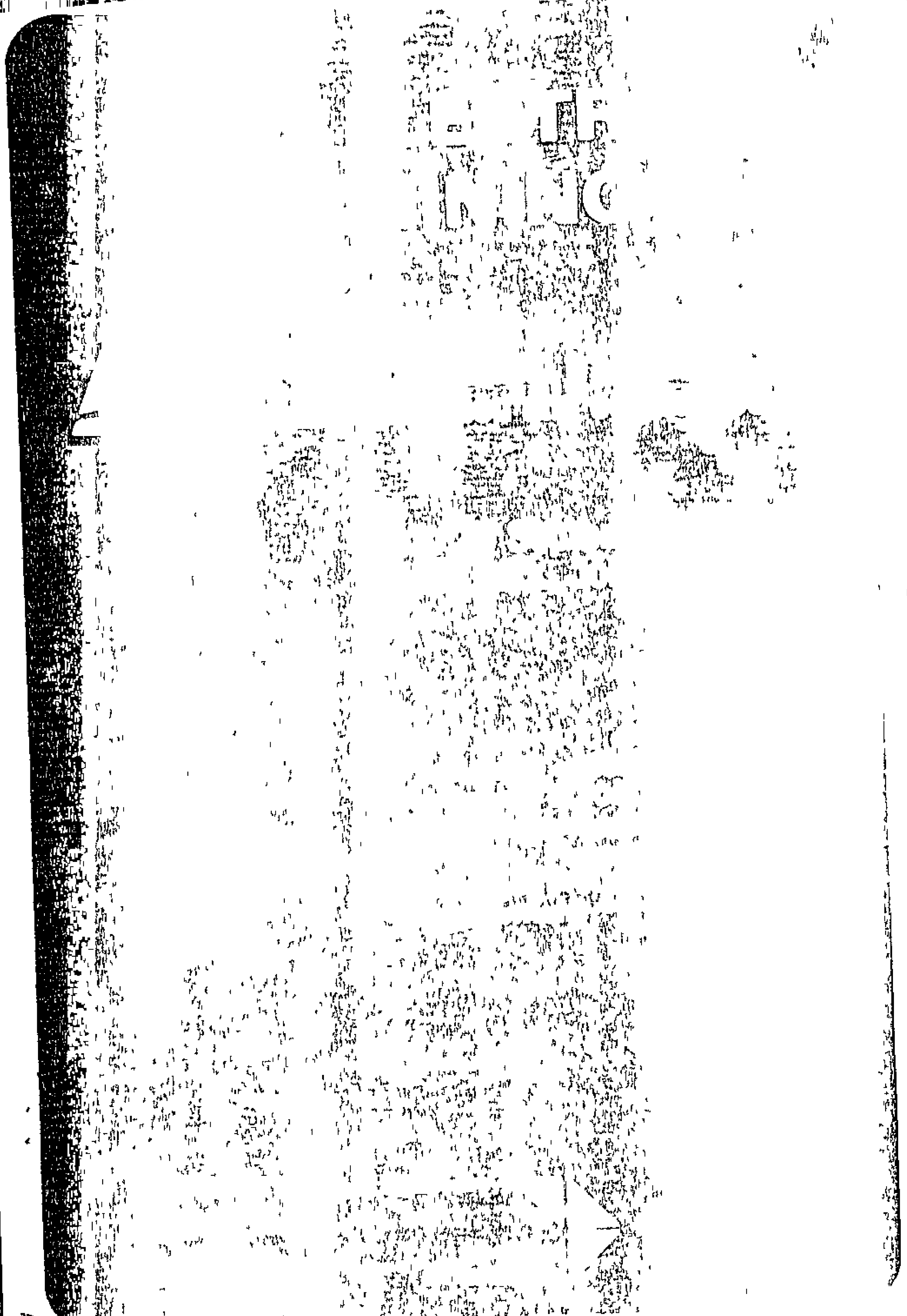
EMPHA[illegible]

Of particular interest will be the emphasis placed on coal mining as the South African export terminal of Richards Bay is thought to be the largest of its kind in the world.

With its well-known experience in coal mining, the Association of British Mining Equipment Companies (ABMEC) will be placing special emphasis on coal mining with equipment and techniques focusing on filtration, dust control and other related areas of coal mining

A large contingent of French concerns are represented catering for electrical, mining and underground equipment

The Japanese are expected to substantially enlarge on the 1978 exhibition and there have been problems encountered in the case of Hitachi where space for a 70 sq metre machine stand could not be accommodated



Variety of underground vehicles makes its bow

A new range of underground mining vehicles has been developed since the oil crisis and many of these will be on show for the first time at the Electra exhibition

Most of these new vehicles are improvisations of existing designs with the notable exception of propulsion The new models are almost all electrically powered and as such have to have reels at the rear end for the electricity cables

The latest models have reel capacities of up to 170 m Other non-liquid fuel vehicles on show will be the battery vehicles in all shapes and sizes

Most of the well-known names in mining are represented at the exhibition — Coalequip, Dowson and Dobson, Envirotech, Eimco, Subterranean Mining, Joy, to name some of the vehicle manufacturers

Other heavy equipment manufacturers will have on display traction units, dumpers, hoppers, drill rigs, pumps, rail units and a whole range of underground mining equipment

Surface equipment such as vibratory screens, belting systems, winders, mine gearboxes and crushers will be widely represented by some of the best-known South African and overseas names

The display of equipment should impress the casual visitor and be of importance to the most fanatic mining engineer Exhibits range from the massive 47 ton dragline bucket, laboriously transported to the Milner Park arena, to the tiniest microprocessor

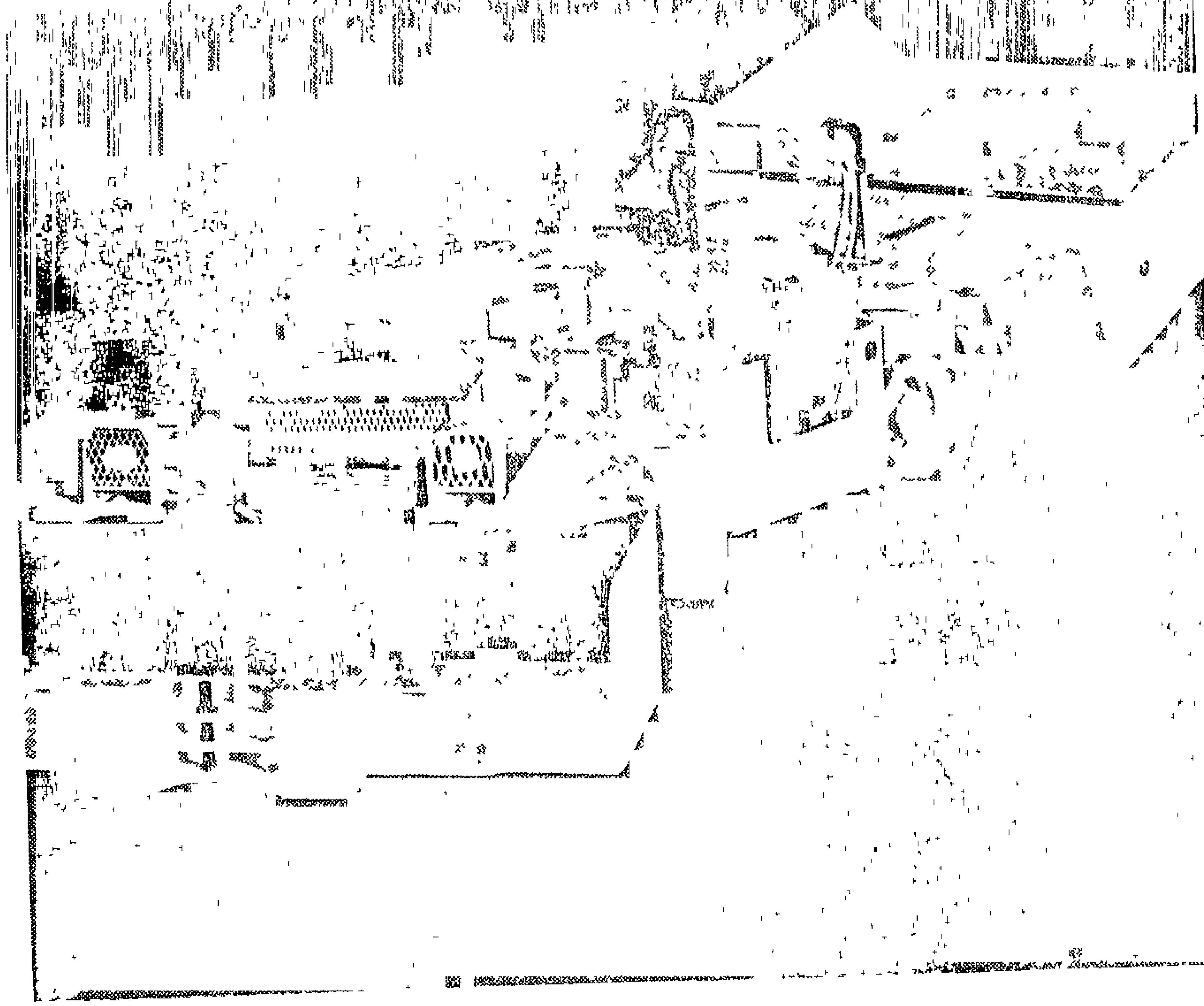
Award for design

Telemechanique, a new force in the mining world, is to offer a design award.

The award (right) is called the South African Electrical Engineering Design award and the trophy was designed by Neels Coetzee.

The award carries a substantial cash prize and will be awarded to the designer of a working product or system that has most advanced the state-of-the-art.

The first award will be presented in April next



A Pyott-Boone low seam coal scoop, one of the wide variety of underground mining vehicles on show It is one of numerous vehicles developed since the oil crisis and will be on show for the first time in this country

Engineers there, too

While much of the focus on mining is on custom-designed mining equipment, it is obvious that the engineering field has to be an integral part of the industry

This is reflected in the large number of exhibitors who manufacture products which can be used outside of the industry

Companies which fall into this category include well known names such as Stewarts and Lloyds Vivian Saunders, Dorbyl Tubemakers to name a few

Another field which is becoming increasingly important in mining is that of electronics Large stands taken by Asea, Siemens and GEC to name the largest, testify to that while the chemical industry should be making a larger impact than before

Vilakazi is new Anglo director

210 RDM
16/9/80

By MARIKA SBOROS

THE Anglo American Corporation yesterday appointed its first black director, the distinguished anthropologist and sociologist, Prof Absolom L. Vilakazi, of the University of Zululand

The chairman of Anglo-American, Mr Harry Oppenheimer, said Prof Vilakazi, 63, one of three new directors, had been appointed to the board because "he will bring new light to many of the difficult problems which face our group as a major employer of labour at a time of rapid social and economic change"

Among his new colleagues will be a member of the Prime Minister's Economic Advisory Council, Mr Christopher Saunders, chairman of the Tongaat Group and Huletts Corporation, and a director of the Standard Bank of South Africa Ltd.

Speaking from Empangeni, he said he had already been approached by Anglo American to serve on their board but that this was the first news of his actual appointment

"I am honoured by the appointment," he said

Prof Vilakazi was born in Natal, where he graduated from Natal University with a BA in anthropology in 1951

He left South Africa in 1957 on an exit visa, after his wife and five children were refused passports to accompany him on a five year academic appointment in the United States.

He studied for an MA in anthropology and education at American universities in 1954 and 1955 In 1960, he was awarded a PhD in anthropology by the University of Natal

MINING

210

Underground: where the action is

Star supplement 16/9/80

A new gold rush is sweeping South Africa in the wake of the spiralling gold price. New mines are being planned, existing mines expanded and many of the old stagers are getting a new lease of life

Even the mine dumps — those seemingly immovable landmarks — are now being whittled away in the relentless quest for gold

But this rush does not concern only the yellow metal that funded this country's industrial development, it also concerns the mineral that fired this development — coal, coal, in today's energy-hungry world, has become known as black gold

South Africa is fortunate in having abundant reserves of coal, and this key commodity is destined to play an increasingly important role in our lives

It is our major source of electrical power, it feeds the blast furnaces of our steel industry, it heats boilers, offices and homes, it is earning vast sums of money for us in the form of exports, and its importance as an alternate source of oil grows by the day

Added to all this, coal is a valuable feedstock for chemicals from which are produced a myriad every day items from aspirins to the very explosives used in mining coal

Both coal and gold have experienced a renaissance in recent years Gold has re-established itself as a key component in monetary reserves and as a store of value without equal, while coal — as a result of the oil crisis — has emerged as a prime energy source

With the resurgence in demand for these two key commodities has come an explosion of opportunities in the mining field

The range of jobs available is vast and includes miners, artisans, engineers, metallurgists, surveyors geologists and a host of administrative posts

The work is challenging and very rewarding and the prospects exciting

Today's miners, unlike our pioneers who depended on a few simple tools, use the most modern techniques and equipment Many of these techniques and machines have been developed and perfected here in South Africa

Our researchers (by introducing refrigeration) have been able to reduce temperatures in our deepest mines from a level that would be unbearable to what one experiences on an average summer's day

These researchers are in the vanguard of a quiet revolution in mining that could ultimately lead to mining without explosives or even to manless stopes

Our present technology is mind-boggling enough, mines nearly 4 km deep, cavernous shafts topped by concrete headgears as tall as a 20-storey building, vast reduction plants with thickener tanks like mini-lakes; and in the coal sphere — where open-cast mining methods are rapidly gaining ground — gigantic proportions of 2 000-ton draglines, scooping up swimming pool-size bites of earth, and trucks carrying 170-ton loads' — trucks with tyres costing more than R10 000 each.

For most of this century, the mining industry has been the backbone of the South African economy and the rapid expansion and escalating manpower requirements have outstripped available labour resources — particularly in the highly skilled categories

As the oil price increases and the world suffers economic setbacks, so the price of gold goes up and up to dramatically enhance economic prospects for the future

South Africa also has to its credit the fact that it is the world's leading producer of platinum, chrome, vanadium, antimony and vermiculite — all vital minerals.

Iron-ore exports account for one of the two major harbours which have been carved out of South Africa's coastline, and coal exports for the other.

Sasols 1, 2 and 3 are making increasing use of South African coal resources for fuel for the future and with this expansion there is a natural demand for skilled and semi-skilled manpower.

As part of their practical underground training these mining trainees practise surveying with a theodolite under the supervision of one of the senior miners

The mining industry has a wide range of training schemes tailored to the individual's requirements and designed to make the most of a young person's potential, regardless of race or level of education

The university graduate has an undisputed advantage in the industry with promise of rapid promotion and high pay prospects.

Matriculants are needed as apprentice fitters and electricians, clerks and for a variety of administrative positions.

For the practically minded, a St 6 pass is sufficient to gain admission to the course offered by the Government Miners Training College A student miner can qualify in one year and later go on become a shift boss or a mine overseer

The administration of the mines and their personnel is a complex business which calls for a wide variety of accountants, statisticians, economists, and personnel managers

Salaries and wages offered in the industry compare favourably with other occupations, but there are additional benefits, such as housing

Many of the unskilled workers are black migratory labourers who are provided with free housing, food and transport costs to and from the mines

Mining is where it is all happening today It is an exciting, expanding world of huge new projects, mines and plants — some of which will be the biggest of their kind anywhere And there is a job in it for you

For further information on careers in the mining industry write to Mr Chris de Wilzem, Chamber of Mines of South Africa, PO Box 809, Johannesburg, 2000.

Rising [illegible] worry mines

THE continued rise [illegible] working costs [illegible] one of the most [illegible] problems [illegible] fronting the mining [illegible] says the chairman of Blyvooruitzicht [illegible] and [illegible] gold mines, Mr D T Watt.

Higher production at Harmony limited unit cost to only a 16 percent rise to R28 81 from R24 82 a ton. Black labour however cost 26 percent more and stores and materials rose by 19 percent

At Blyvoor the unit cost rise was also 16 percent to R37 17 from R32 10 a ton

The number of artisan vacancies on the two mines is already a source of concern and this position will undoubtedly deteriorate as competition for this type of labour increases, says Mr Watt

Gold Fields' retiring chairman, Mr A Louw, says the economic boom has aggravated the skilled and professional manpower shortage

Immigration resulting from active recruitment drives overseas by the private sector and by the Government has alleviated the skilled manpower shortage to some extent but a major effort is needed to speed up the processing of immigration applications

Tom Hood

MINERALS

Gold boom boosts sales (210) FM 19/9/80

Mineral sales are set to rise nearly 60% this year to more than R15 billion — with the booming gold price contributing most to the increase This is the view of the authoritative Minerals Bureau in its latest estimates for the year

Although volume sales of gold are expected to fall from last year's 703 t to 676 t this year, rand sales at a conservative average of $615/oz should rise from R5,8 billion to R10,3 billion or two thirds of total mineral sales

The Bureau predicts a slight rise in volume gold sales to 690 t next year but cautiously estimates the average price at no higher than $600/oz At this price total mineral sales should drop slightly to R14,9 billion

Gold is SA's star mineral performer through its sheer volume and massive price rises, but producers of other SA minerals have not been idle Non-gold mineral sales are expected to pick up 31,5% this year after a 31,9% rise over the previous year This reflects an increased local demand generated by the economic upswing as well as developments in the infrastructure needed to facilitate exports

The world recession is expected to damp down total non-gold sales growth to only 4,4% next year Iron, chrome and manganese ores, and vanadium and ferroalloys could be hard hit by international cutbacks on capital expenditure leading to lower steel consumption Another depressor on rand sale growth is the strengthening of the rand against the dollar

With a present output of more than 100 Mt a year, coal will this year overtake diamonds as the country's single biggest non-gold export Sales growth depends on export handling facilities and the completion of the country's own energy and coal-based chemical industries

If the gold price remains constant the next big sales increase should come from coal when the new Richards Bay coal handling appliances are completed and its rail link with the coal fields is doubled This should double output, and this, coupled with price inflation, should boost rand sales of coal from the present R688m to R1,8 billion a year

Growth in coal exports will be affected by world recession less than metal exports because demand for energy will not decline as much as capital expenditure Its growth potential as a substitute for oil is enormous, and at present SA's coal exports are a minuscule proportion of total world energy trade

Export sales of several non-gold minerals are likely to slacken as more and more producers beneficiate their minerals into final processed commodities This is already reflected by the drop in export sales for copper and antimony

So far SA producers have followed a sensible policy on beneficiation and have not pressured their customers into accepting packages of raw minerals containing unwanted beneficiated commodities as well When this was done in Australia under the Whitlam government, and in India, many customers turned to SA which has the policy of satisfying customer needs instead of dictating them

Demand for beneficiated minerals will grow because energy is a major cost in beneficiation and SA has access to some of the cheapest coal in the world In the long term it would pay overseas customers to buy beneficiated minerals from SA, but in the short term they have to consider that this might close their own plants and increase unemployment

At present exports of beneficiated products such as steel, phosphoric acid, and ferroalloys amount to some R1,5 billion or

SA MINERAL SALES

(EXCLUDING BOPHUTHATSWANA)

	1978	1979		1980 (est)		1981 (est)	
	Rm	Rm	% change	Rm	% change	Rm	% change
TOTAL SALES							
Non-gold	2 977	393	31,9	5 165	31,5	5 392	4,4
Gold	3 899	5 842	49,8	10 253	75,5	9 503	-7,3
Total	6 876	9 768	42,1	15 418	57,8	14 895	-7,3
EXPORTS							
Non-gold:							
*Miscellaneous	486	742	52,8	909	22,6	1 006	10,6
Diamonds	446	547	22,9	580	5,9	640	10,3
Coal	325	509	56,6	688	35,1	812	18,0
Iron ore	165	221	33,9	248	12,2	256	3,2
Copper	147	191	29,9	170	-10,9	160	-13,1
Manganese ore	88	129	46,8	126	-2,4	133	5,6
Asbestos	108	101	-5,6	120	18,5	128	6,7
Chrome ore	61	52	-14,8	51	-1,0	53	5,1
Nickel	24	33	40,0	35	4,6	36	4,3
Silver	15	30	103,3	82	173,5	71	-13,7
Fluorspar	22	28	30,2	40	43,9	44	8,2
Tin	22	20	-9,9	19	-6,9	20	7,9
Ornamental stone	17	18	3,7	20	11,7	22	10,0
Aluminium silicate refractories	7	9	33,8	10	7,2	10	0,0
Vermiculite	7	7	-4,6	8	15,7	9	9,4
Zinc	4	5	15,9	5	-6,1	5	0,0
Clays	4	5	16,7	5	11,3	4	-12,0
Antimony	3	12	321,4	2	-79,8	2	-20,8
Lead	o	0	—	37	—	42	13,5
Non-gold (total)	1 950	2 658	36,4	3 154	18,6	3 452	9,4
Gold	3 900	5 842	49,8	10 260	75,6	9 507	-7,3
Total	5 850	8 500	45,3	13 414	57,8	12 959	3,4
Gold as % of total sales	56,7		59,8		66,5		63,8

* Includes platinum, vanadium and uranium

PLATINUM 210

Bull points

FM 19/9/80

The free market price of platinum is cruising at over $700/oz, a rise of well over $50 on levels ruling at the beginning of this month, shortly after the decision by Rustenburg and Impala to increase the producer price of the metal to $475 from $420

The latter move, however, was widely expected as early as March when the free market hit $1 000/oz just ahead of the precious metal collapse and the Bunker Hunt silver debacle When that did not happen many believed the platinum producers had missed the boat as recession steadily ate into demands for the metal from the Japanese jewellery business Fears also developed for platinum's industrial roles, particularly in the automobile industry, where it is used in the manufacture of exhaust emission converters

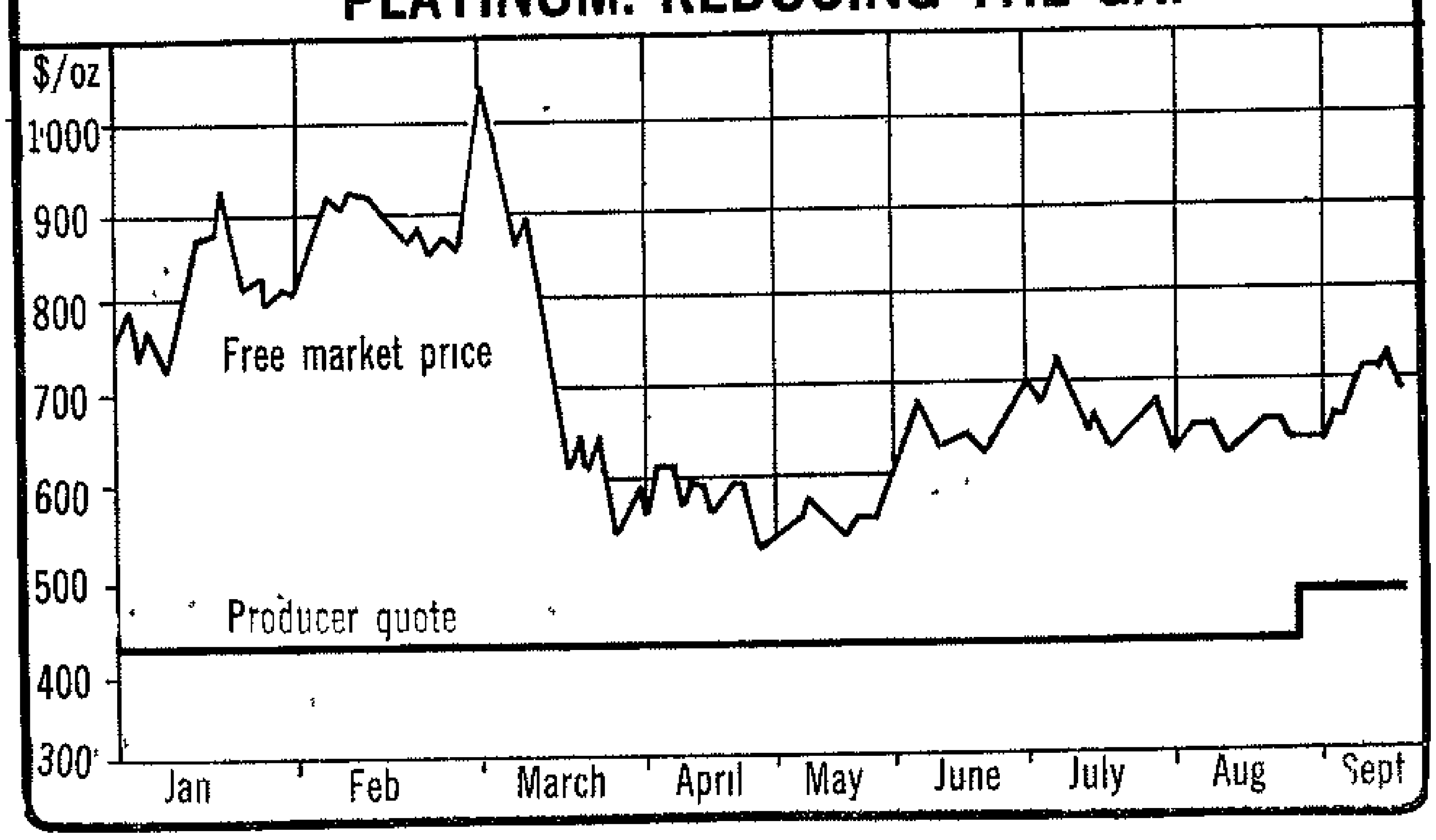
There can be little doubt that platinum demand has indeed been seriously hit by a combination of high prices and recession Although some feel the worst could be over for the US car industry, and Japanese jewellers are showing more interest, few would argue that it is primarily heavy speculative activity which is once again the prime factor supporting the free market price

In addition to concern generated by the Polish workers dispute, one of the main economic reasons behind this new speculative drive in the last week or so was the fear that Opec oil ministers meeting in Vienna would decide to increase oil prices immediately, a move which, had it happened, could have further hit the dollar However, there is still a chance that Saudi Arabia will increase its current $28 price by several dollars to pull the country's pricing policy back into line with those of its Opec colleagues — and a cut in Saudi Arabia's production from a daily rate of 9,5m barrels to the old 8,5m ceiling cannot be ruled out in the near future to help reduce the current oil surplus Both of these measures could shake the dollar further and assist free market platinum

And another possible factor which could help the metal in the next six weeks or so is the strong possibility of a drop in US interest rates as a final political "softener" ahead of the November presidential elections It is no secret that Americans gamble heavily in the commodity futures market with borrowed money — and cheaper money could see more position-taking on the New York Mercantile Exchange's platinum futures contract where speculators can get a slice of the action merely by putting up a deposit of roughly 10% of the contract value

Profit taking after this recent rally is inevitable But with the oil price situation unsettled, US interest rates possibly coming down and continued political instability in Eastern Europe in the wake of the Polish strike, many feel the free market looks likely to remain generally firm over the next few months This would provide a perhaps originally unexpected umbrella cover for the new producer price

PLATINUM: REDUCING THE GAP



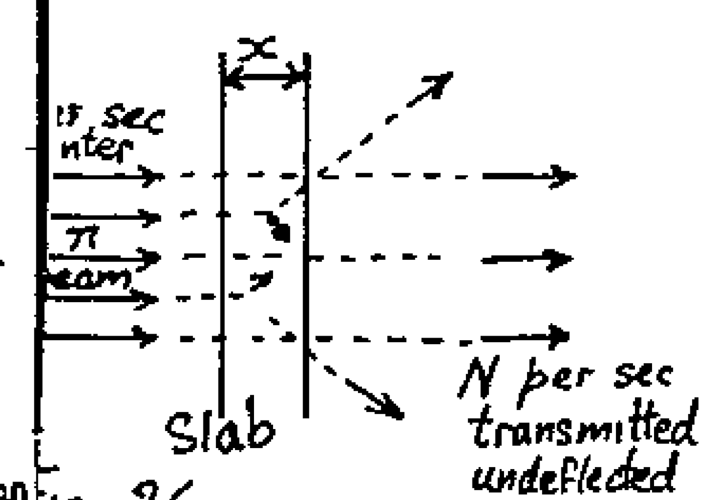
increases, as the particle penetrates deeper into the medium The density of energy deposited ($-dE/dx$) is therefore highest at the end of the range (fig. 25).

Relatively heavy particles such as the p or α are not significantly deflected in their collisions with

...he maximum energy of the p or α ...etain their ...down process and ...much from one ...24(a)). ...rough large ...ctrons (of ...of their energy ...led trajectories ...ier and their

protons in (in mm)
Lead
0 0106

...in atoms and If we place



...ig. 26

...ther a nuclear ...ansfers some of its ...cleus, or a nuclear ...n of charged ...ry particles ...er are often ...interact with the ...edia such as wax, water or plastic ... interest because a neutron can lose any fraction (0-100%) of its kinetic energy in a

single elastic collision with a proton. The maximum nuclear recoil energy E_{max} resulting from elastic scattering of neutrons (of mass m_n and energy E) on a nucleus of mass m_N is given by

$$E_{max} = 4m_n m_N F/(m_n + m_N)^2 \qquad \ldots\ldots (34)$$

Thus E_{max}/E is much smaller for heavy nuclei than for hydrogen.

(c) *Gamma rays*

The three most important effects in the interaction of gamma rays with matter are the photoelectric effect (described in section 2.1), the Compton effect (section 2.1,p.5) and pair production (section 2.3,p.8). Energy is transferred from the incident gamma photon to a photoelectron, a Compton electron or an electron-positron pair respectively. These charged secondary particles then interact with the medium as described in (a). As in the case of neutrons, the interaction of gammas with matter is a statistical process and is governed by an exponential absorption law of the form given by eq.(33) but with α representing the gamma ray absorption coefficient. This coefficient can, in turn be considered as the sum of components α_{PE}, α_C and α_{PP}, corresponding to the photo-, Compton and pair effects. Thus

$$\alpha = \alpha_{PE} + \alpha_C + \alpha_{PP} \qquad \ldots\ldots (35)$$

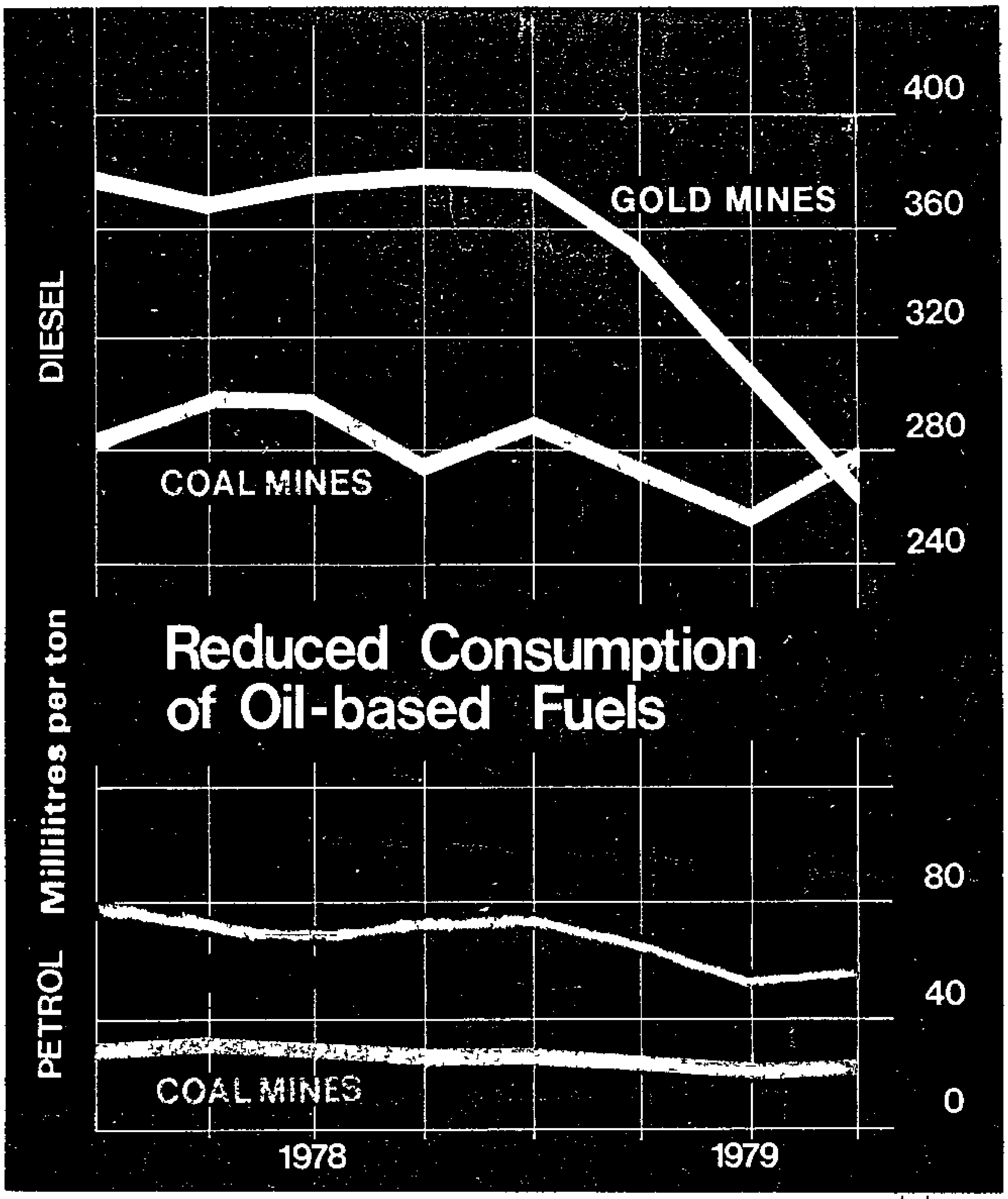
The absorption coefficients are largest for the heaviest elements (e.g. lead) and α_{PE} usually dominates for gamma energies below 0.5 MeV, α_{PP} for energies above ~ 10 MeV and α_C for energies around 1 MeV.

A convenient measure for gamma interaction calculations is the half-thickness, analogous to the half-life in radioactivity. This is defined as the thickness $x_{\frac{1}{2}}$ of the particular medium required to reduce the fraction N/N_o (eq.(33)) to one half for a particular gamma energy.

Thus $N/N_o = \frac{1}{2} = \exp(-\alpha x_{\frac{1}{2}})$ $\qquad \ldots\ldots (36)$

Some values of $x_{\frac{1}{2}}$ are given below (in mm)

Energy	Lead	Concrete
1 MeV	9.0	47 0
5 MeV	14.5	100.0



Mining industry saves on fuel consumption

(210) (55) RDM 21/9/80

By IAN THOMAS
Mining Editor

SOUTH Africa's mining industry has made increasingly substantial yearly fuel savings since the 1973 oil crisis, says the Chamber of Mines

Last year, gold mines reduced diesel fuel and petrol consumption per ton of ore mined by an average 15% over 1978, the Chamber says in its latest bulletin

Collieries reduced petrol consumption by 26% and diesel by 5% per ton mined during the same period

The industry adopted fuel conservation measures soon after the oil crisis, and the real improvement in diesel and petrol use since then has been substantial, the Chamber says

The savings have been achieved despite unprecedented growth in the industry, especially in the coal sector where increasing mechanisation and expanding open-cast mining have presented difficulties in effecting savings

Transport rationalisation, in particular a switch from using diesel locomotives to electric or battery-powered locomotives underground and to steam locomotives on surface has been one of the main saving methods

This trend is expected to continue, and will cover introduction of conveyors and other systems to replace large diesel trucks used in open-cast operations

Diesel-fired furnaces have been adapted to other fuels at considerable cost

New vehicle hire scheme for mining

(216) RDM 23/9/82

By IAN THOMAS
Mining Editor

SOUTH Africa's mining industry now has what is thought to be its first comprehensive underground vehicle hire scheme

Subterranean SA managing director, Mr Pat Murphy says mining houses are finding it easier to hire rather than buy plant because of the heavy capital cost and losses in buying equipment later found to be unsuitable

More than R1 500 000 worth of equipment will be available for hire this year, and in about three years the figure will rise to about R8-million, consisting of about 100 machines

The energy crises have forced mines into hiring plant, especially electrically-powered plant because the industry is faced with tight producers budgets Mr Murphy says

FM 26/9/80

(210)

GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)

Review by the Chairman, Mr. A. Louw — 1980

In my review last year I stated that the year to 30 June 1980 promised to be a very rewarding one for the group Indeed it was, with the earnings of GFSA and its subsidiaries increasing by 88% to R125,4 million, equivalent to 768 cents per share This level of earnings was achieved primarily as a result of income from investments more than doubling to R124 million which in turn was due mainly to the very substantial increase in income from gold mining investments which comprise some 86% of group assets and provide 88% of group income

Dividends for the year totalled 400 cents per share and absorbed R65,3 million, an increase of 78% over dividend distributions for the year to 30 June 1979, of 225 cents per share which absorbed R36,7 million

Net assets at 30 June 1980 were valued at R1 899 million equivalent to 11 636 cents per share Since the company's financial year-end there has been a further material improvement in the market prices of the listed shares in which the group is invested and on 3 September 1980 net assets were valued at R2 342 million, equivalent to 14 352 cents per share

Gold

Each of the gold mines administered by GFSA achieved record profits for the year to June 1980, and the aggregate gross profits of these mines more than doubled to R1 545 million This considerable improvement in profits was due mainly to the substantially higher average price received for gold which increased by 93% from R6 293 to R12 170 per kilogram and resulted in working revenue increasing to more than R1 920 million

Certain features applicable to the previous year's operations were again present in the year under review, namely, that although an increased tonnage was milled it was at a lower grade and so aggregate gold produced and sold was lower The scale of operations increased at most mines during the year but inflation took its toll and working expenditure increased by 18% to R419 million although the increase of some 10% in average unit costs to R32,70 per ton milled was lower than the general level of inflation which obtained in the Republic during the same period Group mines East Driefontein, Kloof and West Driefontein all produced gold at a lower cost per kilogram than any other mine in the South African gold mining industry for the year to 30 June 1980

The main feature of the gold market in 1979 and the early part of 1980 was the dramatic movement in the price of gold The price at the end of December was more than double the price in January of that year and increased towards the end of January 1980 to a record of $850 per ounce before falling substantially to $474 by the end of March 1980 At 30 June the price was $653 and it has remained above $600 since then Continuing uncertainties regarding the cost of energy, the high rates of inflation in most western industrialised countries and political upheavals in many parts of the world have led to a material increase in investment demand for gold thereby giving the market an underlying strength The rapid rise and fluctuations in the gold price have caused considerable difficulties for fabricators, particularly the jewellery industry, and it is estimated that in the 1979 calendar year demand for fabrication fell substantially whereas net private bullion purchases for hoarding and investment purposes more than doubled Volatile gold price movements are expected to continue to be a feature of the gold market for the foreseeable future

The most significant development feature of the group's gold sector during the year was bringing the new Deelkraal gold mine to production Other major developments were the extension to the Doornfontein mine's lease area and the planned extension to that mine and also to the Libanon gold mine These programmes should considerably increase the life of each mine, but will require the expenditure of large sums of retained earnings on capital works

The evaluation of the area north of the East Driefontein gold mine, to which I referred in my review last year, is continuing

Base Metals and Minerals

Companies administered by GFSA operating in the base metals and minerals sector all recorded improved results for their respective financial years ended 31 December 1979 The Black Mountain lead/silver/zinc/copper mine has been successfully brought to production and the planned mill throughput was first achieved in April 1980 In addition the group's colliery company, Apex, its two tin mining companies, Rooiberg and Union Tin, and the zinc refinery company, Zincor, each increased dividend distributions notwithstanding the fact that they at the same time incurred substantial capital expenditure

There were also a number of significant technical achievements and major developments

At Apex's Greenside Colliery the first minus 0,5 mm heavy media separation plant to be installed in the Republic, or perhaps the world, has been commissioned The plant is expected to improve overall yield of low-ash coal

At the Rooiberg Tin mine two-stage smelting of high grade tin concentrates was introduced with the commissioning of a new tin smelter in October 1979 Whilst the tin metal produced from the outset met required specifications a number of operational difficulties are being progressively overcome

Labour

The recent surge of economic activity in the Republic has aggravated the skilled and professional manpower shortage in South Africa but on the other hand it has attracted immigrants from those countries whose economies are not presently in the same fortunate position as the Republic Immigration resulting from active recruitment drives overseas by the private sector and by Government has alleviated the skilled manpower shortage to some extent but a major effort is required to speed up the processing of immigration applications At the same time the aim must be to make far better use of the labour available in the Republic This is something which cannot be achieved within a short space of time, but I must emphasise the need for immediate planning and action aimed at achieving it as soon as humanly possible In the first instance I consider it fundamental that the Government gives its urgent attention to improving education at all levels but with the particular long-term objective of providing equal education and training opportunities to all population groups It is also necessary, however, for the private sector to accept its responsibility to develop better facilities for technical training

Outlook

GFSA's exploration programme has intensified the search for new mining projects and is currently concentrating on gold, tin, coal and uranium targets Our estimates indicate that a greater amount will be spent on drilling and prospecting during the current financial year than the R4 million spent during the year to June 1980

GFSA's principal asset and major source of income continues to be its substantial investments in gold and other mining companies which are by nature wasting assets The replacement of these assets requires that adequate profit retentions be made, particularly in those years where profits are at an exceptionally high level In terms of current undistributed profits tax (UPT) legislation the flexibility required to smooth the level of dividend payments through good and average years is not available to the company in the good years In the short term the following actions have been set in train

Firstly, representations have been made and will continue to be made on the basis of GFSA's circumstances to seek exemption from UPT for public listed companies or alternatively a material increase in ploughback allowances in respect of dividend income

Secondly, as recently announced, in order to avoid the payment of UPT, the board intends to declare a portion of the dividend for the current year earlier than would previously have been the case It is proposed that a first interim dividend of 55 cents per share will be declared in November 1980, and a second interim will be declared in February 1981

The total dividends for the year to 30 June 1981 will depend on the earnings of GFSA during the year which will in turn, once again, largely depend on the average gold price received by the gold mines and the rate of escalation of working costs If the rate of increase in the gold price exceeds that for working costs, lower grade ores will be mined which will result in lower gold production in the short term, but extended lives for the mines in the long term The mining of lower grade ores will require expenditure on development of the extended reserves as well as provision for improved environmental facilities

If the prevailing conditions in regard to the gold price and cost structures are maintained for the balance of the financial year, it can be expected that GFSA's earnings and dividends will show a further, but more modest, improvement

My Retirement — Chairman Designate

As I shall shortly reach the retirement age for executive directors, it was announced earlier this year that I would relinquish my executive responsibilities on 30 November 1980, although I would continue as a director of GFSA in a non-executive capacity

At the same time it was announced that Mr R A Plumbridge had been designated by the board to succeed me as chairman and chief executive officer from 1 December 1980 Mr Plumbridge needs no introduction having served as an executive director since 1969 and a deputy chairman since 1974 He is presently responsible for GFSA's gold mining interests Mr Plumbridge is also well known beyond the confines of GFSA having been president of the Chamber of Mines of South Africa for two terms of office and having served on the Prime Minister's Economic Advisory Council and Scientific Advisory Council in past years He is currently a member of the Commission of Enquiry into the Monetary System and Monetary Policy in South Africa

Looking Back

I have indeed been fortunate in having been chairman for nearly fifteen years during a period of phenomenal growth in GFSA's fortunes

A great deal of the recent growth has stemmed from the increase in the gold price However, there have been a number of major new projects which came into being as a result of exploration efforts based on patient geological interpretation Among these successes have been the establishment and development of the Kloof, East Driefontein and the Deelkraal gold mines on The West Wits Line In addition, Zincor was founded in association with Iscor to produce almost all of the Republic's refined zinc requirements, Apex has participated from the outset in the Transvaal Coal Owners Association's pioneering coal export programme, the Rooiberg Tin mine has installed a smelter and, in conjunction with the Phelps Dodge Corporation, the Black Mountain lead/silver/zinc/copper mine in the North-Western Cape has been brought to production Black Mountain and Zincor are evidence of GFSA's willingness to participate with foreign or local interests in the development of mining and ore processing projects

During the past decade earnings have increased elevenfold, dividends more than eightfold and net assets more than fivefold For me to have been closely associated as chairman with the evolution of the group as it is today has been a happy experience

Directors and Staff

In this my last review as chairman I wish to express my sincere appreciation to all directors who have served on the board during my term of office They have given me their loyal support and co-operation and have played a major part in any success achieved

I also wish to convey my thanks to the management and staff for their loyalty, dedication and whole-hearted commitment to their respective tasks It is this team which has resulted in GFSA developing into the solidly based enterprise that it is today and of which we are all justly proud

The Republic and consequently GFSA stands on the threshold of a new era of change in both the social and economic spheres The effect of these changes will have profound consequences on business in general I am confident that GFSA has the financial resources and is well equipped to meet these challenges In conclusion I take this opportunity of wishing my successor, Mr R A Plumbridge, and all employees of the group, every success in the future

10 September 1980

SA's metals role reviewed

13 000 tons of gold in next 20 years, forecasts Etheredge

By ADAM PAYNE

TAKING a gold price of $650 an oz, South African mines should produce 13 000 tons of gold in the next 20 years, and to achieve this more than $50 000-million in real terms will need to be spent by the industry over this time.

This was said by Mr Dennis Etheredge, immediate past president of The Chamber of Mines and chairman of Anglo American Corporation's gold and uranium division, addressing the London Metal Forum yesterday

He said the figure of 13 000 tons would be from existing mines If production from new areas was included the total might approach 20 000 tons

Mr Etheredge reviewed not only the role of gold in South Africa but also the contribution of other metals to the South African economy and to the Western world

Mr Etheredge said that in projecting gold production he had taken three profiles prepared by Anglo American Corporation statisticians, using as their base or current price $350, $650 and $1 200 an oz respectively

In each instance the price had been escalated at a relatively constant rate to expected increases in working costs to the year 2003

The projection did not include production from Erfdeel and Beatrix, the two latest gold mining developments on the Free State goldfields

He said "In all three cases, it is projected that total South African gold production will remain in a relatively close range around current production levels, between 675 and 685 tons a year, until about 1987 and then gradually fall off to about 350 tons at the turn of the century

"At the lower base price, gold production peaks at a over the past six years with the number of contracts, each for 100 oz of gold, rising from 7 475 in 1974 to 10 412 723 in 1979

"I believe that the development and growth of this futures trading in gold has played a significant part in broadening the gold markets by making more people aware of the metal and providing them with another means of investment in it

"I welcome the news that London will next year also be launching a gold futures market

"It is clear to me that as more people turn to gold as an investment medium, and as trading on the futures markets gathers more steam, the gold price will continue to remain volatile"

Mr Etheredge summed up that as gold production in South Africa declined there would be major increases in the production of other minerals

Mining would thus continue for the decades ahead to be a prominent feature of the South African economy and of its contribution to the stability and growth of the Western world

Discussing total mineral sales, Mr Etheredge said these increased more than sixfold over the past 10 years, from $2 080-million to $12 740-million a year Cumulative earnings over the period amounted to $55 445-million

He said "For the future, few other countries appear to have the potential to challenge the position South Africa holds as a source of important metals and minerals The country's high proportion of Western and world reserves clearly illustrates the unique advantage it has to expand production and further strengthen its role

"The country ranks first in reserves of chrome, fluorspar, gold, manganese, platinum

"They include suggestions that industrial consumption of these commodities within the Soviet Union has increased, that there have been production problems forcing a cutback, that there has been a lack of mining investment leading to a capacity bottleneck, that the decline in exports is an attempt by the Soviets to disrupt Western industrial production, and that there has been a stockpiling of vital metals for use as future bargaining counters with the West

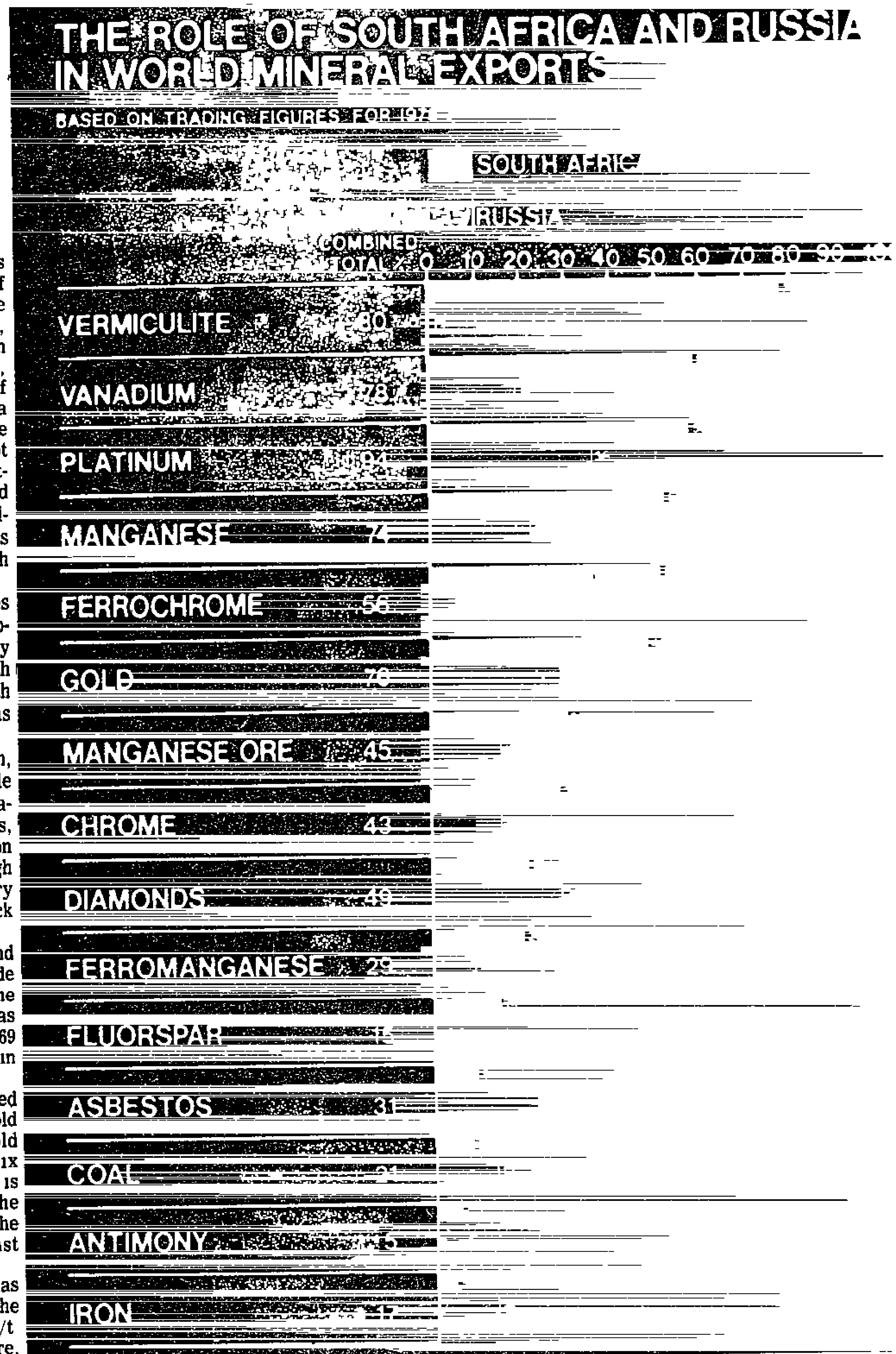
"Whatever reason, it does point to the unreliability of supply from this source and, in my view, contrasts markedly with the reputation which the South African minerals industry has undoubtedly built up"

Returning to gold production, Mr Etheredge said that while the gold price more than quadrupled in the past eight years, South African gold production dropped by about 25%, although the capacity of the industry measured by the tons of rock milled increased by 16%

"With lower pay limits and the exhaustion of higher-grade reserves in some mines, the average grade of ore mined has fallen by about 40% from 12,69 g/t in 1972 to about 8,22 g/t in 1979

"This pattern has continued this year, for the average gold price received by the gold mines during the first six months, at $589,58 an oz, is some 140% higher than the $243,25 an oz ruling over the comparable six months last year

"The result is that there has been a further decline in the grade of ore mined to 7,45 g/t Gold production has, therefore, also declined with the half-year figure amounting to almost 338 tons, which is 4% lower than the same time in 1979"



This bar graph projected on a screen by Mr Dennis Etheredge speaking to the London Metal Forum yesterday shows the relative positions of Russia and South Africa in the export of many important minerals While the USSR may at present be the biggest producer of the two, as a supply source to the West South Africa is still the main provider

RDM 14/10/80 (210)

much higher level in about 1987 and then falls off more sharply than in the case of the other two price levels It indicates that gold production after the turn of the century will be considerably lower than is forecast in the other examples "

Mr Etheredge recalled that demand for gold for jewellery fabrication had weakened substantially over the past year because of the higher price. Estimates varied, but it seemed that the demand for gold from jewellery manufacturers had fallen off by a third or even more on the levels consumed last year.

"I have no doubt that any consolidation in the gold price, even at present levels, will lead to a recovery in demand from this sector," he said.

"In the meantime, investment and speculative demand for gold has now overtaken industrial demand as the new 'market maker'.

"The level of gold purchased for investment and hoarding purposes last year surpassed the total consumption of gold used for jewellery fabrication, for the first time since 1973 and 1974

"The speculative frenzy which affected the markets in late 1979 and early 1980 has now largely vanished But the purchase of gold for investment reasons still remains strong

"An increasing number of investors, many of them big buyers, are turning to gold to provide a core holding in their investment portfolios

"I see this trend gaining momentum, as more and more people and institutions begin to recognise the benefits of gold as an investment vehicle during times when there does not appear to be any evidence of a relaxation of political tensions or economic uncertainties "

Mr Etheredge said further evidence of this expanding investor/speculative interest in gold lay in the development of the gold futures markets. Trading on these markets, particularly in the United States, had reflected tremendous growth

group metals and vanadium It also ranks high in a range of other strategic minerals, including coal, uranium, antimony and asbestos.

"The only alternative source of a majority of these minerals is the Soviet Union

"While the Soviet Union may be the biggest producer of the two, a large proportion of its output and what it has available for export goes mainly to its satellite states.

"Since 1977 there has been a significant decline of Soviet exports to the West, which has further eroded its position Several theories have been expounded as to the reasons for this

Still consolidating

Activities: *Mining finance house with major investments in and control of Randfontein (24%), Elsburg (25,4%), Rustenburg (32,9%), Tavistock (50,2%), Cons Murch (25%) and FS Devels (49,3%). Also controls Consolidated Metallurgical Industries. Portfolio investments include SA Breweries, Argus and Palabora. Anglo and De Beers together hold 50% of JCI.*
Chairman: *Sir Albert Robinson.*
Capital structure: *7,1m ordinaries of R2, 34,5m 11,25% red cum prefs of 10c, 5,5m variable rate red cum prefs of 10c, 40m "A" variable rate red cum prefs of 10c. Market capitalisation R662m.*
Financial: *Year to June 30 1980. Borrowings long- and medium-term, R34,4m. Net cash R44,2m. Current ratio 1,2. Capital commitments R6,5m.*
Share market: *Price 9 325c (1979-80 high, 9 800c, low, 3 000c, trading volume last quarter 96 000 shares). Yields 10,8% on earnings, 5,1% on dividend. Cover 2,1. PE ratio 9,2.*

	'77	'78	'79	'80
Investments				
Book value (Rm)	175	169	208	175
Market value (Rm)	286	344	475	756
Investment income (Rm)	26,5	26,5	38,1	56,4
Trading profit (Rm)	28,6	30,2	31,8	42,9
Earnings (c)	365*	591†	716	1 010
Dividends (c)	170	170	255	475
Net asset value (c)	4 055	4 832	6 603	11 584

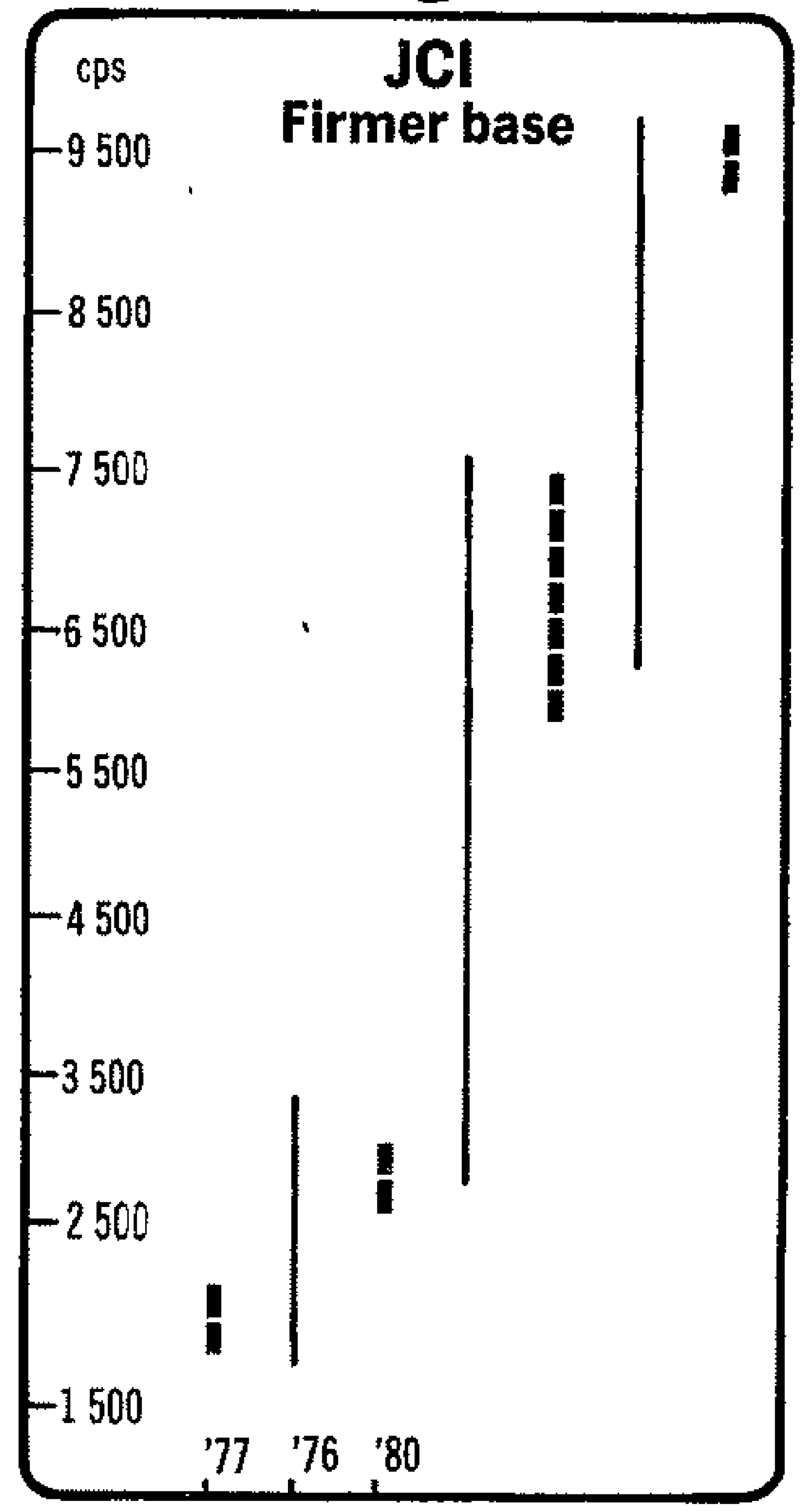
* Before R12m write off (169c per share). † Before R44,4m write off (625c per share).

With a cash-flush treasury and no immediate plans for new major developments, JCI's earnings for the next five years or so will depend largely on performances of the existing prime interests. And though the company last year spotted a buying opportunity which allowed it to add 1,45m SA Breweries to its strategic holding, it is difficult to foresee a major programme of buying portfolio investments.

If anything, the trend is the other way, with a steady reduction in non-strategic investments. Last year the entire Greatermans and Boumat holdings were sold, while the long-term Protea holding was halved. Even the Rustenburg holding was cut by 345 000 shares but that, I gather, was merely the result of "normal" trading in the shares and is of no significance.

The fact was that at end-June, non-strategic shares which could, if necessary, be sold were worth about R3m. And that means that the next round of expansion must largely be funded from retained earnings and/or outside funds.

Oddly enough, the project most likely to



get off the ground first is the re-opening of Otjihase, the Namibian copper mine which did so much to set the group back three years ago. On re-examination, it seems that the mine can be taken out of mothballs and returned to production at a lower copper price than was previously thought.

An announcement could be forthcoming within a few weeks, particularly as the arrangements to suspend copper concentrate deliveries to Tsumeb and pyrite to Rossing terminate at end-December.

The cost of re-opening Otjihase should be relatively small, so the exercise could be worthwhile, even if there are adverse political developments in Namibia. In Zimbabwe, on the other hand, even though a limited amount of exploration has been resumed to evaluate certain nickel deposits, there will probably be no rush to establish any new mines.

Though Shangani operated profitably last year, JCI had to loan the mine R3,8m to assist in funding the current capex programme. Meanwhile, as is indicated by the deferment of Shangani's financial restructuring, a wait-and-see approach is being adopted on the group's extensive mineral rights in Zimbabwe.

That leaves the group with SA. In the Karoo there is nothing new on the uranium exploration being undertaken jointly with Randfontein. Deposits disclosed thus far are small and made doubly unattractive by the steady weakening of the uranium price. And though some of the exploration effort has been aimed at coal, any near-term developments are unlikely. The group has no export allocation, while domestic sales by Tavistock are not expected to show much improvement this year.

Exploration to the east of Randfontein is being played in a minor key. There is nothing new to report and, though management is privately optimistic that the area has potential, a couple more years of drilling is probably necessary before the green light can be given for a new mine.

Apart from mining, conditions are still unsuitable for development of the 61%-owned, 4,8ha Main Place site in the Johannesburg CBD. Steps are being taken to release for sale a further 5 000 residential stands in Boksburg, but the impact of that on earnings will be relatively small.

On the industrial side, the CMI ferrochrome plant has been forced into a 15% production cut-back. Though profits will be lower this year, CMI is not consolidated and there will be no effect on JCI's consolidated earnings.

With the possible exception of diamonds, however, all of JCI's investments should provide higher income this year. At least in the short term, that is more than

DATES TO REMEMBER

Last day to register dividends:
Friday October 31: Asokor 18c, E L Bateman 24c; Bromain 9c, Gallo 15c, Portland Ho[illegible], Press Supplies 10c, Uni[illegible] Wine.
Meetings:
Monday October 27: Buffels, Gubb & Inggs (Uitenhage), Gypsum, Safmarine (Cape Town).
Tuesday October 28: Bakers (Durban), Putco (Sandton).
Wednesday October 29: Abercom, Blaikie Johnstone (Mobeni), W F Johnstone (Mobeni), Murray & Roberts, Rand London Coal, Reunert & Lenz.
Thursday October 30: General Optical.
Friday October 31: African & Overseas (Cape), Clicks (Salt River), Edward L Bateman (Boksburg North), Goodhope (Pietermaritzburg), Sasol (Sasolburg), Welfit Oddy (Port Elizabeth).
All meetings are in Johannesburg unless otherwise stated.

MINING

The Eighties boom

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FM 31/10/80

Over the next five years, more than R6 000m will be committed to massive new mining projects in SA in what can only be called the greatest mining boom since the sinking of the first deep level gold mines 90-odd years ago This will have interesting implications for SA's growth rate and would indicate that those who see growth slowing rapidly after 1981 could well be wrong The likes of Finance Minister Owen Horwood, who foresee more sustained growth at around 5% per annum right through the Eighties, are possibly on the right track

On the gold front, Anglo American alone is to spend some R1 800m at today's prices, principally on sinking a new 3 880m deep shaft system to the south of the present lease area at Western Deep Levels (R715m), and on developing the Erfdeel/Dankbaarheid prospect in the OFS As nearby Western Holdings is to hold all the mining leases here, capex can be offset against Western Holdings' profits keeping the after-tax cost of the new mine down to about R100m with the balance of R300m to R400m sponsored by the Receiver of Revenue

The new No 5 shaft at Free State Geduld should be commissioned in 1981, allowing the Anglo mine to push monthly milling capacity to 425 000 t A new shaft system in the north-east is also a possibil-

instalment in the event of a change in the commercial bank rate.

3. On termination of the ten year period, the lessor would allow the lessee the use of the plant for a nominal rental.

4. The lessee would be entitled to cancel the lease and assign it to its nominee on payment of the outstanding capital balance determined by the lessor.

5. The lessee would bear all the ownership costs such as insurance, maintenance, etc.

Industrial Leases Limited has furnished the following schedule in terms of the provisions of (4) above:

Year	Interest	Capital
	R	R
1	384 366	155 634
2	362 678	177 322
3	337 969	202 031
4	309 817	230 183
5	277 741	262 259
6	241 196	298 804
7	199 558	340 442
8	152 119	387 881
9	98 069	441 931
10	36 487	503 513

The flat interest rate is 8,0% and the effective interest rate approximately 13,1% per annum.

The estimated useful life of the plant leased is 15 years.

Your fellow directors propose to capitalise the plant and treat the lease payments as instalments on a long term loan. The company depreciates fixed assets on a straight line basis over their estimated useful lives.

YOU ARE REQUIRED:

1. To give reasons why you consider the capitalisation of the leased plant to be acceptable.

(12 marks)

2. To draft journal/...

ity at FS Geduld

Gencor's R320m Beatrix mine in the OFS is now a virtual certainty too What is interesting about both Erfdeel/Dankbaarheid and Beatrix are the very low gold grades anticipated — 4,5 g/t and 6,5 g/t Obviously both Anglo and Gencor are looking to the kind of high gold price needed to sustain those values Also in the Gencor stable is, of course, Unisel in the OFS — commissioned at a cost of R73m last year

GFSA, after commissioning its R140m Deelkraal mine near Carletonville earlier this year, is expected to make an announcement in the next month or two on the much-mooted North Driefontein prospect near its existing West and East Driefontein mines In fact, North Driefontein may well turn out to be simply a considerable extension of one of these mines

Big spending

JCI, for its part, is going ahead with a No 3 shaft at the Cooke Section of Randfontein Estates at a cost of R200m

As is now well known, Rand Mines will be spending R40m retreating dumps at Crown Mines (grade 1 g/t to 1,5 g/t), and even veteran producers ERPM and Durban Deep are spending R22,6m and R8,7m on additional capex

Anglovaal is still considering re-opening its Rand Leases mine on the central Witwatersrand Some believe there is ore grading 12 g/t in the western section of the mine If a decision was made now to go ahead, chances are lead time could be held to three years and cost to R35m But, of course, the longer things are delayed, the more expensive development will become

In the meantime, Anglovaal's Village Main is pushing ahead with a relatively small scale 60 000 t/m dump retreatment scheme

And, despite the general slackness in uranium demand, due mainly to political and environmental factors inhibiting the construction of new nuclear power plants, there is plenty of mining development on this quarter too

Gencor's R250m Beisa uranium mine in the OFS is the glamour boy here, but there are other developments Gencor's own Chemwes plant, serving Stilfontein and Buffelsfontein, is just one of them Chemwes treats tailings from the two mines — Stilfontein 85%, Buffelsfontein 15% — at a rate of 270 000 t a month The plant at Chemwes cost R75m

The R95m Afrikander Lease venture is another in the uranium field Up to now, it has been using Vaal Reefs' plant but is due to commission its own next year at a monthly rate of 50 000 t

The uranium plant at Hartebeestfontein is also being expanded to treat an extra 45 000 t a month, and a third uranium plant is now being commissioned at Harmony in the OFS

Western Areas will be going ahead with a R50m uranium treatment plant, while Western Deep Levels is extending production to 265 t from this year's 199 t

When it comes to coal, Anglo is busy again Amcoal was fortunate enough to win the contracts to supply Escom's new Tutuka and Cornelia power stations

Tutuka was to have been an 1 800MW station in the south-eastern Transvaal near Standerton, but it is now planned to to supply 10 Mt a year to Tutuka be establishing the New Denmark Colliery to supply 10Mt a year to Tutuka

The other mine will be called New Vaal Colliery and will supply 6,5 Mt a year to the 1 800 MW Cornelia power station cost of the two mines will be R322m on 1979 figures

Gencor is also pouring money into coal When the Matla coal mine supplying the Matla power station is fully commissioned, project cost will work out at about R180m And the underground workings at Optimum (supplying Hendrina power station) are now being closed and replaced with a second opencast pit at a cost of R150m Speculation has it that much of the output from the second pit will be for export Then there is the Ermelo export coal mine (Gencor, Total and BP) This R76m venture is now building up to capacity — 3,75 Mt of export coal per year is the target

Gencor will spend R60m on a new mine in Natal, after taking over Kwa Ngoma Mines, which had title to anthracite reserves there Gencor is also spending over R100m at Hlobane — the oldest continuously worked coal mine in SA Production first started in 1880

Rand Mines is busy building up capacity at its Duvha colliery, which supplies the local Escom power station By 1985, it should be running at 9,5 Mt a year Duvha coal mine is a R200m venture, as is TC Lands' and Shell's Rietspruit coal export mine This is managed by Rand Mines

State corporation Iscor is now commissioning its R200m Grootegeluk blend coking coal mine in the north-western Transvaal, too This will also supply middlings to Escom, which will eventually be putting in a 1 800 MW power station

Despite the fact that the outlook for platinum is not too hot in the short-term, both Rustenburg and Impala are expanding to meet longer-term contracts And, talking of diamonds, Finsch mine has just spent R60m on a new treatment plant and is spending another R150m on sinking a new 760 m shaft

On the base metals front, GFSA's R181m Black Mountain lead, silver, zinc and copper mine has recently been commissioned

Add it all up, and it's not difficult to see why the mining industry is the backbone of the country and likely to remain so But with the Chamber of Mines anticipating gold revenue this year running to R10 000m and coal income to R1 200m-R1 300m, that's not surprising

Of course, the spin-off on suppliers from all this spending will tend to keep the blood flowing smoothly through the veins of the economy and, hopefully, bolster the buoyancy of second industry as well

An interesting aspect of a great deal of this development is the way it is being financed Most of the new mines are being funded in-house without recourse to new flotations on the stock exchange Examples are virtually all the new coal mines, while Gencor is keeping mum on the possibility of any public flotation of Beisa or Beatrix

So it doesn't look as if John Citizen or the institutional investor is going to get more than part of the action, except through the mining houses themselves. However, institutional investors have tended to steer clear of operating mining

Breaking new ground here, there and everywhere

31/10/80 Argus

JCI MAY OPEN NEW MINES

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THREE gold-bearing areas on the West Rand are being investigated by JCI for the possibility of opening new mines.

Higher gold prices have made group companies re-evaluate areas in which they have major interests.

A viability study on the Kimberley and South Reef horizons indicates a potential gold mine north-east of Randfontein's Cook Section, says the retiring chairman, Sir Albert Robinson.

Old boreholes are being reopened to determine if the area can be mined profitably.

A similar study shows ground to the south of Western Areas' lease area contains tonnages of ore that are potentially economic at current gold prices.

But the reefs are at 'considerable depth' and technical studies are being made so that a decision about exploiting them can be taken.

JCI is also drilling a wedge between Western Areas and Randfontein Cook Section. Results indicate the Middle Elsburg reefs traverse the wedge and contain values of the same order as those in the two adjacent lease areas, says Sir Albert.

Tom Hood

Gold price

GOLD opened in London today at 642.75 dollars, against yesterday's close of 642 dollars, Reuter reports.

Fixings in London yesterday

	Dollars an ounce	Rands a kg
10.30 am	643.50	15 503.31
3.00 pm	642.50	15 479.22

[illegible]

of scientific research itself leads infallibly to such descriptions(4).
We can even probe a little deeper into this relationship between the ob- [illegible]

[illegible]

footnote to the history of the world. But much remains to be done;

[illegible]

as the "sole source of historian knowledge"(7), [illegible]

[illegible]

reads? The answer is perhaps through analysing, not necessarily overtly, the presentation, logic and selection of the type of fact of the writer.

There is a further point/...

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Vol. 183] PRETORIA, 31 OKTOBER / OCTOBER 1980 [No 7283

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No R. 2228 31 Oktober 1980

WYSIGING VAN REGULASIES

WET OP MYNE EN BEDRYWE, 1956 (WET 27 VAN 1956)

Die Staatspresident het, kragtens artikel 12 van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), die regulasies in die Bylae uitgevaardig.

BYLAE

1. In hierdie regulasies beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing R. 992 van 26 Junie 1970, soos gewysig by Goewermentskennisgewings R. 303, R. 304 en R 305 van 1 Maart 1972, R. 1346 van 4 Augustus 1972, R 2101, R. 2102 en R. 2103 van 15 November 1974, R. 513 van 1 April 1977, R. 1189 van 8 Junie 1979, R 537 van 21 Maart 1980 en R 2227 van 31 Oktober 1980

2. Die Regulasies word hierby gewysig deur in Hoofstuk 1—

(a) paragraaf (21) deur die volgende paragraaf te vervang:

"(21) 'materiaal' alles wat deur middel van enige hysinstallasie, hyser of selfgedrewe mobiele masjien vervoer kan word, uitgesonderd persone en delfstowwe; (16)"; en

(b) die volgende paragraaf na paragraaf (26) in te voeg:

"(26A) 'selfgedrewe mobiele masjien' 'n masjien of voertuig wat ontwerp of aangepas is om hoofsaaklik op wiele of rusperbande te beweeg en aangedryf word deur 'n motor of enjin en wat gebruik word vir die vervoer van persone of vir die vervoer of hysing van materiaal of vir die vervoer, sny, breek, boor, winning, laai of verwydering van 'n delfstof of deklaag in of by 'n myn of bedryf, en wat gebruik word of bedoel is om gebruik te word vir werksaamhede by of rakende 'n myn of bedryf, en sluit dit ook 'n sleepwa in wat saam met so 'n selfgedrewe mobiele masjien gebruik word; (27A)";

31162—A

GOVERNMENT NOTICE

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No R 2228 31 October 1980

210

AMENDMENT OF REGULATIONS

MINES AND WORKS ACT, 1956 (ACT 27 OF 1956)

The State President has, in terms of section 12 of the Mines and Works Act, 1956 (Act 27 of 1956), made the regulations in the Schedule

SCHEDULE

1. In these regulations "the Regulations" means the regulations published under Government Notice R 992 of 26 June 1970, as amended by Government Notices R. 303, R 304 and R 305 of 1 March 1972, R 1346 of 4 August 1972, R. 2101, R 2102 and R 2103 of 15 November 1974, R 513 of 1 April 1977, R 1189 of 8 June 1979, R 537 of 21 March 1980 and R 2227 of 31 October 1980

2 The Regulations in Chapter 1 are hereby amended by—

(a) substituting the following paragraph for paragraph (16);

"(16) 'material' means and includes whatever may be conveyed by means of a winding plant, elevator or self-propelled mobile machine, except persons and minerals; (21)"; and

(b) adding the following paragraph after paragraph (27).

"(27A) 'self-propelled mobile machine' means a machine or vehicle designed or adapted principally to travel on wheels or crawler tracks, driven by a motor or engine, which is used for conveying persons or for conveying or lifting material or for conveying, cutting, breaking, drilling, winning, loading or removing mineral or overburden in or at a mine or works and used or intended to be used in connection with operations at and pertaining to a mine or works and shall include any trailer used with such self-propelled mobile machine, (26A)";

For full text see SG

STAATSKOERANT
VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA
GOVERNMENT GAZETTE

REGULASIEKOERANT No. 3094 | PRYS + 1c AVB 20c PRICE + 1c GST | REGULATION GAZETTE No. 3094

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GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No. R 2227 — 31 Oktober 1980

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WYSIGING VAN REGULASIES

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2. Die Regulasies word hierby gewysig deur die volgende opskrifte en regulasie na regulasie 29 by te voeg:

"HOOFSTUK 30

ONDERWATERMYN- EN PROSPEKTEERWERK

30.1 By die toepassing van hierdie Hoofstuk van die Regulasies beteken—

'aangewese geneeskundige praktisyn' 'n geneeskundige praktisyn wat kragtens regulasie F9 (1), uitgevaardig kragtens Wet 22 van 1941, deur die Hoofinspekteur aangestel is;

'dekompressiestop' 'n pouse soos bepaal met behulp van dekompressietabelle wat deur die Staatsmyningenieur goedgekeur is, wat gedurende die duiker se opstyging vanaf die onderwaterwerkplek op 'n bepaalde diepte onder die wateroppervlak nagekom moet word om sodoende oormatige stikstof of ander inerte gasse vry te laat wat deur die duiker se liggaam opgeneem is,

GOVERNMENT NOTICE

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No R 2227 — 31 October 1980

210

MINES AND WORKS ACT, 1956 (ACT 27 OF 1956)

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2 The Regulations are hereby amended by adding the following headings and regulation after regulation 29

"CHAPTER 30

UNDERWATER MINING AND PROSPECTING

30.1 For the purpose of this Chapter of the Regulations—

'air' includes any pure gas or mixture of gases suitable for underwater respiration at the required depth,

'appointed medical practitioner' means a medical practitioner appointed by the Chief Inspector in terms of regulation F9 (1) promulgated in terms of Act 22 of 1941,

'buddy line' means a cord not exceeding 4,5 m in length and with a breaking strength of at least 500 N which is used for connecting two divers to each other whilst a diving operation is being undertaken,

For full text see GG.

Experts to study effect of new mine

3/11/80 Argus

(210)

Environment Reporter

CONSERVATIONISTS and scientists were delighted to hear of the decision this week by the Divisional Council to recommend that an environmental impact study be conducted into a new kaolin mine in the Noordhoek Valley.

Dr Anthony Hall, who is on the executive of the Co-ordinating Council for Nature Conservation in the Cape (CCNCC) said today the council's stand was good news

The call for a study before any definite plans for further mining of kaolin in the Noordhoek Valley comes after residents, engineers, conservationists and biologists had expressed grave concern over the expansion of the kaolin factory's mining activities.

The factory, which overlooks Sun Valley residential area, has caused concern in the council's engineering department and has led to a flood of complaints from nearby residents

But today Dr Hall said he was pleased by the attitude adopted by the factory over environmental issues affected by the factory and the mining.

A fortnight ago a group of scientists visited the proposed site at the invitation of the factory, which had bought the land to expand their activities.

NEW SITE

The factory personnel explained that the new site would yield an exceptionally high grade of kaolin.

But the scientists, including Dr Hall and Dr Richard Fuggle, head of the School of Environmental Studies at the University of Cape Town, thought it would be wise to conduct an impact study to ascertain exactly the effect of a mine on the environment and the urban area nearby.

The Divisional Council Engineer, Mr M K Botha, also called for a study. Council endorsed these calls, and referred the matter to the office of the Prime Minister

According to Dr Hall, who has been in close contact with the factory management, the prospective miners would not view the study unfavourably

'Leaving the aesthetic point of view aside, the area lies close to the third highest tourist-rated view-

MINERAL OUTPUT (210)

Reading the trend

FM 7/11/80

One of the side-effects of the soaring bullion price, which has enabled gold mines to work significantly lower grades of ore, has been a marked drop in the physical production of gold in the current year

In 1979, gold production was around 703 t, about 1 t more than in the previous year, but this year production is expected to be in the region of only 680 t, according to the Minerals Bureau

Largely as a result, the index of SA's total physical mineral production was just over 2,7% lower in August this year compared to the same month last year, for gold holds a 65% weighting in the Department of Statistics figures

The gold index itself has dropped some 5,5%, and the downtrend seems to be quickening, as the fall between July and August was 6,6% But there are, of course, a number of other factors affecting the overall index

Copper production, for instance, dropped around 11,5% in August compared with August 1979, and 15% between July and August this year The drop surprised local analysts who believe that despite a fairly weak international price and recessionary conditions overseas, exports should at least be able to be maintained

Diamond production has also been weak, showing a 31% drop between July and August and a decline of 14% in August this year compared to last year Price weakness has obviously been responsible, but diamond output is notoriously volatile

Another sector which has shown a surprising drop in physical output is building meaterials, which includes sand stone and the like The index for this sector dropped by over 30% in August compared with July and by 11% in the 12 months ended August this year Again volatility is a feature, but it is odd that this decline has taken place when building starts are moving ahead rapidly

Coal production on the other hand, was up around 11% in the year to August, and was slightly higher in August compared with July The Minerals Bureau reckons this is attributable to local demand rather than growth in export trade, which is curtailed by government's quota system

Experts are sceptical that the decline in SA's mineral output is in fact, a long-term trend thought they acknowledge that gold's role is significant and this year's lower physical production is obviously playing a big part Once world, and particularly US, economic conditions begin to recover from the current recession, demand can be expected to perk up significantly the hands of the company itself, and therefore its dividend paying capacity, should show a further improvement this year

At its current level, the share price appears to reflect some market caution on near-term dividend prospects However, it does not seem to have fully taken into account development prospects over the next few years As usual, the share is a sound hold for investors with medium-term objectives

Jim Jones

ANGLOVAAL (210) FM 7|11|80

Three new legs

Activities: *Mining finance house with interests in gold (Hartebeestfontein, Loraine and ET Cons) and copper/zinc (Prieska) Holds a 42% interest in Associated Manganese and a 51% stake in Middle Wits Wide industrial interests are held through Anglo-Transvaal Industries*

Chairman· *B E Hersov, deputy chairman C S Menell*

Capital structure· *1,78m ordinaries of 50c, 1,78m "A" ords of 50c, 1,5m 5% part prefs of R2, 1m 5% cum red second prefs of R2, 373 250 6% cum red prefs of R2 Market capitalisation R182m*

Financial: *Year to June 30 1980 Borrowings long- and medium-term, R29,9m Net cash R24,1m Current ratio 1,3 Capital commitments R39,2m*

Share market: *Price 5 100c (1979-80c high, 5 500, low, 1 700c, trading volume last quarter, 27 000 shares) Yields 17,2% on earnings, 4,5% on dividend Cover 3,8 PE ratio 5,8*

	'77	'78	'79	'80
Dividend income (Rm)	7,4	8,7	13,0	28 3
Pre-tax profit (Rm)	40,7	47 0	67,9	105,1
Earnings (c)	305	377	522	879
Dividends (c)	105	115	150	230
Net asset value (c)	3 536	4 202	5 494	9 656

If there is one characteristic of Anglovaal, it is conservatism in investments, reporting and financing And it is a characteristic which seems not about to change

As far as the group's investment portfolio is concerned, virtually all of the 1,3m shares holding in Rustenburg has been sold, presumably because management feared that platinum's roller coaster ride is far from over The Rustenburgs have been largely replaced by new and enlarged holdings in golds But that was on a selective basis, with a bias towards what could be described as defensive stocks The holding in Harmony, which probably depends too much on uranium for Anglovaal's liking, has been cut, as has the holding in Blyvoor, where life and grade were probably the main considerations

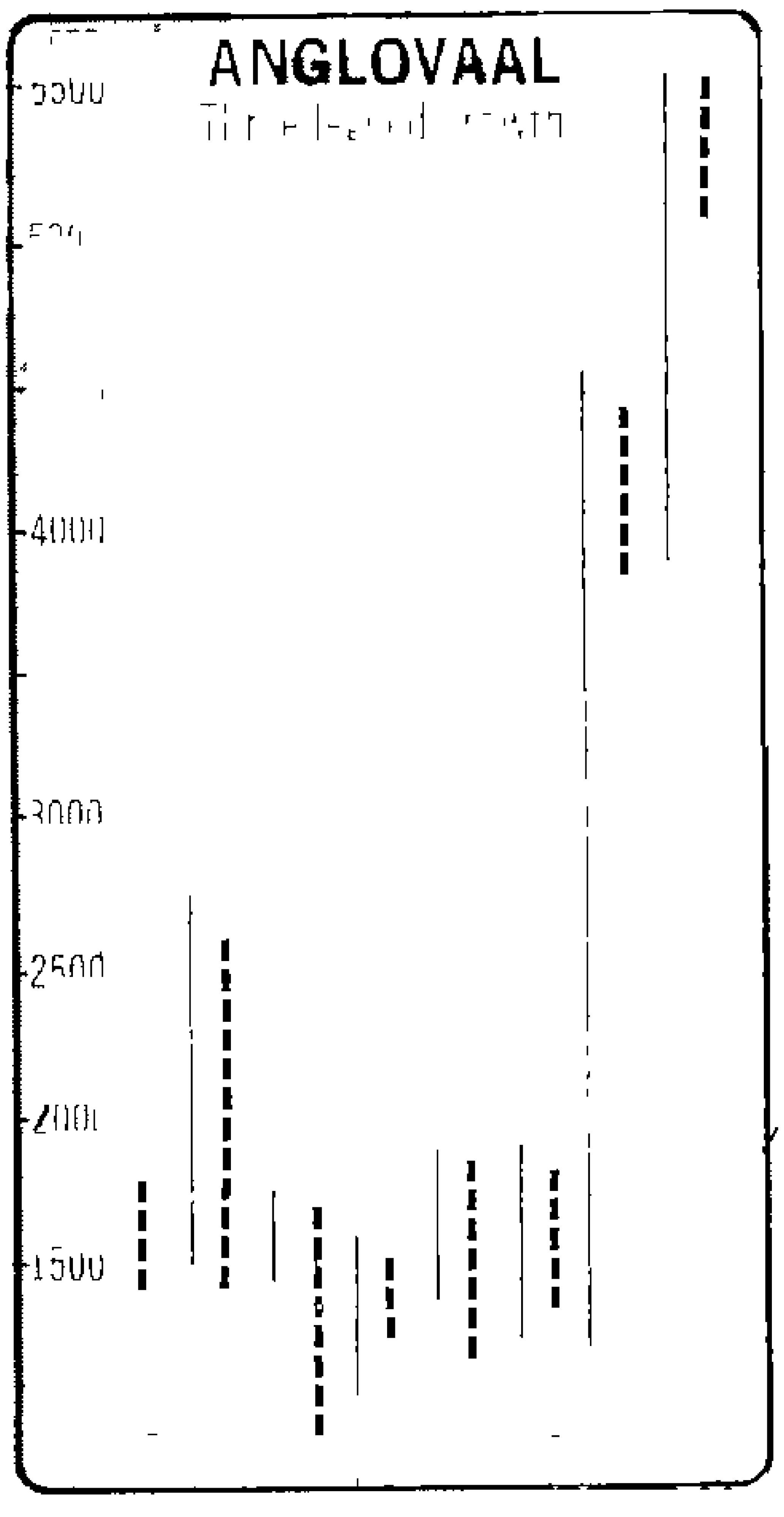
Perhaps more to the point as far as more speculative investors are concerned, the holding in Rand Leases was cut from 366 000 to 200 000 To say the least, that is an odd move if the group is serious about returning the old mine to production It seemed to be some months ago when it was announced that the cost of re-opening the mine would be about R35m

Of course, any developments at Rand Leases are among the least of the group's preoccupations If the three major pro-

Anglovaal's Hersov . . .
a full development plate

jects in gold, coal and diamonds come to anything over the next five or so years, the group could be far too busy with their technical and financial management to pay much attention to Rand Leases

Perhaps first in line, simply because



more details have been released than on anything else, is the diamond prospect in the Zoutpansberg

Its official announcement two weeks ago was hedged with the usual warnings that investigations were at a very early stage But presumably Anglovaal has preliminary ideas on how the project and possible mine fit into the group's overall financing programme

If the group's current prospecting programme in the eastern Transvaal reveals viable gold deposits — despite official disclaimers, management considers the prospect one of the most exciting the group has had in some years — and there are financing constraints, a sensible move might be to let De Beers establish and manage diamond mining operations and for the Anglovaal group to go along with a lesser interest, but a free ride either through royalties or profit share

The same considerations do not necessarily apply to the coal venture in association with Caltex Presuming that the technology of producing methanol from coal is viable, then Caltex could weigh in with a significant proportion of the funds needed to establish coal mining operations Anglovaal has frequently resorted to outside financing with US groups, so such a move would not be out of character

Out of character would be simultaneous establishment of three new ventures if that meant recourse to an unduly high level of debt financing

At year's end, consolidated long-term debt was, to all intents and purposes, negligible There were, in addition, net current assets of R144m, some of which could be mobilised to fund new ventures, and saleable investments of upwards of R250m There is, therefore, plenty of scope for mobilising existing assets, as well as additional debt But it may be insufficient for independent simultaneous moves towards three major mining projects

Away from gold, diamonds and coal, the group's other interests have mixed near-term prospects Associated Manganese and Consolidated Murchison are being squeezed by the West's economic recession while, on the whole, industrial and food interests operating in SA reported better earnings and prospects (see ATI below)

This year there should be no slow-down in gold dividends, while dividends declared by the indirectly-held industrial interests will move steadily through to the parent On that basis, dividend income in

(210) FM 7/11/80

Johannesburg Consolidated Investment Company, Limited

Chairman's Review by Sir Albert Robinson

The Annual General Meeting of the Company will be held in Johannesburg on 10 November 1980 at 12 noon.

This is my last Chairman's review of your Company's affairs as I shall be succeeded on 1 January 1981 by the present Deputy Chairman, Mr G H Waddell I have gladly accepted an invitation from my colleagues on the Board to continue serving as a Director

I first became associated with Johnnies in 1965, when I was appointed an Alternate Director, in 1971 I became Chairman. For the past fifteen years, therefore, I have been involved in the affairs of the Group During this time we have expanded our activities in platinum, gold, nickel, antimony and coal mining, and also in the industrial field. All of these areas of our business are contributing to the Group's present strength and prosperity and I am satisfied that they have the potential to do so in future. Furthermore, I believe that under Mr Waddell's energetic leadership we can look forward to the development of new business as well as to the further expansion of our existing enterprises. But Johnnies' potential, and indeed the country's vast economic potential, will not be realised unless South Africa enjoys political, social and industrial stability It is on this need for stability that I wish to comment.

The Prime Minister has unleashed the forces of change in South Africa after some thirty years of the restrictive policies of his predecessors Over these years numerous devices were employed to entrench apartheid or, as it later came to be known, separate development. Coloured and black representation in the South African Parliament was removed. Separate coloured and Indian councils were created The Group Areas Act was introduced to divide the peoples of South Africa by forcing them to live in separate ethnic communities. Black homelands were established in the hope that they would arrest and ultimately reverse the influx of blacks to the metropolitan areas This plethora of divisive legislation inevitably necessitated the enactment of increasingly elaborate and powerful laws for the control of dissent. However necessary those laws may be for the protection of the legitimate security interests of the State, it cannot be denied that they have encroached extensively on the freedoms that are fundamental to any democratic society

Mr Botha assumed office at a time when the failure of the orthodox doctrine of separate development was becoming increasingly evident. Distrustful of the direction in which traditional policies were leading the country, the Prime Minister lost little time in setting a new and more hopeful course. Last year he announced a programme of reform directed towards the establishment of a constellation of states which he claims will be founded upon racial equality and economic growth. To this end he has initiated a process of consultation with black leaders and with representatives of the business community He has abandoned the Westminster system of parliamentary government by abolishing the Senate and he has also abolished the Coloured Persons Representative Council. In their place he has announced plans for a new constitutional and political dispensation.

As one who attended the now famous conference between business leaders and the Prime Minister and his Cabinet colleagues last November, I feel free to comment on the trend of events since that meeting There are those who suggest that reactionary elements in the Government will frustrate the Prime Minister's efforts to create a generally acceptable basis for a new South African society Others, however, hope and believe that, despite its slow progress to date, his policy reflects a new spirit, namely one that recognises and accepts that a negotiated sharing of power among the races is the only alternative to violent inter-racial conflict in South Africa. It is difficult to assess the present balance of power between the reactionaries and the reformists I am, however, certain of one thing that Mr Botha's policies have unleashed forces of change and nothing can now preserve the old order or prevent the ultimate emergence of a new, non-racial South Africa. The Government's further plans are awaited with the keenest interest by moderates of all races within the Republic and by the major western powers, whose trade and investments are essential to the country's well-being Their earnest hope is that Mr Botha will be able to steer a course away from conflict and towards an accommodation of the reasonable aspirations of all the peoples of South Africa.

I turn now to the question of industrial relations. In this sphere the Botha Government has advanced the process of change by the appointment of various commissions to investigate and report on industrial relations and the relevant labour laws in South Africa. For many years a number of leading white trade unions have dominated the industrial scene whereas blacks, by and large, have had their terms of employment decided by employers with the Government holding a watching brief. Today the majority of Government-approved and registered unions are non-white or racially mixed, which is an interesting and satisfactory development. Obviously industrial peace should be the prime objective of employers, the Government and employees That goal will not be achieved if employers resort to lockouts, instant dismissals and requests for police action as a response to workers who seek to negotiate legitimate changes in their conditions of employment Such measures can only lead to civil disorder or industrial action and consumer resistance I believe that certain steps should be taken to resolve this complex problem, namely how to achieve a responsible trade union movement which is fully recognised and whose members do not feel impelled to resort to unlawful action to obtain redress of grievances Firstly, all unions should aim at being democratically representative of all employees Secondly, the number of unions competing with each other should be limited. This is essential if only to avoid demarcation disputes Unions should be encouraged to amalgamate in the different economic disciplines, or at least to bargain together with management as is already the case in the steel and engineering industry Thirdly, it must be accepted that workers of all races have industrial rights, just as employers have industrial rights One segment of the industrial community should not impose its will upon the other Management and the unions must negotiate under the umbrella of benevolent industrial legislation to further their mutual interests These suggestions amount to the practice of industrial democracy, a principle which should be accepted in South Africa if strife and disorder in the work-place are to be avoided. After all, employers and employees should have a common interest, which is to further their own prosperity and thereby promote the prosperity of the nation.

I have commented on some of the major political and industrial problems that confront the country I am one of those who believe that to achieve stability in South Africa there should be one nation, however diverse its many parts. If this belief can win sufficient support – and I think it can – then we may hope for a constitution that meets the reasonable aspirations of the various communities This achievement would provide the framework for a peaceful and prosperous future and would win for South Africa considerable support and goodwill in the international community

Results for the Year

The Johnnies Group made substantial progress during the past financial year and profits were at a record level

Group profits before the deduction of tax, preference dividends and minority interests were R98,7m, compared with R70,9m for the previous year Profits on the realisation of investments less provisions against possible future losses on investments amounted to R0,3m After the deduction of tax, preference dividends, minority interests and the net surplus on realisation of investments, which is customarily regarded as non-distributable, the net profits available for distribution to ordinary shareholders for the 1980 financial year were R72,2m (1 016 cents per share), an increase of 67% over the comparable figure of R43,3m (609 cents per share), for the previous year These results are mainly a reflection of a 48% increase in Group investment income from R38,1m to R56,4m.

The consolidated income statement does not give a complete picture of the Group's earnings as it necessarily excludes the Group's share of the retained profits of non-subsidiary companies in which a substantial interest is held. When these underlying earnings are taken into account, the equity earnings of the Johnnies Group increase to R129,3m (1 820 cents per share), compared with R86,3m (1 214 cents per share) for the 1979 financial year

Financing

Cash receipts from normal sources amounted to R74,9m, which consisted mainly of dividend income (R61,8m) Cash from the realisation of investments amounted to R41,5m and a further R40m was raised by the issue of variable-rate redeemable cumulative preference shares, repayable in five equal annual instalments from 31 December 1987 Cash inflow for the year thus totalled R156,4m. Loan repayments absorbed R61,2m, R39,6m was distributed to preference and ordinary shareholders, investments accounted for R12,8m, expenditure on exploration and research was R3,6m, and R3,5m was spent on fixed assets The net result of the aforegoing was an increase in cash resources of R35,7m, to R56,5m. The Group's net current assets improved from a deficit of R31,5m to a surplus of R75,2m.

Thus, the financial strength of the Group has been improved to a significant extent during the past year A strong cash flow and substantial gearing potential place it in an excellent position to take full advantage of new opportunities as and when these arise

Diamonds

During the year ended 30 June 1980 dividend income from our diamond investments increased by 19% to R16,3m, or 21,6% of consolidated normal income These investments, which amount to 11,3% of total Group investments, consist of holdings in certain unlisted diamond trading companies and in De Beers Consolidated Mines Limited.

Gold and Uranium

The gold price continued to fluctuate widely during the year under review but maintained the strong upward trend that started in 1977 The average price received by the South African gold mining industry was R12 530 per kilogram, an increase of 98% on the comparable figure for the previous year The rapid rise of the gold price reflects the interaction of a decrease in supplies of the metal, partly as a result of the suspension of the IMF and US Treasury

It is particularly unfortunate that the TCOA, whose members played an essential role in developing the Richards Bay project, should be faced with the prospect of limited sales in the domestic market and at the same time be denied an appropriate share of the country's thriving export trade in coal In my opinion, the Government's policy on coal exports is in urgent need of review South African reserves of coal are estimated to be 60 to 65 thousand million tons, so without the least detriment to internal requirements they could easily support a level of exports very much higher than the officially imposed maximum of 44 million tons per annum for thirty years

Base Metals

Consolidated Murchison Limited, the western world's largest producer of antimony concentrates, earned after-tax profits of R7,5m in its financial year ended 31 December 1979, compared with a loss of R0,5m in the preceding year Market conditions continued to be favourable during the first half of the current financial year but since then have deteriorated significantly as a result of a marked decline in demand from the principal consumers of antimony products This development, coupled with escalating production costs and the continuing appreciation of the rand, is having a serious effect on the current profitability of the company's operations On 6 October 1980 the company announced that, as sales were expected to remain at a low level next year, it had been decided to reduce the milling rate from 45 000 to 30 000 tons per month and, furthermore, that no final dividend would be declared in respect of the current financial year

Shangani Mining Corporation Limited, in Zimbabwe, made a net profit of Z$0,8m, after full provision for interest charges, during its financial year to 30 June 1980, compared with a loss of Z$2,3m for the previous year These results, which were better than the breakeven position forecast in my previous review, were due mainly to unexpectedly good nickel prices and to a large increase in revenue from cobalt sales Prospects for the current year are less favourable, however, and the indications are that operating profits may not cover interest charges The declining trend of operating profits is due to the fact that the opening up of the underground mine in this complex orebody has unavoidably fallen behind schedule, with the result that mill throughput for the first half of the year will consist mainly of very low-grade material that remains in the open pits Clearly, it will be some time before the mine's production potential can be fully assessed We have confidence in the future of Shangani, which is the justification for our perseverance in funding our share of its financial requirements

The future of Otjihase Mining Company Limited has been the subject of a great deal of attention since my previous review Your Board has decided that Johnnies itself should not re-open the mine but instead should seek a suitable partner to do so Discussions to this end are being held with interested parties and, if these discussions should be successful, Otjihase could be re-opened on a satisfactory and viable basis

Industry

Our interests in the industrial field include Consolidated Metallurgical Industries Limited (CMI) and Lenning Holdings Limited, which are managed by Johnnies, and substantial portfolio investments in The South African Breweries Limited, Argus Printing and Publishing Company Limited and Toyota South Africa Limited. Income from industrial investments, including the interest of Johnnies and its wholly-owned financial subsidiaries in the retained earnings of non-subsidiary companies in which substantial investments are held, amounted to R29,4m, an increase of 89% on last year s figure

CMI enjoyed favourable market conditions during the year and its financial results, although adversely affected by the appreciation of the rand against the US dollar were in accordance with expectations At the end of June, however, the company's rate of production was cut by 15% in response to a decrease in ferrochrome demand caused by a sharp decline in U S steel production The ferrochrome market may be expected to improve in due course as the U S economy emerges from recession. This recovery will take some time to develop, however, and consequently CMI's results for the current financial year are likely to fall significantly short of last year's level

Lenning continues to make excellent progress on the sound foundations laid by its late managing director, Mr William Hoadley, who died earlier this year Mr Hoadley was an outstanding entrepreneur who enjoyed the enthusiastic and loyal support of his staff Lenning's equity earnings for the year ended 30 June 1980 increased by some 37% and the company looks forward to further substantial growth in earnings and dividends against the background of a booming economy

S A. Breweries, which made a major contribution to the improvement in Johnnies' income for the year, increased its earnings and dividends by 30,7% and 37,5% respectively and is particularly well placed to benefit from the upsurge in consumer spending that is now developing

The other major listed holdings in Johnnies' industrial portfolio are Argus and Toyota Argus's net earnings to 28 February 1980 were marginally lower than those of the preceding year but Toyota achieved a 52% increase in equity earnings for its financial year ended 31 December 1979 and has reported excellent results for the first half of the current financial year

There is good reason to expect that in the current financial year our industrial investments will again improve upon an already substantial contribution to our consolidated income

Directorate and Staff

Mr G H Waddell was appointed Deputy Chairman and Mr F J L Wells was appointed Senior Executive Director on 1 January 1980 Mr G C Fletcher resigned as a Director on 18 October 1979 and on that date Mr M W King was appointed to fill the vacancy Mr B A Smith resigned as a Director on 31 July 1980

I wish to express my appreciation to the Directors who have retired for the valuable contribution they made during their service on the Board of the Company Mr Smith was also a member of the executive management team for many years We wish him every success in his new career

Mr K W Maxwell, Mr G Y Nisbet and Mr H Scott-Russell were appointed Directors on 1 October 1980

It gives me great pleasure to thank my colleagues on the Board and all members of the staff for their able and loyal support during the year under review Their efforts have resulted in record profits and dividends These achievements will give great satisfaction to our shareholders

30 October 1980 Johannesburg

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 2315 14 November 1980

REMOVAL FROM THE REGISTER OF CONTROLLED MINES

In terms of section 11 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973), it is hereby notified that the Minister of Mineral and Energy Affairs has declared that the following mines shall cease to be controlled mines with effect from 1 January 1981

(a) The mine known as Draaiberg Quarry, on the farm Witkoppies WLM Q 5-19, situate in the Magisterial District of Willowmore, Cape Province, worked by Colle Contractors (Pty) Ltd, P O Miller, 6682

(b) The mine known as Lowveld Crushers Nelspruit (Pty) Ltd, on the farm Stone Henge Farm 310 JT, situate in the Magisterial District of Nelspruit, Province of the Transvaal, worked by Lowveld Crushers Nelspruit (Pty) Ltd, c/o Messrs Wolfaard, Vickers and Joseph, P O Box 27, Nelspruit, 1200

(c) The mine known as Paulpietersburg Dumbe Coal Mines (Pty) Ltd on the townlands of Paulpietersburg situate in the Magisterial District of Paulpietersburg, Province of Natal, worked by Rand London Coal Mines, P O Box 129, Paulpietersburg, 3180

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 2315 9947295 14 November 1980

SKRAPPING UIT DIE REGISTER VAN BEHEERDE MYNE

210

Hierby word ingevolge artikel 11 van die Wet op Bedryfsiektes in Myne en Bedrywe, 1973 (Wet 78 van 1973), bekendgemaak dat die Minister van Mineraal- en Energiesake verklaar het dat die volgende myne met ingang van 1 Januarie 1981 ophou om beheerde myne te wees

(a) Die myn bekend as Draaiberg Quarry, op die plaas Witkoppies WLM Q 5-19, gelee in die landdrosdistrik Willowmore, Kaapprovinsie, ontgin deur Colle Contractors (Pty) Ltd, Pk Miller, 6682

(b) Die myn bekend as Lowveld Crushers Nelspruit (Pty) Ltd, op die plaas Stone Henge Farm 310 JT, gelee in die landdrosdistrik Nelspruit, provinsie Transvaal, ontgin deur Lowveld Crushers Nelspruit (Pty) Ltd, p/a mnre Wolfaard, Vickers en Joseph, Posbus 27, Nelspruit, 1200

(c) Die myn bekend as Paulpietersburg Dumbe Coal Mines (Pty) Ltd, op die dorpsgronde van Paulpietersburg, gelee in die landdrosdistrik Paulpietersburg, provinsie Natal, ontgin deur Rand London Coal Mines, Posbus 129, Paulpietersburg, 3180

Rembrandt chief Anton Rupert (left) claims to have Trans Hex in the bag after a four-month battle for control. Contender Bernard Hottshousen, managing director of Rand London, has received little co-operation from Trans Hex's board

Ding-dong fight for control of Trans Hex

STAR 17/11/80

210

~~232~~

By Jean Moon

The battle for control of Trans Hex continues to rage after four months The latest piece of strategy is a claim by Partnership in Mining (a Rembrandt company), to have established a control situation in Nascor Mynbou and Trans Hex.

At the same time, the only other contender left on the scene — Rand London — has made a counter offer equal to Partnership's

Both contenders are now offering 600c a share for Naskor and 432c a share for Trans Hex

Partnership is also negotiating with Seeland Mynbou for an acquisition of its shares in Trans Hex

If Rand London is successful with its bid, it will seek an early opportunity to extend to all other shareholders in the Trans Hex group the benefit of an offer or a listing for shares

Bernard Holtshousen, Rand London's managing director, tells me that as it has received little co-opration from Trans Hex's directors with regard to the condition of its bid that it be able to examine and confirm ore reserves of the Trans Hex site, it has now limited its bid to 50 percent of the company — which will still give it control, but puts it less at risk

Bidding for the Namaqualand diamond mine began in July with a bid by Laurie Korsten of Volkskas Merchant Bank in his private capacity for 64 per-cent of Trans Hex Then the Theron/Katz and Lurie rationalisation offered Seeland shareholders R200 cash plus 25 shares in the new Trans Hex company for every 100 Seeland held. Naskor members were offered R220 cash plus 25 shares in the new company for every 100 Naskor held

Then came Octa Diamonds and Natal Makelaars bidding up to 355c for Naskor, 330c for Seeland and 250c for Trans Hex

Partnership's original offer was R195 plus 50 shares for every 100 Naskoi, R195,50 plus 45 new shares for Seeland and R138,50 plus 35 new shares for Trans Hex

Rembrandt offers cash in Trans Hex

STAR 19/11/80 210

By Jean Moon

The winner of the Trans Hex paper chase has crossed the finishing line But the victor Partnership in Mining, a Rembrandt company, has abandoned paper in favour of cash

Partnership has finally acquired a controlling shareholding in Trans Hex, Seeland and Naskor and therefore decided not to go ahead with the scheme of arrangement with the shareholders of the companies involved which was proposed on October 28 This scheme involved a cash plus share swap in the new company

While Partnership already has control it has nevertheless offered to acquire up to 50 percent of shares in each of the three companies Shareholders in Trans Hex have been offered 423c, in Seeland 546c and Naskor 600c for their shares Those wishing to accept the offer should deliver share certificates to Partnership in Mining before December 5

At the final stages of the four-month race, only two contenders were left But as the two Partnership and Rand London, neared the winning tape, the latter was given the cold shoulder by the board of Trans Hex even though its offer matched that of Partnership

However although it is part of Rand London's long term strategy to get into gold and diamonds — and such openings do not present themselves often — all the defeated contender is suffering from at the end of the chase is a slightly bloodied knee

BUSINESS

Mineral sales soar beyond R10 000m mark

Star 20/11/80

210

By Geoff Shuttleworth

Foreign exchange earnings from mineral sales have surpassed the R10 000m mark, rising to R10 192m for the first three quarters of the year and handsomely surpassing last year's total of R8 500m.

When local sales are added in, the nine-month total for 1980 rises to R11 351m compared with the whole of last year's R9 768m.

Export sales in September amounted to R1 231m compared with R1 135m in [illegible] but fell short of [illegible] record total of [illegible].

Sales for the final quarter of 1980 should make [illegible] that the Minerals Bureau's projections of a [illegible] to R15 000m 1980 total will be comfortably exceeded.

The increase in the September sales was almost entirely due to gold which fetched R967m compared with August's total of [illegible].

Significantly, diamond [illegible] have continued to [illegible] since July. The September total was [illegible] against August's [illegible] and July's R77,1m.

Latest sales are, however, higher than the rockbottom sales of R12,7m in May this year.

Sales of antimony on export markets were R66 622 in September compared with R313 902 in August and confirm the gloomy picture painted by Cons Murchison when it suspended part of its mining operations.

Nickel sales were sharply higher at R15m compared with only R6,1m in August and R1,1m the month before. Copper also rose significantly to R19,8m from R9,4m in August and R12,3m in July.

Sales of coal and anthracite fell to R53,5m in September from R60,6m in August and R52,3m in July.

Manganese sales fell sharply to R7,4m, nearly half the August total of R14,5m and compared with July's R13,1m.

CHROME ORE MARKET (210)

Clash of metal

FM 28/11/80

Outspoken TC Land's chairman Tony Petersen has set the cat among the chrome pigeons He is accusing government's homeland development agency, the Mining Corporation, of undermining the market for SA chrome ore at the taxpayers' expense

The 11-year-old corporation, previously the Bantu Mining Corporation, was established to promote the development of homelands mineral resources It operates a chrome ore mine at Dilokong in Lebowa

Petersen complains that the chrome market, already "plagued by over-production," has been further damaged by the Mining Corporation's selling chrome at prices below market rates and incurring losses which "one assumes will have to be met by the taxpayer "

Meanwhile, mining companies are being forced to reduce operations or even close down and thus increase unemployment in rural areas

Mining Corporation GM Hermanus Hanekom replies that the corporation's market share of chrome ore exports, at around one percent, is far too small to justify the role of scapegoat for the present state of the market

To Hanekom, price-cutting by public and private sector alike is the natural consequence of the present buyer's market, which is the consequence of the depressed state of the world stainless steel market

His remedy — that more SA chrome ore should be processed locally into ferrochrome to take greater advantage of SA's overwhelming comparative advantage in energy costs Hanekom explains that SA energy costs for ferrochrome smelting are less than half of those of our cheapest competitor And converting SA chrome ore to ferrochrome brings an added benefit in transport costs

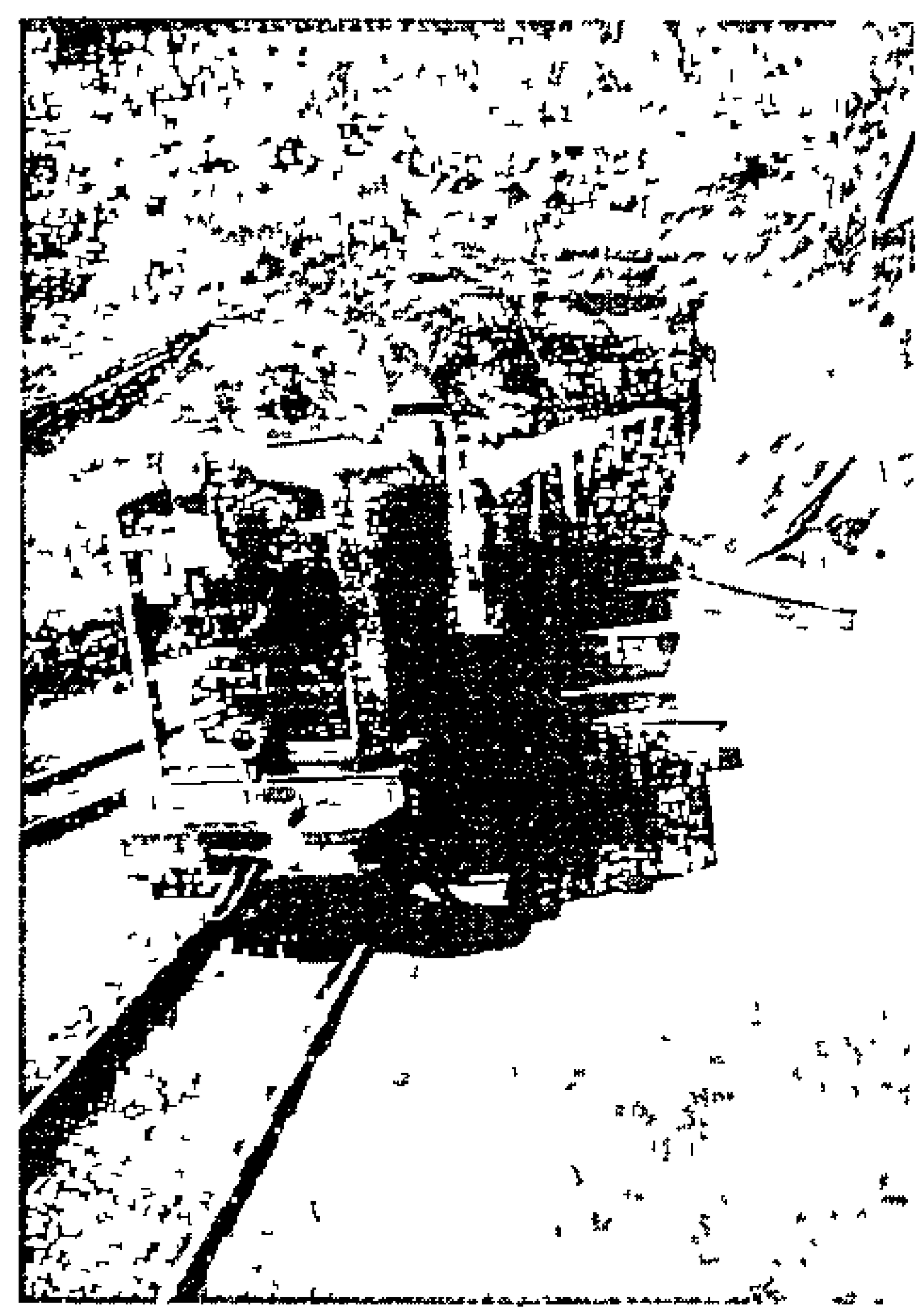
Economic reality

There does seem to be some reasonably founded industry sensitivity to the intrusion of Mining Corporation on a subsidised basis, especially in view of the new decentralisation policy which emphasises the need for economic reality in its implementation

The ferrochrome industry feels that homelands development (including the exploitation of their chrome ore potential) should follow free market principles, development should stand on its own feet and subsidisation of sub-economic resources be avoided

The industry recognises that the economic forces which have brought the chrome ore market to its present plight have very little to do with the entry of the Mining Corporation The very success of the SA ferrochrome export drive has shut down Europe's smelters and brought Japanese ferrochrome output down to 40% of capacity

This situation has, in turn, reduced the overseas demand for SA chrome ore And the SA ferrochrome smelters tend to rely



TC Land's chrome . . a tough line in competition

on captive chrome ore capacity (In point of fact, the Barlow Rand group itself uses some of its own ore output in integrated ferrochrome operations)

Worse still, a number of overseas chrome ore projects are further overloading the world market

Be that as it may, SA cannot afford to waste human resources or financial capital through misguidedly directing them into development concepts which do not furnish an adequate return — especially when government claims to embrace a policy of free enterprise

MIDDLE WITS (210) FM 28|11|80

The golden key

Has the market gone overboard in pushing Middle Wits to around 2 000c from less than 1 300c at the start of July? Yes, is almost certainly the answer if your view is restricted to this year's likely dividend payout But the picture is more difficult to unravel if you take the view that, because only 48% of the company's 9,7m issued shares is not in the hands of parent Anglovaal, it is necessary to pay a premium to participate in the major developments ahead of the company

Matters are not helped by the fact that the company, like its parent, does not disclose mineral rights holdings in the annual report And that is compounded by delays in registration of mineral rights titles in the eastern Transvaal

One thing, however, seems to be clear — any developments will be scheduled so that they will not result in calls for funds from shareholders Control of Anglovaal itself is exercised by the Hersov and Menell family interests through their 51,3% stake in Avhold It, in its turn, has 50,2% of the Anglovaal voting ords, equivalent to a total 25,1% stake in the group

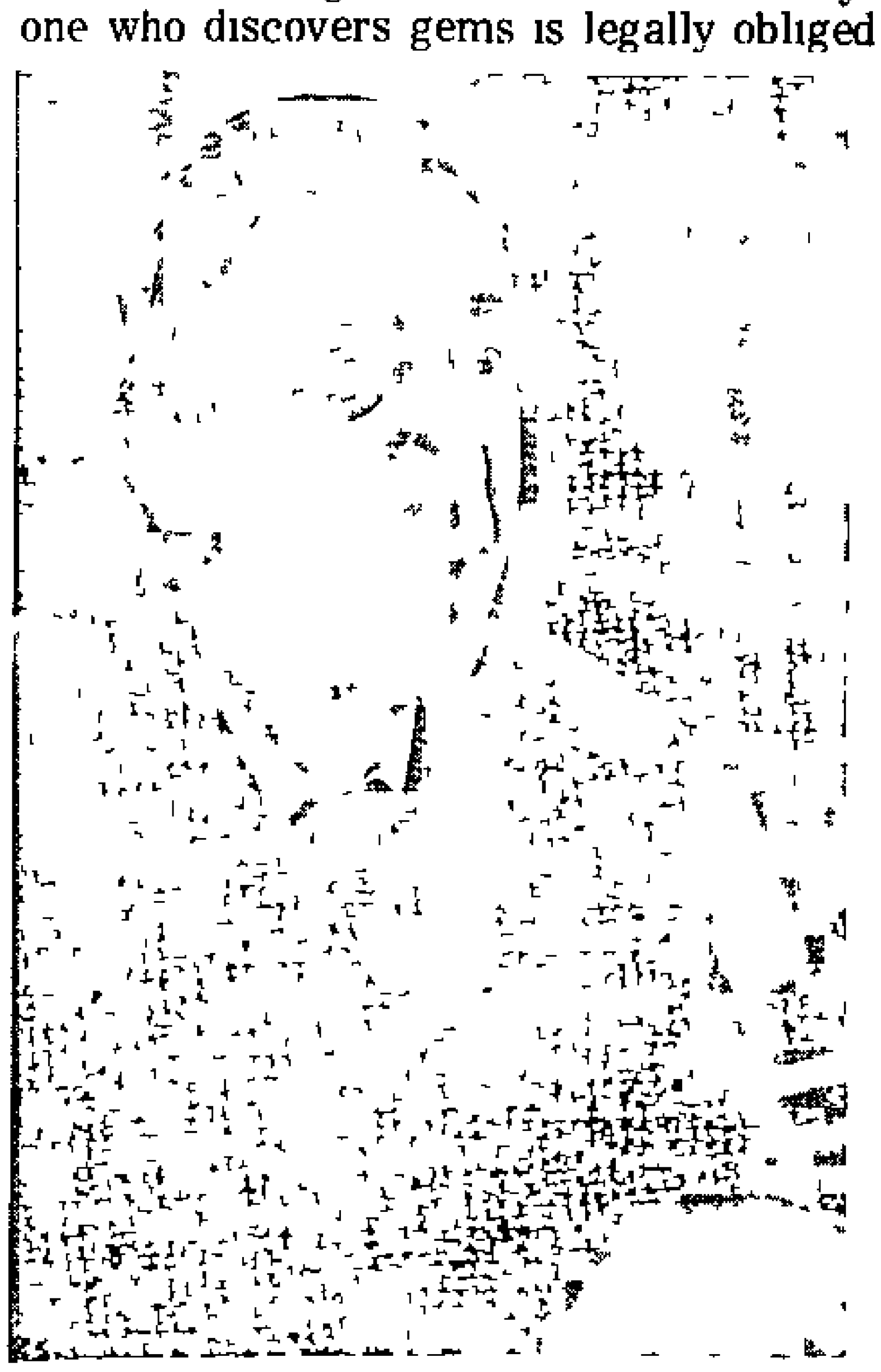
Basically, there is nothing wrong with the controlling shareholders exercising control in this way, but it does place constraints on the two families If, for example, further equity capital was needed, there would be an uproar on the JSE if anything but voting ords were to be issued And if voting shares were sold, the families would risk losing their grip on the group

They do not want that risk, particularly as Gencor, which has 19% of Avhold, could be waiting to pounce

On that basis alone, chairman Basil Hersov and deputy chairman Clive Menell — known as "the partners" by the group's employees — will be ultra-careful that no projects are undertaken which either unduly strain the group's debt structure or call for further equity funds And that puts constraints on the timing of developments by Mid Wits which, apart from anything else, has the right to a 49% participation in all mineral propositions investigated by Anglovaal

While the two companies have tended to downplay diamond prospects on the Zoutpansberg farm Venetia (Mid Wits has 65,6% and Anglovaal 21,9% of the mineral rights holding company), it is probably a safe bet that it will be the first major project to be announced

Don't be put off by the cautious official announcements De Beers has been prospecting in the general area on both sides of the Limpopo for about 10 years and has had geological camps in the Zoutpansberg for about three or four years Reading between the lines, Venetia's diamonds, which will be exploited by De Beers on payment of a royalty to Mid Wits and Anglovaal, are very attractive For a start, I understand that several pipes have been located on the farm, of which only one so far, has been shown to contain diamonds October's announcement of the find was, again I understand, made because it would be impossible to keep a new source of gem diamonds secret Anyone who discovers gems is legally obliged



Mid Wits' Hersov . . taking care over timing

to register them with the authorities within a few days of discovery

Diamonds are not the only minerals on Venetia — the Anglovaal group's geologists have also uncovered various interesting base-metal anomalies there

But diamonds are likely to be the first development If a mineable proposition exists, as seems likely, it will cost Anglovaal and Mid Wits nothing to bring on stream — something which could be done in fairly short order — and could provide them with a steady income flow on which to base the next round of development in gold

I have described the two companies' prospecting in the eastern Transvaal previously (*FM Gold Survey* May 30) But as I see things, development of the 55%-owned area (Anglo has the other 45%) is several years away

As far as I can gather, drilling is still targeted at defining the geology of the area — in some cases reefs intersected by drilling have still to be determined And until the region's geological structure is defined, drilling to find payable gold will, perforce, take second place Nonetheless, Anglovaal's geologists are excited by the area's potential — something which is underlined by the fact that geological reports enjoy highly restricted circulation within the group's management

However, there are possible gold developments which could precede the eastern Transvaal They should be less costly and provide cash flow to be husbanded ahead of eastern Transvaal calls To the north and west of Harties the group has been actively drilling for some time — and the tempo could pick up as drills are moved from abandoned drilling areas in the Theunissen-Bothaville area of the OFS

In the mid- to late-Forties both Anglovaal and Mid Wits had an extensive drilling programme in the Klerksdorp area, probing the lower and upper Witwatersrand series for gold alone At that stage uranium was ignored, but as far as the companies are concerned, uranium is a useful sweetener to gold values which are attractive at current bullion prices

But ignoring uranium, drilling in the Forties on the Klerksdorp Town Lands of the Commonage, Ada May and Government reefs disclosed gold values of up to 8 g/t over mineable reef widths The attraction of the area — some parts of which, I understand, are being examined in conjunction with Lonrho group companies — is that it is close to the infrastructure of Harties And the stage may have been set for developments in the area by the announcement of plans for a new shaft to serve the north-western part of the Harties lease area

Again as I understand it, developments in the area will be planned on the use of Harties' facilities, meaning that costs will be kept to a minimum As with the Venetia diamonds, the area could be turned to account fairly quickly and provide cash flow ahead of any eastern Transvaal developments

At this stage and on the limited information available, it is impossible to accurately determine Mid Wits' earnings and dividend potential But it seems clear that it will benefit proportionately more than Anglovaal from the upcoming projects This is the view the market has correctly taken While Mid Wits has been one of the top performers of the past few months, helped by strong London demand since end July Anglovaal has been a stodgy performer

Until more information is available I cannot advise on the merits of buying Mid Wits The pay off is several years away though investors who are looking to the medium term might be ill-advised to sell

TC LAND (210) FM 28|11|80

Coal fired

Activities· *Mining investment and exploration company, 59,8%-owned by Barlow Rand Main investments are Witbank Colliery (70%), Welgedacht (71%) and Harmony (17%) Has extensive chrome and important asbestos interests*
Chairman· *A C Petersen*
Capital structure· *7,3m ordinaries of R1 Market capitalisation R457m*
Financial: *Year to September 30 1980 Borrowings long- and medium-term, R57,2m, net short-term, R13,5m Debt equity ratio 24,5% Current ratio 1,0 Group cash flow R80,3m Capital commitments R69,0m*
Share market· *Price 6 250c (1979-80 high, 6 950c, low, 2 625c, trading volume last quarter, 29 500 shares) Yields 11,9% on earnings, 3,4% on dividend Cover 3,5 PE ratio 8,4*

	'77	'78	'79	'80
Turnover (Rm)	117 7	141 6	207,4	289 0
Pre-tax profit (Rm)	49 0	56 5	65 6	94 0
Earnings (c)	327	367	470	743
Dividends (c)	95	110	135	215
Net asset value (c)	1 400	1 791	2 657	4 684

Calls by company chairmen for government help are always depressing It is all very well having government help during temporarily difficult periods, but almost invariably the state extracts a *quid pro quo* when matters improve More to the point reliance on state assistance, no matter how indirect, can lead to complacent management attitudes

It is to be hoped, then, that chairman Tony Petersen's call for state assistance in helping overcome current export problems in chrome, asbestos and fluorspar markets is a temporary aberration

He accuses the Mining Corporation, which is responsible for developing and managing mining operations in the bantustans of using taxpayers' money to allow it to undercut private competitors in chrome export markets This has not resulted in TC Land's chrome mines moving into the red but last year's attributable contribution was only R1,2m and a difficult year is in prospect Nonetheless, Petersen is making a serious allegation

Then there are the asbestos operations which were acquired from Cape with effect from January 1 1979 Their attributable contribution was R2,8m in the year under review against R3,0m for the effective nine months of fiscal 1979 Any improvement seems td be at least a year off The industry suffers from substantial overcapacity and severe competition at home and abroad

TC Land acquired the entire capital of Marico Fluorspar with effect from end-1979 and during the nine months to end-September, the operation contributed an attributable loss of R742 000 Petersen is encouraged by developments in the fluorspar market but, as with asbestos, he calls for government assistance in overcoming the problems of a strong rand

It is difficult to see things his way Presumably fluorspar's problems were foreseeable when TC Land acquired Marico, while currency developments in the 21 months since the asbestos mines were acquired are part of the normal commercial risks with which private enterprise has to cope

The group should, however, have little difficulty coping with current chrome, asbestos and fluorspar market problems And they should serve to temper marketing skills For the current year earnings from coal and gold/uranium should be on a rising curve and though the base minerals operations are not likely to improve significantly on fiscal 1980, Petersen does not expect them to deteriorate further

Apart from subsidiaries Witbank Colliery and Welgedacht (see below), the 50-50 Rietspruit export coal joint venture with Shell is on stream It produced 4,6 Mt of coal last year and increased its attributable profit contribution from R20,4m in 1979 to R30,2m last year Additional equipment is being installed to bring the mine to full capacity, though the profit contribution is expected to be only marginally higher this year

TC Land's Petersen . . worrying over base minerals

Despite near-term base minerals difficulties, the medium-term outlook for the group is bright That is reflected in the, as usual, low yield rating the market places on the shares Export coal prices should remain firm for the next few years, though competition will probably become more intense in the latter part of the Eighties as overseas producers increase their export capabilities And once the major Western economies move away from recession, export volumes and prices of other minerals should recover strongly

This year, R32m capex is planned by the group largely on coal developments, with a further R15,8m in line for fiscal 1982 That will, to an extent, restrain dividends as will the R12,5m long-term loan repayments scheduled for the current year

But with the proviso that no unforeseen circumstances arise, Petersen is hopeful that earnings and dividends should again rise this year That is a sufficiently cautious statement from the chairman But even if the payout is restrained in anticipation of further consolidated debt reduction, there is scope for a dividend increase to about 275c this year At its current 6 250c the share thus yields a prospective 4 4% which is not altogether attractive on near-term considerations However, for investors with medium-term objectives the share is one of the best in the sector

Jim Jones

The distribution of African employment by sector, sex and region-type, 1960 and 1970 and by sector and sex, 1979.

(Throughout this section, South Africa includes Transkei and Bophuthatswana in 1960 and 1970, and excludes them in 1979. This is necessitated by the form of presentation of official statistics.)

Table 3 presents estimates of African employment by economic sector in 1960, 1970 and 1979. These figures have been estimated using the principles set forth in Simkins, 1978a and 1978b; column B under 1979 reports Current Population Survey[2] estimates.

TABLE 3: AFRIC… …CONOMIC SECTOR, 1960, 1970 AND 1…

		1960	1970	1979 A	1979 B
1. Agriculture:	…te farms	669,6	672,5	565	
	…e farms …ivalent)	161,2	169,5	112	
	…rs	796,2	705,5	493	
		44,2	43,2	44	
		1 671,2	1 590,7	1 214	1 045
2. Mining:		533,0	588,2	614	608
3. Manufacturing:		339,4	567,2	736	782
4. Electricity etc		8,7	13,9	25	29
5. Construction –		79,1	213,3	288	
–		58,3	73,3	78	
T		137,4	286,6	366	295
6. Commerce:		186,6	281,3	335	567
7. Transport, stor…	:	134,8	137,8	196	215
8. Finance:		13,9	35,7	30	52
9. Services – gove…		258,2	339,5	444	
– priv…		708,0	900,5	915	
T		996,2	1 240,0	1 359	1 293
TOTAL EM…		4 021,2	4 741,4	4 875	4 886

Safety device aids miners

1/12/80 Argus 20

Argus Correspondent

BRISBANE — Australian scientists have developed a safety device to help prevent one of mining's oldest problems — roof collapse which claims several Australian lives every year.

The device, named Stratasnoop, consists of a probe which gives a quick reading of the strength of the rock strata into which bolts are anchored as a mine is excavated.

ANCHOR

Miners anchor these bolts to guard against roof collapse. Up to now engineers have found difficulty in determining whether the bolts have reached the strong sandstone that provides the best support.

With Stratasnoop the engineer can quickly probe a bolt hole and get an immediate reading of the type of rock penetrated

BARLOW RAND 210 FM 5/12/80

Keeping ahead

Activities: *Diversified mining and industrial group Main listed subsidiaries are Welgedacht (effective interest 43%), Witbank Colliery (43%), T C Land (60%), P P Cement (54%), Plevans (80%), Nampak (40%), Premier Paper (20%), C G Smith (53%), Romatex (26%), and R M Properties (59%)*

Chairman and chief executive. *A M Rosholt*

Capital structure: *125,5m ordinaries of 10c, 375 000 6% cum prefs of R2 Market capitalisation R1 406m*

Financial: *Year to September 30 1980 Borrowings long- and medium-term, R344m, net short-term, R161m Debt equity ratio 32,0% Current ratio 1,7 Group cash flow R425m Capital commitments R818m*

Share market. *Price 1 120c (1979-80 high, 1 255c, low, 478c, trading volume last quarter, 1,8m shares) Yields 15,8% on earnings, 5,2% on dividend Cover 3,1 PE ratio 6,3*

	'77	'78	'79	'80
Return on cap %	20 8	20,7	23 5	22 3
Turnover (Rm)	1 246	1 624	2 284	3 460
Pre-tax profit (Rm)	170	214	315	516
Trading margin* (%)	9 2	9 0	10 8	12 0
Earnings (c)	77	88	117	177
Dividends (c)	26	30	38	58
Net asset value (c)	450	471	580	835

* Pre-tax excluding mining

While it would obviously be unrealistic to expect Barlows' earnings to continue compounding at an annual rate of over 50% indefinitely it is nevertheless clear from the annual report that the group is nowhere near the end of its present growth phase

Perhaps one of the most revealing aspects is the enhanced financial status which the report details To take just one point at September 30, the group had an additional borrowing capacity in terms of its articles of association in excess of R1 000m which exceeds by 27% the R818m capex it expects over the next five years At the same time retained earnings assuming only a 15% annual growth will amount to some R1 150m during this period

Adding the related further increase in borrowing capacity flowing from profit retentions it is evident that the group would have little difficulty in doubling its existing asset base of around R3 000m by the mid-Eighties This does not of course take account of any future acquisitions

Interestingly over the past five years the asset base has increased four-fold from R706m in 1975 Yet, despite this there has been a progressive decline in the debt equity ratio from 63% to 39% (taking investments at book value) With strong profitability and a pre-tax interest cover of over 12 times gearing is clearly below optimum a factor of which management must be conscious

Barlows' Rosholt.. expanding the base

This strengthening of the balance sheet has been in no small way a product of the group's acquisition programme in recent years The drop in the debt equity ratio from 41% to 39% last year for example was largely due to the takeover of the virtually ungeared and cash-rich C G Smith group in January

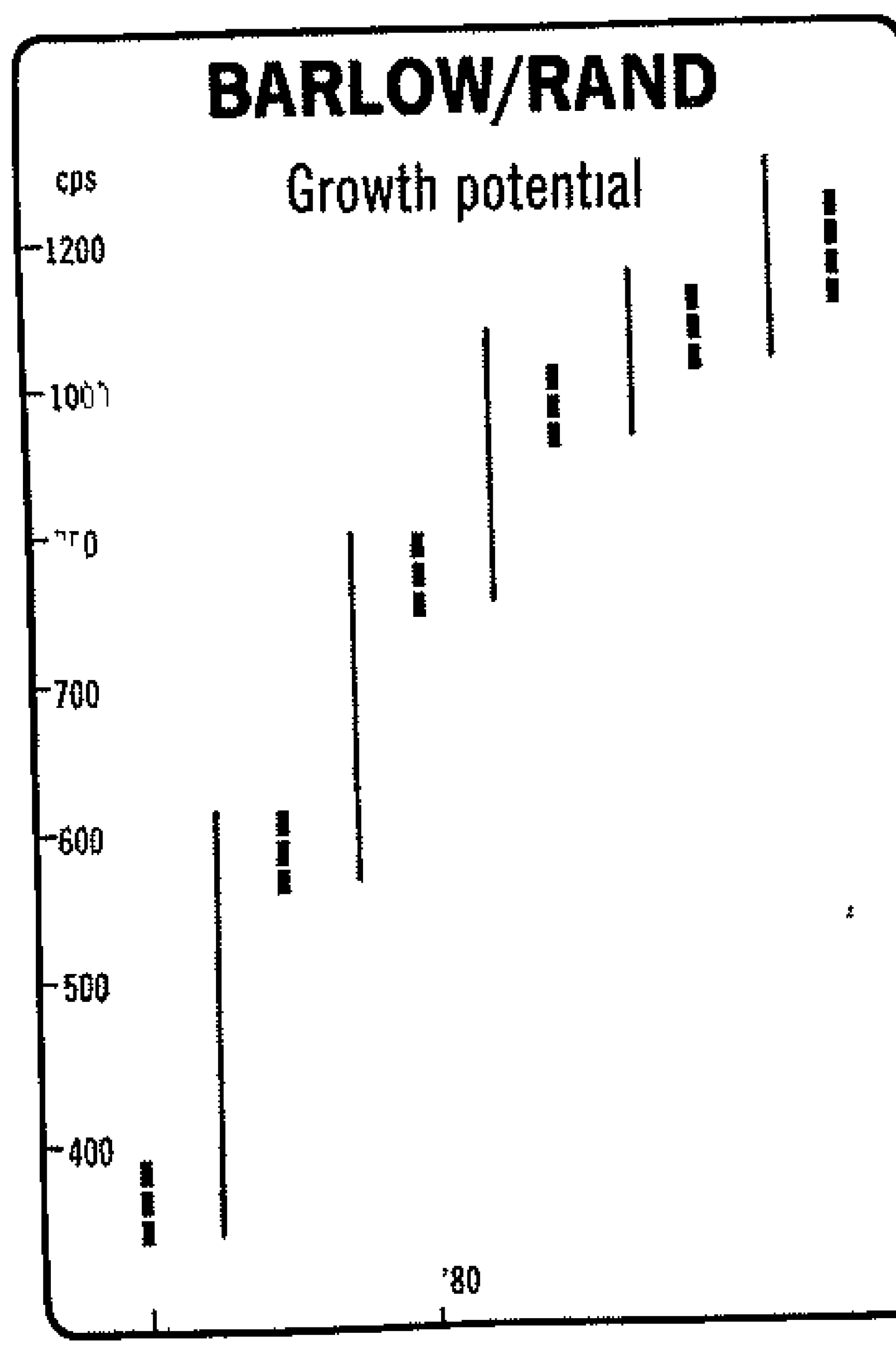
Oddly however although this could prove to be the most important acquisition since the Rand Mines takeover in 1971 the group has tended to down-play the initial impact it has had on results While conceding that it was a "very significant acquisition in terms of the expanded range of activities brought into the group executive chairman Mike Rosholt repeats in his annual review the statement in the preliminary profit announcement that there was no significant effect on earnings

But according to my estimates the additional earnings attributable to Smith for the nine months accounted for some 8% of the overall increase in net earnings and enhanced the per share figure by about 5c (2 9%) This is after taking into account the proportionately smaller contribution from Nampak which was sold to Smith as part-payment for a controlling interest in that group In addition it compares with the forecast a year ago, when the takeover was first announced that there would be a slight earnings dilution

Perhaps though it is all a matter of how one interprets significant On the one hand the R8 7m in additional profits which flowed from this takeover is equivalent to some 256c per share on the 3,4m new shares issued in the deal And that is almost 50% more than earnings for the rest of the group as previously constituted would have been But once this is spread over the full 125 5m shares now in issue the overall effect is obviously very much smaller

Still the R8 7m was among the largest factors in the overall profit improvement having been exceeded by mining (including gold dividends), up R20,2m, and the building materials division whose profit contribution increased R17,4m Other noteworthy gains included Pretoria Portland Cement, which chalked up a 92% profit rise, and Middelburg Steel & Alloys, 84% higher These each accounted for about 10,5% of the group profit increase Together these five activities contributed some 71% of the total improvement

For the current year nearly all of the 14 divisions are looking to a further improvement in results Exceptions include ferro-alloys where strongly reduced



1st week:

Jan. 28th - Feb. 2nd: tutorials will take the following form:

i. students from previous year will discuss how they handled the subject, the course, its pitfalls etc.

ii. tutors will outline the whole UNISA course, analyse the programme and draw up assignment dates

iii. tutor will hand out his/her curriculum outline for the year. This is discussed and explained

iv. ...

earnings" are forecast in line with general conditions in the world steel industry The outlook for the 1980-81 sugar crop is also less than rosy although Smith has not been affected to the same extent as other producers by the drought Finally some of the overseas companies in the mechanical handling equipment division are finding trading conditions tough as a result of adverse economic trends in the US and UK

But it is clear that the pluses will outweigh the minuses The group will also benefit from the first full year's consolidation of Smith Despite sugar problems, profitability here should reflect the improved structure which came into effect on October 1, whereby Smith & Co and Smith Investments became wholly-owned subsidiaries of Smith Sugar (now renamed C G Smith)

Still on the acquisition front, there will be additional earnings from Reunert & Lenz, subject to shareholders of that company agreeing to the proposals whereby R & L will acquire Besco and Barlows' motor trading activities in exchange for an issue of new shares to give Barlows a 51% control of the enlarged group

On balance, I see no reason to change my initial assessment (*Fox*, November 7) that the group should be good for a further 20c increase in this year's payout to 78c That incidentally is more than it earned just four years ago

Since the preliminary report, the share price has fallen about 11% to the current 1 120c, where the prospective yield is 7% At a time when the corresponding yield for the industrial market as a whole is probably under 6% this represents exceptional value and the opportunity should be taken to build up long-term holdings

Brian Thompson

UK Govt will not prosecute De Beers

Com 5/12/81 (210)

By NEIL BEHRMANN

LONDON. — The UK government will not prosecute De Beers for its secret acquisition of shares in Consolidated Gold Fields from October 1979 to February this year.

In August, UK Department of Trade inspectors said they were considering whether De Beers and Anglo were committing an offence when they surreptitiously bought the shares.

De Beers and Anglo bought a stake of 25%.

In terms of UK company law a company must come out in the open if it buys more than 5% of another company's shares.

In a series of complicated deals, De Beers and associates bought up to 5% and then shifted the orders into the hands of another buyer

However, at one stage, De Beers made a mistake and bought more than 5% The company admitted the error, but technically in terms of UK company law there was a chance that the predator would be prosecuted.

In a parliamentary answer, Mr Reginald Eyre, Under-Secretary of State in the Department of Trade, decided against any action against dealers The Director of Public Prosecutions agreed

Replying to a Labour MP's question, Mr Eyre wrote: "In the light of advice from leading council, prosecution proceedings will not be instituted by my department."

But the Government would examine company legislation to close loopholes. In the next Companies Bill it is expected that there will be more stringent requirements on disclosure of shareholdings

The City recently decided to ban so-called dawn raids, where companies such as De Beers swoop down on the market and buy up shares from some parties, leaving other shareholders in the cold

Five of first 10 were not in Top 100 last year

Gold the answer to shift in leading companies

S. Times
J10
Bus
7/12/80

THE changing face of SA business is reflected in the placings in this year's Top 100 Companies listings

No fewer than five of the top 10 companies in this year's list did not make the Top 100 last year, whereas in 1979 there were only two total newcomers in the top 10, and in 1978 none at all

Like so much else in the economy this year, the reason for this turnaround is simple in a four-letter word, gold

Of the newcomers, four are either mining finance houses or mining finance holding companies A mining holding company also showed the biggest upward leap among the companies ranked last year

Middle Wits, in the Anglovaal group, rocketed from 98th to fourth position Another mining holding company, Sentrust, moved up from 81 to 30

The impact of the soaring gold price on gold share dividends (gold mines as such are

Special Correspondent

not considered for Top 100 listings) can be gauged from the fact that GFSA, which last year could not manage even the 3,7% growth that would have nudged it into 100th spot, this year shows an average growth in earnings per share over the most recent five years of 47,0%, which is usefully above the 43,2% achieved by last year's winner, Metro Cash, and well above 1978 leader Otis Elevator's 39,0%

Metro Cash itself, despite pushing up its growth rate marginally (to 45,0%), actually fell back to third place

But if gold has led the surge in company profits this year, it would be wrong to assume that it has monopolised the picture After all, one of the newcomers in the Top 10 was Gypsum Industries, whose plaster boards are inputs to the building industry Press Supplies and Mathieson and Ashley have both come from nowhere into the Top 25

Other big moves came from Chemical Holdings (up 56 to 41), Silverton Tannery and Kanhym (both up 45, to joint 33rd and 26th respectively) and Cadbury-Schweppes (up 39, to number six)

Two years ago, Cadschweppes was right down at 88 Rationalisation of the cold-drink industry, and South Africans' growing thirst, has worked wonders for its profitability

The broad range of activities covered by these companies shows that the benefits of the higher gold price and stronger economic growth are distributed right across the JSE lists

On the downward side, the strong performance of mining financials is mirrored by the largest number of casualties since 1977's 43 Of the 1979 listings, 28 do not feature this year, only one of which — H Lewis — disappeared in a takeover

Last year, 20 companies dropped out (three of them because of takeovers) and in 1978, 27, including several takeovers

The highest 1979 listing to disappear is Tollgate, which was in 16th spot Others reasonably highly placed are Karoo Meat (joint 26) and Metamin (joint 32) Of the shares that have just managed to hold on to a listing, the biggest fall was recorded by Duiker Exploration, down no fewer than 86

Ironically, Duiker is listed in this year's star sector, mining holding companies (as is Metamin) Sadly, it has no exposure to gold, a position which will change when the Erfdeel-Dankbaarheid prospect, in which it has a large participation, gets off the ground

Metamin, too, has relatively little exposure to gold

It should be noted that people are classified in the Popu-
lation Censuses by place of residence rather than by place
... a growing class of commuters

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1970 sectoral distributions of
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continuous state intervention
ent of Africans. It is to
ntion that we now proceed.

We're sorry say Anglo

Anglo says sorry: Sunday Times Nov 30

Anglo qualifies a labour study — and infuriates the author

Mrs Merle Lipton World reputation

(210) S. Times 7/12/80

'Slurred' writer to the big mining bosses: I may sue

By SUZANNE VOS
London

THE author of a major study on migrant labour in South Africa is considering suing the Anglo American Corporation and Gold Fields of South Africa for alleged libel

Mrs Merle Lipton, a South African-born political scientist, said this week that she had been "extremely upset" when she heard late last week that Anglo American had published a retraction relating to the study which she had carried out for it.

Her survey was published in the latest issue of Anglo American's magazine Optima. Mrs Lipton, formerly of the Royal Institute of International Affairs and Sussex University, was not informed about the retraction before its publication.

Mrs Lipton says the retraction, alleging that she had made untrue statements about Gold Fields, had "cast a slur on my professional reputation".

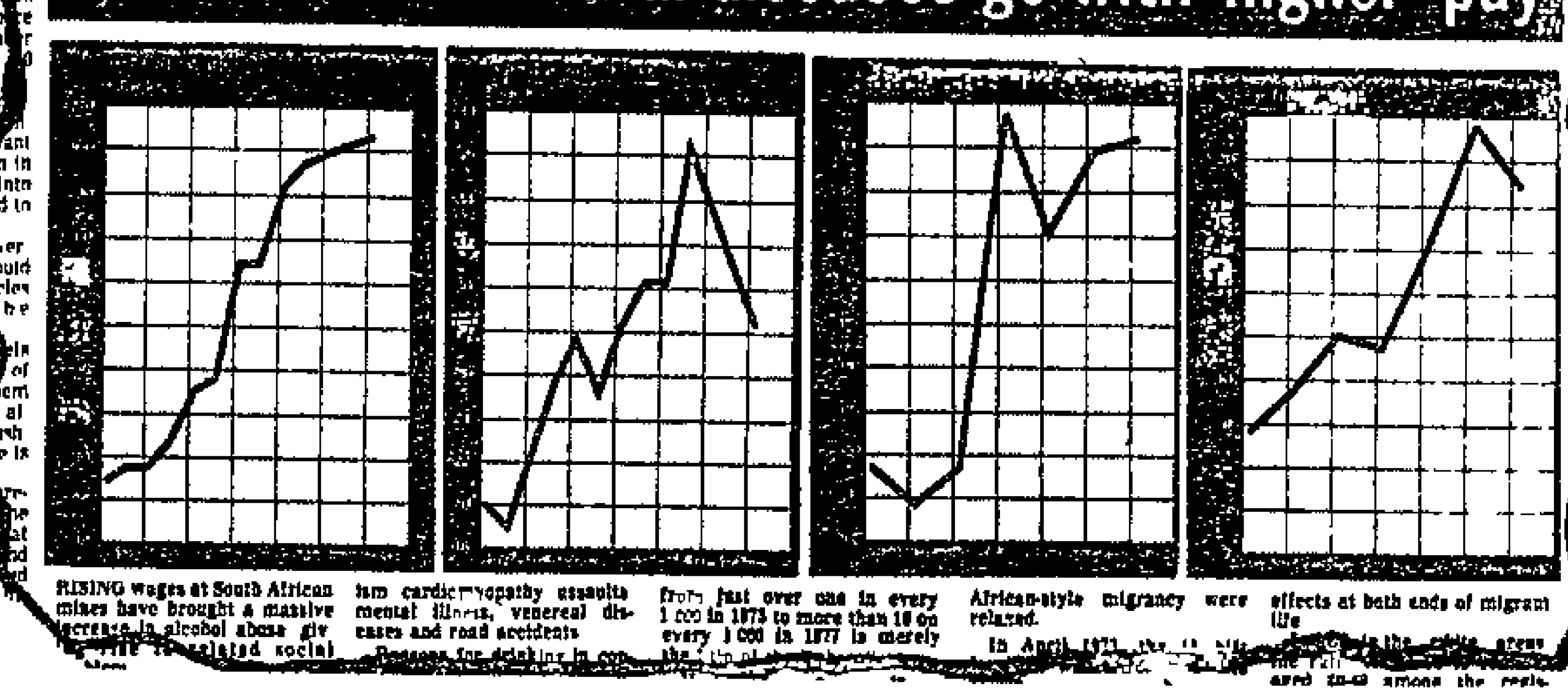
She was sorry that she had not been given a chance to reply to the serious allegation or even consulted before it was inserted into Optima.

She said the matter was now in the hands of her lawyer, Mr Michael Rubinstein, regarded in London legal circles as Britain's leading libel lawyer

Meanwhile, Mrs Lipton has challenged Gold Fields to settle the disagreement by fully disclosing information about the group and by allowing researchers and the Press access to its managers, workers and mining compounds.

In an interview Mrs Lipton said she would be prepared to examine any information supplied to her by Gold Fields and would visit any of its compounds and mines

Alcoholism and social diseases go with higher pay



Migrant labour's problems . . . how the Sunday Times carried the Lipton report last week

Whole issue

At her Brighton home Mrs Lipton said she was astounded when she heard from reporters phoning from South Africa that the retraction to her study had been hastily bound into the magazine at the last minute after complaints from the Gold Fields group and Union Corporation.

The whole issue of Optima was entirely devoted to her findings and it is believed the decision to bind a retraction into each copy of the magazine was taken after the publishers had taken legal advice However, some advance copies had been sent out without the retraction.

The retraction said Gold Fields and its associated companies had taken exception to certain of Mrs Lipton's statements on the grounds that they were untrue

"The publishers greatly regret these statements," the retraction said

The chairman of Anglo American and De Beers, Mr Harry Oppenheimer, said in a preface to the Optima survey that Mrs Lipton had been commissioned to undertake the study "to bring independent and critical thought" to the migrant labour situation.

While the corporations did not agree with all her conclusions, "nor for that matter with some of her observations", they considered her work to be a major contribution to social research

In the retraction the publishers said they acknowledged and accepted a statement by Gold Fields that the mining companies in its group had implemented "significant programmes to upgrade accommodation and amenities for their black employees" and that further major programmes were in hand

Gold Fields also said — and the publishers of Optima accepted — that the minimum rates of pay for all categories of black employees on the gold mines of the group were, without exception, above the lowest minimum rates in the industry

Gold Fields also denied the implication in Mrs Lipton's survey that the group's gold mines operated on the basis of maximising profits for the benefit of foreign shareholders

• This week Mrs Lipton gave a lengthy statement to the Sunday Times disputing points made in the retraction She said "Gold Fields's allegation that I made untrue statements about it is unjustified and casts a slur on my professional reputation I am sorry that I was not given a chance to reply to this serious allegation, or even consulted, before it was inserted into Optima.

"The matter is now in the hands of my solicitors and I hope to make a statement shortly Meanwhile, I would like to reply to Gold Fields's specific allegations

"1 Wages for black workers
I did not state, as its denial implies, that its black miners are paid 'the lowest minimum rate in the gold-mining industry'.

"Gold Fields was the only company among the seven members of the chamber of mines which refused to supply me with information about its labour policies. Its annual reports and annual submissions to the British Government in-

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S. Times 7/12/80

terms of the code of conduct for British companies operating in South Africa are singularly lacking in wage data, or in any concrete information about conditions and improvements for its 62 000 black workers.

Differences

"I therefore have no information about, and made no reference whatever to, its actual wage rates.

"What I wrote, on page 112/3 of my paper, was: 'There were differences of view within the Chamber (of Mines) about the rate of increase (of black wages). Gold Fields of South Africa, the last substantially foreign-owned company, led the conservatives, reportedly arguing that the gold price might fall and that, in any case, priority should be given to increasing the wages of the more skilled blacks rather than to raising minimum wages at a time when unskilled labour was in ample supply.'

"This assessment of Gold Fields's role, which appeared in the sources cited in footnote 31 on page 144 of my paper, was also confirmed to me verbally and in writing by senior officials of the leading mining company with direct knowledge of wage negotiations in the chamber.

"On page 133 I qualified my judgment that there appeared to have been fewer improvements for workers on its mines by pointing out that its workers must at least have benefited from 'the dramatic wage increases enforced by the chamber's minimum wage levels and from their improved legal status since the abolition of the Masters and Servants Act'.

"2. Housing of black workers: I did not state, as Gold Fields's allegation implies, that it had not improved conditions for its black miners

Evidence

"In discussing the progress towards the stabilisation of migrant workers in family houses on the gold mines, I merely recorded on page 125 that Goldfields, alone of all the mining houses in South Africa, 'declined to supply any information on this or any other aspect of its labour policy' to me.

"On page 133, reviewing the evidence available to me on the extent of improvements to the compounds for migrant workers, I wrote that two of the seven mining houses, including Gold Fields, 'do not appear to be implementing significant upgrading programmes'.

"3. Profits: Gold Fields denies my statement on page 133 . . discussing the differences in policy among the companies This apparently is the statement to which Gold Fields took strongest exception, threatening action for defamation against any newspaper that even referred to it"

Ferro-alloy output decreases

Output of ferro-alloys by South African producers fell 26 percent in the 10-month period to October compared with the same period last year.

The Steel and Engineering Industries Federation said in its latest newsletter that steel mills' output for the same period showed an increase of 2,2 percent.

Private sector foundry output showed a marginal improvement of 0,2 percent for steel castings, gains of 11 percent for iron castings and an increase of 50,6 percent for non-ferrous castings.

Durban employment. Here they are less securely placed than before.

Table 1 presents summary statistics for the domestic (South African born) and foreign (born) African population in 1960, 1970 and 1980.

TABLE 1: SUMMARY POPULATION STATISTICS 1960, 1970 and 1980

(a) Population totals

	Domestic		Foreign		Total	
	Male	Female	Male	Female	Male	Female
1960	5 923 081	6 068 884	484 326	102 269	6 407 407	6 171 153
1970	7 783 745	7 828 129	459 735	56 308	8 243 480	7 884 437
1980	10 497 092	10 485 185	371 724	45 530	10 868 816	10 530 715

(b) Summary statistics - domestic population only

	Metropolitan		Other urban		Rural		Homelands	
	M	F	M	F	M	F	M	F
196[illegible]								
% of [illegible]							[illegible],6	43,3
M, [illegible]								
Masc[illegible]							80	
ty [illegible]								
% 1[illegible]							44	51
1[illegible]								
197[illegible]								
% c[illegible]							[illegible]2,0	52,6
M, [illegible]								
Masc[illegible]							79	
ty [illegible]								
% 1[illegible]							39	49
1[illegible]								

Cor Synd to step up production

RDM 18/12/80

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By ALEC HOGG

CORONATION Syndicate, Lonhro's Zimbabwe-based gold, copper and silver producer, expects to increase production in the current financial year.

Cor Synd expects its gold output to rise from 1979/80's 1 759 kg to 1 833 kg, silver from 2 118 kg to 2 175 kg and copper from 3 312 tons to 3 564 tons.

In the chairman's statement for the year to September 30, Mr Sid Newman estimates that based on a gold price of $530 an ounce, a silver price of $30 an ounce and a copper price of £850 a ton, sales should amount to R34-million compared with R31 649 000 in the year under review.

Mr Newman expects a decline from R17 197 000 to about R15-million in operating income after an allowance for realisation charges and working costs.

These figures would alter by R800 000 for each $10 change in the gold price and by R600 000 for every £100 variance in the copper price.

In spite of the forecast lower operating results, Mr Newman says that unless there are unforeseen fluctuations in metal prices or in production or cost levels the dividend for the current year should be maintained.

In the year under review, ore reserves at the gold mines increased from 928 000 tons at 10,6 g/t to 978 000 tons at 10,0 g/t based on a pay limit of $197 (1979 $250).

Inyati copper mine ore reserves increased from 750 000 tons to 870 000 tons at 2,21% copper.

Capital expenditure is to be stepped up from 1979-80's R3 7[illegible] 000 to R6-million and a further R500 000 has been set aside for work on Exclusive Prospecting Areas and on exploring the Bulldog scheelite claims near Umtali.

Cor Synd took up its rights to 78 100 Duiker shares at a cost of R351 000 in October 1979. The rights issue was held to finance Duiker's initial share of the development of the proposed new mine in the Elandsfontein/Dankbaarheid area.

Tweefontein United Collieries, which holds 62,21% of Cor Synd, has renounced its share entitlement in the Duiker rights issue (25 for 100 at 700c each) in favour of its shareholders.

Because of this renunciation, its holding in the issued share capital has been reduced from 28,59% to 22,87%.

Rio Tinto goes into another big venture

18/12/80 210 232

Following the successful bid for the public shareholding in Empress and Riotrust, Rio Tinto Mining will attempt to acquire the outstanding 2 percent.

The takeover leaves Rio Tinto with about 20,3m shares in issue, giving it a market capitalisation of over ZD60m.

Rio Tinto will have a 100 percent control of Empress Nickel Mine, a copper/nickel refinery at Eiffel Flats; gold operations at Patchway; Brompton and Renco mines; Sandawana emerald mine, chrome mines and a pilot ferro-chrome plant.

Rio Tinto is also to seek mining title for the Sengwa coalfield — Jean Moon.

210 RDM 9/12/80

Anglo chairmen see hope of labour solution

By ALEC HOGG

ALTHOUGH South Africa's shortage of skilled labour is grave, the chances of solving the problem are better now than ever before

This view is expressed by the chairmen of Anglo American's gold producers in the Erfdeel/Dankbaarheid area Mr Gerald Langton, chairman of Western Holdings and Welkom Gold Mining Company, and Mr Dennis Etheredge, chairman of Free State Saaiplaas, in the companies' reports for the year to September 30

Their optimism is based on the "new attitudes" of employers, employees and the Government in the wake of the first general report of the Wiehahn Commission

The Wiehahn report on industrial relations in the mining industry has not been published, but Mr Langton and Mr Etheredge believe it will be another step toward improving the skilled labour situation

"The hesitant approach to labour reform will undoubtedly be felt in the form of less efficient operations in future," they say

Immigration can alleviate the skilled labour shotage, but in the long term the "only acceptable solution" is proper training and use of domestic labour resources

They argue that a modular approach to training whereby prospective artisans can acquire the basic skills in the shortest time possible will have to be adopted

Black wages will have to be increased further, and a unified wage scale brought in to close the black-white wage gap

Although this policy means a further increase in the wage bill while productivity might not rise, they say there is "little justification for wages in the (gold mining) industry being lower than those paid in heavy industry"

Equal pay for work of equal value remains the ideal and the only satisfactory method of protecting the minority's interests

The chairmen say suitable housing for employees on Anglo's Free State mines is still a severe problem

A "particularly successful" home ownership scheme for whites was carried out in the year, and a further 201 houses are under construction in the township of Thabong This will increase the number of housing units available to black married workers in the township to 508

The chairmen say some progress is being made to overcoming legal barriers to black and coloured home ownership and they hope that with the new attitudes prevailing, this goal will be reached soon

In his review of Western Holdings, Mr Langton says the grade should fall to 8,0 g/t (1980 8,83 g/t), and 3 280 000 (3 297 000) tons of ore are expected to be milled in the current year

Capital expenditure of R15-million is forecast (1980 9 146 000), with the major project again being housing and hostel modernisation for which R5 072 000 (R3 127 000) has been budgeted

The twin streaming of the reduction plant is estimated to cost R2 307 000 This is will enable the high-grade uranium residue to be stockpiled for future treatment

In terms of the agreements for the establishment of Eastern Gold Holdings mine in the Erfdeel/Dankbaarheid area, Western Holdings will take over as going concerns the entire undertaking of Free State Saaiplaas and Welkom Gold Mining

In return it will issue 3 653 000 Western Holdings shares to FS Saaiplaas and 3 195 000 shares to Welkom

Mr Langton says the grade at Welkom is expected to drop from 1980's 4,88 g/t to 4,6 g/t, but the tonnage milled should increase slightly from 2 278 000 to 2 380 000

Capital expenditure is estimated at R13-million compared with the R8 625 000 in 1980

The rehabilitation of the gold plant at a cost of R4 714 000 (1980 R1 795 000) is the largest capital project planned Housing will cost R3 300 000 (R2 014 000)

The other major capital expenditure project is prospect development and the diamond milling project, which will absorb R1 228 000

In the year under review, there was an increase in the tempo of development on all reefs at the mine, resulting in a 40% increase in total reserves to 7 413 000 tons

The surface borehole KN 10, north of the lease area, was completed in the year

Mr Etheredge expects the grade at FS Saaiplaas to increase from 1980's 2 81 g/t to 3,1 g/t, and 2 075 000 (1 661 000) tons will be milled

Capital expenditure will fall from 1980's R49 019 000 to R37-million, most which will be spent on the No 3 shaft, and including R7 216 000 on housing and R4 884 000 on engineering equipment and services

Ore reserves calculated at a pay limit of R12 000 a kg reflect an increase of 51%

which is often the result of a change from a single class teacher to many teachers. The Education Authorities are unlikely to change this, because the teaching system is aimed at producing specialists. And from standard 6, schooling is by specialists. But the younger kids need older people to identify with, and standard 9 and 10 pupils should organise teach-ins with the younger pupils. These could be informal, they could discuss anything that was of interest to most there, and it would not be necessary to stick only to sc could be a sharing of experiences. The best way of orga would be through your Students Representative Council. is no SRC you should try to form one.

This informal teaching would be of benefit to both older students. And they could take it out of the schools to d the community. Many people in the community cannot read

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 2611 19 December 1980

DECLARATION OF CONTROLLED MINE AND RISK WORK

The Minister of Mineral and Energy Affairs has, in terms of section 10 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973), declared the following mine to be a controlled mine with effect from 1 January 1981

The mine known as Rand London Coal Mines (Pty) Ltd, Kempslust Section, on the farms Kaffirsdrift and Protest, situate in the Magisterial District of Utrecht, Province of Natal, which is at present being worked by Rand London Coal Mines (Pty) Ltd, P O Box 129, Paulpietersburg, 3180

The following work at the said mine has been declared risk work by the Minister in terms of section 13 of the said Act with effect from the same date (i e. 1 January 1981)

1 *Excavations*

In any underground or open working.

2 *On the surface*

(a) Where the moving, transferring or handling of stone, rock, coal or other minerals takes place,

(b) where the crushing, screening or classification of stone, rock, coal or other minerals takes place, except where this is carried out under water,

(c) on waste dumps, piles or mineral piles, other than where the waste or minerals have been or are being deposited in the form of slime, including the places where such dumps or piles have already been deposited,

(d) in drill sharpening shops or any other place where drills are sharpened in a building;

(e) in any change-house where persons who perform risk work change their clothing,

(f) in assay laboratories, except in separately ventilated parts thereof where only wet assays are done and no treatment of dry stone, rock, coal or other minerals takes place,

(g) where samples of crushed coal or other minerals are graded in a dry state, and

(h) at any rock-drilling work

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

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No 2611 99 7334 7334 19 Desember 1980

VERKLARING TOT BEHEERDE MYN EN RISIKOWERK

Die Minister van Mineraal- en Energiesake het kragtens artikel 10, van die Wet op Bedryfsiektes in Myne, en Bedrywe, 1973 (Wet 78 van 1973), die volgende myn met ingang van 1 Januarie 1981 tot 'n beheerde myn verklaar

Die myn bekend as Rand London Coal Mines (Pty) Ltd, Kempslust Section, op die plase Kaffirsdrift en Protest, geleë in die landdrosdistrik Utrecht, provinsie Natal, wat tans ontgin word deur Rand London Coal Mines (Pty) Ltd, Posbus 129, Paulpietersburg, 3180

Die volgende werk by genoemde myn is met ingang van dieselfde datum (d i 1 Januarie 1980) kragtens artikel 13 van genoemde Wet deur die Minister tot risikowerk verklaar

1 *Uitgrawings*

In enige ondergrondse of op delfplek.

2 *Bogronds*

(a) Waar die verskuiwing, oorplasing of hantering van klip, rots, steenkool of ander minerale plaasvind,

(b) waar die vergruising, sif of klassifisering van klip, rots, steenkool of ander minerale plaasvind, uitgesonderd waar dit onder water geskied

(c) op uitskothope, stapels of mineraalstapels, uitgesonderd waar die uitskot of minerale in die vorm van slik gestort is of word, insluitende die plekke waar sodanige hope of stapels reeds gestort is,

(d) in boorslypwinkels of enige ander plek waar bore in 'n gebou skerpgemaak word,

(e) in enige kleedhuis waar persone wat risikowerk verrig, hul verklee,

(f) in essaieringslaboratoriums, uitgesonderd in afsonderlik geventileerde dele daarvan waar slegs nat essaierings en geen behandeling van droë klip, rots, steenkool of ander minerale plaasvind nie,

(g) waar monsters van vergruisde steenkool of ander minerale in 'n droë toestand gegradeer word, en

(h) by enige rotsboorwerk

OFFICE OF THE PRIME MINISTER

No 2614 19 December 1980

It is hereby notified that the State President has, in terms of the rules published under Government Notice 2176 of 24 October 1980, approved of the undermentioned South African citizen accepting the foreign award of honour indicated opposite his name and of his wearing the insignia thereof on suitable occasions

Mr John Henry Ruhrmund "Member of The Order of The British Empire"

KANTOOR VAN DIE EERSTE MINISTER

No 2614 19 Desember 1980

Hierby word bekendgemaak dat die Staatspresident ingevolge die reëls afgekondig by Goewermentskennisgewing 2176 van 24 Oktober 1980, goedgekeur het dat die ondergenoemde Suid-Afrikaanse burger die vreemde eerbewys teenoor sy naam aangedui, aanvaar en die onderskeidingstekens daarvan by gepaste geleenthede dra

Mnr John Henry Ruhrmund "Member of The Order of The British Empire"

Harry O's hand in billion rand plan

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Harry Oppenheimer . . . revels in the grand manoeuvre, the financial masterstroke

Oppenheimer's R8 000-million empire seems poised for exciting ride via a new sortie by Cons Gold

By Stephen Orpen

CONSOLIDATED Gold Fields, the billion-rand London-based mining house in which Harry Oppenheimer's still larger Anglo American group recently acquired a controversial strategic stake, is gearing up for a huge acquisition

This is the word from London, New York and Johannesburg sources, although Anglo itself is remaining tight-lipped

Asarco, Newmont Mining and Phelps Dodge are singled out as the most likely targets

Consgold — which is now 27,5% controlled by Mr Oppenheimer's interests — recently announced a $430-million rights offer Also, as Thomas Jaffe reports in Forbes magazine, it can add greatly to its "war chest" by borrowing as much as $1 500-million

That means a total purse of a massive $1 900-million with which Consgold can buy another mining group However, Jaffe says the hunter "claims it won't go to the limit on debt"

Anglo American Corporation told me this week only that "it is not for us to comment Consolidated Gold Fields is independently managed"

No doubt But equally, the Anglo group wields powerful influence

Officially, the $2 500-million-a-year Consgold group admits only to shopping "in related fields"

But, according to New York analysts, eager Wall Streeters and others scent a major tender offer

There are two schools of thought about the Anglo hand in any plans Consgold may have

The first argues that a major acquisition by Consgold would embarrass Anglo by increasing the likelihood of an investigation by the Americans into the Anglo-De Beers substantial interests in the US

There, Consgold is regarded as virtually an Anglo subsidiary and American watchdog agen- . . . ve . . . consistently on the lookout for ways to trap Anglo-De Beers under monopolistic and related legislation

Protagonists of this argument feel Anglo is more likely to choose its own sub-groups, Charter and/or Minorco — huge in their own right — to expand by takeover Certainly Charter could produce hundreds of millions in cash if necessary for this purpose

By contrast, however, there is growing support for the argument that the much-vaunted hostility between Anglo and Consgold (which arose when Anglo grabbed its de facto controlling interest in Consgold) has been defused

The reasoning here is that Anglo has in fact stabilised what was a highly political situation in Consgold As important, in Consgold's chief, Rudolph Agnew, the group has a powerful man on Anglo's board who would see the advantages of working with instead of against Anglo strategy

In turn, Anglo has one of its three top men, Julian Ogilvie Thompson, on the Consgold board and he is a specialist in large financial manoeuvres

Not least, Consgold could raise more cash more conveniently than any other vehicle in which Anglo has a major stake

The end result here is seen as a major acquisition through Consgold followed by rationalisation of Anglo's main overseas vehicles including Charter, Minorco and Engelhard Minerals and Chemicals Corp

If one compares what has so far occurred between Anglo and Consgold with the much earlier deals beteen Anglo and Engelhard the full extent of future possibilities is underlined

The Engelhard group now has revenues of more than R18 000-million a year of which around 45% are from the sale of crude oil and related products

To Page 3

New boost expected for mining in Brakpan

(210) [illegible] 21/12/80

Business Reporter

GOVERNMENT Gold Mining Areas (Modderfontein) could move from the property listings back into the gold mining listings on the Johannesburg Stock Exchange

Confirmation of this could not be obtained from the managing company, Golden Dumps of Randburg, but a source close to that company assures me this was possible in view of the fact that mining has already started on the Government Areas property, near Brakpan, on a small scale

He told me it was no secret that the company reopened an incline shaft on the property in July, but that it was not generally known yet that mining was already proceeding on a small scale

The decision to reopen that shaft, closed in the late Fifties, was based on old records of values That shaft would also give the company its easiest possible access to a body of ore which, it was thought, would be payable today's gold prices

He emphasised that the work being done was largely exploratory, and any decision to go in for full-scale mining depended on the amount of ore available as well as on the gold price remaining high.

"I cannot tell you what the values are underground but can tell you that if the old figures are accurate it will definitely be a proposition to start mining there again," my source told me

"It is still too early to make any concrete predictions, but there seems little doubt that Government Areas will be re-listed under gold mining. The only thing that can stop that happening is if it is found that the present mining operation, and the ore reserves — which the company will look at, now that it has reopened that shaft — is of too low a grade."

If the mine is reopened on anything resembling a large scale, it will give moribund Brakpan a new lease of life

Business in that East Rand town has stagnated since the mines, particularly the old Brakpan Mines, closed down some years ago

One businessman, an outfitter, told me "We didn't notice the last recession here There's been one here ever since the mines closed. Nothing could have been worse, not even the aftermath of the Soweto riots."

Erfdeel may join big uranium project

RDM 23/12/80

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By ADAM PAYNE

FIRST technical details of the Erfdeel-Dankbaarheid mining complex, to be established after merging Western Holdings, Welkom and Free State Saaiplaas mines, show that even before Erfdeel starts production the amalgamation of the three existing mines will create the world's largest gold mine.

A second point to emerge from the Anglo American Corporation's technical advisers' report on the project is that it is envisaged that a uranium complex, similar to the Joint Metallurgical Scheme at President Brand mine, will be built in the northern half of the Welkom goldfield to expand regional production and reduce the distance over which some of the uranium-bearing slimes are now being pumped

Under such an arrangement Erfdeel/Dankbaarheid ore would provide a part of the feed to the new uranium complex

This could have a bearing on the decision where to locate additional gold treatment capacity, if needed, as it might then be more convenient to extract the gold from the Erfdeel-/Dankbaarheid ore at Western Holdings or Welkom gold mine, and not at Erfdeel/Dankbaarheid itself

The Anglo American technical advisers, in a circular issued today, set out the advantages of the scheme, which will be placed before Western Holdings, Welkom and FS Saaiplaas shareholders on January 29

The scheme is also subject to the approval of the Minister of Mineral and Energy Affairs

They say that Western Holdings, without a merging of interests as proposed, is largely mined-out, with a life of only 10 years on the Basal Reef at 3-million tons milled a year

Welkom, if a drilling programme is encouraging, may have to sink a further costly shaft system if it continues as a separate mine Without such a programme, the present production rate might have to be curbed in seven years

FS Saaiplaas, if continued as a separate mine, would have a low recovery grade of 4 g/t, so it would be a low-grade producer

At foreseeable gold prices, the escalated capital cost of opening up the Erfdeel/Dankbaarheid area makes it most unattractive to exploit as an independent venture The financial return would be too low for the risks involved.

According to the technical advisers, the proposed merging of interests has these merits it will enable a new gold mine to be established in the Erfdeel-/Dankbaarheid area because Western Holdings will be able to offset capital spending in the year it is incurred against its existing mining profits for tax purposes

In addition, capital savings will be realised if spare treatment capacity and other facilities are made available to the new mine by Western Holdings or Welkom

Two enlarged mining lease areas will be created The FSS/E/D area, with a long life and low-grade reserves and the WH/WGM area with, at present, a limited life but higher grade reserves

The merger will offer WH/WGM the opportunity of participating in a mining complex with the prospect of a much longer life than either of these two companies still has individually

In the medium term the merger will provide a secure financial base from which to exploit the FSS/E/D property

As between Western Holdings and Welkom, more economical use will be made of their combined hoisting and treatment facilities, thus allowing greater flexibility in their mining operations

The combined gold treatment capacity of the enlarged complex is now nearly 8-million tons a year, which in terms of milled throughput will make Western Holdings the largest gold mining company in the world

If the gold price remains strong, so that other reefs besides the Basal Reef become payable in large quantities on the incorporated leases, the Erfdeel/Dankbaarheid area will almost certainly have its own gold extraction plant This will raise Western Holdings overall treatment capacity to about 10 500 000 tons a year

The aggregate financial resources at Western Holdings disposal will facilitate the undertaking of major projects such as the possible shaft system in the eastern half of Welkon gold mine's lease area

The mine will be commissioned in 1988 with two shaft systems

The start of production from the new mine and the ensuing build-up have been timed to coincide with the expected decline in production at Western Holdings and Welkom, as a result of which spare capacity in their gold plants will become available

The date from which the Erfdeel/Dankbaarheid material is phased into these plants will be largely determined by movements in the gold price compared with the increase of working costs at Western Holdings and Welkom

It is proposed that milled ore will be pumped from Erfdeel-/Dankbaarheid to either Western Holdigs or Welkom mine for the recovery of gold

However, it may be necessary to build a complete reduction plant at Erfdeel/Dankbaarheid if the gold price increases to a level which prolongs the lives of Western Holdings and Welkom

MINERAL EXPORTS TOP R11 000-m

Argus 210 23/12/80

Argus Correspondent

JOHANNESBURG. — Foreign exchange earnings from mineral sales rose to R11 334-million in the first 10 months of the year, far surpassing last year's total of R8 500-million.

With local sales the total was R12 509 million against last year's R9 768 million

In October exports totalled R1 142 million compared with R1 231-million in September but far short of July's record of R1 424-million

The major change in the monthly totals comes from gold, which accounted for R850,5-million against the September total of R967-million and August's R876-million

Coal sales returned to above average levels in October with sales of R61,8-million compared with September's R53,5-million and August's R60,6-million

ANTIMONY

Antimony recovered from September's R66 623 with sales in October of R111 426 But this figures was only about a third of August's R313 902

Manganese ore recovered in October with sales of R11,1-million, against only R7,5 million in September

Copper declined to more average levels after high sales in September of R19,8 million October sales were R7,3 million

DIAMOND SALES

Diamond sales in September totalled R48,4 million but in October rose marginally to R52,4 million This compares with rock-bottom sales in May of R12,7 million August's total was R55-million and July's R77,1-million

Chrome ore sales fell in October to R2,1 million from September's R4,3 million and iron ore sales were virtually unchanged at R14,1 million against the previous month's total of R13,8 million

Gold firm

THE news that some American banks had lowered their prime lending rates to 20,5 percent has helped the gold price to remain firm

Gold traded at around 597 dollars in Hong Kong today, up 1,50 dollars on last night's New York close, but a dollar below yesterday's London close, Reuter reports

Fixings in London yesterday

	Dollars an oz	Rands a kg
10 30 am	594,00	14 359,17
3 00 pm	594,75	14 377,30

Dollar dips

THE United States dollar dropped 0,7 percent against most currencies last night after news that some US banks had reduced their prime lending rates to 20,5 percent

However the rand has appreciated by about 0,5 percent against the dollar in the past 24 hours, so has remained virtually unchanged against most other currencies

MINING - GENERAL

4 JAN. 1981 — 11 DEC. 1981

Mineral boom might be over

...unless gold price goes up

THE great minerals boom is over for a while unless the gold price average this year is considerably higher than the 613 dollars an ounce earned in 1980.

By JACK BRICKHILL

Forecasts being prepared by the Minerals Bureau as guidelines for the Budget, show that total gold and non-gold earnings will drop 15 percent at a gold price of 500 dollars

If the average gold price is 550 dollars then earnings will drop nine percent and at 600 dollars it will be three percent down on last year's earnings of R10 260-million.

Minerals account for 87 percent of the country's total exports and gold in 1980 accounted for 76 percent of mineral exports The supreme importance of gold in the economy is underscored by the fact that it accounts for half the country's foreign earnings

The outlook for gold is bullish in the long term but market watchers are less happy about the next 12 months Tribune Chartist Tony Henfrey says the price in the short term could drop to lower levels if the major support level of 540 dollars is broken

He says a return to more than 700 dollars is absolutely necessary to turn the outlook bullish again but the deepening recession in the United States should keep the pressure off bullion unless oil prices soar

Finance Minister Owen Horwood can be expected to base his Budget on a conservative gold price forecast especially as non-gold exports are being hard hit by conditions in Europe and the United States

Brian Russell, acting director of the Minerals Bureau, says that thanks to higher coal export tonnages and prices the earnings of non-gold minerals should rise by six or seven percent, but in real terms there will be a drop compared with 1980 Coal and gold account for 90 percent of mineral exports.

While coal earnings will rise, diamonds — which earned R580 million last year — are expected to drop Chrome may hold its own, but silver will drop about 15 percent, vanadium will drop 12 percent and copper and fluorspar will fall by around eight percent

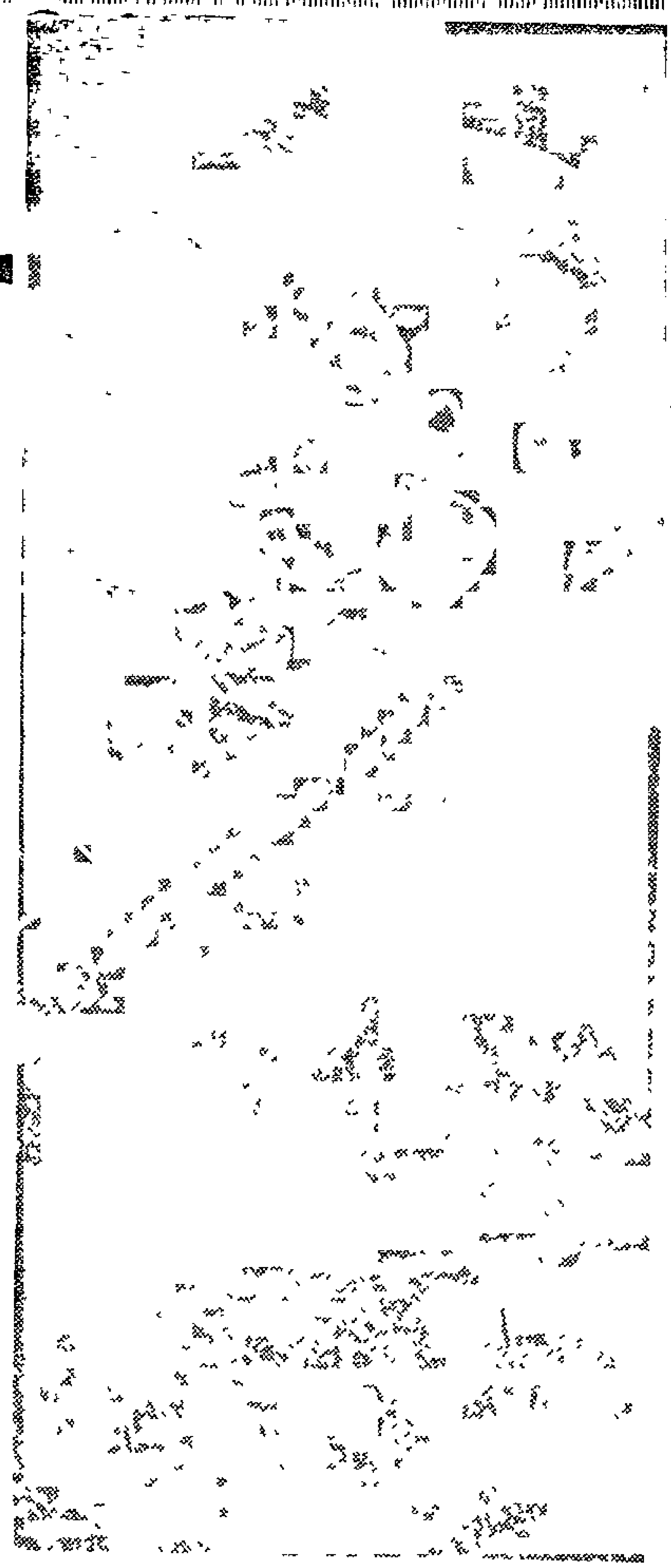
Fortunately the enormous capital spending by the mines on expansion and new projects — R3 000 million this year and R6 000 million up to 1985 — will keep the wheels of industry humming and the economy should continue to progress at an impressive rate

New projects will help to keep gold production at 690 tons this year compared with last year's 703 tons

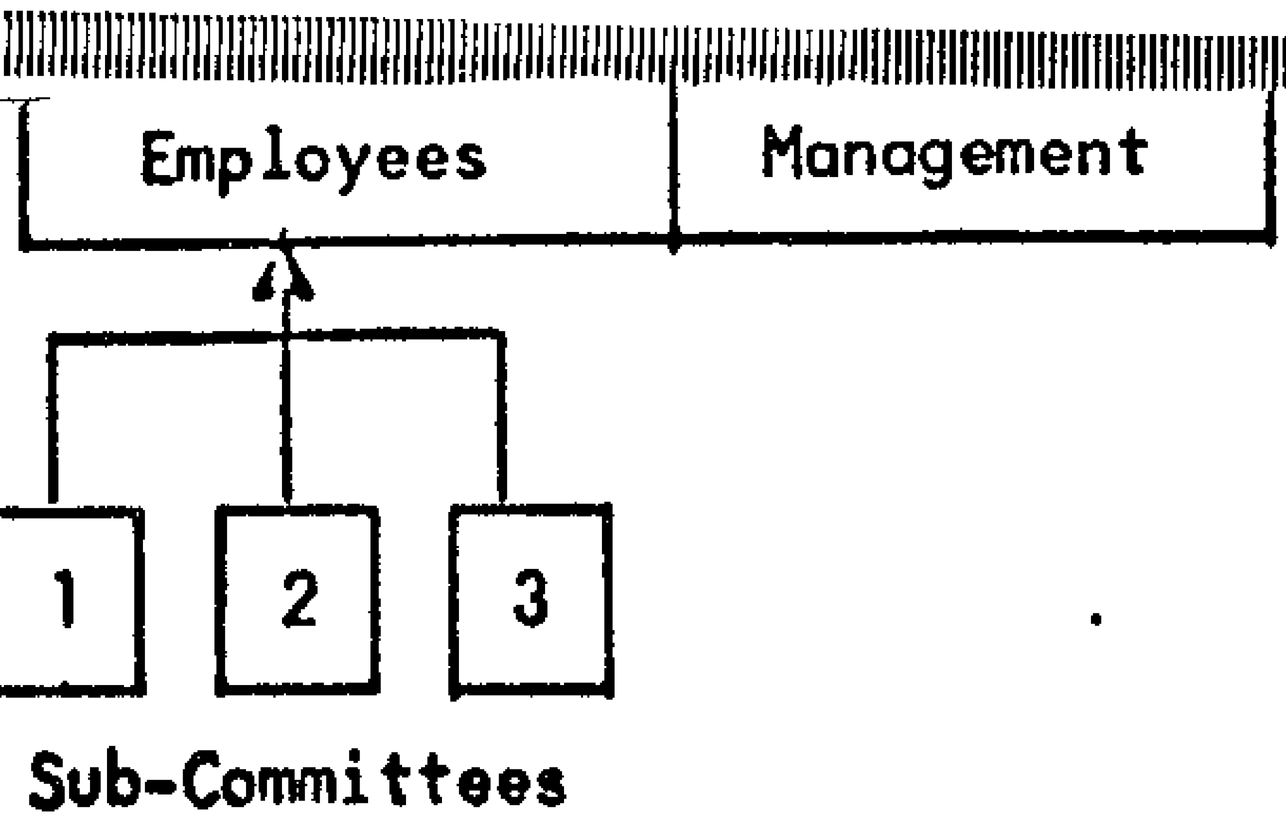
Total mineral sales, excluding ferrochrome and phosphates, rose last year by 58 percent to R15 100 million and exports topped R13 400 million

Non-gold minerals increased in value by 19 percent to R3 150 million and gold rose by a hefty 76 percent to R10 260 million Coal exports increased by 35 percent to R688 million

Diamonds increased six percent, iron ore was unchanged and copper exports came down mainly because of increased local consumption



4/1/81



SA MINERALS , FM 2|1|81

How vital?

West Germany's dependency on South African minerals "is not as high as it is often regarded" according to Dr Karl Sames head of the minerals division in the Economics Ministry of the FDR

"To put it in perspective, I would say that Germany depends on your minerals to a high degree, but it is not a crucial dependency that means a disruption of your supply would result in immediate collapse of our economy"

Dr Sames spoke to the *FM* after a two-week visit to SA as guest of the SA Foundation The purpose of his visit was to look into the mineral potential and activities of the SA mining industry and to study SA's position in world mining and as a supplier to Western Europe and Germany in particular

His comments come in the wake of PW Botha's recent warning to countries contemplating sanctions against SA, that SA contains unique mineral riches and the US, Japan and Europe all need her metals and minerals "To a certain extent," Sames agreed

But while Germany depended on SA for some of her minerals, particularly chromium, manganese, vanadium, types of asbestos "and of course gold and platinum," German companies were well stocked and "there are other sources available especially if SA should not deliver" While alternative suppliers would not come up the same day, "there would be replacements," said Sames

The SA mining industry is highly sophisticated in all ways and is always competitive, "but if there are political implications and the industry is cut off from the world market, it would hit Germany in the first instance and SA in the long run It would be counter-productive" Also "It would be dangerous for SA to lose her high reputation as a reliable supplier"

Sames also stated that Germany was diversifying supplies by assisting her mining companies to find new sources abroad This was not aimed against SA or the Soviets but was meant to reduce dependency "on one or two countries" Germany presently had contracts with the People's Republic of China which wants technology The only way China could pay for this technology was in raw materials, "and it happens that some of the Chinese raw materials are the same as those that SA and Russia supply"

China was set to become a new supplier, said Sames It had vanadium and, from what was known of its geological framework, was rich in more or less all the major commodities

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 175 — 6 Februarie 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk geproklameerde grond ongeveer 15,3207 hektaar groot, geleë op die plaas Booysens Estate 98 IR, distrik Johannesburg, myndistrik Johannesburg provinsie Transvaal geregistreer op naam van die Stadsraad van Johannesburg en getoon op 'n sketskaart waarvan afdrukke onder RMT No R31/75 in die Mynbriewekantoor, Johannesburg en in die Kantoor van die Mynkommissaris, Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

[19/5/1/439]

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 175 — 6 February 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

210

The State President has in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967) reserved for the purposes of a township a portion of proclaimed land, approximately 15,3207 hectares in extent, situate on the farm Booysens Estate 98 IR, District of Johannesburg, Mining District of Johannesburg Province of the Transvaal, registered in the name of the City Council of Johannesburg and shown on a sketch plan copies of which have been filed in the Mining Titles Office, Johannesburg, and in the Office of the Mining Commissioner, Johannesburg, under RMT No R31/75

[19/5/1/439]

Public could lose fight to stop Kruger Park mining

The public could well lose its fight to save Kruger Park from being mined for coal, the Wildlife Society has warned.

In a special edition of African Wildlife, the society says that while the public waits for reaction to a 60 000-signature petition against the mining organised by the society and The Star's SPK campaign, "a major campaign" has been mounted — by industry to influence politicians.

Iscor wants to prospect a 300 sq km area of the Pafuri, in the north of the park, with a view to mining it for coking coal for blast furnaces.

The special report contains an ecological report on the threatened area by Dr Ken Tinley and a report which the society submitted to the Government committee of inquiry on the matter.

The committee has yet to report.

"Regrettably, there is no coal technologist or ecologist on the committee," says the society. "It is also regrettable that it is not a commission and cannot subpoena people to give evidence.

"It is also worrying that it is under no obligation to make its findings public."

The society believes that conservationists have their backs to the wall.

The society, backed by a committee of mining engineers, geologists and other scientists, accuses industry of telling half truths and using rumour to boost their case.

"Iscor built its blast furnaces without considering the available reserves. One can only hope its present plans do not include the current type of smelting ovens which will become useless when coking coal runs out."

RDM 9/1/81

(30)

Mining's year of exploration ahead

By ADAM PAYNE

THE great feature of the 1981 mining year will be a further surge in exploration, with greater sums than ever before being spent on prospecting and geological investigations

Boart International reports that it is budgeting for turnover of R200-million worldwide on prospecting equipment and services

With the high price of gold and precious metals, geological exploration boomed last year As an example, Boart's turnover was 80% higher than in 1979 and all the mining houses increased their exploration expenditure by large percentages

Anglo American Corporation spent R17 200 000 compared with R11 000 000 in 1979 and will spend more this year The figure is expected to exceed R[illegible]-million

Gold exploration in South Africa by Anglo American and Gencor has been south of the Free State Goldfields and Anglo American has drilled south of Vaal Reefs mine and in areas next to existing mines

Prospecting has also been undertaken in other parts of the Free State with some encouraging results

Elsewhere, there has been widespread base metals and uranium exploration and a number of targets will be followed up this year

Gold Fields of South Africa spent R4 200 000 on exploration in the year to June and in the current year is expanding this programme considerably

"With the increased price of gold, attention is being paid to the possible extension of existing mines while the search for viable gold deposits in new areas is being actively investigated," says the annual report of the consulting engineers of GFSA

GFSA has exercised several of its options to buy mineral rights of certain coal deposits

The group is searching in South Africa and South West Africa for base metals deposits with numerous targets under investigation

Gencor is examining the viability of "some ore bodies" and coalfields discovered in recent years

Johnnies is high on the list of spenders, with an outlay in the year to June last of R11-million on prospecting and research Its search is for platinum, gold and coal

In the energy field, Anglo American is exercising options and drilling for coal The target of securing more than 9 000-million run of mine tons of proven coal reserves in consolidated coalfields is expected to be met by the end of next year

A Boart International spokesman, summing up the surge in exploration, said "The biggest exploration worldwide is in the United States and South Africa We are closely followed by Australia and then Canada

"We see an increase in interest in precious and base metals exploration, much of which is due to oil companies funneling larger sums of money into the mining industry

"We drill as well as supply equipment and are tending to specialise now in long hole drills for deep level exploration These drills extend down to 1 500m or 2 000m"

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 37 — 9 Januarie 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk geproklameerde grond ongeveer 1,6253 hektaar groot, geleë op die plaas Weltevreden 118 IR distrik Brakpan, myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam van R Joss en getoon op 'n sketskaart waarvan afdrukke onder RMT No R33/80 in die Mynbriewekantoor, Johannesburg, en in die Kantoor van die Mynkommissaris, Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1081)

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

210 95 7352

No 37 — 9 January 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), Reserved for the purposes of a township a portion of proclaimed land approximately 1 6253 hectares in extent, situate on the farm Weltevreden 118 IR, District of Brakpan Mining District of Johannesburg, Province of the Transvaal, registered in the name of R. Joss and shown on a sketch plan, copies of which have been filed in the Mining Titles Office Johannesburg, and in the Office of the Mining Commissioner, Johannesburg, under RMT No R33/80

(19/5/1/1081)

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(19/5/1/1081)

MESSINA [illegible]

Activities Mining and industrial group. Copper interests include Messina [illegible] and [illegible]. [illegible] Datsun [illegible] holding [illegible] equipment distributor Premier Metal [illegible] holds [illegible] of the equity

Chairman Commander H F P [illegible], deputy chairman and joint managing director W J Watson, joint managing director P P Whitfield

Capital structure 11,1m stock units of [illegible] Market capitalisation R59,9m

Financial Year to September 30 1980 Borrowings long and medium term, R[illegible]m net short-term R6[illegible]000 Debt equity ratio [illegible] Current ratio [illegible] Net cash flow R[illegible]m Capital commitments R[illegible]m

Share market Price [illegible] (1980-81 high [illegible] low [illegible] trading volume last quarter [illegible] shares) Yields [illegible] on earnings [illegible] on dividend Cover [illegible] PE ratio 2,7

	'77	'78	'79	*'80
Copper sales ('000t)	42 0	34 8	33 5	7 7
Average Cu price (R/t)	1 104	1 104	1 513	1 712
Turnover (Rm)	263 5	295 7	348 7	438 0
Pre tax profit (Rm)	9 5	4 8	16 0	30 4
Earnings (c)	57 9	19 5	57 8	199 2
Dividends (c)	30	—	10	45
Net asset value (c)	858	858	958	880

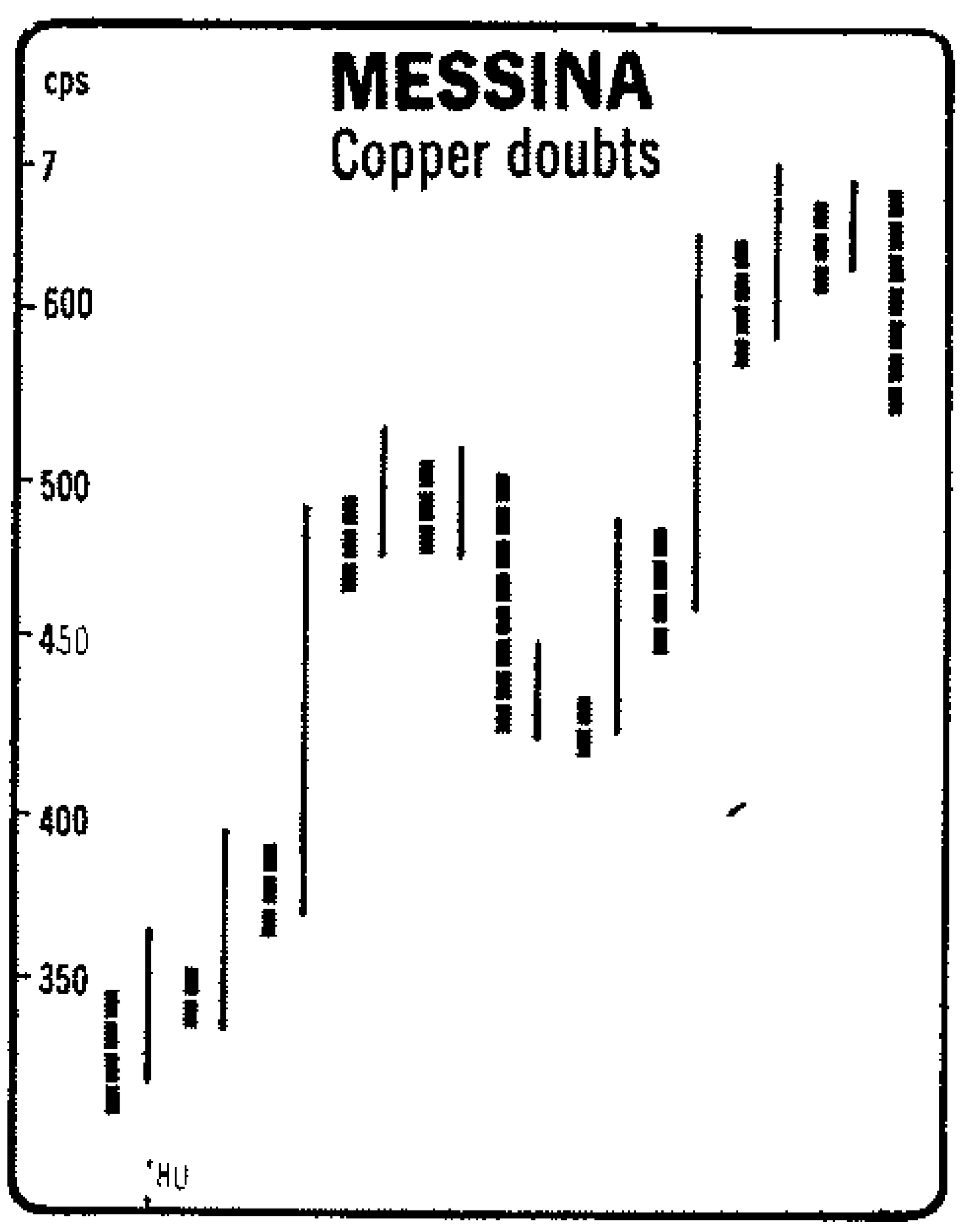
* Certain subsidiaries deconsolidated

Messina enjoys a relatively poor investment rating presumably because of its mining interests That is fair enough as far as it goes For while copper prices were about 14% higher in 1980 than in 1979, the near-term outlook is not favourable It seems, however, that the market is to an extent overlooking the medium-term strength in Messina's other interests.

In the year to end-September, Datsun more than trebled its taxed profit contribution to R12,9m (R3,4m), after lifo, while turnover rose to R350,4m (R219,8m) In addition, it increased its market share to 15,3% (14,1%) following the motor boom and new model introductions As with the other manufacturers, the company had trouble meeting demand The purchase of the Fiat manufacturing facilities since the year-end should assist production

Motor sales are expected to continue rising this year until at least the third quarter, which should mean higher profits from Datsun and Messina's other motor industry interests, Steelmobile and Autocast Last year Steelmobile achieved a record profit after lifo, while Autocast turned around from a R1,5m loss to a small R285 000 profit

Subsidiary Premier Metal, which holds earthmoving machinery and forklift franchises, reported a profit in 1980 for the first time since 1976 Messina, however, expects no dividend income until Premier's debt has been reduced



The mining division benefited during the year from higher average copper and silver prices However, with a copper oversupply position likely this year, positive influences on the metals price will largely depend on investment or speculative demand

Last year Messina deconsolidated certain foreign subsidiaries, notably Mangula Thus operating income includes dividends totalling R5,5m With other accounting changes, including lifo stock valuation by Datsun and Steelmobile, the introduction of depreciation on certain industrial buildings and the decision to stop valuing metal concentrates, attributable income was reduced by R5,5m

The 1980 profit improvement resulted in a marked change in Messina's financial ratios Total borrowings were cut to R28,7m (R54,6m) and the annual interest/leasing bill fell to R7,4m (R14,2m) The directors are asking shareholders to authorise an increase in borrowing powers, but there are no immediate plans to gear up again 1980's debt reduction programme resulted in group cash flow covering total borrowings 1,2 times (0,3)

Bear factors this year are a higher expected tax rate, as most assessed losses have now been offset against income, and the poor copper outlook Nevertheless, with motor sales remaining strong, other industrial interests budgeting for higher profit and a stated policy of reducing dividend cover, a higher distribution is on the cards in 1981 At 540c, the share is a reasonable income stock

Des Kilalea

210 FM 9/1/81

DUIKER

Medium-term prospects

Activities· *Mining holding company in Lonrho group with coal, asbestos and developing gold interests SA Managed has 39,4% of the equity, Tweefontein 22,9% and Witbank Consolidated 12,1%*
Chairman *S C Newman, managing director R A Lee*
Capital structure *14m ordinaries of 35c* Market capitalisation R98m*
* Following one-for-four rights issue in November 1980
Financial *Year to September 30 1980 Net cash R9,0m Current ratio 1 3 Capital commitments R38,1m*
Share market *Price 700c (1980-81 high, 1 100c, low, 500c, trading volume last quarter, 287 000 shares) Yields 8,8% on earnings, 5,1% on dividend Cover 1,7 PE ratio 11,3*

	'77	'78	'79	'80
Coal & anthracite sales (000t)	2 940	2 893	3 044	3 151
Turnover (Rm)	29 7	31 4	34 0	40 9
Pre-tax profit (Rm)	12 1	15 7	12 4	12 1
Earnings (c)	64,8	80 9	63 5	61 9
Dividends (c)	45	36	36	36
Net asset value (c)	387	387	417	445*

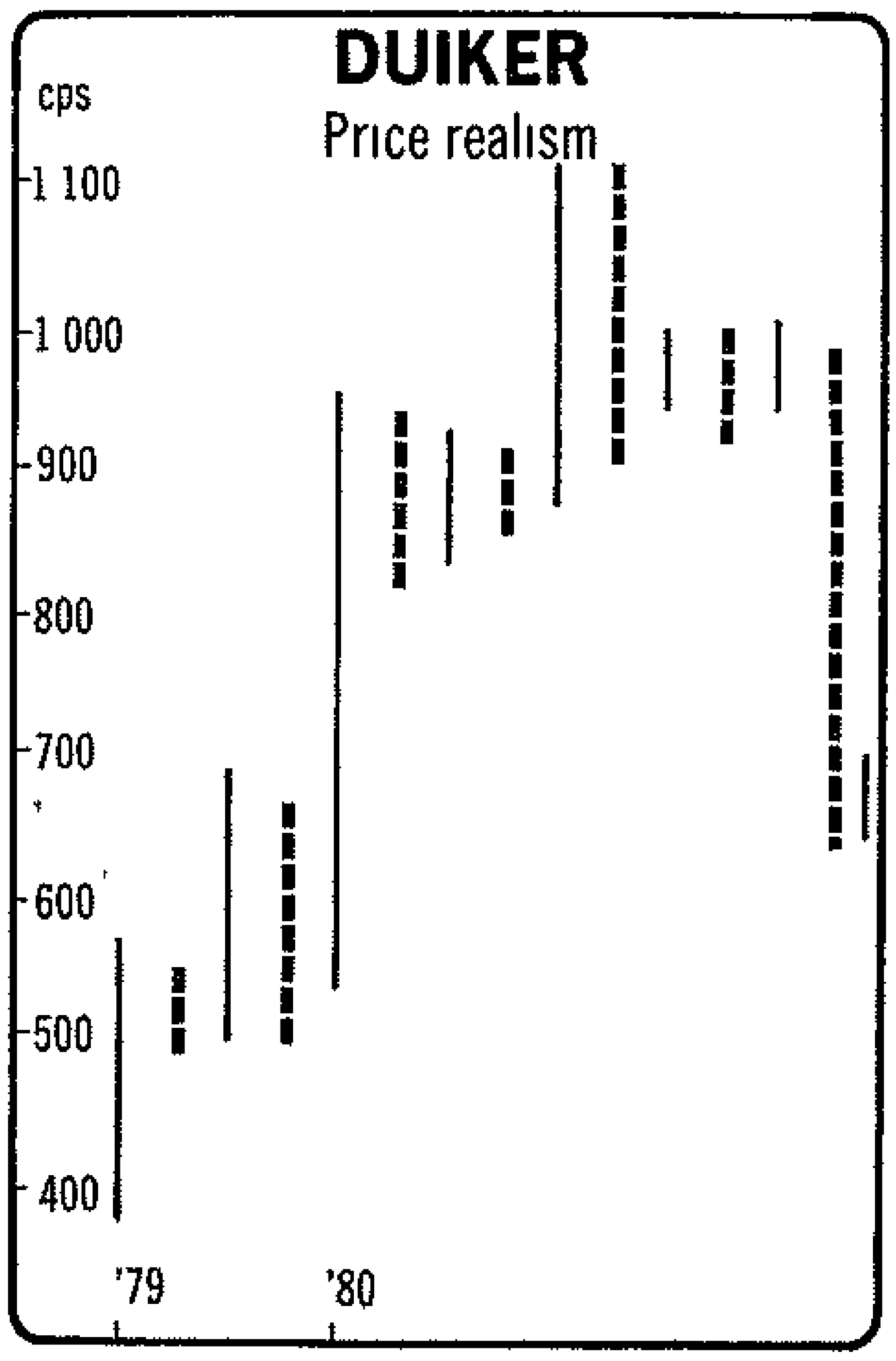
* Before rights issue

Investors planning on taking a position in Duiker should bear in mind that for the next five or six years the company will be a cash-hungry animal Despite the success of its recent R19,6m rights issue, it seems that the company could need further outside funds to help finance its various development projects And that, almost inevitably, implies dividend restraint

But taking a positive view, now that the excitement over plans for turning the OFS gold mineral rights to account has died down, the near-term lack of dividend growth potential could mean sound buying opportunities for investors prepared to take a medium-term view on the company's prospects

Chairman Syd Newman says in his review that dividends are expected to be maintained at the 36c paid for the past three years But that payout has been made on steadily declining earnings per share This year at least, following the one-for-four rights issue, earnings per share will probably fall again The reasons are obvious None of the company's existing mining operations is likely to make a sufficiently improved contribution to attributable profit to counteract the effective dilution of the rights issue

The largest profit contributor is bituminous coal from the Tweefontein and Witbank Cons collieries It weighed in with 77% of last year's R12,1m pre-tax income against 71% of 1979's R12,4m The new



Boschmans section at Tweefontein is on stream and operating more efficiently with new equipment than older sections which have been closed

However, sales are to the domestic market where demand is sluggish and controlled prices are unlikely to be hiked at a rate which will do more than compensate the industry for cost escalation For the next few years, then, bituminous coal income is unlikely to show any major growth

An improvement in anthracite earnings is some years away Last year, anthracite contributed 8% of pre-tax profit against 11% in 1979 Higher costs with difficult mining conditions at the two anthracite sections more than offset improved revenue from higher prices and production And it is difficult to foresee any near-term improvement That will have to await completion of the new R19m Piet Retief mine due to start production in 1983

Poor trading conditions are likely to remain a major factor at the group's two asbestos mines this year Production is plodding along at minimum levels to satisfy the delivery agreements to Gefco Nor are sales likely to improve until the major world economies improve and perceived health hazards of blue asbestos diminish

At end-September Duiker had net current assets of R3,4m and has added R19,6m to its immediate resources by the rights issue Last year, ignoring deferred tax transfers and taking into account the R2,4m amortisation of mining assets and the R4m dividend distribution, the group had an available cash flow from operations of some R5,3m So if earnings are set for a period of relative stagnation, funding Piet Retief and the R7m Klipwal gold mine due to resume operations in 1982 could mean some depletion of existing cash resources

This year Duiker has to contribute R23,4m as its 36% contribution to Eastern Gold The board says that this will be funded from retained earnings and the rights issue proceeds, so it is clear that borrowings will need to be increased this year Excluding Eastern Gold, this year's capex is estimated at R14,6m So by year's end about R10m will need to be drawn against loan facilities which have already been arranged

There may be further calls for funding Eastern Gold after 1983, though further funds could be raised by selling shares to the public That would mean Duiker's full loan facilities would have to be drawn But on the company's current capex plans, over the next two or three years total debt could approach R20m Repayment of borrowings raised to fund Eastern Gold will only start after 1988 when the mine comes into production and starts paying out earnings

Though debt is set to rise, there is little chance that Duiker will over-extend itself For the moment there appear to be no other major capex projects on the horizon Drilling in the Klerksdorp area has been terminated though it is not clear whether this is because of disappointing results or because the company prefers to defer any mine developments there until the present round of expansion is under its belt and contributing to cash flow

Now that plans for Eastern Gold have been announced, much of the share's speculative veil has been lifted And on that basis price, earnings and dividend performances may be pedestrian for a couple of years But if that results in the share price lagging behind comparable issues, it could present good buying opportunities for investors looking for medium-term income

Jim Jones

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial Institute of Architects' Prize
For the best student in :-

Sixth Year

P F Dunckley

Helen Gardner Travel Prize
For a student who has satisfactorily completed 1st, 2nd and 3rd major courses.

P A Rappoport

Molly Gohl Memorial Prize
For the best woman student in third year.

Miss C Tredgold

David Haddon Prize
For the best student of Architecture (or Quantity Surveying) in the subject of Professional Practice.

D H Pryce Lewis

General J B M Hertzog Prize
For the best final year student.

S A Read

Osbourn Prize
For the best work in fourth year.

D H Pryce Lewis

John Perry Prize
For the best work in third year

Taiwan backing SA refineries

TAIPEI — Taiwan Metal Mining Corporation was planning to invest R311-mill·n for joint ventures with South African mining companies to establish plants for refining copper and zinc in South Africa the State-owned company said

Under an initial plan for the joint ventures, the company will construct a plant for copper and ~~one~~ for zinc refining at a cost of R26-million and R285 million respectively

Annual production of the plants will be respectively 50 000 tons and 80 000 tons most of which will be shipped to Taiwan

The investment plan was proposed to Dr F W de Klerk, Minister of Mineral and Energy Affairs, during his visit to Tapei last week

At a meeting with the Economics Minister, Mr Chang Kwang-Shih, Dr de Klerk said the South African Government would help Chinese companies concer·, in joint ventures with South African enterprises — Sapa CNA

Plan aims to ditch job bars on mines

14/1/81 STAR 210

By Craig Charney

The Government has been presented with a detailed plan to wipe out job reservation in the mining industry.

The proposals envisage allowing blacks to move immediately into skilled jobs the industry cannot fill, while protecting its existing white workers. Later the plan is to allow some responsibilities of white miners to pass to lower-paid, semi-skilled black workers.

Sources within the industry say the plan involves repealing legislation which excludes blacks from certain mine jobs and negotiating an end to closed shop agreements with white trade unions.

It also involves an overhaul of the mining industry's labour relations structure to recognise the possibility of trade unions for black miners.

Details of the plans have apparently not yet reached any of the white unions in the industry, some of which are powerfully opposed to giving blacks more responsibility.

Although informed sources indicate the plans have influential support, a final decision will not be taken until after the publication of the last two parts of the Wiehahn report which is expected later this year.

Safety

They are likely to attract strenuous opposition from the white Mine Workers' Union which regards black advancement as a threat to the position of its members.

Advocates of the new deal argue that there is already a shortage of about five percent of the artisans and miners needed and predict the position will worsen.

In consequence, they say, safety regulations are often violated, as un-

In consequence, they say, safety regulations are often violated, as unskilled blacks do work the hard-pressed white miners are too busy to handle.

But, they say, while skilled blacks must be allowed to make up the shortfall, the position of whites now employed must also be preserved. In the long term, they add, changes in manning and responsibilities should be negotiated and not imposed by management.

The reformists clearly recognise the possibility that black trade unions will develop on the mines.

They call for the creation of an industrial council for the industry to combine management, unions and officials. They see it negotiating and monitoring agreements and outlawing strikes unless its procedures are followed.

Black unions would pose insoluble problems under the present system of mine labour relations, the reformists say.

There is now no negotiating machinery for black miners, who are expected to accept the uniform wage offered them by all mine companies.

● Page 17 — From ally to pawn.

BACKGROUND

White miners fought long and hard for job reservation — but the Nationalist Government which gave it to them is now seriously considering abolishing it. CRAIG CHARNEY examines the background and the implications.

From ally to pawn: the role of the white miner

The reservation of skilled job for whites has been the most sensitive labour issue in the mining industry for 75 years.

Fears that cheap black labour would undercut highly-paid white workers led to strikes in 1907, 1913 and 1914.

They also provoked the bloody Rand Rebellion of 1922

National Party governments came to power in 1924 and 1948 with crucial aid from white miners, promising them improved protection in return

They guarded the *modus vivendi* which emerged in the aftermath of the rebellion — that black advance would occur only with the consent of white miners

The miners' strike of 1979 — again over the same issue — gave a clear indication that the Nationalist Government's position had changed

The crucial expression of support from the Government was never forthcoming and the strike collapsed

The plans now under discussion to abandon job reservation altogether provide further evidence of the reversal of alliances

As Stellenbosch historian Hermann Giliomee has noted, the Government has dropped the white workers, moving closer to business and mining interests

Doing so here has been made easier by the fact that mining is now largely controlled by two groups — and one of them is in Afrikaans hands

At the same time, soaring gold prices made wage increases possible for black miners, while changing conditions in the labour market necessitated them

Strikes pushed wages up elsewhere, while political considerations diminished the flow of foreign migrants and tightened the labour market

But while the background was favourable the actual politics of the move against job reservation was a masterpiece of the "divide and rule" tactic so often used against blacks

The first Wiehahn report set the powerful white mineworkers safely aside, inveighing instead against job reservation elsewhere

Now that all the other white unions have been forced to accept its ending, the stage is set for the Government to turn on the isolated mineworkers

But what would the proposed changes mean?

In the short term, relatively little

Blacks could be allowed to fill vacancies, and presumably the proportion of non-migrant black mineworkers would edge up from its present three percent

But the proposals under study would provide a plethora of safeguards against the wholesale firing of whites.

But in the long run, the proposals could lead to a substantial restructuring of the industry's labour force, with a major impact on wages and profits

Eventually, white miners' jobs could be "fragmented" away, with portions given to lower-paid blacks

At the same time, a substantially larger percentage of the latter would become settled, non-migrant workers.

In the past, Government and mineworkers have been dead against black mineworkers' unions, brutally smashing the strikes black workers attempted in 1920 and 1946

But now it appears they recognise that black unions could play an important part in promoting the changes they desire.

In the Industrial Council envisioned by the reforms, black unions would provide a stronger counter to white unions, pushing for expanded responsibility for their members and the higher pay it would bring

At the same time, council procedures would offer controls to minimise the likelihood that they would strike

Even to consider proposals along these lines is an indication of how far the Nationalist Government has come from the days when it regarded mine owners as fat, rapacious Hoggenheimers.

Enmity has given way to alliance.

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Cautious reaction to end of job curbs

By Bob Davis

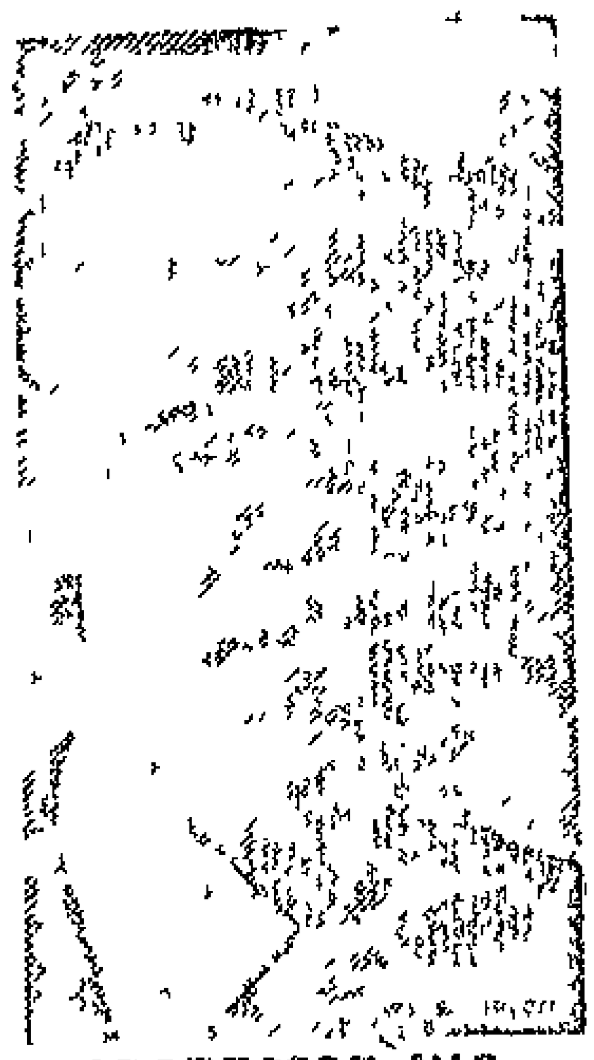
Mining companies and unions have reacted cautiously to The Star's disclosure that job reservation is to be scrapped in the industry

A spokesman for the Transvaal and Free State Chamber of Mines said negotiations with the representatives of mine workers were at a delicate stage and could not be finalised until parts five and six of the Wiehahn Report had been published

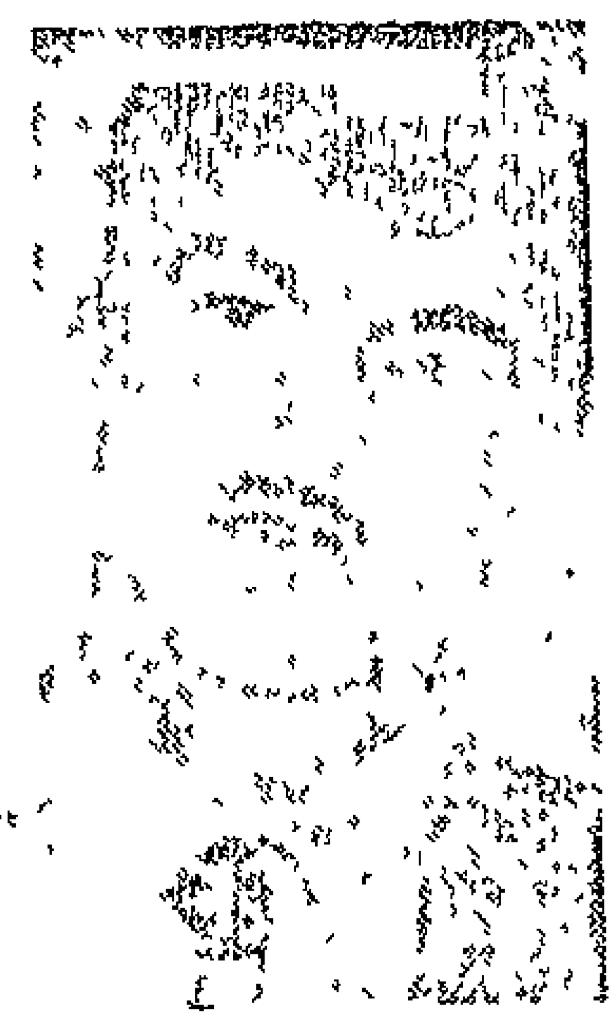
"Even then ongoing negotiations will be affected by the attitude of both Government and white workers to the Wiehahn Report"

The general secretary of the Mine Workers Union, Mr Arrie Paulus, said his union was not in favour of trade unions for black workers in any industry in South Africa

He also did not see eye-to-eye with industry



PROFESSOR NIC WIEHAHN



MR ARRIE PAULUS

sources who wanted to do away with job reservation on South African mines as had been the case in certain other industries

Mr Paulus also disputed allegations that there was a shortage of white artisans or miners anywhere in the country

He rejected a statement that safety regulations had been violated in the mines because of job pressure on white miners

He said while his union did not favour the scrapping of job reservation on the mines, he found an industry statement that blacks were excluded from "certain mine jobs" to be too vague for specific comment until the final report of the Wiehahn Commission of Inquiry into labour legislation had been published.

But regarding safety regulations, Mr Paulus said South African mines had the best safety record in the world

"And the people to thank for that are the white mineworkers"

He said there were enough white miners presently employed and in training to do all the jobs that had always been done by white mineworkers

Mr Paulus said it was the function of his union to represent white miners in all facets of employment

ARCHITECTURE

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award
For the best project in structure and design.

M R I Ness

National Development Fund for the Building Industry
Book Prizes
For the best student in each year of study of the degree course.

First Year

J A L Chapman

Second Year

C S Jones

Third Year

B de Jong

Fourth Year

R W Kohne

George Strachan Prize
For the best final year student of the degree course.

R W Kohne

LTA Prize
For the best student obtaining a first class pass for a dissertation in Building Management.

S F Richardson

Armco to go ahead with R35-m mine

16/1/81

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Geoff Shuttleworth

Armco Bronne, the South African subsidiary of Armco US, is to go ahead with a 200 000-ton-a-year fluospar mine and plant near Zeerust at a cost of nearly R35-million

Mr Eugene Pienaar, managing director of Armco Bronne, said that R4,5-million will be spent on the first phase of the project which will involve a detailed feasibility study and the sinking of a shallow pilot-shaft into the centre of the orebody.

He said that current projections are to be in operation by 1983 at an initial production of 200 000 tons a year, all of which would be exported

The new Armco mine will be second in size only to Gencor's fluospar mine.

Two major ore bodies of 20 million tons of recoverable ore have been delineated but Mr Pienaar noted that a much larger potential exists on other properties also under Armco control The mineral rights in the delineated area were bought from Esso Minerals

Immediate plans call for engineering design on the mine and processing plant, which employ the latest environmental techniques

The underground section of the mine will be developed at a point where the fluospar beds are more than 10 metres thick He said that although the ore was classified as medium-grade, it had the advantage of being geologically undisturbed and free of contaminating minerals

NIM testing of samples indicates that high-grade acid-grade fluospar can be economically produced from the ore, he noted

ARCHITECTURE

(Continued)

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S F Richardson

GENER

Black mine apprentices go-ahead

16/1/81

In the wake of recent mining industry recommendations that job reservation in the industry be scrapped, the Department of Manpower Utilisation said today that the first indenture of black apprentices on a South African mine for 1981 had been approved.

Two black trainee welders, Mr Raphael Sehona and Mr William Mguni, are to work near Ogies for Rietspruit Opencast Services and another nine trainees are waiting for final approval before starting work for Tobatse Ferrochrome at Steelpoort.

Four of them are indentured as boilermakers and the other five as fitters.

MERIT

The approval for Mr Sehona and Mr Mguni was given after Rand Mines had satisfied the Department of Manpower Utilisation that a qualified welder had undertaken to train them.

The director of personnel for Rand Mines, Mr D King, said today there were more applications for black apprentices in the pipeline.

"But we don't want to ruffle the feathers of the mining unions so I must add that applicants are selected purely on merit. That's company policy."

The next meeting of the Mines Apprenticeship Committee is on January 27, the same day the general council of the Mine Workers' Union meets in Johannesburg.

(210) Stok 17/1/81

Brokers do about turn on De Beers

Financial Correspondent

LONDON — The latest newsletter from London brokers James Capel suggests that De Beers' 1980 earnings will be lower than previously and that, in 1981, the group will be hard pressed to keep earnings on an even keel — let alone return to an upward trend

This contrasts sharply with a Capel newsletter last week, which suggested De Beers as a "Nap" selection for 1981

De Beers, the firm suggests, is stockpiling rough stones for the first time since 1974 And cash resources, some of which were used to buy Consolidated Gold Fields shares, are now earmarked to support the sagging diamond market

But the worst could be over Liquidity is the key to successful long-term diamond trading and those who have maintained good cash balances are now able to buy stones at good prices.

Better grade boosts Randfontein's recovery

RDM 21/1/81 (210)

	Tons milled 000s	Yield g/t	Costs R/ton	Costs $ oz	Rev $ oz	Net Profit R000s	Profit after capex	EPS after capex cents
Randfontein	1 054	5,1	34,40	280,4	657,2	47 494	10 922	202
September	1 045	4,9	36,03	301,9	679,1	38 410	15 611	288
W Areas	1 092	4,4	38,91	366,5	644,0	35 481	4 771	12
September	1 093	4,5	39,05	347,2	677,0	26 070	13 408	33

By ADAM PAYNE

ALTHOUGH Randfontein's earnings a share were down 30% in the December quarter because of heavy capital spending at R36 572 000 (R23-million) the mine staged a recovery in performance because of better grade

Costs a ton were lower, net profit rose 24% to R47-million but profit after capital spending was down to R11-million (R16-million)

Cooke No 2 Shaft is moving into better areas after a drop in yield in the September quarter compared with June

"We hope that the upward trend in grade will be maintained during the year," says Mr Veryan Blane, financial director of Randfontein

"The grade is better than we expected"

Uranium production was maintained in the December quarter in spite of a lower tonnage treated at Millsite plant where the surface stockpile of ore has been exhausted

Millsite now depends on underground ore and surface sand dumps which at this stage are treated only for gold because they contain too low a uranium grade

Although fewer tons were treated for uranium overall, at both Cooke and Millsite plants, as much uranium was produced as in the September quarter because of higher efficiencies

Because of a lower price for uranium this year, profit from this source will be lower although tonnage produced will be about the same as that in 19?0 — 646 tons

On the gold side, unit costs were lower in December because of the treatment of surface sand material, on which costs are about 25% of those for underground ore

Mr Blane says that grade for 1981 could increase by up to 10% on the average of 5,1 g/t for 1980

"That will depend on continued good development results," he says "But it will not return to the 1979 level"

The mine spent R79 million on capital projects in 1980 and the management expects to spend at least that amount this year, with two shafts being sunk

Mr Blane says "The R60-million spending will depend largely on the gold price We shall base our policy on gold price movements and expectations

"When we drew up our programme we were expecting a gold price of $600 an oz If this fails to materialise for any length of time we shall re-examine some of our projects

"We have flexibility and could advance our expenditure if we saw money pouring in with a high gold price"

He says Cooke No 1 Shaft can work successfully against a wide range of gold prices but Cooke No 2 Shaft, being lower grade, is more dependent on the price Any upward trend in the gold price will not bring extra ore into pay at Cooke No 1

The price will have to drop below $400 to cause any change in mining policy at that shaft However, Mr Blane says economists at Johnnies expect an average price of just over $6?? for 1981

He believes the average year-on-year increase in working costs, against a background of a $550 gold price, will be 20% in 1981 with Randfontein lower than this level because of its sand dump treatment and Western Areas higher

He believes capital spending inflation will be higher than 20% and because of this Randfontein is spending as quickly as possible

Other points made by Mr Blane at a Press briefing were

- Randfontein is buying uranium at advantageous prices to meet its contractual obligations It will continue to do so until Cooke No 3 Shaft is in production
- In development there was a decrease in values at No 1 Shaft but this was not significant There was a significant increase in values at No 2 Shaft

WESTERN AREAS Net profit rose because of a tax credit compared with a debit of R15 700 000 in September but profit after capital spending of R31 million (R13-million) dropped heavily and earnings a share were 12c (33c)

Costs were well contained in the quarter

Although grade was maintained the management expects it to decline, but not rapidly, as the mine exploits the Middle Elsburg reefs during this year The mine has large quantities of low grade ore at the Northern Shaft

The uranium plant will be commissioned in the first quarter of 1982 — a year ahead of schedule — and will possibly supply uranium to Randfontein before meeting its contract

Capital spending in 1981 is expected to be at the same level as last year at R60-million The mine is strong in cash

Anglovaal's group profits fall

RDM 21/1/81 210

By JOHN MULCAHY

THE lower gold price received, higher costs and the less beneficial exchange rate (dollar/rand) had the effect of reducing the Anglovaal group's profits for the quarter to December 31

Mill throughput was generally higher and this, combined with slightly improved grades in some cases, offset the negative factors to an extent

While costs rose at the three underground mines, they were well contained except in the case of Loraine, which experienced an increase to R45,28/ton milled from R40,29/ton

Village Main, which was recently re-instated as an operating mine by the Johannesburg Stock Exchange, is once again included in Anglovaal's quarterly reports, but the surface operation's profit fell substantially in the December period from September

The only significant rise in capital expenditure over the quarter was from Hartebeesfontein, which increased capex to R4 601 000 from R2 416 000, while Loraine's capex fell to R2 901 000 from R4 608 000

HARTEBEESFONTEIN's production increased slightly to 752 000 tons from 747 000 tons, and the mine's yield fell to 10,6 g/t from 10,8 g/t The fall in grade, accompanied by lower revenue — the average received dropped to $627 an oz from $673 in September — resulted in a fall in taxed profit to R35 359 000 from R39 633 000

The drop in profit after capital expenditure was even more drastic, to R30 758 000 from R37 217 000 in September, and earnings a share after capex slipped to 274c from 332c

Unit costs rose marginally to R49,55 a ton milled from R49,11/t, and working profit from gold fell to R82 653 000 from R94 589 000

Extensions to Harties uranium plant have been commissioned and although rated capacity was reached only in December, oxide production rose to 126 047kg from 99 759kg for the quarter

Total pulp treated increased to 871 500 tons from 749 000 tons, at a slightly higher grade of 0,14kg/t (0,13kg/t)

In spite of the increased quantity of oxide produced profit from sales of uranium, pyrite and sulphuric acid dropped to R2 704 000 from R3 024 000, the reason being that sales and deliveries vary from quarter to quarter

After adding non-mining income and deducting net tributing payments and interest paid, Harties' pre-tax profit was R84 804 000 (R101 432 000), and tax and the State's share of profit dropped to R49 525 000 from R61 799 000

	Tons Milled 000s	Yield g/t	Costs R/ton	Costs $ oz	Revenue $ oz	Net profit R000s	Profit after capex R000s	EPS after capex cents
HARTIES	752	10,6	49,55	195	627	35 359	30 758	274
September	747	10,8	49,11	188	673	39 633	37 217	332
ET CONS	76	7,1	36,32	219	599	2 560	1 994	46
September	74	6,9	36,08	217	678	2 640	2 325	54
LORAINE	415	3,5	45,28	535	615	2 732	‡(171)	—
September	408	3,2	40,29	526	695	*6 061	1 023	7

* Adjusted

‡ Loss after capex.

Capital expenditure for the December quarter amounted to R4 601 000 compared with R2 416 000, while outstanding commitments at December 31 were estimated at R3 052 000

E T CONS Taxed profit was only slightly down at R2 560 000 compared with R2 640 000 in spite of a sharp fall in the average gold price received and only a slight rise in grade, to 7,1g/t from 6 9g/t

Tonnage milled increased to 75 800 tons from 74 000 tons, and the higher mill throughput helped to contain unit costs, which rose only marginally to R36,32/t from R36,08/t

The rise in tonnage has been attributed to the longer working quarter Capital expenditure was higher at R566 000 (R315 000), which resulted in a lower tax charge — R2 545 000 compared with R3 176 000

The mine sampled 1 344m in development, against 978m the previous quarter, assaying 1 622cm g/t (1 179cm g/t)

LORAINE continued its rise in production, to a throughput of 415 000 tons in the December quarter compared with 408 000 tons the previous quarter, and the average grade rose to 3,5g/t from 3,2g/t

Higher costs of stores, power and other items increased over the period resulting in a rise in unit costs to R45 28/t from R40,29/t, and with the fall in revenue to an average of $615 an oz of gold from $685 in the September period, unit working profit slipped to R6,76 a ton from R14 78

Taxed profit fell to R2 732 000 from R5 631 000, and capital expenditure decreased to R2 901 000 from R4 608 000

On development 656m were sampled on all reefs, compared with 600m in the September quarter The average value was 13,7g/t (10,7g/t) — largely due to a small but rich patch encountered on the "B" and "A" reefs in the No 2 shaft area — over a width of 45cm (38cm), which is equivalent to 619cm gm/t (411cm gm/t)

VILLAGE MAIN treated 138 400 tons of sand in the quarter to December compared with 120 300 tons the previous quarter, at an average grade of 0,70g/t (0 84g/t)

Unit costs fell to R6,06/t from R6,23, but this was not enough to offset the effects of the lower gold prices received, and taxed profit fell to R341 000 from R851 000

ANGLOVAAL GROUP

RDM 21/1/81

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Mining Companies' reports – Quarter ended 31 December 1980

All companies mentioned are incorporated in the Republic of South Africa
All financial figures for the quarter and progressive figures for the current year to date, except those of Loraine Gold Mines, Limited, are unaudited
Development results given are the actual sampling results No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves
Shareholders requiring copies of these reports regularly each quarter, should write to the Transfer Secretaries, 56 Main Street, Johannesburg, 2001 (P O Box 62379, Marshalltown, 2107)

Prieska Copper Mines (Proprietary) Limited

Issued capital 54 000 000 shares of 50 cents each

		Quarter ended 31 Dec. 1980	Quarter ended 30 Sept 1980	Six Months ended 31 Dec 1980
Operating results				
Ore milled	t	753 000	763 000	1 516 000
Concentrates produced				
Copper	t	31 003	33 270	64 273
Zinc	t	32 015	36 098	68 113
Concentrates despatched				
Copper	t	27 382	37 386	64 768
Zinc	t	32 768	36 862	69 630
Financial results		R000	R000	R000
Operating profit		3 970	1 525	5 495
Non-mining income		180	345	525
		4 150	1 870	6 020
Interest paid		191	215	406
Net Profit		3 959	1 655	5 614
Loan repayments		1 283	—	1 283
Capital expenditure		1 541	1 603	3 144
		2 824	1 603	4 427
Development				
Advanced	m	5 960	7 052	13 012

Financial

Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters

Taxation

No taxation was payable as the Company has an assessed loss

Capital Expenditure

Outstanding commitments at 31 December 1980 are estimated at R264 000 (30 September 1980 R737 000)

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

		Quarter ended 31 Dec 1980	Quarter ended 30 Sept 1980	Financial year ended 31 Dec 1980
Operating results				
Ore milled	t	106 820	132 900	512 320
Antimony concentrates plus cobbed ore produced	t	5 621	5 562	22 373
Antimony concentrates plus cobbed ore sold	t	1 368	310	12 717
Financial results		R000	R000	R000
Sales of antimony concentrates less realisation charges		1 337	377	12 181
Gold sales		2 049	1 679	6 094
Sundry mining income		12	45	71
		3 398	2 101	18 346
Working costs		4 221	4 442	16 682
Working profit		(823)	(2 341)	1 664
Sundry non-mining income		80	330	453
		(743)	(2 011)	2 117
Prospecting		140	135	496
Profit before taxation		(883)	(2 146)	1 621
Taxation		—	(1 144)	—
Profit after taxation		(883)	(1 002)	1 621
Capital expenditure		274	536	2 631
Dividend		—	—	1 248
		274	536	3 879

Operations

Despite the approximate 20% drop in ore milled, the tonnage of concentrates produced was maintained due to an abnormally high head grade

Financial

The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter

Dividend

Interim dividend No 69 of 30 cents per share, declared in June 1980, was paid in August 1980 No dividend was declared in December 1980

Capital expenditure

Outstanding commitments at 31 December 1980 are estimated at R244 000 (30 September 1980 R160 000)

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

		Quarter ended 31 Dec 1980	Quarter ended 30 Sept 1980	Six Months ended 31 Dec 1980
Operating results				
Gold				
Ore milled	t	752 000	747 000	1 499 000
Gold recovered	kg	7 971,20	8 067,60	16 038,80
Yield	g/t	10,6	10,8	10,7
Revenue	R/t milled	159,46	175,73	167,57
Costs	R/t milled	49,55	49,11	49,33
Profit	R/t milled	109,91	126,62	118 24
Revenue	R000	119 911	131 273	251 184
Costs	R000	37 258	36 684	73 942
Profit	R000	82 653	94 589	177 242
Uranium oxide				
Pulp treated	t	871 500	749 000	1 620 500
Oxide produced	kg	126 047	99 759	225 806
Yield	kg/t	0,14	0,13	0,14
Financial results		R000	R000	R000
Working profit – gold mining		82 653	94 589	177 242
Profit from sales of uranium oxide, pyrite and sulphuric acid		2 704	3 024	5 728
Non-mining income		1 552	1 726	3 278
		86 909	99 339	186 248
Interest paid		233	221	454
Net royalty payments		1 792	(2 314)	(522)
Profit before taxation and State's share of profit		84 884	101 432	186 316
Taxation and State's share of profit		49 525	61 799	111 324
Profit after taxation and State's share of profit		35 359	39 633	74 992
Capital expenditure		4 601	2 416	7 017
Loans received		530	—	530
		4 071	2 416	6 487
Loan repayments		46	46	92
Dividends		56 000	—	56 000
		60 117	2 462	62 579
Development				
Advanced	m	15 457	15 657	31 114
Sampling results on Vaal Reef				
Sampled	m	2 956	3 622	6 578
Channel width	cm	58	59	59
Channel value – gold	g/t	23,7	26,0	25,0
	cm g/t	1 386	1 536	1 469
– uranium oxide	kg/t	0,41	0,42	0,41
	cm kg/t	23,88	24,58	24,26

Dividend

Interim dividend No 50 of 500 cents per share was declared in December 1980 and is payable in January 1981

Capital expenditure

Outstanding commitments at 31 December 1980 are estimated at R3 652 000 (30 September 1980 R4 155 000)

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each

		Quarter ended 31 Dec 1980	Quarter ended 30 Sept 1980	Six months ended 31 Dec 1980
Operating results				
Gold				
Ore milled	t	75 800	74 000	149 800
Gold recovered	kg	535,00	509,22	1 044,22
Yield	g/t	7,1	6,9	7,0
Revenue	R/t milled	101,52	112,78	107,08
Costs	R/t milled	36,32	36,08	36,20
Profit	R/t milled	65,20	76 70	70,88
Revenue	R000	7 695	8 346	16 041
Costs	R000	2 753	2 670	5 423
Profit	R000	4 942	5 676	10 618
Financial results		R000	R000	R000
Working profit – gold mining		4 942	5 676	10 618
Non-mining income		295	228	523
		5 237	5 904	11 141
Prospecting expenditure		132	88	220
Profit before taxation		5 105	5 816	10 921
Taxation		2 545	3 176	5 721
Profit after taxation		2 560	2 640	5 200
Capital expenditure		566	315	881
Dividends		3 022	—	3 022
		3 588	315	3 903
Development				
Advanced	m	1 936	1 946	3 882
Sampling results				
Sampled	m	1 344	978	2 322
Channel width	cm	194	187	191
Channel value	g/t	8,4	6,3	7,5
	cm g/t	1 622	1 179	1 435

Dividend

Interim dividend No 61 of 70 cents per share was declared in December 1980 and is payable in January 1981

Capital expenditure

Outstanding commitments at 31 December 1980 are estimated at R142 000 (30 September 1980 R135 000)

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each

		Quarter ended 31 Dec 1980	Quarter ended 30 Sept 1980	Financial year ended 30 Sept 1980
Operating results				
Gold				
Ore milled	t	415 000	408 000	1 605 000
Gold recovered	kg	1 464,02	1 315 14	5 243,51
Yield	g/t	3,5	3,2	3 3
Revenue	R/t milled	52,04	55 07	48 71
Costs	R/t milled	45,28	40,29	36,93
Profit	R/t milled	6,76	14,78	11,78
Revenue	R000	21 595	22 467	78 176
Costs	R000	18 790	16 440	59 265
Profit	R000	2 805	6 027	18 911
Financial results		R000	R000	R000
Working profit – gold mining		2 805	6 027	18 911
Loss on sale of uranium oxide and pyrite		17	(23)	2
Non-mining income		278	261	791
State Assistance – adjustment prior year		—	31	31
		3 066	6 342	19 731
Interest paid, stores adjustment, service benefits and dump grassing		4	431	431
*Tributing royalty payable		330	280	992
Profit		2 732	5 631	18 308
Capital expenditure		2 901	4 608	8 284
Loans received		316	—	—
		2 585	4 608	8 284

*Previously included in working costs

Development				
Advanced	m	5 969	5 719	18 039
Sampling results				
"B" and "A" reefs				
Sampled	m	44	80	474
Channel width	cm	38	38	37
Channel value	g/t	39,0	2,5	4,4
	cm g/t	1 463	94	162
Basal reef				
Sampled	m	370	320	828
Channel width	cm	8	8	8
Channel value	g/t	71,9	61,4	72 0
	cm g/t	575	497	583
Elsburg reefs				
Sampled	m	242	200	484
Channel width	cm	104	87	81
Channel value	g/t	5,1	4,6	4 6
	cm g/t	534	400	378
Total – all reefs				
Sampled	m	656	600	1 786
Channel width	cm	45	38	35
Channel value	g/t	13,7	10,7	11,7
	cm g/t	619	411	415

Taxation

No taxation or State's share of profit was payable as the Company has assessed losses

Capital expenditure

Outstanding commitments at 31 December 1980 are estimated at R17 548 000 (30 September 1980 R18 947 000)

Village Main Reef Gold Mining Co. (1934) Ltd.

Issued capital 6 068 446 shares of 12,5 cents each

		Quarter ended 31 Dec 1980	Quarter ended 30 Sept 1980	Six Months ended 31 Dec 1980
Operating results				
Sands treated	t	138 400	120 300	258 700
Gold recovered	kg	97,32	100,50	197,82
Yield	g/t	0,70	0,84	0 77
Revenue	R/t Treated	10,45	13,21	11 73
Costs	R/t Treated	6,06	6,23	6 14
Profit	R/t Treated	4,39	6,98	5 59
Revenue	R000	1 447	1 588	3 035
Costs	R000	839	749	1 588
Profit	R000	608	839	1 447
Financial results		R000	R000	R000
Working profit		608	839	1 447
Interest received and sundry revenue		18	12	30
Profit before taxation		626	851	1 477
Taxation		285	—	285
Profit after taxation		341	851	1 192
Capital expenditure		138	15	153
Dividends		303	—	303
		441	15	456

Dividend

Interim dividend No 38 of 5 cents per share was declared in December 1980 and is payable in February 1981

Capital expenditure

Outstanding commitments at 31 December 1980 are estimated at R144 000 (30 September 1980 R122 000)

General

Quarterly reports will henceforth be published on a regular basis

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors
21 January 1981

Shortage of trained miners hampers output

Argus 22/1/87

210

Argus Correspondent

JOHANNESBURG. — South Africa's mining output is being hampered to the extent of several million rands by the need for 500 white miners with blasting certificates.

The qualified miners are needed on the gold, copper, iron ore, platinum, manganese, aluminium, silver and other base metal mines where blasting takes place.

Mr Oscar Bauer, superintendent of the Chamber of Mines training colleges for whites, said the higher gold price had aggravated a situation which was already becoming acute because of the yearly drain of miners with blasting certificates to the base metal mines

The base metal mines absorbed men but did not themselves offer training facilities

The demand for men with blasting certificates had increased to beyond the level at which training was taking place.

LAST RESORT

'There are now so many other job opportunities that mining has become a last resort, because fewer and fewer young men are inclined to work underground

'Despite an extensive advertising campaign, we are unable to attract enough men'

A senior spokesman for the chamber of Mines said although black apprentices were now being admitted in small numbers and on merit to certain other mining functions there were no plans to train blacks for the Government blasting certificate.

The reason was that the white mineworkers had refused to consider such training

Mr Arrie Paulus, general secretary of the Mine Workers Union, said in an interview the shortage of white miners with blasting certificates was artificial and had been created to force the hand of his union with regard to training blacks.

Tongaat puts R1-m in SBDC

TONGAAT GROUP is to invest R1-million in the newly former Business Development Corporation, SBDC, which is being set up by major South African companies and the Government to promote small busiess and industry in Southern Africa.

The chairman of Tongaat, Mr Chris Saunders, said the contribution of Tongaat was in line with its policy of meeting its responsibility to the community.

The group had established the Sukumani Development Corporation in 1977 to promote agricultural and business enterprise in Kwazulu and the company was supporting 3 650 black cane growers who would eventually produce over 200 000 tons of cane annually

R50m AECI explosives plant for State

RDM 22/1/81 (210) (194)

By JOHN MULCAHY

AECI is to build a R50-million commercial explosives factory near Welkom to serve mainly the gold and uranium mines in the Free State Goldfields.

The 4 500 hectare site is 15 km from Welkom on the Kroonstad road, and is equivalent in size to the Modderfontein factory

The purchase of the large tract of land is believed to constitute one of the biggest single private sector industrial land deals in South Africa

Construction will begin towards the end of this year and commissioning of the plant will start in 1983

AECI executive director Mr Steve Anderson told me yesterday that the estimated R50-million cost took into account expected cost rises and inflation until the end of 1982

Almost all the machinery and equipment for the new factory would be designed and made in SA Tenders for construction would go out later in the year, said Mr Anderson, as the project was still in the design stage

The operation would provide employment for more than 1 000 workers, who would be housed at Riebeeckstad, Odendaalsrus and nearby townships

The plant was looked at as phase one of the operation, and depending on mining prospects in the area after commissioning of the first stage, additional developments would be considered

He said there were no firm plans to manufacture the primary raw material of ammonia, but backward integration into certain chemicals would follow when demand made it an economically viable proposition

The operation will be AECI's fourth domestic explosives factory, the others being at Modderfontein, Somerset West and Heystekrand in BophuthaTswana

The Heystekrand factory, costing about R50-million, is expected to come on stream by the end of this year

Mr Denys Marvin, AECI's managing director, said the decision to build the factory near Welkom was in line with the company's policy of decentralisation and rationalisation in its explosives business

He said that the factory's location close to major arterial roads and a railway line would benefit AECI's customers by reducing distribution costs

With a regular supply of explosives and accessories virtually at their doorsteps, the mines would be able to work with reduced stocks, fewer magazines and greater convenience

A comprehensive range of explosives and accessories would be manufactured to meet the needs of the OFS Goldfields, and to form the nucleus of a significant chemical industry with a high growth potential

Mr Anderson said a natural extension would be production of ammonium nitrate and nitric acid, and a further possibility was fertiliser production

He said the Welkom factory would produce cartridge explosives designed to meet the mining industry's technological developments and markets, and ammonium nitrate oils were likely to follow

Manufacture of initiating accessories, such as capped fuse, safety fuse and "certain new initiation products" now in development stages at AECI laboratories, would probably come in later, said Mr Anderson

FINE ART & ARCHITECTURE

ARCHITECTURE

Cape Provincial
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P F Dunckley
Helen Gardner Tr
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5 2 1982

MWU to tackle job reservation

By Bob Davis

The highly contentious issue of job reservation on South Africa's gold mines features prominently on the agenda of the general council of the Mine Workers' Union which meets in congress in Johannesburg on January 27 and 28

Former Transport Minister Mr Louwiens Muller will deliver the opening address

The general secretary of the MWU, Mr Arrie Paulus has expressed regret that the Wiehahn Commission's sixth report, which deals with labour on the mines, will apparently not be available to the congress because it will not have been tabled in Parliament.

"If the report had been available to us the Minister (of Mineral and Energy Affairs, Mr de Klerk) would have known at once what the highest authority of the Mine Workers' Union has to say about it"

In addition to the Wiehahn Commission's report, the congress agenda features the retention of white miners in Bophuthatswana, pensions, salary increases and "other contentious matters, including the future of white workers in general and what the Mine Workers' Union should do to counter the Government's policy of promoting blacks to the detriment of whites"

In a message to union members, Mr Paulus said many retired miners had not contributed to a pension scheme for a large portion of their working lives but that the Government should provide them with pensions because of the vast income it enjoys from taxing the mining companies

Gold Fields double earnings: Selmin dividend raised

Gold Fields investment company New Witwatersrand doubled its earnings in the six months ended December 31 and declared an interim of 18c a share against 14c in the comparative period the year before

The other investment company in the group with strong gold holdings, Selected Mining, increased its earnings by more than 70 percent and the dividend was raised from 14c to 18c a share

However, Vogelstruisbult with interests aimed at base metals, maintained its dividend on a slight rise in earnings for the full year

NEW WITS. New Wits' income from investments totalled R4,95-million representing a rise of more than 93 percent compared with the previous year's interim figure of R2,57-million Administration and general expenses amounted to R168 000 (R159 000) and minority shareholders' interest rose to R112 000 (R66 000).

The company's dividend cover has been considerably raised from 1,4 to 2,2

SEL MIN Selected Mining pushed its total revenue 64 percent higher to R427 000 (R260 000) Expenditure amounted to R29 000 (R27 000), which resulted in profit after tax at R398 000 (R232 000)

Earnings was 39 8c a share (23,2c) and the dividend was 18c (14c) The dividend has been pushed from 1,7 to 2,2

VOGELS In the past year Vogels, total revenue was raised by 9 5 percent to R4,34-million Tax charges amounted to R148 000 (R3 000) which resulted in a profit after tax of R3,98-million (R3,78 million)

Attributable profits were R4,18-million (R3,96 million) Earnings a share was raised by 4,9 percent from 24 7c to 25,9c, but a final of 11c was declared which maintained the full dividends at 16c a share

Union Tin turns in good performance

Gold Fields tinmines Rooiberg and Union Tin turned in mixed performances in the past quarter Its colliery, Apex Mines, maintained results

Union Tin showed the best results in the quarter ended December 31 The ore treated and grades rose, though higher cost of sales resulted in a lower gross profit a ton compared with the previous quarter

TERMINATED

However, sales revenue was nearly unchanged at R1,58 million (R1,57 million) Cost of sales rose to R1,05 million (R973 000) Profit before tax was lower at R552 000 (R614 000), but lower tax charges at R139 000 (R220 000) pushed profit after tax to R413 000, compared with R394 000

The directors announce that the second hole to test the mine at depth has proved disappointing The deep drilling programme has been terminated

The other Gold Fields tinmine, Rooiberg showed a 15,5 percent drop in sales revenue owing to lower grades and less ore treated, lower sales revenue a ton sold and an increase in costs a ton sold

Profit after tax showed a decline of 20 percent from R3,28-million to R2 63 million

Sales revenue was R6,47 million (R7,66 million), cost of sales was R3 66-million (R3,36 million) and its profits before tax was R2,92 million) The disparity in profits would have been much wider had tax not shrunk from R1,12 million in the previous quarter to R290 000

Colliery Apex Mines turned in lower profits before tax, but owing to lower tax the profit after tax showed a slight rise

Sales volume rose slightly, but sales revenue was slightly lower at R9 82 million (R10,15 million) Cost of sales rose from R6 9 million to R7 24-million Profits before tax showed a decine by 13,5 percent from R3,66 million to R3,16 million

However, owing to a decrease in tax from R903 000 to R397 000, profit after tax was nearly unchanged at R2 765 000 (R2 753 000)

210

Quiet gold role for SA in Ghana is hinted at

By Bob Davis

South Africa's mining expertise has opened up the back door into black Africa.

Ghana may call on this country to help revive and expand its potentially enormous but flagging goldmining industry.

Political considerations may be thrust aside in a desire by the West African state to develop the full potential of its gold wealth.

OFF RECORD

A South African mining consultant, Mr Hans von Michaelis, just back from a seminar in Ghana, says he and two colleagues were well received and the Ghanaians were adamant that they would go to any reasonable lengths to get their goldmining industry back on its feet.

Politicians said off the record that the Ghanaian Government might denationalise the mines and return to the free enterprise system provided it could be a partner in the enterprise.

Mr G O Kesse, director of the Ghanaian Geological Survey Department, said his country's goldmining potential was tremendous but mining techniques and machinery were outdated.

IDEAL HOST

Ghanaian miners were largely untrained and up to 20 percent of the annual production was stolen by workers and sold on the black market in neighbouring Togo at up to eight times the official price, he said.

Mr von Michaelis, who is based in America, said South African capital would be welcome in Ghana provided it came by the "back door." South African expertise was highly-respected, but it would have to find a non-political way in.

Mr von Michaelis suggested that Mr Lloyd Quashie, deputy managing director of the Ashanti Goldfields, be invited to South Africa to talk to the mining industry. Mr Harry Oppenheimer would be an ideal host, he said.

Mr von Michaelis said Ghanaian miners could be trained here, but without fanfare so as not to upset Ghana's political enemies.

According to Mr Quashie, Ghana's high-grade gold bearing belt covered 20 000 square miles.

COLLAPSING

He envisaged the current production of 400 000 fine ounces a year expanding to 2 million ounces saying that known reserves would last more than 700 years.

An expert committee said 14 new mines could be opened in the next 20 years at a cost of R2 500-million at 1980 prices.

The committee blamed the decline in Ghanaian gold mining on mismanagement, poor planning, outdated plant and machinery and lack of finance and skilled labour.

Only four mines were still in production and drastic action was needed to rescue three of them from collapse.

Agency reports say the Ghanaian Government was adopting "a pragmatic approach" to the question of possible South African involvement in developing Ghana's gold.

Companies represented at the gold conference included Consolidated Goldfields of Britain, and Charter Consolidated in which Anglo American has a large stake.

7381 (210)

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 130 23 Januarie 1981

VERKLARING VAN WERK IN NASIONALE BELANG

Die Minister van Mineraal- en Energiesake het kragtens artikel 9 (1) (f) van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), verklaar dat die verrigting op Sondae van sekere werk waarvan besonderhede in die Bylae hiervan verskyn, na sy oordeel vir 'n tydperk van drie jaar vanaf 20 Januarie 1981, in die nasionale belang nodig is

BYLAE

Die verwydering van bogrond deur middel van sleepgrawe en bybehorende toerusting by steenkoolmyne in die landdrosdistrik Sasolburg provinsie Oranje-Vrystaat, waar steenkool volgens oopmynmetodes ontgin word, welke myne as sodanig deur die Staatsmyningenieur geïdentifiseer en geklassifiseer is

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 130 23 January 1981

DECLARATION OF WORK IN NATIONAL INTEREST

The Minister of Mineral and Energy Affairs has, in terms of section 9 (1) (f) of the Mines and Works Act, 1956 (Act 27 of 1956), declared that in his opinion the performance on Sundays of certain work, details of which appear in the Schedule hereto is necessary in the national interest for a period of three years from 20 January 1981

SCHEDULE

The removal of overburden by means of draglines and ancillary equipment at coal mines in the Magisterial District of Sasolburg, Province of the Orange Free State, where coal is mined by means of opencast methods, which mines have been identified and classified as such by the Government Mining Engineer

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No 131 23 Januarie 1981

VERKLARING VAN WERK IN NASIONALE BELANG

Die Minister van Mineraal- en Energiesake het kragtens artikel 9 (1) (f) van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), verklaar dat die verrigting op Sondae van sekere werk, waarvan besonderhede in die Bylae hiervan verskyn, na sy oordeel vir 'n tydperk van drie jaar vanaf 20 Januarie 1981, in die nasionale belang nodig is

BYLAE

Die verwydering van bogrond deur middel van sleepgrawe en bybehorende toerusting by steenkoolmyne in die landdrosdistrikte Dannhauser, Dundee, Glencoe, Kliprivier, Newcastle, Paulpietersburg, Utrecht en Vryheid, provinsie Natal, waar steenkool volgens oopmynmetodes ontgin word, welke myne as sodanig deur die Staatsmyningenieur geïdentifiseer en geklassifiseer is

No 131 23 January 1981

DECLARATION OF WORK IN NATIONAL INTEREST

The Minister of Mineral and Energy Affairs has, in terms of section 9 (1) (f) of the Mines and Works Act, 1956 (Act 27 of 1956), declared that in his opinion the performance on Sundays of certain work, details of which appear in the Schedule hereto, is necessary in the national interest for a period of three years from 20 January 1981

SCHEDULE

The removal of overburden by means of draglines and ancillary equipment at coal mines in the Magisterial Districts of Dannhauser, Dundee, Glencoe, Klip River, Newcastle, Paulpietersburg, Utrecht and Vryheid, Province of Natal, where coal is mined by means of opencast methods, which mines have been identified and classified as such by the Government Mining Engineer

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No 132 23 Januarie 1981

VERKLARING VAN WERK IN NASIONALE BELANG

Die Minister van Mineraal- en Energiesake het kragtens artikel 9 (1) (f) van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), verklaar dat die verrigting op Sondae van sekere werk, waarvan besonderhede in die Bylae hiervan verskyn, na sy oordeel vir 'n tydperk van drie jaar vanaf 20 Januarie 1981, in die nasionale belang nodig is

No 132 23 January 1981

DECLARATION OF WORK IN NATIONAL INTEREST

The Minister of Mineral and Energy Affairs has, in terms of section 9 (1) (f) of the Mines and Works Act, 1956 (Act 27 of 1956), declared that in his opinion the performance on Sundays of certain work, details of which appear in the Schedule hereto, is necessary in the national interest for a period of three years from 20 January 1981

BYLAE

Die verwydering van bogrond deur middel van sleepgrawe en bybehorende toerusting by steenkoolmyne in die landdrosdistrikte Amersfoort Bethal Carolina Ermelo, Middelburg, Piet Retief, Standerton, Volksrust, Wakkerstroom en Witbank, provinsie Transvaal, waar steenkool volgens oopmynmetodes ontgin word welke myne as sodanig deur die Staatsmyningenieur geïdentifiseer en geklassifiseer is

SCHEDULE

Th removal of overburden by means of draglines and ancillary equipment at coal mines in the Magisterial Districts of Amersfoort Bethal, Carolina, Ermelo Middelburg, Piet Retief Standerton, Volksrust, Wakkerstroom and Witbank, Province of the Transvaal, where coal is mined by means of opencast methods, which mines have been identified and classified as such by the Government Mining Engineer

	Tons Milled 000s	Yield g/t	Costs R/ton	Costs $oz	Revenue $oz	Net Profit R000s	Profit After capex	EPS after capex cents
WEST DEEP	800	13,37	49,66	155	652	73 047	37 937	152
September	849	14,20	45,52	133	648	65 685	55 581	222
VAAL REEFS	2 097	8,32	37,05	181	650	123 085	73 610	387
September	2199	8,58	35,70	169	656	90 089	55 181	290
ELANDS	210	4,68	55,35	493	645	2 556	(8 654)	—
September	272	5,03	39,26	323	650	11 923	1 545	1
SA LAND	346	0,97	4,46	192	633	1 782	135	2
September	338	0,99	3,82	159	650	902	896	12

Vaal Reefs first to earn a billion

(210) RDM 23/1/81

By JOHN MULCAHY

VAAL REEFS, Anglo American's giant gold and uranium producer in the Western Transvaal, has produced excellent results for the quarter to December, with taxed profit up 37% on the previous period.

Figures for the year to December 31 make even better reading, with taxed profit rising 89% to R377 100 000 from R199 600 000 in 1979, and the far higher average gold price over the year nearly doubling gold revenue to R1 100-million, making Vaal Reefs the first mine to earn more than a thousand million rands from gold in a year

Vaal Reefs annual figures are awash with records, including a gold-mining industry best of milling 8 595 000 tons (8 183 000) in a year, and producing 69 876 kg of gold (67 282 kg)

The mine's taxed profit in the December quarter rose to R123 085 000 from R90 089 000, and earnings a share after capital expenditure increased sharply to 387c from 290c.

The other big producer in Anglo's Transvaal stable, Western Deep Levels, raised taxed profit to R73 047 000 from R65 685 000 in the quarter, but the sharp increase in capex resulted in a fall in EPS to 152c from 222c

Western Deep achieved a record tonnage milled of 3 329 000 (3 241 000), but a decrease in grade to 13,70 g/t from 14,78 g/t resulted gold production drop to 45 621 kg from 47 890 kg in 1979.

The higher average gold price received in the year — up to $633 an ounce from $609 — boosted gold revenue to R730-million from R401-million, and helped to push taxed profit to R271-million from R161-million in 1979.

A feature of VAAL REEFS quarterly report was the rise in the dividend received from Southvaal to R16 900 000 from R11 050 000, and the reduction in royalties paid to Southvaal — R48 043 000 against R57 665 000

Profit on uranium oxide sales was well up in the December quarter at R17 063 000 against R5 399 000, and tribute profits rose to R8 463 000 from R5 303 000.

Mill throughput was 4,8% lower at 2 097 000 tons compared with 2 199 000 tons, and average grade slipped to 8,32 g/t from 8,58 g/t, resulting in a fall in gold production to 17 442 kg from 18 863 kg

The average gold price received was slightly down at $650 ($656) and gold revenue fell to R278 640 000 from R300 219 000

The rise in capex over the quarter to R49 475 000 from R34 908 000 had the effect of reducing the tax charge to R78 975 000 from R89 807 000.

Uranium-oxide production rose to 429 067 kg from 422 690 kg in the September quarter from tonnage of 2 178 000 (2 147 000) at an unchanged average yield of 0,20 kg/t

While WESTERN DEEP's profit rose in the December quarter, capex more than trebled to R35 110 000 from R10 104 000, resulting in a sharp fall in EPS after capex from 222c to 152c

The shorter working quarter resulted in area mined dropping to 184 000 m² from 212 000 m², and mill throughput falling to 800 000 tons from 849 000 tons. Grade was also lower at 13,37 g/t (14,20 g/t), and gold production dipped to 10 693 kg from 12 052 kg.

The marginally higher average gold price received — $652 against $648 — was not enough to offset the drop in production, and gold revenue fell to R172 510 000 from R190 783 000

There was a loss on uranium-oxide sales of R520 000 compared with a profit of R918 000 for the September quarter. Uranium results were affected by a change in the basis of stock valuation.

The last in first out method of stock valuation was used instead of the average cost of production method The effect of the change was to reduce pre-tax profit by R1 127 000 and taxed profit by R354 000

ELANDSRAND's production for the December quarter was seriously affected by a pressure burst and a methane-gas explosion Mill throughput fell to 210 000 tons from 272 000 tons, and costs for the quarter jumped to R55,35/ton milled from R39,26

Average grade fell to 4,68 g/t from 5,03 g/t, and production dropped to 983 kg from 1 367 kg gold Taxed profit dropped to R2 556 000 from R11 172 000 for the September quarter, and after capex of R11 210 000 the loss was R8 654 000 (profit R1 545 000)

Elandsrand's directors say the mine is again operating at full labour complement and the stope faces have been re-established Production for the current quarter is expected to be normal.

Gold production for the year was to 5 250 kg (2 931 kg) for a gold working revenue of R82-million (R27 800 000). Working costs doubled to R42 300 000 leaving a working profit of R39 800 000 (R6 300 000)

Elandsrand is not yet self-financing because of heavy capex, which for 1980 reached R37-million

SA LANDS tonnage rose to 346 000 from 338 000, and the grade was slightly down at 0,97 g/t (0,99 g/t), resulting in a marginal fall in gold production to 335 kg from 336 kg.

Pre-tax profit was down at R1 207 000 (R1 601 000), but the steep rise in capital expenditure resulted in a tax reversal to a credit of R575 000 from a charge of R699 000, and a consequent rise in taxed profit to R1 782 000 from R902 000

The feasibility study on resuming mining operations using the Van Dyk No 5 shaft has been completed and is being evaluated, with an announcement due soon

Because of current gold-price levels it has been decided to prospect in the Kimberley Reef in the company's No 1 shaft area

For the year, Sallies taxed profit rose to R5 300 000 from R2 900 000 after increasing mill throughput to 1 336 000 tons from 1 285 000 tons

The tonnage of slimes treated at ERGO increased to 4 886 000 from 4 712 000 tons in the September quarter Uranium-oxide production rose to 77 000 kg from 76 421 kg, sulphuric-acid output fell to 102 602 tons (111 922 tons), and gold production dropped to 1 709 kg from 1 771 kg

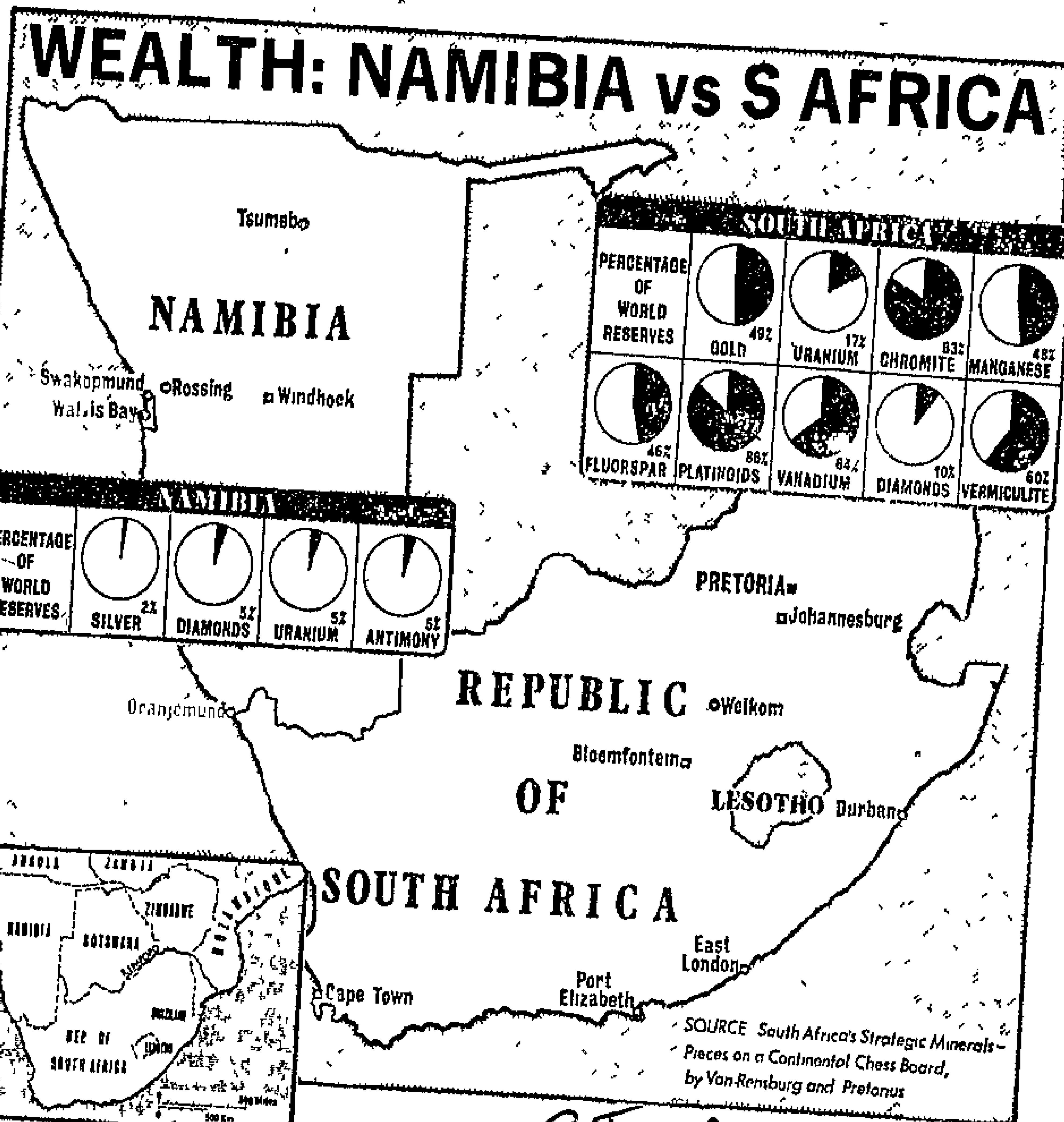
Overall revenue fell to R32 186 000 from R36 163 000 and cost of sales was a shade lower at R8 270 000 against R9 239 000, leaving a profit for the December quarter of R24 389 000 compared with the September period's R27 168 000

ERGO's right of first refusal to three slimes dams owned by East Daggafontein has been extended to December 31, 1982, for which ERGO paid an additional R25 000.

EAST DAGGAFONTEIN's income from royalties, sundry revenue and sales of capital items was R504 000 for the quarter (R134 000) After costs of R79 000 (R39 000) and tax of R228 000 (R47 000) the surplus was R197 000 (R48 000)

ARCHITECTUR

WEALTH: NAMIBIA vs S AFRICA



S. Times 25/1/81

210

Mineral resources . . . how South Africa and Namibia compare

The wealth of Namibia

Special Correspondent

NAMIBIA cannot compare with South Africa's huge reserves of minerals, many of them of considerable strategic importance to the West.

The US Bureau of Mines calculates that South Africa has 73% of world reserves of platinum group metals, 68% chrome ore reserves, 48% gold, 37% manganese and 19% of vanadium.

Nonetheless, Namibia is already the fourth-largest non-fuel mineral producer in Africa in spite of a lack of infrastructure in the huge and sparsely populated territory.

Diamonds have traditionally been Namibia's biggest money spinner: De Beers' Consolidated Diamond Mines is the biggest producer of gem diamonds in the world, and contributed 18% of the South African company's profits in 1979.

The major field of prospecting is for uranium. Already, Britain's Rio Tinto-Zinc has the world's largest uranium mine at Rossing, producing 5 000 tons of uranium oxide a year, with contracts from both Britain and France.

General Mining and Gold Fields, the South African mining houses, have identified ore bodies at Langer Heinrich and Trekkopje respectively. Anglo American and France's Aquitaine group are both believed to have promising prospects.

None is prepared to commit itself to production before it knows the political future of the territory.

US mining companies also have interests in the territory. Tsumeb, which produces cadmium, copper, lead, silver and zinc, is controlled by Newmont Mining and Amax.

Nord Resources and EBCO Mining jointly own a tungsten mine at Krantzberg. Canada's Falconbridge controls the Oamites copper mine and West Germany's Metallgesellschaft owns SWA Lithium Mines, producing petalite.

Iscor mines lead and zinc at Rosh Pinah and tin at Uis.

Prosperity built on mining

RDM 29/1/81 (210)

By JOHN MULCAHY

THE prosperity South Africa was now enjoying was almost entirely attributable to the foresight and good fortune of the minerals and metals industry, backed by farsighted Government policies, said Dr Wim de Villiers, chairman of the General Mining-Union Corporation group yersterday.

He told an investment seminar in Johannesburg that the industry had made extremely important contributions to the economy.

"These industries, of course, make a very substantial contribution via direct and direct and indirect taxes. In the 1979/80 fiscal year the mining industry paid R1 838-million in leases and taxes, and this does not include the contribution via sales tax."

He referred to the capital resources built up by mining houses on the basis of the gold-mining industry, and the diversification into base mineral and metal production, and other spheres of industry.

"The rock on which many of the largest South African companies are founded is the metals and minerals industry."

Dr De Villiers said that possibly the most important financial contribution the metals and minerals industries had made to South Africa was their huge earnings of foreign exchange.

Export earnings from metals and minerals for 1980 were expected to be around R14 750-million — more than 70% of total merchandise exports.

Dr de Villiers added that in the past the euphoria of the moment had sometimes led to injudicious spending which rebounded on the economy at a later date.

"I believe that the lessons of the past have been learned and that this time the large increase in our financial resources is going to form the base for further expansion in all sectors of the economy."

Miners see MWU as obstacle—survey

30/1/81

210

By Bob Davies

Most of South Africa's white miners do not want their sons to work on the mines and accept that blacks will have blasting certificates although the miners say safety standards may suffer as a result.

This is the consensus of opinions of white miners with blasting certificates and white trainee miners in the Transvaal and Free State on both gold and coal mines.

They told The Star in a series of informal interviews that they had accepted what they regarded as being the inevitable — that the tide could not be turned.

Interviews were conducted in change-rooms, working places underground at meals and social gatherings in the past 14 days in anticipation of a decision which has now been announced by the Mine Workers' Union after its General Council Congress which ended in Johannesburg yesterday.

Not one miner, with the notable exception of General Council delegates, said he believed blacks would not have blasting certificates.

All the miners asked not to be identified.

At its Press conference yesterday, the Mineworkers' Union announced it would go on strike if blasting certificates were granted to blacks in terms of the Government's labour reform programme.

The strike decision was unanimous by the 52 General Council members who were told by MWU president Mr P de Jager that white miners would look to them for leadership if the Wiehahn Commission's sixth report should recommend that job reservation be scrapped on the mines.

It was assumed at the conference that the commission's report would be tabled in Parliament in the near future.

However, in view of the April General Election, the MWU yesterday urged the Government to release the report at once, "so that white miners know where they stand."

Mr Arrie Paulus, general secretary of MWU said if the Government accepted a recommendation that blacks be granted blasting certificates, "we will do everything in our power by peaceful means to persuade the Government to desist.

"But if we fail, we will immediately go on full strike."

In its interviews with white miners, The Star asked:

- Do you think black miners will ever have blasting certificates in South Africa.
- If so, will it be during your working life.
- If so would the safety standards of mines be affected.
- Who or what is the obstacle preventing blacks from qualifying for blasting certificates in the near future.
- Would you let your son work on the mines.

The consensus of opinion was that blacks would sooner or later have blasting certificates.

Many miners admitted in some stopes blacks were already doing many jobs actually reserved for whites while the white miner spent most of his time at his "box."

Many said the cream of the black workers now employed on the mines would be able to qualify for the certificates.

And the obstacle to blacks qualifying was seen by all to be the MWU. "Arrie (Paulus) won't let it happen," they said.

ARCHITECTURE (Continued)

Mrs. Thornton White Prize
For the best work in first year.

Miss M F J Sandilands

S A Brick Association Prize
For the student who has made best use of bricks in his design work.

J G Kirkman

R Stubbs Award
For the best project in structure and design.

M R I Ness

National Development Fund for the Building Industry
Book Prizes
For the best student in each year of study of the degree course.

First Year

J A L Chapman

Second Year

COAL (210) FM 30/1/81

Revising reserves

Delivering the opening address at the Fluidised Combustion Conference of the Energy Research Institute at the University of Cape Town, Frederik de Klerk,

Minister of Mineral and Energy Affairs, disclosed that his department last year completed a re-evaluation of SA's proven mineable coal reserves. This survey was carried out with the full co-operation of the coal owners and producers, in order to update the Petrick Commission's estimates of 1975.

Although no-one is giving anything away at this stage, the background to this ministerial announcement suggests that the new study might pave the way for a re-examination of the currently planned limit of 44 Mt a year for SA coal exports.

In order to justify the advancing of this possibility, it is necessary to explain something of the controversy which has developed around the Petrick findings. Petrick concluded that SA's mineable coal reserves, under the then prevailing conditions, economically and technically, totalled about 20 000 Mt. This estimate set a definite limitation on the life of the resource and also on the scale of exports it was judged safe to permit.

Subsequently, Ralph Burnton of General Mining, and Professor Richard Dutkiewicz of the UCT Energy Research Institute, both argued that the Petrick conclusions were too pessimistic, especially in relation to improved prices, and to more advanced mining technology like longwalling and open cast extraction. They argue that the currently mineable figure should be put at 60 000 Mt or even more.

These figures bolster the coal mining industry's argument that the figure of 44 Mt should not be regarded as the ultimate ceiling for coal exports.

Although it is obviously in the coal industry's own interest to maximise exports, because of the higher prices achieved, De Klerk acknowledged in his address the great value of coal exports to the balance of payments. He noted that SA was already the second largest steam coal exporter and the second stage target, to raise exports from the current 26 Mt per year to 44 Mt, is aimed for by 19[illegible].

Study completed

De Klerk also indicated that his department has completed a study of SA's coal requirements beyond the year 2000. He explained that the determination of coal reserves is "a dynamic process." Notwithstanding the present assessments, the department is "engaged in a long-term comprehensive drilling programme to determine the extent of SA's *in situ* and mineable coal reserves on a continuing basis using a computerised data bank."

The results of both studies will be integrated "in order to formulate a meaningful energy and coal utilisation policy for the future." This study should be completed by about April this year.

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Company tax

[illegible]7. Mr. H. H. SCHWARZ asked the Minister of Finance:

What amount in company tax was collected from (a) mining and (b) non-mining companies in each month of 1980?

The MINISTER OF FINANCE (Reply laid upon the Table with leave of House):

Hansard Questions Col 34

	(a) Mining Companies	(b) Non-Mining Companies
	R	R
January	[illegible] 635 453	293 654 226
February	[illegible] 375 516	121 427 507
March	[illegible]	208 027 282
April	[illegible]	135 479 811
May	[illegible] 255 679	120 255 702
June	[illegible]	173 095 042
July	[illegible]	330 140 082
August	[illegible]	118 539 272
September	[illegible]	241 468 300
October	[illegible] 243 [illegible]	174 107 567
November	[illegible] 453 [illegible]	104 744 352
December	[illegible]	296 229 318

These [illegible] applicable

MINERAL SALES (210)

Discouraging outlook

FM 6/2/81

Despite SA's near record mineral sales during 1980 — worth an estimated R15,1 billion and 58% up on 1979's R9,6 billion — the 1981 sales outlook is not encouraging

To begin with, gold's 1980 performance, at an average of $613/oz and constituting 67% of total sales, is unlikely to be repeated

The UK-based Metals Analysis and Outlook, a mining-research bureau run by Eccles and Davies, forecasts that the first half of 1981 will be particularly bad for non-precious metals such as tin, copper, zinc, lead, nickel and aluminium One forecast is that profits could drop by 75%.

Although a strong rally is expected in 1982, Metals Analysis claims metal stocks worldwide are high due to recessionary conditions and that it will take at least a year before stepped-up demand reverses this situation

The copper price dropped 32% from January 1980 compared to now; the tin price dropped 21% over the same period, lead's price plummeted 45%, gold 17%, silver 65%; and platinum 34%.

Chrome, nickel, iron ore, copper and manganese demand is down Fluorspar sales are buoyant, but total sales are worth less than R30m annually.

Says one Anglo American staffer "We're facing a heavy recession Should the American economy turn round, basic demand for ferro alloys, for example, will bounce back to normal levels

Right now, he says, there's a "50%, 60%, up to 70% downturn in demand for ferro manganese What we have to assess is whether we stockpile or mothball operations and cut production and sales "

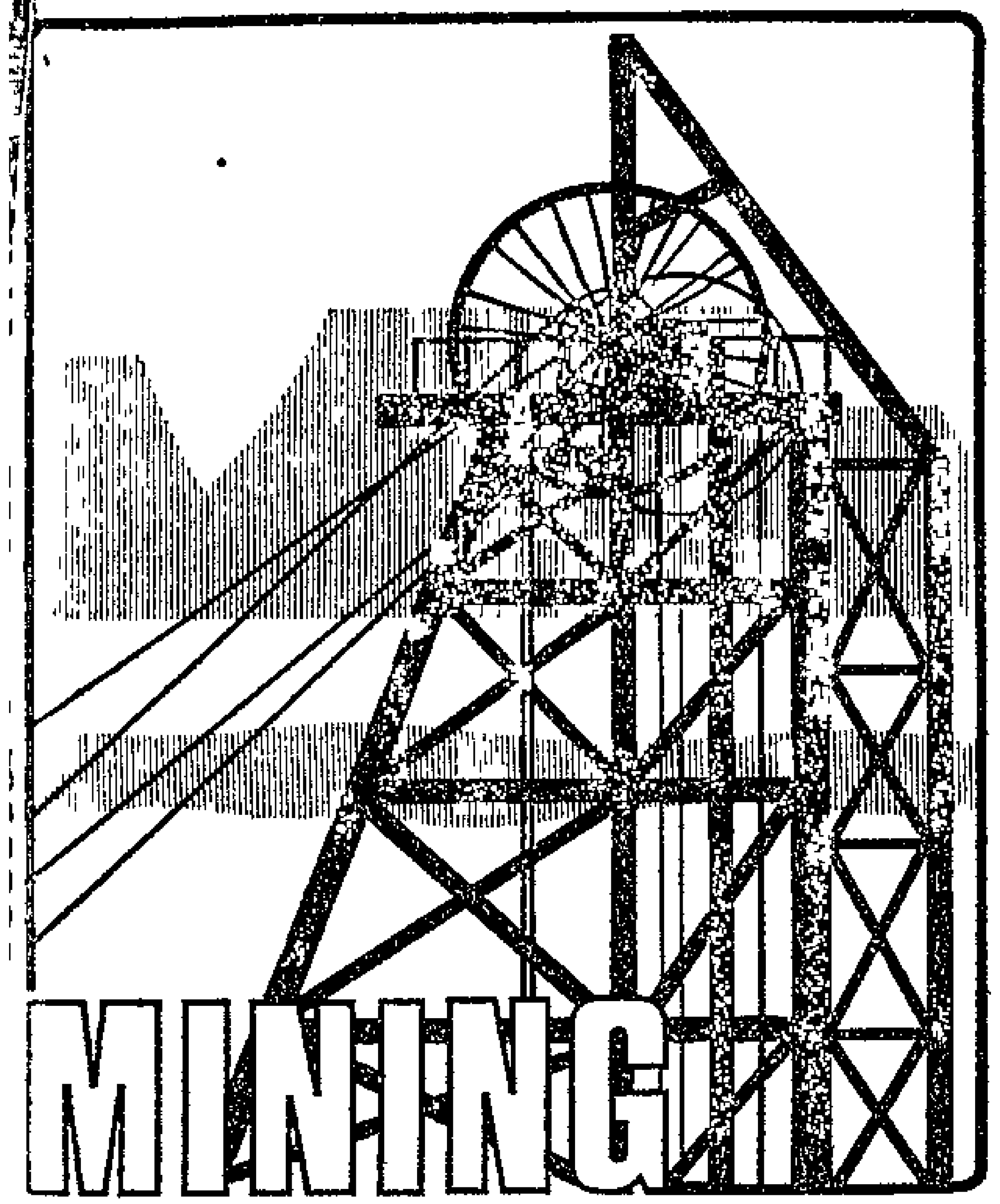
He expects the situation to reverse after two more quarters "Not all products are affected, however Losses on one product tends to get averaged out when operations are diverse "

Says a minerals bureau spokesman "The demand for metals is dependent on the general economic conditions of Japan, West Germany, France, Britain and the US Because the demand for metals *per se* is a derived demand and not an end product demand, a 5% economic upswing in a country like the US means demand rises for refrigerators and cars and the need rises for chrome, lead and zinc as components "

He feels the Mineral Bureau's 1981 sales forecast of R15,4 billion could still be high "It follows trend lines, following on what went before But what tends to call the tune is the international economic climate and this may not have been taken into account sufficiently "

Pouring gold . . will it ever match 1980's performance?

STAR (210) 9/2/81



The first in a new special series of features on the vast South African mining industry. Written by Geoff Shuttleworth.

Feb 18 vital day for future course of gold

Common consensus among mining industry sources and stock exchange analysts is that the gold price is likely to take on a new and better defined course once US President Reagan makes his State of Union address on February 18

On Thursday night President Reagan said that the US budget deficit was expected to rise to 60 000-million dollars by September compared with former President Carter's estimate of 41 000-million

President Reagan also said he intended to introduce 10 percent personal income tax cuts, to alleviate the plight of the 7-million unemployed and to introduce budgets in almost all state departments

Mr Dennis Etheredge, chairman of the Anglo American Gold and Uranium Division said that Thursday night's speech and the address scheduled for February 18 would not be the final test for the gold price, but the implementation and execution of those policies would be the key issue

He said that the physical gold market was very thin at the moment and small orders were able to swing the market price rapidly and widely such as on Wednesday, when the price rose from a Tuesday London close of 488,25 to comfortably over 500 dollars before slipping back on Thursday night to 498 dollars

Mr Etheredge said that President Reagan's election promises of tax cuts and defence expenditure were inflationry in essence, but he had also promised to curb inflation

Already there was disaffection between the Federal Reserve chairman Mr Paul Volcker and Treasury Secretary Mr Donald Reagan over monetary measures to be adopted to curb inflation

The gold price was now waiting to guage the possible effects of these contradictory policies when the February 18 address was delivered, Mr Etheredge added

Asked to comment on support levels he said that Central Banks in Europe and abroad each had their own buying levels and "I expect them to preserve the value of their reserves of which gold forms the major portion in many cases"

He said that as far as chartist predictions were concerned "I simply do not see how you can possibly chart where the gold price is going considering the very complicated nature of the gold market

"The market is complicated by supply and demand factors, political issues, wars, currencies and speculators — chartists have in the past been right as many times as they have been wrong."

Most industry sources echo Mr Etheredge's views At a Press briefing on Tuesday GFSA's chairman, Mr Robin Plumbridge said gold was in a period of "relative weakness" and that the physical market was very thin.

He added that the jewellery market was picking up slowly at current levels A spokesman for the Chamber of Mines said that the gold market and currency markets were awaiting the State of Union address with very keen interest and added that the Bundesbank had and would probably intervene again in support of the D-mark, which might be bullish for gold

Analysts generally believe that there is no support level worth commenting on below the 475/80 dollar level, from which gold rallied almost a year ago after attaining its 875-dollar peak

They added that the European Central Banks would probably come in at different levels in the 400 to 480 dollar range and new buyers might enter the market in quite a big way between these levels.

The more pessimistic analysts, and chartists, believe that gold, having fallen through progressive support levels of 600 and more lately 500 dollars could well sink to 400 dollars in the short term.

Major expansion in SA dynamite industry

South African dynamite is not only the cheapest in the world but is undergoing major production expansion.

AECI is the chief supplier of dynamite to the mining industry on account of its agreement with the Chamber of Mines and has recently announced plans for the construction of two new factories which will bring its total to four factories.

A R50-million factory is to be built 15 kilometres from the Welkom goldfields and in terms of size will be equal to the 4 500 hectare Modderfontein factory, the largest dynamite factory in the world.

The other factory will be built in Bophuthatswana at a cost of R30-million and will cater largely for the two massive platinum mines near Rustenburg which use a different range of explosives from those employed in hard rock mining.

A feature of the two new factories is that they are situated close to existing mines thereby considerably cutting back on transport costs and delays and also enabling mines to carry a lower level of stocks.

As far as prices are concerned South African dynagel is almost half the price of overseas equivalents The nearest is US dynagel which costs R30,44 compared with South Africa's R16,23.

In Canada an equivalent amount costs R31,40 in Australia R44,65, and the highest is in the UK where it costs R50,15 — more than three times the local cost.

Base metals weak in short term

STAR 9/2/81 (210)

The outlook for base metal prices in the near term is for continued price weakness, Commodity Brokers said in their scenario for the first quarter of 1981

The report said that most trade forecasts did not envisage demand improving until the third quarter of the current year However, although there was no evidence to show a turnaround yet, long term buying opportunities could well present themselves towards the middle of the year

It said that in addition to bearish trade forecasts, with existing interest rates in the US, consumers and producers alike were reluctant to start stockpiling against anticipated demand increases.

But on the positive side the report said that there was a case for maintaining that a great deal of bear news has been discounted already

In summing up the past quarter, the report stated that metal prices were consistently marked down Silver and lead were hardest hit with losses of 24 and 17 percent respectively Only zinc managed to hold up and this was on account of a squeeze on concentrate supply in the US

Stock levels increased across the board, a function of the very weak demand. US and European producers paid attention to closing down plant capacity to come in line with the new levels of low consumption

Turning to individual metals the report noted in respect of **COPPER** that over the next months, a price range of between 760 and 880 sterling was expected It added that any worldwide recovery would depend largely on the timing and strength of recovery in the US In the light of the Federal Reserve's stiffened resolve to counter the rise in money supply and thus inflation, any such US recovery was considered most unlikely in the near term

The report expected prices to remain depressed and even to sell off further if the interest rate squeeze was intensified Buying opportunities should arise once the consequent recession began to hurt and sufficient pressure was exerted on the US government to reflate. It expected that this should occur sometime in the second half of 1981.

TIN was expected to drift downwards to a new technical level of £5 850 While stable consumption seemed assured and no large production increase was likely, consumer country recession, the prospect of further releases from the GSA stockpile and a slight increase in primary production led the chairman of the Malaysian Tin Fredging Company to be pessimistic for the current year

The report believed that the position of **LEAD** was not strong It adds there was little sign of any upturn in Western economies and higher US interest rate was adding to the burden. At best the report anticipated a rise in the price to the £350/£380 range on short term high demand resulting from extreme weather conditions.

"While technically this market could trade below £25/ a ton, at worst we see the price consolidating in the £280/£300 area," it said.

Mining boom spin-off

Briefcase

The spinoff of the mining boom to mining allied industry can be guaged by the fact that within a year, 400 more manufacturing companies are in business supplying the industry.

According to the comprehensive Mining and Engineering Compendium produced by Specifile Services Group, there are now 1 400 manufacturers tied to mining and engineering.

★ ★ ★

Western Holdings have ordered their first RM 161-50 radiometric sorter bringing to five the number of this type of sorter, either in use or on order

★ ★ ★

Taking a positive view of the future in Zimbabwe, Boart International is to set up a new company, Boart Zimbabwe which is budgeting for a turnover of ZD 15-million this year.

★ ★ ★

Envirotech has been awarded a contract to supply Afrikander Lease uranium processing plant with 100 rubber-lined A S H slurry pumps.

★ ★ ★

GFSA has placed a repeat order for 5 closed-end vacuum drum filters from Enviortech for Kloof and Deelkraal gold mines.

★ ★ ★

Eimco is to supply Welkom gold mine with a Secoma jumbo drill rig, the first to be used in a test stope where room and pillar mining is conducted.

★ ★ ★

W J Engineering, the wholly owned subsidiary of Shaft Sinkers has successfully completed the re-design of its two types of cactus grass which it claims will result in at least 25 percent more efficiency.

★ ★ ★

Haggie Rand has received an order from Western Deep for four 18 strand ropes each of which will weigh 129 tons — the heaviest ever made

Hans. 4 Question Col. 170
19/2/81

Work opportunities

~~335~~
101
210

172 Mrs H SUZMAN asked the Minister of Co-operation and Development

(a) How many new work oportunities were created for Blacks in each employment sector by each of the development corporations in 1979-80 and (b) what was the cost per opportunity in each sector?

The MINISTER OF CO-OPERATION AND DEVELOPMENT

(a)

	Agriculture	Industry	Commerce	Transport	Mining
(i) Corporation for Economic Development	4 158	1 639	36	507	
(ii) Ciskeian National Development Corporation	212	653	273	64	
(iii) Shangaan/Tsonga Development Corporation	—	165	481	—	
(iv) Lebowa Development Corporation	—	37	118	—	
(v) QwaQwa Development Corporation	—	—	25	—	
(vi) KwaZulu Development Corporation	—	21	151	—	
(vii) KaNgwane Development Corporation	—	28	28	—	
(viii) Mining Corporation	—	—	—	—	250

(b) Cost per work opportunity

(i) Industry	R6 500
(ii) Agriculture	R2 600
(iii) Transport	R5 400
(iv) Commerce	R6 800
(v) Mining	R4 300

Dead owners block mining development

Dead men are stopping the mining of some of South Africa's potentially rich mineral resources

Mining and prospecting rights of many promising claims throughout the country are registered in the names of people who cannot be traced — or who are dead.

In some cases the holders "have been dead for up to 50 years but for one reason or another the rights have remained in their names," said an official of the Department of Mineral and Energy Affairs

"This has proved to be quite a problem in the past. The Mineral Laws Supplementary Act was passed in 1975 to rectify this"

But, he said, some loopholes still existed, making it legally impossible for a number of potentially mineral-rich areas to be developed

An amendment Bill is being considered by Parliament

The amendment is designed to ensure that the mining and prospecting rights of dead or untraceable owners do not prevent the tapping of valuable natural resources.

FACULTY OF ENGINEERING

Corporation Medals

For the best student in each of the 2nd, 3rd and final years.

Second Year (Bronze Medal)

Miss G C Littlewort

Third Year (Silver Medal)

Miss N C Davidson

Fourth Year (Gold Medal)

P M Salmon
T J Cumming
D P Weeks
J H Rens
B F McClelland

Professor George Menzies Prize

Awarded on results of final examinations to the best male student in Land Surveying or Civil Engineering.

J H Rens

Sammy Sacks Memorial Prize

Awarded to the student with the best classwork in Engineering Drawing.

L Menegaldo

CHEMICAL

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For the first year student obtaining the highest average mark.

G L Cragg

1710 / Star 15/2/81

Palabora profit down

Palabora Mining Company recorded an unaudited net profit of R43,7-million for the year to December 31, slightly down on 1979's R45,3-million

Gross profit was also down, from R83,9-million in 1979 to R80,5 million last year

The final dividend is 25c a share, making a total of 110,0c for the year

The directors say that towards the end of last year copper prices declined sharply and "unless there is a substantial improvement in prices in the short term, profits and dividends will be reduced in 1981" — Sapa

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G L Cragg

Job bars scrapped so some apply to join all-white union

About 18 000 Escom and Iscor employees are expected to join the all-white Mineworkers' Union because their jobs are open to all races.

Mr Arrie Paulus, general secretary of the Mineworkers' Union, said yesterday the Industrial Registrar of Trade Unions had given permission for the MWU to receive members who were not miners.

White workers from the Grootvlei, Arnot, Hendrina, Komati, Highveld, Taaibos and Vaal power stations and from Iscor, Vanderbijlpark, had approached the MWU for membership after their own unions had agreed with employers in the engineering industry to scrap race differentiation in apprentice training.

Permission for Iscor workers to join the union had not yet been granted, but Mr Paulus expected soon to be able to announce the authorities had given consent.

Mr Paulus said "no comment" when asked whether his union would try to have job reservation restored in the engineering industry.

"We now have official permission to extend the scope of our union which means all white workers in Balfour, Sasolburg and Middelburg, Transvaal can now join the MWU."

Requests had also been received from other power stations.

Star 1/12/81

Mine bomb threat

21/2/81 (210/80)
STAR

A caller threatened to blow up Randfontein Estates' Cooke Shaft No 2 yesterday unless R250 000 was handed over to him

A man telephoned the underground manager and demanded that the money be taken to a certain spot in Westonaria or he would blow up two bombs, one planted underground and the other in the shaft tower

A senior mine official followed the man's instructions and drove to the spot arranged with a bag alongside him A man approached the car and was arrested.

A 39-year-old white man from Westonaria will appear in the Regional Court on Monday

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G L Cragg

S. Tribune 22/2/81 210

COAL AND ASBESTOS WILL KEEP EXPORT EARNINGS MOVING

A rapid increase in South Africa's coal and asbestos export earnings this year will offset stagnant sales of most other major minerals, according to estimates published by the Minerals Bureau of the Department of Mineral and Energy Affairs.

The bureau forecasts that foreign exchange earnings from 19 major minerals, excluding gold, will reach R3,4 billion in 1981, a 14,4 percent increase on last year.

Revenue rose by 11 percent in 1980 and 36,8 percent in 1979.

However, the figures exclude mines in Bophuthatswana, which account for the bulk of South Africa's platinum exports.

South Africa's exports are likely to account for 88,5 percent of total mine production in 1981.

Gold earnings will total about R8,4 billion, assuming an average price for the year of 500 dollars an ounce, and R9,2 billion at an average price of 550 dollars. Revenue from gold in 1980 was R10,4 billion.

Exports of coal, which is South Africa's most valuable export after gold, are expected to rise by 9,7 percent in volume terms to 32 million tons this year. Earnings will jump by 34,3 percent to R896 million.

The value of asbestos exports will rise by almost 30 percent to R117,7 million, and volumes by 11,6 percent, according to the Minerals Bureau's estimates.

Broker sees base metal price explosion in 1982

RDM 24/2/81 (210)

By ADAM PAYNE

FEW overseas commentators have hopes for satisfactory base metals prices and demand this year but, more cheerfully, London brokers Inter Commodities predict an explosion in prices of copper and other base metals in 1982.

Their report predicts that copper will surge to a new peak of about £1 700 a ton in boom conditions next year and that a number of other base metals could double in value

It says that the exact timing of the bull move in copper is difficult to predict but probably at some stage between the northern autumn this year and early 1982 a sustained upward trend will begin to develop

Once having reached £1 700, the report says, copper will fall again because of substitution by optical fibres and new mines coming on stream

It disagrees with the theory that there will be a prolonged shortage of copper in the 80's and claims the predicted price explosion will not last very long

In the meantime, the report suggests, copper will remain in a trading range between £750 and £1 000 in the first half of this year and is unlikely to breach the £1 000 mark until demand picks up in late 1981

Three months coppper closed at £818 a ton on the London Metal Exchange yesterday

Contrasting with this bullish report, is a survey by Metals Analysis and Outlook, although it should be stressed that this does not extend into 1982 when most commentators expect prices and demand to improve

MAO says the profits in mining non-precious metals like tin, copper, zinc, lead, nickel and aluminium could fall this year by as much as 75%

The first six months of 1981 are going to be particularly bad for base metals, says the survey, and even up to late in the year trading will not help profit figures much

Mr Reg Eccles, one of the partners in MAO, says metal shares do not yet reflect the big fall in consumption that started in the second half of last year and considers that metal prices have still "probably another 10% to fall"

Metals stocks worldwide will have risen dramatically by the northern mid-summer and his own sums project a 25% rise over the 12 months to June Not until towards the end of the year will recovering demand start reducing the stockpiles

Looking ahead to 1982, Mr Eccles thinks he could see strong recovery but he advises against buying shares of metals companies now.

He says the recovery in metals markets next year is dependent on

- The business cycle picking up
- OECD industrial production improving It fell by 5% in the second half of 1980
- Interest rates, especially in the US, falling
- Oil price rises for the rest of the year remaining restrained
- Inflation continuing to fall

As for precious metals, the picture is not much better short term but MAO expects precious metal prices to improve as US interest rates decline

MAO says the gold market is showing all the features of the market in the period late 1974 to 1976 when the price fell in spite of decreasing additions to bullion stocks

In 1981, MAO expects fabrication and coin sales to improve, although supplies should increase from Russia and world mine production should rise by 2% after falling by that amount in 1980.

The report believes gold is sound in the longer term. It points to the fact that central banks, although not supporting the market at present, have substantial reserves in bullion

At last year's average price of $614, gold stocks in the hands of monetary authorities constitute 63% of total reserves, as they did in the 50s and early 60s

Given the unrelenting rise in the non-gold component of reserves, there must either be a rise in the gold price or the banks must buy more gold if this position is to be maintained

To bear out the bearish predictions on metal shares, a look at JSE prices is instructive

Palamin at the beginning of January last year was R14,20 and yesterday it closed at R11

Consolidated Murchison, which is a combination of metals and chemicals, started last year at 960c and yesterday closed at 520c

Rooiberg Tin has fallen from R25,50 to R17,50

WORLD ROLE PLANNED FOR MINORCO

Argus 27/2/81

210

Financial Editor

THE Anglo American Corporation and De Beers, South Africa's two biggest mining and investment houses, are gearing up to become among the world's major suppliers of raw materials in the next two decades.

The two companies have announced that their Bermudan-based associate company, Minorco, is to be bolstered up so that it will be in a position to become a major international mining house

As a result it should be well placed to play a leading role in the provision of essential raw materials on a major scale

In the next 20 years or so many metals and minerals are expected to become increasingly scarce and expensive

Thus any organisation able to supply them should find itself in an extremely profitable position

This is where Anglo American and De Beers are planning to put Minorco

INTERNATIONAL

At a Press conference in Johannesburg Mr H F Oppenheimer, chairman of Anglo American and De Beers, said Minorco would become the international arm of the group — 'a new piece of machinery with which to do business from a base outside South Africa'

Minorco will take over all shares in Consolidated Gold Fields held by Anglo American and De Beers It will also increase its stake in Anglo American Corporation of Canada and obtain a further indirect interest in Hudson Bay Mining and Smelting.

These are three major natural resource and industrial groups holding widespread international investments

TOTAL ASSETS

These moves will give Minorco assets totalling almost 2 000-million dollars (R1 500-million).

It will pay for these assets by an issue of shares This will result in the Anglo American Corporation holding 42,5 percent of Minorco and De Beers 23,5 percent — a total of 66 percent.

The enlarged company should be able to declare dividends totalling at least 30 US cents (23,45c) in the year ending June 1982, with an improved dividend cover.

However, more important for its shareholders is that its bigger asset base, smaller existing debt and expected improvement in level of cash retentions will greatly increase its borrowing capacity.

In turn this will enable it to follow up attractive investment opportunities, primarily in mineral and other natural resource industries.

Many more study for institute's exams

THE business boom is making more junior executives seek higher qualifications so that they can take better-paid management jobs

The number of students studying for examinations of the Institute of Chartered Secretaries and Administrators increased by 31 percent to 1 276 last year, says Mr David Price, chief executive

Forty were graduates, mostly holding B Com degrees.

Another reason for the rise was recognition by more employers, who were wary about accepting anything they could not put a valuation on

'I cannot remember a time in the last five years when we didn't have three and a half times as many employers seeking chartered secretaries than we had people,' Mr Price said

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No. 400 — 27 Februarie 1981

VERKLARING TOT BEHEERDE MYN EN RISIKOWERK

Die Minister van Mineraal- en Energiesake het kragtens artikel 10 van die Wet op Bedryfsiektes in Myne en Bedrywe, 1973 (Wet 78 van 1973), die volgende myn met ingang van 1 April 1981 tot 'n beheerde myn verklaar

Die myn bekend as Coal Reclaimers (Pty) Ltd—Gladstone Section en Dewars Section op die plase Gladstone 4331, Lennox 2395 en Whinstone 10616, gelee in die landdrosdistrik Dundee, provinsie Natal, wat tans ontgin word deur Coal Reclaimers (Pty) Ltd, Posbus 43, Dundee, 3000

Die volgende werk by genoemde myn is met ingang van dieselfde datum (d i 1 April 1981) kragtens artikel 13 van genoemde Wet deur die Minister tot risikowerk verklaar

1 *Uitgrawings*—In enige ondergrondse of oop delfplek.

2 *Bogronds*—(a) Waar die verskuiwing, oorplasing of hantering van klip, rots, steenkool of ander minerale plaasvind,

(b) waar die vergruising, sif of klassifisering van klip, rots, steenkool of ander minerale plaasvind, uitgesonderd waar dit onder water geskied,

(c) op uitskothope, stapels of mineraalstapels, uitgesonderd waar die uitskot of minerale in die vorm van slik gestort is of word, insluitende die plekke waar sodanige hope of stapels reeds gestort is,

(d) in boorslypwinkels of enige ander plek waar bore in 'n gebou skerpgemaak word,

(e) in enige kleedhuis waar persone wat risikowerk verrig, hul verklee,

(f) in steenkoollaboratoriums, uitgesonderd in afsonderlik geventileerde dele daarvan waar slegs nat ontledings en geen behandeling van droe klip, rots, steenkool of ander minerale plaasvind nie;

(g) waar monsters van vergruisde steenkool of ander minerale in 'n droe toestand gegradeer word, en

(h) by enige rotsboorwerk.

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 400 — 210 — 27 February 1981

DECLARATION OF CONTROLLED MINE AND RISK WORK

The Minister of Mineral and Energy Affairs has, in terms of section 10 of the Occupational Diseases in Mines and Works Act, 1973 (Act 78 of 1973), declared the following mine to be a controlled mine with effect from 1 April 1981

The mine known as Coal Reclaimers (Pty) Ltd—Gladstone Section and Dewars Section on the farms Gladstone 4331, Lennox 2395 and Whinstone 10616, situate in the Magisterial District of Dundee, Province of Natal, which is at present being worked by Coal Reclaimers (Pty) Ltd, P O Box 43, Dundee, 3000

The following work at the said mine has been declared risk work by the Minister in terms of section 13 of the said Act with effect from the same date (i e 1 April 1981)

1 *Excavations*—In any underground or open working

2 *On the surface*—(a) Where moving, transferring or handling of stone, rock, coal or other minerals takes place,

(b) where crushing, screening or classification of stone, rock, coal or other minerals takes place, except where this is carried out under water,

(c) on waste dumps, piles or mineral piles, except where the waste or minerals have been or are being deposited in the form of slime, including the places where such dumps or piles have already been deposited,

(d) in drill-sharpening shops or any other place where drills are sharpened in a building,

(e) in any change-house where persons who perform risk work change their clothing,

(f) in coal laboratories, except in separately ventilated parts thereof where only wet analyses are done and no treatment of dry stone, rock, coal or other minerals takes place,

(g) where samples of crushed coal or other minerals are graded in a dry state, and

(h) at any rock-drilling work.

Gg 7439

Die opdrag lui soos volg

"Die Minister van Mannekragbenutting versoek die Loonraad kragtens artikel 15 (2) van die Loonwet 1957, om die wenslikheid te oorweeg om—

(1) klousule 3 (1) van Loonvasstelling 379, Ongeskoolde Arbeid Sekere Natalse Gebiede, gepubliseer by Goewermentskennisgewing R 411 van 9 Maart 1979 te wysig ten einde die lone te verhoog wat daarin voorgeskryf word

(2) enige ander bepalings van genoemde Vasstelling te wysig wat as gevolg van (1) gewysig moet word"

The reference reads as follows

"The Minister of Manpower Utilisation requests the Wage Board in terms of section 15 (2) of the Wage Act 1957 to consider the advisability of amending—

(1) clause 3 (1) of Wage Determination 379, Unskilled Labour Certain Natal Areas published under Government Notice R 411 of 9 March 1979, in order to increase the wages prescribed therein

(2) any other provisions of the said Determination which may require amendment consequent on (1)"

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No 400 27 Februarie 1981

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DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

210 99 7439

No 400 27 February 1981

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UC INVESTMENTS (210) FM 27/2/81

Cost worries

Activities. *Investment company in the General Mining Union Corporation group Holds major stakes in Impala (12,1%) and the Gencor Evander mines Gencor holds 48,4% of the equity*

Chairman and managing director: *H A Smith*

Capital structure: *19,5m ordinaries of R1 Market capitalisation R224,3m*

Financial· *Year to December 31 1980 Current ratio 1,0*

Share market. *Price 1 150c (1980-81 high, 1 815c, low, 910c, trading volume last quarter, 283 500 shares) Yields 16,7% on earnings, 13,0% on dividend Cover 1,3 PE ratio 6,0*

	'77	'78	'79	'80
Portfolio value (Rm)	103 5	127 0	257,3	383 1
Investment income (Rm)	7,2	9 9	14,7	37 7
Pre-tax profit (Rm)	7,2	12 1	17,8	38 7
Earnings (c)	37 1	61,9	84 9	192,5
Dividends (c)	30	42	60	150
Net asset value (c)	527	652	1 327	1 969

UC Investments' forecast last February that 1980 would see "substantially" higher earnings understated the actual increase Attributable profit for the year to end-December more than doubled to R37,6m (R16,6m) and the annual dividend rose to 150c (60c) But for the current financial year new chairman Hugh Smith offers no forecast

Understandably, he is hesitant to commit himself to any forecast in view of the uncertainties surrounding the company's major investments in the precious metals mining industry With over 70% of its investment income derived from four major shareholdings in the gold and platinum sectors, UCI is highly vulnerable to shifts in the prices of these metals and the sharply rising costs the mines are experiencing

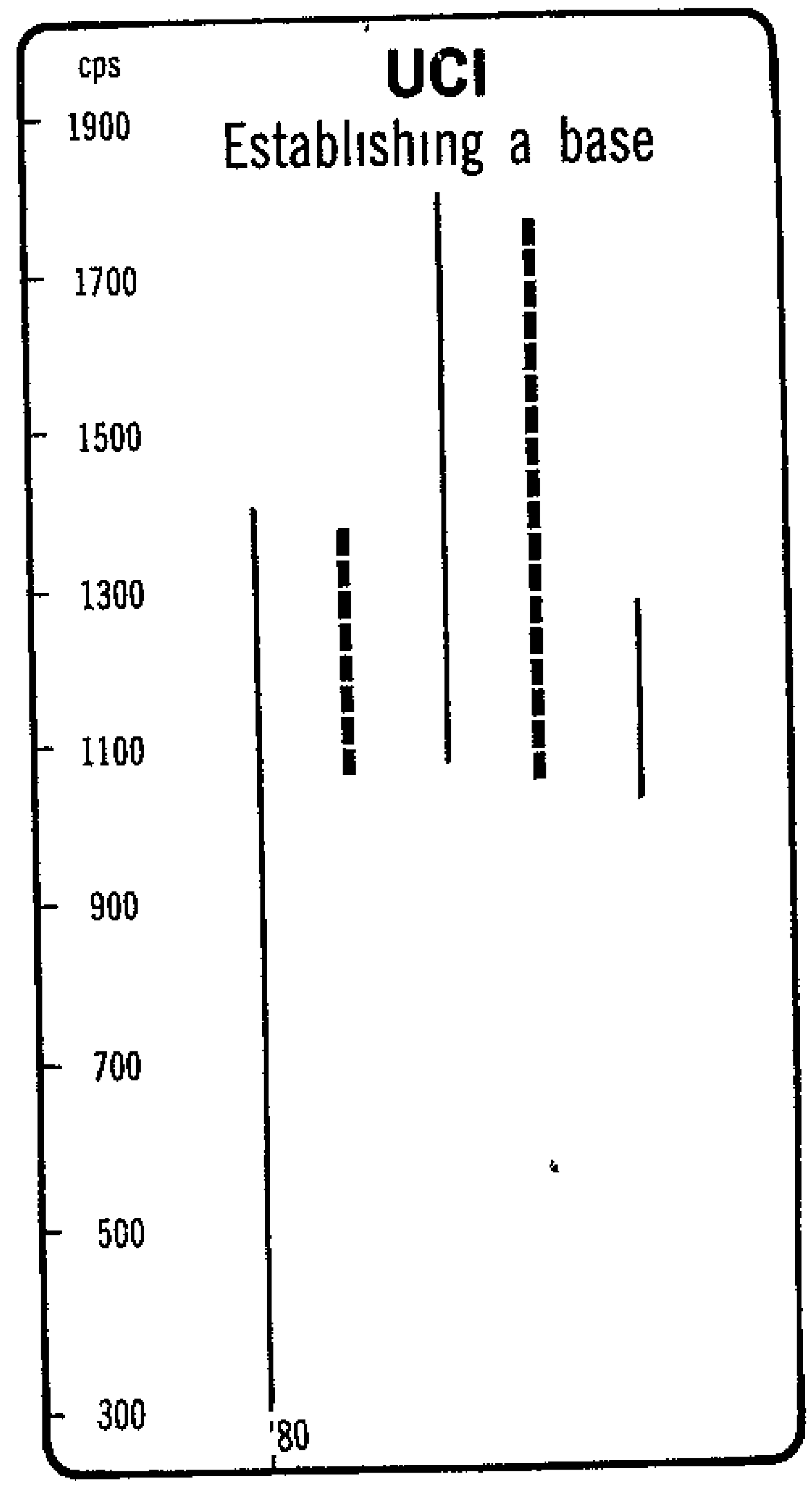
Last year, with the average gold price at $614 compared with $308 in 1979, income from listed mining holdings increased substantially to R37,8m (R14,7m) The company's largest single investment, Winkelhaak, contributed R11,9m (R5,4m), equivalent to 31,7% (36,8%) of the total Including the holdings in Kinross, Bracken and Impala Platinum, UCI derived R26,6m (R11m) from four investments — 70,8% (75,1%) of the total

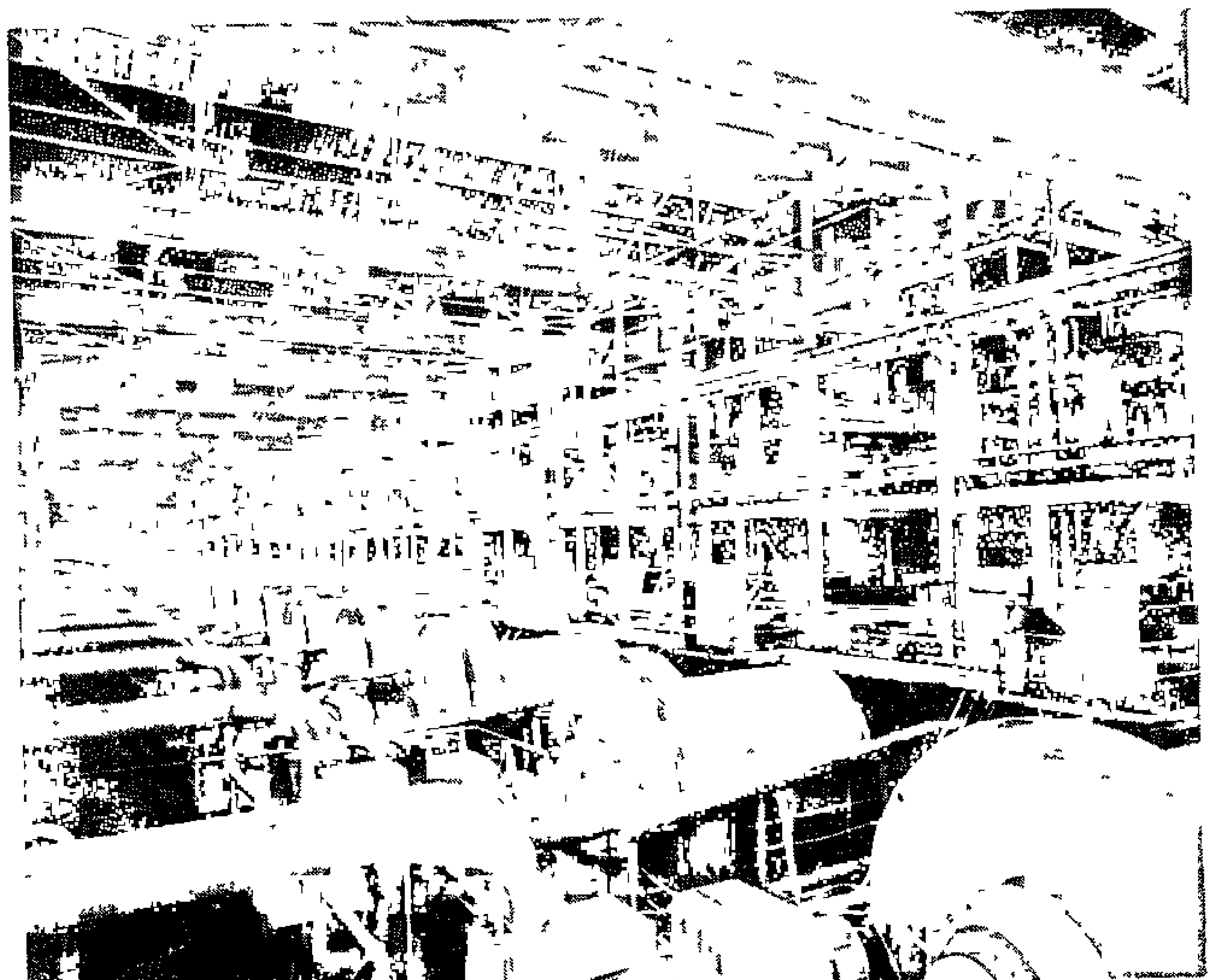
The relatively lower contribution from the major group investments stems from strong growth in other holdings in gold mining financials and industrials Portfolio additions included further Trans-Natal shares, and the De Beers stake was more than doubled to 60 000 (26 000) shares, while holdings in Amgold and Sentrust were added UCI increased its energy exposure further with the acquisition of 100 000 Sasol shares

Bull points for UCI this year include continued strong dividends from its major gold mining investments, provided the gold price does not plunge below its current levels In addition Unisel, which contributed a first time dividend worth R1,5m to the company in 1980, should again add to income, while the growing mining finance and industrial portfolio is geared to higher dividends

On the negative side, however, are the sharply rising costs at the gold mines Winkelhaak's unit costs increased 19% last year, while Kinross recorded a 22% hike And Impala, which paid out a record 100c (34c) in 1980, has maintained its interim dividend at 35c At this stage, anything more than an unchanged 65c final seems very unlikely, given current platinum prices which are, from time to time, below producer levels In fact, with cost increases on the mine, a dividend reduction could even be a possibility

So far, UCI has subscribed R1,5m to Union Corp's Beisa uranium/gold mine in the OFS This year R11m is expected to be provided as part of UCI's total R16m commitment to the project, which should start production towards December This funding will be met from cash flow or if necessary, from the disposal of certain investments — in all likelihood short-life gold mines





Impala Platinum . . income uncertainties for UCI

Since the beginning of the current year, the market value of the investment portfolio has depreciated to R307,9m (R383,1m) which gives a net worth of around 1 600c compared with a share price of 1 150c

The share thus yields an historic 13%, which fairly reflects this year's prospects and, the uncertainties facing many of UCI's investments

~~232~~ 210

S. Times 1/3/81

Anglo eyes oil after its restructure of Minorco

AGGRESSIVE FORAYS INTO WORLD MINERALS LIKELY

By Andrew McNulty

VAST new international muscle, likely to precipitate aggressive forays into energy and minerals overseas, has been created for the Anglo American-De Beers colossus.

This has been achieved by the restructuring of the Bermuda-based Minerals & Resources Corp (Minorco), announced late this week.

Energy — oil in particular — is considered the most likely target of Anglo American Corp chairman, Harry Oppenheimer

This was the consensus of analysts in Johannesburg on Friday.

The restructuring — which transfers to Minorco AAC's and De Beers' combined holdings of 28,9 percent of Cons Gold, AAC's entire 35,8 percent interest in Charter Consolidated and makes Anglo American Corp of Canada (Amcan) a wholly-owned subsidiary of Minorco — results in a self-funding overseas investment arm with assets of more than \$2-billion (R1 660-million) and rich cash resources

The repackaging of the group's international operations was presaged in Business Times (December 21), which predicted a gearing up for major overseas acquisitions routed through Charter and/or Minorco

Minorco has for months enjoyed a high rating on the Johannesburg Stock Exchange, with a dividend yield of only 1 percent on Thursday's closing share price of 1 570c.

This rating is attributed largely to Minorco's 27-percent interest in Engelhard Minerals and Chemicals Corp (EMC), which derives much of its earnings from oil and contributed more than 70 percent of Minorco's earnings, although EMC is not a high dividend-payer.

Benefits in the short-term, according to one analyst, are unlikely to mean a significant impact on Minorco's dividend flow during the next two years

But Minorco, and the holding companies, now have the clout necessary to grow as a major force in world minerals and energy.

Concentration of overseas operations in off-shore Minorco will also help shield AAC and De Beers, where activities may be sensitive to South African origins — or to investigations by monopolistic conscious Americans into their substantial US operations

At a Press conference to announce the reshuffle, Mr Oppenheimer said that Minorco's principal interests would be in natural resources "things Anglo and De Beers know most about"

He said the group is not interested in taking control of EMC, nor has it changed its assurance that it is not seeking control of Cons Gold.

Although there was no specific plan, Mr Oppenheimer said, developments were hoped for "the sooner the better"

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

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Vol. 189] KAAPSTAD 4 MAART 1981 / CAPE TOWN 4 MARCH 1981 [No. 7452

210

Sw Jull Kat see 88

KANTOOR VAN DIE EERSTE MINISTER

No. 426 4 Maart 1981

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:

No. 23 van 1981: Wysigingswet op die Aanvullende Wet op die Mineraalwette, 1981.

OFFICE OF THE PRIME MINISTER

No. 426 4 March 1981

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 23 of 1981: Mineral Laws Supplementary Act Amendment Act, 1981.

New mining pact in trouble

210 STAR 4/3/81

Labour Reporter

This week's agreement between the Chamber of Mines and the Federation of Mining Unions over working hours appears to have been soured already with workers complaining of new shift times.

The agreement had reduced the number of working hours for most mine artisans from 96 to 92 for each 11-shift fortnight

This meant a five-day work week and alternate Saturday duty for white miners

However, Mr Ben Nicholson, secretary of the Electrical and Allied Workers' Association which is part of the mining federation, said today the agreement could be spoiled by management attempts to "manipulate" working hours.

"In less than 24 hours of the agreement we have found management changing times without consulting the workers. This could lead to trouble."

Mr Nicholson said the Federation feared that lunch hours would be increased and as a result Saturday's current half-shifts turned into full-day shifts

"Managements must implement the new working hours through consultation with the workers

"If they do not we have instructed workers to call for talks, and as another resort, to have the Federation take action," Mr Nicholson said

Mine jobs opening?

SOWETAN Correspondent

THE GOVERNMENT intends opening all mine jobs to blacks by simply changing two words in the relevant Act, according to Die Afrikaner, the Herstigte Nasionale Party's mouthpiece.

The newspaper carries the report on its front page under a headline: "All jobs in mines open to blacks."

"The commission has recommended to the Cabinet that the words "scheduled person," in the Mines and Works Act be replaced with the words "competent person.""

The report says Die Afrikaner learned "on the best authority" that the Wiehahn Commission recommended all job reservation in the mining industry should be scrapped.

This would be done through an amendment to the Mines and Works Act of 1956.

This amendment would allow all jobs previously reserved for whites to be opened up for blacks as well, according to Die Afrikaner.

The newspaper says blacks will in future be allowed to obtain blasting certificates.

They would also be allowed to do "white work"

"In practice this will also mean that a black can become boss of a white mine worker," Die Afrikaner says.

(Report by Peter Vermeulen, Sullivan Street, Pretoria). 216

910

Sowetan

spitals for infectious diseases and h of the above may be regarded as . The State employs part-time ırban) district surgeons. The ıal health service: whilst he is accepts private patients, the State :reatment of indigents and pensioners. entical to that of the outpatient ospitals in urban areas. The Depart- decide who is indigent or not. cretion of the magistrate in the ere were 134 district surgeons in the f Health Annual Report 1975)

h also subsidises certain health services Whilst certain health services (such as ıg in council revenue, the bulk of :es (such as attendance at clinics) are ıvities receive a different rate of ıt of Health. This is shown in es the Department of Health subsidy on expenditure by the Cape Town City ent in 1976.

TABLE 2

OF HEALTH SUBSIDY ON CAPE TOWN
PAL HEALTH SERVICES IN 1976

	Expenditure	Government Refund	%
	R	R	
	80 131	7 875	9,8
ct.			
	1 577 499	1 239 425	78,6
	60 411	43 592	72,2
	221 836	65 228	29,4
	400 718	273 559	68,3
	645 656	343 561	53,2
URE	5 279 431	2 747 831	52,0

City of Cape Town Treasurer's Financial Statements for year ended 31/12/76

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As can be seen, the City Hospital for Infectious Diseases as well as Tuberculosis Clinics receive substantial refunds whilst other services receive a much lower subsidy. The balance between expenditure and Department of Health refund is made up by an allocation from rates and the reserve fund.

The total expenditure on health included expenditure of R263 822 by the council on health services provided in the Black townships of Langa, Nyanga, and Guguletu. In terms of the Health Act, Bantu Administration Boards are not considered as local authorities and therefore cannot provide these services. The council obtains the normal refund on these services. The balance between cost and subsidy should be made up in full by Bantu Administration Board grants to the Health Department. In the case of Guguletu in 1976, 41% of the council's costs were made up by a Bantu Administration Board refund whilst 47% were refunded by the Department of Health. In certain cases where the service is not subsidised by the Department of Health but nevertheless important, such as family planning, the Bantu Administration Board pays for it completely out of its own revenue sources (property rentals, employer taxes, hire of amenities, etc.).

1.2 Health Finance in the Homelands

As stated, money for homeland health services is given by the Department of Plural Relations and Development. According to Table 1, an amount of R58,5 million was spent in the 1977/78 financial year. This indicates a fall of 10% over the 1975/76 allocation, which is due to the fact the Transkei and Bophutatswana receive budgetary assistance either from the Treasury or the Department of Foreign Affairs. Negotiations are currently in progress to transfer the savings that provincial authorities incur from the closure of Black wards in urban areas.

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TAKEOVER GIVES BIG BOOST TO MINING GIANT

210 (323)

Argus 6/3/81

THE General Mining/Federale Myrbou group is reaping a rich reward from its takeover in March 1979 of the Union Corporation group and its large investments in gold and platinum mining.

The takeover and the sharp increase in the prices of the two metals helped almost to treble General Mining's income last year from R109,9-million to R283,6-million.

Income from gold rose fourfold from R29,4-million to R116,8 million, while income from platinum also rose fourfold from R8,2-million to R33,5-million.

Income from coal rose only slightly from R12,2-million to R13,8 million and income from minerals slumped from R5,4-million to R600 000.

INDUSTRIAL

But the company's industrial and commercial investments continued to play an important role.

They more than doubled their contribution to income, from R31,3 million to R78,3-million.

Income from financial investments rose 73 percent from R23,4-million to R40,6-million.

SHARES ISSUED

Altogether, General Mining's income attributable to ordinary shareholders, after provision for taxes and outside shareholders rose to R269,7-million from R98,5-million.

Because the number of shares issued almost doubled — from 42-million to 79,8 million — earnings a share did not rise quite so steeply. The increase was 46 percent from 235c to 343c.

This was reflected in the dividends, with a final of 100c making a total payment of 150c for the year, against 100c paid the previous year.

SIMILAR PATTERN

Federale Mynbou's figures show a similar pattern. A final dividend of 84c makes a total of 126c for the year, 70 percent more than the 81c paid previously.

The group's directors report the average gold price last year was 614 dollars an ounce. This compares with 309 dollars in 1979.

They say it is impossible to predict what the average gold price will be in 1981 but believe it will be somewhere between 450 and 600 dollars.

Brokers take bearish view on metals

Argus Financial Correspondent

LONDON. — Base metals this week continued to blow hot and cold, and the February mining quarterly survey by London stockbrokers Grieveson, Grant and Co can only depress the bulls.

The brokers say: "Our basically bearish view of the prospects for base metal prices remains intact."

They say there are few encouraging economic signs around and the high level of United States interest rates presents all commodity markets with the hopeless task of holding expensive stocks which no one else wants.

The bottom may well be in sight, but it looks as if it will get worse before it gets better.

SILVER SALES

Silver lost ground heavily in sympathy with gold's dive, and was also influenced by rumours of possible silver sales by the Hunt brothers because of debt problems.

Cash copper, which last week stayed comfortably above the £800 level, eased back on profit taking. Sentiment was dented by cuts in US producer prices, and the ending of the strike which had earlier hit Peru's state owned Centromin company.

But while copper producers lowered their prices, lead producers increased theirs and lead ended the week in higher ground.

In the background lies firm demand from Eastern Europe plus the strike news at Australia's Broken Hill and Mount Isa mines.

Cash tin, which a week earlier had seen £6 152,50 a ton, and three months tin, which had climbed as high as R6 300, both eased in line with gold and copper.

Zinc tended slightly harder, though chart watchers suggest that further price advances will be slow. But there is still a backwardation in nickel as currency considerations pushed the cash price above the three months level.

Aluminium was sensitive to currency movements, probably because the metal is still thought of as a dollar commodity.

CHARTER CONSOLIDATED (210) FM 6/3/81

New and firm direction

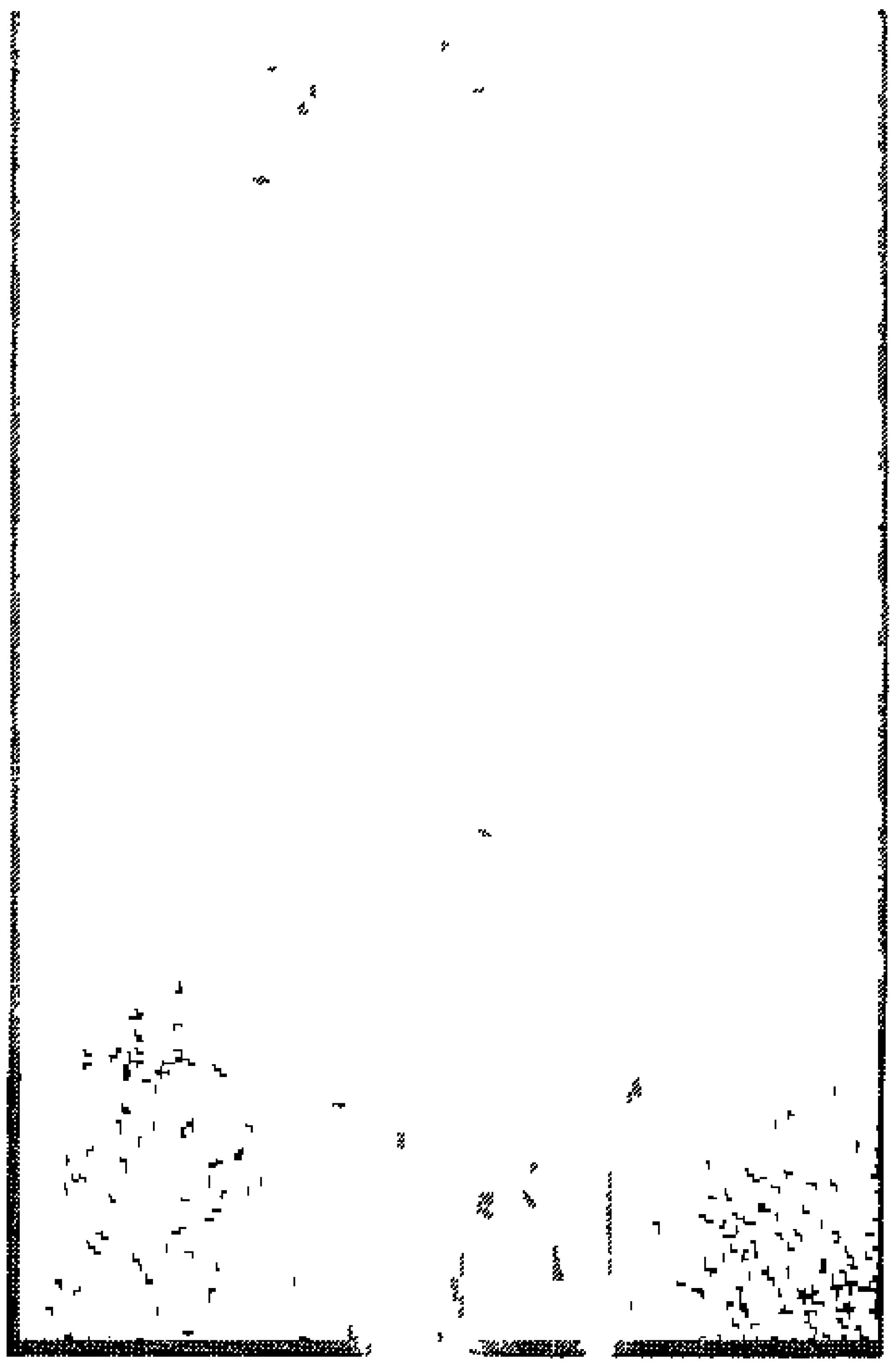
Charter Consolidated's London share price doubled during the past 12 months and even after the recent set-back suffered by all stocks tarred with the mining finance brush, it was this week sitting some 62% above its 1980 low

Yet its estimated 50% discount to underlying asset worth continued to reflect the sad fact of Charter's singularly lack-lustre image in London Even after having been transformed and restructured its name still conjures up the picture of a Cinderella who started her story wearing the glass slipper and ended sweeping up the ashes of disappointment

Haunted by the ghosts of costly mining mishaps — Somima in Mauritania Tenku Gungurume in Zaire and Cleveland Potash in Yorkshire — Charter, but for Anglo American's blocking 35,8% stake, would have been an asset stripper's dream So much so, that London stockbrokers Carr Sebag's conclusions on Charter a year after the sweeping changes were announced, read "Charter has been transformed from an underperforming mining house to a cash rich industrial holding company with a marginal interest in a few mining concerns It has become a conglomerate with little rationale linking its various activities — a difficult corporate mix to manage — and with a new management recently instituted the future course of direction is at best uncertain "

That uninspiring analysis came after Carr Sebag's forecast of a 24% rise in earnings per share for the current year (to March 31)

Understandable as this kind of prejudice may be (and much of it is because Charter is still the province of frustrated mining analysts in City stockbroking offices) it may not be taking enough account of the reality that Charter is a *new* company Its pace of change has been such that not only were the 1980 accounts not comparable with 1979 but the 1981 figures will also contain new factors, as will those for 1982



Charter's Clarke . . . managing, not just investing.

And the biggest change, according to Charter managing director Neil Clarke, has been from the role (to a large extent) of a "passive investor" to that of "active manager" That change was set off by the October 1979 reshuffle under which Charter's main SA mining investments were sold to Minorco — for £31m net plus the 28% stake in Johnson Matthey and shares in Tara Exploration (Ireland lead and zinc) and Societe Miniere d Anglade (France wolfram) Long suffering Charter shareholders were also given some of their money back by way of one Minorco for each Charter

The pace really accelerated however, when four months later British Petroleum made its play for Selection Trust and the £104m Charter accepted for its 25 7% interest was only the beginning It gave a new dimension to the development plan on which Clarke started work when he returned to Charter in late 1979 — from two years secondment to AAC's finance office in Johannesburg — before taking over as chief executive in April 1980

Given a brief by Anglo along the lines of it s up to you you make it work Clarke admitted to the *FM* this week there had been previous plans But with the new situation we needed to make it clear where the company was going and what we needed in terms of people to get there

Investment in energy and energy-related industries is probably the biggest single target area in the plan

Even before the BP cash came in, Charter made its first move with a "dawn raid on coal-mining equipment makers Anderson Strathclyde, netting a strategically powerful stake of 28,4% It slotted in neatly with Charter's 100%-owned Torque Tension group which makes drilling equipment and coal mining supports

Ten days ago Charter finally dealt with BP over acquisition of the Alexander Shand group a major UK contractor operating open cast coal mines for the National Coal Board which has a 250 000 t/year pit in Indiana, USA The

who are willing to take in displaced children are difficult to c
meagre. There is little or no supervision by trained and concer
and frequent abuse of fostering. Seftel states (6) that between 12%
black children die before they reach the age of five years. Thi
all due to malnutrition and related diseases, all preventable
either by the child's parents or his community.

The fact cannot be escaped that if the parents of a child cannot
care for their child it is unlikely that anyone else will. A li
unwanted pregnancy in an impoverished community is malnutrition,
certain childhood suffering and frequent infant death which our
society cannot prevent.

Our present laws require that children who are conceived must b
or not their parents want them and can nurture them, but the la
ensure their well being or survival after birth. It is therefo
that abortion on request for social reasons is an urgent priori
a comprehensive service for the management of malnutrition. Wi
sacrificing the health and life of the child from an unwanted p
could provide an introduction to life-long responsible contrace
offered in the right way, as has been the experience in other p

6. Supervision after Discharge.

Malnutrition usually occurs in impoverished and disorganised co
Transport is often scarce and expensive. In rural areas distan
may make scattered health services inaccessible. Guardians of
children are often handicapped, destitute or poorly motivated.
children usually require months of treatment to attain acceptab
relapse is very common. For all these reasons it is necessary
vigorous outgoing follow up and prolonged supervision.

This can be done satisfactorily, using well selected and suitab
workers with adequate transport who assess and weigh children a
and distribute protein supplements.

In the Ciskei such a service was able to supervise 3 000 childr
network of 72 milk stops in an area of 60 km x 60 km, which bro
within five miles of most people. As it was estimated that the
children under five in this area, and not all of them were maln
can be seen that a realistic number of children were being reach

Mining-allied manufacturers expanding

210

188

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6/3/81

5/May

The mining boom continues despite the weak gold price and at least two companies are expanding their mining-equipment facilities

Reed Mining Tools South Africa has approved a substantial expansion of manufacturing facilities at its Benrose plant. It has been operating locally for six years and now produces rotary - drilling equipment, for box-hole drilling, blast-hole drilling and raise-bore applications.

Reed SA expects a substantial growth in demand by the local and export market.

Coalequip is to expand its manufacturing and warehouse facilities at a cost of R2,3-million Work is well in hand on a R700 000 extension to the company's Spartan factory which will be completed next month

WAREHOUSE

The biggest extensions this year will be undertaken at its Torque Tension manufacturing plant at Heidelberg where the company's roof supports are made. The first two phases of expansion will cost R1-million, and are due for completion at the end of September

The third major investment will take place at Bethal where 5,5 hectares have been bought for a warehouse and office complex This is a multiphase project which will culminate in the establishment of a full-blown service centre.

WORKSHOPS

This centre will also have re-conditioning shops and workshops to service the Eastern Transvaal coalfields currently served by Coalequip warehouses based at a number of other towns in the area.

It was recently proposed Boart acquire a half stake in Gardner Denver from Cooper Industries of Houston Boart said that the deal is off because of changes made in the Cooper Industries group structure which would have excluded some product lines from the original agreement

(240/240/123) 136 Sowetan 16/3/81

'It's a black takeover'

BLACK team leaders are being groomed by the Anglo American corporation for jobs from which they can be promoted to take over responsibilities from whites.

This claim is made by the Mineworkers Union, which says the move is underway at the President Steyn Gold Mine and is being undertaken "in preparation for the recommendations of the sixth Wiehahn Commission report."

Anglo-American chairman, Mr H Oppenheimer, is on record as saying that no white jobs would be taken over by blacks on any of the corporation's mines but MWU General Secretary, Mr Arrie Paulus says selected black team leaders are to be placed in positions from which they are to help white miners increase production.

He says the union was alerted of the situation by members of the President Steyn Gold Mine who were invited to help select team leaders with a potential for mining operations.

The selections were made on the basis of questions and answers sessions in which the white miners quizzed blacks on what they would do in given circumstances or crises in actual mining operations.

The questions include theoretical problems on increasing production

On investigation, the MWU claims it learnt that the black team leaders selected by white miners were to be placed with miners who had poor production records.

The mine manager pointed out that no one was better qualified than white miners to select promising black team leaders, Mr Paulus says.

Mr Paulus said yesterday he respected Mr Oppenheimer's right to his own point of view as stated, but he remained convinced that the management at the President Steyn Mine were preparing for black advancement.

Mines push on with new projects

S Times 15/3/81

(210)

By Andrew McNulty

SOFT GOLD PRICE WILL NOT AFFECT R2 000-m PLANS

CAPITAL-expansion programmes, estimated at as much as R2 000-million, announced by the gold-mining industry during the past year, will proceed as planned, and few — if any — will be reconsidered as a result of the current soft gold price

This was made clear in interviews with senior executives of four major mining houses this week

Most said they will review programmes at mid-year against latest circumstances but so far foresee no need for material changes

All have allowed for wide fluctuations in the gold price in planning decisions for expansions of mines

The lessons of 1974/5, when the gold price soared to nearly $200, precipitating many capital expansions which were later cut back when gold fell back by about 40% for two to three years, have been well learnt

Gold Fields (GFSA), for example, criticised by some for conservatism with dividends, has assumed in planning capital programmes that the gold price could again remain soft for three years

Even if the gold price stays at current levels GFSA's retained surpluses will help ensure that programmes are safe for the next two to three years, probably without any increase in the levels of retentions

FRPM, a former marginal mine which many are watching closely as its R300-million programme was based on a gold price of $600, can weather a price of $500 for at least a year No changes are likely at this stage, says the chairman of Rand Mines' gold division, Dammy Watt

All believe the US interest rates are the biggest factor in the current gold market and that the rates will have to rise before the gold price firms

The head of GFSA's gold division, Colin Fenton, expects the gold price to stay at current levels, or even lower, for some months

Certainly dividend payments this year will in most cases suffer seemingly heavy cut-backs

"But 1980 was a crazy year By comparison with 1979, when the gold price averaged $309, there should still be dividend growth that shareholders normally wouldn't be upset about," says Gerald Langton, managing director and chief executive of Anglo American's gold and uranium division

The extent of dividend cuts will vary between mines, being least severe where higher retained surplus is available for capital programmes

However, the trend to lower grades, embarked on during 1980 with the higher gold price, will continue With the exception of GFSA the mining houses say they carry out major mining plan reviews only on a six-to-12-month basis, and then a decision to lift grades would take about a year to implement fully (See also page 4)

3.

SCI seeks greater share of lucrative mining explosives market

'BREAK THIS MONOPOLY'

~~233~~ 210 ~~183~~

S.A. Industrial Week 17/3/81

SWAZILAND Chemical Industries has launched an attempt to demolish one of the most lucrative and oldest monopolies in South Africa — the explosives monopoly held by AECI for more than half a century

SCI deputy chairman and managing director Oliver Hill describes this as "probably the most tightly regimented monopoly in the country It is regulated in terms of a contract which gives to African Explosives the sole and exclusive right to supply explosives, practically forever

"Effectively, it is an everlasting contract to supply to a market that is today the second largest in the world They say there is room for only one producer I say this is total rubbish "

Hill says he has been consistently blocked by the Chamber of Mines in his attempts to break into the R300-million-a-year mining explosives market but is carrying on the fight through the recently formed Competition Board in Pretoria

"We have told the Competition Board we believe the country has more to gain from competition than it has to lose from doing away with ... restrictions imposed on

By Jim Penrith

operation costs of explosives might represent about 2 % of overall costs.

"We think that with proper application of technology we can save up to 10 % of total mining costs — which is five times the actual cost of the explosives involved

"We are not running down the products of AECI, but we do think our know-how is better and this can make a big difference to productivity

"When we compete with AECI the man who benefits is the customer The major thing we have to sell is health and safety The Chamber of Mines has completely ignored these facets of our case

• **AECI declined to comment.**

Cartoon Page 3

the marketplace by the Chamber of Mines' contract

"About 90 % of the explosives market in South Africa is covered by the Chamber's contract monopoly' 10 % is not and it is in this fraction that we are allowed to compete and, in fact, are competing very successfully

"It is strange that the Chamber requires three suppliers of every commodity to the mining industry — with the exception of explosives We think this rule should apply to everything

"We believe competition in the explosives industry will bring down the costs of mining — not because we are going necessarily to offer cheaper explosives, but because we are able to offer better-applied advanced technology available to us from El Du Pont Nemours of the USA "

Hill says on a typical mining

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... with other activities all of which together add up to provide an adequate income This happens particularly in Amathole where some people were allocated Full Economic Farm units with rehabilitation (these farmers may utilise their time well between cultivating fields, keeping small stock and working in the dairy Combined these activities may generate a decent income while none of them alone could provide enough to live off)

Only for people with enough cows to guarantee a reasonable income would the time and labour spend herding and milking be justified. (Again if a market could be established). Because nearly all the people in the dairies have very few, very low quality cows, it seems that the dairies can only provide a supplementary source of income to those who already have some security, rather than the sole source of income for the very poor

Here one must note the exceptions of Alfred Bukula of Inkomo and Freddy Mhlauli of Amathole. Both are particularly successful in the dairies and yet both of them are comparatively poor Mhlauli has a pension but the dairy is his main source of income Bukula has no other cash income, but his income from the dairy is now second highest to that of N M. He attributes this to the fact that his cows are particularly good and he has concentrated on improving their quality

3 4 CONCLUSION

One must remember that these two projects are pretty exceptional in Umhlaba, and also, that while Umhlaba is classified as a pastoral area, with emphasis on cattle rather than cultivation, these are the only two dairies

. / ...

Amcoal is now Anglo subsdiary

AMCOAL has become a subsidiary of Anglo American Corporation as a result of the scheme of acquisition by which Amcoal obtained the 92,4% shares of Natal Anthracite Colliery it did not already hold and AAC accepted shares in Amcoal for its holding of stock units in Natal Anthracite

Consequently Amcoal's financial year end will change from December 31 to March 31 to conform with the AAC year end and the current financial year will cover the 15-month period ending March 31, 1982

A first interim report dealing with Amcoal's results for the three months to March 31 will be issued during May when it is intended to declare a first interim dividend for payment during July

A second interim report dealing with the group's results for the six months to September 30 will be published during November when a second interim dividend will be declared for payment during January, 1982

The results for the 15 months to March 31, 1982, will be announced during May, 1982, and the final dividend will be declared for payment during July, 1982

Thereafter the results for the first half of each financial year will be announced during November with the interim dividend declared for payment the following January and the year-end results will be published in May with the final dividend declared for payment during July — Sapa

Background

Mineral plan can knock SA

Argus 19/3/81

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THE Reagan Administration has brought with it a new awareness of this country's dependence on imported strategic minerals which is to the short-term benefit of the South African Government that controls many of these minerals. But . . .

The Reagan Administration is also so seriously concerned that it is now planning a massive stockpiling and local mining programme which — ultimately — might make the United States largely independent of outside supplies

Which might just be very bad for South Africa in the long run.

For a long time now, a number of powerful voices have warned the United States that the country is more vulnerable to disruption of its supplies of strategic minerals than it ever was to Opec petroleum

The South African Government has been quick to exploit this concern by stressing (by way of a recent advertising campaign) that America needs a friendly, stable government in South Africa that will keep the strategic minerals flowing

Apart from anything else, the new Administration is much more receptive than were the Carter men to the argument that the Soviet Union is working hard to cut off America's strategic minerals lifeline

As one South African advert put it very succintly 'In 1978 South Africa supplied America with more than half its imports of chrome ore, platinum and ferro-manganese, nearly 80 percent of its ferro-chrome and more than 80 percent of its vanadium

The advert went on to quote the Pittsburgh Press reporting United States steel company executive 'Without chrome it would be impossible to build jet aircraft, cars, oil refineries, computers, conventional and nuclear power plants, modern food processing facilities and hospital operating rooms

'Americans would have to get back to eating pickles out of wooden barrels

'The space programme would be a non-happening. You could not make a hole in steel or drill an oil well. There would not be any plastic because you could not crack oil

'You could not make a gun barrel for a tank, or an armour-piercing shell or a tank . . .'

Whenever the issue has come up, it has turned on three recommendations: Increased United States stockpiling; increased

JOHN D'OLIVEIRA reports from Washington that US plans to stockpile strategic minerals may eventually take a trump card from South Africa's bargaining options.

local mining activity and better relations with countries like South Africa which are so vital to the flow of strategic minerals.

The Reagan Administration is quite clearly on the road towards better relations with South Africa and there is no need to use the strategic minerals issue as a lever.

But the Reagan Administration will not last forever and a time might come here when a white South African Government will desperately need the strategic minerals lever and if the Reagan men have their way, the time will come when that lever becomes all but useless.

President Reagan has just launched a campaign to end United States dependence on imported strategic minerals.

As part of that campaign, he announced details of a Government programme that would include the purchase of 100-million dollars in strategic minerals to build up the American Government's strategic stockpile

He called this 'the first step in a programme to decrease the nation's vulnerability.'

At the same time, Reagan officials (led by the new Secretary of the Interior, James Watt) are determined to open up wilderness areas and vast tracts of State land to mineral prospectors.

The stockpiling programme will begin with the purchase of 1,2-million pounds of cobalt at about 25 dollars a pound and it will continue with the purchase of manganese, bauxite, aluminium oxide, platinum metals, vanadium and nickel.

Stockpiling purchases will be financed by sales of surplus supplies of other stockpiled materials like tin and silver

The prospect of a minerals boom has led three of America's giant oil companies to invest billions of dollars in non-fuel minerals suppliers

Thus the increased awareness of short-term US vulnerability could lead to long-term invulnerability

And as the US vulnerability in the field of strategic minerals grows less, so a South African trump card becomes less valuable.

RDM 23/3/81

Barlows pushes labour change

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Financial Repo: ter

THE Barlow Rand i continuing to push for majo changes in labour legislation.

This is clear from the annual reports of both ERPM and Durban Deep.

The chairman of both mines, Mr D T Watt, says in the ERPM report "Throughout the year the management and staff at the mine have conscientiously persisted with efforts to implement the Barlow Rand Group code of employment practice to the full extent permissible in the mining industry

"Progress has been made, but at a somewhat slower progress than we hoped to achieve.

"The company does, however, continue to be constrained by certain legislation and legally enforced industrial agreements

"We had sincerely hoped to achieve some relaxation of the constraints based on the findings of the Wiehahn Commission.

"Unfortunately the commission had at the time of writing (March 6) still not published its report on the mining industry and it is now debatable whether anything of consequence will be achieved in this connection until after the forthcoming general election

"Consultative committees have been successfully introduced on the mine and further progress has been made in the related training of both managements and workers representatives

"These committees have been established in advance of any legislation which may flow from the release of the Wiehahn report relating specifically to the mining industry

"The committee system, with its inherent weaknesses, is not necessarily seen as a permanent substitute for eventual sound and orderly employer-employee relations through the medium of fully representative trade union arrangments catering for employees of all races "

Mr Watt says in the Durban Deep report· "While the company experienced a relatively quiet year in terms of industrial relations and trade-union activity, this aspect of its operations will undoubtedly constitute one of the more interesting challenges confronting management over the next few years.

"The changing aspirations of all our workers and particularly the emergence of embryo trade union movements among the unskilled workers is being carefully monitored so that management can react sympathetically but constructively "

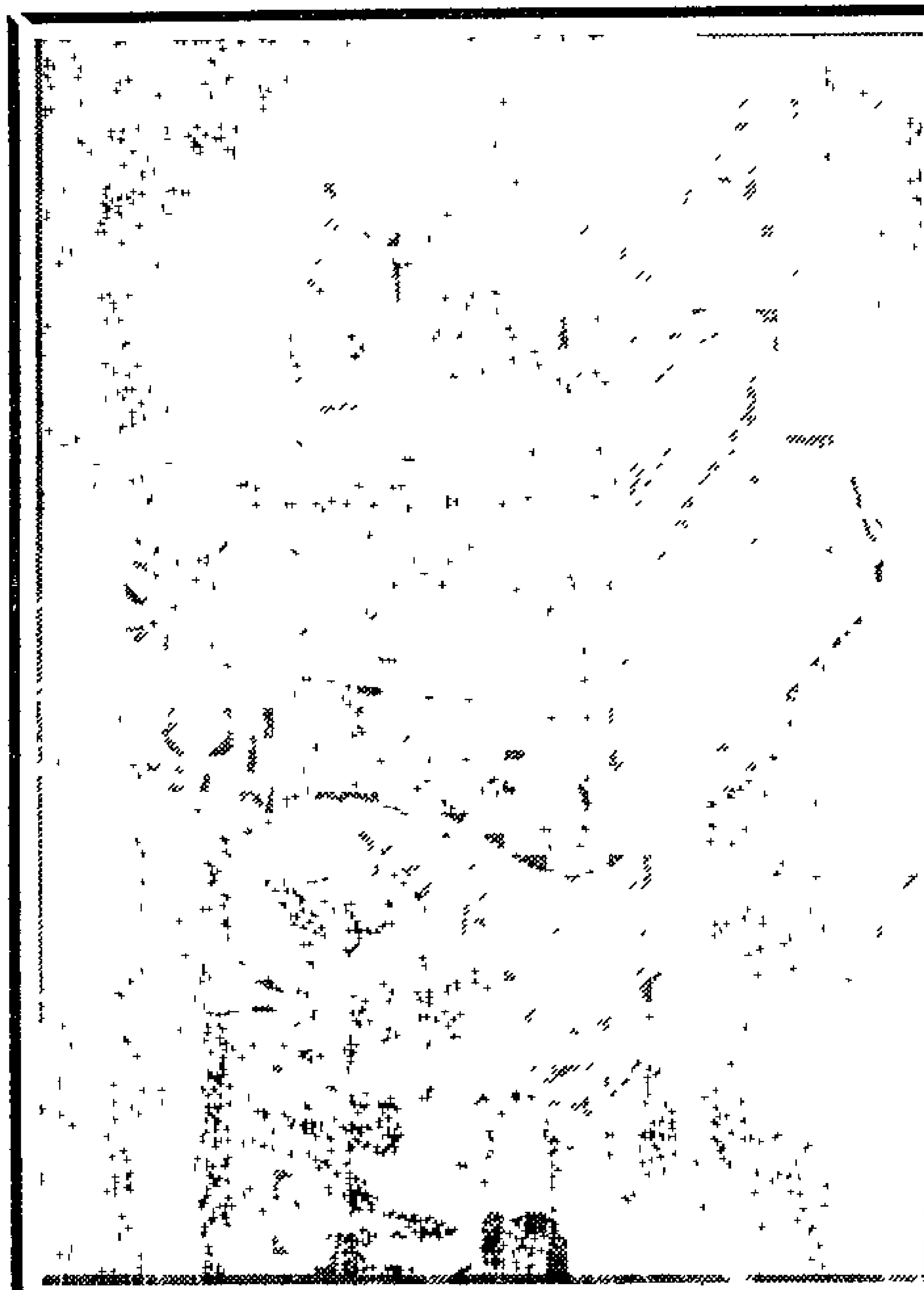
For 1974-75 the average cost per worker per month for 19 study groups in various parts of the northern, north-western, 'mixed' and southern Karoo is R51,91, or R11,98 a week. The range is R28,37 to R66,40 a month, or R6,55 to R15,32 a week.(9)

It seems that if the items included in this survey but excluded from the Grootfontein figures are valued, estimates of total payment should at least equal, and might exceed, the estimate of R14,79 a week made in this stud[y] quoted in the Theron Commission Report, als[o] those found in this survey than to Census differences in dates are temporarily ignore[d] either farmers' census returns do not accura[...] payments in kind, or the Unisa survey, the C[...] groups and this survey include a high propor[...] which are atypical of the areas studied.

d) Current debt.

The availability of credit facilities or seen as an important privilege of farm worke[...] other hand, it is possible that workers who the farmer tie themselves to the farm, since be expected to insist that the worker stays has worked off his debt. None of the farme[...]

In Nepala malaria barrier in the area along the Southern border had for centuries reinforced the country's isolation Control measures in the late 1950s initiated a w e of local migration from the overpopulated hillsides, leading to economic and social development of the region In Ceylon eradication of malaria was accompanied by migration from the crowded third of the island to what had b-



The Mine Rescue Team from Libanon Gold Mine in training at the new centre which officially opens at Carletonville today.

A proud mining tradition lives on

By Bob Davis

The famous Proto Teams have changed their name to Mines Rescue Teams, but the image lives on.

The Chamber of Mines has opted for a new brand of breathing equipment, dropping the Proto brand after which the teams were named.

The chamber is also to officially open a new Rescue Training Centre at Carletonville today.

Training Superintendent Pieter Marais said it was the best in the world in respect of both training methods and equipment.

The centre, commissioned at a cost of R250 000, has co-ordinated 14 underground fire-fighting operations since October last year — an unusually high number for the Western Transvaal, according to Mr Marais.

He said the name and equipment change had not affected the stringent physical and mental standards demanded by the training centres from miners who volunteer for rescue and fire-fighting duties.

"Miners who volunteer face a stiff medical examination and are subjected to a five-day training course in which we test mental and physical capacity to the utmost.

"It is better to find out under simulated conditions who will drop out when real danger is faced," he said.

In fact one in 10 does drop out during the initial training period, mostly because of heat fatigue.

"After initial training, team members come back here for a day every three months and are medically examined twice a year.

"Team membership stops a day before the 46th birthday and volunteers have to be aged 21 or over."

Mr Marais said rescue teams were usually the cream of the crop on any mine and many men become veterans within five years of joining.

"We now have a total of 172 teams, involving 1 143 miners. We usually train eight men per team but only five go into action — the others are reserves," he said.

On average there are about 150 underground fires a year, although the incidence is on the decline as fire detecting equipment becomes more sophisticated

Mr Marais said 25 rescue workers have died in fires since 1924. "Our greatest tragedies were the loss of two entire teams, the most recent being in 1976," he added.

... output = 133+0.344 A + 0.038 B - 0.13C - 0.00095D - 0.024E

A = percent of labour force in agriculture

B = pounds of fertiliser per acre

C = infant mortality rate

E = illiteracy

(The coefficients for labour, infant mortality, and population per doctor differ significantly from zero at least at the 0.02 probability level).

NOTES ON

HEALTH AND ECONOMIC DEVELOPMENT

Alan L. Sorkin

Human Capital - a good or service which increases the productive capacity of human beings This investment in health or education yields a continuing return in the future Thus greatest benefits to young people, migration

...ung

...out per head

...ta income

...tion, so small per capita income.

...nomy (useful for war potential).

...ve in four ways.

... that can be performed -

...owering the death rate increases

...in using an econometric model

...ess developed countries endemic

... by 30%. Weisbrod et al in

...cts of schistosomiasis in St. Luci

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... resultant decline in productivity.

...ntries are tropical. Very

...matter what one's health or

...to focus on this question by

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...ntrol further interaction of other

... non-agricultural situation not so obvious that increased productivity is good, must produce glut on market. However if considering self employed subsistence farmer may well be that could grow more if healthier would be direct benefit. Dependence on nature of the productive process.

C. By clearing otherwise uninhabitable areas it makes possible the use of natural resources that could not otherwise be used.

SUNDAY TIMES, Business

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Anglo angle in giant bid

S. Times 29/3/81

OFFICIALS of Anglo American associated Engelhard Minerals and Chemicals Corp are trying to squash strong talk that they are preparing a takeover bid for Newmont Mining Co. (see Business Times December 22 1980 and March 1 1981).

Milton F Rosenthal, Engelhard's chairman, confirmed that the company is considering the sale of Engelhard Industries, a precious-metals refiner, and its minerals and chemicals division.

The two affiliates contributed less than 5% of Engelhard's $26 570-million sales and $532,7-million earnings last year

By Jim Srodes
Washington

But, despite Rosenthal's assertion that "we don't have any major acquisitions in mind", Engelhard's shares remained routinely suspended from trading by the New York Stock Exchange.

The recent rush to take over major minerals producers has been one of the underpinnings of the recent stock-market surge which saw the stock exchange's reported extremely heavy trading and prices remaining firm despite massive profit-taking as investors continued to view the merger trend as a bullish signal

In a related development a US judge restrained St Joe Minerals Corp from its plan to buy back as much as 40% of its outstanding shares at $60 each to thwart the $45-a-share bid by Seagram

Elsewhere, Brascan, another reported Canadian contender for taking over some minerals target firm, said it had completed the purchase of about 14,6% of the shares of Royal Trustco, a Canadian financial conglomerate with an indirect interest in London Life Insurance The price was not disclosed.

French buy SA mining technology

Finance Reporter S. Tribune 29/3/81

WHEN it comes to exporting South Africa's mining expertise there is more than one way to skin a cat.

If the overseas market does not suit the introduction of the equipment itself then export the technology, says Isando-based Subterranean, manufacturers of general mining equipment.

The company has just signed an agreement enabling a French mining equipment enterprise, L'Equipment Minier, to manufacture and market under exclusive licence South African designed trackless underground mining machinery in certain European countries.

In the agreement, regarded as a breakthrough for the South African mining industry, the French company will also have non-exclusive distribution rights in other areas of Europe, Africa and the Far East.

The renewable agreement, which will initially run for five years, will cover Subterranean's 13, 16 and 27-ton low profile underground trucks.

Subterranean is not a newcomer to the export market. In the past two years, said a company spokesman, the company has exported rock boring and underground earthmoving equipment worth around R2 million to both European and South American markets.

Seven years old and growing fast, Subterranean is looking to the future and this year completed a R1 million factory expansion programme, the spokesman said.

EXPORT

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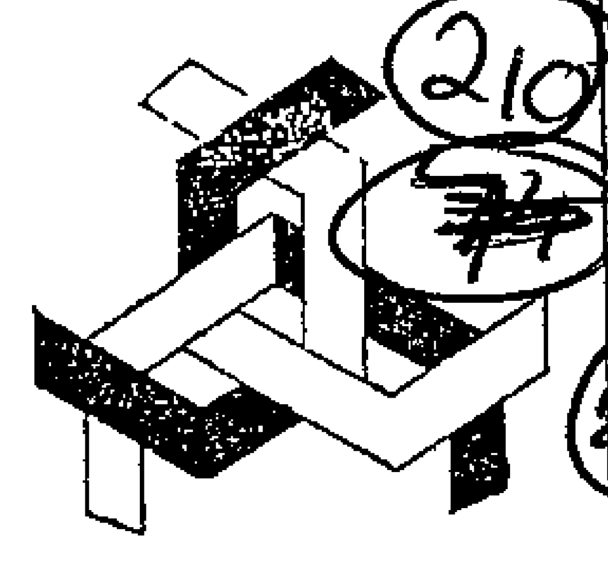

SUCCESS

Explaining the decision to enter into the licencing agreement rather than direct exports, Subterranean managing director Pat Murphy said the merits of both had been carefully considered.

"Because of the strength of the rand, as well as the economies of scale achieved by overseas manufacturers, South Africa is not well placed to enter into this extremely competitive market through direct export.

"By signing a licencing agreement, however, we have overcome these two obstacles and ensured a return in royalties over the next five years of more than R500 000."

Murphy said the company was also currently exploring the possibilities of expanding licensing arrangements to other areas including South America.

● Entry forms for the Sunday Tribune/Safto Exporter of the Year competition should be completed by April 30. The forms were circulated in the February issue of Safto Exporter and are available at Safto offices and the Sunday Tribune.

bonus was calculated according to the number of days
worked during the year. Of these,
3 fell into the R20,01 to R2
8 fell into the R25,01 to R3
4 fell into the R30,01 to R3
8 fell into the R35,01 to R4
1 fell into the > R40 range
during a full working year.
In addition, one worker receiv
(one percent) of the farmer's inco
sales, said by the farmer to amoun
workers, both those whose job was
earn additional bonuses by ...

Simmer skills boost tonnage milled

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By Mervyn Harris

Improved use of plant and equipment enabled Simmer and Jack Mines to boost tonnage milled and push up turnover from R1,6 million to R2,8-million in 1980

Gold production rose from 109 kg to 140 kg and income before tax was R675 000 (R421 000).

Taxation and the State's share of profits more than doubled from R76 000 to R198 000, leaving retained income of R477 000 against R345 000 in 1979.

Earnings a share rose from 5,11c to 7,06c No dividend is being paid

Capital commitments approved and contracted for, as well as those not yet contracted for, totalled R55 000

Tourist activities did not contribute significantly to profits

The average grade of material milled decreased by 0,207 grams a ton but the drop was more than compensated by an increased revenue of R183,98 an ounce.

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19. For a general discussion, see Charles Simkins, Unemployment, Employment, Growth in South Africa, 1961 - 1979, SALDRU Working Paper No. 4.

20. Report of the Commission of Enquiry into Matters affecting the Coloured Population group (Theron Commission Report) R.P. 38/1976, pp. 141-2.

Production halted at mine

Production was interrupted at West Rand Consolidated Mines' Deep Shaft on Sunday night when a derailed skip damaged the shaft timbers

No one was injured in the accident and a spokesman said today repair work would probably be completed by tomorrow, enabling the shaft to get back into production.

STAR 3/12/81 210

UK article recalls visits to Moscow

South Africa and Russia may swop mining technology

The Star Bureau

LONDON — South Africa and Russia, which already maintain links over sales of minerals to Western markets, could eventually extend co-operation to exchanges of mining knowledge and metals technology

This is one of the points made in a feature in the Financial Times today examining what are called "discreet" contracts between the two major gold producers

At present, says the article, co-ordination amounts to little more than the passing of information about sales policies, and the two sides still appear deeply suspicious of each other

The Russians still have a lot to learn about mining and metals technology from the West in their efforts to develop the enormous mineral wealth of Siberia and central Asia but they, in turn, have developed technologies of interest to South Africa

The article says that the Russians have forged contacts with the Anglo-American Corporation "through various channels," and Mr Harry Oppenheimer, chairman of Anglo-American, "has the advantageous credentials, from the Russian point of view, of being an implacable opponent of apartheid"

The two sides, says the article, have been putting out feelers over mining and metallurgy at a time when both have been holding back the volume of bullion sent to world markets in an effort to support the price

"It has been an open secret for years that the Russians have been co-operating with De Beers in diamond marketing. Rough diamonds from Moscow are passed through a small London-company to De Beers Central Selling Organisation, which distributes them through its normal London sales

"South African and Russian platinum producers meet regularly in the offices of precious metals traders in London and at the annual platinum industry dinner at the Savoy Hotel In the words of one senior executive of a South African platinum mining company "Each of us tries to find out as much as possible from the other while giving nothing away ourselves"

The article recalls that last November, Mr Gordon Waddell, an executive director of Anglo-American, was spotted with Soviet officials in Moscow watching "Borish Godurov" at the Bolshoi Theatre He said he was "just passing through"

In September, Mr Michael Beckett, an executive director of Consolidated Gold Fields, visited Moscow with two other Consgold directors

The prime purpose of the visit, hosted by the Soviet Foreign Trade Bank, which controls gold exports, was to allow the Consgold team "to build up information on Soviet gold activities for use in the company's bullion surveys," says the article

"Consgold believes, however, that the relationship could eventually broaden out to exchanges of views on mining techniques and metallurgy"

This could include the question of some kind of joint mining venture, although any action would certainly be years away, says the article It points out that Consgold held a stake in a Russian gold mine before the 1917 Revolution

this survey. The tables below show length of time on farm against cash wage, age against cash wage and number of dependents against cash wage, for the workers as a group. Correlation co-efficien[...]lated for all three combinations.

SA-Russian link-up in mining foreseen

Argus 1/4/81

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Argus Bureau

LONDON. — South Africa and the Soviet Union, which already maintain links over sales of minerals to western markets, could eventually extend co-operation to exchanges of mining expertise and metals technology.

This is one of the pointe made in a feature in the Financial Times examining what are called 'discreet' contacts between the world's two major gold producers.

At present, says the article, co-ordination amounts to little more than the passing of information about sales policies, and the two sides still appear deeply suspicious of each other

The Russians still have a lot to learn about mining expertise and metals technology from the West in their efforts to develop the enormous mineral wealth of Siberia and Central Asia.

But they in turn have developed technological expertise of interest to South Africa.

CREDENTIALS

The article says that the Russians have forged contacts with the Anglo American Corporation 'through various channels'

And Mr Harry Oppenheimer, chairman of Anglo American, 'has the advantageous credentials, from the Russian point of view, of being an implacable opponent of apartheid.'

The two sides have been putting out feelers over mining and metallurgy at a time when both have been holding back the volume of bullion sent to world markets in an effort to support the price.

'It has been an open secret for years that the Russians have been co-operating with De Beers in diamond marketing. Rough diamonds from Moscow are passed through a small London company to De Beers' Central Selling Organisation, which distributes them through its normal London sales

ANNUAL DINNER

'South African and Russian platinum producers meet regularly in the offices of precious metals traders in London and at the annual platinum industry dinner at the Savoy Hotel.

In the words of one senior executive of a South African platinum mining company: 'Each of us tries to find out as much as possible from the other while giving nothing away ourselves.'

The article recalls that last November Mr Gordon Waddell, an executive director of Anglo American, was spotted with Soviet officials in Moscow watching Boris Godunov at the Bolshoi Theatre. He said he was 'just passing through.'

Shortly before in September last year, Mr Michael Beckett, an executive director of Consolidated Gold Fields visited Moscow with two other Cons Gold directors.

INFORMATION

The prime purpose of the visit, hosted by the Soviet Foreign Trade Bank, which controls Russia's gold exports, was to allow the Cons Gold team 'to build up information on Soviet gold activities for use in the company's bullion surveys,' says the article.

'Cons Gold believes, however, that the relationship could eventually broaden out to exchanges of view on mining techniques and metallurgy.'

This could include the question of some kind of joint mining venture, although any would certainly be years off.

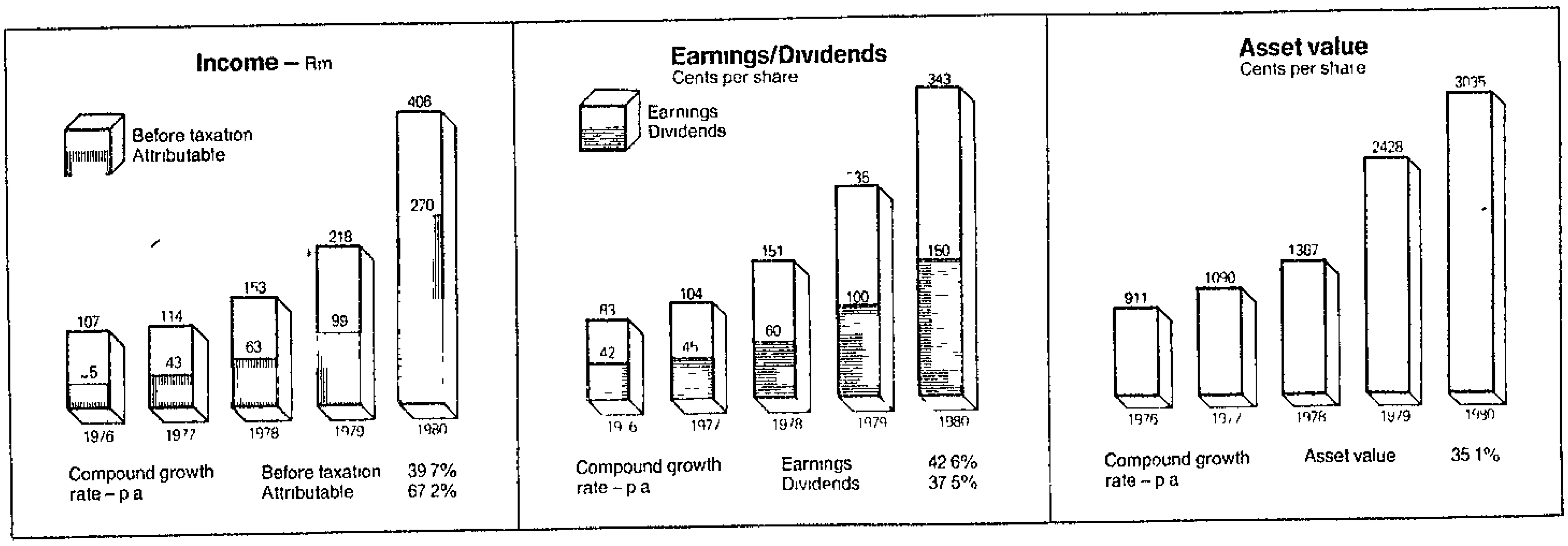
Cons Gold held a stake in a Russian gold mine before the 1917 revolution.

210 FM 3/4/81

General Mining Union Corporation Limited

Salient Features of the Review by the Executive Chairman, Dr W J. De Villiers

GROWTH 1976 – 1980



Highlights of the 1980 year

Union Corporation Limited became a wholly owned operating subsidiary on 26 March 1980

A rights offer of 12 600 000 ordinary shares of 40 cents each was made to shareholders registered on 21 March 1980 on the basis of 30 new shares at 1 500 cents each for every 100 shares held The offer was accepted in respect of 99,24 per cent of the shares

Beatrix Mines Limited announced that it was proceeding with the development of a new gold mine in the Orange Free State at a cost of approximately R327 million in 1980 terms The mine will provide work for 7 550 people

Construction work was started on a gearbox and axle project It is estimated that costs of the first phase will amount to approximately R60 million and that production will start in 1981

The following major companies became operating subsidiaries

- Trek Beleggings Limited (interest increased from 18,3 per cent to 51,8 per cent) which had a turnover of R309 million in 1980
- Kanhym Investments Limited (interest increased from 38,8 per cent to 51 per cent) which in turn obtained an interest of 51 per cent in Karoo Meat Exchange Limited Turnover of the Kanhym group for the past year amounted to R360 million
- Dunswart Iron & Steel Works Limited (interest in ordinary shares increased from 35,5 to 71,4 per cent) which had a turnover of R86,4 in 1980

The group acquired interests of 16 per cent in Siemens Limited and 9,6 per cent in Sentrachem Limited and increased its existing interest in Haggie Limited to 27 6 per cent

Turnover

The turnover of the group including administered companies amounted to R4 582 million compared with previous years as follows

1980	1979	1978	1977	1976
R4 582 m	R3 202 m	R2 410 m	R2 060 m	R1 800 m

Contribution to attributable income

For comparative purposes, the pro forma figures shown below are based on the assumption that Union Corporation was a wholly owned subsidiary in 1979 also

	Actual 1980 Rm	Pro forma 1979 Rm	Actual 1979 Rm
Gold and uranium	116,8	44,2	29,4
Platinum	33,5	13,5	8,2
Coal	13,8	12 2	12,2
Metals and minerals	0,6	6,7	5,4
Commerce and industry	78,3	48,4	31,3
Financial	40,6	41,8	23,4
	283,6	166 8	109,9
Interest and exploration costs	13,9	13,7	11,4
	269,7	153,1	98,5

The growth was mainly due to an increase in the average gold price, increases in production and the producer price of platinum and greater and more efficient use of industrial production capacity The decrease in respect of metals and minerals resulted largely from recessionary conditions in consumer countries and provisions against investments and assets in this division

Shareholders' return

The objectives in terms of existing group policy are to obtain a yearly cumulative profit growth rate of at least 22,5 per cent and to maintain dividend distributions based on a cover of between 2 and 2,5 times

Future development

The long-term planning of the group is aimed at assuring continued growth by applying available resources in such a manner as to ensure optimum returns from existing business undertakings, to obtain other established businesses and to launch new profitable ventures

Capital projects

Forward planning of material capital expenditure for the expansion of production of existing operating units and for the establishment of new projects, is controlled on a group basis

This facilitates not only the phasing of projects and planning of financing and profit growth, but also ensures that projects with the greatest profit potential are given preference in the allocation of group resources

Industrial relations

The field of industrial relations and practices allied to manpower utilisation and training in South Africa is at present, more than ever, characterised by rapid and fundamental change The group supports the constructive nature of these adjustments and believes that they will contribute extensively to more efficient employment of manpower and continued economic growth

The group's approach is that the cornerstone of sound industrial relations is seated in effective communication and mutual consultation

Labour management

The group aims at the improvement, as far as possible, of the conditions under which black employees work within the system of migratory labour by launching career-orientated stabilisation projects, by modernising accommodation facilities, by creating leave and home-visit schemes and by developing schemes to improve the living conditions of families in the homelands

Training

One of the most critical problems existing in the country at present is a serious shortage of skills Although there is unemployment among the unskilled, the development and therefore also the creation of employment opportunities are restricted as a result of the dire shortage in the ranks of the skilled and leader group It is the group's policy to overcome this shortage of skills by training and more effective utilisation of manpower

PROSPECTS FOR 1981

Prospects for 1981 should be seen in the light of the specific activities of the various sectors in which the group has an interest The net assets of the group which increased from R1 020 million in 1979 to R1 697 million after implementation of the scheme in terms of which Union Corporation became a wholly owned subsidiary, amounted to R2 421 million at 31 December 1980 distributed in sectors as follows

	1980		1979 Pro forma	
	%	Rm	%	Rm
Gold and uranium	36	872	39	666
Commerce and industry	26	639	16	269
Coal	12	283	11	181
Platinum	11	275	12	202
Financial	10	246	16	282
Metals and minerals	5	106	6	97

The large fluctuations in the gold price during the past fifteen months make it impossible to predict, with any confidence, a realistic average price for 1981 Although the group has great confidence in the long-term future of gold, it is possible that in the short term the price will fluctuate between $450 and $600 during 1981

As far as platinum is concerned, the continued recessionary conditions in the U S A , Europe and Japan do not indicate any noteworthy improvement in the prospects for 1981

The development of a number of projects in the coal division as well as increases in prices in the export market, will result in some growth in 1981, and further satisfactory growth over the next few years

It is expected that the metals and minerals division will be affected by recessionary conditions in foreign consumer countries and the consequent severe competition among producers No particular growth is, therefore, expected in 1981

In regard to the group's industrial interests, the major problem continues to be the shortage of suitably trained technicians and artisans The extent of the investment in the industrial sector at present is such that it provides a sound bulwark against the negative effect on group income of large fluctuations in the gold price In view of the continued economic revival which is expected in South Africa, a satisfactory growth in the contribution by the industrial sector in 1981 is foreseen

Against this background and under normal circumstances with an average gold price of approximately $500, reasonable growth in 1981 is expected

6 Hollard Street
Johannesburg 2001

31 March 1981

(210) FM 3/4/81

Federale Mynbou Beperk

Extracts from the Review by the Chairman, Dr W. B. Coetzer

1980

Special events

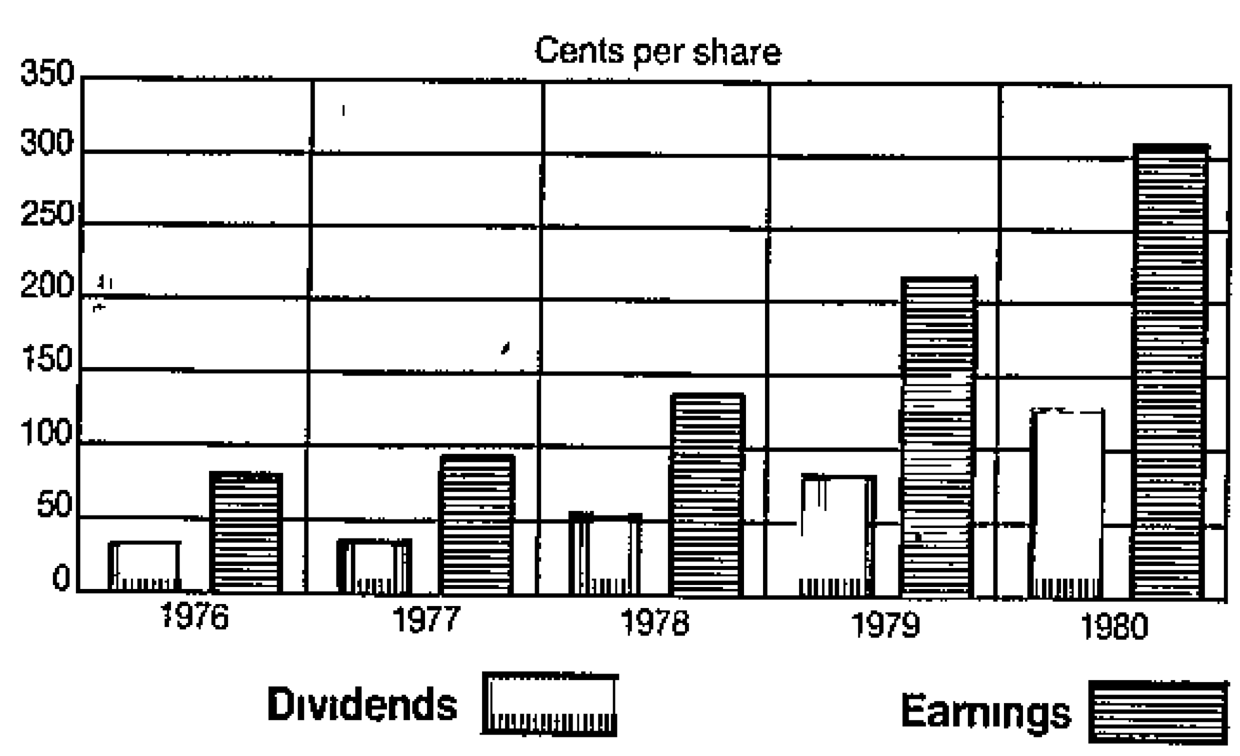
In the previous annual report it was stated that Union Corporation Limited became a wholly owned operating subsidiary of General Mining and Finance Corporation Limited As a result of the scheme of arrangement between the two mining houses, your company's interest in General Mining decreased from 63,38 per cent on 31 December 1979 to 44,38 per cent on 25 April 1980

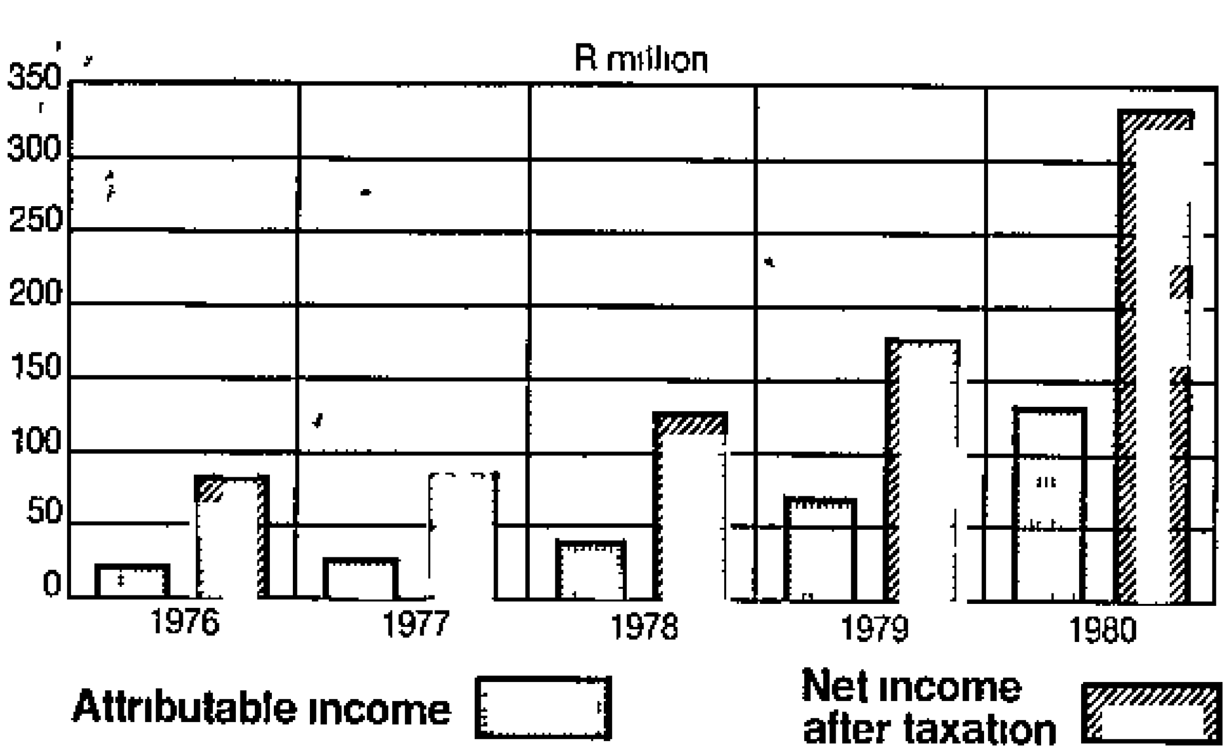
On 30 July 1980 the company's authorised capital was increased from R44 739 032 to R69 739 032 by the creation of 25 million special cumulative redeemable preference shares of R1 each These shares were issued to Nedbank Limited and the proceeds were used mainly to acquire additional shares in General Mining on the market In addition, company assets consisting of portfolio investments were exchanged for shares in General Mining The result of these transactions was that the company's direct interest in General Mining increased to 50,5 per cent on 31 December 1980 Federale Mynbou, therefore, continues to be the holding company of General Mining

On 2 July 1980 General Mining changed its name to General Mining Union Corporation Limited and at the same time adopted a new emblem

Financial results

The earnings per share increased by 41 per cent from 218,2 cents in 1979 to *306,8 cents in 1980 The dividend per share increased by 50 per cent from 84 cents in 1979 to 126 cents in 1980 The asset value per share increased from 2 260 cents in 1979 to *2 745 cents in 1980 The company's financial growth over the past five years is illustrated in the graphs below based on the group financial statements





Dividends increased from 32,5 cents in 1976 to 126 cents in 1980 which amounts to a compound growth rate of 40,3 per cent per annum

Earnings increased from 84,1 cents in 1976 to *306,8 cents in 1980, which represents a compound growth rate of 38,2 per cent per annum

**The earnings and asset value per share are calculated on the 29 200 000 ordinary shares issued as well as the 14 600 000 cumulative participating convertible preference shares which are to be converted automatically into ordinary shares on 1 April 1985*

General Mining Union Corporation Limited

This subsidiary of Federale Mynbou is a mining finance house which holds investments in and provides technical, administrative, financial, secretarial, marketing, purchasing and other associated services to a wide spectrum of mining, financial, investment and industrial companies

The General Mining group provides employment for approximately 206 000 people and its total assets exceed R5 265 million The market value of the company's 78 608 823 issued ordinary shares totalled R1 827,6 m on 31 December 1980

The turnover of the General Mining group (controlled and administered companies) amounted to R4 582 million which represents an increase of 43 per cent on the figure for the previous year

The earnings per share increased by 46 per cent to 343 cents Dividends increased by 50 per cent to 150 cents per share The results of the various sectors as far as ordinary shareholders are concerned are as follows

Income attributable	1980 %	1980 Rm	1979 %	1979 Rm
Gold and uranium	41,2	116,8	26,8	29,4
Platinum	11,8	33 5	7,5	8,2
Coal	4,9	13,8	11,1	12,2
Mineral mining and beneficiation	0,2	0,6	4,9	5,4
Commerce and industry	27,6	78,3	28,5	31 3
Financial	14,3	40,6	21,2	23,4
	100,0	283,6	100,0	109,9
Deduct				
Interest paid		—		2,7
Exploration costs		13,9		8,7
Income attributable to ordinary shareholders		269,7		98,5

Outlook for 1981

The group has great confidence in the long-term future of gold, but it is difficult to predict a realistic average price for 1981 It is, however, possible that the price will fluctuate between $450 and $600 during this year

If the present economic revival in South Africa continues throughout 1981, and taking account of expansion and rising prices in the energy field, then satisfactory growth in the commerce and industries division, as well as the coal division, is expected No noteworthy improvement or particular growth is foreseen in regard to the platinum and metals and minerals divisions All things considered, and on the basis of an average gold price of approximately $500, the group expects reasonable growth in general in 1981

6 Hollard Street
Johannesburg 2001

31 March 1981

No 746 3 April 1981

APPOINTMENT OF RETURNING OFFICER

It is hereby notified that the Minister of Internal Affairs has in terms of the powers vested in him by section 34 (2) of the Electoral Act, 1979 (Act 45 of 1979), appointed Mr H van Niekerk, retired Magistrate, Despatch, to act as returning officer for the electoral division of Sundays River, in the place of Mr B Loots who has been named in Proclamation 35 of 1981 to act as returning officer for the said electoral division

No 746 3 April 1981

AANSTELLING VAN KIESBEAMPTE

Hierby word bekendgemaak dat die Minister van Binnelandse Aangeleenthede, kragtens die bevoegdheid hom verleen by artikel 34 (2) van die Kieswet 1979 (Wet 45 van 1979) mnr H van Niekerk, afgetrede Landdros, Despatch, aangestel het om as kiesbeampte in die kiesafdeling Sondagsrivier op te tree in die plek van mnr B Loots, wat by Proklamasie 35 van 1981 as kiesbeampte vir gemelde kiesafdeling benoem is

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 689 3 April 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967) reserved for the purposes of a township a portion of proclaimed land, approximately 457 square metres in extent situate on the farm Elandsfontein 90 IR, District of Germiston Mining District of Johannesburg, Province of the Transvaal, registered in the name of Alfred Clifford Bond, and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner, Johannesburg, under RMT No R20/80

(19/5/1/1140)

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 689 3 April 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk geproklameerde grond, ongeveer 457 vierkante meter groot gelee op die plaas Elandsfontein 90 IR, distrik Germiston, myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam van Alfred Clifford Bond, en getoon op 'n sketskaart waarvan afdrukke onder RMT No R20/80 in die Mynbriewekantoor, Johannesburg en in die kantoor van die Mynkommissaris Johannesburg bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou.

(19/5/1/1140)

DEPARTMENT OF NATIONAL EDUCATION

No 725 3 April 1981

CULTURAL INSTITUTIONS ACT, 1969 (ACT 29 OF 1969)

DECLARATION OF THE FOUNDATION FOR EDUCATION, SCIENCE AND TECHNOLOGY, PRETORIA, AS AN INSTITUTION WHICH SHALL BE SUBJECT TO THE PROVISIONS OF THE ACT

Under the powers vested in me by section 3 of the Cultural Institutions Act, 1969 (Act 29 of 1969), I hereby declare the Foundation for Education, Science and Technology, Pretoria, to be an institution which shall be subject to the provisions of the above-mentioned Act, from 1 April 1981

G VAN N VILJOEN, Minister of National Education

DEPARTEMENT VAN NASIONALE OPVOEDING

No 725 3 April 1981

WET OP KULTURELE INRIGTINGS, 1969 (WET 29 VAN 1969)

VERKLARING VAN DIE STIGTING VIR ONDERWYS, WETENSKAP EN TEGNOLOGIE, PRETORIA, TOT 'N INRIGTING WAT ONDER DIE BEPALINGS VAN DIE WET VAL

Kragtens die bevoegdheid my verleen by artikel 3 van die Wet op Kulturele Inrigtings, 1969 (Wet 29 van 1969), verklaar ek hierby die Stigting vir Onderwys, Wetenskap en Tegnologie Pretoria, met ingang van 1 April 1981 tot 'n inrigting wat onder die bepalings van bogemelde Wet val

G. VAN N VILJOEN, Minister van Nasionale Opvoeding

OFFICE OF THE PRIME MINISTER

No. 710 3 April 1981

RETENTION OF THE TITLE "HONOURABLE"

It is hereby notified that the State President has been pleased to approve with effect from 17 February 1981 the retention of the title "Honourable" by the undermentioned former Judge of the Appellate Division of the Supreme Court of South Africa

William Grey Trollip.

KANTOOR VAN DIE EERSTE MINISTER

No 710 3 April 1981

BEHOUD VAN DIE TITEL "EDELE"

Hierby word bekendgemaak dat dit die Staatspresident behaag het om die behoud van die titel "Edele" deur ondergenoemde voormalige Regter van die Appèlafdeling van die Hooggeregshof van Suid-Afrika met ingang van 17 Februarie 1981, goed te keur

William Grey Trollip

their first task to be the provision of curative services. Development tended to be from hospital to out-patient department and then to detached out-lying clinics, but always remained hospital-based and doctor-centred [6].

Geographical factors played a major role. In the United Kingdom where most of the population lives in urban centres, hospital

published for Thailand, Iran and Ghana [9]. In South Africa, where approximately 60% of the population lives in rural areas, 65% of all doctors practise in metropolitan areas, 11% practise in cities, 12% in towns, 6% in small towns and only 5% of doctors practise in rural areas [10]. This mal-distribution constitutes a problem which cannot be solved by simply increasing the aggregate supply of doctors [11]. The government of the United States of America for example, has over the past decade increased its spending on health man-power programmes from 65 million to 536 million annually, totalling 3.5 billion dollars for this period. Much of this money was spent on medical education and physician training. Despite this, they have failed to achieve their objective of providing doctors for people living in rural areas. [12]

A well-known medical educator once jokingly made projections to show a point in time where one half of the people in the United States of America would be physicians treating the other half; but health statistics would not reflect much improvement, since 90% of the residents of cities would be physicians treating one another, with the countryside remaining inadequately served [12].

A glimmer of hope that the problem may indeed be soluble is found in an editorial in the Journal of Medical Education 1977

... the most important initial steps in health care can be taken without the immediate involvement of any highly qualified and therefore expensive personnel, and do not require substantial investment in buildings, equipment or medicines. In fact, I do not believe that I would be oversimplifying the case, if I stated that the most important first steps in health care, are "clean water and good lavatories". An example of this was seen in the Phillipines, where, at a cost per capita of 15 U.S. cents, simple toilets were built. This action cut the incidence of cholera by 60% [14]. I will not discuss the role of non-physician health personnel in the provision of health care in developing countries as this subject is too vast to review here. However, despite the realisation that health care does not require expensive personnel,

USSR and SA's 'secret links'

RDM 7/4/81 210

London Bureau

LONDON — There are secret links between South Africa and Russia over the marketing of gold, diamonds and platinum — according to a British Broadcasting Corporation television programme screened last night

Though the programme, Panorama, put forward hard evidence that De Beers and Russia were closely involved in sales of diamonds, there's scanty proof of platinum collusion, and only supposition and conjecture over gold

The BBC began its investigations after British-born Anglo-American director Gordon Waddell was spotted at the Bolshoi Theatre in Moscow last November

The BBC's Moscow correspondent, John Osman, who had previously been in Johannesburg, saw Mr Waddell watching the opera with another Anglo executive and two Soviet officials

"Mr Waddell told me he was just passing through, but he was clearly there on business," Mr Osman said

The programme's investigator, Michael Cockerell, tried to interview Mr Waddell in London on his return from Moscow Mr Waddell refused to comment

The chairman of Anglo-American, Mr Harry Oppenheimer, is described as "the acceptable face of apartheid, expressing liberal political views"

The Deputy Ambassador at the Soviet Embassy in London, Mr Vladimir Bykov, is shown in the programme denying any co-operation between Russia cook"

"Anglo-American certainly does not have any secret deals with Russia," he said

Last night Mr Oppenheimer said when Mr Waddell was seen in Moscow he was "passing through" When asked if he was 'passing through' in his private capacity or in a business capacity, Mr Oppenheimer said he did not know

● Mr Waddell, telephoned in Johannesburg last night, said he had no comment to make on the allegations, other than to say the "sinister and spectacular" inferences being drawn (as result of his Moscow visit) were "without truth" and South Africa

The programme showed that De Beers, through its marketing arm, the Central Selling Organisation, was in partnership with the Russians in the marketing of rough diamonds

Twenty-five years ago, Mr Oppenheimer's cousin, Sir Philip Oppenheimer, went to Moscow The Russians agreed to sell their uncut diamonds to De Beers, who would in turn market them

After Sharpville, the Soviet Union publicly repudiated its contract with De Beers, but secretly, contacts were restored

Mr Cockerell claimed Mr Oppenheimer had held several secret meetings with the Russians in London Mr Oppenheimer and other De Beers executives had dined with the top men from the Soviet Ministry for Foreign Trade

Although both the Russians and South Africans denied collusion on platinum sales, the film showed photographs of them meeting at the annual platinum dinner in London

The film produced hardly any evidence on gold sales collusion, save to say that both countries had withheld supplies from the market to bolster the price

A senior executive of Swiss Bank Corporation, Mr Hubert Baschnagel, said it was not impossible that Russia and South Africa co-ordinated their sales policy, "but it is not up to me to say whether they have done something or not"

● Mr Oppenheimer brushed aside the speculation as "trying to cook up something where there really isn't much to

POLITICAL comment in this issue by Allister Sparks Benjamin Pogrund John Ryan Bernardi Wessels newsbills by Peter Bunkell headlines and sub editing by Paul Holroyd cartoons by Bob Connolly all of 171 Main Street Johannesburg

them the insights available today through recent work in the social sciences, so that many staff still pass on to students a purely physical approach to clinical work

Another aspect of folk medicine is that some of the patients, typically African patients, come to the doctor expecting him to behave like a diviner, by telling them their complaints without asking any questions Four-fifths of the doctors said that they had experienced this type of problem during the course of their practice Our sample of graduates said that it was mainly amongst rural Africans and the older patients, and particularly amongst the illiterate, that this type of reaction was found. Questioned on how they would handle this type of patient, only two said that they would refuse to treat patients who would not talk. All others said that they would strive to get the patients to talk, and either by indirect

Mine hazards grow

RDM 9/4/81

BS

210

Industrial Reporter

DEEPER mining and higher production targets at mines were making the safety aims of the Chamber of Mines increasingly difficult to achieve, Mr Bill Lawrence, president of the chamber, said yesterday

Presenting a safety award at Union Corporation's Grootvlei gold mine near Springs Mr Lawrence said there had been a rise in the industry's fatality rate over the past year

"While the overall fatality rate for the mining industry increased marginally last year from 1,25 (deaths a 1 000 shifts) to 1,32, the overall casualty figure continued its steady decline, dropping for the first time below 40, with a figure of 38 9 per thousand " Mr Lawrence said

"It is still the chamber's aim to reduce the industry fatality rate to below one per thousand, but with our gold mines going even deeper and production targets being pushed ever higher it becomes increasingly difficult to achieve "

Grootvlei won this year's Chamber of Mines C S McLean shield for its safety record over the past three years

The shield was presented to the mine's general manager, Mr Graham Futcher, by Mr Lawrence

Mr Lawrence said Grootvlei's win was even more creditable because it was "an old, labour-intensive mine, with all the hazards of endless rope haulages, of having to open old areas and to mine remnants"

said that they would not be particularly worried if they knew this was occurring. The theme underlying most of the reasons given for this was that provided consulting a diviner did not interfere with the doctor's treatment, and provided that the patient did not take a harmful substance, the patient's psychological needs would be met by the traditional practitioner, whilst the scientific practitioner got on with the job of actually 'curing' the patient.

Another aspect of the belief system of patients is that some of the Black patients demand an injection, believing that it is the appropriate form of treatment. There is some evidence to suggest that all else being equal a doctor may be rather

more popular if he is known to be a man who gives injections. There are two main ways that doctors said they handled this type of patient Only 7% said that they never ever gave an injection that was not required by the physical state of the patient. The rest said that they gave the appropriate treatment, and where the patient very strongly wanted an injection and seemed to believe a treatment would not work without it, then they gave a vitamin injection as well if the relevant treatment did not include an injection.

2.7. Comments on the Lack of Education, and Poverty of Black Patients

Again and again doctors reported that they were frustrated by the problems and limitations imposed on their work by the poor education, ignorance of health matters, and sheer grinding of the majority of the Black populations in South Africa. the problem is that the traditional knowledge of health of Africans is largely or entirely inappropriate for tary patterns possible in an urban environment, and eir socio-cultural background has provided them with equate knowledge of hygiene and matters of preventive From this point of view probably most of the Blacks h Africa need health education. Also of course the , of poverty exacerbate the whole position, and make more critical that the families should be able to make the best use of their limited resources when it comes to nutrition and related health matters.

As I see it, during his training the medical student should be exposed to the different techniques of both individual and mass education, and be aware of the different ways in which one can try to modify attitudes and behaviour, so that in both one can try to modify attitudes and behaviour, so that in both individual patient and also community situations he can make wise decisions as to how to try to do something about the problems of ignorance, and some of the effects of poverty. Motivating people to change their patterns of behaviour is most important in the South African health context, and yet I wonder how much effective education in this area is given

GENCOR (210) FM 10/4/81

Solid growth phase

Activities *Mining house with major interests in gold, coal, base metals and industry Controlled by Federale Mynbou which has 50,5% of the equity*

Executive chairman: *Dr W J de Villiers, executive vice-chairman E Pavitt*

Capital structure *78,6m ordinaries of 40c, 1,2m "A" ordinaries of 40c, 500 000 6% cum prefs of R2 Market capitalisation R1 676m*

Financial: *Year to December 31 1980 Borrowings long- and medium-term, R190m, net short-term, R313,3m Debt equity ratio 43,4% Current ratio 1,2 Group cash flow R390,1m Capital commitments R612,2m*

Share market *Price 2 100c (1980-81 high, 2 975c, low, 1 575c, trading volume last quarter, 290 000 shares) Yields 16% on earnings, 7,1% on dividend Cover 2,2 PE ratio 6,3*

	'77	'78	'79	'80
Distributable income (Rm)	43,3	63,4	98,5	269 7
Quoted investments				
Book value (Rm)	241	274	298	298
Market value (Rm)	445	647	1 210	1 684
Earnings (c)	104	151	228	335
Dividends (c)	45	60	100	150
Net asset value (c)	1 090	1 367	3 142	3 034

One of Gencor's corporate objectives is a cumulative profit growth rate of 22,5% But while that target is well within the group's reach on average over the next few years, any improvement on it may be difficult to achieve this year That implies no criticism of management Factors wholly beyond its control — mainly the gold price — are in play after having given earnings a major boost in 1980

Couple that with poor prospects in other mining sectors, and the reason for management's caution on this year's growth is understandable Chairman Wim de Villiers is relatively non-committal, contenting

General's De Villers . . .
cautious on prospects

himself with observing that "under normal circumstances with an average gold price of approximately $500, reasonable growth in 1981 is expected "

The fact is that Gencor is counting on its industrial and coal interests to provide the bulk of the advance Little growth is expected in platinum earnings while recession continues to affect the industrialised world And the same considerations apply to the group's base minerals operations — chrome, asbestos and fluorspar

Short-term setbacks are, however, not deflecting the group from one of its main strategic aims — to expand operations based on direct and indirect energy exports Lower demand, and strong competition from other ferrochrome producers in SA and Zimbabwe, resulted in oversupply and necessitated the closure of one of the three Tubatse furnaces And an improvement is not expected this year Cost savings are to be implemented by closing one chrome mine and replacing its production with cheaper ore from wider, shallow bodies in the Steelpoort area Lower chrome earnings should be partly offset by higher prices and production of fluorspar But static conditions are expected at the group's two asbestos producers, Msauli and Gefco

As far as mining is concerned, this year's major growth will be from coal through 42%-owned Trans-Natal Export prices are well above those of a year ago, while local sales will be higher

Though it is unlikely that the industrial interests will match last year's percentage improvement, profit growth is far from over At this stage it seems that, industry's contribution to attributable profit will reach at least R100m — an advance of 27,7% Though this year's profit growth may be below par when compared with the past three years, the group has development projects in the pipeline that will ensure sustainable growth for at least the current decade And that excludes any growth through acquisition

Their impact on Gencor itself will vary The R120m capex planned by gold mines Grootvlei, Kinross, Winkelhaak and St Helena and the R156m Strathmore shaft system at Buffelsfontein — all over four years — will result in some dividend restraint by the mines It will not be reflected in the group's own balance sheet or appropriations account The R327m needed to bring 95%-owned Beatrix into production in 1985, on the other hand, will appear in the consolidated balance sheet, as should the R60m for 62%-owned Sandock-Austral's gearbox and back axle plant

None of these developments will result in any financial strain and could easily be funded from retained earnings In addition, with year-end, long-term debt of only R190m against group equity funds, calculated at book value of investments, of R1 251m Gencor has more than adequate scope for increasing the debt component of its balance sheet At the very least, the group balance sheet could bear an additional R500m debt, indicating that scope for expansion goes well beyond that currently on the drawing boards

Coupled with the 22,5% earnings objective is a commitment to maintain distributions based on a cover of between 2 and 2,5 times This year's cover will, to a large extent, depend on gold's performance and gold sourced investment income Unless the gold price is heading south towards the year's end there seems little need for cover to be increased from last year's level A distribution of at least 175c is well within reach putting the share at 2 100c on a prospective yield of 8 3%

If gold does fall below $500 this year there will be better buying opportunities But for medium-term investors who are more concerned with the group's earnings quality and growth prospects the share merits a buy recommendation

SOURCING EARNINGS

	1979		1980	
	Rm	%	Rm	%
Gold uranium	44,2	26,5	116,8	41,2
Platinum	13,5	8,1	33,5	11,8
Coal	12,2	7,3	13,8	4,9
Metals & minerals	6,7	4,0	0,6	0 2
Commerce & industry	48 4	29,0	78,3	27,6
Financial	41,8	25 1	40,6	14 3
	166,8	100,0	283,6	100,0
Less Interest & exploration		13,7		13,9
		153 1		269 7

THE ASSET MIX

	1979		1980	
	Rm	%	Rm	%
Gold/uranium	666	39,2	872	36 0
Commerce & industry	269	15,9	639	26 4
Coal	181	10 7	283	11,7
Platinum	202	11 9	275	11,4
Financial	282	16,6	246	10,1
Metals & minerals	97	5,7	1,06	4,4
	1 697	100 0	2 421	100 0

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MINING

R12 billion spending spree

SA's mining houses are slated to spend R12 billion over the next five years to expand capacity and vastly increase output of all types of minerals

This should result in the creation of about 95 000 new jobs, according to a report from the Chamber of Mines

The investments include both projects already undertaken and those in the planning stages

The massive capital expenditure programme, says Federated Chamber of Industries (FCI) president Chris du Toit, will "have very permanent, long-term benefits for all South Africans"

It will stimulate all aspects of the SA economy, especially those industries that supply the mining houses both with operating equipment and auxiliary services These include engineering companies, construction firms and heavy industry producers like steelmakers

The chamber estimates that about 9 300 skilled jobs and 85 000 semi-skilled or unskilled jobs will be created directly by the mining companies.

But, as Du Toit points out, the real impact will come when "the long-term multiplier filters its way through the economy" Du Toit says this could mean as much as R40 billion in increased wealth over the next few years

Because the bulk of mining capital expenditures are made internally (the domestic value added component for gold has historically been about 94%, while coal has been 91%) and because most of the increased output will be marketed internationally, the investments will substantially improve SA's foreign currency earning position

Says FCI president Bill Lawrence "This will lay the basis for sustained economic growth throughout the Eighties"

Du Toit estimates that about 25% of the expenditures will be spent on fixed investments such as housing and site construction The implications for the brick and cement industries, among others, are obvious

The investment programmes come after a decade of rapid and highly profitable expansion for all SA mining operations (see box) During the Seventies, the value of mineral sales increased from R1,5 billion to more than R15 billion last year That indirectly accounted for an estimated 40% of SA's gdp in 1980, according to the FCI report

Gold alone indirectly accounted for an estimated 27% of gdp last year Despite recent levelling off, the skyrocketing world price for gold during the Seventies made it viable to expand old mines and re-work dumps

Consequently, at least R2 billion is either

FCI's Lawrence . . . mining's capex will sustain economic growth

being spent or allocated for the next five years to modernise, expand and improve existing gold and uranium mines, and to recover dumps and slime dams

Examples of the major projects are

□ A new shaft system at Anglo American's Western Deep Levels in the Carletonville area, at a projected capital cost of R715m Full production for the first phase is expected in 1986

□ A major expansion of Rand Mines' East Rand Proprietary Mines, including sinking new shafts and construction of a new airways and refrigeration plant Projected capital outlay is R300m

□ The development of a third shaft and extensions to the surface plant at JCI's Randfontein mine, at an estimated cost of R200m

□ A new shaft system at Anglo American's President Brand gold mine near Welkom, at an estimated cost of R125m

□ Rand Mines plan to rework of the old mine dumps to the west of Johannesburg, and the establishment there of a plant, at an estimated cost of R40m

In addition, new mines have either recently opened or will soon be opened in Deelkraal, Unisel Elandsrand and Stilfontein

Even if the gold price continues to drop from its current price of around $520, as some fear, the major expansion programmes will continue, says Lawrence

"It is not possible to generalise about the effect of various gold mines on the gold mining industry because each mine operates under its own condition of grades and cost The impact of lower gold prices will therefore vary from mine to mine and each operating entity will have to make its own decision about ongoing capital expenditure," he adds

Price levels

Meanwhile, the gold price dropped at midweek in London to $512,50 and some recently released annual reports showed falling profit performances for SA's mining houses as a result of the past year's worsening price levels

"Gold mining has a finite life in SA and it may be shorter than other types of mining But we believe the fundamental outlook for gold is very positive," says Lawrence, who is also deputy chairman of Barlows' Rand Mines

The same can apparently be said for coal mining, now SA's second largest revenue earner Oil costs in Europe and America, increasing electrical output by Escom and further development of Sasol 2 have pushed demand for SA coal to unparalleled heights

Escom estimates that it will have to double its electricity output in the next 10 years As a result, at least three new coal mines are in the planning stage This represents a cumulative capital outlay of at least R16m over the next six to seven years

Continued expansion of Richards Bay har-

SOUTH AFRICA'S MINERAL SALES

Year	Gold	Diamonds	Coal	Other	Total
			Rm		
1970	831 2	75 5	107,9	548 8	1 563 4
1971	899 0	64 7	120 4	485 9	1 570,0
1972	1 159,9	90 0	126 8	565 6	1 942 3
1973	1 789 3	162,4	152,1	740 7	2 844 5
1974	2 619 8	143 0	200 0	965 7	3 928 5
1975	2 560,4	174,2	316 1	1 083 5	4 134 2
1976	2 380,2	215 1	517 8	1 355,5	4 468,6
1977	2 814,9	257 6	755,4	1 702 9	5 530,8
1978†	3 900 0	445,8	874 5	1 944 3	7 164 6
1979	5 842 0	547 4	1 146,8	2 233,0	9 769,2
1980*	10 369 7	553 2	1 468 3	2 629 8	15 021 0

† Including Bophuthatswana * Provisional
Source Minerals Bureau

bour will allow more coal exporting, which grew from 1,5 Mt in 1970 to about 28 Mt last year

By 1984, when railway lines are completed, coal exports from Richards Bay should total 44 Mt a year

Other mining activities should continue to grow as well The large open cast iron ore mine at Sishen and facilities to extract zinc concentrates and silver at Black Mountain — both in the north-western Cape — are slated for further development

All these figures have large ramifications if one considers the amount of aggregate demand to be created Du Toit, a member of the Wiehahn Commission, says the increased wealth could "significantly improve the economic conditions of blacks as the demand for skilled labour will be even greater than now"

Du Toit, though, questions whether some segments of SA industry can cope with the increased demand

But, generally, he is optimistic

"This means that business in general, and the mining houses in particular, are very confident about the future of SA," Du Toit says "And I couldn't agree more"

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 771

10 April 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act 1967 (Act 20 of 1967), reserved for the purposes of a township a portion of proclaimed land approximately 67,3519 hectares in extent situate on the farm Rietfontein 128 IR District of Springs Mining District of Johannesburg, Province of the Transvaal registered in the names of Rand Selection Corporation Limited and Andries Meter and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg and at the Office of the Mining Commissioner, Johannesburg under RMT No R48/80

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 771

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10 April 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Sg 7541

Die Staatspresident het 'n stuk geproklameerde grond ongeveer 67,3519 hektaar groot gelee op die plaas Rietfontein 128 IR distrik Springs myndistrik Johannesburg provinsie Transvaal geregistreer op naam van Rand Selection Corporation Limited en Andries Meter en getoon op 'n sketskaart waarvan afdrukke onder RMT No R48/80 in die Mynbriewekantoor, Johannesburg en in die Kantoor van die Mynkommissaris Johannesburg, bewaar word kragtens artikel 184 van die Wet op Mynregte 1967 (Wet 20 van 1967) vir die doel van 'n dorp uitgehou

(7.2) The Influence of Patents on Innovations

By promising the firm the possibility of a return on its research expenditure, patents speed up the rate of innovation. More resources are devoted to research and fewer resources are devoted to maintaining the secrecy of an invention. Patents also help to spread knowledge for the invention of one firm serves as a basis for further research by others.

The drug firms do not rely on one person's flash of inspira-

Mineral sales nearly R15bn

(210) 15/4/81 RDM

SOUTH AFRICA'S mineral sales in 1980 amounted to R14 993-million against R9 768-million in 1979, says the Minister of Minerals and Energy Affairs, Mr F W de Klerk.

He said in a statement in Pretoria that this represented an increase of 53,5% over the 1979 figure

Gold was again the highlight, with sales rising from R5 842-million to R10 370-million in 1980.

"This represents an increase of 77,5%, although the tonnage produced fell from 703 tons to 672,5 tons due largely to the mines working lower-grade ores on account of the high gold price"

Gold sales comprised 69% of mineral sales and 78% of mineral export earnings

The other star performer was coal, with production reaching 115-million tons Export tonnage rose from 23 300 000 tons to 29 200 000, with revenue increasing from R509-million to R688-million — an increase of 35%

"With the advent of silver production from the Black Mountain mine, the metal experienced a particularly good year, with export earnings rising from R29 800 000 to R81 700 000 The tonnage sold increased from 101 tons to 192 tons."

Mr De Klerk said the platinum group metals experienced sound growth (27,3%), but uranium and vanadium were both disappointing, chalking up marginal increases over the previous year

Diamonds achieved a marginal increase in revenue from R547-million to R553-million and the number of carats sold from 8 200 000 to 8 500 000

"As expected from the effect of the world steel recession, ferrous metals had a disappointing year Foreign exchange earnings from chrome ore actually recreased from R52-million to R50-million, as did managnese ore from R129-million to R109-million and iron ore from R221-million to R190-million

"It appears that 1981 will represent a year of consolidation for the mining industry, with coal being the only mineral commodity expected to perform well

"It is anticipated that foreign exchange earnings from mineral exports will stablise during the next year and could possibly be somewhat less than during 1980."

Exports accounted for a large part of mineral sales and constituted 89% of total sales revenue as against 87% the previous year, Mr De Klerk said — Sapa

(7.4) The Nature of Patent Protection:

Patents do give protection to firms, but such protection is both necessary and not excessive. Given the high rate of product obsolescence (estimated at about 7 - 10% p.a.) it is not clear that patents are a major issue in the drug market.

In short, therefore, the issue of patent protection has become something of a red herring and once it is realised

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that the protection is needed, the charge that patents are responsible for "antisocial" practices is weakened. The problems that arise are not due to the patent itself, but to the actual nature of the drug market, and must therefore be solved in a broader context.

SECTION 8 RESEARCH AND THE MARKETING OF NEW DRUGS: -

The drug industry is characterised by high pre-manufacturing costs of research and development. Although this enables valuable drugs to be invented, the nature and extent of the expenditures on research have been questioned.

(8.1) The extent of research expenditures

Research costs amounted to 7% of sales in Britain and 9% in the U.S.A. This compares with a profit level (before tax) of about 18% on sales. (1) In South Africa most work is dependent on work done in parent companies. Royalty payments are therefore high and are equal to the amount spent locally on research. Together royalty and research costs represented about 5% of sales revenue in 1975. (2)

Research is thus costly; to launch one drug may involve the testing of five to ten thousand substances, take 6 - 8 years and cost R7 - 10m. (3)

Critics allege, however, that vast sums are spent on socially wasteful "molecule manipulation" aimed merely to produce "me-too" drugs and that most research is geared towards "spending vast sums of money on meaningless additions of useless drugs". (4) The view of the critics is that research should be nationalised to prevent such practices.

But it has been pointed out that of the 66 most useful drugs introduced since 1899 when asprin first came onto the market, all but 9 were developed by private industry. (5) This, of course, does not indicate the cost-effectiveness of private research, but the fact that the funds for research were forthcoming, is in itself significant.

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Loraine returns to State-aided mine status

By Geoff Shuttleworth

Loraine gold mine returned to State assisted mine status in the first quarter of the year and turned in a loss of R4-million after deductions for capital expenditure. Loraine last received State aid in 1979.

Not only did the lower gold price bring about this loss, but the milling rate was cut by 19 000 tons to 396 000 tons. This lower rate did, however, have the effect of reducing costs as surface material was used to bolster underground ore milled. Costs fell to R44,92 (R45,28) a ton.

There were technical problems in the plant (which is one of the major expense items in the capex programme) and hoisting problems which resulted in lower throughput.

The effect on the grade was to lower it to 3,3 grams a ton from 3,5 grams.

Capital expenditure at the mine was R4,9-million (R2,6-million). Loraine plans to spend R80-million over the next five years for mining into the higher grade Northern Elsburg reefs, and at this stage there is no indication that this programme will be curtailed.

Over 1975/6 the mines existing capex programme was abandoned because of lower gold prices and the possibility of cuts being forced on the mine cannot be ruled out. Abandonment in total is extremely unlikely as the mine urgently needs new stope faces.

Other results from the Anglovaal gold mines show that on average ... cumulated slimes in order to limit the lock-up of cash in stocks. Forward sales commitments will be met by recovery of uranium from ore milled during normal operations.

The mine showed taxed profits of R31,2-million (R35,4-million) before deduction of capex of R4,2-million (R4,6-million). Grade was little changed at 10,5 grams a ton (10,6 grams) and costs per ton milled rose to R51,3 (R49,6).

At **ET CONS** there was a rise in the grade to 7,3 grams a ton (7,1 grams) but higher working costs of R37,6 a ton (R36,3) and a lower gold price brought back taxed profits to R2-million (R2,6-million). Capex was negligible at R338 000 (R566 000).

Best performance was from **VILLAGES** where tonnage rose to 161 000 tons and treated (138 400) which reduced unit costs to R5,5 a ton (R6,1). The lower gold price negated these improvements leaving the mine with taxed profits of R311 000 (R341 000).

Antimony mine **CONS MURCHISON** achieved a turnaround in profits to R788 000 after last quarter's R1-million loss. This was entirely due to sales being brought to account in this quarter.

The mill rate has been reduced as announced. Sales revenue amounted to R3,1-million (R1,3-million) for antimony and R1,8-million (R2,1-million) for gold.

PRIESKA'S tonnage was down to 670 000 tons milled (753 000 tons) as a result of poor ground conditions. Production was marginally lower, but higher sales negated much of this reduction in throughout. Taxed profits amounted to R3,2-million (R4-million) before capex.

1975, the first year that attendance figures exceeded 200 000 for the two-week Show. He was in charge in 1979.

STAR 210 STAR 1/6/81

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GRAPH 1
NUMBER OF KNOWN MENTALLY DISORDERED PERSONS IN SOUTH AFRICA (x 10³) 1923 - 1976

IV. SURVEY OF FACILITIES 1916-1976.

In 1923, 7 626 persons (i.e. 1 in 1 000) were known to be mentally disordered (5). By 1976, there were more than 38 000 of such people, i.e. 1 per 670 population.

-6-

staggered rate, determined by a ... new hospitals and extensions to those already in existence.

4. x Incomplete - figures unavailable. xx Incomplete - figures from Poleko Sanatorium and Thaba-moopo Hospital unavailable. xxx No figures available - these institutions are unlikely to employ any full-time psychiatrists or medical officers.

5. The category of "KNOWN MENTALLY DISORDERED" is taken from the successive annual reports of respective commissioners for mental hygiene. This category was dropped after 1970. The figure for 1976 corresponds to the number of patients who were known to be receiving treatment at category I institutions. It does not take into account the number of mentally disordered persons not requiring hospital admission or special care, and is therefore a gross under-estimation.

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Rand Mines profit down despite higher production

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Taxed profits for the four Rand Mines gold producers declined by 27 percent in the first 1981 quarter and Durban Deep and EPRM are likely to return to status of State assistance

The four mines nevertheless managed to raise the mill rate by 1,5 percent to a total of 3,7-million tons. This together with a higher grade mined at Harmony and Blyvoor resulted in gold production being 4,5 percent higher than the last quarter of 1980.

The average gold price received for the quarter was 98 dollars an ounce lower at 527 dollars, and unit costs at the mines rose by 4,7 percent for the quarter.

Both Durban Deep and ERPM have once again applied for State assistance. Because their respective Capex programmes have not yet been approved by the Government Mining Engineer, earnings per share at the mines should not be taken as final. At this stage ERPM actually shows a loss of 19c (profit 28c) for the quarter while Durban Deep earns only 70c (106c).

Harmony also showed a substantial downturn in earnings per share — 21 percent down to 81c while Blyvoor dipped to 54c (66c).

HARMONY milled 8 000 tons more ore at a grade of 4,3 (4,1) grams a ton but costs rose to R35,57 a ton milled (R33,78) and net profits were 14 percent down.

BLYVOOR milled 6 000 tons ore less but the grade rose to 8,6 grams a ton (8,3 grams) and costs rose to R46,24 (R44,05) a ton milled.

ERPM milled an extra 49 000 tons sand which depressed the yield to 4,5 grams a ton (4,7 grams) but this helped lower costs to R46,68 a ton milled (R49,10) and raised gold production.

DURBAN DEEP milled 7 000 tons less at an unchanged grade of 3,3 grams a ton but costs rose fairly sharply to R36,35 a ton milled (R33,73). An extraordinary profit of R1,1-million for sales of pyrites helped an otherwise gloomy profit picture. This does not mean a return to pyrite production but rather a sale from the stockpile. — **Geoff Shuttleworth.**

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Marriage of East and West Driefontein

Gold Fields back merger to open world's biggest mining system

By Geoff Shuttleworth

Gold Fields of South Africa is to establish the world's largest gold-mining operation through the merging of operations of East and West Driefontein and the enlargement of the total area by inclusion of the North Lease section.

The new mine will be known as East Driefontein Gold Mining Co and will have a milling rate of 475 000 tons a month, with gold production estimated at 80 tons a year — about 13 percent of national gold production

The market capitalisation based on yesterday's share prices is more than R3 000-million and once the scheme of arrangement is passed the new company will have a share capital of 102-million shares.

GFSA will hold slightly more than 30 percent of this share capital Texasgulf's interest in the North Drie area is relatively small and it has been allotted 294 480 new East Drie shares

GFSA chairman Mr Robin Plumbridge said at a Press briefing yesterday that it was impossible to pinpoint the cost of bringing the North Drie lease area to account, but said that the tax shields afforded by contiguous mines East and West Drie would take slightly more than 68 percent off expenditure

Because the North lease area will be brought to account by the separate mining divisions of East and West Drie it will be impossible to exactly determine the cost East and West Drie have, however, fairly extensive capex programmes

Mining in the new area is likely to be conducted around the 2 000-m level from the primary surface shaft Provision has been made for tertiary-shaft systems

Mr Plumbridge said that feasibility studies had been based on a real gold price of $460 dollars an ounce.

The reasons behind the proposed merger largely surround three factors.

● The financial savings out of utilisation of the two existing mines' tax shields afford considerable benefits

● Manpower requirements, about 28 000 people, should not be significantly increased.

● West Drie's mining rate will not have to taper off in 10 years' time as would have been the case without the current scheme.

Mining will start as soon as consent by the Ministry of Minerals and Energy Affairs has been granted. Major mining will only get under way in about five years' time following the sinking of additional shafts.

One sweetener for shareholders is the proposed mining of support pillars between the East and West Drie contiguous boundaries which is expected to yield about 28 tons of gold — R350-million at current prices

The larger complex will enable mining operations to be continued over about 50 years.

As yet lease and tax formulas have not been finalised East and West Drie have different formulas and this is expected to remain the case Lease proposals are such that one area should be demarcated

Financial results will depend to a large extent on prevailing gold prices but taxed profits of more than R880-million are envisaged once the mining is in full swing

As far as shareholders are concerned, the whole scheme comes into operation from the beginning of July East Drie will change its year-end to June 30

West Drie will become a wholly-owned subsidiary of East Drie in consideration for 285 new, fully paid up East Drie shares for every 100 West Drie shares

In turn East Drie will acquire from GFSA a mining lease over North Drie for 7 362 000 new, fully paid-up East Drie shares

The new shares to be issued by East Drie will not rank for dividends until the scheme has become effective. Accordingly, East and West Drie will consider the declaration of dividends in respect of their existing shares in June 1981.

General meetings are on June 15.

ERAL NEWS

22/4/81

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Wage talks collapse: miners declare dispute

By Drew Forrest

Wage increases for about 22 000 white workers on the mines may be delayed by several weeks after the collapse of talks between their trade-unions and the Chamber of Mines.

Annual wage negotiations were deadlocked last week and the eight trade union affiliates of the SA Council of Unions have declared a dispute, said CMU chairman Mr P J 'Arrie" Paulus.

The Chamber's final offer had been a 14,4 percent package effective from May — of which 1,6 percent would be in the form of improvements in pensions and death benefits — while the unions had held out for 16,6 percent.

Mr Paulus said the crucial question had been that of the Consumer Price Index for the year ending February 1981. The Chamber had insisted on basing its offer on the CPI for higher income groups which was unacceptable to the unions.

Mr Paulus expressed "disappointment" at the employers' unwillingness to meet the unions' terms, while the general secretary of the SA Electrical Workers Association, Mr Ben Nicholson, criticised the Chamber for "seeking to impose financial discipline at the expense of workers."

He said no attempt had been made to curb dividends to shareholders. These had leapt by a minimum of 50 percent last year.

The declaration of a dispute by the unions sets in motion a lengthy dispute procedure, centring on an enquiry by a statutory conciliation board. The most recent wage-dispute, in 1978, took nearly two months to settle.

In 1981 the "structured" M Com degree in Business Data Processing will be offered for the first time while a new B Com Curriculum enables students to choose one of seven streams of study as from the beginning of next year.

A new one-year intensive Conversion Course preparing graduates from non-commerce disciplines for the final year of the Certificate in the Theory of Accountancy is another innovation for 1981. The GSB will offer new programmes in Corporate Financial Modelling and Pharmacy Management.

Staff Changes

Several changes took place in the Faculty during the year. Associate Professor G Everingham, Senior Lecturers T Scotcher, K van der Poel and J Loebenstein, Lecturers Mrs J Hume and Junior Lecturer C Kooyman left the Faculty. Promotions and appointments were made as follows:

(.) Faculty of Accounting

as Senior Lecturer: P Smith

Senior Lecturer: K Mattison, I Pyha, R Young

as Lecturer: M Eccles, A Greyling

Lecturer : A Mackenzie, M Wormald

of Business Science

to Lecturer : S B Minyuku

to Senior Lecturer : M Birt

hool of Business

s to Senior Lecturer: Mr R Mackintosh and

onsultant : Mr J Miller

II. Gill Westcott: "Obstacles to the Development of Transkei Agriculture" S.A.L.D.R.U. Farm Labour Conference 26 September 1976, Paper No.26 p.17.

12. Information from Jeff Thomas. EDA Fieldmaker Natal.

13. C. Board op. cit. p.43 and p.45.

14. G. Westcott op. cit. p.17 and 18.

15. 10 families have full economic units.
22 families have half economic units.
200 have one morgen plots.
... and more than 300 have no fields at all.

16. This is due partly to the exodus from this area to Thornhill.

17. Colin Bundy. "The Emergence and Decline of a South African Peasantry". African Affairs, Vol.71, No.285, October 1972, and "The Transkei Peasantry c.1890-1914: "Passing through a period of Stress" in [illegible] and N. Par-

September 1976 p.17-18.

23. Bundy in "Roots of Rural Poverty" p.217.

24. Ibid p.217.

25. Monica Wilson "The Growth of Peasant Communities" in "Oxford History of South Africa" ed. by M. Wilson and L. Thompson. Oxford University Press. 1971 p.56.

26. Bundy in "Roots of Rural Poverty" p.213.

27. Edward Brett op. cit. p.8.

28. Michael Lipton. "Towards a Theory of Land Reform" in "Agrarian Reform and Agrarian Reformism" ed. by David Lehmann. Faber and Faber 1974 p.302.

29. e.g. Tomlinson: Tomlinson Commission. Government of South Africa 1954.
Merle Lipton: "Two Agricultures. A preliminary comparison of Black farmers and white farmers."
Neil Alcock: 'Thoughts on Kwa-Zulu's Agricultural

Future."

30. Interim Report of Select Committee on Land Tenure in KwaZulu 1975 p.26.

31. Merle Lipton op. cit. p.29 and 30.

32. "Ninety-one per cent of the households in the Ciskei and eighty-five per cent of the households in the Transkei receive an income that is below the Poverty Datum Line". (Basedon surveys in 64 & 68).
J. Maree & P.J. de Vos p.II.
Johann Maree & P.J. de Vos "Under employment, poverty and migrant labour in the Transkei & Ciskei". S.A. Institute of Race Relations May 1975.

33. Quoted in Brett p.17: C.B. Lamb "Peasants, capitalists & agricultural development in Kenya". B.A. Universities of Social Science Council, 8th Conference, 1972 Paper No.39 p.10.

34. Keith Griffin. "Policy Options for Rural Development" Oxford Bulletin of Economics & Statistics. [illegible] 1973 P.248.

rty and the Green Vol.48, 1972.

passim.

hael Lipton op. cit.

modern Tangan-

41. Griffin op. cit. p.250.

42. G. Westcott op. cit. p.29.

43. In Philip's preface to "Researches in South Africa". Quoted in Majeke op. cit. p.8.

44. Quoted in A.J. Dachs "Missionary Imperialism - The Case of Bechuanaland" Journal of African History XIII, 4 (1972) p.650.

45. Consider "A second advantage is that the costs of resettlement in Zululand has not reached astronomical proportions. So far the cost of developing one morgen of arable land has varied from R2.62 to R8.36 and the cost of developing an economic unit has varied between R178 and R360. Considering what is involved, these figures are not excessive. In Eastern Nigeria on the other hand, the cost per settler on the farm

RDM 23/4/81

Anglo chief and Sigma

London Bureau

LONDON. — The reputation of Mr Harry Oppenheimer is at stake in the eyes of trade unions around the world, according to the leader of the Geneva-based International Metalworkers Federation (the trade union body responsible for car unions in the non-communist world), Mr Hereherman Rebhan

Mr Oppenheimer's Anglo American Corporation is currently facing a strike by 4 000 black workers at its Sigma automobile assembly plant in Pretoria

Mr Rebhan said in a statement yesterday:

"The buck for this situation ends on Harry Oppenheimer's desk. He is always telling visitors to South Africa what a far-sighted, liberal policy towards black workers he has. Now he ought to put his policy decisions where his mouth has so often been in the past.

"I have cabled him, asking that talks should begin without preconditions The Sigma workers are only asking what their fellow workers have already achieved elsewhere in SA"

Mr James Courage, an Anglo-American spokesman, issued this statement to the Rand Daily Mail· "Anglo-American has kept closely in touch with the management of Sigma throughout the events of the past few days

"As far as the corporation is aware, Sigma management is willing to talk with the union or anyone else seeking to represent, Sigma employees about how the dispute may be ended and the return to work secured"

Mr Courage confirmed that a cable from Mr Rebhan had been received by Mr Oppenheimer but nothing in the cable accused Mr Oppenheimer of discriminating against black employees.

"The cable advises Mr Oppenheimer to enter into negotiations with the employees," he said. No statement would be made by Mr Oppenheimer.

Minerals congress attracts delegates from 14 nations

23/4/81

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Johannesburg will be the centre next month of a two-day international conference entitled "Southern African Metals and Minerals in a World Context" The congress in the Carlton Hotel will be officially opened by the Minister of Finance, Mr Owen Horwood, on May 11.

Southern Africa with its abundance of most non-oil mineral resources including gold, uranium, coal, platinum, ferro-alloys and some base metals is a major supplier of minerals in bulk to the West. Tradition has been broken by holding this convention in South Africa, the producing area, rather than in a buyers' area.

Developments in Southern Africa's raw-material supply and related projected consumption in world markets during the 1980s and 1990s will be spotlighted and Southern Africa's own energy needs during this period will also be assessed.

The dual organisers of the conference, Metals and Minerals Research Services and Metal Bulletin, both of London, report that apart from South Africans, 14 nationalities are already represented among the registrations received to date.

US CHAIRMAN

Congressman Nick Rahall, chairman of the US House of Representatives' coal caucus will be the first speaker after Mr Horwood's opening address.

Mr Rahall represents West Virginia. He has joined with several other congressmen in seeking closer ties with South Africa and supporting the call for revamping the US stockpile of strategic raw materials

The president of the South African Chamber of Mines, Mr R S Lawrence follows Rahall in presenting a paper on the Southern African mining industry The overview session will be completed by Dr Dirk Neethling, director of the South African Minerals Bureau, in a talk illustrating national official policy towards mining and minerals

The remaining three sessions are Energy and Minerals, Precious Metals in Investment, and Strategic and Base Metals.

The Energy and Minerals begins with a talk by Mr R C Bird, managing director of the Transvaal Coal Owners' Association, on the national position in a competitive world coal market

He is followed by Mr George White, senior vice president, Nuexco, discussing Southern Africa's place in world uranium, and then Mr Mervyn Steyn, a director of Rand London Corporation, on future trade in Southern Africa's industrial minerals

Inquiries to 37-7527.

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

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No 868 24 April 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township a portion of proclaimed land, approximately 633 square metres in extent, situate on the farm Paardekraal 226 IQ, District of Roodepoort, Mining District of Johannesburg, Province of the Transvaal, registered in the name of Consolidated Main Reef Mines and Estate, Ltd. and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the Office of the Mining Commissioner, Johannesburg, under RMT No R29/80

(19/5/1/1102)

No 869 24 April 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township a portion of proclaimed land approximately 78,1675 hectares in extent, situate on the farm Paardekraal 226 IQ, District of Roodepoort, Mining District of Johannesburg, Province of the Transvaal, registered in the names of Paardekraal Developments (Proprietary) Limited, Arthur Fisher, Lulu Sheilah Scott, Trevor John Muller, Fellis Hazel Rosenburg, Leopold Muller and the Estate late Fannie Sarah Fisher and shown on a sketch plan, copies of which are filed in the Mining Titles Office, Johannesburg, and in the Office of the Mining Commissioner, Johannesburg, under RMT No R37/80

(19/5/1/1133)

No 871 24 April 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township portions of proclaimed land, together approximately 4,6758 hectares in extent,

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 868 24 April 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk geproklameerde grond, ongeveer 633 vierkante meter groot, gelee op die plaas Paardekraal 226 IQ, distrik Roodepoort myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam van Consolidated Main Reef Mines and Estate, Ltd, en getoon op 'n sketskaart waarvan afdrukke onder RMT No R29/80 in die Mynbriewekantoor, Johannesburg, en in die Kantoor van die Mynkommissaris, Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1102)

No. 869 24 April 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk geproklameerde grond ongeveer 78,1675 hektaar groot, gelee op die plaas Paardekraal 226 IQ, distrik Roodepoort myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam van Paardekraal Developments (Proprietary) Limited, Arthur Fisher, Lulu Sheilah Scott, Trevor John Muller, Fellis Hazel Rosenburg, Leopold Muller en die boedel wyle Fannie Sarah Fisher en getoon op 'n sketskaart waarvan afdrukke onder RMT No R37/80 in die Mynbriewekantoor, Johannesburg, en in die Kantoor van die Mynkommissaris, Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1133)

No 871 24 April 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het stukke geproklameerde grond, tesame ongeveer 4,6758 hektaar groot, gelee op die plaas Rietfontein 115 IR, distrik Brakpan, myndistrik Johannesburg, provinsie Transvaal, geregistreer

for full text go 58

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No 924 1 May 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

SS 7565

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township portions of proclaimed land, together approximately 2,6086 hectares in extent, situate on the farms Mooifontein 225 IQ and Vierfontein 321 IQ, District of Johannesburg, Mining District of Johannesburg, Province of the Transvaal, registered in the names of Rand Mines Properties Limited and Crown Mines Limited and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the Office of the Mining Commissioner, Johannesburg, under RMT No R5/81

(19/5/1/1020)

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DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 924 1 Mei 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het stukke geproklameerde grond, tesame ongeveer 2,6086 hektaar groot, geleë op die plase Mooifontein 225 IQ en Vierfontein 321 IQ, distrik Johannesburg, myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam van Rand Mines Properties Limited en Crown Mines Limited en getoon op 'n sketskaart waarvan afdrukke onder RMT No R5/81 in die Mynbriewekantoor, Johannesburg, en in die Kantoor van die Mynkommissaris, Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1020)

Static TC Land lifts interim

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RDM 4/5/81

By HOWARD PREECE
Financial Editor

TRANSVAAL Consolidated Land & Exploration, TC Land, had a virtual standstill in net attributable profit in the half-year to March 31 — up marginally to R26 396 000 from R25 521 000 in the first half of 1979-80.

The interim dividend has been increased, however, from 65c to 75c.

TC Land is the mining investment and exploration group controlled by Barlows

It has strong coal holdings through Witbank Colliery and Welgedacht, has 17% of Harmony gold mine and large chrome and asbestos interests

Mr Tony Petersen, the chairman of TC Land, says "The profit for the half-year was adversely affected by the difficult trading conditions for base minerals.

"The recessionary conditions existing in the world in general and the relatively high value of the rand against the dollar during this period were the main reasons for these poor trading conditions

"Profits from the coal interests of the group continue to improve

"The present decline in the price of gold will probably be of a temporary nature, but might result in a reduction in the dividends received by the group during the second half of the year from its holdings in various gold-mining companies

"It is, therefore, particularly difficult to forecast group earnings for the full year

"However, in the absence of unforeseen circumstances a final dividend at least equal to that declared in 1980 can be expected"

Last year TC Land paid a final of 150c so the prospective total for this year seems to be a minimum 225c (215c) and perhaps a little more

Earnings a share at the interim were 361c (349c) against 743c in the previous full year

At Friday's closing price of 6100c that puts TC Land on a prospective dividend yield of about 3,8%, which is not particularly enticing even with the great attractions of the coal holdings

Turnover in the first half was up from R130-million to R161-million

The turnaround in the value of the rand against the dollar should give some modest help to this and the general profitability of TC Land

Mr Petersen points out that "normal tax charges are substantially lower than in the corresponding period last as a result of capital redemption allowances in a subsidiary company"

There was, however, a big rise in deferred tax

Oppenheimer sets sights on Australia

Argus 11/5/81

(210)

Argus Bureau

LONDON. — How can Mr Harry Oppenheimer's De Beers get in on the action in Australia? Word is that Mr Oppenheimer is increasingly interested in Ashton, the Australian diamond consortium headed by Rio-Tinto Zinc.

He is believed to have his eye specially on the Ashton interest of Tanks Consolidated Investments, where through his various companies he is thought to have built up a stake of around 10 percent.

Mr Oppenheimer is not however alone in his interest in Tanks.

Its biggest shareholder, Societe Generale, the Belgian Banks' investment arm, has a 30 percent stake in the company, and is known to be intrigued by its rich energy and US mining portfolio — 2,2 percent in Newmont Mining, a share in Exxon and Standard Oil, stakes in North Sea oil blocks and so on.

SWOP SHARES

A suggested scenario is a bid from Societe Generale for the rest of Tanks, followed by a deal with Mr Oppenheimer to swop his Tanks shares for its Ashton stake, the New Standard reports.

The sharp rise in Tanks share reflects this theory.

The City stockbrokers James Capel believe Ashton is Mr Oppenheimer's way into Australian diamonds and that, with Ashton's development costs just re-calculated at around R500-million, they need him.

STAR (210) 11/6/81

Geoff Shuttleworth

Mining

Research takes up R22,4-m

The Chamber of Mines — in its sixth year of a 10-year research programme — plans to spend R22,4-million in 1981.

Expenditure in 1979 amounted to R15,6-million and rose to R18,6-million last year

The mining-technology laboratory will take most of this budget with expenditure planned at R8,6-million The field-evaluation branch will absorb R3,4-million, overheads and other costs about R2,9-million and the mining-operations laboratory R1,7-million

Engineering will spend R1,4-million, metallurgy R1,4-million and environmental engineering R820 000

Human resources will take R800 000, coalmining R700 000 and industrial hygiene R670 000

Aspects of the programme include research into mechanized stoping technologies for use with explosive and non-explosive methods of rock-breaking in the deep mining of narrow hard-rock reefs.

The potential of the reciprocating flight conveyor to provide for hard-rock handling is again undergoing intensive tests.

Improved blasting techniques, the development of the portable gold analyser and better utilisation of manpower resources are other major areas of research.

Elandsrand's rights offer not too rosy

Not only is Elandsrand's R120-million rights offer price dangerously close to its market price, but shareholders have been informed that one of the two new sub-vertical shafts has not been included in the current costing.

The rights offer has been pitched at 570c a share for 28 shares for every 100 owned. The market price was 580c a share at the close of business on Thursday but rose to 590 during the day. Originally the rights offer was pitched at a discount of 15 percent.

At the end of March the share price was 750c and most analysts believe that the fall in Elands price has not only been brought about by the fall in the bullion price to 475/85 dollar range, but largely by the rights offer.

In the technical advisers' report published last Saturday, it becomes clear that the cost of sinking and equipping the sub-vertical men-and-materials shaft has been excluded from the estimates of additional financing requirements It is intended that it will be sunk after the designed output capacity of 180 000 tons a month has been achieved and it is intended to finance the cost of the shaft by appropriations from profits.

The major problem associated with the development of Elandsrand was that the sinking of subvertical shafts to the richer ore body was delayed by two factors

The first involved the reprogramming of the mine's development because of higher than expected *in situ* grade ore Development undertaken as a result of mid-shaft loading during shaft-sinking produced sampling results very much higher than those derived from surface drilling and which were used in the basis of the original evaluation.

"These development results, combined with buoyant gold prices, were seen as an opportunity to bring the mine to a self-financing position well in advance of the 1982 date estimated in the prospectus issued in 1975"

"Consequently, a concentrated effort was made to establish stope faces so that mining and milling operations could be started at an early date. However, results over the past months indicate that these higher-grade development results were confined to a small and unrepresentative area and that the original evaluation of the areas currently accessible from the main shaft system was correct"

The second problem was encountered in the siting of the sub-vertical shaft system. The mid-shaft loading caused a slowdown in the shaftsinking so that the shaft was commissioned 12 months behind schedule.

Despite this delay, the mine was brought into production ahead of schedule and the production of more than eight tons of gold in the period to the end of 1980 helped finance the capex programme.

But the effect of this reprogramming, from which particularly beneficial results were expected, were marred by serious delays encountered during the preparatory development for the sinking of the sub-vertical shaft system

Initial planning had positioned the sub-vertical rock/ventilation shaft immediately north of the main shaft to facilitate the transfer of men, rock and materials between the shaft systems.

During March 1978 a nine-metre wide vertical dyke was intersected in the initial sub-vertical shaft excavations and projections indicated that this dyke would continue to be located in close proximity to the sub-shafts

"It was decided, therefore, to relocate the shafts to a position to the south of the main shaft During developments to this second shaft, geological conditions were shown, once again, to be unfavourable and further extensions to the development programme became necessary"

Current forecasts indicate that the sub-vertical rock/ventilation shaft will be commissioned in late 1985, about three years behind the schedule issued in 1978 but nevertheless within the period forecast in the 1975 prospectus

It notes, however, that an advantage from the relocation of the subshafts is that they have been brought closer to the orebody and this will reduce future development requirements.

This is not the end of the list of problems encountered by the mine Because of the slowdown in shaft sinking and limited development access, the rate of production was considerably lower than had been anticipated To compound these difficulties serious faulting was encountered east of the shaft pillar and in an area where production was highly concentrated

Other problems such as methane gas explosions and ore dilution have further impacted on the mine's production and profit.

The report said good progress has been made in widening the sphere of production in the stoping areas and considerable progress has been made in developing the lower stope areas around the bottom of the main shaft. The first ore reserves from these areas should become available at the end of the year and should result in a higher grade.

Now it is estimated that R150-million will be spent to achieve the mine's full designed capacity of 180 000 tons of ore a month, after taking into account the present rate of growth on capex and assuming, also, that the existing differential between revenue and working costs is at least maintained

The planned 180 000-ton milling rate is, however, only expected to be accomplished in early 1984, ahead of commissioning of the sub-vertical rock/ventilation shaft, planned for mid 1985

The sinking of the sub-vertical men/material shaft is due to begin in early 1985 and to be commissioned in time to synchronise with the planned production increases from the sub-shaft system.

Major items included the company's capital expenditure programme are:

	R 000
Housing (married and sing)	17 600
Stores, offices and amenities	1 250
Compressed-air supply	2 000
Refrigeration plant	3 800
Main pumping	3 150
Training facilities	3 050
Ore transport	1 250
Sub-shaft pumping	2 270
Electric power supply	1 900
Sub-shaft sinking	24 440
Shaft equipping	3 900
Winding plant	1 420
Men/material shaft-winding plant	10 700
Gold plant extensions	8 880
Development and equipment	53 000
Refrigeration reticulation	3 800
Two inclined ore-hoisting systems	5 000

STAR 21/5/87

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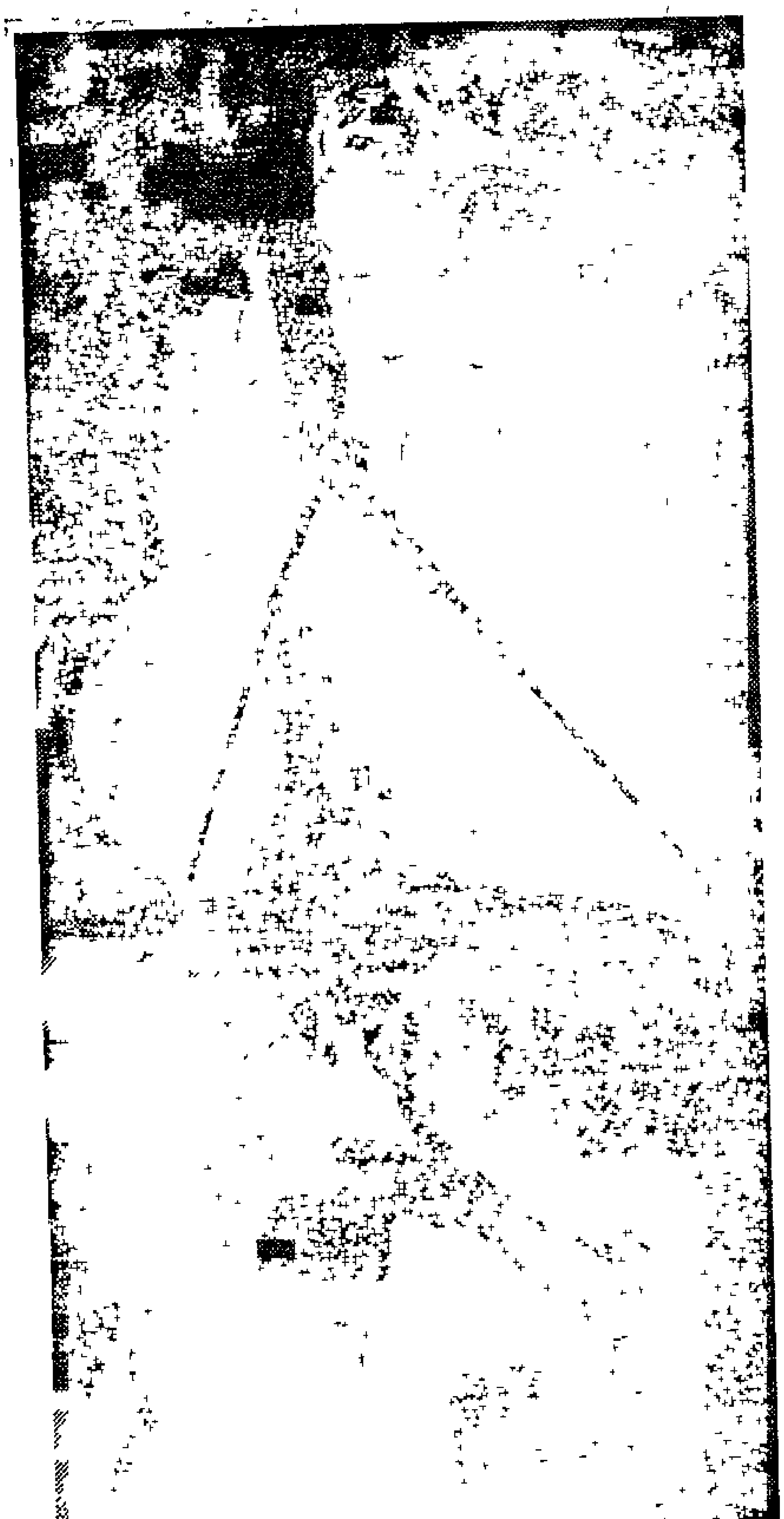
Diamond hopes on farm

De Beers chairman Mr Harry Oppenheimer said in his annual review that prospecting in the northern Transvaal on the farm Venetia is encouraging although it is too early to assess whether the prospecting results of diamondeferous kimberlites are of economic significance.

A sampling plant will be built on the property this year

Anglovaal and De Beers made a joint announcement last October when it was noted that De Beers would be entitled to acquire the precious-stone rights. These rights are currently 65,6 percent owned by Anglovaal's Mid Wits and 21,9 percent by Anglovaal.

Other aspects of De Beers' exploration programme are less encouraging In Australia, more kimberlites were found, but treatment gave disappointing results Numerous large kimberlites were discovered in Brazil but testing of these bodies found in earlier years has not shown diamond content approaching economic levels.



A cutting head (above) for boxhole borers introduced by Mining Bits and Drilling division of Dresser South Africa is achieving significantly higher penetration rates in hard, abrasive rock associated with gold-bearing reefs.

Dresser said that the "security" cutting head was specifically designed for South African gold-mining conditions.

The prototype head, fitted to a boxhole borer at the East sub-vertical shaft at Stilfontein, has already drilled 600 m in the quartzites underlying the VCR.

Several security heads are operating at other mines. At Vaal Reefs, one head has drilled 87 m in a trial operation over 14 days, advancing 3,6 m a shift.

At Stilfontein there has been an advance of 76,57 m in one six-day period of 16-hour shifts when the best advance over a 24-hour period was 26,8 m.

Over a 30-day period it drilled a total of 218 m on three different levels.

At Stilfontein the 1,52 m diameter head is attached to a Robbins 52HR borer, which previously used a 1,22 m conventional head.

The characteristics of the much larger security head enable it to ream an area more than two-fifths bigger without putting extra strain on the machine, and its penetration is as fast as the smaller conventional head.

Dresser reports that the head also maintains a continuous profile and gives about one-third more cutting clearance.

14/5/81 STAR

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Gencor's petition

The Star Bureau

LONDON — Gencor Group, South Africa's second largest mining company, has instructed its solicitors to present a petition to wind up Saint Piran, the controversial UK-based tin mining and building group on "just and equitable grounds."

The group said it was taking its action because it "did not believe that what has gone on in Saint Piran is good for the mining industry."

The move by Gencor, a small shareholder in Saint Piran since 1979, came on a day which had seen the Stock Exchange suspend the shares of two Saint Piran subsidiaries.

Sanction threats harm SA's mining image

RDM 12/5/81

(210)

By JOHN MULCAHY
Mining Editor

ANY threat, however veiled, that supplies of minerals from South Africa could be summarily interrupted by means of an embargo can only assist in undermining the confidence many of the mining industry's customers have built up in this country's reliability as a minerals supplier

Mr Bill Lawrence, president of the Chamber of Mines, told a metals and minerals conference in Johannesburg yesterday that there might have been a tendency in SA recently to adopt a slightly heavy-handed approach in emphasising the undoubted importance of SA's mineral resources to the West, the connotation being that these could be used as political weapons

He said an embargo threat could also serve to encourage importing countries to look for ways of reducing their dependence on South Africa by seeking other sources of supply

Other options open to customers would be to introduce design changes to reduce critical minerals consumption, recycling substitution stockpiling and the elimination of non-essential uses

Although these options would be difficult and costly to achieve, if the need arose it would be done

"The substantial reduction in world energy consumption now becoming apparent is a case in point, illustrating the ability of the economic system to adapt to pressures placed on the price and availability of raw materials "

Mr Lawrence said it was a situation which should not be seriously contemplated The mining industry would never be a willing party to a practice which led to the disruption of supplies to its customers

"I can hardly imagine the South African Government adopting a line — except in the most extreme circumstances — that would endanger the good relationships and reputation the country's most important industry has painstakingly established in the mineral markets "

Embargoes were notoriously ineffective and self-defeating and a minerals embargo imposed by SA could be as harmful to it as to the countries it might be aimed at

The SA mining industry had every intention of strengthening its position in the minerals markets in the years ahead, and given the abundance of mineral reserves and a dynamic mining industry it had the ability to achieve these aims, said Mr Lawrence

"By all estimates the 1980s will stand out as a decade of particularly dramatic growth for the minerals industry, dwarfing all that has gone before A capital spending programme in excess of R12 000-million is envisaged for the industry in the first five years alone "

Opening the conference, the Minister of Finance, Mr Horwood, said the lessons learnt from politically contrived oil shortages were quickly projected to analyses of the world supply and demand situation in respect of other minerals

Various studies of resource availabilities in the future, such as those published by the Club of Rome, had drawn the attention to, and perhaps overdramatised, the world's limited natural resources

Dire predictions were made about the so-called "limits to growth" which would be reached when the natural resources on which modern economies depended were depleted

He said it was now recognised that these predictions did not adequately take into account the technological possibilities of substitution of different resources, and of economising in the use of scarce resources

South Africa had a vital interest in maintaining and expanding its role as a major supplier of minerals to the industrialised countries — and this was complemented by the interest that industralised countries had in retaining their access to SA's minerals resources

Mr Horwood said one of the consequences of the regular threats of economic threats of sanctions against South Africa was a strong drive in this country towards greater self-sufficiency in critical areas

There were, however, significant costs attached to the self-sufficiency drive, among these the direction to some extent of available capital and manpower resources away from areas in which SA had a clear competitive advantage, such as the production of minerals for export

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18 Van der Horst, Women as an Economic Force in Southern Africa.

Coal exports seen as major growth sector

Argus 12/5/81

~~74~~ ~~215~~ 210

JOHANNESBURG. — Total mineral production in South Africa could exceed R30 000-million by the mid-80s, with increasing exports of power station coal representing the major growth sector.

This forecast was given by Mr Dirk Neethling, chief director of energy at the Department of Mineral and Energy Affairs, at a conference here on South African metals in a world context

He said that if one considered the high-risk nature of mineral exploration and the large capital investment required to develop mines, it was evident that mineral development should be left to private enterprise rather than to government

EXPORT SALES

A feature of the South African mineral industry was that it was export — orientated with an average 85 percent of revenue being earned abroad

The contribution of the so-called strategic or critical mineral commodities, platinum, chrome and manganese was on average less than 10 percent of total annual export sales

In terms of value of annual mineral output South Africa was the third largest mineral producing country in the West after the United States and Canada

It was the largest supplier of non-fuel minerals in terms of quantity

South Africa was also one of Western world's major suppliers of vermiculite (80 percent) andalusite (49), industrial diamonds (21 percent), antimony trioxide (23 percent), fluorspar (21 percent), asbestos (12 percent), and of titanium slag and phosphoric acid

It was also an important supplier of titanium minerals, iron ore, nickel, copper, lead, silver and zinc and is in addition self sufficient in tin and cobalt with small surpluses available for export — Sapa

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No. 1013

15 May 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township portions of proclaimed land, together approximately 1 413 square metres in extent, situate

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No 1013

15 Mei 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het stukke geproklameerde grond, tesame ongeveer 1 413 vierkante meter groot, gelee op die plaas Elandsfontein 90 IR, distrik Germiston, myndistrik Johannesburg, provinsie Transvaal, geregistreer op naam on the farm Elandsfontein 90 IR, District of Germiston, Mining District of Johannesburg, Province of the Transvaal, registered in the name of Hermanus Karel Grobler and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner, Johannesburg, under RMT No R28/80

(19/5/1/1189)

No 1014 15 May 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township a portion of proclaimed land approximately 15,3586 hectares in extent, situate on the farm Kliprivierberg 106 IR, District of Johannesburg, Mining District of Johannesburg, Province of the Transvaal, registered in the name of City Deep Limited and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner, Johannesburg, under RMT No R49/80

7582 (19/5/1/1190)

No. 1015 15 May 1981

RESERVATION OF LAND FOR THE PURPOSES OF A TOWNSHIP

The State President has, in terms of section 184 of the Mining Rights Act, 1967 (Act 20 of 1967), reserved for the purposes of a township a portion of land held under mining title, approximately 16,1621 hectares in extent, situate on the farm Kalkkuil 153, Administrative District of Odendaalsrus, Mining District of the Orange Free State, Province of the Orange Free State, registered in the name of the Municipality of Odendaalsrus and shown on a sketch plan, copies of which have been filed in the Mining Titles Office, Johannesburg, and in the office of the Mining Commissioner O.F.S., Welkom, under RMT No R8/80

(19/5/1/1142)

DEPARTMENT OF NATIONAL EDUCATION

No 1027 15 May 1981

BUREAU OF HERALDRY

HERALDRY ACT, 1962 (ACT 18 OF 1962)

NOTICE OF THE REGISTRATION OF HERALDIC REPRESENTATIONS AND A SPECIAL NAME

The undermentioned heraldic representations and special name have been registered with the Bureau of Heraldry, Private Bag X236, Pretoria, 0001, in terms of section 10 of the Heraldry Act, 1962 (Act 18 of 1962)

H4/3/1/1520 —The arms of the Voorpos-Laerskool, as published under Government Notice 2143 of 24 October 1980.

H4/3/1/1814 —A special name for The Cancer Association of South Africa, as published under Government Notice 141 of 30 January 1981

van Hermanus Karel Grobler en getoon op 'n sketskaart waarvan afdrukke onder RMT No R28/80 in die Mynbriewekantoor Johannesburg en in die kantoor van die Mynkommissaris Johannesburg, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1189)

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(19/5/1/1190)

No 1015 15 Mei 1981

UITHOU VAN GROND VIR DIE DOEL VAN 'N DORP

Die Staatspresident het 'n stuk grond kragtens myntitel gehou, ongeveer 16,1621 hektaar groot, geleë op die plaas Kalkkuil 153, administratiewe distrik Odendaalsrus, myndistrik die Oranje-Vrystaat, provinsie die Oranje-Vrystaat, geregistreer op naam van die Munisipaliteit van Odendaalsrus en getoon op 'n sketskaart waarvan afdrukke onder RMT No R8/80 in die Mynbriewekantoor, Johannesburg, en in die kantoor van die Mynkommissaris, O.V.S., Welkom, bewaar word, kragtens artikel 184 van die Wet op Mynregte, 1967 (Wet 20 van 1967), vir die doel van 'n dorp uitgehou

(19/5/1/1142)

DEPARTEMENT VAN NASIONALE OPVOEDING

No. 1027 15 Mei 1981

BURO VIR HERALDIEK

HERALDIEKWET, 1962 (WET 18 VAN 1962)

KENNISGEWING DAT REGISTRASIE VAN HERALDIESE VOORSTELLINGS EN 'N SPESIALE NAAM GEDOEN IS

Ondergemelde heraldiese voorstellings en 'n spesiale naam is ingevolge artikel 10 van die Heraldiekwet, 1962 (Wet 18 van 1962), by die Buro vir Heraldiek, Privaatsak X236, Pretoria, 0001, geregistreer

H4/3/1/1520 —Die wapen van die Voorpos-Laerskool soos by Goewermentskennisgewing 2143 van 24 Oktober 1980 gepubliseer

H4/3/1/1814 —'n Spesiale naam vir Die Nasionale Kankervereniging van Suid-Afrika soos by Goewermentskennisgewing 141 van 30 Januarie 1981 gepubliseer

Takeover plum RTZ would be hard to get

RDM 20/5/81

By ADAM PAYNE

RIO Tinto-Zinc, which controls Palabora Mining Company, is high on the list of mining groups that could be taken over, as Union Corporation was, because it is loosely held with no single shareholder holding more than 4,3%.

The largest shareholder with 4,3% is Charter Consolidated, which at one time held about 10% Anglo American Corporation has no direct holding in Rio Tinto-Zinc, but it has a big holding in Charter through Minorco

A source close to Rio Tinto believes the British Government would never allow a takeover of RTZ — the only remaining UK mining house of any size

Other British mining houses have disappeared The last was Selection Trust which was taken over by BP

Because of speculation that RTZ — hit by low metal and uranium prices — is a ready target for oil predators, RTZ shares have jumped and fluctuated on the London Stock Exchange They rose 26p to 566p in one day two weeks ago and have since fallen back to 540p

The cash-rich Rembrandt group has been named among possible suitors for a big share in RTZ, but the chances of the British Government allowing a South African company to gain a controlling share are considered to be nil

However, if a bid is made and allowed from any quarter, Palabora Mining Company is not likely to be greatly affected, unless the new control takes a direct interest in the management of companies in Australia, South Africa and Canada

RTZ allows its overseas interests to run themselves, provided they do so efficiently

Any bidder for RTZ would have to offer possibly as much as £8 a share, or £2 000-million, to be taken seriously, even allowing for RTZ's unexciting results this year

At the attributable level profits were up only £5 600 000 at £155-million The percentage increase did not match the general rate of inflation

Several possible predators have been named by market commentators in London They include Standard Oil of California, which has been rebuffed in its bid to take over the US mining company, AMAX, Exxon, which has long been named as a RTZ suitor, and Seagram of Canada, which lost its attempt to take over St Joe Minerals

Sir Anthony Tuke, RTZ's chairman, does not scoff at takeover talk, but says that the company has had no approaches

"However, I can see that there would be an advantage to our shareholders in a bid," he says

"No-one is inviolable It is logical for oil and resource companies to seek to take over mining companies They want projects and people, and they are prepared to pay a lot for them

"Of course, we would prefer to run our own show I just hope that if a bid emerges shareholders would take the long view rather than looking for immediate gain

"I don't think our strategic position as a uranium supplier would play any part I've never taken shelter in that sort of thing"

Ahead of RTZ are years of high capital spending Last year it spent about £230-million This year the figure will be similar, and further ahead are projects like a huge copper mine in Panama costing possibly £1 000-million, a molybdenum mine in Alaska costing £400-million and several more mines costing about £100-million each

If RTZ is not the subject of a takeover this northern summer, the company hopes its position will strengthen with an end to the Western recession and an upsurge in metal prices towards the yearend

If that happens its profit could be tremendous

Its companies include Conzinc Riotinto in Australia (CRA) with iron-ore and uranium mines, Rio Algom, the Canadian uranium producer which controls the Lornex copper-molybdenum mine in British Columbia, and Rossing, the South West African uranium producer

Steel new blow to mine costs

RDM 25/5/81

210

By ADAM PAYNE

THE expected 15% increase in steel prices from July 1 will impose a heavy burden on mining costs, hitting particularly the high-spending gold and coal mines.

Gold mines are expected to spend about R2 600-million on stores and equipment this year, of which it is estimated about R850-million will be on steel equipment including drilling equipment, pipes and tubes, trucks, rails, headgear frames, axles, plates and sheets.

Assuming that a 15% increase is allowed to Iscor and passed on to consumers with additions, the total cost of steel equipment will be at least R1 000-million on the gold mines in the coming 12 months.

The additional cost of steel will aggravate the expected annual increase in working costs of about 20%.

The expected 20% rise covers stores, equipment and power on one side and wages and salaries on the other. Wages of white workers are expected to be raised by about 15% and those of blacks by about 18% in the next three months.

Coal mines are expected to spend R560-million on stores and equipment of which more than a third will be on steel equipment.

The coal industry, being more highly mechanised than the gold-mining industry, uses comparatively more steel.

Its capital costs at a time of expansion will be increased by more costly steel.

The mining industry is strongly opposed to Iscor's practice of announcing a big increase in steel costs, as it is expected to do before July 1.

It is continually pressing for a system of graduated small increases over the year, which make for easier planning and prevent the upsets to capital project estimates that occur when a big increase in prices is allowed, with varying effects down the long line of equipment.

Escom went halfway to meeting the industry's contention last year by announcing two increases.

A mining executive commented: "A steel-price rise, which follows coal and coke price rises and the raising of wages, will hit the base metals industry as well as gold.

"We had been looking for an annual growth of between 8% and 10% in mineral production for SA sales and exports, but with the world recession the estimate has been cut back to a growth of about 3½% annually for most of this decade.

"Base metals mines are operating a greatly reduced profits. Chrome mines are making either no profit or little.

"In these circumstances a 15% increase in steel prices will be a heavy burden to mines buying equipment based on steel, especially as we predict that base metals will continue in a trough for at least two years.

"The 3½% growth predicted is expected to occur when the Western world climbs out of its present recession."

Only platinum and antimony are expected to fare better, being allied to specialised technologies that are not as badly affected as the heavy industries which use chrome, manganese and other base minerals.

Tax concessions for mine training

NABABEEP. — Tax concessions for training costs of employees would probably be extended to the mining industry later this year, said the Minister of Manpower Utilisation, Mr Fanie Botha, last night.

He said at the opening of the Namaqualand Technical Training Institute at Nababeep that hoped to introduce the Manpower Training Bill at the next session of Parliament.

"Although the Bill provides, inter alia, that the provisions relating to the registration of training schemes and centres for tax concession purposes will not apply in respect of mining undertakings, I will be empowered to extend the provisions of the Act to mining in consultation with the Minister of Mineral and Energy Affairs.

"The enormous contribution towards training that the mining industry is making will thereby receive the recognition that it deserves in specific instances."

Mr Botha expressed concern at the disturbing shortage of artisans, saying that a survey undertaken by his department indicated a shortfall of about 10 000 people. There was a shortage of about 1 200 apprentices. — Sapa

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

VAN DIE REPUBLIEK VAN SUID-AFRIKA

REGULATION GAZETTE No 3203 — RFGULASIEKOERANT No 3203

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GOVERNMENT NOTICE

DEPARTMENT OF MANPOWER UTILISATION

No R. 1134 29 May 1981

INDUSTRIAL CONCILIATION ACT, 1956

TRAINING SCHEME FOR THE MINING INDUSTRY

I, Stephanus Petrus Botha, Minister of Manpower Utilisation, hereby—

(a) in terms of section 48A (2) of the Industrial Conciliation Act, 1956, declare that the provisions of the Scheme which appears in the Schedule hereto, excluding those contained in clauses 2 and 10, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 May 1984, upon all employers and employees who are engaged or employed in the Mining Industry in the Republic of South Africa, excluding the port and settlement of Walvis Bay, and

(b) in terms of section 48 (3) (a), as applied by section 48A (3) of the said Act, declare that in the Republic of South Africa, excluding the port and settlement of Walvis Bay, and with effect from the second Monday after the date of publication of this notice and for the period ending 31 May 1984, the provisions of the said Scheme, excluding those contained in clauses 2 and 10, shall *mutatis mutandis* be binding upon all persons who are not employees and who are employed in the said Industry by the employers upon whom any of the said provisions are binding in respect of employees and upon those employers in respect of such persons in their employ.

S P BOTHA, Minister of Manpower Utilisation

SCHEDULE

MINING INDUSTRY OF SOUTH AFRICA

SCHEME

In accordance with the provisions of the Industrial Conciliation Act, 1956, arrived at by the Mining Industry Engineering Trades Training Board, for the establishment of a fund for the training of employees in the Mining Industry

GOEWERMENTSKENNISGEWING

DEPARTEMENT VAN MANNEKRAG-BENUTTING

No R 1134 29 Mei 1981

WET OP NYWERHEIDSVERSOENING, 1956

OPLEIDINGSKEMA VIR DIE MYNBEDRYF

Ek, Stephanus Petrus Botha, Minister van Mannekragbenutting, verklaar hierby—

(a) kragtens artikel 48A (2) van die Wet op Nywerheidsversoening, 1956, dat die bepalings van die Skema wat in die Bylae hiervan verskyn, uitgesonderd dié vervat in klousules 2 en 10, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Mei 1984 eindig, bindend is vir alle werkgewers en werknemers wat betrokke is by of in diens is in die Mynbedryf in die Republiek van Suid-Afrika, uitgesonderd die hawe en nedersetting van Walvisbaai, en

(b) kragtens artikel 48 (3) (a), soos toegepas by artikel 48A (3) van genoemde Wet, dat die bepalings van genoemde Skema, uitgesonderd dié vervat in klousules 2 en 10, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Mei 1984 eindig, in die Republiek van Suid-Afrika, uitgesonderd die hawe en nedersetting van Walvisbaai, *mutatis mutandis* bindend is vir alle persone wat nie werknemers is nie en wat in diens is in genoemde Bedryf by dié werkgewers vir wie enigeen van genoemde bepalings ten opsigte van werknemers bindend is en vir daardie werkgewers ten opsigte van sodanige persone in hul diens.

S P BOTHA, Minister van Mannekragbenutting

BYLAE

DIE MYNBEDRYF VAN SUID-AFRIKA

SKEMA

Ingevolge die Wet op Nywerheidsversoening, 1956, ingestel deur die Mining Industry Engineering Trades Training Board, vir die instelling van 'n fonds vir die opleiding van werknemers in die Mynbedryf

for full text see GG

Anglo reaps huge boomtime bonanza

CT 3/6/81 (210) ~~214~~

By JOHN MULCAHY

ANGLO American Corporation, South Africa's biggest company and a major world money-spinner, has produced a phenomenal 64,3% rise in taxed profit, to R864 600 000 from R526 200 000 in the year to March 31.

The rise in fortunes in the past year for gold mines, which account for around 50% of Anglo's income, and boom conditions in most other sectors of its interest, mean the total value of assets it controls is nearly R9 500-million.

This is equivalent to the total revenue South Africa will receive from gold sales this year if the gold price averages $500 an ounce.

Interest alone on cash and other deposits during the year earned Anglo a sum most companies would envy as total turnover — R149 300 000

Anglo's 22 000 registered shareholders, who hold 226-million shares, will participate in the bonanza year by way of dividends totalling R248 300 000 compared with R157 700 000 the previous year, at the rate of 110c a share

Individuals, who numerically represent over 90% of all Anglo shareholders, hold 18% of the company's ordinary shares, while companies, banks and nominees hold 53% and pension funds assurance and investment companies 29% Of all these shares, 75% are held by South African interests and the balance abroad

At the end of March, the value of Anglo's investments listed on the Johannesburg Stock Exchange alone amounted to almost R6 000-million and an indication of the growth in the company is that the total cost of all investments, including those not quoted on the JSE, was R3 000-million

The total value of the corporation's shares, based on yesterday's price of R16,45, is R3 700-million

An idea of Anglo's size is given by the fact that last year companies administered by the corporation produced more than 36% of South Africa's gold, or 27% of world production, 35% of its coal and 41% of its platinum

Among the more noted assets in the group are Vaal Reefs, the biggest gold mine in the world, the massive coal conglomerate Anglo American Coal, and its industrial subsidiary Anglo American Industrial, which includes under its wing motor manufacturer Sigma

In addition to these, Anglo has numerous investments in mining, industrial and investment companies worldwide

It is one of the most powerful forces in the mining world, with interests in the production of gold and uranium diamonds, coal, copper, nickel, oil and gas, platinum, tin, potash, iron ore, vanadium, lead, zinc, manganese and wolfram

The mammoth operation employs 210 000 people in South Africa, but since its incorporation in 1917, Anglo has had only two chairmen — the founder, Sir Ernest Oppenheimer, until 1957, and the present chairman, his son Mr Harry Oppenheimer

Lower bullion price hitting home on mines

210

4/6/81

By Mervyn Harris

The lower bullion price and rising working costs are beginning to take their toll on profits of gold mines.

Three mines in the Gencor group and four Anglo-Transvaal Consolidated Investment mines have all declared lower interim and final dividends

Buffelsfontein has cut its final from 430c to 400c. The total payout for the year is nevertheless 20 percent higher at 710c against 500c the previous year

Stilfontein reduced interim dividend from 160c to 130c

West Rand Consolidated declared a 5c interim but the directors say the mine's future must be viewed with caution in view of the struggle to maintain the gold grade and the effect of increased costs

Eastern Transvaal Consolidated Mines cut its final from 110c to 80c for the year to June, but a higher interim resulted in an unchanged total of 150c

Hartebeesfontein reduced its final from 725c to 525c, although the total payout is the same as the previous year at 1 025c

A final of 12,5c brings the total payout of Village Main Reef to 16,5c for the year

ASBESTOS

Zandpan estimates that its profit for the year is R22,59-million against R22,55-million in the previous year.

The total payout for the year is unchanged at 173c, although the final was cut from 123c to 89c

While Gencor's coal mines are doing well, the directors have decided not to declare interim dividends for its two asbestos mines because of cash-flow problems

Trans Natal Coal Corporation has boosted final dividends from 16c to 20c bringing the total for the year to 38c from 30c the previous year

Clydesdale has increased its final from 30 to 37,5c, boosting the total for the year from 45c to 60c.

The passing of the interim dividends by asbestos mines, Gefco and Msauli comes after the companies declared final dividends of 17,5c and 75c respectively last year

Buffels high 400c final surprises

210

ROM 4/6/81

By JOHN MULCAHY
Mining Editor

BUFFELSFONTEIN has exceeded all but the most optmistic expectations with its final dividend of 400c, which takes the total to 710c for the year to June 30 — 20% up on last year's 590c.

Market projections for Gencor's Klerksdorp producer's final ranged from as low as 245c to 430c, and the payment is all the more surprising because of the mine's production problems in the March quarter.

A compressor breakdown underground resulted in a drop in tonnage milled to 839 000 from 863 000 tons, and taxed profit dipped to R23 944 000 from R34 367 000 for the quarter.

Buffels' planned capital expenditure for the year to June was R46-million, but up to March only R26-million of this had been spent. This suggested that R20-million would be spent in the last quarter, but it is believed actual expenditure will be far lower than this.

The argument supporting a lower dividend was that even in the absence of actual expenditure of R20-million on capital in the June quarter, the capex had been planned and committed, and the mine required large retentions.

Some analysts were amazed by the dividend. "I wonder where they found the money," said one.

It is believed that costs have risen, and revenue must be substantially down in line with the lower gold price, which has stayed below $500 an oz for most of the current quarter to date.

Stilfontein's interim of 130c, which is down from the 160c paid last year, compares with market estimates of 100c to 180c. On trading transactions alone Stilfontein was expected to have about 140c available for distribution in the first half.

Added to these earnings was a possible loan repayment from Chemwes, expected by some to be as much as 50c a share. It would appear from the payment that Chemwes is delaying repayment of the current portion of its loan until later in the year — it has a December yearend — or revenue is far lower than expected.

While West Rand Cons has declared an unexpected interim dividend of 5c — nil last year — there seems to be consensus that the mine has little going for it.

On gold production considerations alone West Rand Cons needs a price of more than $900 an oz to break even, and the prognosis for the uranium market is anything but optimistic.

The mine does not have favourable uranium contract terms as it is believed the decision on Luipaardsvlei was delayed too long.

The company warns shareholders that the mine's future must be viewed with caution because of the continual struggle to maintain the gold grade and the effect of the weaker uranium market, as well as the increase in costs.

Gencor's asbestos producers have both passed their interim dividends because of the unsatisfactory cash flow and the production problems which arose at Msauli in the March quarter have continued.

Trans-Natal Coal has declared a final dividend of 20c, taking the total for the year to 38c compared with 30c for the year to June 1980.

Clydesdale's final of 37,5c takes the total to 60c, up from the previous year's 45c.

The payments from Gencor's collieries were more or less in line with expectations.

However, statistics from the ... assessed.

(3.1) Profits and risk

The industry has emphasised the risk inherent in the drug business. In order to develop one marketable drug, between

. / ...

unexpected, no entrepreneur will undertake a venture as the expected payoff of the action would be zero. If profits are predictable, then opportunities for profit are open to every one, ruling out, by definition, profits.

The existence of this dichotomy results from the static na... of the economic analysis used. It concentrates only on the power of the market to allocate existing resources in respon... to price signals and rules out the creative side of the mark...

"The omission of the motive power from the foundations of economics was, perhaps, in no small measure due to the somewhat subconscious need to find a reassuring "final" equilibr... which Walras so elegantly supplied and Debreu finally polish... into a perfectly sterile instrument for micro-economic opera... tions in the antiseptic conditions of neo-classical economic... An understanding of the role of profits entails the realis... tion of the "creative functions (of markets) as instruments for transmitting impulses to economic change." (2)

Profits can thus both explain and be explained by innovatio... the promise of profits acts as an incentive for innovation, while the result of a successful innovation means that price can exceed average cost, implying that profits are made.

Profits are therefore a necessary payment to secure progres... and efficiency, they are not rents that can be removed without affecting supply. Given the positive role of profits, however, their actual magnitude should still be examined: if the profits earned are greater than is necessary to call forth and keep the entrepreneu in the industry, then profits would be "excessive" and policy makers would have to act accordingly.

(3.2) The Rate of Profit in the Drug Industry

It is not easy to measure the profits in the drug industry, most firms are highly diversified. Stock Exchange reports and published data do not indicate the profits attributable to the drug divisions of the firms. In addition the large number of foreign-owned firms preclude the use of local published data.

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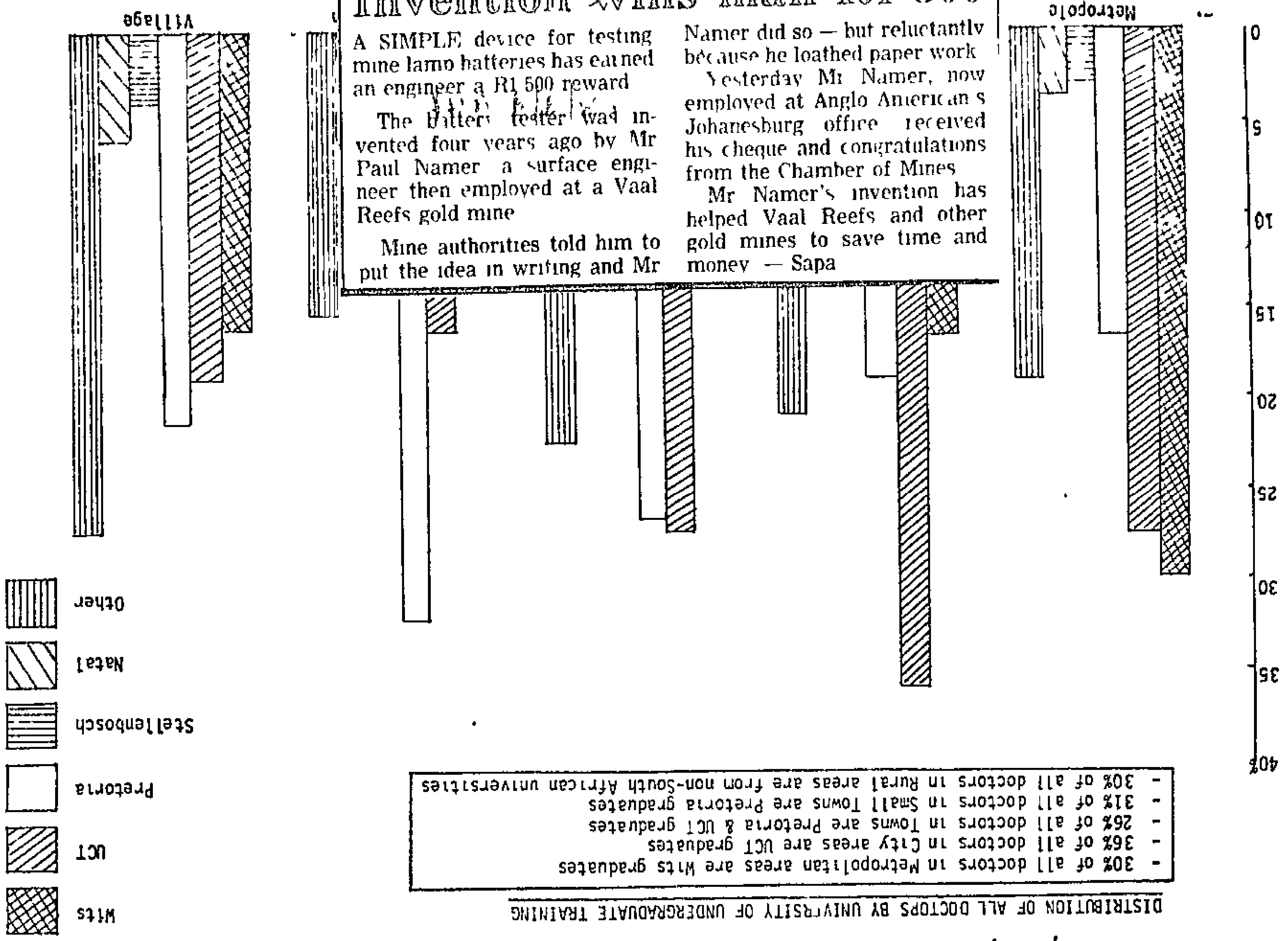


Invention wins man R1 500

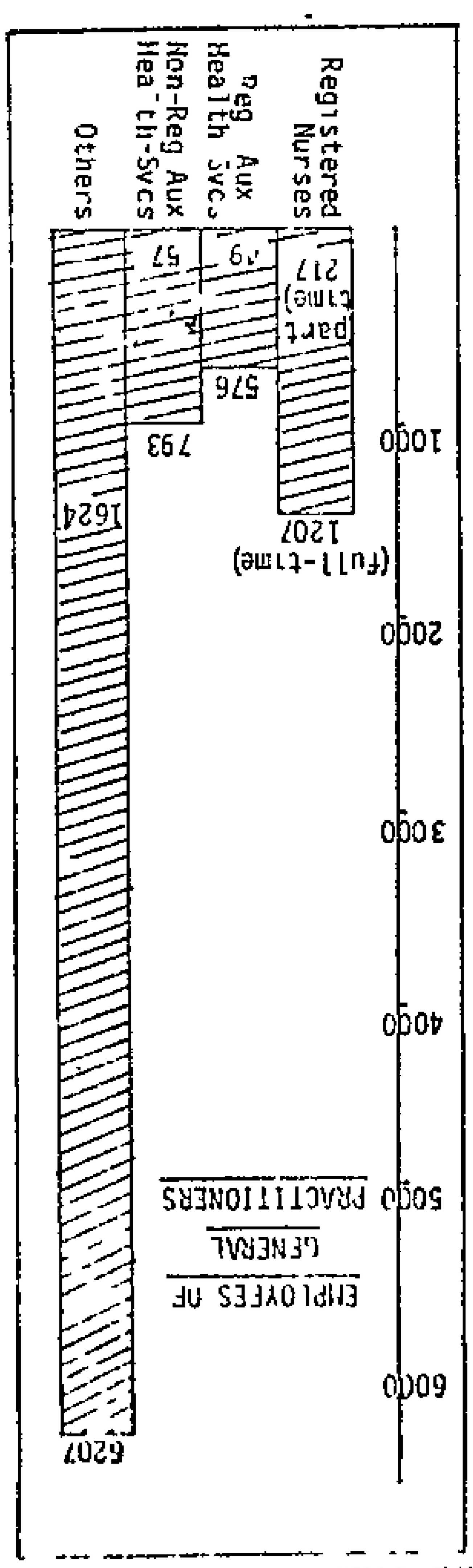
A SIMPLE device for testing mine lamp batteries has earned an engineer a R1 500 reward

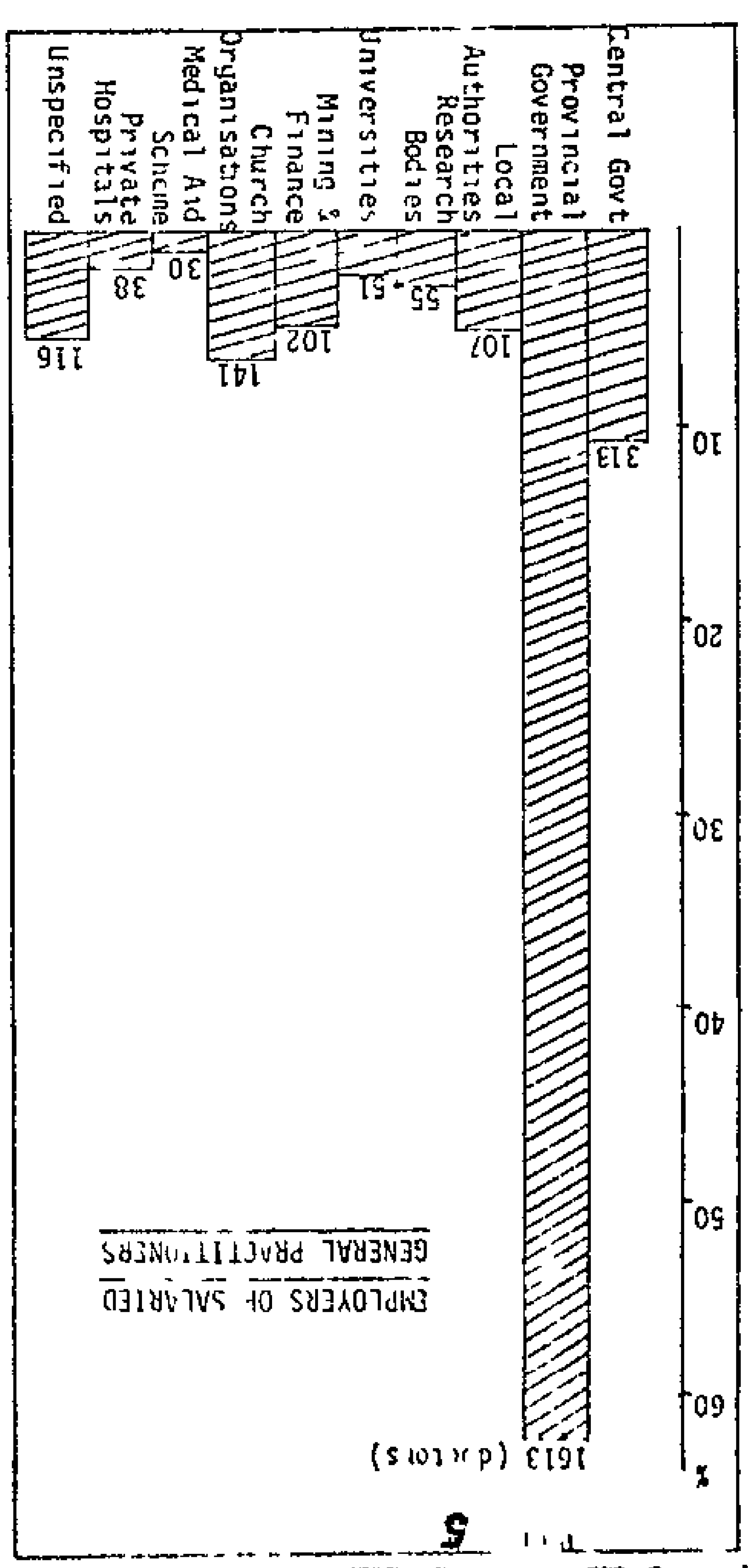
The battery tester was invented four years ago by Mr Paul Namer a surface engineer then employed at a Vaal Reefs gold mine

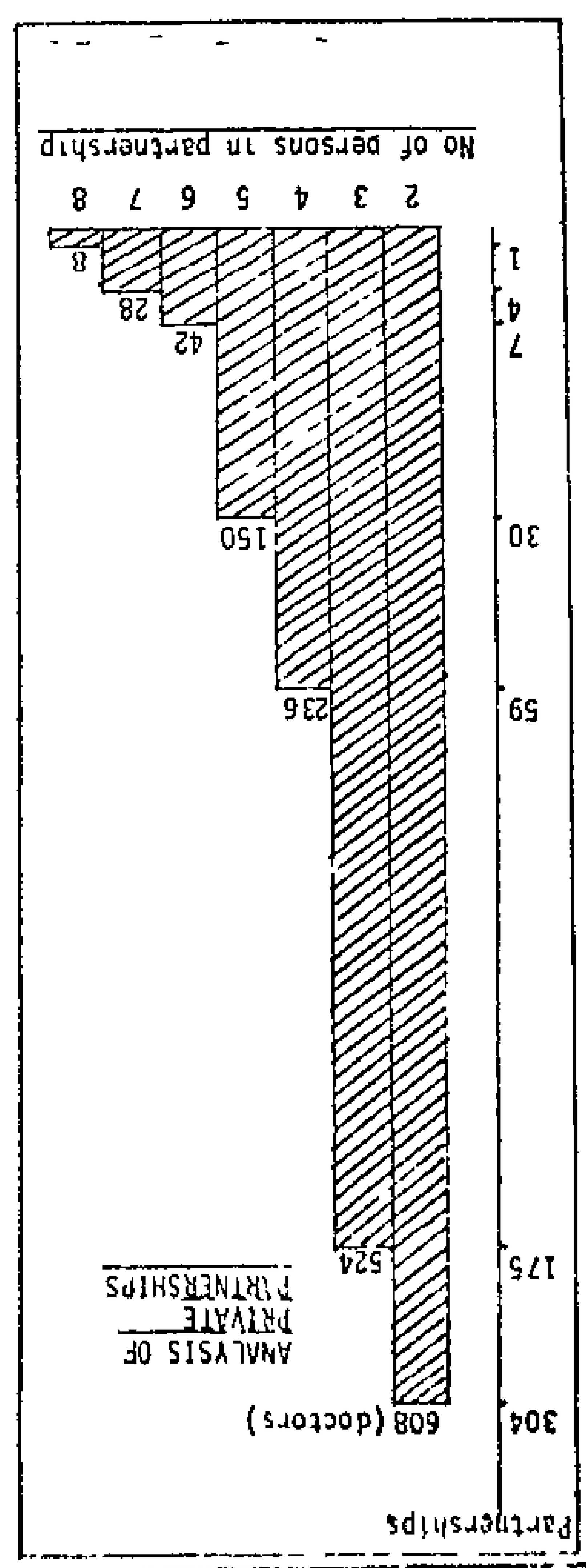
Mine authorities told him to put the idea in writing and Mr Namer did so — but reluctantly because he loathed paper work

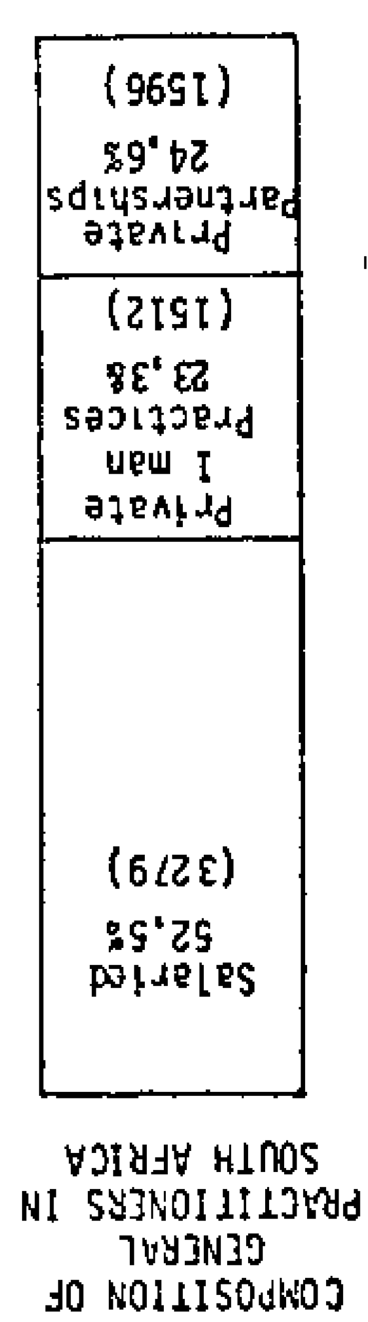
Yesterday Mr Namer, now employed at Anglo American's Johannesburg office received his cheque and congratulations from the Chamber of Mines

Mr Namer's invention has helped Vaal Reefs and other gold mines to save time and money — Sapa









More foreign cash for mines

By Andrew McNulty

DESPITE reported nervousness among some multinationals resulting from fears of sanctions against South Africa, foreign involvement in the country's mining industry remains at a high, and growing, level

This is borne out by a two-page survey of the industry in the Economist, which notes that

"Foreign mining investors have generally not been deterred by Southern Africa's political problems, reasoning that returns are high and that mineral earnings will be as important to future (black?) governments as they are to the present all-white one"

The survey lists a wide range of overseas based groups which have retained or are seeking to expand a local stake

To the great displeasure of some local mining houses, for example, several international oil companies were given coal export allocations in 1978 in return for undertakings to keep crude oil flowing through South African ports

Shell, BP and Total (the local subsidiary of France's CFP) are allowed to export up to 13 5-million tons of coal a year between them.

All three are partners in recently established mines and continue to prospect, mainly in the Eastern Transvaal and northern Free State

Other oil companies, notably Esso and Caltex (jointly owned by America's Standard Oil of California and Texaco), are among several companies prospecting for uranium in the Karoo.

A large number of low-grade deposits have been found, but the go ahead to exploit them awaits an upturn in world prices

Among other major foreign groups, Britain's Rio Tinto-Zinc owns 39% of Palabora Mining and 74% of the Rossing uranium mine in South West Africa

America's Phelps Dodge has 49% of the Black Mountain silver, lead and zinc mine in the North-West Cape, and Newmont Mining 43% of the nearby (unmined) Gamsberg zinc and lead deposits

STAR 8/4/81

Mines to upgrade schooling

By Carolyn Dempster
Education Reporter

An ambitious R2,5-million project aimed at upgrading the education of more than 5 000 black primary schoolchildren has been launched by Rand Mines

The group has 29 primary and pre-primary schools on mines throughout the country with 115 teachers and more than 4 000 pupils

The move to upgrade black schooling on the mines and "to provide the best education the company can," was made by Rand Mines chairman Mr A C Petersen, and has already been on the drawing board for 14 months

Co-ordinating the project is education officer Mrs Debbie McWilliams, who believes that in five years time — the duration of the project — they will provide their children with an education comparable with the best white primary schools in the country

Although the school still comes under the jurisdiction of the Department of Education and Training, the mining house is entitled to supplement teachers' salaries, build additional schooling facilities such as libraries and media centres, and contribute towards the stock of educational material

The department provides the textbooks, desks and equipment, but more often than not there is a shortage of supplies and schools in outlying areas may have to wait long periods before receiving the "tools" for their education

Plans for the immediate future include two schools for new mines the reconstruction of three primary schools, 12 pre-primary schools and classrooms and an expenditure of about R50 000 on new educational material

To prepare the teachers, Rand Mines has introduced teacher training courses and holiday seminars to assist teachers to come to grips with unfamiliar teaching aids and learn new teaching methods

Teacher wages are also to be increased in line with the Rand Mines company scales

The aim of "Operation Upgrade" is to have schools fitted out with full stocks of educational material, with adequate toilet facilities and playing fields and with well-equipped libraries

Mrs McWilliams believes that if other companies followed the Rand Mines lead "we could effectively improve the education of tens of thousands of black children in South Africa"

The Department of Education and Training has responded enthusiastically to the scheme and sees it as a means of improving teaching standards

The plan at present covers only the schooling of primary schoolchildren as high school children whose parents work on the mines are bussed to the nearest Government schools

"We are considering high schools but this is dependent on Government permission We are planning high schools in certain of our areas but we will have to wait and see what happens," Mrs McWilliams said

The only high school on private property in the Transvaal is on the Hall Brothers estate in Nelspruit

A bonus for Rand Mines in the scheme is the probability that many of the children educated on the mines will return there to work for the company, so the group is looking towards its future manpower requirements in addition to improving the lot of thousands of children

210

8/6/81

This Marion 8 200 dragline, the largest of its kind in the country, has gone into operation at Gencor's Optimum colliery.

Dominion and Jesco buy into Hugh Parker

Dominion Mining and Jesco Holdings have together bought an 11 percent interest in Hugh Parker and Dominion and Jesco chairman Mr John E Stephens has been appointed to the board of Hugh Parker from May 27

This was confirmed by Hugh Parker chairman Mr J H Pretorius

Jesco and Dominion, both unlisted public companies, will each own 5,5 percent of Hugh Parker Mr Pretorius said that the stake in the company was built up over a period of about a year

SHARE PRICE

Commenting on speculation that Hugh Parker would be involved in a reverse takeover bid by Dominion-Jesco, he said that if Mr Stephens or any other person "comes tomorrow with a viable proposition then we are open to pursue our policy of diversification"

Hugh Parker has an issued share capital of 1,809-million shares currently trading at 85c a share Dominion has sold its mining interests to Ochta Mining for a consideration of R1,8-million Assuming that R1,25-million will be paid out on registration of the mining leases and share certificates, the balance payable in 6 months time, it theoretically means that a takeover of Hugh Parker is possible

However, at a meeting held a few weeks back, Mr Stephens indicated that the funds derived from the sale of the company's mining assets would be devoted to buying going industrial concerns which would be injected into an, at that time, undisclosed public company

Shortly after that Hugh Parker chairman Mr Pretorius emphatically denied that his company was the victim of a reverse takeover but admitted that discussions with Mr Stephens had taken place for the sale of the two mines These talks ended without the sale of the mines to Hugh Parker

No mention was made of Mr Stephens joining the board on May 27

Mr Stephens is the sole proprietor of Jesco Holdings and it has from 20 to 25 percent of the Dominion share capital, says Mr Stephens.

At the time of the special meeting called last month to dispose of the mining assets to Ochta, a loan account of R1,25-million was converted into 500 000 Dominion shares The original loan account from Jesco to Dominion was R2,5-million

Mr Anthony Steyn, lawyer to Dominion Mining, says that Dominion still owes Jesco R250 000 which will be payable when Dominion is able to meet this obligation

The New Elandsrand diamond mine, one of the two former Dominion diamond mines situated in the Free State, was owned by Mr Trevor Urry before the sale of the mine to Mr Stephens in May 1978

The purchase price was R300 000 payable over 12 months However, an amount of R15 000 is still outstanding, constituting partly interest for late payments and for machinery thought not to have been included in the original amount agreed on

STATEMENTS

Mr Urry said last Friday that the share certificates and mining deeds were still in his possession Mr Stephens said that a cheque was on the way to Mr Urry and did not believe that the deal would be jeopardised because of this matter

Shareholders will probably be receiving the 1980 annual statements shortly and a general meeting is expected to be convened soon thereafter

Analysts who have followed the fortunes of Dominion Mining as proxy for certain shareholders believe that the coming meeting will be as stormy as the past meeting.

They said that the position of the loan account and the amount still owing to Jesco by Dominion would receive considerable attention and shareholders were most likely to try to pass a resolution which would convert this debt into Dominion shares which would be issued to Jesco.

Pressure-bursts problem

Risk reduction programmes by leading mines have contributed to a decrease in the incidence of fire losses, but pressure bursts remain a headache because of insufficient insurance cover.

This is the view of Mr Trevor Malton, a director of Priceforbes Federale Volkskas, who believes that increased industrial losses, particularly as a result of recent flood damage claims will lead generally to increased insurance premiums as well as a greater need for risk control programmes and self insurance in order to keep these increases down to a minimum

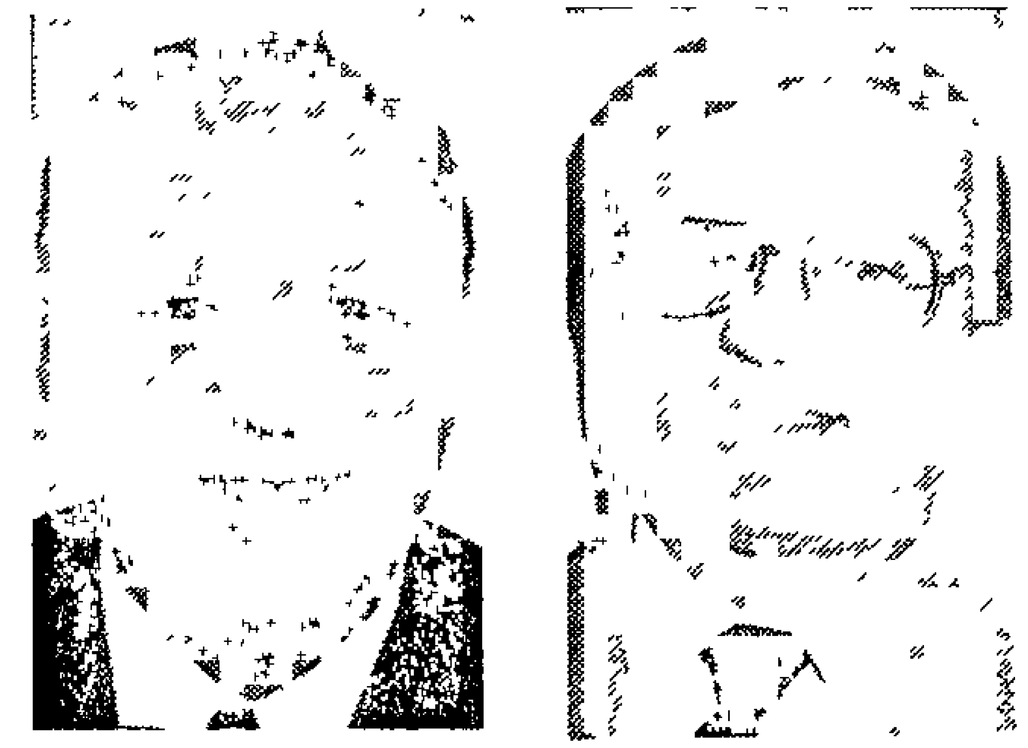
Mr Malton said risk reduction programmes which had been adopted by many leading mining companies had contributed to a large extent to a reduction in fire losses

As examples he named the increase in the use of timbers that had been impregnated with fire resisting qualities and the introduction of new types of fire detection systems

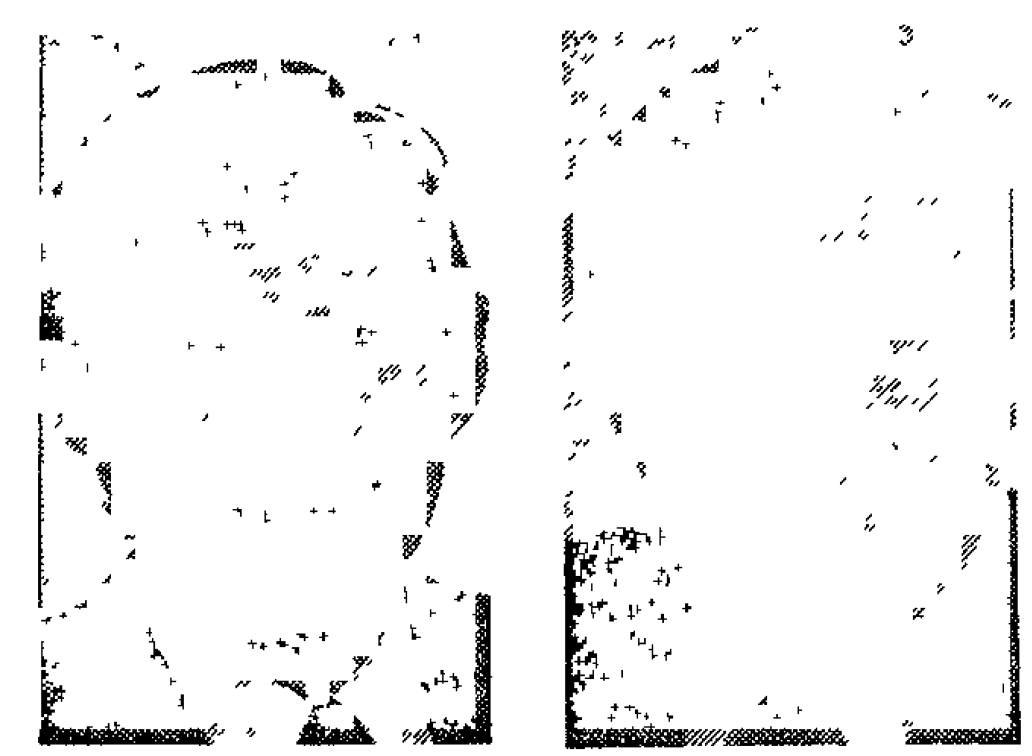
Another problem that still existed was that of political riot risks, since the South African Special Risks Insurance Associated (SASRIA) did not at this stage make provision for companies to carry large excesses with a view to keeping premiums down to the minimum

"This means that the political riot premium costs for many of the larger mining companies is possibly abnormally high in relation to the premiums they pay for the rest of their insurance portfolio," Mr Malton said

In addition, Sasria did not provide consequential loss cover in terms of political riot risk although representations were being made for it and, in the meantime, mining companies had a large exposure in this regard



There have been several changes on Anglovaal's mines. Mr M S Grobler (left) has been appointed general manager of the Loraine gold mine and Mr T M Espach (right), manager of the Hartebeestfontein gold mine.



Mr A W Lea (left), has ben appointed vice-president finance of the board of Minerals and Resources Corporation, and Mr J R B Phillimore (right), vice-president administration.

Botswana might use SA route to transport coal exports

Botswana intends exporting 5-million tons of coal a year from two coalfields in the east of the country

Mineral Resources Minister Dr Gaositwe Chiepe said the likely markets would be Hong Kong and Japan

Dr Chiepe recently returned from visits to Mocambique and Zimbabwe where she had been exploring routes for the export of the coal

There is a posibility it may be sent through South Africa, probably Durban, but almost certainly not throug- Richards Bay.

The pitheads will be situated at Morupule and Mmamapule

The Shell company has prospecting rights in the two coalfields and most exploratory work has already been carried out

Dr Chiepe, when asked to give the date for exports to start, could not be more specific than "soon"

Consolidated BM's annual report

(210) 8/6/81

Consolidated Base Minerals, which operates from plush offices in the Sandton City office block, has devoted effort and expense to the printing of glossy brochures, annual reports and such presentations but as yet employs well below 100 workers on its mines.

From information gleaned in the annual report the company has issued only 11-million shares out of an authorised share capital of 36-million shares Nevertheless this represents slightly more than R5-million in shareholders' funds

The prospecting and exploration rights total R5,2-million out of a total value of fixed assets of R5,4-million

The remaining assets are given as royalties paid, market development expenditure, geological expenses, drilling, trenching, analytical expenses and, to round it off, accumulated losses of R88 739 on the income account

These are assets which in any listed mining company would be put down to pre-production or exploration expenditure

Other expenses include commission paid to vendors of the company's shares, share issue expenses and share capital duty

The income statement reflects nil turnover Other income, which is made up of interest received (R2 293) is the sole credit in this portion of the statement In 1979 a taxed loss of R63 293 was shown, which together with accumulated losses brings the total to R88 739 The bulk of the loss is attributable to "administrative fees"

On mining interests, the directors' report allocates eight lines under the heading "general" to actual and proposed mining activities

FELDSPAR

The report notes that "the company has signed a contract on behalf of a subsidiary company for the delivery of 66 000 tons of industrial garnet for an amount in excess of R15-million by that company for a period of 36 months. Export is expected to commence in the first quarter of 1980"

Notes in this section comment on feldspar prospects where "negotiations for the marketing of the product are at an advanced stage"

Other comment is on exploration of "high grade" feldspar deposits.

The report on the garnet deposits indicates that a deposit measuring some 9 kilometres in length, 30 metres in width and estimated at a depth of 100 metres has been delineated

It states that the ore-body has been assayed, w[illegible] net's mineral content is usually derived by separation

Even then, taking the content at the stated 12,43 percent garnet, the deposit gives 9,2m tons, not the 13,4m as stated in the prospectus

The market for garnet is hardly mentioned World production of the mineral in 1980 amounted to 42 500 tons of which the US contributed 29 100 tons, India 7 500 tons, Australia 4 000 tons and the rest of the world 2 400 tons

This means that the company's garnet reserves, as stated, are enough to supply the world for over 300 years

A reference to the highly respected Geological Survey shows that while small deposits of the said minerals, usually unknown to the layman, are found on the farms and claims mentioned, most have either been worked out or are regarded as uneconomic

VENDORS

These minerals include corundum, shinol, andalusite, feldspar, magnetite, golama, barytes and so on. Most are referred to in the Geological Survey as "worked on a very small scale" in the case of feldspar on the farm Barend 523 MS, "in small occurrences of little economic value" for magnetite on the same farm and the same comment for feldspar for the farm Zwartrand 506 MS as on the farm Barend 523 MS

Members of the public approached by vendors of such shares would be well advised to take time and effort with analysis

MINING

● Compiled by Geof Shuttleworth

Colliery 'christens' dragline

South Africa's largest walking dragline, the Marion 8200, has been officially "christened" at Gencor's Optimum colliery

This is the second Marion dragline at Optimum colliery The other was a Marion 8000, which was the first of its kind in South Africa when it was put into use nine years ago

Mr Mike Pleming, Gencor's coal division project manager, said 10 years ago open cast mining to a depth of 20 metres took some economic head scratching but today are confidently planning open cast operations down to 70 metres and beyond"

The 3 600-ton dragline had 16 electric motors which deliver almost 13 400 kw The dragline bucket is able to take bites of up to 58 cm and four 590 kw motors swing the boom to deposit the load

The new Marion 8200 was assembled by Barlows Heavy Engineering in 13 months and has a 75 percent local content by weight

Iscor reply to criticism over Grootegeluk

8/4/81

The criticism most often levelled against the decision to open and develop the Waterberg coalfield through the development of the Iscor Grootegeluk Mine revolves around the costs of producing coking coal.

Some critics went as far as to project that at the current production levels, the cost of each ton of blendcoal was well in excess of R70 a ton

However, Iscor's divisional general manager (mining), Mr Mike Deats, said that the pithead cost of a ton of blend coking coal is from R30 to R40 a ton but would not be more specific

Grootegeluk's cost is about in line with blending coal costs from other commercial mines

The yield of coking coal ... ton of run-of-mine ... aterial is very low It ... been estimated that ... percent of this mined ... aterial is recovered as ... oking coal in the wash... process and, out of ... remaining 88 percent, ... useful by-product — ... ddlings or steam-raising ... l — is also recovered.

STOCKPILED

About one percent of ... original material ... d will eventually be ... as powerstation mid... This material is ... rently being stockpiled ... ad of the construction ... Escom's Matimba dry-... oled powerstation ... million tons of blend coal a year This expansion is under consideration

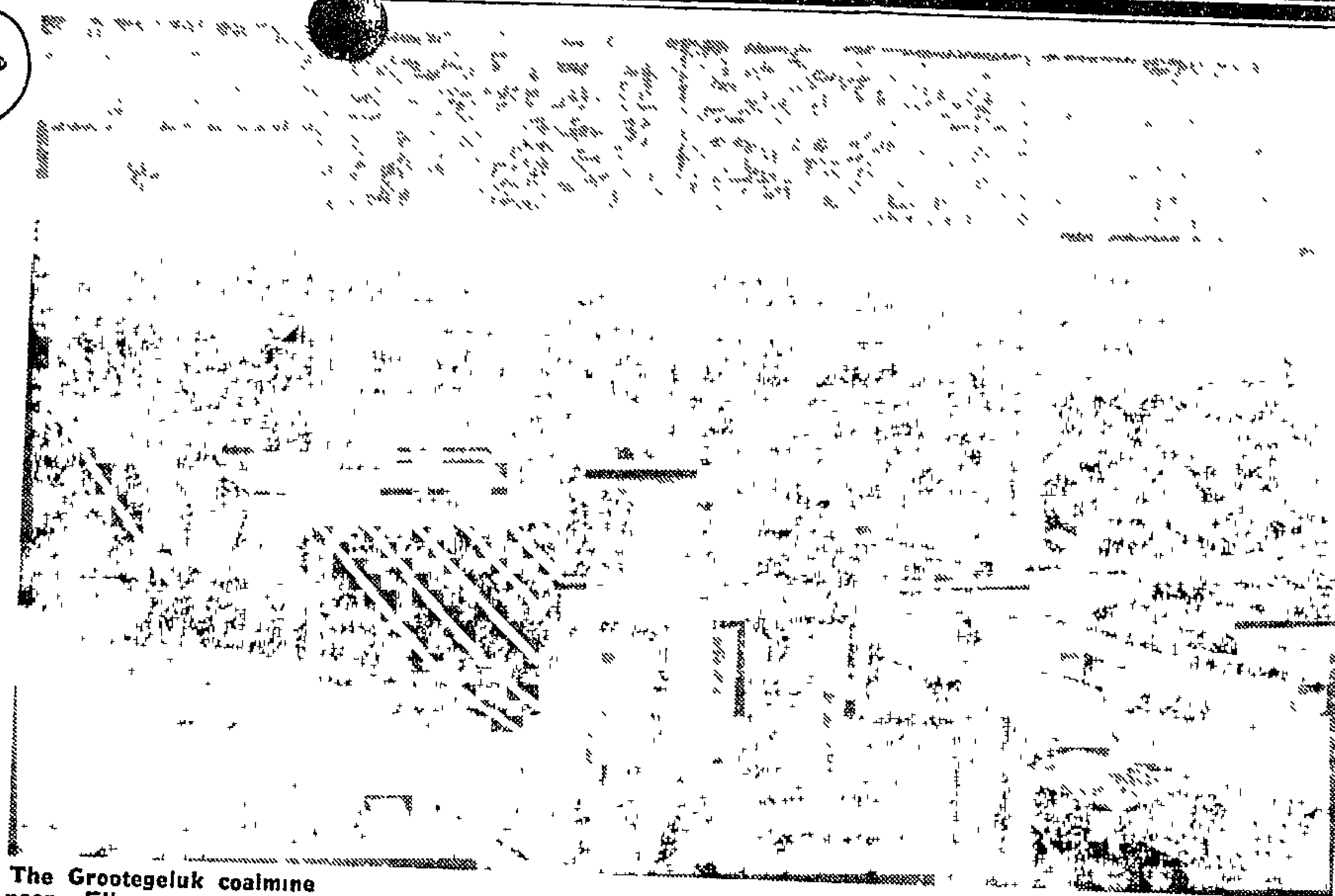
A major factor behind the corporation's decision to go ahead with what today amounts to a big and expensive mine has been the desire to control raw-material input costs This rationale has always been a major consideration of many overseas steel-makers

FORMCOKE

Another area of criticism is that notwithstanding the hitherto paucity of coking coal reserves (presently under investigation by the Minerals Bureau and the Department of Mineral and Energy Affairs), insufficient attention had been given to the development of what is generally called formcoke However, there is not one overseas steel company relying on formcoke, or even half of formcoke in blast furnaces because formcoke technology had not yet reached a stage of commercial scale viability anywhere in the world

Iscor spent about R10-million from 1965 to 1970 in investigating an alternative process comprising a cool drying and briquet... ... plant establishin... Newcastle It was used for further test work for briquetting certain blends of coking coal to improve coke quality and this has led to the placing of contracts for big briquetting plants for Vanderbijlpark and Newcastle

Another process is also being considered — direct reduction of iron ore, a process in use at Highveld Steel and Dunswart This has, says Mr Deats, reached "an advanced stage" and will eventually be commissioned at Vanderbijlpark



The Grootegeluk coalmine near Ellisras represents the first big exploitation of the massive Waterberg coalfield The mine was started principally to boost Iscor's supplies of blend coking coal

Market deals

US approval for giant merger

WASHINGTON — The US Federal Trade Commission has given antitrust approval to the proposed giant merger of Standard Oil and Kennecott Corporation British Petroleum owns 53 percent of Standard, reports Sapa-Associated Press.

The FTC said it decided against seeking a court injunction to block the acquisition Instead, it said it "accepted in principle" consent a ... woman

BP also agreed not to reach a joint venture agreement with Amax without FTC approval, the commission said

* * *

The London Bureau of The Star reports that Consolidated Gold Fields and its US subsidiary Amcon now hold 8,1 percent of America's Newmont Mining following further buys on the market

Johannesburg to host international conference

Following on the heels of the international conference on metals and minerals in southern Africa in Johannesburg last month comes the announcement that South Africa will host the first international conference on applied mineralogy

It will be held this month at the Carlton Hotel and about 250 delegates are expected to attend

Known as ICAM, the conference will include delegates from countries such as the US UK West ... trate on techniques and processes aimed at speeding up exploration or improving the efficiency of existing processes and finding new ones

EXPLORATION

These include papers on advanced methods to aid in the exploration of nickel, copper and gold, radioactive techniques as tools for uranium exploration, speeding up research for aluminium, classifying South African coal by trace elements to determine environmental and economic effects, and a fast and accurate method for measuring samples (eg grain sizes) called Image Analysis

Mineral and ore dressing will form the major section of the conference covering methods for increasing efficiency of processes or finding new ones in order to obtain valuable elements from ores

The ICAM is being arranged by the National Institute for Metallurgy and the Geological Society of South Africa, in collaboration with the Chamber of Mines and Iscor which is likely to use about one-tenth more coal than a more conventional wet-cooled station.

This revenue, which will in time be brought to account, is regarded at present as a "discount factor" by Iscor and is not built into existing cost structures

Mr Deats said that the decision to go ahead with Grootegeluk was taken ahead of the Escom decision to situate the Matimba station near Ellisras.

MUNICIPALITIES

Before the announcement Iscor was tentatively negotiating with the municipalities of Pretoria and Johannesburg for the sale of these middlings and negotiations with Pretoria had reached "a promising stage" before Escom's decision

Mr Deats said that in 1980-81 the prices of coking coal (of equivalent suitability) rose from 25 to 30 percent as supplied by commercial mines and average prices are now more than R40 a ton

He said that, unfortunately, certain of the local higher prices are equivalent to overseas prices for far-superior quality, such as the "Pocahontas seam" in West Virginia, US which fetches more than R70 a ton

Iscor is about three-fifths dependent on commercial supplies and does not import coking coal Mr Deats said that Iscor uses about half of blend coking coal in its total consumption of about 6-million tons of blend and straight coking coal Total usage is expected to climb to more than 7-million tons in the next decade.

pilot mine in the Waterberg coal field and a pilot plant at the Vanderbijlpark works.

The tests showed that the process was technically feasible but led to the transfer of the original briquetting portion to

ment negotiated between its staff and BP

BP will sell within 30 months the 6,8 percent of Amax Incorporated it now owns Amax is a mining company which competes with Kennecott, a major mining concern, says Janet Bass, an FTC spokes-

Gold Fields said in April that it had bought about seven percent of the Newmont equity at a total cost of around £45 million (R78,3-million) and intended to raise the holding to a minimum of 25 percent but less than 50 percent.

Germany, France, Canada, Portugal Belgium, Israel and Australia

The idea of an ICAM conference has aroused such interest that the US wants to host it in 1984 and Canada in 1987

The papers will concen-

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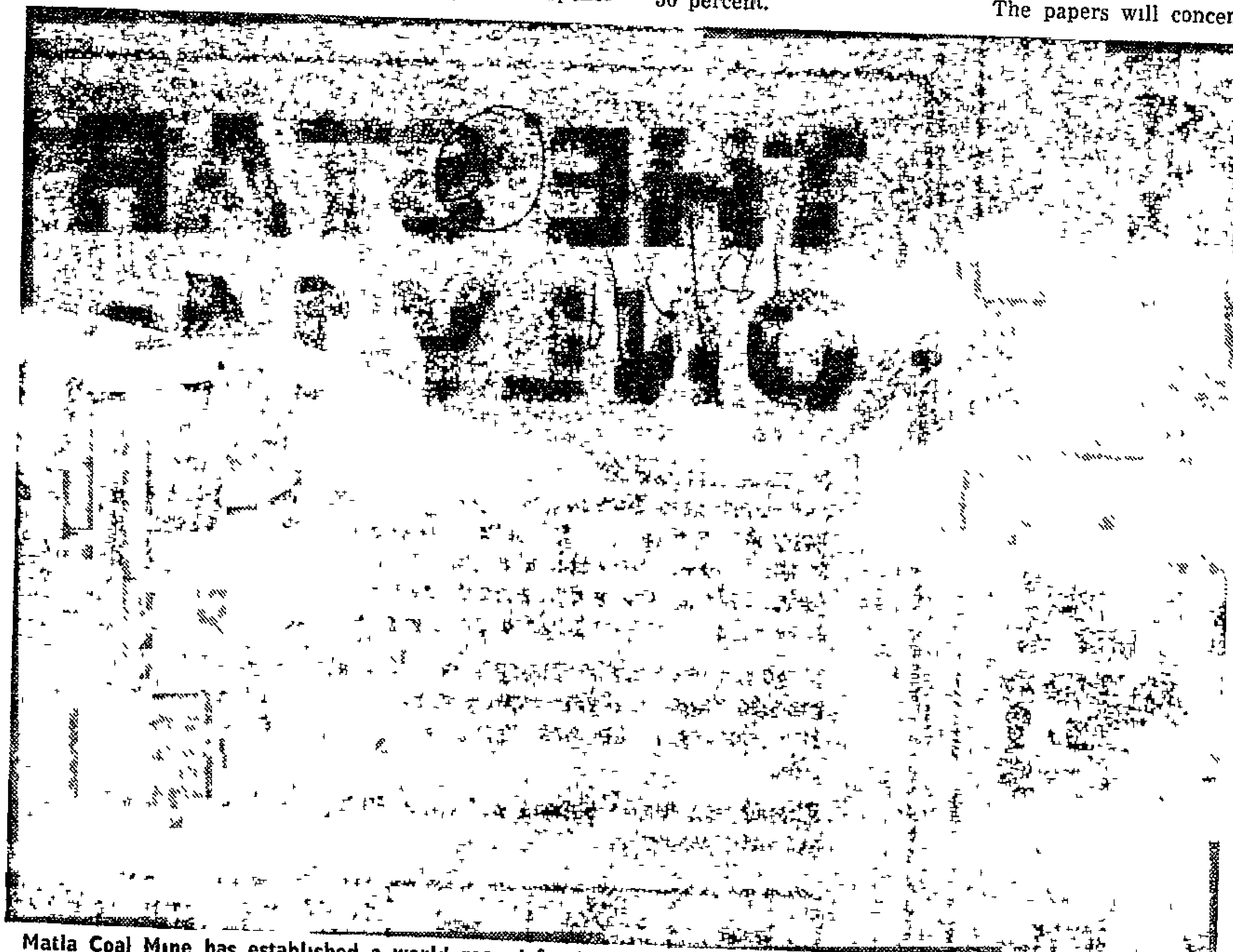

Matla Coal Mine has established a world record for tonnage produced in one month by a continuous miner. The record was made in May at the No 1 mine.

The record, achieved by a model 5012 S Marietta drum miner (seen above) supplied by Dowson and Dobson, stands at 118 794 tons, considerably more than the previous one set by South Witbank at 91 330 tons two years ago.

The old record was achieved in 68 shifts and although the new one took 78 shifts, the record was passed in 57 shifts.

Matla is one of Gencor's newest collieries, a captive colliery serving the recently opened Matla power station. When running at full production the colliery will consist of three mines. At present only the second is being developed.

There are 21 Mariettas in operation in South African collieries.

● Another mining record, this time for the number of accident-free shifts in the southern hemisphere, was set by the Sishen iron-ore mine. Over the last two years the mine has clocked 9 388 628 accident-free working hours

He said that, apart from expected cost reductions in Grootegeluk's pithead cost a ton as expansion is undertaken supplies of suitable blending coal from the Witbank mines are expected to be largely depleted within five years This excludes Kleinkopje mine, which supplies its total coking-coal production, about 650 000 ton year, to Iscor

Mr Deats believes that there will be appreciable reductions in the pithead cost of Grootegeluk coking coal — of the order of 25 to 30 percent should the mine capacity be further expanded to a production tempo of about 4

Schooling for mine children

AN ambitious R2,5-million project aimed at upgrading the education of more than 5 000 black primary schoolchildren has been launched by Rand Mines.

Although the schools still come under the jurisdiction of the Department of Education and Training the mining house is entitled to supplement teachers' salaries, construct additional schooling facilities such as libraries and media centres and contribute towards the stock of educational materials.

The department does provide the textbooks, desks and equipment "but more often than not there is a shortage of supplies and schools in outlying areas may have to wait long periods before receiving the tools for their education."

Plans in the pipeline for the immediate future are: two new schools for the mines, the reconstruction of three primary schools, 12 pre-primary schools and classrooms and an expenditure of about R50 000 on new educational materials.

In order to prepare the teachers, Rand Mines have introduced teacher training courses and holiday seminars to assist teachers to come to grips with unfamiliar teaching aids and learn new teaching methods.

Teachers wages are also to be increased in line with the Rand Mines company scales.

The group has a total of 29 primary and pre-primary schools located on mines throughout South Africa, with 115 teachers catering for the needs of more than 4 000 pupils.

The move to upgrade black schooling on the mines and to "provide the best education the company can," was made by Rand Mines chairman Mr A C Petersen, and has already been on the drawing board for the past 14 months.

Education Officer of the project, Mrs McWilliams believes that if other companies followed the Rand Mines 'We could effectively improve the education of thousands of black children in South Africa.'

The plan at present only covers the schooling of primary schoolchildren: high schoolchildren whose parents work on the mines are bussed to the nearest Government schools.

"We are considering high schooling but this is dependent on Government permission. We are planning high schools in certain of our areas but we will have to wait and see what happens," Mrs McWilliams said.

Mines upgrade black schools

By MONTSHIWA MOROKE

RAND Mines has begun a black school upgrading project which will cost the company R2 500 000 over the next five years and will involve more than 5 000 pupils at primary schools on mines throughout South Africa

The company believes it will eventually provide the children of its black staff with a standard of education equal to that received by white primary pupils in South Africa

The main thrust of the Rand Mines programme is to upgrade the standard of teaching on the mines, which have 29 primary and pre-primary schools throughout the country

There are 115 teachers employed at these schools, at present dealing with about 4 000 pupils

The company will also bring the salaries of black teachers at schools on its properties in line with mine employees' salaries, by supplementing the wages paid to them by the Government

The scheme is the brainchild of the Rand Mines chairman, Mr A C Petersen, who has directed that children of married black employees resident on the group's mines be given the best pre-primary and primary education the company can provide

The pilot scheme is spearheaded by Mrs Debbie McWilliams, who said yesterday it aimed to "add another dimension to the company's pledge to improve the quality of life of its black employees"

She added "If this type of scheme were taken up by similar companies in South Africa, we could effectively improve the education of tens of thousands of black children

"This applies to all mining houses, or all companies with places where married blacks live in communities as labour pools — for example sugar estates"

Mrs McWilliams told the Rand Daily Mail "The company recognises both the professionalism of the teachers and their roles in the mining communities Therefore their salaries are to be increased at company expense in line with its wage scales

"The Department of Education pays standard Government wages and we will supplement these wages to bring them level with other mine employees

"About R500 000 will be spent on educational materials over the next five years but as the numbers of pupils at the schools grow, so the budget will be increased accordingly

"We are now spending substantially more on each pupil than is the Government"

Rupert to buy bigger stake in mining giant

Star 12/6/81

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By Geoff Shuttleworth

Rembrandt is believed to have taken more than a five percent stake in Federale Mynbou from Volkskas at a cost of about R40-million.

This would bring Rembrandt's stake in Federale Mynbou up to 30 percent Sanlam holds about 45 percent of Federale Mynbou directly and with indirect holdings, brings its stake up to slightly more than 50 percent

Volkskas managing director Mr D P S van Huysteen confirmed that the bank had sold half its 10,1 percent stake in order to meet needs of the fast-growing commercial banking subsidiary Volkskas Ltd. The capital profit of R25,8-million has been transferred in entirety to general reserves

THREE OVERSEAS

Dr Wim de Villiers, managing director of Federale Mynbou and chairman of 50,03-percent held Gencor, said that Volkskas had informed him of the decision to sell the shares but was not willing to disclose the buyer.

Chairman of Rembrandt Dr Anton Rupert and Rand Merchant Bank managing director, Johan Rupert, his son, are overseas but a spokesman for the company said that the directors were unable to comment "as it is official policy not to comment on any investment-portfolio changes"

Sanlam managing director Dr Fred du Plessis is also overseas and chairman Dr A Wassenaar was not available for comment

Sources close to the deal believe that the sale of the stake of Fed Mynbou to Rembrandt does not endanger Sanlam's majority stake but said that it underlines Rupert's drive into mining, overseas and locally.

Rembrandt was recently involved in negotiations for the sale of some of its holding in Rothmans International with R J Reynolds, but swiftly broke off negotiations and sold half its 44 percent stake to Philip Morris. The nominal value of that sale is R350-million but this actually works out at less than R300-million after matters such as trademarks have been taken into account

Rembrandt broadly hinted at the time of the sale in May that it was interested in mining and energy ventures, particularly in North America.

I understand that Rembrandt came very close to taking over a 20 percent stake of a major US mining concern recently, but I am not at liberty to disclose the identity of that group

Sources close to Rembrandt believe that it will not keep to the current large minority stake in Federale Mynbou and it may well pick up the remaining 5 percent of Fed Mynbou still held by Volkskas

Some went as far as to add that Rembrandt has probably taken up pre-emptive buying rights over the remaining Volkskas stake.

This would give Rembrandt a 35,1 percent stake However, any attempt at gaining majority stake in Fed Mynbou would have to be done with the sanction of Sanlam

LEADING PART

Opinion of Afrikaans business circles is that, with Dr Wassenaar and Dr Du Plessis in control at Sanlam, there is little likelihood of such a move.

At the same time, relations between Gencor's Dr de Villiers and Dr Rupert are extremely good and Fed Mynbou and Gencor appear to have welcomed the enlarged Rembrandt stake.

Ever since the takeover of Union Corp by Gencor, in which Rembrandt played a leading part, this has been the case At the same time there has in the past been antagonism between Sanlam and Volkskas.

Ergo to exploit Simmer and Jack

Star 12/6/81 (210)

East Rand Gold and Uranium (Ergo) is to acquire the rights to exploit the surface and underground resources of Simmer and Jack mines and will back a R55-million project to treat material from surface dumps as well as from underground mining operations, says the Anglo American Corporation.

A metallurgical plant with a capacity to treat 150 000 tons of material a month would be built, incorporating sections of the existing small unit, and should be commissioned two years after the start of the project, the AAC statement said.

At the same time, an underground prospecting programme would be undertaken to determine whether it was economically viable to exploit the ore reserves of the Kimberley Reef to a depth of about 1 174 m.

INVESTMENT

If sufficient payable ore was proved on the Kimberly Reef above this datum, mining operations underground would be built up to about 50 000 tons a month.

"Surface deposits of sands and slimes suitable for treatment total approximately 23-million tons at an expected average recovery grade of 0,68 grams a ton," said the statement.

The surface and underground rights to Simmer were presently held by Garbin Holdings, a company owned by Anglo American Corporation and associated companies, including Anglo American Gold Investment Company, the statement said.

Ergo would issue one-million shares, to be credited as fully-paid, for the entire issued capital of Garbin.

"At prevailing gold prices, Ergo is expected to become liable for tax toward the end of 1981, and it has been agreed that AAC and its associates will provide the full amount of the after-tax capital expenditure required by way of loans bearing interest at 14 percent per annum."

Argo's obligation to repay these loans would be limited to 50 percent of its receipts from the Simmer project after deduction of a 15 percent administration fee.

The loans would bear interest for 10 years, after which they would be interest free.

"Ergo will recoup its initial capital investment in the project, plus a 12 percent after-tax return, from the profits of the Simmer project.

"The payments will be made quarterly and will rank as a prior charge against profits. Should any shortfall occur in the quarterly instalments, it will be carried forward.

FAST RATE

"Any extra profits will be divided equally between Ergo and Simmer and Jack Investments, which is a subsidiary of Simmer," the statement said.

If the gold price rose sharply, Ergo would becoup capital investment at a faster rate.

"If the average price of gold exceeded 650 dollars an ounce, Ergo will in addition receive:

- Sixty percent of the additional profit generated by an average price above 650 dollars and up to 700 dollars
- Seventy percent of the additional profit generated by an average price above 700 dollars and up to 750 dollars, and
- Eighty percent of the additional profit generated by an average price above 750 dollars." — Sapa.

Rembrandt spreads interests

THE reported acquisition this week of a further five percent of Federale Mynbou by Rembrandt — bringing its stake to 20 percent — highlights the group's diversification out of tobacco.

The group has also bought 10,8 million shares in Mefkor, valued at about R10-million from [illegible].

In addition, it holds 20 percent of Volkskas, valued at about R[illegible] million, 20 percent of Legal and General Volkskas, 50 percent of Henkel and 19 percent of Total Oil.

RDM 15/4/81 210

Union deals cut mine job curbs

By STEVEN FRIEDMAN
Labour Reporter

THE mining industry has now negotiated two productivity packages with trade unions which will mean a relaxation of racial labour practices in the industry.

The Chamber of Mines deal with the SA Engine Drivers, Firemen's and Operators' Association announced late last week, follows a similar package agreed with artisan unions earlier this year.

In both cases the unions agreed to relaxations in existing labour practices and to scrap the paid occasional leave system in exchange for a package of new benefits.

This means a wide range of mine unions have now agreed to relaxations in labour patterns opening the way to greater use of black labour.

The deal between the artisans and the chamber has also been followed by the announcement of a Government-approved training scheme for the industry backed by both parties.

The changes in labour practice have been linked to the mines' skilled manpower shortage and, at least in the engine drivers' case, it appears relaxations will only occur where insufficient white labour is available.

The mines have argued for some time that existing racial practices have created an acute skills shortage and hampered the industry's productivity and the new agreements are aimed at easing the problem.

The chamber negotiates wages collectively with the Council of Mining Unions representing all mine unions.

However, non-wage issues can be negotiated separately with individual unions and groups of unions.

Chamber relents on conditions for unions

Star 17/6/81

133 210 151

By Drew Forrest

The Chamber of Mines has modified its controversial criteria for the recognition of trade unions

Details of the revised criteria — which are likely to have far-reaching implications for future industrial relations in the mining industry — have been disclosed to The Star

The criteria make significant concessions to registered mining unions. Those seeking to represent the half-million Black workers in mining will find it easier to win negotiating rights

But, according to mining sources, there has been no change in the chamber's stance on unregistered unions, with which it has insisted it will not negotiate

ATTACKED

The original criteria for union recognition, drafted last December, were attacked by unionists for their stringency

The key revisions in the new guidelines are

○ To win recognition from the chamber, registered unions will have to prove only "significant" membership throughout the mining industry, rather than the 30 percent enrolment of eligible members previously required

Unionists complained that the latter figure was almost impossible to attain on the mines

Unions which have merely applied for registration and which can show "significant" membership will not get negotiating rights But "check-off" — the deduction of union dues by employers — will be granted to them

● More than one registered union may now be recognised by the chamber as representing workers in a particular job-category or occupation Such unions must "jointly approach the chamber for the purpose of negotiating basic wages and conditions of employment"

Under the previous guidelines, already recognised unions could have a negotiating monopoly in regard to a particular occupation, even if — like the Mine Workers Union — they were exclusively white The new policy means that black workers in mining may belong to recognised bodies,

TEST

The revised criteria remain more stringent than those of other major employer groupings, unionists say, in that to win recognition mining unions must still pass a membership test after being registered

The chamber's insistence on negotiating only with registered unions conflicts with the industrial relations policy of the Federated Chamber of Industries, of which several mining houses are members

ANGLO BOOSTS STAKE IN ENGINEERING

St Argus 19/6/81

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189

THE Anglo American Corporation has greatly increased its stake in the engineering sector by acquiring a substantial block of shares in Ipsa, the holding company of Dorbyl and Stewarts and Lloyds, two of the country's biggest metal working organisations.

Ipsa (International Pipe and Steel Investments SA) was formed some years ago by the British Government to hold the shares of the South African associates of nationalised British steel companies

Ipsa has 56,2 percent of Dorbyl's capital and 52 percent of Stewarts and Lloyds

At the time of Ipsa's formation British Steel Corporation retained 35 percent of the company's shares, while the balance were held by Metkor, an Iscor subsidiary (37,3 percent), Afgate (12,7 percent) and Anglo American (15 percent).

40 PERCENT

Anglo America is now buying five-sevenths of British Steel's holding for R29,5-million, lifting its stake in Ipsa to 40 percent.

The other two-sevenths are being bought by Metkor for R11,7-million, which will increase its stake in Ipsa to 47,3 percent

The move gives Metkor nominal control over Dorbyl and Stewarts and Lloyds as it holds 37 percent of Afgate's shares

At the same time British Steel is selling its direct interest in Stewarts and Lloyds, amounting to 21,1 percent of that company's shares, to the Rembrandt group for R22,84-million

Altogether British Steel will raise more than R60-million as a result of these transactions

SOWETAN, Wednesday, June

Call to scrap discrimination

THE PRESIDENT of the Chamber of Mines, Mr Richard Seton Lawrence, yesterday called for the removal of existing discriminatory regulations.

(210) Sowetan 24/6/81

By Z B MOLEFE

Addressing the Chamber's annual meeting in Johannesburg, Mr Lawrence, said, "The proposals for reform which have been mooted by the Prime Minister and others should be welcomed and implemented as rapidly as possible"

The development of the South African mining industry has been a classic example of the free enterprise system working successfully, pointed out Mr Lawrence

This was also a demonstration of how the private and public sectors can work together to the advantage of all the people of this country, "An example which could well be followed in other areas of public endeavour with similar results"

He added "Nor should the benefits of co-operation and co-ordination be limited to South Africa alone These were the benefits which can and should be enjoyed by Southern Africa as a whole working in partnership together"

Mr Lawrence also revealed that expansion plans of the mining industry are expected to create nearly 100 000 additional jobs The majority of these would be for unskilled workers

The expansion plans, involving expenditure of R12-billion over the 1980-1985 period, would constitute a vital contribution to the territories of the whole southern Africa region which permitted their citizens to seek employment on South African mines

The direct economic benefits to those territories could be judged by the fact that the cash wage bill for migrant workers on the Chamber's gold and coal mines alone amounted to R1 018-million last year, said Mr Lawrence

"Because the majority of mineworkers receive free food, accommodation and other facilities on the mines, they are able to save the major proportion of their earnings which are taken home with them or sent home by means of deferred pay or remittance facilities provided by the industry"

Mr Lawrence also said that the wages of black employees in the mining industry had increased tenfold in the past ten years

He could not supply the figures "The intention was to develop a common, non-racial wage structure, eliminating any wage differentiation based on race for any particular job category"

Linking of mines approved

Star 24/6/81

(270)

The Minister of Mineral and Energy Affairs, Mr de Klerk, has approved the proposals for the mining by Western Holdings (West Hold) of the Erfdeel-Dankbaarheid area and the merging of the mining operations of West Hold, Free State Saaiplaas (FSS) and Welkom Gold Mine (WGM).

With effect from July 1 1981, West Hold will acquire the undertakings of FSS and WGM in return for 3 653 000 and 3 185 000 West Hold shares respectively, which will then be the sole assets of those companies

Shareholders in FSS will have an effective interest of 13 West Hold shares for every 100 FSS shares held by them.

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activities. For obv ... age data is somewhat incomplete at times; ... that was obtained is nonetheless felt to ... us presented. Much of the information included ... found in table 3 overleaf.

Thinning

The 'thinning' opera ... in order to reduce the number of apples bor ... ducing the number of apples apparently ensures t ... on the tree will be larger and of better qualit ... ial if the apples are to adhere to the export ... aid down by the DFB. All except one (whos ... mostly of peach trees which required thinn ... - in September and October) of the fift ... wed thinned their orchards during Novem ... our of them further extending the process for at least one month in either direction.

Fourteen of the fifteen farms found it necessary to supplement their permanent labour force with seasonal workers (376 workers 49% of the permanent labour force) for this operation. Twelve of these fourteen farmers drew their seasonal labour force from women resident on the farm; one farmer employed only African migrants and thus did not have any women permanently resident on the farm, the other employed the women resident on his farm as permanent workers (as defined earlier.) Five farmers needed to recruit women from the surrounding areas.

While a number of farmers pay their thinners piecework, the majority appear to pay on a daily basis. For the six farms from which information was obtained, the mean wage for a female thinner was R1,40 per day.

Picking

In general, the peak apple harvest period extends from February to May, although some farmers begin picking in January (notably those who have orchards other than apple trees on their farms.) Fourteen farmers from our sample introduced seasonal workers onto their farms for the picking operation (460 additional workers,

Mines mum over union recognition

By Z B MOLEFE

THE Chamber of Mines yesterday refused to comment on a reported change to its controversial criteria for the recognition of trade unions because the newspaper which published the report got it "from a confidential document."

A chamber spokesman told the SOWETAN: "That story is not very accurate. It comes from a confidential document. Unfortunately, we cannot discuss the matter further."

He admitted that the question has been under discussion with a number of unions, and that at some time in the future a formal document would be presented to the unions for comment. But he could not name these unions.

Details of the chamber's revised criteria, according to an afternoon newspaper, were likely to have far-reaching implications for labour relations on the mines.

The criteria would also give significant ground to registered mining unions and make it easier for them to win negotiating rights.

It was also reported that, according to mining sources, there had been no change in the chamber's attitude to unregistered unions with which it has insisted, it will not negotiate.

The new guidelines reportedly lay down that to win recognition from the chamber registered unions will have to prove only a significant membership throughout the mining industry rather than the 30 percent enrolment of eligible members previously required.

More than one registered union may now be recognised by the chamber as representing workers in a particular job category or occupation. Such unions, according to the reports, must jointly approach the chamber in negotiating basic wages and conditions of employment.

Under the previous guidelines, unions then recognised could have a negotiating monopoly for certain occupations even if — like the Mine Workers Union — they were exclusively white. The new policy would mean that blacks in mining could belong to recognised bodies.

In another development, the chamber said that blacks have not been included in the massive R24-million bonanza offered miners early this month. This meant total earnings of white mine workers will exceed the R100-million mark for the first time this month.

A chamber spokesman said that black wages were still under review. "We normally review their wages this time of each year. An announcement will be coming fairly soon," he said.

DISEASES OF THE RESPIRATORY SYSTEM

		A		C		B	
	F	M	F	M	F	M	F
	22	7,81	4,55	32,20	28,78	13,54	14,15
	28	0,90	0,69	5,22	5,45	2,46	2,13
	,06	0,17	0,11	0,21	0,23	0,18	0,13
	[illegible]	0,37	0,33	0,94	0,72	0,66	0,52
	,92	3,33	1,85	4,68	2,14	2,75	1,72
	7,83	16,51	13,42	20,07	10,40	9,32	6,19
	0,97	1,22	0,79	2,87	2,22	1,37	1,24
	2019	430	282	3270	2588	2852	1951

Hypotheses are made early in the clinical encounter The time taken for the process will depend on the potential urgency of the condition

This paper lays stress on the consultation and the concepts of patient care because these are integral to the process and ethos of general practice. However, the content must also be examined especially in relation to training There are five areas of knowledge of importance to the general pr

Health ar

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Medicine

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Health and Disease

Traditional medical teaching has always been biased towards disease and its treatment. To-day there is a growing emphasis on health maintenance It is felt that the family physician is ideally placed to recognise those patients who are vulnerable or at risk and to practise preventive medicine Hodgkin[10] describes four ways in which the general practitioner may practise preventive care

(a) Early diagnosis and appropriate treatment will obviously prevent the serious consequences of disease

(b) Prophylaxis of infectious disease by the numerous kinds

of immunization now available.

(c) Screening procedures to detect disease in the presymptomatic phase. Although there is great enthusiasm for this kind of work, particularly in North America, there are few screening procedures which justify the time and expense devoted to them. It is felt that such tests, e.g. cervical cytology, which are of

[11]

termed the demystification of medicine. By informed reassurance one can diminish anxiety, induce confidence and promote independence and self-care By taking advantage of receptive phases in the patient's life one can promote concepts of health. Thus the pregnant mother can be taught about the advantages of breast-feeding. The young mother can be taught about the risks of overfeeding and the value of consistency in the management of her child.

Star 27/6/81

Strike over union's status

By Drew Forrest

Almost the entire African workforce of the Richard's Bay Minerals company — about 650 workers — has downed tools in a dispute over union recognition.

Production at the mining and smelting company was shut down for 10 hours on Thursday, but was now at "reduced levels" after being restarted by white employees, said managing director Mr B J Grierson

The striking workers had gathered peacefully at the bus-stop next to the plant, he said, but by last night the dispute had not been settled

Mr Grierson confirmed that the strikers were demanding the recognition of the National Iron, Steel, Metal and Allied Workers Union, an affiliate of the National Federation of Workers.

SHOW

At a meeting earlier this week, management had told the NFW general secretary Mr Matthew Olifant, that it would negotiate with the union in place of the company's works council only if it could show 50 percent paid-up membership at the plant. This could be determined by opening the union's books to an "impartial outsider," such as an auditor

Mr Olifant told The Star's Durban correspondent that he would not allow this, as the question of whether members were paid up was "no business of management"

There had been no dismissals, Mr Grierson said, but the strikers would be subject to the company's "normal disciplinary procedures."

800 fired as police stand by

SEQ 30/6/81 (210) (452) (739) (75)

By Drew Forrest

The Richards Bay Minerals company has fired 800 striking workers, and will begin hiring replacement staff today

The company's managing director, Mr B J Grierson, stated that the men had been fired because of "the escalating degree of coercion and the continuation of the illegal strike"

The dismissals were carried out yesterday morning without incident, he said, although a police unit was on standby "to prevent any violence"

The mining and smelting company was brought to a standstill for 10 hours on Thursday and Friday when about 650 workers — the majority of its African workforce — downed tools They were demanding the recognition of a union affiliated to the National Federation of Workers, formerly the National Federation of Black Workers

In a meeting earlier in the week, management had told the NFW general secretary, Mr Matthews Oliphant, that it would discuss recognition only if the union gave documentary proof that it had at least 50 percent paid-up membership at the plant

This Mr Oliphant declined to do, arguing that the workers had shown they wished to be represented by the union, even if they were not paid-up" He could not be contacted for comment yesterday

Star 30/6/81

Atlantis project opposed

Farming Correspondent

Farmers and buyers of farm products would ultimately have to bear the brunt of the high-cost Atlantis diesel-engine project.

This was the reaction of the Transvaal Agricultural Union following a Press conference given by the Deputy Minister of Finance, Mr Steyn, in Pretoria yesterday.

He admitted that the switch to the locally produced engine would be costly. The price of tractors and diesel trucks could rise by about one-third.

POSITIVE ASPECTS

There were, however, some positive aspects. The reduction in the number of models would eventually lead to the reduction of the cost of replacing factory machinery.

South Africa would also be strategically and politically less dependent on foreign supplies.

With the prospects of using new fuels proper research into the required engine modifications could also be done in time.

Star 30/6/81

Ergo reports rise in profit of 42%

For the third successive year, Ergo's operating profit has increased substantially and, for the financial year ended March 31, rose 42 percent to R92,5-million, reports the chairman, Mr Harry Oppenheimer, in his annual review.

Total dividend distribution for the year was R80-million, an 82 percent increase and, while this was largely due to the higher average gold price, proved extraction efficiencies made an important contribution.

The production of gold and uranium at 6 885 kg and 292 tons respectively was above both the targets set for the year and last year's actual levels, Mr Oppenheimer says. Acid production however, was below target because of low sulphur head values.

Operating costs at R1,79 a ton of slime treated were 15 percent above those of the previous year, an increase in line with the general level of inflation experienced by the mining industry during 1980

In reference to gold, Mr Oppenheimer says the outlook for 1981 indicates a further decrease in gold supplies with offloading unlikely to resume unless there is a very substantial price increase

"With serious private investors striving also to protect their assets through a partial diversification into gold it appears that supply and demand factors will provide a firm base to the gold price between 450 dollars and 500 dollars."

On uranium, Mr Oppenheimer said that against the background of a continued decline in the projected growth of electricity demand, the uranium market weakened appreciably during the year

On sulphuric acid, Mr Oppenheimer said the international shortage of sulphur and sulphuric acid had eased and prices had weakened recently

"In South Africa, however, demand for fertiliser, greater uranium production and the strength of the economy increased the demand for acid and prices continued to rise."

"Forecast expenditure for the current year, excluding the amounts needed to finance the project at Simmer and Jack mine is R9,8-million of which R1,7-million is required to complete the Springs Dams' pump station

"The decision to proceed with the Simmer project means that the company, which was otherwise expected to become liable for tax during the current year, is unlikely to pay a substantial amount, Mr Oppenheimer added. — Sapa

proportion of available labor to them at the expense of those that were less labor intensive, less demanding in terms of the timeliness of attention, or of less importance to the family. Tobacco and cotton were given priority over corn, corn over manioc , and manioc over the

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Strikers rampage: 13 arrested

CT 1/7/81

210 ~~152~~ ~~153~~ ~~139~~ ~~226~~ 229 ~~329~~ ~~186~~

Own Correspondent

DURBAN — Thirteen blacks have been arrested and charged with public violence in the Esikhawini township, near Richards Bay, after striking workers from the Richards Bay Minerals company went on a rampage at the weekend

More than 800 employees of the company were dismissed on Monday morning after downing tools on June 25 following a dispute over trade union representation

In Esikhawini at the weekend, where RBM owns more than 300 homes for its employees, a number of strikers indicated they would return to work on the Monday Groups of workers in favour of continuing the strike went on the rampage against them A number of workers beaten up were treated in hospital after being rescued by police

A group of about 25 strikers battered down the front door of a man who intended returning to work. He fled, but the gang broke his furniture, burnt carpets, smashed every window, hacked at tiles in the bathroom with iron bars and ripped all his mattresses

Notice to move

Yesterday the occupants of the homes were given two weeks' notice of eviction

The workers struck last week on the advice of the National Federation of Workers who claimed to have the majority of black employees at the company as members

During discussions with RBM management, union officials were asked to produce evidence of such membership Management also said they would pay for an official audit of union books to confirm claimed paid-up membership

Union officials refused to make the books available and the strike continued

Early on Monday morning the workforce gathered outside RBM's main gates and repeated their demands for union representation They still refused to meet management requests

Management then informed the strikers that because of intimidation of many workers and their families, and because of the continuation of the strike, they had to dismiss all the workers

Refused money

RBM tried to pay out the men but they refused the money They were then ordered into buses which took them, under police escort, to Esikhawini

On Tuesday all was calm, but tense, in the township, and police were on stand-by

The managing director of RBM, Mr B J Grierson, said employment of a new workforce had already begun Operations at the company had been maintained by remaining staff

● After another strike, more than 300 workers at Umhlatuzi Valley Sugar company, between Empangeni and Richards Bay, returned to work yesterday morning

They struck on Monday after advising management they wanted a workers' liaison committee Management at first refused but, after further discussion, it was agreed on

Sept 24 MT5

Sept 28 MT6

Star 1/7/81

JOHANNESBURG BUDGET

[illegible]

Among the points raised by management committee chairman Mr Francois Oberholzer in his budget speech were

● Local authorities can soon expect a 'long over due, but small, subsidy" for their fire prevention services and, probably a subsidy for ambulance services

● The province takes 80 percent of the city's motor vehicle licence income and the State appropriates the entire fuel tax raised in Johannesburg

'Johannesburg has to build and maintain the road network which makes the raising of these revenues possible and even were we to get only half of the yield from these sources, we would be R55-million better off This amount would cover the new financial year's expenditure on roads and works and municipal passenger transport '

● Johannesburg's business community and, in particular, the several fabulously wealthy conglomerates based in the city do not as a rule, make an appropriate contribution to the running of their municipality This inequitable incidence of local taxation must be corrected"

● Obligations or restrictions imposed on Johannesburg by the State in respect of health services housing and community services, derating of State property, ambulance services, civil defence, Customs and Excise duties and general sales tax, fuel tax bridging finance for housing projects, cleaning of vacant State-owned land and a variety of other matters would cost about R33-million a year

● Of all the local authorities on the Witwatersrand on January 1 this year only Alberton was marginally cheaper (less than six percent) than Johannesburg, Germiston was dearer by 9 3 percent, Bedfordview by 19 3 percent Edenvale by 34 8 percent Sandton 36 1 percent Roodepoort by 42 4 percent Randburg by 45 8 percent

● The management committee learnt from the labour unrest in the 1980/81 financial year that the conditions of employment prevailing then inadequately compensated unskilled workers for length of service

● Johannesburg had to get the Administrator's approval for the advancing of expenses incurred in connection with the installation of baths lavatory basins and sinks

● More than a million people would use the Parks and Recreations Department's 15 regional swimming pools and 12 district pools in 1981/82

● In 1979/80 about 3 371 913 vehicles used the traffic department's parking garages and, in 1980/81 the number will probably be 3 714 000

● Existing electronic cash registers used to record information about the payment of traffic fines and to issue receipts for fines had become obsolete and R12 000 had been included in the capital estimate for the purchase of reliable machines

Reef towns 'dodging housing problems'

Neighbouring municipalities were criticised during Johannesburg's City Council budget debate yesterday for neglecting coloured housing in their areas

"Johannesburg is not getting the support to which it is entitled from some of its sister municipalities" the city's management committee chairman, Mr Francois Oberholzer said

Some of these local authorities were now even petitioning the State to relieve them of what little responsibility they had for coloured people's housing

"Plainly, the Witwatersrand is at present the major area of employment for skilled and semi-skilled coloureds

BACKLOG

"The convenient indifference of other municipalities to the accommodation demand, though not accompanied by any reluctance to employ these workers in their areas, simply places the onus on Johannesburg to supply the necessary housing," Mr Oberholzer said

This entailed considerable costs for Johannesburg ratepayers and placed the city in the awkward position of having to contend with a vast backlog in the supply of accommodation, and being unable to provide requisite housing for its own coloured employees

Mr Oberholzer said of the R20,7-million for housing coloured areas had been allocated R15 4-million white areas R4 7 million, and Lenasia R471 000

PFP calls for probe to end discrimination

Reports by Deon Delport, Municipal Reporter

Johannesburg should establish a municipal commission of inquiry to investigate the abolition of remaining race discrimination in the city, it was suggested during the city council's budget debate last night

Mr Harold Rudolph Progressive Federal Party, (Hospital Hill) said a non-partisan committee could investigate and examine by-laws and proclamations involving race, and suggest ways to abolish discrimination in Johannesburg

Praising the chairman of the management committee, Mr Francois Oberholzer, Mr Rudolph said the council under his leadership took steps in January 1974 towards abolishing petty race discrimination

'Signs in parks went Signs on park benches were removed, as were the horrible signs, "white only," from libraries, the zoo, museums and the art gallery The heavens did not fall in

'Much of the old, horrible discriminatory legislation still remains — our swimming pools are still segregated, our recreation centres are still segregated So are toilets in spite of the fact that many, though not all Government buildings have been integrated," said Mr Rudolph

He also pointed out that the present system of representation for the coloured and Indian communities, using management committees to liaise with the council, was not successful

Among other points raised by councillors were

● Mr Lancon Stanton (PFP, Emmarentia-Greenside) pointed out that traffic department fines had risen by a massive R2,5-million — nearly 30 percent above the original estimates for 1980

This had turned an estimated deficit of nearly R30 000 into a massive surplus of R1,4-million '

He said that the PFP's criticism of the increase in fines earlier this year had now been vindicated

● Mr Elliot Kretzmer (PFP, Waverley-Bramley) said he was pleased to note that the amount allocated to the public library for buying books had increased to R580 000, compared with R308 000 last year

"This vote will enable the library to make up some of the wastage of previous years, while at the same time increasing the current stock of books and also stock up the new branch library in the south," he said

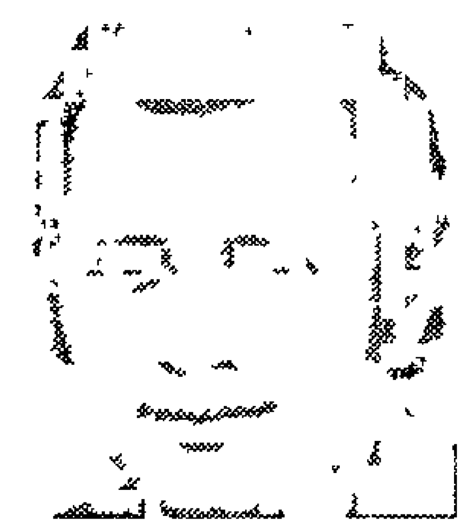
He said he hoped a more realistic amount than the R120 000 would be voted in future for the estimated R3-million extensions to the Art Gallery building

"The director of the Art Gallery has estimated that the extensions will meet the gallery's requirements for the next 50 years, but at the present rate of expenditure half this time will have elapsed before the project is complete"

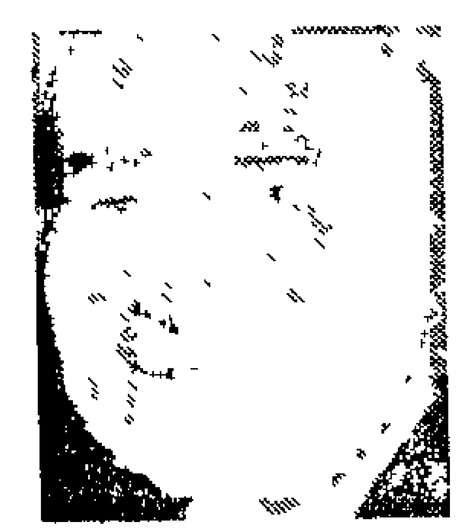
● Mr Max Neppe (PFP, Berea) said his party supported the Randburg-Johannesburg bus demonstration project He hoped the experience would be used to introduce similar systems involving all the municipal transport departments in the Johannesburg metropolitan area, as well as South African Railways and privately-owned bus companies to achieve a co-ordination of public transport

● Mr Alan Gadd (PFP, Yeoville) criticised the budget's tariff increases, saying many families dreaded trying to pay their accounts

MR OBERHOLZER



MR RUDOLPH



MR MOSS

Run the city on business lines, says Moss

Johannesburg should be run on business lines and greater efforts should be made to improve efficiency, Mr Sam Moss MPC and leader of the Opposition said yesterday during the budget debate

Public sector organisations were in a monopolistic situation which encouraged inefficiency and bureaucratic tendency

The city had the responsibility of making the best use of manpower and financial resources as the financial burden on citizens increased

Business principles dictated the city should make the maximum use of resources such as scarce skilled manpower, have efficient management and appropriate delegation, adequate staff training and incentives, fair and appropriate labour relations procedures and effective short and long term planning

Mr Moss criticised inefficiency and cited examples of it

There were examples of "unacceptable bungling and unnecessary costs" such as the Northview fire station and the incident in Sunnyside township where permission had been given to build on a portion of land earmarked for a road

A service organisation had offered to build a recreation centre in Hillbrow but because the management committee had taken so long to make a decision the offer had been withdrawn.

He recommended the appointment of independent and objective outside management and efficiency consultants and the establishment of corporate bodies to run transport and electricity

He also advocated the appointment of an ombudsman to deal with complaints

'Mines should pay rates on their 5600ha'

Sta 1/7/81

Both the ruling coalition and the opposition yesterday supported the idea of making mining ground subject to assessment rates

Mr Francois Oberholzer, chairman of the management committee, pointed out during the budget debate that for the new financial year 1981/82, of the R87-million the city expects to get from assessment rates, only R7 500 is from mining improvements

Supporting Mr Oberholzer, the leader of the PFP, Mr Sam Moss MPC said the potential value of these vast tracts of land running through the city was increasing substantially year by year — partly because of the substantial freeway network serving them — and yet the companies owning this land made no contribution to local government revenue

"In Johannesburg there is about 5 600 ha of this sort of ground available Unfortunately this ground has never been officially valued and it is difficult to estimate the amount this ground will contribute in property rates

"A hectare of ground in Johannesburg is valued at about R63 000 and if the mine ground was valued similarly, it would be worth R358 400 000 and give an income of between R7,5-million and R12,7-million in property rates depending on the zoning

"In the past this source of income was not seriously regarded because the goldmining industry was in a depressed phase — at this stage there is no persuasive reason why this land should not become taxable," Mr Moss said

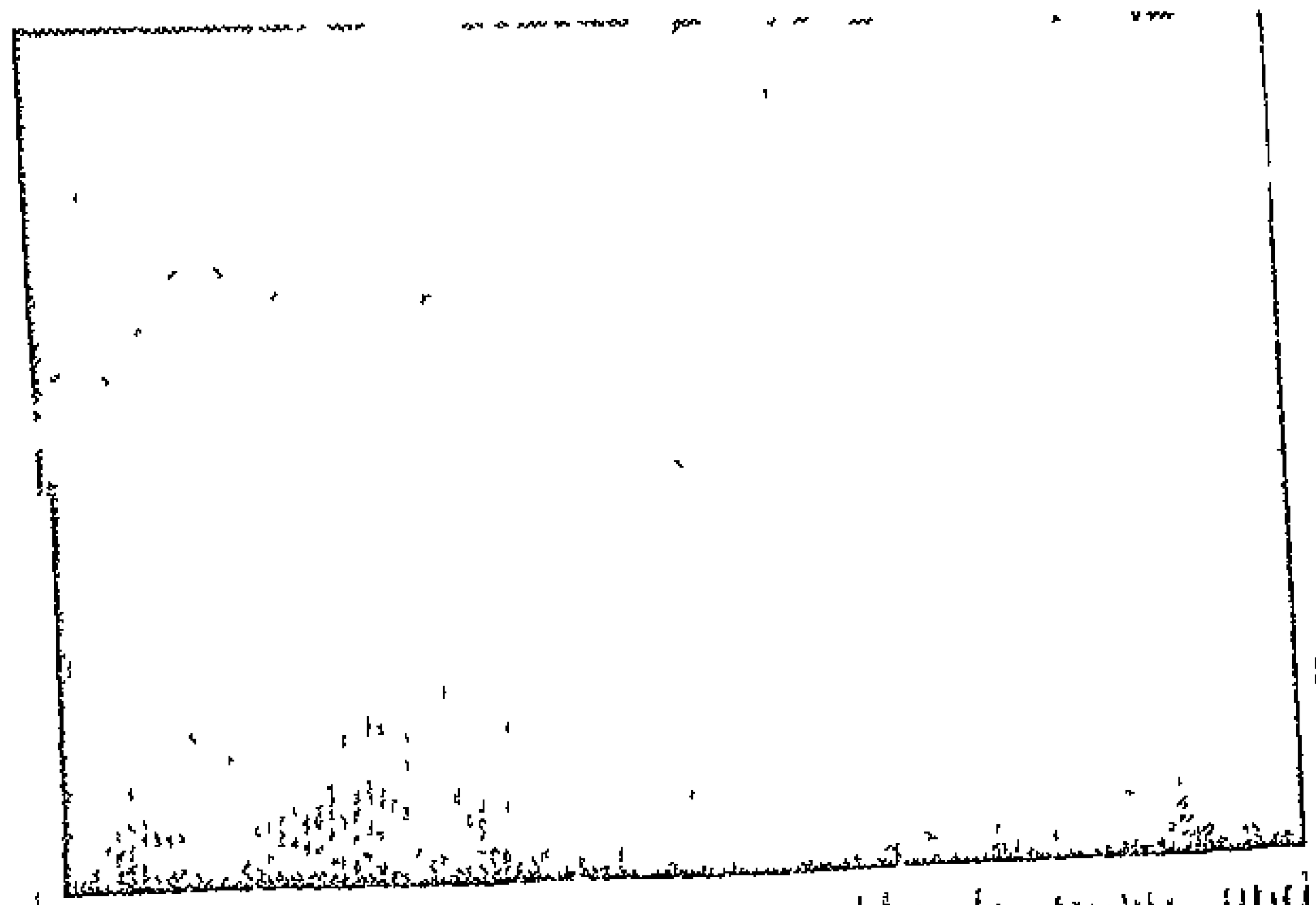
Mr Moss said his party felt commercial and business interests which not only benefited directly from the investment in transportation and highways, but which also recovered a proportion of these costs from the State, should contribute proportionately more than the ordinary householder who had less direct benefits and who had no means of recovery

"Commerce and industry are already contributing significantly to the tax base of the city (the CBD accounts for about 50 percent of assessment rates) and it is essential that they continue to be attracted to our city," he warned

If the city imposed ever-higher financial burdens on them they might be attracted to other locations and the city centre could decline, causing severe problems to Johannesburg's resource base

"The imposition of a rate on development suggested by Mr Oberholzer, may prove to be a major dis-incentive in this regard and must be carefully considered, particularly if Johannesburg is the only city in the region to impose this additional rate," Mr Moss said

Mr Oberholzer also suggested a tax be imposed on business turnover as a possible additional source of revenue for the city, but the PFP felt the measure would be highly inflationary as the increased charges would automatically be passed on to the consumer



At Free State Geduld the No 5 main and ventilation shafts have now been sunk to their final depths, commissioning of the project will probably take place in April 1982

Gold declines and uranium's prospects dismal

By ADAM PAYNE

GOLD output by the producing mines administered by Anglo American Corporation declined by 6 577 kg, or 25,53% to 253 442 kg during 1980 in spite of a 6,99% increase in tonnage milled to 50 678 600

This is reported in Anglo American Corporation's annual review for the year to March 81 showing the decline in grade because of the higher gold price

Unit costs increased by R4 51 or 14,9% to R35,12 a ton milled while working revenue increased by 83,6% to R3 955-million as a result of the higher price received

Taxation and State's share of profit absorbed R1 403-million (R599 million), and capital expenditure amounted to R600-million (R459 million)

Discussing uranium, the report says depressed market conditions have become increasingly apparent and are reflected in the dramatic decline in prices ruling on the spot market

While it is expected that orders for new nuclear power stations will shortly be placed, no significant improvement in the uranium market should be expected much before the end of the decade

Reviewing the gold market, the report says supplies of physical gold to the market in 1980 are estimated to have fallen to about 1 300 tons from the more than 1 700 tons in 1979

Although South Africa produced 674 tons it supplied 40 tons less than that to the market, while lower sales by the Communist bloc resulted in a supply of under 100 tons and 250 tons being produced elsewhere in the world

The IMF supplied 63 tons during the first five months of 1980 while the volume of privately sold gold which entered the market was estimated at about 230 tons

Gold consumption by the jewellery manufacturing industry is estimated to have fallen to 500 tons in 1980 after 740 tons in 1979 and more than 1 000 tons in 1978

A further 210 tons were consumed by the electrical, dental and other industrial sectors and 250 tons in the fabrication of official coins and medallions

Official and private investment demand accounted for 500 tons or nearly 750 tons if coins and medallions are included

Supplies during 1981 may be expected to be significantly lower than last year, says the report

Unless there is a major political upset, technical considerations, inflationary expectation, and interest rates will continue to dominate short-term price determination causing occasional increased volatility and possibly higher prices later in the year

As stated in the preliminary figures issued with the final dividend announcement, Anglo American's group profit on an equity accounted basis for the year ended March rose by R341-million to R866-million with the gold sector contributing 46% (32%) of earnings from investments, associated companies and operating subsidiaries

QUANTITY SURVEYING

(Continued)

Bell-John Prize
For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize
For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes
For the best student in each of the courses of Building Economics I, II and III in the third, fourth & fifth years respectively.

I : N D G Sessions

II : A R Low Keen

III: No award

S A Brick Association Prizes
For the best student in the subject of Building Construction.

C W von During

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URBAN & REGIONAL PLANNING

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Anglo warns on labour

20M 1/7/81

210

By ADAM PAYNE

SPENDING on consumer durables, in real terms, in the year to March exceeded that of 1975 for the first time, with particularly large increases recorded for furniture and household appliances as well as motor cars.

This is said by the directors of Anglo American Corporation in their annual report

Fixed investment showed a sharp recovery during the year with expansions coming mainly from the private sector with major contributions from manufacturing, mining and the construction industry.

Investment outlays in real terms by public authorities declined for the fourth consecutive year but expenditure by public corporations, including Sasol and Escom, continued to grow.

Total manufacturing, reflecting buoyant domestic demand, increased by about 10% with industries catering for the durable consumer goods markets enjoying particularly strong demand

While manufacturing profits rose substantially, cost pressures also grew significantly during the year

These pressures were relatively easily absorbed while output volumes were expanding rapidly but full capacity has been reached in many areas and growth in demand is clearly not going to be maintained at last year's rate

Labour costs per unit of output are already accelerating and the acute shortage of skilled labour may be expected to continue

"These difficulties and the whole area of industrial relations generally will be the most important challenges to management in the immediate future," say the directors

"The balance of payments should not be a major constraint and efforts to contain demand by increasing taxes are unlikely However, monetary policy has already changed stance so as to tighten liquidity

Anglo American biggest foreign investor in US

CT. 2/7/81

210 337

NEW YORK — Anglo American Corporation of South Africa Ltd is the biggest foreign investor in the United States, according to Forbes magazine

The Royal Dutch-Shell group is No 2 and British Petroleum is No 3, the fortnightly US business magazine says in its July 6 edition Tengelmann group and Friedrich Flick group both of West Germany, take fourth and fifth place

Altogether, the 100 biggest foreign investors have at least \$170-billion (R144-billion) in assets in the US and their profits were at least \$6,7-billion (R5 6-billion) last year

Twenty-seven of the top hundred involve British firms Other countries represented include Canada, with 18, and West Germany with 16 firms

Anglo American owns 32 percent of Engelhard Minerals and Chemicals in the US, 50 percent of Inspiration Consolidated Copper and 55 percent of Terra Chemicals, a fertilizer producer

Forbes values Anglo American's total US assets at \$17,6-billion (R14,9-billion) — Sapa-AP

MINING

210 FM 3/7/81

Consgold's Newmont bid

The US business publication, *Forbes*, looks at Consgold.

In 1974, when oil had ballooned to $12 a barrel, it still took 158 barrels of oil to buy a ton of copper Today it takes fewer than 50 barrels of oil to buy the same ton That goes far to explain why the oil companies have recently been bidding to take over companies mining copper and other minerals that have not kept pace with oil

But the mining industry has its own *nouveaux riches* — the gold miners In 1974 it took 11 oz of gold to buy a ton of copper Today it takes just over 3 oz That explains London-based Consolidated Gold Fields (Consgold) current bid for 49% of Newmont Mining Corp (assets of $1,4 billion)

When he announced in April that his company had purchased 7% of Newmont's shares and was in the market for up to 42% more, Consgold chief executive Rudolph Agnew declared, "the mining industry is too important to leave to the oil industry " In Consgold, big oil has a worthy opponent

Over the last decade, Consgold has grown into one of international mining's biggest and best-run outfits On revenues of around $2,5 billion in its fiscal year ending this month, Consgold should earn about $250m

Market value

Its 13% average return on capital in the last five years compares favourably with the profitability of all US mining companies Its market value on the London Stock Exchange, currently at $2 billion, places it ahead of all US mining companies save Amax and Engelhard Minerals Should Agnew succeed in picking up 49% of Newmont, that market value could swell to $3 billion

Even at $2 billion, Consgold currently sells at a 20%-plus discount to the asset values of its far-flung holdings

Consgold has its base in gold mining A company official estimates that its mines, most of which are held through 46%-owned, Johannesburg-traded Gold Fields of South Africa, have reserves of 5 000 t of gold recoverable at current prices and technology Consgold's share of that would be about 1 000 t, or 32m oz That works out to about one oz of gold per six Consgold shares Yet the stock trades at around $10 a share in London, one-eighth the value of its gold reserves

For all its diversification, Consgold's real earning power still rests with gold mining and SA — which may account for the discounts on the share price The price of gold has been falling since January 1980, and SA mining costs have soared Add to that investors' customary nervousness about SA's political outlook

But if that s the way the market is thinking, says Agnew, 47, whose grandfather ran Consgold in the Thirties, it suffers misconceptions about Consgold and SA

To begin with, while many SA mines have been forced by the cost-price squeeze to cut or cancel their dividends, most of Consgold s mines have so far maintained or even increased their payouts The reason Consgold's mines include the richest, lowest-cost producers in SA, making them the lowest cost producers in the world

This means, of course, that the prospects of both SA and Agnew's company are intertwined On that score, from knowledge gained as a company director and from working in the mines as a young trainee, Agnew has this perspective·

"I believe SA has embarked upon a classic industrial evolution where the workers will seek and will get — whether they're white or black — a larger share of the cake Now I'm not saying that there won't be disturbances I think there will be But I am optimistic "

Still, there is no harm in securing operations in other places, other metals, and Newmont Mining is the world's seventh-largest copper producer Last year, it produced 222 000 t and would have produced another 55 000 t but for a four-month strike at its huge San Manuel mine in Arizona

The calculations about copper that have the world's miners and oil companies salivating are these at 85c/lb it as uneconomic to open new mines But worldwide copper stocks are now under 2 Mt compared with 3,8 Mt during the 1974-1975 recession Result, say some forecasters a 1 6 Mt/year shortfall when the economic cycle turns and a copper price of up to $1,50/lb.

In addition to the copper, Newmont has 4m oz of US-based gold reserves, and the kind of management that the Consgold people admire So it is not difficult to understand why Consgold's top man in the US, Amcon MD David Lloyd-Jacob, 43, called on Newmont's chairman Plato Malozemoft, 71, in April and informed him that Amcon had acquired 7% of Newmont's shares and was in the market for up to 49% Amcon has since boosted its stake to 8,1%, although Malozemoff and his board have called Consgold's terms "inadequate "

Plato's hostility

But if Malozemoff is talking hostile, he isn't acting that way Newmont has not tried to smother Consgold in lawsuits nor used publicity to vilify Consgold as a "foreign' buyer

But what is to prevent a big oil company from buying both Consgold and Newmont? Even $3 billion market value is not beyond the purse of an Exxon with its $10 billion-plus cash flow The answer is that Agnew's company is already spoken for SA's Harry Oppenheimer boosted his stake in Consgold to 25% in February 1980, and later built that stake to 29% In the event of an unfriendly bid from big oil, Oppenheimer easily could increase his Consgold stake to over 50% For now he has put the Consgold holding into Bahamas-based Minerals and Resources Corp (Minorco), the company through which the man behind Anglo American and De Beers makes his US investments

Consgold's bid for Newmont has prompted further speculation that Agnew is acting as Oppenheimer's agent Oppenheimer and Malozemoff, after all, are hardly strangers Newmont controls a 10,4% stake in Oppenheimer's Highveld Steel and Vanadium, and 55% of the Gamsberg zinc deposit in SA's northwest Cape, Oppenheimer controls the other 45% Observers note that investment banker Felix Rohatyn of Lazard Freres serves both as chief financial adviser to Newmont and as a director of Minorco

Agnew insists that Oppenheimer interests "were not parties either to the planning or the execution" of Consgold's bid for Newmont, and that his own company is independent Those who think otherwise, says Agnew, don t understand "the tradition of cross-holdings in the British-SA mining industry."

It's one big happy family In other words, one that would not look with favour on wealthy gentlemen callers from US oil companies

Star 9/7/81

Control of Rand Mines to TCL

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Control of Rand Mine Properties is to pass from Barlow Rand to Transvaal Consolidated Lands in a one-for-seven share-swop deal.

Barlow's has agreed to relinquish its 60,1 percent holding in RM Props on the basis of one TCL share for every seven RMP shares

The same offer will be made to minority shareholders who will also be given the choice of receiving one TCL share for every eight RMP shares plus a cash payment of 105c an RMP share

This is almost equivalent to the 102c a share added to RMP's earnings by the recent R13-m sports complex deal with the State

SAND DUMPS

RMP's shares were yesterday suspended from the Stock Exchange at 730 c, while TCL closed the day at 4 925c The deal puts an effective price of 700c on RMP shares

The reasoning behind the deal is that RMP's increasing development of the programme for the recovery of gold from sand dumps gives TCL the opportunity of further investment in gold-mining

The acquisition will result in a relatively small drop in earnings per share of TCL in the current financial year but dividend distribution should not be affected

Earnings a share are expected to improve at a later stage with the development of RMP's gold recovery operations — Ann Crotty

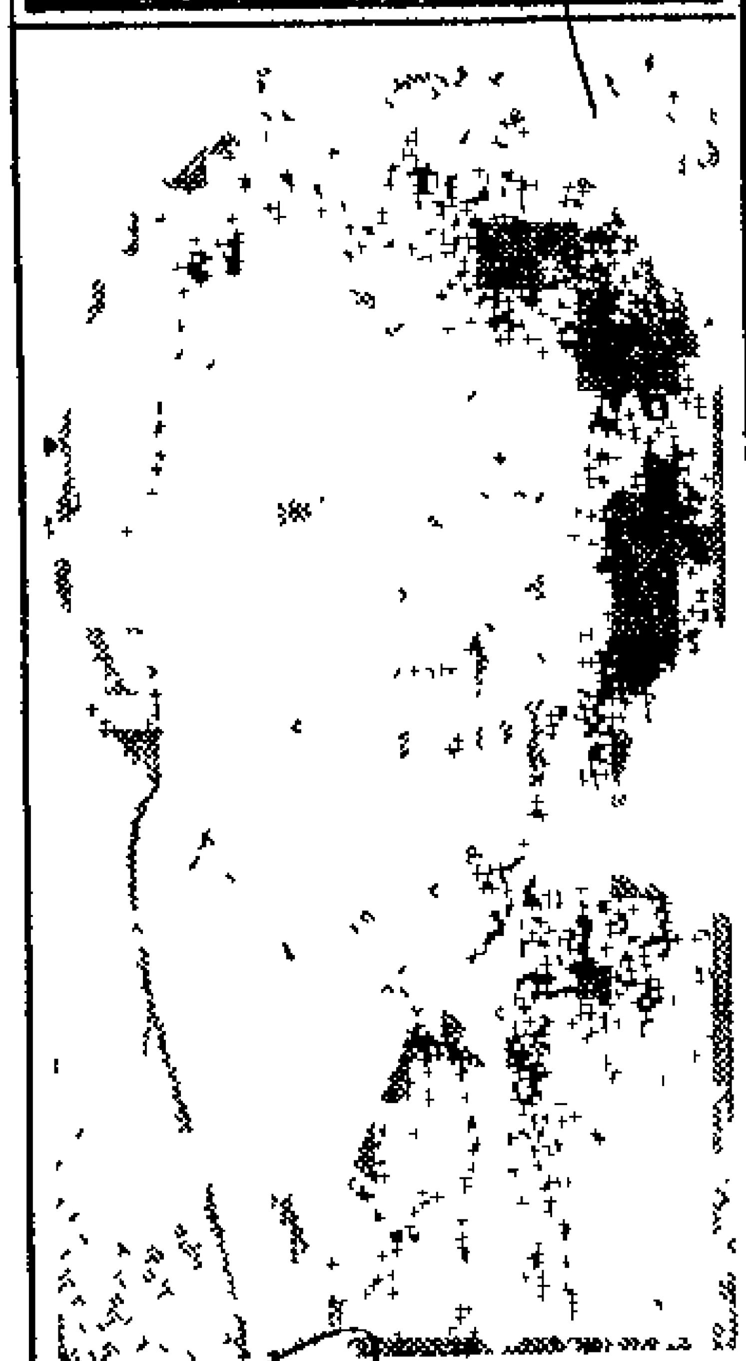
JSE to inquire into Bankovs, Chloride

THE Johannesburg stock exchange has called for returns from stockbroking firms on all transactions carried out in the shares of Chloride Holdings SA Ltd, from June 15 to July 2, 1981, and Bank of the Orange Free State Ltd from June 15 to July 3 inclusive.

In a statement, the JSE said the inquiries stem from the increase in the price and volume of trading in the two shares during the said periods.

● Negotiations between Haggie Ltd and Chloride Group are proceeding satisfactorily and an announcement on the future of Chloride SA Ltd will be made on July 13, Standard Bank said in a statement.

The listing of Chloride SA shares will be reinstated on the JSE from the commencement of trading on July 13, the bank added. — Reuter.



Mr J W Braun, manager of ICS Foods, Clayville, has joined the board of ICS Foods.

TC Lands takes RM Props in share swop

RDM 9/7/81

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By JOHN MULCAHY

TRANSVAAL Consolidated Lands is buying Barlow Rand's 60,1% holding in Rand Mine Properties for an effective R53-million, based on yesterday's closing prices

The deal will not be in cash, but in a share swop arrangement, the terms of which are one TC Lands share for every seven RM Props shares held, while the same offer will be made to minorities

Barlows has undertaken to accept the offer in respect of all the RM Props shares held by it

Rand Mines Properties shares were suspended on the Johannesburg and London stock exchanges, the suspension price on the JSE being 730c, while TC Lands closed at 4 925c, putting a price of 700c on RM Props

In order to satisfy the terms of the swop, TC Lands will have to issue 7 454 929 shares to Barlows, and it will need to increase the authorised share capital for this purpose

The reason given for the transaction is that RM Props' business will progressively acquire a greater mining emphasis with the development of the programme for the recovery of gold from sand dumps, and the proposals offer TC Lands the opportunity of further investment in the gold mining industry

The minorities will also be given the alternative of receiving on TC Lands share for every eight RM Props shares plus a cash payment of 105c a share which is almost equivalent to the 102c a share added to earnings by the recent R13-million property deal with the State for the sports complex at Crown Mines

The acquisition by TC Lands is expected to result in a relatively small drop in the company's earnings a share for the current year, ending June 30, but will not affect the level of dividends

Earnings a share are expected to improve in later years as RM Props gold recovery operations build up

COMMENT: It would appear to be an internal redistribution of responsibilities, with little effect for the average shareholder. TC Lands and RM Props are both managed by Rand Mines, but the decision to move RM Props across may indicate a need for capital to develop the sand retreatment project

The deal does, however, give shareholders the opportunity to move out of property if they feel the market may be topping out, while allowing them to take advantage of the coal "boom", and at the same time retrieving some cash.

TC Lands is riding the crest of the wave with its coal investments, and stands to gain even further by the increased coal export allocation, which is expected at any time now

RM Props dump retreatment project is now forecast to come on stream a year ahead of schedule — in January next year — at a cost of around R50-million, and at a gold price of $600 working profit should reach about R16-million

However, the bullion price is nowhere near this level, and the prospects for the project must be reviewed in the light of the possibly lower price next year, which could mean that RM Props, if it is to proceed with underground operations at Crown Mines, CMR and City Deep, will require substantial capital, which the coal-rich TC Lands could provide

Barlows, which at September 30 last year held 59,8% of TC Lands, will end up with at least 80% of the increased share capital

Worth noting is the fact that RM Props share price moved up 70c to 730c on Tuesday, the day before suspension, a rise of over 10% in a single day, and totally out of character with RM Props normal trading

Here again, the JSE committee may find a valid reason for investigating dealings on that day

SA inflation rate 'to stay in double figures'

RDM 9/7/81

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Own Correspondent

PORT ELIZABETH — South Africa's inflation rate is unlikely to return to single figures, Mr W F de la Harpe Beck,

"I am not criticising this action and in the foreseeable future I expect this trend to continue For this reason alone inflation will be relatively high"

Mr Beck said the expected economic growth rate of 2 5% next year did not herald a disaster

Because it appeared that South Africa's major trading

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Sunday Express **Business**

MANPOWER SHORTAGE FORCES TERMINAL ACCEPTANCE

Mining men are getting to know computers better

S. Express 12/7/81 (210)

Business Editor

MULTIMILLION expansion commitments by the major mining houses, coupled with the serious skilled manpower shortage, have generated a growing need for the use of advanced technology in the mining industry, particularly coal

Fred Jones, mining consultant at Cybernet Data Services, Control Data, said the application of advanced computer technology was adding new dimensions to the area of planning and problem solving in the industry

"Mining men have been content to view the new 'non-mining' techniques such as computers with particular suspicion," said Jones, "probably because, up to now, most facilities offered to them have been difficult or cumbersome or have not been relevant to the technical problem

CHANGE OF HEART

"But with the shortage of qualified engineers shadowing the expansion projects, more and more mining men in South Africa are now showing a will- [illegible]

"They take over the menial tasks and provide easy access to relevant information on which technical decisions can be based," he said

Control Data has established specialised facilities to give mining management and professionals access to the latest computer technology on an "as needed" basis

These facilities are staffed by a specialist mining support group which includes mining engineers, geologists and computer analysts who have specialised in mining applications

"We believe an engineer would rather talk to another engineer who has knowledge of computers than a computer salesman who knows a bit about engineering," said Jones

"In addition, a specialist bureau operation allows total flexibility Access can be project-related and need not necessarily constitute a major expenditure decision affecting many other departments unrelated to the project in hand "

Four Cybernate mining systems which have already been applied successfully by Control Data Services in the South African environment are

- A mineral evaluation system which logs, edits, models, con- [illegible]
- An investment model designed to help in mining exploration and developing decision making It can be used effectively in validating the economic characteristics of geological models, evaluating property submissions, monitoring exploration progress and for determining project acceptability before the decision to proceed with mine development

MINE DESIGN SYSTEM

A system of three-dimensional polygons is used to perform mine design and ore reserve analysis There is also an economic analysis programme which calculates cost and potential profit on a hole-by-hole basis

Jones offered several other suggestions on alternative means of ensuring a reliable and effective computing service for a mining company

He said

- Technical computing responsibility should be assigned to a person such as a mining engineer who preferably has knowledge of the system's requirements With today's advances it was easier to learn about controlling systems than to learn about mine planning, geology and engineering

He advised potential users

- A reputable supplier of technical computer programmes should be located who can also ensure the programmes are installed successfully and, most important, provide consulting assistance A significant advantage could be derived from dealing with a supplier who could also provide practical education to professional and technical personnel
- All systems should have backup personnel to ensure continuity in case of loss of staff
- The system should be tested on a trial basis before commitment to purchase

Jones said that computers, properly managed, could assist mining personnel to "work smarter, not harder" and to make more effective use of the scarce technical resources of the country

S Express 12/7/81

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that computer - technology is allowing the mining professional to have direct access and personal control over the computer process has certainly added impetus to the change of heart"

But Jones warned that computers did not have the ability to increase the productivity of engineers and technicians on almost any mineral deposit

● A multiseam coal deposit evaluation system designed for layered deposits such as coal, borate and phosphate Storing, logging and editing drillhole data, the system produces models, analysis and reports on specific properties in a fraction of the time previously expended

THE BIG BOARD

THERE were some relieved sighs on the Johannesburg Stock Exchange this week when gold shares shook off their recent weakness and refused to be goaded into a further decline by a bullion price below $400

The reversal may not spell a major recovery, but it spilled onto the industrial board which pulled the JSE Actuaries Industrial index off a three-month low

Bullion fell below $400 on Wednesday afternoon in London, fixing at $397,75

This level, the lowest since November 1979, was prompted by stop-loss selling following announcements from leading US banks that prime lending rates would be raised further from 20% to 20,5%

This boosted the dollar even further on foreign exchange markets The US currency rose to a 23-year high in French francs, and to a 2,47 parity with the Deutschmark

After this low, gold rallied to around $406 as a result of short-covering and small central bank support

But there was no sign of the central bank buying which many had predicted would push bullion back onto a recovery path This was not surprising, with the dollar remaining so strong and talk of bullion breaking below $400 for a sustained period

This view tends to be encouraged by statements coming from the likes of US Treasury Secretary Donald Reagan who said pressure on US rates would not abate for some time

Of course the contrary view, which has supported gold, is that the crippling cost of money in the US and the attendant social/economic problems, will force the Reagan administration to ease the purse strings

Against this background gold shares gained 9% on the week

To a large extent the rise was from an oversold position prompted by heavy selling, particularly from the US, and a wide Financial Rand discount And, although the dollar's rise is the major bear influence on gold, it also means higher rand receipts for local mines

The JSE might look better now, but falling dividends from gold mines and the spectre of continued cost increases, could spell an early end to this week's rally

At present bullion's hesitance to cross the $400 level on the way down is fuelling the bulls But as with most supposed "psychological barriers" $400 could be replaced quickly by a lower level

In South African terms the dip in gold promises certain unpleasant ramifications

Finance Minister Senator Owen Horwood expects gold to recover substantially by the year-end on a resurgence in industrial demand

At this time of the year buying from this sector tends to be quiet which lends credence to his forecast But he admitted on returning from Europe that South Africa could end the year with a moderate current account deficit on the balance of payments

He also cautioned that falling bullion cuts the State's major revenue source so there might have to be compensatory steps taken to fill this void In other words taxes may have to rise.

For the JSE though this prospect is not bullish with growth a prime consideration And with company results continuing strongly, particularly in the consumer sectors, the market is underpinned to some extent

...mmers of recovery in metal and mineral exports

S. Wilson Finance Correspondent 12/7/81 (215) (77)

...immers have a recovery in ...a's non-gold mineral

...nganese and ...oducers are ...who report ...pick-up in ...rom buyers ...few cases, ...act prices.

...chairman ...ey says the ...the group, the world's ...nganese and ...roducer,

"will improve from the fourth calendar quarter of 1981". According to Kearney, the fall in stocks of raw material held by the Japanese and European steel industries is nearing an end, and orders should increase soon. Chrome and manganese prices have already begun to rise in the United States.

Kearney's forecast was partially confirmed this week by Standard Bank, which noted in its latest economic review that ferro-manganese exports 'could well recover noticeably in the second half of this year".

But demand for many other commodities will remain depressed until well into 1981. The bank concludes that "while most mining segments can expect at least some reversal of the downward trend in export earnings in the months ahead, for the year as a whole their export performance is unlikely to reflect more than a marginal improvement on last year'.

The announcement last week that West Rand Consolidated is to suspend uranium production is evidence that the markets for some products are likely to remain slack for some time. Likewise, iron ore exports are not expected to recover significantly until next year.

There is a lot of ground to make up. Samancor sold over a million tons of manganese ore in Europe in the first half of 1979 but, in Kearney's words, "very few sales" have been negotiated there so far this year. The volume of iron ore exports plunged from 14,5 tons in the year to June 1980 to an estimated 11,3m tons in the following 12 months.

The bright spot — at least for the exporters — is the sharp fall in the rand against the U.S. dollar. By this week, the rand had dropped below 1,10 dollars, compared to its peak of 1.35 dollars just six months ago.

The effect on export earnings is illustrated by the gold mines's experience. The bullion price measured in dollars has tumbled by about a third in the past nine months, but the mines' rand earnings have fallen by only about 20 percent. The weaking rand has enabled Iscor to accept contract terms for steel exports which would have been unacceptable last year.

As a result, the profitability of many local mining companies will improve more rapidly than their export volumes or foreign currency contract prices.

Star 13/7/81

Gencor's 7 new sections

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By David Bamber

The first major restructuring since General Mining acquired Union Corporation has been announced

Gencor will in future have seven operating divisions and three service divisions

The operating divisions will consist of four mining, two industrial and one investment division

Finance, technical services and manpower will make up the service divisions

Administrative and secretarial services have been grouped with the investment function

The new divisions together with their chief executives are platinum — Mr R Bovell, industrial engineering — Mr G Clark, finance — Mr T L de Beer, coal — Mr Steve Ellis, gold and uranium — Mr J C Fritz, industrial paper and packaging — Mr Basil Landau, metals and minerals — Mr N C Officer, investment and administration — Mr H A Smith, manpower — Mr T I Steenkamp, technical services — Mr Len van den Bosch

Policy, planning and management matters will be handled by the executive chairman Dr Wim de Villiers together with Mr Ted Pavitt, executive deputy chairman, and the divisional chief executives

QUANTITY SURVEYING

(Continued)

Bell-John Prize

For the best all-round student in any year of study.

P C Key

The Committee of the Western Cape Chapter of Quantity Surveyors' Prize

For the student obtaining the highest marks in Professional Practice.

P R Swift

LTA Prizes

For the best student in each of the courses of Building Economics I, ... third, fourth & ... tively.

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... t student in the ... g Construction.

URBAN & REGIONAL PLANNING

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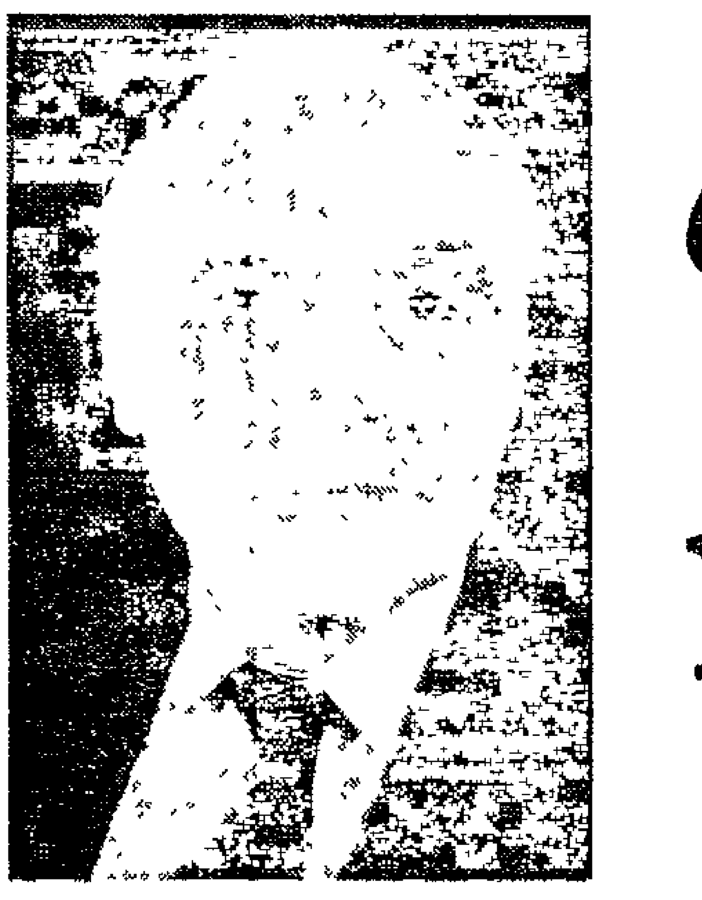
Anglo American Corporation

An abridgement of the annual statement by the Chairman, Mr H F Oppenheimer



'South Africa ripe for change'

SRO 16/7/81 (210)

For South Africa 1980 was a boom year in which the gross national product (GNP) grew at the record rate of eight per cent The average price of gold for the calendar year was $614 an ounce, which was double that for 1979, and the average for the Corporation's financial year to March 31 1981, was $584,65 Under the lead of gold virtually all sectors of our business prospered and the profit attributable to shareholders before accounting for our share of the retained profits of associated companies was R527 million, or 233,4 cents a share, an increase of 72 per cent over the previous year This year for the first time earnings are stated on an equity-accounting basis which takes in the Corporation's share of the undistributed profits of companies in which we hold as long-term investments between 20 and 50 per cent of the capital On this basis profits for the year were R866 million, or 383,6 cents a share, an increase of 64,6 per cent While profits from sectors other than gold were also at a record level the impact of the high gold price was such that gold accounted for 46 per cent of the total compared with 32 per cent the previous year. Plainly gold can no longer be looked upon as a stabilising factor in our business as it used to be when we sold at a fixed price, and the great advantage we derived from the higher price is now associated with volatility depending on many unforeseen and uncontrollable factors, economic and political Our gold profits for the current year will obviously feel the effect of the present lower price level and some other parts of our business will no doubt be affected too

Ordinary dividends for the year were increased by 57 per cent to 110 cents a share and absorbed 47 per cent of earnings, excluding our share of the retained profits of associates On account of the boom conditions that we experienced the dividend cover at 2,12 was kept rather higher than in recent years

Economic growth in 1981 cannot be expected to match the exceptionally high rate achieved in 1980 and indeed it is now evident that for a variety of reasons South Africa did not make the best possible use of the remarkably favourable conditions of a year ago in order to build a stronger foundation for future progress On this account it has now been necessary for the authorities to raise interest rates by adopting a very tight credit policy Even so it seems likely that GDP this year will grow at a rate of about 4,5 per cent, which if compared with other countries, would seem to be a very satisfactory figure Against this, however, we should bear in mind that our average increase in GNP from 1975 to 1980 was only three per cent - including last year's exceptional figure of eight per cent - and was therefore well below the 1952-1980 average of 5,3 per cent Moreover it has been estimated that the economically active population of South Africa is likely to grow at an annual rate of 2,5 per cent - from 10 7 million to about 18 million by the year 2000 - and that a growth of at least five per cent a year in GNP will be necessary to absorb the corresponding increase in the labour force, to say nothing of reducing the unemployment that exists at present It would be very unwise therefore to regard our situation with complacency

ECONOMIC PROBLEMS

The economic problems we face are closely interrelated and are by no means confined to South Africa How are we to tackle the problem of inflation without inhibiting the growth necessary to absorb the rapidly increasing working population? How are we to maintain and expand a modern industrial system which must be internationally competitive, involving as that does over most of the field a capital-intensive high-wage structure, when our resources of capital and particularly of skilled people are in short supply and there is massive unemployment among the unskilled? And if we are to conclude that the answer lies in favouring so far as possible a labour-intensive low-wage industrial structure, how is this to be reconciled in South African conditions with social justice and industrial and racial peace?

In Anglo American in common with most responsible employers in the advanced sector of the economy, we aim to pay wages based on an objective system of valuing each class of job without any question of race or colour It is also our policy that the minimum wage should so far as this is economically possible be at least as high as the 'minimum living level' as determined by the University of South Africa In some of our companies we have reached this standard, in others we are near it, in others still we have a considerable way to go Labour practices in this and other respects are now being audited at regular intervals in our companies, standards are being laid down and annual targets set which must take account of many factors not least the financial situation of the enterprise concerned It is further intended that companies should in future comment on these audits in their annual reports to shareholders

Our efforts to narrow the wage gap between black workers and white have necessarily involved substantial increases in black wages It is often argued that the effect of this is both inflationary and likely to create further unemployment, because it is calculated to encourage mechanisation in a situation in which, as I have already remarked, there is a critical shortage of skilled workers and massive unemployment amongst the unskilled Such arguments cannot simply be swept aside It is worthwhile therefore to examine how much it has cost so far to narrow the wage gap We calculate that over the 10 years from 1970 to 1980 the gap between black and white wages in the gold mining industry has narrowed from 20 to one to 6 5 to one, reflecting increases in wages that averaged 25,7 per cent a year for blacks and 11,9 per cent for whites Had black wages risen no faster than white wages the industry's total wage bill for blacks would over the period have been reduced by about R600 million Applying the same assumption to the entire non-agricultural sector of the economy, including the gold mines - where the wage gap was narrowed over the 10 years from 5,7 to one to 3,7 to one - the wage bill would have been reduced by about R3 billion It is however quite unrealistic to imagine that the wage gap would not have been closed at all Making what is surely the modest assumption that it could have been narrowed only half as much as in fact it was, then the additional cost in wages of what was actually done to what just conceivably might have been done was R1,8 billion, equivalent to 8,6 per cent of the total increase in remuneration over those 10 years In all the circumstances, not least the other inflationary factors then prevailing, I cannot regard black wage increases of this magnitude as being in any way excessive in regard to the fight against inflation, and certainly in regard to other social objectives and necessities I believe they were essential in the interests of justice and racial peace

In any case I am by no means satisfied that the trend towards a more capital-intensive high-wage structure in the advanced sector of the economy is in itself undesirable Indeed in relation to manufacturing industry if we are to be able as we must to compete in the sophisticated markets of the world such a structure over most of the field is unavoidable, and the mining industry surely cannot permanently keep its wage rates below the level that is accepted as reasonable in secondary industry as a whole, including that part of it which is controlled by government There are not many modern industries in which a real choice exists between working with simple equipment and large numbers of unskilled workers at low wages and working with elaborate equipment and comparatively small numbers of skilled workers at high wages With some exceptions the trend is rightly towards a capital-intensive structure and the idea that in our situation the supply and demand for labour could be equated if only wages were kept low enough seems to me hopelessly unrealistic

MONETARY POLICY

In South African conditions such a policy would in practice be gravely unjust and dangerous for what it would involve is not a low wage structure for all workers but a policy of maintaining high wages for whites and low wages for blacks We surely cannot afford to tackle the problem of inflation along these lines Moreover if the process of mechanisation, however right in the long run, has in some industries possibly gone further than it should we must seek the cause not so much in the efforts of employers to eliminate racial discrimination in wage rates as in the maintenance until very recently of interest rates which were well below what supply and demand would have determined in a free market If the cost of money is maintained at the rate of inflation - or below it, as has not infrequently happened - that must provide a powerful incentive to high capital expenditure throughout the economy However the government's new policy of relying to a much greater extent on market factors to determine interest rates and the external value of the Rand will act both directly and indirectly to reduce inflation and direct the country's economic resources, material and human, to the best advantage And here it is right to say that the congratulations of the whole business community are due to the Minister of Finance and the Governor of the Reserve Bank and their colleagues for the resolute way in which they are bringing monetary policy into line with their conservative fiscal policy, as exemplified by the success of the government's recent stock issue In the short run the adjustments that this signals for the money and capital markets will inevitably be painful but it was entirely necessary to regain control of the monetary base It may reasonably be hoped that the present stringent policy will not be required for very long and that interest rates will ease toward the end of the year.

RURAL DEVELOPMENT

I have been discussing the management of the advanced sector of the economy It has, however, often been pointed out that we have a dual economy in South Africa and while the operations of a free market will efficiently regulate conditions in the advanced sector, they can hardly be allowed to do so in such a way as to bring the advanced and the subsistence sectors together into one system at rates that would equate the markets for labour and money for the whole country including the homelands While the objective must certainly be to build up a single progressive economic system in the country - whether South Africa then takes the form of a unitary state or a Constellation of States - that will take a very long time And if we try at this stage to ignore the dual nature of the economy we shall fall between two stools we shall inhibit the growth of the advanced capital-intensive sector, and by thus depressing the national income we shall find it difficult or impossible to raise standards in the subsistence sector and so move toward our goal

The dual nature of the South African economy is to a considerable extent an expression of the dual nature of our educational system Raising the standard of education cannot but be a long-term matter, but in the shorter term it is certainly possible and desirable to use the resources and skills not only of the government but also of the private sector to alleviate rural poverty, particularly in the homelands I welcome therefore the initiative of Dr Anton Rupert in the formation of a privately managed but government-supported corporation, the Small Business Development Corporation (SBDC), with the object of helping small businesses particularly in the rural areas If the new institution is run imaginatively and with the minimum of red tape it will play a significant part in building the bridge between the two sectors of the economy and in drawing more black entrepreneurs into the private enterprise system In Anglo American we have formed in conjunction with De Beers an investment holding company, Labour Intensive Industries Trust (LITET), with the aim of increasing job opportunities for blacks by initiating or expanding labour-intensive industries Wages in these industries, which for the most part will be in rural areas, will be related to local market conditions and therefore lower than is normal in the advanced sector of the economy Our normal practice is to invest in partnership with others, the principal criterion, provided we judge the business to be viable, being the number of jobs likely to be created To date we have committed in excess of R2 million to the creation of more than a thousand jobs Anglo American and De Beers do not seek to make money out of this enterprise and any profits that accrue will be reinvested to extend LITET s activities To my mind the value of both the SBDC and of LITET, in its smaller and rather different way, will be measured not only by their direct achievements but also by their success in encouraging increasing numbers of black people without previous experience in an industrial and commercial environment to enter business as entrepreneurs, technicians and traders, thus identifying themselves with the private enterprise system

At best however such efforts, important though they are, are second in importance to improving and building up agriculture in the homelands Black agriculture is largely on a subsistence basis but where it can be linked, as for instance in the case of sugar with a major industry which can offer research facilities to improve farming methods and provide an immediate and assured market, the carrying capacity and productivity of the land can be vastly improved We amongst others are studying the potential of homeland areas along these lines and it may well be that the development of further timber plantations and the cultivation of cassava, for instance, both for its nutritional and industrial value could be of real importance in tackling the problem of rural poverty

FINANCIAL SUMMARY

EARNINGS AND DIVIDENDS	Year to March 31 1981	1980
Profit attributable to ordinary shareholders		
Excluding share of retained profit of associated companies – million	R527 0	R308 6
– cents a share	233,4	136 1
Including share of retained profit of associated companies – million	R866,0	R525 3
– cents a share	383,6	233 1
Dividends per ordinary share – cents	110	70

CONSOLIDATED BALANCE SHEET	31 3 81 R million	31 3 80 R million
Capital and reserves	2 066 3	1 370 6
Loan capital	214 5	127 3
Life insurance funds	823,6	690 3
Deferred taxation	101,2	2 5
Outside shareholder s interests	236 8	82 7
Loans	1 422,2	1 590 8
Dividends declared and payable after March 31 1981	212 0	143 9
	R5 064 5	R4 008 1
General investments	312 1	439 8
Interest in associated companies	1 827 6	1 078 3
Life insurance investments	839 7	787 8
Fixed assets	662,5	47
Loans	204 9	154 6
Cash	1 036,2	1 370 4
Other assets less other liabilities	181,5	130 1
	R5 064,5	R4 008,1

EDUCATION AND TRAINING

In my statement last year I discussed the urgent need for educational reform and though some progress has been made since then the gap between black education and white remains the most serious obstacle to economic growth and better race relations in South Africa The government has pledged itself to provide equal education and training for all race groups but the rate of advance is painfully slow and gross inequities persist In 1980 the teacher-pupil ratio in black schools was one to 46, compared with one to 26 for Asians, one to 29 for Coloureds and one to 19 for whites Out of nearly 73 000 black teachers, only 16 per cent have an educational level which meets the established requirements for teachers in white schools The bias towards academic rather than technical education is a handicap to our entire economy and this bias is far more pronounced in the case of black schools than white Moreover the improvement of facilities for black technical education suffers not only from inescapable difficulties in regard to finance but from the effects of racial prejudice from which we could escape There is for example a surplus of places at well-equipped technical colleges and technikons for whites at a time when there is a critical shortage of such facilities for blacks It is absurd to leave white institutions half empty and then proceed to build separate facilities for blacks Not only is it unnecessarily expensive but it almost certainly means in practice that the facilities provided are not equal - which serves to strengthen the white unions' unwillingness to accept black apprentices from such colleges, on the ground that they are not equal in training standards to the white Furthermore, the manning of separate racially segregated colleges compounds the shortage of teachers, so that in the result black apprentices are not being trained in anything approaching the numbers required I am sure that the government sincerely intends to remedy these matters and I do not underestimate the difficulties In order to succeed however an altogether more urgent, bolder approach is needed

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POLITICAL PROSPECTS

Now that the general election is behind us I feel reasonably confident that the government intends to continue with the programme of reform to which it has committed itself If it does we shall be entering a period which offers much greater hope for the long-term future but which almost inevitably will be marked by greater turbulence in the short term The very fact that the government is at last making a serious effort to tackle our racial problems in a new and better way has naturally tended to increase the impatience of the blacks, as evidenced by increased public protests by way of boycotts and strikes Any period of fundamental change in a society is obviously going to be full of risks, for only too often old political and social structures become ineffective before new structures are ready to take their place Both the government and the private sector have committed themselves to remove discrimination from South African life and it seems to me that if they are wise each will move as rapidly as possible Nothing is more dangerous than half-hearted reform Nor should the government or industrialists expect either gratitude or praise from black politicians or workers for the changes they are seeking to bring about On the contrary such advances are likely to be met by new demands, heightened unrest and the open expression of hostility which in the past it was thought prudent to conceal

Nevertheless the fact remains that economic growth and racial discrimination are in fundamental opposition to each other and that economic growth is an essential element in building a peaceful and just society. In this regard the private sector has a major part to play and I am sure it will accept the Prime Minister s call to face up to its responsibilities in a bolder and more positive way There remains however the political and constitutional sphere - the most important of all - where the government bears the sole responsibility. Is it going to be possible to find a method of power sharing between all the peoples of South Africa on a fair and acceptable basis? I think it is clear that the government is honestly seeking such a solution but it is equally clear that it has not yet found it To do so needs courage, goodwill and faith such as has not been manifested by any previous South African government in my experience But then perhaps South Africa as a whole has never before been ripe for such change as new circumstances are now pressing upon us In that last consideration there is I believe real ground for optimism

16/7/81 (210)

The full text of Mr Oppenheimer's statement and the Corporation's annual report are obtainable from Consolidated Share Registrars 62 Marshall Street, Johannesburg 2001

The annual general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg on Friday, August 14 1981, at 11h00

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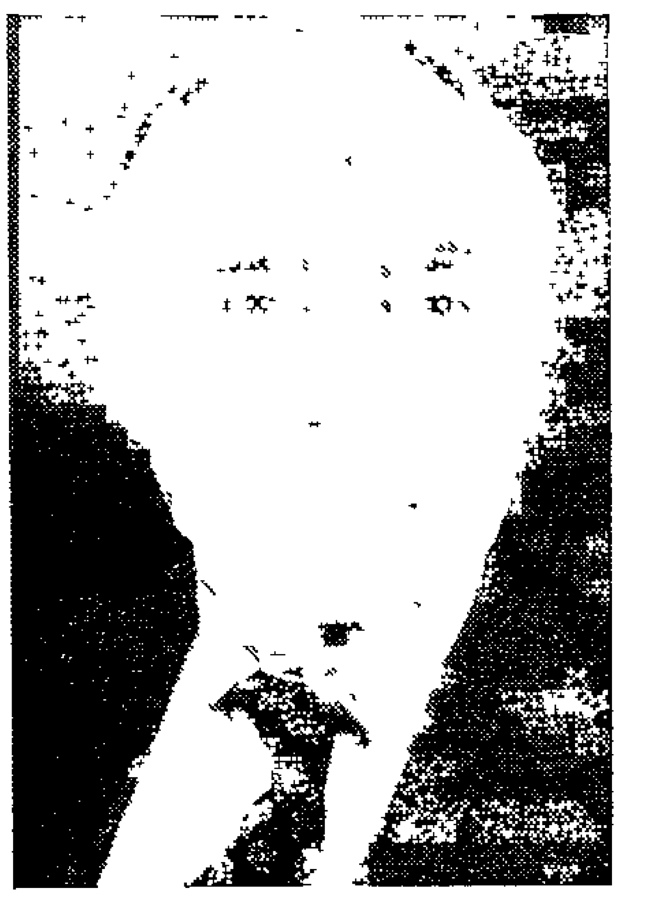
Anglo American Corporation

An abridgement of the annual statement by the Chairman, Mr. H. F. Oppenheimer



'South Africa ripe for change'

RDM 16/7/81

(210)

For South Africa 1980 was a boom year in which the gross national product (GNP) grew at the record rate of eight per cent The average price of gold for the calendar year was $614 an ounce, which was double that for 1979, and the average for the Corporation's financial year to March 31 1981, was $584,65 Under the lead of gold virtually all sectors of our business prospered and the profit attributable to shareholders before accounting for our share of the retained profits of associated companies was R527 million, or 233,4 cents a share, an increase of 72 per cent over the previous year This year for the first time earnings are stated on an equity-accounting basis which takes in the Corporation's share of the undistributed profits of companies in which we hold as long-term investments between 20 and 50 per cent of the capital On this basis profits for the year were R866 million, or 383,6 cents a share, an increase of 64,6 per cent While profits from sectors other than gold were also at a record level the impact of the high gold price was such that gold accounted for 46 per cent of the total compared with 32 per cent the previous year Plainly gold can no longer be looked upon as a stabilising factor in our business as it used to be when we sold at a fixed price, and the great advantage we derived from the higher price is now associated with volatility depending on many unforeseen and uncontrollable factors, economic and political Our gold profits for the current year will obviously feel the effect of the present lower price level and some other parts of our business will no doubt be affected too Ordinary dividends for the year were increased by 57 per cent to 110 cents a share and absorbed 47 per cent of earnings, excluding our share of the retained profits of associates On account of the boom conditions that we experienced the dividend cover at 2,12 was kept rather higher than in recent years

Economic growth in 1981 cannot be expected to match the exceptionally high rate achieved in 1980 and indeed it is now evident that for a variety of reasons South Africa did not make the best possible use of the remarkably favourable conditions of a year ago in order to build a stronger foundation for future progress On this account it has now been necessary for the authorities to raise interest rates by adopting a very tight credit policy Even so it seems likely that GDP this year will grow at a rate of about 4,5 per cent, which if compared with other countries, would seem to be a very satisfactory figure Against this, however, we should bear in mind that our average increase in GNP from 1975 to 1980 was only three per cent – including last year's exceptional figure of eight per cent – and was therefore well below the 1952–1980 average of 5,3 per cent Moreover it has been estimated that the economically active population of South Africa is likely to grow at an annual rate of 2,5 per cent – from 10,7 million to about 18 million by the year 2000 – and that a growth of at least five per cent a year in GNP will be necessary to absorb the corresponding increase in the labour force, to say nothing of reducing the unemployment that exists at present It would be very unwise therefore to regard our situation with complacency

ECONOMIC PROBLEMS

The economic problems we face are closely interrelated and are by no means confined to South Africa How are we to tackle the problem of inflation without inhibiting the growth necessary to absorb the rapidly increasing working population? How are we to maintain and expand a modern industrial system which must be internationally competitive, involving as that does over most of the field a capital-intensive high-wage structure, when our resources of capital and particularly of skilled people are in short supply and there is massive unemployment among the unskilled? And if we are to conclude that the answer lies in favouring so far as possible a labour-intensive low-wage industrial structure, how is this to be reconciled in South African conditions with social justice and industrial and racial peace?

In Anglo American, in common with most responsible employers in the advanced sector of the economy, we aim to pay wages based on an objective system of valuing each class of job without any question of race or colour It is also our policy that the minimum wage should so far as this is economically possible be at least as high as the 'minimum living level' as determined by the University of South Africa In some of our companies we have reached this standard, in others we are near it, in others still we have a considerable way to go Labour practices in this and other respects are now being audited at regular intervals in our companies, standards are being laid down and annual targets set which must take account of many factors, not least the financial situation of the enterprise concerned It is further intended that companies should in future comment on these audits in their annual reports to shareholders

Our efforts to narrow the wage gap between black workers and white have necessarily involved substantial increases in black wages It is often argued that the effect of this is both inflationary and likely to create further unemployment, because it is calculated to encourage mechanisation in a situation in which, as I have already remarked, there is a critical shortage of skilled workers and massive unemployment amongst the unskilled Such arguments cannot simply be swept aside It is worthwhile therefore to examine how much it has cost so far to narrow the wage gap We calculate that over the 10 years from 1970 to 1980 the gap between black and white wages in the gold mining industry has narrowed from 20 to one to 6,5 to one, reflecting increases in wages that averaged 25,7 per cent a year for blacks and 11,9 per cent for whites Had black wages risen no faster than white wages the industry's total wage bill for blacks would over the period have been reduced by about R600 million Applying the same assumption to the entire non-agricultural sector of the economy, including the gold mines – where the wage gap was narrowed over the 10 years from 5,7 to one to 3,7 to one – the wage bill would have been reduced by about R3 billion It is however quite unrealistic to imagine that the wage gap would not have been closed at all Making what is surely the modest assumption that it could have been narrowed only half as much as in fact it was, then the additional cost in wages of what was actually done to what just conceivably might have been done was R1,8 billion, equivalent to 8,6 per cent of the total increase in remuneration over those 10 years In all the circumstances, not least the other inflationary factors then prevailing, I cannot regard black wage increases of this magnitude as being in any way excessive in regard to the fight against inflation, and certainly in regard to other social objectives and necessities I believe they were essential in the interests of justice and racial peace

In any case I am by no means satisfied that the trend towards a more capital-intensive high-wage structure in the advanced sector of the economy is in itself undesirable Indeed in relation to manufacturing industry, if we are to be able as we must to compete in the sophisticated markets of the world, such a structure over most of the field is unavoidable, and the mining industry surely cannot permanently keep its wage rates below the level that is accepted as reasonable in secondary industry as a whole, including that part of it which is controlled by government There are not many modern industries in which a real choice exists between working with simple equipment and large numbers of unskilled workers at low wages, and working with elaborate equipment and comparatively small numbers of skilled workers at high wages With some exceptions the trend is rightly towards a capital-intensive structure and the idea that in our situation the supply and demand for labour could be equated if only wages were kept low enough seems to me hopelessly unrealistic.

MONETARY POLICY

In South African conditions such a policy would in practice be gravely unjust and dangerous for what it would involve is not a low-wage structure for all workers but a policy of maintaining high wages for whites and low wages for blacks We surely cannot afford to tackle the problem of inflation along these lines Moreover if the process of mechanisation, however right in the long run, has in some industries possibly gone further than it should, we must seek the cause not so much in the efforts of employers to eliminate racial discrimination in wage rates as in the maintenance until very recently of interest rates which were well below what supply and demand would have determined in a free market If the cost of money is maintained at the rate of inflation – or below it, as has not infrequently happened – that must provide a powerful incentive to high capital expenditure throughout the economy However the government's new policy of relying to a much greater extent on market factors to determine interest rates and the external value of the Rand will act both directly and indirectly to reduce inflation and direct the country's economic resources, material and human, to the best advantage And here it is right to say that the congratulations of the whole business community are due to the Minister of Finance and the Governor of the Reserve Bank and their colleagues for the resolute way in which they are bringing monetary policy into line with their conservative fiscal policy, as exemplified by the success of the government's recent stock issue In the short run the adjustments that this signals for the money and capital markets will inevitably be painful but it was entirely necessary to regain control of the monetary base It may reasonably be hoped that the present stringent policy will not be required for very long and that interest rates will ease toward the end of the year

RURAL DEVELOPMENT

I have been discussing the management of the advanced sector of the economy It has, however, often been pointed out that we have a dual economy in South Africa and while the operations of a free market will efficiently regulate conditions in the advanced sector, they can hardly be allowed to do so in such a way as to bring the advanced and the subsistence sectors together into one system at rates that would equate the markets for labour and money for the whole country including the homelands While the objective must certainly be to build up a single progressive economic system in the country – whether South Africa then takes the form of a unitary state or a Constellation of States – that will take a very long time And if we try at this stage to ignore the dual nature of the economy we shall fall between two stools we shall inhibit the growth of the advanced capital-intensive sector, and by thus depressing the national income we shall find it difficult or impossible to raise standards in the subsistence sector and so move toward our goal

The dual nature of the South African economy is to a considerable extent an expression of the dual nature of our educational system Raising the standard of education cannot but be a long-term matter, but in the shorter term it is certainly possible and desirable to use the resources and skills not only of the government but also of the private sector to alleviate rural poverty, particularly in the homelands I welcome therefore the initiative of Dr Anton Rupert in the formation of a privately managed but government-supported corporation, the Small Business Development Corporation (SBDC), with the object of helping small businesses particularly in the rural areas If the new institution is run imaginatively and with the minimum of red tape it will play a significant part in building the bridge between the two sectors of the economy and in drawing more black entrepreneurs into the private enterprise system In Anglo American we have formed in conjunction with De Beers an investment holding company, Labour Intensive Industries Trust (LITET), with the aim of increasing job opportunities for blacks by initiating or expanding labour-intensive industries Wages in these industries, which for the most part will be in rural areas, will be related to local market conditions and therefore lower than is normal in the advanced sector of the economy Our normal practice is to invest in partnership with others, the principal criterion, provided we judge the business to be viable, being the number of jobs likely to be created To date we have committed in excess of R2 million to the creation of more than a thousand jobs Anglo American and De Beers do not seek to make money out of this enterprise and any profits that accrue will be reinvested to extend LITET's activities To my mind the value of both the SBDC and of LITET, in its smaller and rather different way, will be measured not only by their direct achievements but also by their success in encouraging increasing numbers of black people without previous experience in an industrial and commercial environment to enter business as entrepreneurs, technicians and traders, thus identifying themselves with the private enterprise system

At best however such efforts, important though they are, are second in importance to improving and building up agriculture in the homelands Black agriculture is largely on a subsistence basis but where it can be linked, as for instance in the case of sugar, with a major industry which can offer research facilities to improve farming methods and provide an immediate and assured market, the carrying capacity and productivity of the land can be vastly improved We amongst others are studying the potential of homeland areas along these lines and it may well be that the development of further timber plantations and the cultivation of cassava, for instance, both for its nutritional and industrial value, could be of real importance in tackling the problem of rural poverty

FINANCIAL SUMMARY

EARNINGS AND DIVIDENDS	Year to March 31 1981	1980
Profit attributable to ordinary shareholders		
Excluding share of retained profit of associated companies – million	R527,0	R306,6
– cents a share	233,4	136 1
Including share of retained profit of associated companies – million	R866,0	R525 3
– cents a share	383,6	233,1
Dividends per ordinary share – cents	110	70
CONSOLIDATED BALANCE SHEET	31.3 81 R million	31 3 80 R million
Capital and reserves	2 055,3	1 370 6
Loan capital	214,5	127 3
Life insurance funds	823,5	690,3
Deferred taxation	101,2	2 5
Outside shareholder s interests	235,8	82 7
Loans	1 422,2	1 590 8
Dividends declared and payable after March 31 1981	212,0	143 9
	R5 064,5	R4 008,1
General investments	312,1	439,8
Interest in associated companies	1 827,6	1 078,3
Life insurance investments	839,7	787,8
Fixed assets	662,5	47,1
Loans	204,9	154 6
Cash	1 036,2	1 370 4
Other assets less other liabilities	181,5	130,1
	R5 064,5	R4 008 1

EDUCATION AND TRAINING

In my statement last year I discussed the urgent need for educational reform, and though some progress has been made since then the gap between black education and white remains the most serious obstacle to economic growth and better race relations in South Africa The government has pledged itself to provide equal education and training for all race groups but the rate of advance is painfully slow and gross inequities persist In 1980 the teacher-pupil ratio in black schools was one to 46, compared with one to 26 for Asians, one to 29 for Coloureds and one to 19 for whites Out of nearly 73 000 black teachers, only 16 per cent have an educational level which meets the established requirements for teachers in white schools The bias towards academic rather than technical education is a handicap to our entire economy and this bias is far more pronounced in the case of black schools than white Moreover the improvement of facilities for black technical education suffers not only from inescapable difficulties in regard to finance but from the effects of racial prejudice – from which we could escape There is for example a surplus of places at well-equipped technical colleges and technikons for whites at a time when there is a critical shortage of such facilities for blacks It is absurd to leave white institutions half empty and then proceed to build separate facilities for blacks Not only is it unnecessarily expensive but it almost certainly means in practice that the facilities provided are not equal – which serves to strengthen the white unions' unwillingness to accept black apprentices from such colleges, on the ground that they are not equal in training standards to the white Furthermore, the manning of separate racially segregated colleges compounds the shortage of teachers, so that in the result black apprentices are not being trained in anything approaching the numbers required I am sure that the government sincerely intends to remedy these matters and I do not underestimate the difficulties In order to succeed however an altogether more urgent, bolder approach is needed

Take for example a recommendation in the very valuable report of the National Manpower Commission on high-level manpower that has just appeared The commission recommends that 'the Department of National Education must further promote the more effective utilisation of existing facilities by more generous provision for the training of non-whites at white universities and technikons ' While the government states in its white paper that it has already accepted the admission of non-whites to white institutions, its acceptance is qualified in the following way 'provided that suitable arrangements are made at such centres to the satisfaction of all concerned in consultation with the State and interested parties The policy of Government nevertheless remains that separate provision should as far as possible be made for the training of the different population groups ' If we persist in tackling these vital matters with the timidity evident in this proviso and with such respectful obeisances to past modes of thought, the difficulties in the way of training the large number of skilled blacks we vitally need will become insuperable

POLITICAL PROSPECTS

Now that the general election is behind us I feel reasonably confident that the government intends to continue with the programme of reform to which it has committed itself If it does we shall be entering a period which offers much greater hope for the long-term future but which almost inevitably will be marked by greater turbulence in the short term The very fact that the government is at last making a serious effort to tackle our racial problems in a new and better way has naturally tended to increase the impatience of the blacks, as evidenced by increased public protests by way of boycotts and strikes Any period of fundamental change in a society is obviously going to be full of risks, for only too often old political and social structures become ineffective before new structures are ready to take their place Both the government and the private sector have committed themselves to remove discrimination from South African life and it seems to me that if they are wise each will move as rapidly as possible Nothing is more dangerous than half-hearted reform Nor should the government or industrialists expect either gratitude or praise from black politicians or workers for the changes they are seeking to bring about On the contrary such advances are likely to be met by new demands, heightened unrest and the open expression of hostility which in the past it was thought prudent to conceal

Nevertheless the fact remains that economic growth and racial discrimination are in fundamental opposition to each other and that economic growth is an essential element in building a peaceful and just society In this regard the private sector has a major part to play and I am sure it will accept the Prime Minister's call to face up to its responsibilities in a bolder and more positive way There remains however the political and constitutional sphere – the most important of all – where the government bears the sole responsibility Is it going to be possible to find a method of power sharing between all the peoples of South Africa on a fair and acceptable basis? I think it is clear that the government is honestly seeking such a solution but it is equally clear that it has not yet found it To do so needs courage, goodwill and faith such as has not been manifested by any previous South African government in my experience But then perhaps South Africa as a whole has never before been ripe for such change as new circumstances are now pressing upon us In that last consideration there is I believe real ground for optimism

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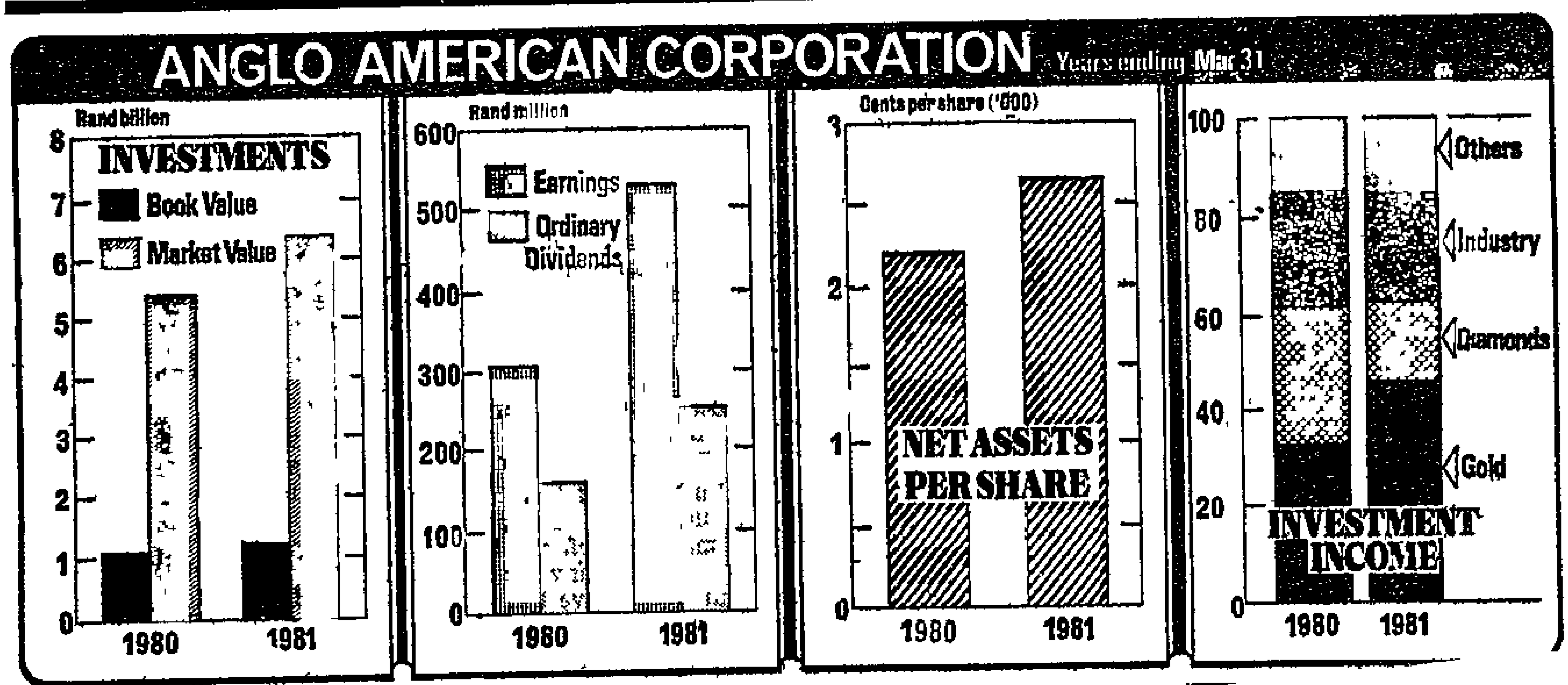

Decks cleared for Minorco advance

RDM 16/7/81 (210)

By JOHN MULCAHY

IMPORTANT progress has been made in the development of Anglo American's international affairs, particularly in regard to Minerals & Resources Corporation, according to Mr Oppenheimer.

Mr Oppenheimer refers to Minorco's acquisition of holdings in Consolidated Gold Fields, Charter Consolidated and the remaining 50% in Minorco Canada, which he says have given Minorco a substantial asset base, little debt and much improved cash flow

These factors have significantly enhanced Minorco's position as a major international mining finance group, "able to take advantage of attractive investment opportunities, primarily in mineral and other natural resource industries in North America"

Turning to Anglo's investment in South America, Mr Oppenheimer says a major investment of Anglo American Corporation do Brasil (Ambras) is in the gold mining group Mineracao Morro Velho (MMV)

MMV intends doubling the capacity of its operations in Minas Gerais, and has assumed operating responsibility from Ambras for the gold mine being developed at Jacobina in Bahia

Capital expenditure for the project is estimated at $57-million in 1980 money terms and production is scheduled to begin at the end of 1982

Mr Oppenheimer says the profitability of Anglo's widely diversified interests in Zimbabwe — held mainly through Amzim — has been substantially reduced by increasing cost pressures and the effects of the world recession on commodity prices

Zimbabwe made remarkable progress in the past year in re-establishing the peaceful conditions necessary for economic development, and has completed a highly succesful agricultural season which has enabled it to replenish its basic food supplies and generate exportable surpluses

"Paradoxically, these surpluses will aggravate problems in other sectors, particularly the rail transport system which was already under considerable pressure While active steps are being taken to alleviate the situation there is no doubt that it will place a severe strain on the economy for the remainder of the year"

Mr Oppenheimer says Anglo's industrial interests made further progress in what was generally an excellent trading year on the domestic market and a difficult one abroad

Highveld Steel & Vanadium's earnings rose by 14% in the first half of the new financial year to R22 900 000

Mr Oppenheimer says steel consumption in the non-communist world is expected to rise by about 2% this year after a fall of 7% last year In South Africa last year apparent consumption increased by 16% to a record 6 900 000 tons

"Further growth is forecast for 1981, though at a much slower rate, and this will help to offset the less buoyant export position"

Haggie, in which Scaw Metals has a 36,2% interest, is expected to show satisfactory growth in profits this year, says Mr Oppenheimer, and Scaw's profits should increase "moderately" in spite of difficulties in the markets for rolled steel and some foundry products.

Through Anglo American Industrial Corporation the group has extended its engineering interests into the heavy electrical field — in November last year Amic bought a 46,3% holding in Asea Electric for R27-million

The expanding scale of Amcoal's business together with the progressive increase in exports through Richards Bay could bring Amcoal's production to more than 60-million tons a year, says Mr Oppenheimer

Amcoal has been invited to submit an extended offer of coal from New Vaal colliery to enable the capacity of the Lethabo power station to be increased to 3 600 MW, and if the offer is accepted Amcoal will have to install 23-million tons a year of mining capacity to serve these stations

This is similar to the agreement Amcoal reached with Escom to supply additional coal from the New Denmark colliery to enable the Tutuka power station to double its capacity to 3 600 MW

	Tons Milled 000s	Yield g/t	Costs R/ton	Costs $oz	Revenue $oz	Net Profit R000s	Profit After Capex R000s	Eps After Capex cents
HARMONY	1 948	4,12	37,57	*349	486	26 489	17 551	65
March	1 890	4,30	35,57	333	527	28 846	21 736	81
BLYVOOR	536	8,72	48,99	215	480	17 606	12 069	50
March	518	8,60	46,24	217	522	17 457	12 992	54
DURBAN DEEP	543	3,59	37,88	404	478	4 716	108	5
March	540	3,33	36,35	440	524	4 137	1 623	70
ERPM	658	4,52	49,71	421	485	10 004	(-2 698)	(-49)
March	674	4,52	46,68	416	525	8 509	(-1 035)	(-19)

* Harmony's costs are based on total costs which include uranium.

ERPM 21/7/81 (210)

State aid blow for ERPM

By JOHN MULCAHY

EAST Rand Proprietary Mines will receive no State assistance for the six months to June 30

The Government Mining Engineer has allowed only R25-million of the mine's capital expenditure for the full year to rate for aid

ERPM's report for the June quarter shows that capital expenditure was R12 702 000, taking capex for the six months to R22 246 000, and estimated capital expenditure for the rest of the year is R33 600 000

Durban Deep, which claimed State assistance in the March quarter, is to submit a further claim for the June quarter The Government Mining Engineer has not yet indicated what capital expenditure will be allowed for State assistance, and the claims have not been included in the June quarter's results

The limitation in capital expenditure allowed for State assistance comes as a severe blow to ERPM, which applied for it in the March quarter when the mine incurred a loss of R1 035 000 after allowing for capital expenditure

Labour costs

In the quarter to June, this figure more than doubled to R2 698 000, amounting to a loss of 49c a share against 19c in the previous quarter

Together with ERPM's divi- ... costs, with wage increases coming into effect from May 1 for union workers and from June 1 for officials, took its toll on overall costs, with the average rising from R40,40 a ton milled to R42 00, an increase of 4%

Results from the mines were

ERPM The fire at the high-grade K shaft area, which halted mining operations in the area for a month, reduced tonnage milled to 658 000 from 674 000

The mine is particularly vulnerable to cost pressures, and depends on sustaining mill throughput as part of its battle to combat costs While overall costs were up by 4%, the lower tonnage resulted in a 6,5% increase in unit costs to R49,71/ton milled from R46,68

The average gold price received fell to $485 an ounce from $525, but rand receipts rose to R13 084 a kg from R12 918

With sundry revenue rising to R3 139 000 from R1 239 000, pre-tax profit rose to R9 447 000 from R9 212 000, and there was a tax credit of R557 000 brought about by an overprovision in the previous quarter which helped to boost taxed profit by 17,6% to R10-million

HARMONY Production was well up on the March quarter at 1 948 000 tons compared with 1 890 000 tons, although a fall in grade to 4,12 g/t from 4,30 g/t resulted in a drop in gold production to 8 028 kg from 8 125 kg

With average rand receipts for gold slightly higher at R13 087 a kg compared with R13 031 in the March quarter, gold revenue was steady at R105 362 000 compared with R106 214 000

Revenue from uranium, pyrite and sulphuric acid fell to R9 196 000 from R13 320 000 in spite of an increase in pulp treated to 1 824 000 tons from 1 756 000 tons, reflecting depressed uranium prices and reduced sales

There are commitments for capital expenditure of R14 517 000 including R935 000 for the mine's new uranium plant Capital expenditure for the year to June 30, 1982, has been provisionally estimated at R44-million

BLYVOOR A good quarter, with production up to 536 000 tons from 518 000 tons in the March quarter, which together with a rise in average grade to 8,72 g/t from 8,60 g/t helped to increase gold production to 4 672 kg from 4 453 kg

Overall costs rose by 9 6%, but the increased tonnage meant that unit costs rose by only 5 9%, to R48,99 a ton milled from R46 24

Although uranium oxide production rose to 85 294 kg from 80 581 kg working profit from uranium fell to R1 253 000 from R4 159 000 indicating a reduction in deliveries of uranium

Included in Blyvoor's results is R3 296 000 due to West Driefontein in terms of a tributing agreement concluded on November 9, 1979

There are capital commitments of R1 679 000 and capital expenditure for the year to June 30, 1982, is provisionally estimated at R17-million

DURBAN DEEP Much improved on the March quarter, the mine's production rose to 543 000 tons from 540 000 tons Grade was up to 3,59 g/t from 3,33 g/t resulting in an increase in gold production to 1 948 kg from 1 799 kg

Capital expenditure rose to R4 608 000 from R2 514 000, indicating that the mine has started on its programme to set up a sounder base There are capital commitments of almost R6-million, and estimated capex for the rest of the year is R9 300 000

there was a net cash outflow of about R6 500 000 in the six months to June, which has forced the mine to call on funds raised through its R47 500 000 rights issue to cushion the effects of the reduced income

In spite of its problems, ERPM has confirmed that it is going ahead with the R300-million modernisation of the mine and "the expansion of the scale of operations is proceeding without any major modifications"

Overall, the gold producers in the Rand Mines group were helped in the June quarter by the decline in the rand against the dollar, which showed that while the gold price fell by 8,5% to $482, the average receipts were only marginally down at R12 998/kg compared with R13 004

Group pre-tax profits fell to R95 100 000 from R105 200 000, but capital expenditure was 34,6% up at R31 900 000 from R23 700 000, having the effect of reducing the tax charge to R33 800 000 from R45 300 000 Taxed profit rose slightly to R61 300 000 from R59 900 000

However, after deducting capital expenditure profit fell by 19% to R29 400 000 from R36 200 000

Total tonnage milled rose by 1,7% to 3 685 000, and gold production was slightly higher at 17 624 kg compared with 17 422 kg in the March quarter

The increase in white labour

George ... Prize
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ANGLO AMERICAN GOLD MINES REPORTS FOR THE QUARTER ENDED JUNE 30

Mine	Tons Milled 000's		Yield G/T		Costs R/T		Costs $ oz		Revenue $ oz		Net Profit R000's		Net Profit after Capex R000's		EPS after Capex Cents	
	June	Mar	June	Mar	June	Mar	June	Mar	June	Mar	June	Mar	June	Mar	June	Mar
West Deep	798	728	12,10	13,14	54,13	57,15	167	176	488	521	54 373	43 613	24 624	27 869	98	111
Elandsrand	311	266	4,64	4,07	46,47	46,01	369	455	484	522	4 329	683	-2 387	-5 670	-2,5	-5,9
Vaal Reefs	2 198	2 100	8,82	8,53	38,22	38,42	160	182	484	514	89 986	63 655	58 117	37 125	306	195
SA Land	366	358	0,92	1,16	3,91	3,68	158	128	481	521	1 198	988	342	854	3,7	9,3
FS Geduld	731	706	9,38	9,71	47,38	46,25	187	192	484	529	37 559	37 662	15 133	16 829	145	161
Pres Brand	841	822	8,30	8,45	39,71	38,18	177	183	484	526	35 475	33 384	22 182	23 307	158	166
West Hldgs	854	846	7,80	8,00	33,40	31,92	159	161	484	528	25 393	28 982	21 374	27 133	285	362
Pres Steyn	1 008	912	6,00	6,50	37,36	39,98	231	249	487	530	28 052	25 895	18 992	17 689	130	121
FS Saai	543	515	2,64	2,43	31,43	29,37	440	490	486	525	1 492	1 056	-6 420	-5 840	-23	-20
Welkom	586	617	4,81	4,87	34,99	31,97	294	265	483	527	10 394	10 310	6 976	8 057	57	66

'Astonishing' Anglo profit of R300-m

STAR 24/7/81

21 E 2449

By David Bamber

In a class of its own! How else could there be descriptions of a group such as the Anglo American Corporation. Its gold producers lifted profits to slightly below an astonishing R300-million in the quarter ended June 30.

This was not just a case of relying purely on the narrowing of the rand-dollar parity either

All but one mine increased milling rate and costs were generally well contained

The four Transvaal producers were outstanding, increasing their total mill throughput from 3 452-million tons to 3 673-million By keeping the average grade at a steady 8,39 g/t, gold production rose sharply from 28 966 kg to 30 828 kg

BENEFITED

Average unit costs fell from R39,35 a ton milled to R38,92 and after the mines had deservedly benefited from the exchange rate, taxed profits rocketed 41,6 percent from R108 9-million to R154,3-million

To pick out a star performer in the Transvaal is difficult but, perhaps, by giving extra points to the one mine which even managed to lift earnings a share after capital expenditure, it would be fair to salute Vaal Reefs for its magnificent effort

The game Free Staters did not let Anglo down but some unacceptably high rises in working costs tarnished their performance and led to taxed profits being only marginally higher than in the previous quarter at R138,4-million (R137,3-million) to only 2,5c

Vaal Reefs

This is probably the best performance of all the gold mines which have released results in the past three weeks

Milling rate rose, as did grade, and costs fell 0,5 percent.

This effort resulted in taxed profits shooting up from R63,7-million to R90-million and, even after spending more than R30-million on Capex, the earnings left were still 56,9 percent higher than in the March quarter.

The planned production for the year has been increased to 8,5-million tons (previously 8-million) at a grade of 8,4 g/t to produce 71 400 kg of gold 67 200 kg) Capital expenditure for the year is now estimated at R135-million (R110-million) of which R55-million (R33-million) will be spent in the North Lease area and R26-million (R23-million) in the Afrikander Lease area.

The chairman's review which accompanied the 1980 annual report referred to the evaluation of the proposal to increase production by 60 000 tons a month by mining the Ventersdorp Contact Reef (VCR) from No 6 and No 7 shafts

Because of delays in sec- quarter was the highest recorded for a three-month period It rose by 4,4 pecent to 5 033-million tons from 4 823-million tons

This led to gold production rising from 1 710 kg to 1 754 kg, uranium oxide increasing to 81 964 kg (73 641 kg), sulphuric acid improving to 120 014 tons (110 081 tons) and oleum production rising from 6 287 tons to 7 569 tons

Total revenue rose to R28-9-million from R27,5-million resulting in an increased profit of R20,4-million (R19,4-million)

Capital expenditure dipped to R1,3-million (R1,5-million) but orders placed and outstanding on capital contracts at the end of June totalled R2,1-million, including an amount of R159 000 for the Simmer and Jack project.

East Daggas

The income from royalties and sundry revenue amounted to R434 000 (R139 000) and, after deduction of costs and estimated taxation, resulted in an increased surplus of R145 000 (R60 000).

FS Geduld

Not a bad quarter for Freguls. Mill throughput rose healthily from 706 000 tons to 731 000 ... were well increasing net profit by 41,3 percent Loss a share, however, rose 3c after capex to stand at 23c

Welkom

Disappointing results in many ways Mill throughput fell, grade was down and working costs rocketed by 9,4 percent

It was thus not deserving that net profits increased (although only slightly) but earnings fell after a R2-million bigger capex bill than in the previous quarter

STAR 24/7/81

21t

however, the mines managed to increase profits from R246 1-million to more than R292-million to post the best performance from a gold-mining group in the June quarter

Western Deep

There was a rather disturbing fall in grade from 13,14 g/t to 12,10 g/t but a stirling milling effort more than offset the decline.

The higher mill throughput was probably also partly responsible for unit costs dropping a commendable 5,3 percent

Taxed profits jumped by 24,7 percent enabling the company to continue its capex programme without having too great an effect on earnings

The planned production for the year has been reduced to 3,15-million tons at a grade of 12,5 g /t to produce 39 375 kg of gold (previously 3,23-million tons, 13,5 g/t and 43 646 kg). The refrigeration plant breakdowns referred to in the previous quarterly report are the main cause of the reduced tonnage forecast.

A geological investigation is being carried out to assess the longer-term implications of a lower grade caused mainly by lower values encountered in the high grade Carbon Leader longwalls east of No 3 shaft.

Elandsrand

Milling rate and grades showed a welcome improvement leading to a rise in production

Costs were a mere 1 percent higher leading to taxed profits soaring by 533,8 percent.

The capex bill, however, took its toll but the end result was a decrease in the loss a share from 5,9c

Lease area plant this portion of the plant will only be commissioned in the second quarter of 1982. The gold section will be commissioned during September and October this year.

In order to utilise this available capacity, mining of the VCR at No 6 and No 7 shafts will begin as soon as possible and the ore will be transported by road to the Afrikander Lease plant This has now been designated Phase 1 of the VCR project and will absorb about R20-million during 1981

Operations in the Afrikander Lease area resulted in a loss for the quarter and consequently provision has been made for one quarter of the minimum annual royalty of R50 000

Since the beginning of last April the tonnage mined from the Afrikander Lease area has been stockpiled in anticipation of the commissioning of the uranium plant. Mining will be stopped during the current quarter when sufficient ore for commissioning will have been stockpiled.

SA Land

Sallies out up a brave fight during the quarter and, while there was a drop in grade and costs rose too steeply by 6,3 percent, net profit nevertheless managed to rise 21,3 percent.

However, the necessary Capex bill grabbed most of the earnings leaving only 3,7c against 9,3c the previous quarter.

Ergo

The tonnage of slimes treated during the June

Net profit was only marginally down at R37,6-million compared with R37,7-million three months earlier.

President Brand

A steady quarter saw milling rate rising but there was a fall-off in grade.

Costs were satisfactorily contained leading to a 6,3 percent rise in net profit.

Western Holdings

Net profit increased by 12,4 percent but capex demanded most of this to leave earnings 21 3 percent down on the previous quarter

Costs rose by 4,6 percent and there was a slight downturn in grade

President Steyn

A most successful three months but disturbingly high increase in costs — especially when taking the greatly increased milling rate into consideration

However, net profit was 8,3 percent higher and after allowing for capex, earnings also improved, rising 7,4 percent

FS Saai

A steep 7 percent rise in working costs did not prevent the mine from

	Tons milled 000s	Yield g/t	Costs R/ton	Costs $ oz	Rev-enue $ oz	Net profit R000s	Profit after capex R000s	EPS after capex cents
WEST DEEP	798	12,10	54,13	166	488	54 373	24 624	90
March	728	13,14	57,15	182	521	43 613	27 869	111
VAAL REEFS	2198	8,82	38,22	161	484	90 245	58 376	307
March	2100	8,53	38,42	187	514	63 735	37 125	195
ELANDS	311	4,64	46,47	372	484	4 329	(2 378)	—
March	266	4,07	46,01	473	522	683	(6 330)	—
SA LANDS	366	0,92	3,91	158	481	1 198	342	5
March	358	1,16	3,68	132	521	988	854	14

Vaal Reefs to raise output

RDM 24/7/81

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By ADAM PAYNE

HIGHLIGHT of the quarterlies from the Transvaal mines of the Anglo American Corporation group is the report from Vaal Reefs which shows a R21-million jump in profit after capex and of 57% in earnings a share to 307c (195c); and an increase in the 1981 plannned tonnage which will lift gold production by an estimated 6%.

As part of this programme, production will be increased by 60 000 tons a month by mining the shallow Ventersdorp Contact Reef from the No 6 and No 7 shafts which were formerly on Western Reefs mine.

While Vaal Reefs' results are excellent, the report from Western Deeps is disappointing with a lower planned production and reference to lower values on the high-grade Carbon Leader Reef

The good financial results from Vaal Reefs were achieved by increased production from the North and South lease areas and a higher yield from the North area

The increased production resulted in costs being reduced during the quarter Costs a square metre mined dropped by 3% to R179,50 (R184,90) and costs a ton milled fell marginally to R38,22 (R38,42)

The costs a kilogram of gold produced and in dollars an oz were also reduced These costs are a function of grade

The price received on gold sales fell by 6% to $484 an oz ($514), but as a result of the weakening of the rand against the dollar, R13 077 was received a kg of gold against R12 720 in March.

Gold revenue rose to R252-million (R225-million).

Gold profit jumped R22-million to R168-million Uranium profit rose by R6-million to R9-million.

Added to these good results, the mine received a dividend from Southvaal Holdings of R10 400 000 and profit before tax rose to R155-million (R118-million)

Tax rose by R11-million to R65-million leaving after-tax profit R89 986 000 (R63 655 000)

Capital spending increased to R31 900 000 (R26 500 000)

The planned production for the year has been increased to 8 500 000 tons (8-million tons) at a grade of 8,4 g/t to produce 71 400 kg of gold (previously 67 200 kg)

Capital spending is estimated at R135-million (previously R110-million) of which R55-million (previously R33-million) will be spent in the North lease area and R26-million (previously R23-million) in the Afrikander Lease area

Mr Dennis Etheredge, the chairman, announced in his annual review that a proposal was being considered to increase production by 60 000 tons a month by mining the Ventersdorp Contact Reef from No 6 and No 7 shafts

Because of design delays in the uranium section of the Afrikander Lease plant, this part of the plant wil only be commissioned in the second quarter of 1982 and the gold section will be commissioned during September and October this year.

To use this available capacity it has been decided to begin mining the VCR at No 6 and No 7 shafts as soon as possible and to carry the ore by road to the Afrikander Lease plant

This has now been designated Phase 1 of the VCR project on which about R20-million will be spent this year

WESTERN DEEP LEVELS. With an increased tonnage milled at a normal figure of 798 000, gold production was raised in spite of a lower yield of 12,10 g/t (13,14 g/t) Tonnage milled in the previous quarter was below average at 728 000

In spite of increased gold costs totalling R43-million (R41 600 000), gold revenue rose to R126 700 000 (R121 400 000) with a higher price a kg at R13 081 (R12 861)

The higher tonnage milled enabled the mine to considerably reduce unit costs a square metre and a ton milled

Pre-tax profit rose to R86-million (R83-million) while taxed profit was up 24,8% to R54-million (R43-million)

Capital spending at R29 700 000 was up on last quarter's R15 700 000 and because of this higher spending earnings a share dropped to 90c (111c)

The planned production for the year has been reduced to 3 150 000 tons from 3 233 000 tons at a grade of 12,5 g/t (13,5 g/t) to produce 39 375 kg of gold against the previous target of 43 646 kg

Refrigeration plant breakdowns, first reported at the end of March, are the main cause of the reduced tonnage forecast

A geological investigation is being carried out to assess the longer-term implications of a lower grade, caused mainly by lower values encountered in the high-grade Carbon Leader long walls east of No 3 shaft

QUANTITY SURVEYING

(Continued)

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Is Mangope being bled by the mines?

The mineral-rich Merensky Reef penetrates into Bophuthatswana, giving it a rightful claim to the profits of companies mining the reef. Directly and indirectly the mining industry accounts for 70% of Bophuthatswana's national revenue, but has it been accorded a fair share of the profits? PATRICK LAURENCE, who spoke to top men in Bophuthatswana and Rustenburg Platinum Mines, one of the two main companies mining the reef, reports.

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It's political robbery, says a 'Tswana official

PRESIDENT Lucas Mangope's adviser leant forward, lowered his voice and said gravely "I think the mines are very clever in hiding from blacks what they are not getting It is only right that they should get a fair share of the profits "

He was advocating a tougher attitude by Bophuthatswana toward the nearly 30 mining companies operating in its territory, but especially toward those concentrating on the extraction of platinum

"Minerals are non-renewable resources and it is vital for the Tswana to get their just due of the profits before they are exhausted," the adviser added

He went on to characterise Bophuthatswana's exclusion from the processing of platinum as "political robbery", contending that the refinement of platinum outside Bophuthatswana meant that the lion's share of taxes on the mines flowed into Pretoria's coffers

Anxiety

Dr B S Marengwa, Bophuthatswana's director of geological surveys and one of its chief spokesmen on mining in the territory, was less critical of the mining companies

Asked whether Bophuthatswana was satisfied it was getting a fair share of the mining profits, he replied "By and large, yes If we weren't there would be cause for us to take action But we shall continue to judge each situation on its merits "

Unlike its counterpart in neigbouring Botswana, the Bophuthatswana government is not a part owner of any of the mining companies in its territory It obtains revenue from the mines through rental on lease agreements, taxes on profits and royalties

"Most existing leases were entered into before independence and it is not government policy to participate in mining operations," Dr Marengwa, one of Southern Africa's few qualified black geologists, explained

"The lease agreement is often indefinite The companies would not sign the lease if they think they may be kicked out tomorrow ... overnment

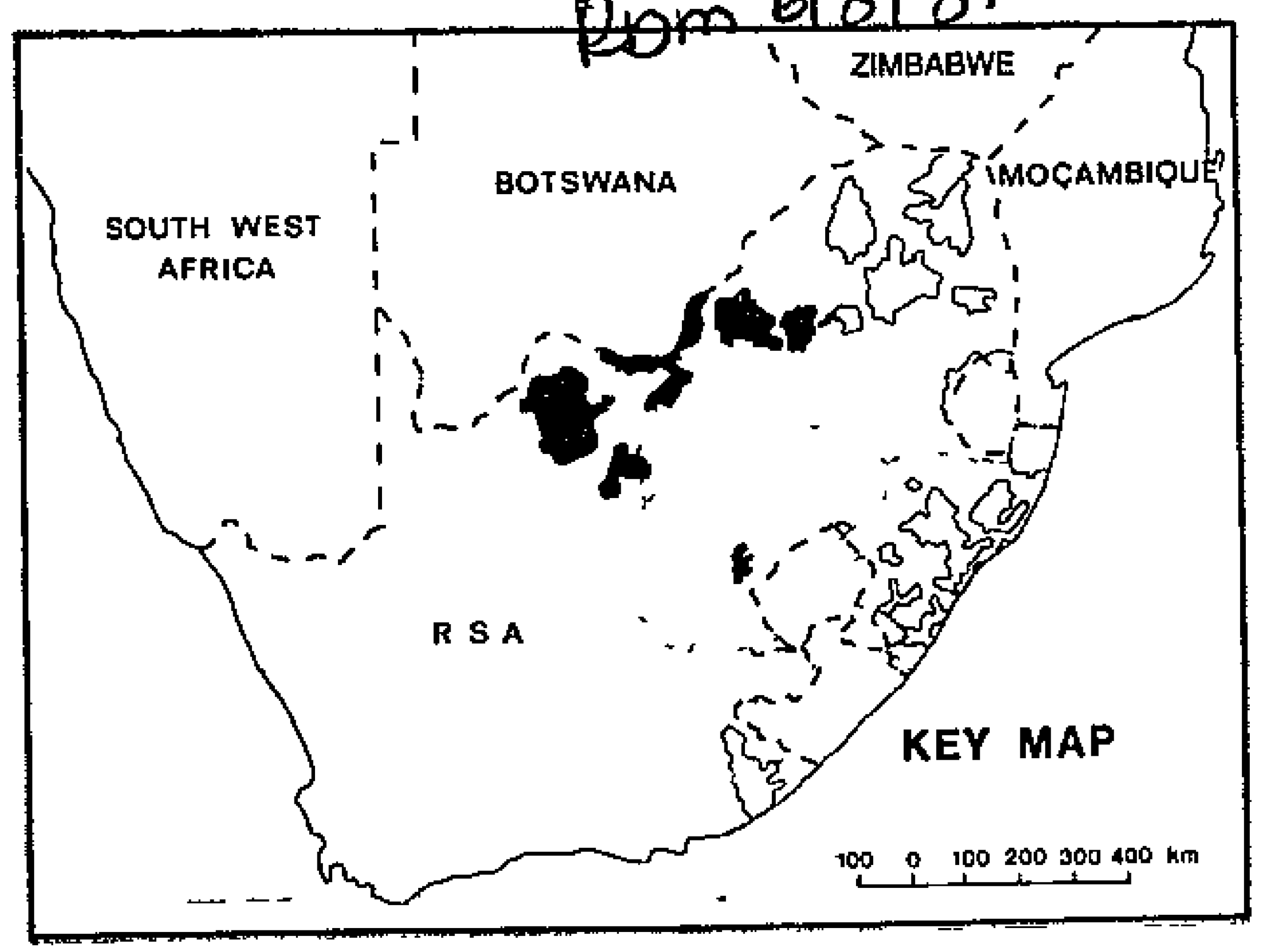
Bophuthatswana's black mine workers are still subject to the restrictions of an industrial colour bar inherited from South Africa, which excludes them from working as qualified blasters and artisans

Commenting on the colour bar Dr Marengwa said "We have been discussing it (with the mining companies) for a couple of years with fruitful results The mining companies realise that what we do has to be in line with our constitution (which forbids race discrimination) "

Urging caution rather than haste, he added "We will discuss it with all parties until we reach consensus We don't want to rush, no matter how fashionable that will be You will only get into trouble if you embark on trendy actions embarked on elsewhere "

Dr Marengwa, who has previously worked for the Botswana Government and Anglo American, stressed that mining in Bophuthatswana took place within a legal framework which insisted on maintenance of stipulated health and safety standards and which guarded against wasteful mining methods

Rom 6/8/81



They get a very fair share, say the mines

WITH hardly a change in facial expression, Mr K W Maxwell, managing director of Rustenburg Platinum Mines (RPM), heard the accusation that the mines were denying an equitable share of their profits to Bophuthatswana

"I think the advisers to President Mangope are doing the right thing in trying to to explore every avenue they can to see whether they are getting a fair share of the revenue," he said

"But I don't believe they are going to be able to do better than the present system at the moment, as they already get a very fair share of the revenue "

Mr Maxwell explained that the formulae for tax and lease payments by the mines are the same as those that pertained to RPM before Bophuthatswana became independent in December, 1977, except that payments are now split between South Africa and Bophuthatswana

"The lease payment is based on the number of ounces mined out of the respective areas In the case of tax the split is a function of a location of the assets between the two countries "

On the charge that the revenue generated from the byproducts of platinum is sufficient to cover the cost of mining platinum itself, he said "In the good times that is probably true In the bad times it's not At the moment it is not true to say that we are getting the same by-product revenue as we would do in normal times "

Mr Maxwell rejected the view that by refining ore in plants outside Bophuthatswana's borders, the mines ensured that Bophuthatswana got a smaller share of tax than South Africa

"Assets on the refining side of our business do not get taken into account in the assets split between Bophuthatswana and South Africa, which is one of the points in Bophuthatswana's favour "

Referring to the location of processing plants outside Bophuthatswana, he said "They were set down years and years before we even knew where the boundaries of Bophuthatswana were To pick up the present refining capacity and to situate it in Bophuthatswana would be such an ...

agreement with the newly-formed Bophuthatswana Building Society, through which provident fund money can be utilised to finance housing for black mine workers

Mr Maxwell added "We are now taking steps to create some more married quarters Not the most elaborate perhaps, but at least a step forward We have got various schemes which will come out of the pipeline during the next few years "

He went on to counsel caution, however

"Of course, you've got to balance the desirability of enhancing facilities against the cost of doing so, the maintenance of your competitive position, the state of the market and so on

"The free market price of platinum has been at 400 dollars or thereabouts for the last month or two Our producer's price is 475 dollars, so customers are not rushing to buy our metal at the moment

Impact

"That may well stay the situation for several months, which will have a severe impact on ... acco " ment adds o ie value of the ore and that — since it took place in South Africa rather than Bophuthatswana — South Africa is able to tax processed ore whereas Bophuthatswana had to be satisfied with taxation on raw ore

Defining his role as one of trying to get 'blacks a fair deal' and insisting he could do so more effectively if he was not identified publicly, the adviser commented "In political terms it is robbery But there has never been any anxiety on the companies' part to do anything about it"

Until fairly recently most black mine workers were recruited from outside Bophuthatswana a pattern which the adviser attributed to reluctance by the mining companies to recruit local blacks rather than to any dislike of mining work by Bophuthatswana's people

He said "The mines take migrants far away from home by preference because then they have captive labour They are no longer allowed to force them to sign contracts but migrant workers from far away can still be forced to stay on for six months"

Insistence by the Bophuthatswana authorities, however forced the mines to recruit local blacks and Bophuthatswana men today account for 40% of black workers on the mines, he added

One of the hoped for sequels to recruitment of local blacks is a switch by the mines from using migrant labourers housed in compounds to a settled labour force accomodated in family quarters

According to the adviser, however, the mines have stalled on provision of family housing "We totally reject those awful compounds, but the mines always have excuses"

Contending that the cost of mining platinum can be financed from the "by products" of copper and nickel, he added "I don't think Bophuthatswana is getting what is due to it"

... [illegible] prove default by the company"

Dr Marengwa's interpretation of the absence until fairly recently of Bophuthatswana men on the mines differed from that of President Mangope's adviser

"In the past Batswana used to be able to obtain their wealth from agriculture and they looked on mine work as menial But now subsistence farming does not provide much wealth and it is beginning to get through to them that mining is *the* industry"

Propaganda

But an official propaganda campaign played an important role in raising the proportion of Bophuthatswana mine workers to from virtually nil to 40% of the total black labour force on the mines

Dr Marengwa acknowledged "We tried to persuade the mines to recruit local people We also worked through the chiefs and the labour bureaux to persuade the people to work on the mines"

On black mine worker wages, he said "They easily earn between R200 and R300 a month board and lodging is worth another R100 a month"

Responding to an inquiry on whether Bophuthatswana was satisfied with the wages paid to black mine workers, Dr Marengwa said "We have to choose between paying higher wages and employing fewer people or paying less and employing more people Wages are standard for the region"

Turning to the issue of migrant labour, he said "Ideally we would prefer to have our mine workers housed where they work The mining companies are very often in favour of that, too"

He put the number of black mine workers on Bophuthatswana's mines at 49 000, of whom only "a small percentage" were settled "But," he added, "it is only 3½ years since we took independence"

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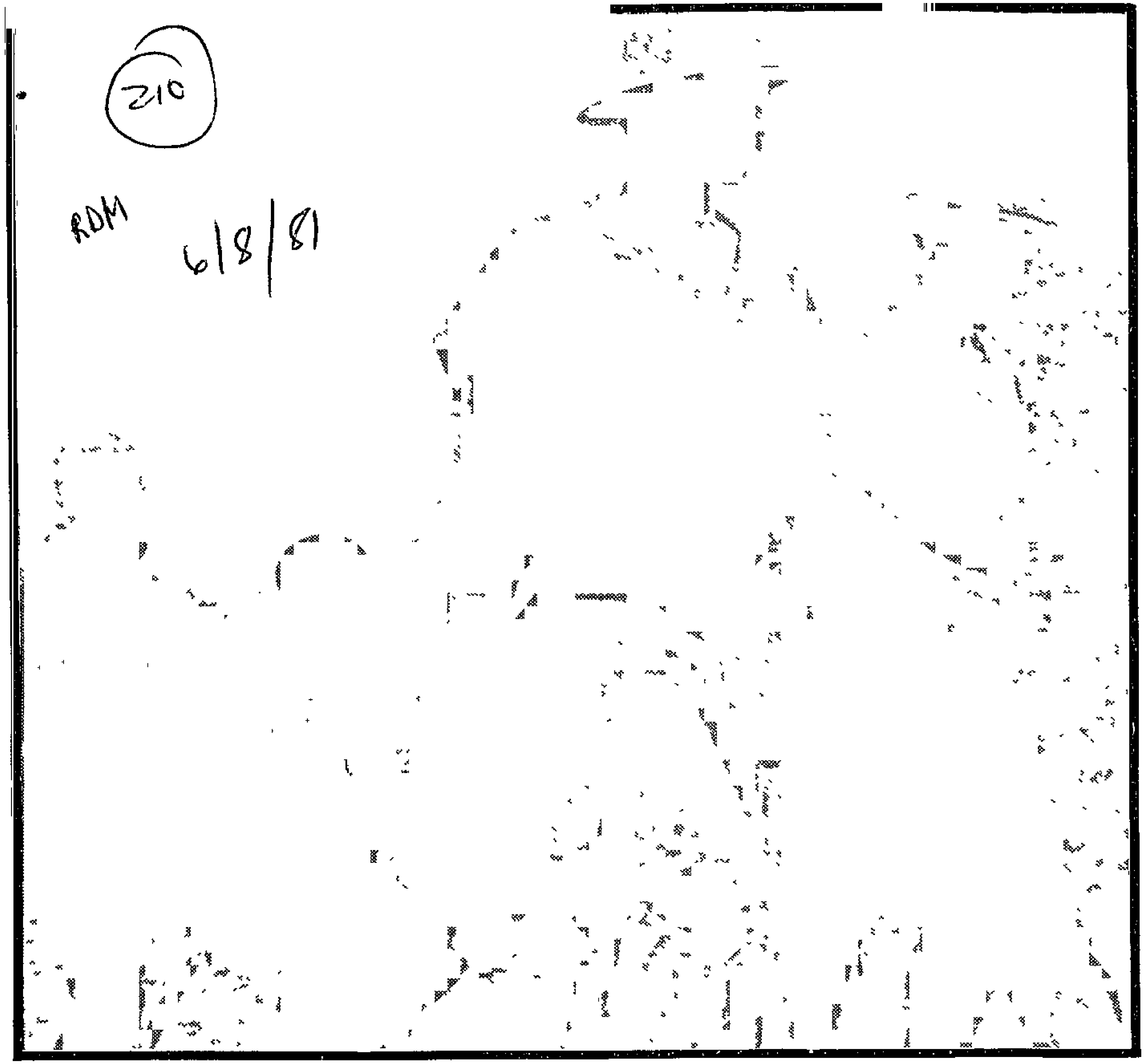
RDM 6/8/81



Mine workers head home — but where are the profits of their labour going?

expensive exercise [illegible] we us couldn't do it"

According to figures supplied by the general manager of the Rustenburg section of RPM Mr WA Nairn, the number of Bophuthatswana nationals employed on the mine has risen from less than 2% seven years ago to just under 40% today

Bophuthatswana nationals form the largest single unit of the black labour force on the mine, followed by Transkeians (32%) and Lesotho nationals (nearly 10%)

Compounds

Asked what steps had been taken to switch from migrant workers accommodated in compounds to stabilised workers living in family quarters Mr Nairn said "We encourage them to build their own houses in the vicinity We provide them with a housing allowance if they provide their own houses, as we do with white workers"

Pressed to give some estimate of the proportion of black workers who opted for the housing allowance scheme, Mr Nairn replied "I can't give you that figure off-hand but it's a small proportion at this stage"

The question of a stabilised labour force was also taken up with Mr Maxwell, who was asked whether RPM did not have a scheme to provide black workers with family houses in the same way as migrants are offered hostel or compound accomodation

"When we first met the Bophuthatswana government before independence, they talked about the idea of creating villages close to the mining areas from which we could draw labour," Mr Maxwell said

"We have taken that forward in the sense of putting a proposal forward to them related to certain monies which are generated through the provident fund accumulations"

The idea is to negotiate an

[illegible] Mr Maxwell, the latest Anglo American report gives Rustenburg Platinum's profit for the latest financial year as R125,6-million compared with R78,7-million for the year before

"The difficulty that one always faces is that on its own the size of the profit seems big," Mr Maxwell replied

"But what you don't see is the amount of capital you have to invest in order to keep generating that profit — and people only invest capital if they can see an adequate return on it"

Referring to the continual fluctuation in demand for platinum, Mr Maxwell added "Believe me, a R125-million disappears very quickly when there is a sudden dip in the market and you don't sell the metal You are stockpiling it but the company has to keep paying wages and other working costs — and revenue and hence profits fall away"

On the continued operation on the mine of an industrial colour bar which reserves most skilled and artisan work for white miners, Mr Maxwell said "The situation is in a sense sub judice because we are involved in negotiations with a variety of parties at the moment"

The relevant parties include the white-controlled Federation of Mining Unions, which includes both the right wing Mine Workers' Union and the artisan unions, and the South African and Bophuthatswana governments

"Negotiations have been protracted but they are back in train They are being pursued

"The basic line of the Federation of Mining Unions is don't discriminate in reverse, don't try to train and develop blacks without giving a similar opportunity to whites

"We certainly go along with that The thrust of our approach is to train whites and blacks to move up the scale"

98% jump in Cons Modder working costs

By JOHN MULCAHY

CONSOLIDATED Modderfontein Mines unit working costs rose by nearly 98% in the June quarter and working loss climbed to R725 000 from R468 000

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Mill throughput fell to 22 786 tons from 33 412 tons, but there was a sharp rise in the yield to 2,04 g/t from 1,21 g/t, and 46,4 kg of gold was recovered against 40,3 kg in the March quarter

Work 28/8/81

Working costs rose to R57,62 a ton milled from R29,15, and the average gold price received was up at R12 664 a kg from R12 556 Total revenue from gold was 16% higher at R588 000 from R506 000, but overall working costs rose to R1 313 000 from R974 000

(Costs for the March quarter have been adjusted upwards to R29,15 a ton milled from R27,14 reported at the time, and the comparative gold price received has been adjusted downwards to R12 556 a kg from R13 201 — the working loss given in the original March report was R375 000, and this has been revised to R506 000)

The increase in working costs is attributed by the directors partly to an increase in the ratio of underground tons milled to tons milled from surface sources, "and also by the fact that excess production is being stockpiled in preparation for the forthcoming increase in reduction plant capacity"

They say there was a certain amount of mill downtime to improve the circuit as part of the construction programme

A substantial increase in interest received to R435 000 from R97 000, as well as revenue from mushroom farming of R26 000, helped to boost non-mining revenue to R598 000 from R194 000, leaving a net deficit of R134 000 compared with R319 000 in the previous quarter

The north-east incline shaft has been re-equipped and mining began in June

Construction work on the reduction plant to raise capacity to 70 000 tons a month is progressing favourably, and the first phase to treat 20 000 tons a month is due to be completed in the next quarter

The directors say the re-equipping of the No 14 incline shaft is progressing satisfactorily, and limited production should start towards the end of this year, with tonnages mined systematically after that

Improvements to the hoisting facilities at No 7 shaft are almost completed, and ore production from the shaft will increase in line with the requirements of the reduction plant in the current quarter

COMMENT: At a gold price of $476 the mine management considered that working costs could be covered at a grade of around 2,0 g/t, but gold is now well below this.

It was hoped that a working profit could be achieved by the September quarter, but if costs are reduced sharply, and in the absence of a substantial rise in the gold price, this seems a vain hope.

Much more than meets the eye

Mining's giant stake in economy

RDM 20/8/81

By JOHN MULCAHY

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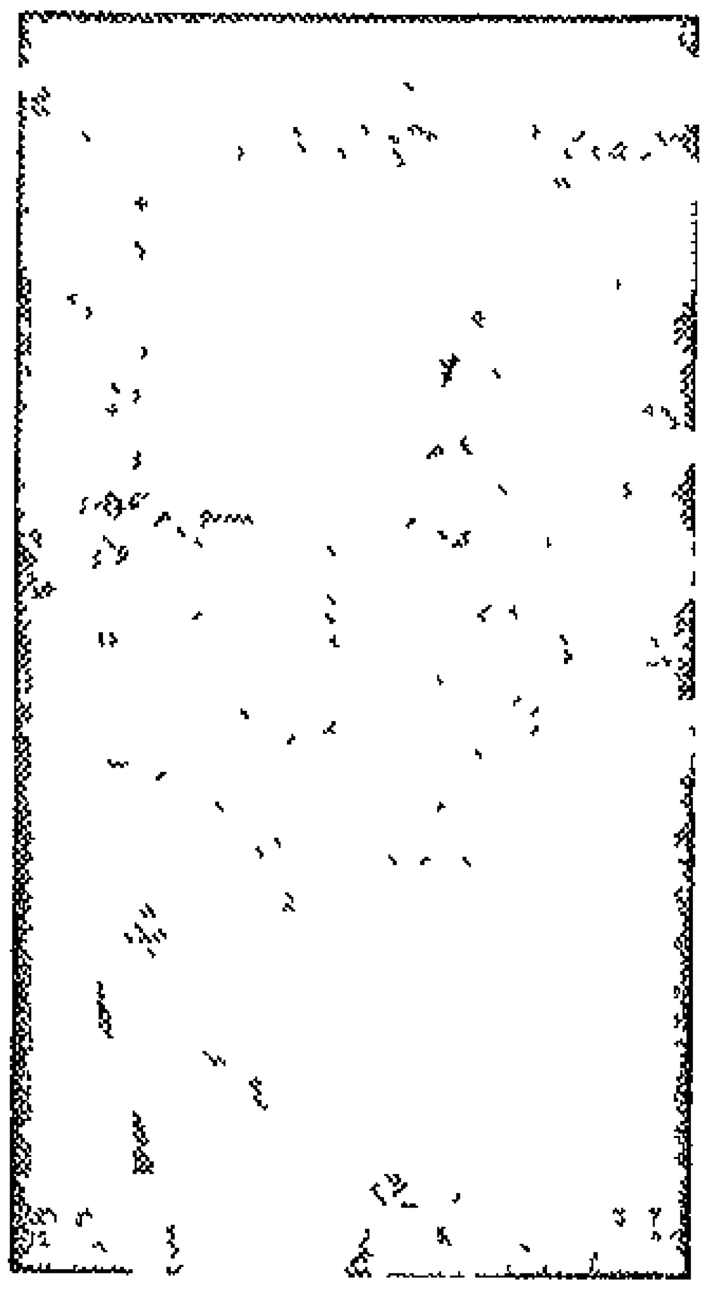

Mr George Nisbet

THE contribution of the mining industry to South Africa and its economy is probably much greater than is generally realised

Mr George Nisbet, incoming president of the South African Institute of Mining and Metallurgy, said in the annual address to the institute in Johannesburg yesterday that the internal and external revenue accruing to the State was squarely based on the funds flowing from the mining industry

The industry contributed about 40% of income-tax receipts and 30% of the total contributions to the Department of Inland Revenue, and the foreign-exchange earnings of the mining industry amounted to more than two-thirds of SA's exports

Mr Nisbet said the mining industry, directly and indirectly, provideds jobs for about 28% of the active labour force in South Africa, contributing 24% directly to the gross domestic product

In 1979 South Africa had 81% of the world's known chromium ore reserves, 75% of its platinum-group metal reserves 75% of manganese ore reserves, 51% of the world's gold-metal reserves and 21% of diamond gem reserves

In the same year, it produced 53% of the world's gold, 51% of platinum-group metals, 36% of the chromium ore, 22% of the manganese and 18% of the world's diamonds

Mining was more important to the South African economy than ever, said Mr Nisbet, employing 710 000 people last year, while remaining the major supplier of foreign exchange

In 1980, the value of minerals exported amounted to R13 870-million, which together with processed minerals constituted about 75% of the total South African exports last year

The capital expenditure incurred on mines from 1950 to 1980 amounted to R8 786-million, much of which was attracted from overseas, said Mr Nisbet, and had shown that South Africa was a sound investment area because of the stability and profitability of the mining industry

In addition, the foreign capital had helped to speed up SA's economic development, which would have been slower had it depended solely on domestic investment

The injection of foreign capital into the mining industry had also enabled much of the domestic savings to be channelled into other industries

Mining's contribution to the private sector was reflected in the R3 500-million spent on stores in 1979, the major areas benefiting being the machinery and plant sectors, on which R885-million was spent, electricity consumption, which cost R428-million, buildings, railways and roads, which consumed R370-million, and electrical stores, on which R280-million was spent in 1980

Last year the mining industry used about 29% of all the round timber produced in SA, and R181-million was spent on timber by member producers of the Chamber of Mines

Mines used 30% of the electric power generated in South Africa, about 30% of cement production and 2,5% of agricultural production Last year the average number of employees on the mines represented 14% of the total active labour force employed in industry and commerce, excluding agricultural and domestic labour

The State was also a major beneficiary of the minerals industry, said Mr Nisbet, and in the 1980-81 financial year the industry was responsible for around 40% of the State's receipts from direct tax paid on incomes

An estimated 30% of total State revenue, including indirect taxes such as lease fees, excise duties and general sales tax, was contributed directly and indirectly by the mining industry last year

Apart from the magnitude of earnings by the mining industry over the past 30 years, said Mr Nisbet, the progression was from R393-million in 1950 to R14 994-million last year, an increase of 3 715%

Since 1973 the minerals industry annually provided 60% of the total value of exports, reaching 65% in 1979 and latest figures indicated a further 5% increase in the ratio last year

This took the value of mineral exports, excluding platinum and uranium, to 70% of exports in spite of the significant estimated rise in the value of exports from the manufacturing sector to 27% from R4 209-million to R5 348-million

An analysis by Professor J A Lombard and Professor J J Stadler of the University of Pretoria indicated that for every R1 000-million of gold produced R697-million was immediately added to the GDP, with the balance of R303-million spent on intermediate inputs — goods required for the production of gold

The multiplier effect, or the wider impact of the expenditure of the R303-million on the economy, was around 1,789, said Mr Nisbet, which increased the R303-million to R542-million, so that the value generated indirectly by the gold-mining industry through its outlay on intermediate products amounted to R240-million

The study showed that an output of R1 000-million generated a total value added of R937-million, being the sum of the value added directly R697 million and indirectly R240-million

Expressed in another way, said Mr Nisbet, 93,7% of the value of gold produced contributed directly and indirectly to the gross domestic product

The figure was influenced by the fact that the mining industry spent only a limited amount on imports, the industry's domestic expenditure was between 90% and 94% of total expenditure, said Mr Nisbet

The study highlighted the issue that the mining industry in addition to producing minerals, was a source of final demand for the other services produced by the domestic economy, resulting from expenditure on the increase and replacement of capital items

Transvaal is against mining in Kruger Park

29/8/81

Mail Reporter

THE province is opposed to mining activities in the Kruger National Park, the MEC in charge of nature conservation, Mr Hein kruger, said in the Transvaal Provincial Council this week

He was responding to the Progressive Federal Party MPC for Edenvale, Mr Joel Mervis, who expressed concern at the threat to the park's ecology by coal mining interests

Mr Kruger said he was confident that the Government would not take a decision on possible mining operations in the park "lightly"

He supported the ban on mining development in the park.

On the province's nature reserves, Mr Kruger said they had never been more popular

Last year more than 700 000 vistors were accommodated

The demand for accommodation was so great the province was hard put to meet it, he said

Youth camps, walking routes and caravan and camping sites were booked out months in advance.

Mr Kruger said that the recently opened Suikerbosrand had 16 000 visitors in its first six months

However, in common with other provincial departments, the nature conservation division faced staff problems

Steps were being taken to rectify this

Giving some idea of the scope of the division's activities, Mr Kruger said the fisheries section had released 350 000 fingerlings, 2 700 large black bass and 17 000 large trout

for women are far better (and could be expected to remain so) in town than in the homelands.

While the cities and towns remain the major providers of jobs, then, the burden of development should be placed on them - the prospects of the resettled and other rural and homeland dwellers depend on it. It is a heavy burden but not, at this stage of South Africa's development, an intolerable one. We can be mixed and rich in twenty-five years - or we can continue to try for white and perpetuate poverty for a century.

Leap in mines' spending

S. Times

By Andrew McNulty 30/8/81

270

SPENDING on stores by South Africa's gold and coal mines leapt by 30% to R2 886,42-million in 1980 from R2 223,383-million in 1979

This is shown by latest statistical tables released this week by the South African Chamber of Mines, which underline the industry's wide impact on the country's economy

The figures reflect the inflation rate of just over 15% and the tremendous expansion under way in both gold and coal sectors

In the boom year of 1980, when the gold price revitalised the gold mines and made large areas payable that had previously been unprofitable, the gold sector spent R2 343 834 358 on stores, an increase of 27,8% on the 1979 figure of R1 832 814 574

Coal mines, gearing up for the new export phase at Richards Bay and also bringing on stream huge new coal mines to fuel new Escom power stations, were not be outdone — and, in fact, outstripped gold mines in their higher spending rate

Spending on stores by the coal sector leapt by 40%, from R390 569 354 in 1979 to R542 586 892 in 1980

Notably, the gold mines are an important consumer of coal that is sold to the domestic market

Last year they spent R9 727 605 on 596 569 tons of coal (in 1979, R6 905 431 was spent on 517 861 tons)

Capital expenditure by the gold mines also jumped by 33,8% to total R922,013-million

A further vast growth phase is planned for the coming five years By 1985, they are projected to spend a total R12 000-million on capital expenditure, an amount which will create an estimated 100 000 new job opportunities both directly in the industry and indirectly in other industries

RM Props shelves mining

31/8/81 BDM 210

Underground venture would cost R300m

By JOHN MULCAHY

RAND Mines Properties will not go underground at City Deep, Crown Mines and Consolidated Main Reef Mines in the foreseeable future, and shareholders cannot expect extraordinary dividends from the R13-million sale of land to the State

These conclusions emerge from the Transvaal Consolidated Lands offer document, containing the one-for-seven share swop offer to RMP shareholders

Barlow Rand has agreed to accept the offer for its 60,1% holding in RMP, so control will transfer to TC Lands But acceptance from all minorities is required for TCL to gain 100% control, and it appears unlikely that there will be full acceptance

According to the technical advisers' report, capital expenditure involved in developing an underground section — if it is feasible — would be more than R300-million, before taking into account any costs likely to be involved in acquiring and proving the ground to the south of the mining title

There is the possibility later of re-treating material on the City Deep and CMR dumps, with 65-million tons of sand available at an average grade of about 0,67 g/t

If it is decided to treat the additional material — and this will be considered only when the Crown Mines plant is operating — another two plants, similar to but smaller than the one under construction at Crown Mines, will be built

The Crown Mines plant will be commissioned early next year, and will treat 4 400 000 tons a year at an average grade of 0,70 g/t, and the directors say that at the present gold price — assuming it increases at an equivalent rate to working costs — gold recovery operations will yield a satisfactory return

RMP's taxed profit for the year to September 30 is estimated at R19 900 000, equivalent to 160c a share, compared with R6 300 000, or 50,5c a share, last year The 160c for the current year includes 100,6c from the State sports complex deal, leaving RMP with 59,4c a share in normal earnings

The final dividend is expected to be 30c a share against 24c last year, but shareholders accepting the TCL offer will not receive the dividend They will, however, rank for the TCL final of at least 150c to be declared in October and paid in January

The dividends RMP will be able to pay out of the sports complex land sale will be governed by the rate at which cash is received, and retentions necessary for the company's continuing development

The Government has undertaken to pay for the 270 hectares of land over four years, the final payment to be made in 1984

RMP has still to repay its R40-million loan, raised to finance the dump retreatment project at Crown Mines, and dividends will be restricted by this commitment

An alternative offer, of 105c a share plus one TCL for every eight RMPs, has also been made, to give shareholders the immediate benefit of the land deal

According to a feasibility study carried out to determine the viability of an underground operation, it could come about only if

- There was a substantial and sustained increase in the gold price to levels that cannot now be foreseen
- A satisfactory relationship between the gold price and costs could be maintained in the longer term
- An area of ground, embracing the subsidiaries' mining title and the area to the south of the title, could be consolidated in a new mining lease area

Possible exploitation strategy for underground mining involves using existing shafts at Crown Mines to gain access to 19 level, which is just above the present flood line

A crushing and milling plane would have to be built and could be sited at No 5 shaft, Crown Mines, if it was found to be in a satisfactory condition to become the main hoisting shaft for the operation

COMMENT: The market has reacted favourably to the TC Lands offer, pushing the RMP price up to 807c from 660c before the original announcement, and any hesitation in accepting the offer terms will probably be stifled by the gloomy prospects for underground mining

The rationale behind the TC Lands offer was that RMP's growing mining interests — with the imminent commissioning of the sand retreatment plant — had a logical home in TC Lands.

With the gold price flat, and the outlook for property linked to slower growth expectations for the economy generally, the timing of TC Lands offer could not have been better

TCL itself, with a broad mining base, is not too dependent on gold, and with bright prospects for its coal holdings, has the ability to fund any development of Rand Mines Props mining assets

There must be at least an even chance for TC Lands of a further coal export allocation in the next phase of Richards Bay development, enhancing likely earnings from coal, already bolstered by Rietspruit.

If there were positive indications of an early and substantial rise in the gold price, RMP shareholders would probably be better off staying with the company, but as the situation stands the wider TC Lands umbrella seems safer.

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No. R. 1847 4 September 1981

WYSIGING VAN REGULASIES.—WET OP MYNREGTE, 1967

Die Staatspresident het kragtens artikel 187 van die Wet op Mynregte, 1967 (Wet 20 van 1967), die regulasies wat in die Bylae hiervan uiteengesit is, uitgevaardig.

BYLAE

1. In hierdie Bylae, tensy uit die samehang anders blyk, beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing R. 1484 van 22 September 1967.

2. Hoofstuk I van die Regulasies word hierby gewysig—

(a) deur in regulasie 1 die woorde "drie voet", "driekwart duim", "twee en 'n half voet" en "sewehonderd voet" deur onderskeidelik die uitdrukkings "1 m", "20 mm", "800 mm" en "220 m" te vervang;

(b) deur in regulasie 2 die woorde "nege duim by twaalf duim" deur die uitdrukking "200 mm by 300 mm" te vervang;

(c) deur in regulasie 3 die woorde "twee voet" oral waar dit voorkom en "een en 'n half voet" deur onderskeidelik die uitdrukkings "600 mm" en "450 mm" te vervang; en

(d) deur in regulasie 4 die woorde "twaalf duim diep, twaalf duim wyd en ses voet lank" deur die uitdrukking "300 mm diep, 300 mm wyd en 2 m lank" te vervang.

3. Hoofstuk II van die Regulasies word hierby gewysig—

(a) deur in regulasie 1 die woorde "twee en 'n half voet" deur die uitdrukking "800 mm" te vervang; en

(b) deur in regulasie 2 die woorde "drie voet" en "ses duim" deur onderskeidelik die uitdrukkings "1 m" en "150 mm" te vervang.

4. Hoofstuk III van die Regulasies word hierby gewysig—

(a) deur in regulasie 1 (a) die woorde "ses duim" deur die uitdrukking "150 mm" te vervang;

(b) deur in regulasie 1 (b) die woorde "twee en 'n half voet", "twee voet", "een en 'n half voet" en "een duim" deur onderskeidelik die uitdrukkings "800 mm", "600 mm", "450 mm" en "25 mm" te vervang;

(c) deur in regulasie 1 (c) die woorde "nege duim by twaalf duim" deur die uitdrukking "200 mm by 300 mm" te vervang;

(d) deur in regulasie 2 (a) die woorde "twee voet" oral waar dit voorkom en "een en 'n half voet" deur onderskeidelik die uitdrukkings "600 mm" en "450 mm" te vervang;

(e) deur in regulasie 2 (b) die woorde "drie voet", "driekwart duim" en "twee en 'n half voet" deur onderskeidelik die uitdrukkings "1 m", "20 mm" en "800 mm" te vervang;

(f) deur in regulasie 3 (a) die woorde "vyftien duim" en "twaalf duim" deur onderskeidelik die uitdrukkings "400 mm" en "300 mm" te vervang;

(g) deur in regulasie 3 (b) die woorde "een duim" en "een en 'n half voet" deur onderskeidelik die uitdrukkings "25 mm" en "450 mm" te vervang;

(h) deur in regulasie 4 (b) die woorde "twaalfhonderd voet" deur die uitdrukking "400 m" te vervang; en

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No. R. 1847 210 4 September 1981

AMENDMENT OF REGULATIONS.—MINING RIGHTS ACT, 1967

The State President has under section 187 of the Mining Rights Act, 1967 (Act 20 of 1967), made the regulations set out in the Schedule hereto.

SCHEDULE

1. In this Schedule, unless the context otherwise indicates, "the Regulations" means the regulations published under Government Notice R. 1484 of 22 September 1967.

2. Chapter I of the Regulations is hereby amended—

(a) by the substitution in regulation 1 for the words "three feet", "three-quarter inch", "two and a half feet" and "seven hundred feet" of the expressions "1 m", "20 mm", "800 mm" and "220 m", respectively;

(b) by the substitution in regulation 2 for the words "nine inches by twelve inches" of the expression "200 mm by 300 mm";

(c) by the substitution in regulation 3 for the words "two feet" wherever they occur and "one and a half feet" of the expressions "600 mm" and "450 mm", respectively; and

(d) by the substitution in regulation 4 for the words "twelve inches deep, twelve inches wide and six feet in length" of the expression "300 mm deep, 300 mm wide and 2 m in length".

3. Chapter II of the Regulations is hereby amended—

(a) by the substitution in regulation 1 for the words "two and a half feet" of the expression "800 mm"; and

(b) by the substitution in regulation 2 for the words "three feet" and "six inches" of the expressions "1 m" and "150 mm", respectively.

4. Chapter III of the Regulations is hereby amended—

(a) by the substitution in regulation 1 (a) for the words "six inches" of the expression "150 mm";

(b) by the substitution in regulation 1 (b) for the words "two and a half feet", "two feet", "one and a half feet" and "one inch" of the expressions "800 mm", "600 mm", "450 mm" and "25 mm", respectively;

(c) by the substitution in regulation 1 (c) for the words "nine inches by twelve inches" of the expression "200 mm by 300 mm";

(d) by the substitution in regulation 2 (a) for the words "two feet" wherever they occur and "one and a half feet" of the expressions "600 mm" and "450 mm", respectively;

(e) by the substitution in regulation 2 (b) for the words "three feet", "three-quarter inch" and "two and a half feet" of the expressions "1 m", "20 mm" and "800 mm", respectively;

(f) by the substitution in regulation 3 (a) for the words "fifteen inches" and "twelve inches" of the expressions "400 mm" and "300 mm", respectively;

(g) by the substitution in regulation 3 (b) for the words "one inch" and "one and a half feet" of the expressions "25 mm" and "450 mm", respectively;

(h) by the substitution in regulation 4 (b) for the words "twelve hundred feet" of the expression "400 m"; and

Industrial stake a Gencor winner

RDM 4/9/81. (210)

22% profit jump, 55c payment at halfway

GENERAL Mining Union Corporation, aided by a bumper contribution from its industrial holdings, boosted taxed profit by 22,4% in the six months to June to R185 100 000 from R151 200 000 The interim dividend has been raised to 55c a share from 50c.

The exceptional performance of the industrial sector, especially by Sappi and Kohler, pushed this division's earnings contribution to 35,8% of income compared with 24,5% in the first half of last year Gold and uranium's contribution was 34,4%.

By JOHN MULCAHY

Industrial earnings were boosted by the inclusion for the first time of Trek Beleggings and Kanhym, which became subsidiaries of Gencor on July 1 last year The increased investment in Trans-Natal resulted in an improvement in income from coal

Earnings a share rose to 185c from 161c

The chairman, Dr Willem de Villiers, said yesterday the second half should at least match the first six months' performance, implying earnings of 370c for the full year, an increase of about 8% over 1980's 343c

Assuming the dividend cover is kept at 2,0 and the final to interim ratio is 2 1 the final dividend should be 110c, making a total of 165c compared with 150c, which would also satisfy Gencor's oft-stated desire to raise its dividend from year to year

Attributable income from gold and uranium rose to R54 400 000 from R49 100 000, commerce and industry's income was R56 600 000 compared with R32 300 000, platinum contributed R10 900 000 against R10 600 000, earnings from coal rose to R11 100 000 from R7-million, income from minerals and beneficiation dropped to R5 200 000 from R5 600 000 and financial income increased to R19 900 000 from R16 500 000

Gross operating income rose to R173 300 000 from R124-million, and investment income rose by 29,6% to R92-million from R71-million

Exploration costs were 63% higher at R10 300 000 and the interest charge was 55% higher at R36 600 000 compared with R23 600 000, reflecting the sharp increase in rates payable to the gold mines on deposits placed with the holding company

The drop in the gold price reduced gold-mine income, and at the end of June the total in bank balances and cash was R381 900 000, substantially down on the R646 300 000 balance at the end of June last year and R699 800 000 at the end of December

It was a misconception that the St Helena takeover of Beisa was a rescue operation, said Dr De Villiers, and the deal was based solely on financial logic at the time

Most of the mine's uranium output had been sold on a good contract, and at "very high prices", and St Helena's estimated R3-million share of earnings in the short term was conservative

Capital costs had risen tremendously, and to finance a mine could costs R300-million, so there was a tendency to hold back on offering the shares while prices rose

It was not necessary to go to the Johannesburg Stock Exchange at this stage, and St Helena could take advantage of the significant tax allowances

He said the situation at Tubatse Ferrochrome had improved, and three out of four furnaces were operating The markets for Tubatse's products were still depressed, but the fall in the rand exchange rate held substantial benefits for the company

Dr De Villiers said it was unlikely US interest rates could hold their peaks for much longer, and depending on the inflation rate in that country, the gold price could be expected to start improving by the end of the year

However, the economic recovery of the West was slower than expected, and the gold price was unlikely to show any sudden or dramatic climb

The directors note that investment income does not accrue evenly throughout the year — September's gold dividends are likely to be lower than those paid in March — and provisions against investments are considered only at the yearend

COMMENT· With industrial companies performing at record levels, and the coal sector playing an increasingly important role, the improvement in Gencor's results was to be expected

The group will probably experience little difficulty in matching the first-half's results in the last six months, given the good performance expected from Sappi, Kohler, Trans-Natal and Impala

There may be some difficulty in maintaining these results next year, however, when a downturn in the SA economy is expected, affecting industrial earnings, and the gold price cannot be expected to leap ahead

The market pushed Gencor up to 2 650c from 2 575c yesterday, ahead of the results, and assuming a total dividend of 165c for the year the share is on a prospective yield of 6,2% while trading at a small discount to net asset value, which at June 30 was 2 719c

Commercial/industrial/mining concerns

Hans. 7 G C 349

386 Mr H H SCHWARZ asked the Minister of Statistics (20) (18) 210

(1) How many (a) commercial, (b) industrial and (c) mining concerns are there in the Republic,

14/9/16

(2) how many of the concerns in each such category employ (a) fewer than 10, (b) between 10 and 50, (c) between 50 and 100, (d) between 100 and 200, (e) between 200 and 500, (f) between 500 and 1 000, (g) between 1 000 and 2 000 and (h) more than 2 000 persons?

The MINISTER OF STATISTICS

(1) (a) 82 675 (1977 Census)

(b) 27 353 (1976 Census)

(c) 771 (1978 Census)

(2)

	Commercial	Industrial	Mining
(a)	63 861	10 657	163
(b)	16 497	10 651	318
(c)	1 702	2 551	72
(d)	409	1 624	50
(e)	206	1 255	49
(f)	387		28
(g)	228		24
(h)			67

Minorco's earnings increase by 65%

Star. 22/9/81

Minerals and Resources Corporation's (Minorco) earnings before extraordinary items leapt by more than 65 percent in the year to June 30.

However, the results are not strictly comparable with those of the preceding year because investments acquired by Minorco in December 1979 were held for only part of the 1980 financial year and there were further acquisitions which took effect last February 24.

Earnings from operations rose from 24,7-million dollars to 28,2-million dollars.

However, after adding a whopping 158,7-million dollars (87,7-million dollars) earnings before extraordinary items amounted to 186,4-million dollars compared with 112,4-million dollars a year earliier.

Extraordinary items absorbed 14,6-million dollars — last year they added 2,4-million dollars — leaving net earnings at 171,8-million dollars (114,8-million dollars).

A weighted average of earnings a share reflects earnings from operations are slightly lower at 23c (27c) while net earnings are much higher at 1,43 dollars (1,28 dollars).

However, the directors have declared an unchanged final dividend of 16c which makes the total for the year 22c — only slightly up on last year's figure of 20c

The total number of Minorco shares in issue has increased from 99,8-million to 151,9 million.

Rand Mines gives thumbs down to TC Lands

RDM 24/9/81 (210)

RAND Mines Properties minority shareholders have presented Transvaal Consolidated Lands with a "thumbs down" on its one-for-seven share swop offer.

By
JOHN MULCAHY

In spite of warnings from RMP's technical managers that RMP will not go underground in the foreseeable future, and that considerable capital will be required to expand the surface sands operation, almost two thirds of RMP's minorities turned down the TCL offer

TCL announced yesterday that 1 557 shareholders, representing 9 277 468 shares, or 74,8%, had accepted the offer This figure includes Barlow Rand's acceptance for its 60,1% stake in RMP, so that only 34,3% of the remaining shareholders accepted the offer

The TCL offer, which closed last Friday, comprised one TCL share for every seven RMP shares held, or alternatively one-for-eight plus 840c cash

TCL chairman Mr Tony Petersen said yesterday his company was satisfied with the 74,8% acceptance "because it must be borne in mind that the offer was originally prompted by the changed emphasis at RMP from property to gold production"

He added that Rand Mines wanted to place control of RMP in TCL and thus put the company under a mining umbrella

For this reason the offer was pitched at a change of control level — "we would have structured it differently if we were making an all-out bid to take out the minorities"

He said the offer was extended to minorities "to give them the opportunity of coming into TCL if they wanted, and bearing in mind TCL's past performance and its future prospects, I believe those who accepted will not be sorry".

Mr Petersen told Business Mail last week that although the TCL offer to minorities was made in accordance with the Companies Act, the company had subsequently warmed to the idea of taking out RMP as a wholly-owned subsidiary, and if the offer attracted a 90% acceptance TCL would exercise its rights to acquire the remaining 10%

He said it would be far easier to move funds from TCL into a wholly-owned subsidiary than to approach minority shareholders to participate in further development.

The substantial capital involved in further development of RMP — the R40-million loan has yet to be repaid, and there is a strong possibility that the sands retreatment scheme will be expanded at some stage — would dilute earnings for some time, said Mr Petersen, and dividends would suffer as a result.

Opposition to the offer, which initially appeared to be of little consequence, was clearly widespread, and the offer would probably have looked more attractive had the gold price not commenced a strong upward move two weeks ago

Among the voiced objections to the offer document were that the dumps had not been satisfactorily valued, that no value had been placed on the property assets, and that while a R300-million price tag had been put on underground development, there was no corresponding earnings forecast.

RMP, in turn, explained that the dump results were included in the document (65-million tons at 0,67 g/t), that the cost of establishing a mine had been given as a "ballpark figure" to indicate the enormity of the capital required, and that the offer had been based on a historic relationship between RMP and TCL share prices, earnings and dividends, rather than on the revalued assets.

COMMENT: The results of the offer highlight the differences between investors and speculators on the market While people looking for long term capital growth, solid — but unspectacular — dividend growth and protection from individual commodity price fluctuations would doubtless jump at the chance of a stake in TC Lands, the bulk of RMP's minorities may not fall into this category

TC Lands is tightly held, with Barlows now owning 63,1% and most of the balance in institutional hands, and is regarded as one of the more solid mining investment companies

RMP, both as a property-owning company and latterly as a potential gold producer, is a speculative stock, and this is confirmed by the low institutional holding.

Investing in a speculative stock is by definition a risk, but the rewards can be dramatic — in this case if the gold price surged and the property market took off — and it is obvious that RMP shareholders are willing to take their chances.

I am told that RMP's future development will not be influenced by the results of the offer, and shareholders will be called on to dip into their pockets for capital or accept the dilution of their shareholding.

With the Crown Mines sands project due to start production early next year Rand Mines should be in a position to decide on expansion at RMP late in 1982, so it will be some time before additional capital is required.

If nothing else, the TCL offer has given RMP shareholders a comprehensive guide to the present state of affairs, and an indication of how much it will cost them to stay aboard and reap the eventual benefits.

on ... st Costs .

"Offsetting Interest ... st Inco ... d Ltd ... restmen ... s Ltd. ... onse t ... tandar ... y dist ... age 98 ... of In ... The CP

50. Lockett, Peter P.: ... Light of Recent SE ... January 1975, page ...
51. Ibid.
52. Ibid.
53. Ibid.
54. FASB 34: Op. cit., ...
55. Arcady, Alex T. and ... : " ... Accounting : Some P ... – Ho ... the Controversial F ... 34", Accountancy, March ...
56. Ernst & Whinney: Op. cit., page 42.
57. Ibid, page 49.
58. Ibid.
Also Deloitte, Haskins & Sells: Op. cit.
59. Ernst & Whinney: Op. cit., page 49.

NEW WITS

210

Looking to gold

FM 25/9/81

Activities: *Investment company 49% owned by GFSA Has portfolio of listed and unlisted investments, mostly mining Also has mineral rights in the OFS and Transvaal Owns 73% of Selmin*
Chairman: *B R van Rooyen*
Capital structure: *11,6m ordinaries of 50c Market capitalisation R69,6m*
Financial: *Year to June 30 1981 Net cash R6,0m Current ratio 2,2*
Share market: *Price 600c (1980-81 high, 740c, low, 400c, trading volume last quarter, 254 000 shares) Yields 13,8% on earnings, 7,7% on dividend Cover 1,8 PE ratio 7,2*

The change in the undistributed profit tax laws in the last budget allowed New Wits to retain a higher 45% (35%) of taxed profit in the year to end-June As gold mining dividend growth is slowing the relaxation of the UPT rules could help smooth the company's distribution trend in the event of continued bullion weakness

	'78	'79	'80	'81
Investments				
Book value (Rm)	12,7	14 1	15 0	15 9
Market value (Rm)	28,4	43 6	86 6	70,9
Div income (Rm)	2,4	3 6	6 6	9 0
Net profit (Rm)	2 5	3 8	6 3	9 9
Earnings (c)	21,3	31,7	54,6	83,0
Dividends (c)	16	24	36	46
Net asset value (c)	286	421	835	739

UPT has long been criticised by the mining investment companies They argue that it stifles expansion of company asset bases and so militates against shareholders This is particularly true as share dealing profits are also taxable and retentions are the only economic source of reinvestment income

The change in the UPT regulations meant New Wits started financial 1982 with R6m (R1,8m) to invest, says chairman Bernard van Rooyen The company would need to find investments yielding 1,6 times more than the current portfolio average if any of its present holdings were sold – taking into account low historic cost and share dealing profit tax Hence there were few changes in New Wits' portfolio

But the argument for and against UPT and share dealing profits tax is endless Some suggest dealing profits be taxed in the same way as any other trading income Equally, by allowing investment companies like New Wits to retain more, the problems will not disappear The company would plough the funds into longer-term investments and in five years the same situation would exist To alter the situation New Wits must trade its assets more often to generate investible surpluses

This year prospects for New Wits are not bright The gold price received by SA gold mines held up in rand terms during the financial year But cost escalation and the slim possibility of a bullion price rise this year makes dividend prospects dull Van Rooyen says, however, that New Wits should be able to maintain dividend

The share price at 600c is 19% off its all-time high despite record earnings last year On the basis of an unchanged 46c total dividend New Wits yields a prospective 7,7% Though the underlying assets in its portfolio are attractive, the income yield is not overly enticing unless there are developments on mineral rights

Des Kilalea

effort to set fair and attainable standards of performance.
This approach would also ensure that the distributors would understand these standards and thus be far more committed towards achieving them. In general, standards of performance must include the following:-

* Sales volume objectives
* Market share in each market
* Inventory turnover ratio
* Number of accounts per area
* Growth objective
* Price stability objective

evaluation is carried out at regular intervals. Distributors and companies must discuss these results and the objective of the evaluation process must be clear to both parties. The objective of such ... ify certain strengths and weake ... mprovement. This must not simply ... procedure. One type of evaluat ... form which is listed in appendi

6. MAINTAINI ... ION SYSTEM

To initiall ... tain an effective communicati ... nal distributors is one of the ... l marketer. Communicati ... d through the following on the next

MIDDLE WITS

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Gold gloom

FM 25/9/81

Activities: *Investment company 52%-owned by Anglovaal Has extensive mineral rights in the Transvaal and OFS*
Chairman: *C S Menell*
Capital structure: *9,7m ordinaries of 25c, 3,6m red prefs of R1 Market capitalisation R186,7m*
Financial: *Year to June 30 1981 Borrowings long- and medium-term, R387 000 Current ratio 3,3 Capital commitments R395 000*
Share market: *Price 1 925c. (1980-81 high, 2 325c, low, 830c, trading volume last quarter, 177 000 shares) Yields 9,8% on earnings, 4,4% on dividend Cover 2,2 PE ratio 10,2*

One of Middle Wit's main attractions for the past couple of years has been its participation in drilling for gold on the Eastern Transvaal escarpment Initial regional geological studies led to hopes that the area could contain another gold field based on the Upper Witwatersrand series which provides SA with most of its major mines

	78	'79	80	'81
Quoted investments				
Book value (Rm)	17,3	18,6	22,2	28,5
Market value (Rm)	52,6	72,6	159,1	123,7
Investment income (Rm)	4,4	6,9	15,8	19,8
Net profit (Rm)	3,9	7,2	14,1	18,4
Earnings (c)	38,9	73,7	144,7	188,3
Dividends (c)	25	35	65	85
Net asset value (c)	643	875	1 815	1 497

Early optimism, however, seems to have come to nothing The annual report says that drilling in the area has been disappointing and that options over one area have been dropped The other option is still being drilled, but management's low-key comment on the programme seems to indicate that little is expected

That, however need not eliminate the share's speculative attractions This may not be the appropriate time to recommend a share on its diamond potential But it is now revealed that the Zoutpansberg farm Venetia which is being evaluated by De Beers, contains a cluster of diamondiferous pipes

Developing a mine on the farm or even finally proving the deposits' worth is still some years off But there will be little or no cost to Middle Wits which has agreed to let De Beers be responsible for all capital costs and management of any mine Middle Wits will participate through a royalty or profit-sharing agreement

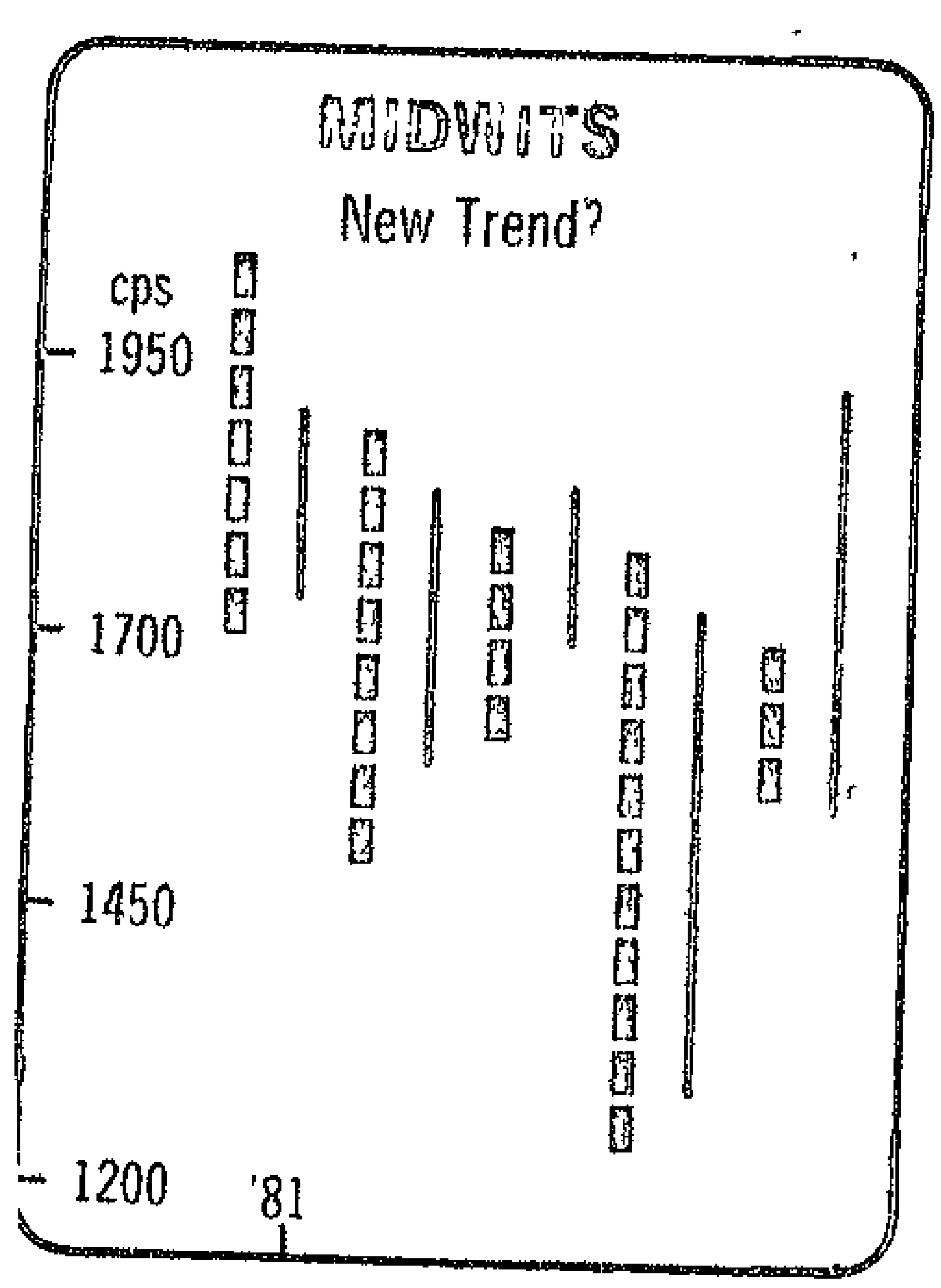
For the present, the company's own exploration will be on an up-curve with at least R3m incurred this year against last year's R2,8m That is well within the company's capabilities, but in a few years' time, if exploration reveals payable coal and gold/uranium reserves, demands for cash could rise sharply

In association with parent Anglovaal the company is pushing hard for a coal export quota And that despite the fact that the group does not at present have a single operating colliery An agreement has been made with Caltex to develop a methanol-from-coal plant as soon as permission is received from the authorities Presumably that will be structured such that Middle Wits does not pick up too large a part of the tab

If coal developments occur at the same time as prospective gold/uranium developments near Harties, cash calls could be large and mean the company has to raise additional equity capital

In the nearer term, this year's earnings are likely to be down on those of the year just ended And on that basis alone the historic dividend yield of 4,4% seems inordinately low The shares are unattractive to near-term income seekers, but they are attractive to investors looking for good medium-term growth prospects

Tim Jones



25/9/81 210

Mining Rights Amendment Bill

Hans 8 21-25 Sept 1981

col 4918

Blueprint to end mining job bars

RTT 1-11-81 210

THE Government has accepted the principle of scrapping race discrimination in the mining industry — but will not amend legislation until measures have been effected to safeguard white miners' job security.

The Wiehahn Commission, in its latest report tabled in Parliament yesterday, recommends the definition of "scheduled person" in the Mines and Works Act be replaced, on certain conditions, by the non-discriminatory definition, "competent person

Only "scheduled persons" may hold blasting certificates — and only holders of blasting certificates may become fully-fledged miners

The bar on blacks holding them is regarded as the key job reservation measure still on the statute book

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RDM

1/10/81

'Frequent job law violations'

Mail Correspondent

THE Wiehahn Commission has found frequent violation of regulations on South African mines with workers doing jobs for which they have not obtained certificates.

It pointed out in its report in Parliament yesterday that a consistent shortage of 250 white holders of blasting certificates had been reported by the Chamber of Mines.

These shortages had resulted in black workers without certificates [illegible] for which they were not qualified.

"This reduces safety and overall productivity because these people are not formally trained, officially examined and certificated and are not accountable in terms of the Act," the commission said.

"There is no doubt that white workers have become accustomed to protection based on colour against competition from blacks in the workplace.

"There is no doubt either that it is only a normal human reaction that the removal of any form of protection will generate feelings of insecurity.

"The fears of white miners seem to centre particularly round the traditional belief — which possibly has some historical justification — that mining houses will endeavour to replace white workers with black workers at lower wages.

"There can on the other hand be little doubt that it is in the long-term interest of South Africa and all its citizens — including the white mineworker — to make work equally accessible to all races."

The commission also said

The commission said it appeared complete removal of discriminatory measures in the mining industry could be achieved with the co-operation of the white trade unions concerned provided certain safeguards were applied.

In a White Paper tabled with the report, the Government says it is, in principle, in favour of adjusting the job definition "at an appropriate time and in a suitable manner" but emphasises that the employer organisation and the trade unions must take the initiative to reach a compromise.

"In pursuance of the proposals made by the parties concerned in this connection or in the light of the pattern which the negotiations take, the Government will determine further action but wants to emphasise that no legislative amendment will be made before alternative safeguarding measures have been effected."

Job security

The commission recommends the definition be changed on condition that:

- Adequate measures are taken to allay the possible apprehension of white workers about their future job security,
- Standards of work are rigorously maintained,
- All workers are required to achieve the same level of proficiency in training and experience before being appointed to posts,
- The principle of equal remuneration for work of equal value is maintained,
- Changes in work practices and conditions of employment are not introduced unilaterally by employers but through consultation and negotiation with affected employee organisations,
- Adequate job security measures are incorporated in collective agreements, and
- Adequate protection against racial victimisation is provided for all groups.

White unions

The White Paper says the Government has already accepted in principle that statutory restrictive employment measures must be repealed.

In its findings, the commission reports that the complete removal of discriminatory measures in the mining industry, with the active co-operation and concurrence of the white unions concerned, appears "capable of achievement" provided the recommended conditions are applied.

Mr A I Nieuwoudt and Mr T S Neethling, who served on the commission, submitted the minority view that the mining industry could obtain enough whites for training in most of the skilled occupations on the mines.

They said far too many whites with the necessary qualifications and aptitude for training who sought careers in certain sectors of the mining industry were turned down.

"The so-called shortage of suitably qualified white workers is thus artificially created by the lack of adequate training facilities and the lack of communication between mines to divert surplus applications to other mines.

'Threat'

"This situation seriously threatens the security of the already declining numbers of whites working in the industry," Mr Nieuwoudt and Mr Neethling said.

They recommended the definition "scheduled person" remain until the industry had established and registered an industrial council or similar organisation able to ensure agreements were legally enforceable.

RIAAN DE VILLIERS reports the recommendation is likely to raise the political temperature among white miners.

The main union affected is the Rightwing Mineworkers' Union, which is bitterly opposed to blacks winning blasting certificates.

Labour sources said yesterday that the proposed formula offered no solution to the long-standing deadlock between mining employers and the MWU which has pledged to call a general strike if blacks are granted blasting certificates.

Mining unions to bargain together

NM 2/10/81 210 ~~311~~

Mercury Correspondent

JOHANNESBURG—In an unprecedented move, representatives of all mining unions met here yesterday and decided to meet the Chamber of Mines jointly on future labour practices and industrial relations in the industry

The meeting came a day after the tabling of the sixth Wiehahn report in which the commission recommended the scrapping of statutory job bars in the mining industry — provided this was done through negotiation between employers and unions

In a White Paper tabled with the report, the Government accepted this in principle, but said unions and employers should take the initiative to reach a compromise

A spokesman described yesterday's meeting as 'new and unique' and added 'It augurs well for the future unity of employee organisations in the industry'

He said the meeting was held to discuss the issue of the chamber's approach to future industrial relations and job practices

The unions had decided on joint talks with the chamber on these issues instead of meeting with it separately, which had been the case up to now

Seven unions

'We have informed the chamber of our decision and are now awaiting a re-

'We'll meet the chamber jointly in future'

had been studied

Mr Ben Nicholson, vice-chairman of the Council of Mining Unions, said yesterday the recommendation was not unexpected and had been awaited for a 'year or more'

He said he was still studying the recommendations, but added 'I don't see any obstacles which cannot be overcome during negotiations to find [illegible]

ply,' he said

The meeting was attended by the seven member unions of the Council of Mining Unions as well as the three officials' associations on the mines

Among unions represented was the Right-wing Mineworkers' Union, which has pledged to resist black job advancement on the mines

Its general secretary, Mr Arrie Paulus, could not be reached for comment yesterday but a union spokesman said he would comment on the report and White Paper as soon as he had studied them

A Chamber of Mines spokesman said it also would not comment before the report and White Paper

industrial relations structure'

Meanwhile, the Opposition spokesman on labour, Dr Alex Boraine, has challenged the Government to face up to Right-wing mineworkers

He said the Government had avoided an immediate commitment to alter the 'controversial and discriminatory definition of 'scheduled persons' in the Mines and Works Act

The existing definition effectively barred blacks from obtaining a blasting certificate, while the change to 'competent person' recommended by the final report of the Wiehahn Commission would end this prejudice

L, Tuesday, October 6, 1981

Rand London to 'increase growth'

RDM 6/10/81

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By JOHN MULCAHY

RAND London Corporation will concentrate on increased productivity and internal growth in the current year, ending June 30, 1982, says the chairman, Mr Alan Heber-Percy in his annual review

The problems at Kempslust during the year highlighted Rand London's over-dependence on the profitability of one operation, "and it is our firm intention in the coming year to reduce this dependence by increasing our efforts to develop and exploit the other substantial coal reserves within the group, and by further expanding the profitability of our other divisions"

Mr Heber-Percy discloses in the annual report that an agreement has been concluded with Gold and Minerals Explorations (Goldmin) of the UK for the financing of Rand London Exploration, which holds Rand London's gold and uranium exploration project in the western Transvaal

Goldmin has been formed to invest in mineral exploration projects, its major shareholders being UK financial institutions, some of which are already Rand London shareholders

Goldmin will subscribe R1 700 000 for 490 000 shares, or 49% in Rand London Exploration Rand London will subscribe R999 600 for 510 000 shares, being 51% of the ordinary issued share capital of Rand London Exploration

The new company has been formed to explore for gold and uranium in the Witwatersrand Sedimentary Basin, western Transvaal, and has taken up long-term prospecting and purchase options over about 27 000 hectares in the Potchefstroom area

The first stage of the exploration programme will be to drill three exploration boreholes at an estimated total cost of R3-million — by June 30 the first hole, DPZ 2/80, had reached a depth of 662 metres

The directors say a large number of mines and mineral propositions continue to be investigated, and in the past year 71 selected metal, precious stone, base and industrial mineral, and semi-precious stone propositions were assessed, of which 35 were considered worthy of further economic evaluation

During the year plans for Rand London's joint venture coal terminal in the port of Ghent in Belgium were finalised, says Mr Heber-Percy, and financing arrangements concluded

The completion of the terminal will take longer than originally anticipated, but a coal trading office has already been established in Ghent and an automatic coal bagging plant to be situated on the site is scheduled to be completed by November this year, in time for the European winter

The Ghent terminal's full facilities are expected to be completed by the middle of next year

Referring to the Hudson andalusite mine, acquired by Rand London on July 1 this year, Mr Heber-Percy says it has the largest known deposits of high-grade andalusite in the world, and the increasing call for higher performance refractory materials by steel industries world-wide will ensure steady growth in demand for this material

"This acquisition provides a further spread of interests for our minerals division and we are well placed within our group to fully achieve the export potential for this high quality product"

The decision to sell subsidiary Newclare's steel stock and associated assets was taken because they were tying up a substantial amount of Rand London's group resources "in an activity that was largely unrelated to the other businesses of our company", says Mr Heber-Percy

It is intended to invest the R8 300 000 proceeds of the sale in businesses more closely connected to the mining industry, "when suitable opportunities arise"

In the year to June Rand London's taxed profit fell to R2 501 000 from R5 398 000 the previous year, and the dividend was passed

Explaining the decision to pass the dividend Mr Heber-Percy says "In South Africa we are experiencing a period of exceptionally high interest rates and a tightening of the money supply

"It is clearly important that our company conserves its cash resources and the preservation of our long-term future and profitability must outweigh all other considerations"

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ANGLOVAAL

Salient features from the Directors' Report

The Company earned a profit after taxation of R21 08[illegible] 000 compared with R19 123 000 in the 1980 financial year and its net earnings per share rose to [illegible] cents (1980: 156 cents) of which 100 cents (1980: [illegible] cents) were declared as dividends. Consolidated profit attributable to members rose by R9 190 000 to R47 561 000 and earnings per share increased by 2[illegible] per cent to [illegible]121 cents. The growth in the earnings was attributable to significantly improved profits of our industrial companies and higher dividend payments received from the Group's gold mining investments.

A table showing the profit after taxation attributable to members earned from the principal places of interest in which the Company is interested is set out below.

SOURCE OF EARMINGS

	1977		1978		1979		1980		1901	
	Rm	%	Rm	%	Rm	%	Rm	%	Rm	%
Gold mining	29	20	48	30	77	29	142	37	200	42
Other minerals and metals	47	32	29	18	74	28	69	18	4,2	9
Building construction engineering and allied industries	36	24	35	22	45	17	72	19	69	14
Food and packaging	32	22	42	26	63	24	89	23	140	30
Textiles	04	2	05	3	07	2	13	3	20	4
Other	—	—	02	1	—	—	—	—	04	1
	148	100	161	100	266	100	385	100	475	100
Profit attributable to ordinary A ordinary and participating preference shareholders										
– per consolidated income statement	135		162		230		381		476	
per report on subsidiaries not consolidated	13		(01)		36		04		(01)	
	148		161		266		38[illegible]		475	

MINING INVESTMENTS

MIDDLE WITWATERSRAND (WESTERN AREAS) LIMITED

Mining exploration finance and investment company

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Profit after taxation	18 [illegible]	11 11[illegible]
Earnings per share		
– including profit on realisation of investments	188 3 cents	114 7 cents
– excluding profit on realisation of investments	16[illegible] 8 cents	106 2 cents
Dividend per share	[illegible] 0 cents	[illegible] 0 cents

Higher dividends from gold mining investments accounted for most of the increase in profits. As at [illegible] September 1981 the market value of listed investments had risen to R174 million. Exploratory expenditure for the year was R2 7 million and is expected to continue at the same level on numerous precious and base minerals, and coal exploration ventures during the current year.

HARTEBEESTFONTEIN GOLD MINING COMPANY LIMITED

Gold, uranium, pyrite and sulphuric acid producer

	Year ended 30 June 1981 R000	1980 R000
Revenue	160 087	[illegible]
Profit after taxation	[illegible]	[illegible]
Earnings per share	10[illegible] cents	109[illegible] cents
Dividend per share	10[illegible] cents	10[illegible] cents

Dividend payments were maintained in spite of a decline in gold recovery from [illegible] kilograms to [illegible] kilograms. This was mainly due to the higher average gold price received and lower than planned capital expenditure. The average grade for the year was 10 [illegible] g/t compared to [illegible] in 1980. A gradual downward trend is expected in the future. Substantial capital expenditure is planned over the next five years including an additional surface shaft with its ancillary works and infrastructure as well as the installation of experimental radiometric sorting equipment.

ZANDPAN GOLD MINING COMPANY LIMITED

Investment company

	Year ended 30 June 1981 R000	1980 R000
Profit no tax payable	[illegible]	[illegible]
Earnings per share	17[illegible] cents	[illegible] cents
Dividend per share	17[illegible] 0 cents	[illegible]

The company's main asset, its shareholding in Hartebeestfontein Gold Mining Company Limited, remained unchanged.

LORAINE GOLD MINES, LIMITED

Gold producer

	9 months to 30 June 1981 unaudited R000	Year ended 30 September 1980 R000
Revenue	61 [illegible]	78 [illegible]
Profit no tax payable	[illegible]	18 [illegible]
Earnings per share		61 cents

Substantial capital expenditure is being incurred on the sinking of two sub-vertical shafts and associated works in order to increase overall production of ore from underground sources to [illegible] 000 tons per month and to increase the proportion of ore drawn from the Elsburg Reefs in the northern part of the lease area. The first of these additional shafts – the 1B sub-vertical shaft – was commissioned in March 1981. To supply more ventilation to current and future working places in the abovementioned areas, the no. 5 ventilation shaft has been deepened to 30 level and is now providing for the upcasting of air supplied through nos. 1 and 2 shafts. Capital expenditure is expected to remain at a high level over the next two years.

PTO

Extracts from the Review of the Chairman, Mr Basil E Hersov

• Consolidated earnings at R1[illegible] million, equivalent to 1 121 cents a share, represented a 25 per cent increase, while the dividend was raised by 30 per cent to 300 cents a share. Earnings and dividends have risen by an average [illegible] per cent respectively compounded annually over the last five years.

• Total revenues of Group companies exceeded R[illegible] million and distributable earnings were R[illegible] million. The total number of employees in the Group is more than 90 000.

• The industrial companies of the Group have taken full advantage of a buoyant economy and produced substantially improved results: their aggregate turnover increased to R1 000 million (1980: R6[illegible] million) and their consolidated attributable profits increased to just under R[illegible] million (1980: R[illegible] million).

• At a cost of R44 million, Anglo-Transvaal Industries Limited (ATI) acquired the entire ordinary share capital of Bakers Limited, South Africa's leading biscuit manufacturer. Through a re-arrangement of engineering interests, it also acquired control of Grinaker Holdings Limited, a major group of companies in the civil engineering field with other diversified interests and which employs more than 10 000 people.

• ATI created a textile division through its subsidiary, Vex Holdings Limited. This now controls S A Fine Worsteds (Pty) Limited and its subsidiaries Universal Knitters & Weavers (Pty) Limited, R T S A Investments (Pty) Limited – whose subsidiaries manufacture fabrics and knitted cloth for a wide range of ladies' and men's wear – and, with effect from July 1, 1981, Gelvenor Textiles (Pty) Limited, which weaves continuous filament yarns into industrial fabrics and linings.

• Mineral exploration programmes for gold are in progress in the Orange Free State and the western and eastern Transvaal, although some options in the latter area are being abandoned. Several areas were prospected for coal and additional reserves were located in the Witbank and Bethal districts.

• The market value of listed investments had risen from R302 million on June 30, 1981 to R40[illegible] million on October [illegible], 1981.

• Financial results for the current year so far indicate improvement in most Group companies. Consequently, subject to the normal provisions regarding world metal and mineral prices combined with the South African business trends, the Group is again budgeting for higher profits.

The most important single factor in arriving at the Anglovaal profits is the price in Rand received by the mines for gold [illegible] which is more working costs and taxes [illegible] Rand. The price is determined not only by the [illegible] dollars but also by the Dollar/Rand exchange rate [illegible] the gold price ruling on January [illegible] 1981 of US$[illegible] [illegible] exchange rate of $1 = R1.00 is equivalent [illegible] at the [illegible] of $1 = R1.00 [illegible] gold price of $[illegible].

A lower dollar gold price has a direct and detrimental effect on the balance of payments and [illegible] [illegible] level lower than in the previous year [illegible] monetary [illegible] policies will have to be pursued. This will have an inhibiting effect on the growth of industry [illegible] in due course affect industrial company profits.

It is often [illegible] economists that the South African economy over the last generation has been moving away from its dependency on the gold and other mining industries. It is thus [illegible] [illegible] The fortunes of South Africa and the Anglovaal Group, which in many respects is a microcosm of the South African economy, still depend very much on gold and other mining activities and will do so for the foreseeable future.

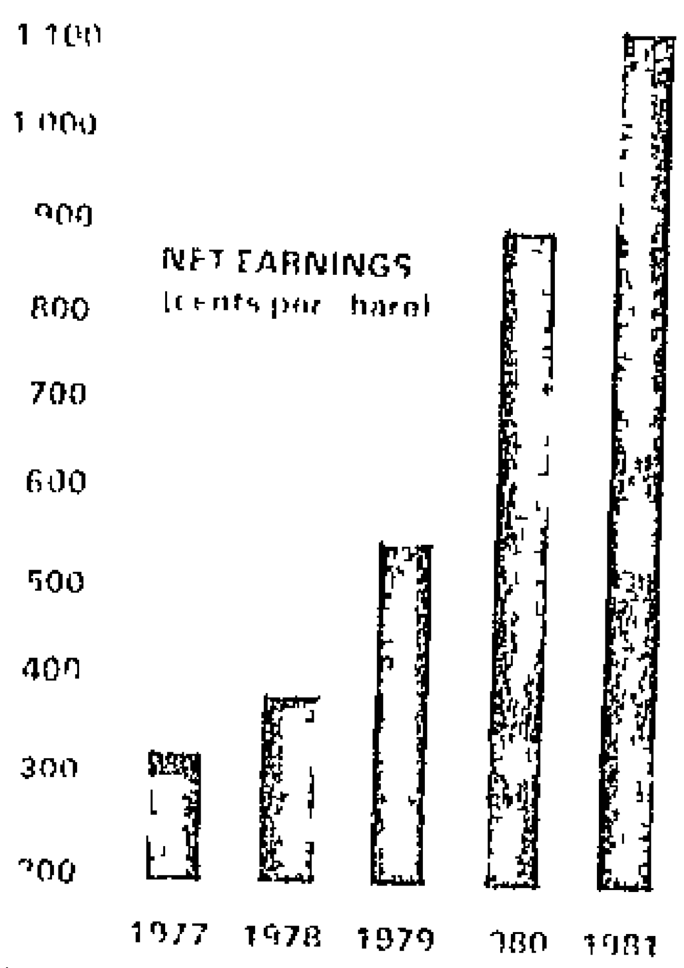
However, the future level of the gold price is impossible to [illegible] [illegible] has become evident from the erroneous predictions constantly made. There are just too many intangible factors at work for any rational short term forecasts to be made. In calculations relating to new mines or capital expenditure on existing mines, such volatile factors as exchange rates, inflation, price fluctuations and interest rates have to be taken into account. In all these matters we [illegible] in mind that the gold price being so central to our fortunes has long since become an emotional issue [illegible] is nearly impossible. Thus it is important to pay attention to both the pro- and anti-gold lobbies in order to maintain some perspective.

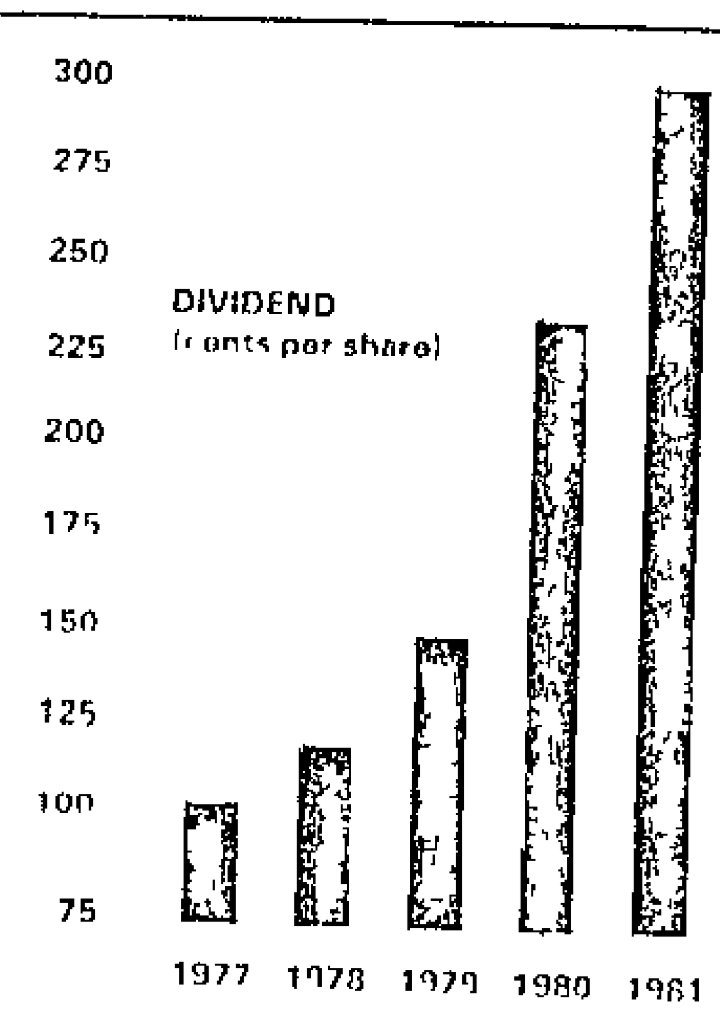
In addition, greater sophistication has become necessary in the [illegible] and financing of our mineral products taking into account the numerous futures and forward markets that exist and the hedging made possible against movement not only in prices and exchange rates but also in interest rates. Greater skills are called for [illegible] and commodity markets become more complex. We believe that the best policy to [illegible] under all these circumstances is one of prudence [illegible] flexibility combined with the [illegible] use of new techniques and skills.

Salient features from the accounts

	Consolidated 1981	Consolidated 1980	Company 1981	Company 1980
Profit after taxation	R98 681 000	R[illegible] 623 000	R24 083 000	R19 [illegible]
Dividends paid	R13 015 000	R10 016 000	R13 244 000	R[illegible]
Earnings per ordinary share*	1 121 cents	898 cents	551 cents	13[illegible] cents
Dividends per ordinary share	300 cents	230 cents	300 cents	2[illegible]0
Net worth per ordinary share (consolidated)	7 842 cents	80[illegible] cents		
Listed investments				
Book value	R98 889 000	R[illegible] 51 000	R85 300 000	R[illegible] 7 000
Market value	R306 558 000	R31[illegible] 85 000	R302 440 000	R[illegible] 311 000

*Note: Earnings per [illegible] [illegible]



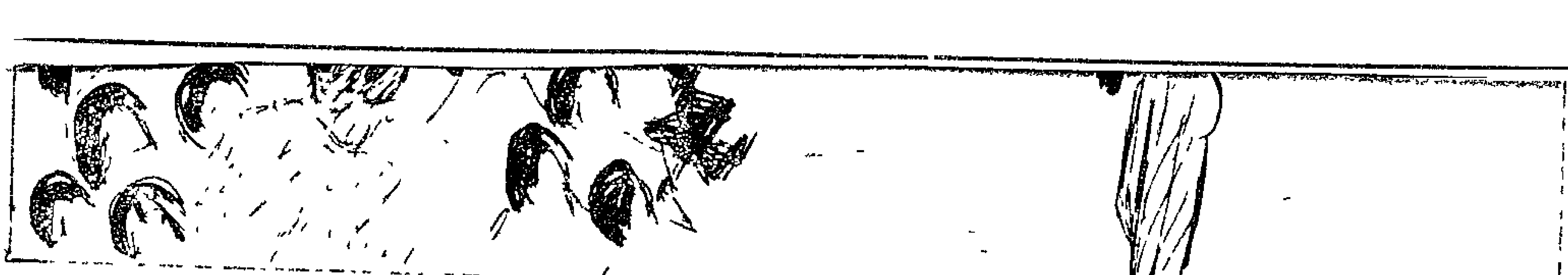


PRIESKA COPPER MINES (PROPRIETARY) LIMITED

Producer of copper, zinc and pyrite concentrates

	Year ended 30 June 1981 R000	1980 R000
Revenue	68 [illegible]	[illegible] 597
Profit before tax payable	5 1[illegible] 8	16 94
Earnings per share	[illegible]	2 cents

The drop in profits was largely attributable to a decrease in the average price received for copper and increased production and transportation costs. During the year ending 30 June 1982, approximately R5 million will be committed to capital expenditure. Of this R[illegible] million will be spent on the [illegible] underground exploration programme. The presently [illegible] ore reserves are sufficient to sustain mining operations for at least five years. However, the mineralisation in the main body is open-ended and any additional tonnages of ore resulting from the ongoing exploration programme will extend the life beyond that period.



acquisition of a 50 per cent interest in a company engaged in the export of coal. Rights and options over further coal reserves are being secured but no contribution to profit can be expected from this source in the short term. A further increase in the consolidated profit is expected in the current year.

GLOBE ENGINEERING WORKS LIMITED

Marine, electrical and general engineer

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Profit after taxation	2 709	[illegible]
Earnings per ordinary share	76 cents	7[illegible] cents
Dividend per ordinary share	12,5 cents	[illegible] cents

The marine division was adversely affected by the recessionary conditions overseas and the deferment of profit on a major contract – the largest in the company's history – which will be completed in the new year. The industrial and electrical divisions benefited from the buoyant local conditions. During the year the company disposed of its investment in James Brown & Hamer Limited at a profit of R818 000. The outside shareholdings in Shipwrights and Engineers Holdings Limited were acquired on a share exchange basis. The major part of the company's surplus funds were utilised to acquire, through Avgrin Holdings Limited, an effective 16 per cent interest in Grinaker Holdings Limited.

CLAUDE NEON LIGHTS (S A) LIMITED

Supplier of advertising services and signs

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Profit after taxation	2 202	1 799
Earnings per ordinary share	39 cents	31 cents
Dividend per ordinary share	16 cents	12,5 cents

Demand for the company's services was high throughout the year and sales were at record levels. As a result manufacturing facilities were fully utilised. A new office and factory facility is to be built in Durban during the current year in place of premises presently rented. The company has a full order book and prospects for improved profit are good.

NATIONAL BOLTS LIMITED

Manufacturer of industrial fasteners

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	62 711	51 010
Profit after taxation	1 816	[illegible] 387
Earnings per ordinary share	96 cents	73 cents
Dividend per ordinary share	33 cents	25 cents

Demand for the company's products remained firm and turnover increased by 23 per cent. Notwithstanding fierce competition both from local producers and increased fastener imports, profit improved markedly. The company's plant modernisation programme, now in its second year, is continuing and is expected to enhance market competitiveness and industry leadership. The stringent monetary controls introduced by the authorities have resulted in a scarce and expensive money supply situation and customers' capital projects are likely to be deferred. Although this must have an adverse effect on the company's performance it is nevertheless budgeting for an increased profit in the current year.

DENVER METAL WORKS (PROPRIETARY) LIMITED

Manufacturer of non ferrous products

The company experienced difficult trading and operating conditions and both its non ferrous manufacturing operations and its Protea scrap metal trading division incurred major losses. The market for the company's manufactured goods was subject to fierce competition. In addition the book values of both raw material and finished stock had to be written down in response to the declining London Metal Exchange copper price. Losses totalling R1 9 million were incurred. Over and above this the company's Protea scrap division lost R2,2 million – the result of a price war and stock write-downs to accommodate the falling copper price. The erection of a new factory at Boksburg is on schedule and commissioning will commence late in 1982, when the company's presently scattered operations will be consolidated. Marked benefits in physical security and operational control should be achieved on the new site. A return to profitability is anticipated in the current year.

STEELMETALS LIMITED

Engineering supplies and [illegible]

From consolidated financial statements	Year ended [illegible] 1981 R000	1980 R000
Sales	61 647	49 200
Profit after taxation	5 706	2 392
Earnings per share	149 cents	113 cents
Dividend per share	40 cents	[illegible] cents

Demand from the company's principal markets remained buoyant and turnover increased by [illegible] per cent. Profit margins were maintained and profit improved strongly, notwithstanding a loss – although much reduced from last year – from plant hire operations and a write off of an amount due on a contract previously closed. The company's order book is at record levels but the anticipated slow down in the economy could retard investment programmes and reduce demand for the company's products and services. Overall and notwithstanding the negative factors highlighted above it is anticipated that the company will again increase profits in the current year.

TRISTEL HOLDINGS (PROPRIETARY) LIMITED

Steel merchant

Turnover and profit rose to record levels with increased contributions coming from both the local merchanting and export divisions. Facilities were expanded further to cater for the increased volumes. The consolidated profit after taxation of R5 929 000 (1980 R4 588 000) was substantially reduced by the company having adopted the last in first out basis of stock valuation. A further increase in profit is expected in the current year.

TEXTILES

R I S A INVESTMENTS (PROPRIETARY) LIMITED

Industrial holding company

The entire issued share capital of this investment company was acquired by the Aviex group with effect from 1 March 1981. The company, through its two main subsidiaries Puma (Pty) Limited and Pastel Clothing Company (Pty) Limited, is engaged in the business of knitting, dyeing and printing of various fabrics together with their conversion to clothing for the ladies' and men's wear markets. The results of operations during the four months since acquisition have been at planned levels and further progress is expected during the current year.

SOUTH AFRICAN FINE WORSTEDS (PROPRIETARY) LIMITED

Manufacturer of fine quality worsted cloth

Additional capacity introduced during the past year was fully utilised in meeting increased demand for the company's products. Piece sales and turnover reached record levels and a profit after tax of R2 2 million (1980 R1 9 million) was earned. Further expansion of the company's facilities is necessary and plans have been drawn up to purchase additional plant. The first full year of operations of the subsidiary Universal Knitters & Weavers (Pty) Limited has been highly satisfactory and plans have also been made to transfer its plant to a larger site in the Roodepoort municipal area. Greater market penetration and higher profits are expected from both companies.

OTHER

COMBINE CARGO LIMITED

Clearing and forwarding and ships' agency

The buoyant economic conditions which prevailed throughout most of the financial year enabled the company to further develop its position in the market and profit after taxation for the year increased to R651 000 (1980 R57[illegible] 000). The associate company Combine Ocean S A (Pty) Limited, which was formed at the beginning of the year to handle all aspects of ships' agency operations, has shown a modest profit and both companies are expected to further improve their positions during the coming year.

ANGLO-TRANSVAAL CONSOLIDATED INVESTMENT COMPANY, LIMITED

Registered Office
Anglovaal House
56 Main Street
Johannesburg

London Secretaries
Anglo-Transvaal
Trustees Limited
295 Regent Street
London W1R 8S1

The Annual General Meeting of the Company will be held at 09h30 on 20 November 1981 at the registered office of the Company

EASTERN TRANSVAAL CONSOLIDATED MINES, LIMITED
Gold mining, farming and forestry

	Year ended 30 June 1981 R000	1980 R000
Revenue	32 12[illegible]	29 561
Profit after taxation	9 7[illegible]	10 0[illegible]
Earnings per share	177 cents	17[illegible] cents
Dividend per share	150 cents	150 cents

The working profit from gold mining remained virtually unchanged. Revenue from gold sales increased from R28 222 000 to R30 5[illegible]9 000 due to the higher gold price. As a result of continuing rises in salaries, wages and stores, working costs increased to R11 176 000 compared with R8 983 000 in the previous year.

ANGLO-TRANSVAAL COLLIERIES LIMITED
Investment company

	Year ended 30 June 1981 R000	1980 R000
Profit after taxation	5 082	2 533
Earnings per share	182 cents	119 cents
Dividend per ordinary share	181 cents	118 cents

The increase in profits was attributable to higher dividend income received from the company's investment in Witbank Colliery Limited.

VILLAGE MAIN REEF GOLD MINING COMPANY (1934) LIMITED
Gold producer

	Year ended 30 June 1981 R000	1980 R000
Revenue	5 991	1 355
Profit after taxation	1 989	1 178
Earnings per share	24 cents	—
Dividend per share	17,5 cents	—

This was the first full year of sands treatment operations and the financial results are therefore not comparable with those of 1980. It is estimated that during the year ending 30 June 1982 some 710 000 tons of sands will be treated at an average head value of approximately 1 g/t. Recoveries are expected to fluctuate as a function of the variable characteristics of the material in the dump, but an average recovery rate of 73 per cent is forecast. Operating costs should be between R6,30 and R6,60 per ton treated and capital expenditure of approximately R300 000 will be incurred.

THE ASSOCIATED MANGANESE MINES OF SOUTH AFRICA LIMITED
Producer of manganese and iron ores and manganese and chrome alloys

From consolidated financial statements	6 months to 30 June 1981 R000	6 months to 30 June 1980 (unaudited) R000
Revenue	61 403	58 236
Profit after taxation	13 204	8 079
Earnings per share	232 cents	71 cents
Dividend per share	60 cents	60 cents

Capital expenditure in 1980 amounting to R10,6 million was incurred on shaft sinking and underground and surface equipment, while at Feralloys R1,7 million was spent on plant extensions and equipment replacement. As the capital programmes relating to the establishment of new manganese mines are nearly completed, capital expenditure in 1981 will be less than in 1980. The half-year's earnings should not be taken as an indication of the level of earnings for the full year, because shipments can vary considerably from period to period as to quantity, grades and prices.

RAND LEASES (VOGELSTRUISFONTEIN) GOLD MINING COMPANY LIMITED
Gold mine (dormant)

The feasibility of re-opening the mine was again investigated during the course of the year but, in view of the uncertainties relating to escalations in costs, the level of the gold price and the Dollar/Rand exchange rate, the Board of the company remains unable to formulate an appropriate recommendation relating to re-opening. The application for the establishment of a residential township on about 11 hectares, on which the mine houses are situated, has been approved in principle by the Administrator. The application for the establishment of a further residential township on some 10 hectares is still being considered by the authorities.

CONSOLIDATED MURCHISON LIMITED
Producer of antimony concentrates

	6 months to 30 June 1981 R000	6 months to 30 June 1980 (unaudited) R000
Revenue	9 811	15 021
Profit after taxation	1 661	3 506
Earnings per share	29 cents	10 cents
Dividend per share	—	30 cents

Demand for antimony concentrates was reasonably firm for the first six months of 1980 but, during the latter half of the year, sales ceased almost completely. However, demand for the six months to 30 June 1981 has improved with sales volumes approximately half of those achieved in the corresponding period of the previous year. The after tax profit for the year to 31 December 1980 before transferring R2,6 million to non-distributable reserves in respect of capital expenditure amounted to R1,5 million.

INDUSTRIAL INVESTMENTS

INVESTMENT COMPANIES

ANGLO-TRANSVAAL INDUSTRIES LIMITED
Industrial investment and finance company

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	1 029 108	653 467
Profit after taxation	62 713	43 258
Earnings per share	236 cents	186 cents
Dividend per share	14 cents	34 cents

In the buoyant conditions encountered in the economy during the past year all group companies, except Denver Metal Works (Pty) Limited, performed satisfactorily. Profit gains were augmented by the contributions from Grinaker Holdings Limited, Bakers South Africa, Limited and R I S A Investments (Pty) Limited, the newly acquired subsidiaries which were consolidated for the first time from their effective dates of acquisition. Since the beginning of the 1981 calendar year there has been a slowing down in the economic growth rate and, although it is anticipated that this cyclical trend will persist throughout the current financial year, the industrial group expects to improve profits.

SOUTH ATLANTIC CORPORATION LIMITED
Industrial investment group

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	391 798	321 511
Profit after taxation	18 733	13 908
Earnings per share	98 cents	73 cents
Dividend per share	34 cents	25 cents

The food companies performed well during the year and have begun to benefit from the extensive capital expenditure incurred in the modernisation of plants and facilities in recent years. This should ensure further profit improvements in the current year. The Globe Engineering group, which operates mainly in the marine engineering field, once again experienced difficult trading conditions.

AVGRIN HOLDINGS LIMITED
Industrial holding company

During the year Anglo-Transvaal Industries Limited acquired, through a re-arrangement of its engineering interests, control of Grinaker Holdings Limited, a leading company in the field of civil engineering with diversified interests in other sectors of engineering. The control of this company is exercised through Avgrin Holdings Limited which holds 53 per cent of the ordinary share capital in Grinaker Holdings Limited. The shares in Avgrin Holdings Limited are held as to 72 per cent by Anglo-Transvaal Industries Limited and its subsidiary Globe Engineering Works Limited, and the balance of 28 per cent by Mr O W Grinaker and his family. The results of Grinaker Holdings Limited are shown under the building construction, engineering and allied industries section.

AVTEX HOLDINGS LIMITED
Industrial holding company

Anglo-Transvaal Industries Limited has created a textile division which is controlled through Avtex Holdings Limited, a wholly owned subsidiary. That company has acquired directly from Anglo-Transvaal Industries Limited its 95 per cent holding in South African Fine Worsteds (Pty) Limited and purchased the entire issued ordinary share capital of R I S A Investments (Pty) Limited, which controls textile companies that manufacture fabrics and knitted cloth from which a wide range of ladies

PTO

and men's wear is fashioned. With effect from 1 July 1981 a 50 per cent interest in Gelvenor Textiles (Pty) Limited was acquired. The results of these subsidiaries – other than Gelvenor Textiles (Pty) Limited – are shown under the textile section.

FOOD AND PACKAGING

T. W. BECKETT AND COMPANY LIMITED

Packer and distributor of tea and coffee

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	73 189	66 570
Profit after taxation	[illegible]	[illegible]
Earnings per ordinary share	87 cents	67 cents
Dividend per ordinary share	40 cents	31 cents

More stable commodity prices on world markets enabled the company to absorb increases in the costs of labour and services and it is significant that, at a time when other primary foodstuffs have become progressively more expensive, the company's selling prices were generally kept constant. The sale of higher quantities of the main products, tea and ground coffee, together with a tight control on manufacturing costs, resulted in the improved profit. The capital expenditure programme undertaken at the company's Isando works has progressed satisfactorily and the new production facility for coffee creamer was brought on-stream in the last quarter of the year. The second instant coffee tower is expected to be producing within the next six months.

CEREBOS FOOD CORPORATION LIMITED

Manufacturer and distributor of foodstuffs

The benefits of the first full year of operations since the merger of the businesses of Food Corporation (Pty) Limited and Cerebos (Africa) Limited in December 1979 were reflected in the substantially higher consolidated taxed profit of R1 119 000 (1980: R219 000). Demand for all the company's products was firm throughout the year, but some profit margins were under pressure as a result of raw material cost increases, particularly of agricultural produce. Further improvements in market penetration and profitability are expected in the coming year. Since the end of the financial year the authorised capital of the company has been increased by the creation of a further 1 000 000 ordinary shares of 50 cents each and the issued capital has been increased by 1 461 574 ordinary shares of which 505 945 were subscribed for in cash by South Atlantic Corporation Limited and the balance issued to General Foods (Pty) Limited in exchange for its net trading assets.

BAKERS SOUTH AFRICA, LIMITED

Manufacturer of food products

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	127 282	89 721
Profit after taxation	8 112	4 578
Earnings per ordinary share	282 cents	159 cents
Dividend per ordinary share	100 cents	70 cents

The company, which was brought into the Group with effect from 1 January 1981, has had a successful year of operation with turnover increasing by 42 per cent and profit attributable to ordinary shareholders rising by 77 per cent to R8 020 000 (1980: R4 529 000). Part of this improvement was due to the acquisitions made during the year of a majority shareholding in Pakco (Pty) Limited, which manufactures canned and bottled foodstuffs, as well as the purchase of the remaining 50 per cent of the shares in Wimpy Restaurants (Pty) Limited. Demand for the group's products continues to be strong.

IRVIN & JOHNSON LIMITED

Food processor and distributor

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	[illegible]	199 531
Profit after taxation	[illegible]	6 459
Earnings per ordinary share	32 cents	22 cents
Dividend per ordinary share	11 cents	11 cents

Although the company's total allowable catch of hake has remained constant under the demersal fish quota system, higher sales of products overall resulted in earnings after tax increasing by 42 per cent. The substantial capital expenditure programmes have shown good progress and two new wet-fish trawlers commissioned from a local shipyard to replace obsolete craft, are expected to be fishing within the next few months. The larger tonnages of foodstuffs being handled by the company have necessitated major warehouse and cold store expansions and this will be of particular benefit to the processed foods division. A continuing improvement in profitability is expected in the coming year.

CONCENTRA LIMITED

Producer of white fishmeal

A marked drop of more than 30 per cent in the tonnage of raw material processed had the inevitable effect of reducing the after tax profit for the year to R182 000 (1980: R575 000). This is a direct result of the conservation measures instituted by the authorities to ensure the regeneration of demersal fish resources through the introduction of fish quotas. As it is unlikely that quotas will be increased in the near future, no profit improvement can be expected in the coming year.

CONSOL LIMITED

Manufacturer of glass, plastic and corrugated board packaging and glass tableware and processor of industrial silica sands

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Sales	150 100	111 300
Profit after taxation	16 955	[illegible]
Earnings per share	273 cents	200 cents
Dividend per share	105 cents	75 cents

Consumer spending remained high throughout the year with a sustained demand for the group's products. The favourable business conditions, further product innovations and productivity gains helped boost sales and profit to record levels. The new glass factory at Clayville, the first phase of which is expected to cost R36 million, will commence production during 1982. Although an increased profit is again expected in the current year, the improvement will not be as significant as in the past year.

BUILDING, CONSTRUCTION, ENGINEERING AND ALLIED INDUSTRIES

ANGLO ALPHA LIMITED

Cement, lime, industrial minerals and stone aggregate producer

From consolidated interim report	Six months ended 30 June 1981 R000	1980 (unaudited) R000
Sales	107 271	[illegible]
Profit after taxation	13 257	[illegible]
Earnings per share	41,1 cents	22,0 cents
Dividend per share	16,0 cents	11,5 cents

Favourable conditions in the building and construction industry resulted in an increased demand for the company's products. Results were further improved by increased investment income and the inclusion for the first time of a new subsidiary, Cappa Sacks (Pty) Limited. Cement sales volume increased by 17 per cent, which was in line with those of the industry. As a result of capacity constraints, old facilities were recommissioned. A further improvement in earnings is expected during the next six months. Sales volumes and turnover in the lime and industrial minerals division increased, mainly as a result of additional capacity commissioned. Profits in these divisions improved substantially as did those in the stone division, despite a lower contribution from the sale of gold bearing waste rock. Growth in net earnings for the year should exceed the 20 per cent forecast in the 1980 annual report.

GRINAKER HOLDINGS LIMITED

Civil engineering contractor and engineer

From consolidated financial statements	Year ended 30 June 1981 R000	1980 R000
Profit after taxation	[illegible]	9 510
Earnings per share	[illegible]	180 cents
Dividend per share	80 cents	48 cents

The above results include the profits of National Bolts Limited and Claude Neon Lights (S.A.) Limited from 1 January 1981, the effective date on which these companies became subsidiaries. Activity in the construction industry increased markedly and more realistic margins were available. This division achieved outstanding results and produced record levels of turnover and profit. Order books are at healthy levels and prospects for the current year are excellent. The pre-cast division increased its profit significantly and will benefit from a current expansion to its product base and facilities. The profit of the electronics division declined, due mainly to costs incurred on significant export orders which were anticipated but did not materialise. However, its position in the market remains strong. The coal mining activities have assumed greater significance since the

ANGLOVAAL (210) FM 6/11/81

Planning on coal

Activities *Mining finance house with interests in gold and copper/zinc Holds 43% of Associated Manganese Wide industrial interests are held through Anglo-Transvaal Industries*

Chairman *B E Hersov, deputy chairman C S Menell*

Capital structure *1,78m ordinaries of 50c, 1,78m "A" ords of 50c, 1,5m 5% part prefs of R2, 1m 5% cum red prefs of R2, 373 250 6% cum red prefs of R2 Market capitalisation R259,3m*

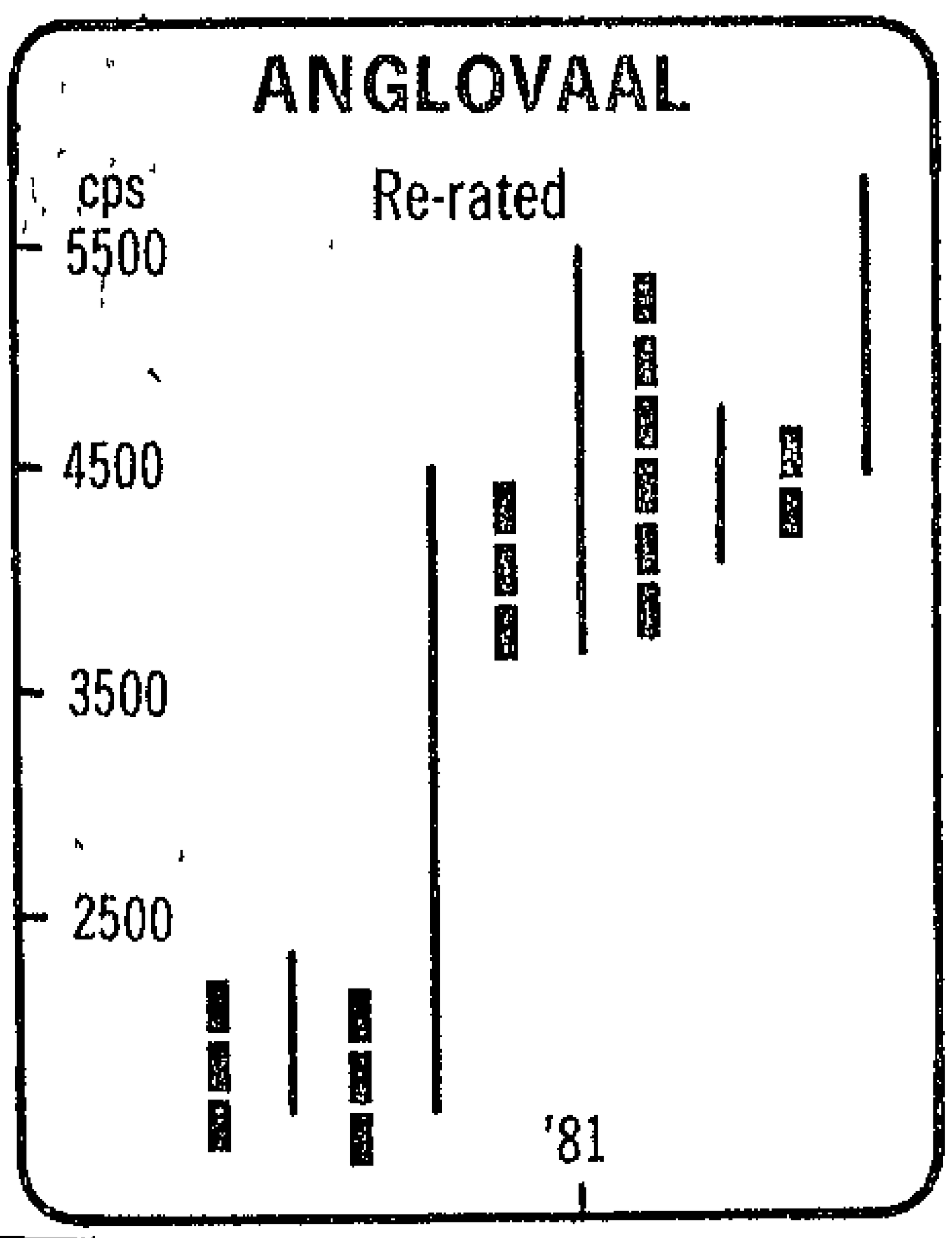
Financial *Year to June 30 1981 Borrowings long- and medium-term, R64 3m, net short-term, R7,6m Current ratio 1,3 Capital commitments R79,1m*

Share market *Price 5 950c (1980-81 high, 5 950c, low, 3 400,, trading volume last quarter, 11 500 shares) Yeilds 18,4% on earnings, 5,0% on dividend Cover 3,7 PE ratio 5,4*

	'78	'79	'80	'81
Dividend Income (Rm)	8 7	13 0	28 3	38 7
Pre-tax profit (Rm)	47 0	67 9	105 1	139 5
Earnings (c)	377	522	879	1 096
Dividends (c)	115	150	230	300
Net asset value (c)	3 772	4 850	8 052	7 842

In each of the past couple of years there has been an indication that the group was in the early stages of evaluating a brand new mining project The 1979 annual report contained information on drilling for a wide range of minerals, some of which SA does not at present produce Last year there was first mention of the eastern Transvaal gold prospect

None of this appears to be coming to much Part of the eastern Transvaal option area has been relinquished because of unsatisfactory drilling results And though base metal drilling results are still being studied,



chairman Basil Hersov says development of a mine is unlikely

As far as new mining ventures are concerned, this leaves the group with coal as its greatest hope (Management of diamond ventures in the northern Transvaal has been turned over to De Beers) At present, of course, the group has no managed coal min-

Anglovaal's Hersov . . coal project in the offing?

ing operations And that may weigh against Anglovaal if the authorities pay attention to the arguments of the country's major coal producers Reasonably enough, perhaps, it is argued that only those companies with large reserves and which supply the low-profitability domestic market should benefit from the next round of potentially high-profit export By no stretch of the imagination does Anglovaal qualify in that respect

The group has applied for permission to produce methanol from coal Presumably this will form part of a comprehensive coal project serving domestic and export markets The cost of such a venture will involve a major funding exercise for the group with, probably, some major adjustments to balance sheet ratios

As Hersov says, the financial structures of the underlying companies have been strengthened over the past few years In part, one supposes, that is so they will not need to call on the parent if and when it is involved in a major new venture To some extent the financial management of Anglovaal has to be done with half an eye to control of the group Raising additional equity funds could threaten the clear control exercised by the Hersov and Menell families (known in the group as the partners) through pyramid Avhold and its holding of voting shares in Anglovaal itself That implies a continuation of the conservative financial management which characterises the group, with gearing matched to internally generated growth in equity capital to ensure no balance sheet strain

There is another aspect to the recent strengthening of the balance sheets of the underlying industrial interests Because of the group's control structure, earnings and dividends take a year or two to permeate to the top, giving management an effective early warning system That implies that over the next three years earnings growth is likely to slow as it moves up through the industrial control chain and that expansion may need to be funded increasingly from additional debt built on currently sound balance sheets

Despite potentially heavy capital calls as and when the coal project gets off the ground, management has not been unduly mean with dividend declarations partly, presumably, under some influence from the rigours of undistributed profits tax This year, however, dividend growth is unlikely to match that of last year There seems little chance that the total payout will exceed 350c, which puts the share on a relatively unattractive prospective short-term yield of 6,3% Purchases are best left to investors who are intent on building long-term portfolios

The same applies to pyramid Avhold which is currently quoted at 660c Its share price and that of Anglovaal have grown rapidly in the past year and fully reflect growth prospects of the next couple of years

Jim Jones

12071 8/16/81

Anglo bids for Shangani

(210)

By JOHN MULCAHY

ANGLO American's Bindura Nickel Corporation of Zimbabwe is making an offer of one new Bindura share for every five Shangani shares in a bid for 100% control of Shangani Mining Corporation.

In terms of the proposed scheme of arrangement announced in Salisbury yesterday Shangani's present shareholders — Johannesburg Consolidated Investments has 48,7% — will hold 17,8% of Bindura's share capital, with JCI holding 8,7%

If the scheme is accepted, Shangani's mining assets, certain mining claims and Shangani's current assets and liabilities will be acquired by Trojan Nickel Mines from Shangani

Shangani will then be sold back to JCI and Anglo American Corporation of Zimbabwe (Amzim) "at a nominal price"

Shangani's sole asset will then be a loan of Z$15 600 000 to Bindura, with liabilities of Z$12 500 000 for loans from third parties and the existing loans of Z$6-million and Z$13 500 000 from Amzim and JCI respectively

In recent years full provision has been made in JCI's accounts in respect of its investments in, and loans to, Shangani Because of the provisions, the proposed scheme wil have no material impact on JCI's net asset value and earnings a share in the current year

Shangani and Bindura share the use of the large nickel refinery near Bindura, and both companies have felt the adverse effects of the depressed metal market

In the half-year to December 1980 Shangani reported a loss of Z$328 000 compared with a profit of Z$697 000 in the comparable period the previous year

Production at that stage was reported to have been below forecast because of the low head grade, and this combined with increased working costs and weakening in the nickel market to depress earnings

The unfavourable factors were still evident this year, although a JCI spokesman said some weeks ago that underground development was continuing at Shangani after the phasing out of open-pit operations

Bindura's taxed profit last year was Z$9 250 000, but forecasts for this year are in the Z$6-million range

Report on mines is welcomed

RDM 8 10 81

(210)

THE Chamber of Mines has welcomed the Wiehahn Commission's recommendations and the Government's acceptance that statutory racial discrimination in the mining industry be abolished

In a statement in Johannesburg yesterday the chamber said it was encouraged that the commission and the Cabinet have accepted that statutory racial discriminations in the mining industry be abolished

The chamber said it welcomed the general thrust of the recommendations

"As with earlier reports of the commission, the Government has indicated its desire to have this change affected through a process of consultation between management and labour

"The Chamber believes this to be appropriate

"It also believes that there is every reasonable chance that change can be negotiated to accommodate the safeguards stipulated in the commission's report and accepted by the government" — Sapa

ASSOCIATED ORE (2,0)

Trading decline

FM [illegible]

Activities *Mining investment and metals trading company closely associated with the Anglovaal group. The directors indirectly control 5[illegible] of the equity*

Chairman *G Sacco*

Capital structure *1,4m ordinaries of 50c. Market capitalisation R43,4m*

Financial *Year to June 30 1981. Net cash R[illegible]m. Current ratio 1,5. Capital commitments R175 000*

Share market *Price 3 100c (1980-81 high 3 200c, low 2 150c; trading volume last quarter 2 200 shares). Yields 9,[illegible]% on earnings, 3,9% on dividend. Cover [illegible]4. PE ratio 10,7*

	78	79	'80	'81
Turnover index*	[illegible]	110	[illegible]	[illegible]
Dividend income (Rm)	1,[illegible]7	1,51	2,16	[illegible]
Trading income (Rm)	3,[illegible]	3,35	[illegible]	[illegible]8
Earnings (c)	219	260	317	[illegible]89
Dividends (c)	90	99	120	[illegible]
Net asset value (c)	3 389	3 736	5 076	7 716

* Base 1978=100

There seem to be two reasons why Assore's shares are rated on a low yield. And neither of them has all that much to do with management quality. The main reason is probably the limited marketability of the scrip followed by expectations that the world's steel industries, on which the company largely depends, cannot remain depressed for ever.

Anything based on management's competence must, however, depend largely on blind faith. The company has always been known for its laconic and minimal reporting standards. Management appears to adopt a take-it-or-leave it attitude to outside shareholders. The fact is that, for the past few years, earnings which do depend on management activity (as opposed to those derived from dividends) have been in a downturn.

The only reason given for this is that demand for steel industry minerals is depressed. Management gives no indication of how each of the main operating mines is progressing nor what the marketing arm, Ore & Metal, is doing to ensure that optimum profits are achieved.

The company has various mineral rights which are turned to account spasmodically. The latest is a tin deposit which is due to start producing concentrates soon. Management makes the strange comment that ore reserves are impossible to estimate. If that is completely correct, funds could be being put to unacceptably speculative use.

No long-term debt is carried and developments are usually funded from internally-generated funds. This is a reflection of management's highly conservative style, but does not necessarily guarantee that assets are being optimally used at all times.

At best, shareholders can look forward to an unchanged dividend this year, with future increases geared as much to the controlling shareholders' needs as to the company's own performance. There are better shares to be bought in the market. *Jim Jones*

Mining men need a new spirit of trust

Argus 9/10/81

(210)

IT was essential that employer organisations and trade unions in the mining industry should come to an agreement in the interests of the country, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday.

Speaking during the third reading debate on the Appropriation Bill, he said adjustments had to be made which had to be reconciled with group security.

Everyone in South Africa had to realise that this was a delicate matter which had to be treated with greatest care.

Employers in the mining industry had to show that they were earnest in giving security to white workers, while the trade unions had to show that they were prepared to negotiate for their members a future free from conflict.

'I appeal for a new spirit of trust and all parties concerned must look anew at the problems in the mining industry,' Mr de Klerk said.

'Nothing will be solved by glaring at each other. What is needed is in-depth discussions.

'Good relations in the industry are essential but they must be fostered by both sides.'

Mr de Klerk said the tremendous expansion in the mining industry would place extreme demands on labour resources.

Earlier in the debate he said the National Party had never stood for the promotion of the interests of whites only, but for the upliftment of all the peoples of the country.

Although urbanisation was a reality, the Government would ensure that through decentralisation, work opportunities were created in an orderly manner for everyone. — Sapa.

R118m Beisa bill for St Helena

RDM

12/10/81 **By JOHN MULCAHY**

BEISA'S mining assets will cost St Helena about R118-million, the estimated value on January 1 this year, which will be settled by R104-million in preference shares and the balance in cash

After the announcement in August that St Helena plans to acquire Beisa's mining assets comes a circular to St Helena shareholders outlining Beisa's prospects, and the implications for St Helena

Beisa shareholders will be asked to consider the creation of preference shares to implement the agreement for the acquisition of Beisa The shares will entitle the holders — Gencor, UC Investments and Anglo American — to a cumulative preference dividend of 85% of the profits derived from the Beisa operation

St Helena will get 15% of Beisa's mining profits, but will pay Beisa 15% of the gross revenue from the sale of metals and minerals in exchange for the mining rights

From the circular it emerges that St Helena has minimised its exposure to the risk of the Beisa uranium-gold operation by reserving the right to suspend mining operations on the Beisa property if it becomes unprofitable

In a further effort to protect St Helena's present shareholders, capital expenditure on Beisa will be determined by the directors of St Helena, and will be funded firstly from cash flow generated from operations in Beisa's initial mining area

If the mineral lease is terminated for any reason, Beisa will be entitled to buy at cost any assets it wishes to retain

Union Corporation, St Helena's consulting engineers, has estimated that considering the "substantial base" which will be provided by contracted uranium sales, and assuming an average gold price of R15 510 a kg ($510 an ounce at a rand exchange rate of $1,06), and "allowing for reasonable escalation in costs", Beisa will operate profitably from the 1982 financial year

The extent of the uranium contract is not disclosed, except that Beisa has "secured a long-term contract covering a substantial portion of anticipated future production of uranium at reasonable prices"

On the same premise, preference shareholders will receive their first dividend in that year, and St Helena will receive R3-million — equivalent to 31c a share — in taxed profit

From surface boreholes — results from 48 are included in the document — Union Corp has calculated an average value of 0,77 kg/t of uranium and 2,2 g/t of gold over a milling width of 120 cm, taking into account dilution from the footwall and the hanging wall

Beisa has developed 1 582 metres on reef, exposing an average sampling value for uranium of 109,3 cm kg/t, and 294 cm g/t for gold, confirming the borehole averages

At the mine's planned annual production of 1 200 000 tons from the reef included in the evaluation of the initial mining area Beisa's life is estimated at 26 years

A Johannesburg mining analyst, while noting that there are still some gaps in Beisa's projections, has estimated that at a gold price of $400 an ounce, Beisa would have to sell its uranium at less than $12 a pound to eliminate any return for St Helena

This estimate, however, assumes that Beisa has contracted 80% of its uranium output If the proportion of uranium sold on contract is 60%, the uranium cut-off price is $16, which is still well below the current uranium spot price

By the end of July, R140 700 000 had been committed on Beisa, of which R133 900 000 has been paid by the mine The cost of bringing the mine to production is estimated at R180-million

The capital expenditure from January is regarded as having been funded by Beisa, by bridging loans to St Helena

The value of the assets acquired by St Helena, according to the circular, and the cash spent on capital expenditure since the effective date of acquisition, January 1, are deductible from St Helena's income for mining tax

This means that St Helena will not be liable for mining tax in the year to December 31, and the tax reduction will be used to repay the bridging loan to Beisa, so that there is no adverse effect on St Helena's cash flow

(210)

Minorco to go higher

RDM 12/10/81 (210) [illegible]

LONDON. — Minorco expects a significant rise in earnings in the year to June 30, 1982, says the chairman, Mr Harry Oppenheimer

The company had net earnings in 1980-81 of $171 800 00 — up from the not comparable $114 800 000 in 1979-80

The improvement will primarily derive from Minorco's share in the earnings of Consolidated Gold Fields and Charter Consolidated, he says in the annual report Minorco acquired a 29% stake in Cons Gold and a 36% stake in Charter in February.

Phibro Corporation's trading activities could be greatly extended after the acquisition in August of Salomon Brothers, says Mr Oppenheimer

While Cons Gold should be able to maintain satisfactory results, Minorco's base-metals investments in Hudson Bay Mining & Smelting, Inspiration Consolidated Copper and Zambia Copper Investments will not really prosper until a sustained recovery of the world economy

Johnnies warns on inflation

20M 5/10/81

210 283

Financial Reporter

GOLD will continue to be adversely affected by such factors as the firmer dollar and the present oil glut, but interest in it will be maintained, according to the annual report of Johannesburg Consolidated Investments (JCI)

The directors warn, however, that unless inflation is brought under control in South Africa costs and profits will be hit

They say mine production could be affected soon without drastic changes in labour restrictions

JCI reported a net profit of R97 800 000 (R72 200 000) for the year to June 30, 1980, with earnings a share of 1 373c

Among the points made in the report are

● **THE ECONOMY.** "While a still very satisfactory rate of growth was maintained during the six months ended June 30, 1981, a lowering of the rate will be difficult to avoid during the remaining months of the year and in 1982

"From Johnnies point of view it is essential that the authorities regain control over the rate of inflation was soon as possible

"Internal inflation adversely affects our costs and the significantly lower gold price is beginning to affect mining profit margins

"It is to be hoped that indications of recovery in the world economy will make the slowdown of the South African economy of shorter duration and less painful than the slowdown that followed the decline in the gold price in the mid-1970s"

● **INVESTMENTS** JCI has taken its stake in SA Breweries to more than 20% with another 1 780 000 shares at a cost of nearly R7 900 000

● **GOLD** "Despite fluctuations caused by a recurrence of exchange market uncertainties the dollar remains at a high level compared with a year ago and is being aided by a decline in the rate of inflation in America and by the strengthening of the US balance of payments

"In addition, whereas a year ago oil prices were rising, a glut in supplies, notwithstanding continued turmoil in Iran and the war between Iran and Iraq, is now causing oil prices in the spot market to ease or at least to stabilise.

"As long as such circumstances persist the gold market is likely to be adversely affected

"However, the still unresolved problems of Poland, Iran, Afghanistan and Lebanon will continue to influence gold price movements

"For these reasons fluctuations in the gold price are likely to persist and interest in the metal should be maintained whatever the outcome of government efforts in Western countries to contain inflation"

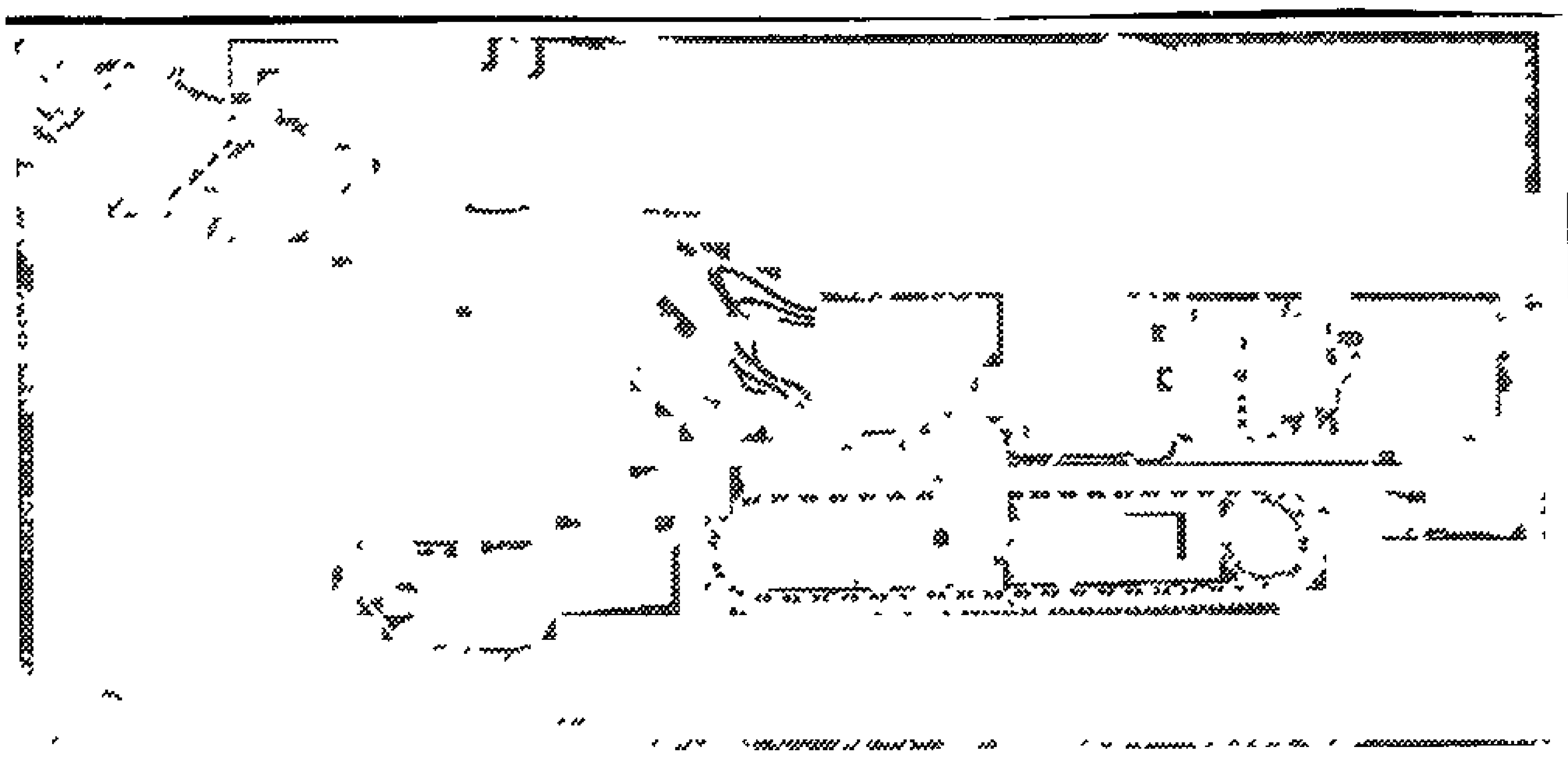
● **LABOUR.** "Unskilled labour (in gold mining) remained in oversupply during the year, but the critical shortage of skilled staff continued

"If production is not to be affected it is essential for the industry to be able to utilise its available manpower resources in the most efficient manner possible.

"This can only be achieved by the removal of the discriminatory provisions of the Mines and Works Act and other legislation affecting industrial relations in the mining industry"

● **URANIUM.** "The situation in the uranium market has remained discouraging notwithstanding the stabilisation of oil prices at an historically very high level"

● **PLATINUM.** JCI remains remarkably coy about the outlook for the metal and for Rustenburg No forecast is made, although the directors are known to see an uncertain time over the next year or so



'The best' for mining

S. Tms Times 18/10/81 (2/10) 63

By Vera Beljakova

COALEQUIP is to distribute the German-made Paurat range of mining and tunnelling machines, considered among the best in the world, according to managing director Roy Lansdown

"We consider them to be the best roadheading and mineral-extraction machines due to their ruggedness — an essential quality for the South African mining industry."

The machines — one is pictured above — are to be used for tunnelling or mining in soft or medium strata, and for this reason are particularly suitable for local coal mining.

A new addition to the range is a trench-cutter for surface work, excavations and trenching for pipes and cables

Anglo pleads for new mines policy in constellation

20/8/81

210

A [illegible] plea [illegible] exploration and mining policy in South Africa's proposed constellation of states has been made by a director of Anglo American, Mr Dennis Etheredge.

He was speaking at a seminar on Alternative Structures of Southern Africa Interaction held by the Institute of Foreign and Comparative Law at the University of South Africa.

Praising the role of transnational companies like Anglo American and De Beers, he said they had played a greater part in the economic development of southern Africa than the colonial powers.

Many countries in the region had chosen socialism after independence and transnational companies — including the mining giants — had been [illegible] had [illegible]

[illegible] n [illegible] [illegible] hindering [illegible] to interference and nationalisation [illegible] place, Mr E[illegible] said.

[illegible] would comprise the South [illegible] the newly independent states and the [illegible] in which the transnationals operated across political boundaries. [illegible] legislation and [illegible] foundation, he added.

"Gold and coal aside, [illegible] mineral [illegible] of South Africa has been fragmented among a number of independent countries and includes such strategic minerals as manganese, platinum and chrome."

Mr Etheredge said the fragmentation of mineral resources had happened at a time when mining [illegible] and [illegible] that only [illegible] mining houses [illegible] the [illegible] and expertise [illegible] to get new mines started.

The concept of [illegible] development [illegible] than [illegible] Prime Minister [illegible] speech at the [illegible] Congress in October last year offers [illegible] for [illegible] and [illegible] and commercial development.

"The standardisation of laws and practices affecting prospecting and the opening of mines, common and fair tax regimes and in the overall the continuance of private enterprise in mining [illegible] ensure that the many political boundaries do not impede the best exploitation of our mineral resources," he said.

A-G gets docket on mine company

Cit. 21/10/81

216

The office of the Attorney General of the Transvaal has received a docket on police investigations into allegations of fraud and theft relating to the collapsed Midwest Mining Securities group of companies.

No decision has yet been taken on whether or not to prosecute.

The police investigation lasted about 18 months.

Midwest Mining, which controlled two unlisted public companies Consolidated Base Mineral Corporation Ltd and Northern Transvaal Consolidated Mines Ltd, sold shares to the public for about R1,5 million.

Most of the shares were sold on the platteland.

The companies were placed in provisional liquidation during the police investigation. They had certain options on claims in the Northern Transvaal.

Midwest Mining Securities and certain related companies received the bulk of the shares in the two public companies, as well as large cash considerations, in exchange for cession of the options to the public mining companies.

RM Props boosts profit by 215% after land sale

RDM 21/10/87

210

By JOHN MULCAHY

RAND Mines Properties, control of which recently transferred to TC Lands from Barlow Rand, boosted taxed profit by 215% in the year to September, mainly as a result of the R13-million land sale to the Government

Earnings rose to 159,1c a share from 50,5c the previous year, and the annual dividend has been raised to 30c from 24c. The directors say that in declaring the dividend particular consideration had to be given to conserve cash resources.

RM Props has to finance the construction of the sand treatment plant at Crown Mines, which is due to be commissioned early next year

While the profit on the transaction with the State for 270 hectares of land for the new National Sports Centre has been included in turnover and profit for the year, only R5-million has been received, with the balance to be paid over the next three years

Turnover rose to R51 753 000 from R31 888 000, and taxed profit amounted to R19 872 000 compared with R6 302 000 in the previous year

Pre-tax profit was R24 833 000 compared with R9 305 000 the previous year, and tax rose to R4 961 000 from R3 003 000 The Government land sale attracted an exceptionally low tax charge, and the overall tax rate dropped to 20% from 32% last year

The dividend absorbed R3 700 000, compared with R3-million in the year to September 1980, leaving retentions totalling R16 011 000 compared with R3 292 000 last year

The high level of retention will combine with loans RM Props has raised from its bankers to finance the sand retreatment scheme

In a further move to provide funds for the Crown Mines project, RM Props has sold its 50% interest in Hewett Avenue Properties (Pty), Hillman Properties (Struandale) (Pty) and Hillman Properties (Waltloo) (Pty) to Barlow Rand Properties (Pty) for R2 250 000, in terms of an agreement which existed between the two companies

The surplus on the disposal of these properties, was R631 000, which has been treated as an extraordinary item

There is an additional surplus on expropriation and sale of land by subsidiary Thesens, of R390 000, while R250 000 has been written off fixed assets owned by the Thesen group

COMMENT: The dividend puts RM Props on a yield of 3,9%, indicating that the market is expecting great things from the sands project

The sand retreatment scheme will start contributing to earnings from next year, but there is a R40-million loan outstanding, and plans to broaden the scope of the dump operation

In the near term shareholders cannot expect any significant growth in dividends, while management warned that there was every possibility of calls for additional capital to finance expansion.

There may at an early stage of proceedings between TC Lands and RM Props minorities have been some hope of an increased offer to shareholders, but there seems little likelihood of this materialising

RM Props remains a speculative issue, but with the financing requirement for the next few years, there is no immediate prospect of bumper returns, and at 760c — down 45c on the previous day — the share seems over-priced

REPUBLIC OF SOUTH AFRICA

GOVERNMENT GAZETTE

STAATSKOERANT

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OFFICE OF THE PRIME MINISTER

No 2195 — 21 October 1981

It is hereby notified that the State President has assented to the following Act which is hereby published for general information —

No 86 of 1981: Mining Rights Amendment Act, 1981.

KANTOOR VAN DIE EERSTE MINISTER

No 2195 — 21 Oktober 1981.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word —

No 86 van 1981 Wysigingswet op Mynregte, 1981

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RDM 21/10/81

210

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'Labour unrest likely to spread'

Sowetan 22/10/??

SOUTH AFRICA was likely to face an increasingly high level of industrial action by workers and much of it would take place outside the official conciliation system.

Business leaders were given that warning yesterday at a conference, by the chief executive of the General Mining Union Corporation, Mr Basil Landau

He said the business community had to accept that the Govenment's dispensation "was not always viewed in the same positive light ... or perhaps even fully understood" by workers

"Some of the people involved in the unions are irremediably hostile to the entire established system," he said

According to him, the unofficial nature of most disputes stemmed from suspicion of offical procedures, but that "an element of political agitation" was involved

Mr Landau commented that a number of multinational companies in South Africa had been "targets for industrial disputes in spite of their good labour relations records"

This had been done for international media exposure and the exertion of pressure by some minority overseas shareholders

Management had to improve its industrial relations.

"It's in everybody's interest to have stable, independent trade unions, and these will only develop if we can make demonstrable progress towards real and fruitful collective bargains"

(210)

RDM 22-10-81

Anglo chief calls for planned change

(327)

By CHRIS FREIMOND

THE chairman of Anglo American, Mr Harry Oppenheimer, last night urged the Government to move boldly towards new dispensations in South Africa and warned of the danger of half-hearted reform.

Speaking at a banquet of the Metals Society in London, Mr Oppenheimer said the situation in South Africa today was more uncertain and fluid than at any time he could remember

It was "extremely important" that the Government move rapidly towards change — particularly in the fields of black education, housing and influx control, he said

Commissions of inquiry which investigated these matters had submitted reports to the Government whose reaction was being awaited with "some anxiety"

While reforms in these areas were of the utmost importance, they could in no way be seen as substitutes for constitutional reform Although this was a highly controversial matter, he believed there was enough common ground between all South Africans to solve the problems

'Conflict'

"Change in South Africa is not going to emerge peacefully and naturally by imperceptible steps, and if it is going to be brought about without violent conflict it should be planned without delay

"I do not believe we can go on as we are Our present constitution no longer corresponds with the underlying facts of power in the country and, therefore, if it is not reformed it will become increasingly unstable," Mr Oppenheimer said

He rejected the opinion of some South Africans that the country's mineral wealth could be used as a powerful and decisive political weapon in a similar way to oil

He said South Africa, like the oil producers, could not afford to withhold her minerals from the market This did not mean, however, that these resources did not have international political significance

Mr Oppenheimer said business leaders were eager to hear what the Prime Minister would have to say when he met them in Cape Town next month

• A copy of Mr Oppenheimer's speech was released in Johannesburg last night

Mineral exports drop for first time in 11 years

STAR 22/10/81 (210)

Mr C T Fenton, vice president of the Chamber of Mines told the National Development and Management Foundation today he expects a modest improvement in the prices of precious metals and base minerals next year.

Towards the end of the year he said he anticipated an increase in the need as well. If this occurs the export sector would again be the forerunner in determining the next upward phase in the economic growth cycle.

Mr Fenton pointed out that for the first time in 11 years, mineral export earnings will show a reduction for this year.

MERCHANDISE

Last year mineral exports were valued at R15,2-million compared to R2 200-billion in 1970.

In 1970 mineral exports including gold accounted for 58,5 percent of South Africa's total mercandise exports but last year they were 76,5 percent of total export earnings.

Figures for the first seven months of this year indicated a fall of about 11,7 percent in total mineral sales and a drop of an estimated 17 percent in mineral export earnings, Mr Fenton said.

Even allowing for some improvement in the second half, mineral export earnings are likely to be about 15 to 20 percent lower than last year.

Sales of diamonds in 1981 so far are down 42 percent on the previous year; gold is currently down by 20 percent and the other mineral sector, which includes platinum, uranium and vanadium, is down 39 percent.

The only major minerals which have enjoyed higher export sales so far this year compared with 1980 have been asbestos, chrome, coal and fluorspar.

Base-mineral prices have remained relatively static mainly because of the stagnant world economic growth and the continued depressed state of the international steel and metal industries. Mr Fenton says he expected an improvement in the major world economies during next year. — Ann Crotty.

Gencor mines step up uranium sales

Grootvlei Black Reef confirmed

RDM 22/10/81 (210)

MARKET speculation over the past few weeks on the discovery of valuable Black Reef at Grootvlei Proprietary Mines — strongly denied by management a month ago — has been confirmed in the General Mining Union Corporation gold mines quarterly reports.

By JOHN MULCAHY

	Tons milled 000s	Yield g/t	Costs R/ton	Costs $ oz	Rev $ oz	Rev R/KG	Net Profit R000s	Profit after capex cents	EPS after capex cents
BUFFELS	840	8,6	53,06	203	427	12 877	26 385	17 327	158
June	850	8,4	48,76	215	482	13 042	30 071	14 882	135
STILS	485	7,8	54,92	235	448	13 354	11 231	8 271	63
June	462	7,7	53,72	258	488	13 141	11 625	10 084	77
GROOTVLEI	435	3,8	26,97	237	437	13 045	4 792	3 945	34
June	435	3,8	25,52	249	484	13 041	5 027	4 114	36
KINROSS	420	6,0	31,78	175	425	12 813	10 100	7 729	43
June	410	5,8	30,55	195	482	12 982	8 137	6 946	39
WINKELS	535	6,5	27,19	138	427	12 837	13 907	11 844	97
June	530	6,5	25,40	145	485	12 988	13 142	12 112	99
BRACKEN	255	3,5	28,12	265	427	12 822	2 964	2 707	19
June	240	3,6	28,00	286	483	12 974	2 359	2 042	15
LESLIE	305	3,4	29,13	281	426	12 788	3 123	2 349	15
June	315	3,2	27,28	318	485	12 974	2 886	2 158	13
MARIEVALE	174	1,7	17,23	336	440	13 161	500	500	11
June	240	1,3	12,19	326	460	12 447	537	537	12
ST HELENA	540	7,4	33,33	151	431	12 990	15 729	13 105	136
June	530	7,2	31,92	162	474	12 908	16 158	11 711	122
UNISEL	270	6,9	35,29	172	433	12 834	14 617	13 825	49
June	255	6,7	33,80	192	500	13 111	13 475	12 564	45

Grootvlei's directors say exploratory work at No 8 shaft has exposed encouraging values on the Black Reef horizon, and work is continuing on a fuller evaluation of the extent and potential of this reef

Another significant bright spot in the Gencor reports is the performance of uranium producer Chemwes, which almost doubled net income to R12 649 000 from R6 559 000 in the June quarter, mainly as a result of additional sales

Income for the September quarter is 17% higher than that for the first six months

Chemwes sells 80% of its output on contract to one consumer, so it must be assumed that the company has found a market for some, or all, of its remaining production

The implications of Chemwes's performance are positive for Stilfontein, which has an 85% interest in it Chemwes earnings for the September quarter represent 83c a share for Stilfontein shareholders

Stilfontein received a maiden dividend of R3 400 000 from Chemwes in the June quarter, and there is now every reason to expect another payment of at least the same size before the end of the year

Six of Gencor's 10 operating mines improved distributable earnings (after capital expenditure), Buffelsfontein leading the way with an increase of 17% to 158c a share from 135c

The Cinderella performers in the group were West Rand Cons and Marievale At West Rand Cons uranium production stopped on August 23 and the plant was placed on a caretaking basis

According to the directors, the changeover to gold production only was carried out more smoothly than was expected However, it was left to State aid to keep the mine in the black, and even with assistance taxed profit amounted to a paltry R51 000 — R938 000 in the June quarter

After capital expenditure West Rand Cons produced a loss of R215 000 against a profit of R726,000 in the previous quarter

Marievale's tonnage dropped to 174 000 from 240 000, but the grade improvement kept gold production up Taxed profit fell to R500 000 from R537 000

The mine is reducing the tonnage contribution from the surface dump by half because of the lower gold price and the need to reduce plant throughput to carry out essential repair work

There is no further reference in the report to the Marievale chairman's warning earlier this year that if gold fell much below $500 an ounce underground operations would cease and clean-up operations would begin

BUFFELSFONTEIN reduced capital expenditure to R9 058 000 from R13 243 000, and increased uranium working income by 64% to R4 860 000 from R2 958 000 Tribute payments increased by 27% because of increased mining in the Lucas Block and South-vaal tribute areas Net deficit on tribute and royalties rose to R6 175 000 from R4 872 000

STILFONTEIN throughput rose to 485 000 tons from 462 000 tons and grade improved to 7,8 g/t from 7,7 g/t Capital expenditure almost doubled to R2 960 000 from R1 541 000 The mine averaged a gold price of $448 an ounce over the quarter, substantially higher than any of the other producers this quarter, and actual receipts rose by 1,6% to R13 354 from R13 141 a kg

GROOTVLEI'S big news is the Black Reef development Cons Modder, which shares the mining leases over Geduld and East Geduld with Grootvlei, has reported *in situ* head grades of around 15 g/t on its portion of the Black Reef

Whether Grootvlei will find material of a similar value remains to be seen, but the market has given it a vote of confidence in anticipation The share has consistently outperformed comparable issues on the JSE in recent weeks

KINROSS had a good operating quarter, with tonnage and grade up and taxed profit 24% higher than in the June period But capital expenditure more than doubled to R2 371 000 from R1 191 000, resulting in a modest rise in earnings after capital expenditure to 43c a share from 39c

At September 30 the mine's available ore reserve was calculated at 5-million tons at an estimated gold price of $482 an ounce and at an average gold value of 6,5 g/t

UNISEL was also among Gencor's better performers in the September quarter, with tonnage and grade up, although unit working costs rose by 4,4% At September 30 the mine's calculated available ore reserve was 3-million tons on the Basal Reef at an estimated gold price of $482 an ounce and gold values averaging 7,3 g/t

ST HELENA increased earnings a share after capital expenditure by 11,5% to 136c from 122c, and has distributable earnings of R55 214 000 for the year to September 30, equivalent to 574c a share

Capital expenditure was sharply down to R2 624 000 from R4 447 000, and there are commitments of R16 617 000 for contracts

WINKELHAAK improved taxed profit by 6% over the quarter, but capital expenditure rose to R2 063 000 from R1 030 000, leaving distributable earnings a share slightly down

LESLIE increased its working income on gold marginally in spite of a fall in tonnage, but the average grade rose to 3 4 g/t from 3,2 g/t

Capital expenditure rose to R774 000 from R728 000 in the June quarter, and there is a total of R3 263 000 approved but not spent A total of R2 938 000 has been approved by the Government Mining Engineer for 1981 in terms of the Gold Mines Assistance Act

The available ore reserve has been calculated at 2 900 000 tons, using an estimated gold price of $482 an ounce for the pay limit at an average gold value of 4,8 g/t

BRACKEN'S slight grade decline was offset by a rise in mill throughput, and earnings rose by 27% The ore reserves at September 30, based on a $482 gold price, show a grade of 5,2 g/t with 2 400 000 tons immediately available

By the end of September R156 776 000 had been spent on BEISA Mines, with net expenditure for the quarter R24 083 000 Equipping of No 1 shaft is complete and station construction and equipping on 3,4 and 5 levels is in progress.

BEATRIX expenditure to the end of September totalled R54 818 000, with next expenditure over the quarter R21 584 000 No 1 shaft has reached a depth of 74 metres,

Mineral exports down first time in 11 years

RDM 23/10/81

210

By JOHN MULCAHY

SOUTH Africa's mineral export earnings this year will fall for the first time in 11 years. They will be 15% to 20% lower than in 1980, led by a decline in sales of diamonds, gold and other precious metals

Mr Colin Fenton, vice-president of the Chamber of Mines, and deputy-chairman of Gold Fields of South Africa, told the National Development and Management Foundation Business Outlook conference in Johannesburg yesterday that demand for minerals, and particularly base-mineral products, tended to reflect the economic performance of the major industrialised nations

With no sustainable international economic recovery likely until the second half of 1982, no major increase in demand for most of South Africa's mineral products could be expected until late next year

He was "reasonably certain", however, that the gold market had begun a new upward cycle, and that gold would make a positive contribution to increased mineral export earnings next year

Declining prices had been the main cause of SA's weaker mineral export performance this year, with the gold price averaging R398,38 an ounce for the first eight months of 1981 compared with R447,01 for the same time last year

Stagnant

Figures from the Department of Mineral and Energy Affairs showed that in the first seven months of this year total mineral sales fell by 11,7% and export earnings fell by 17% from January to July

Base-mineral prices had remained relatively static, in many cases signifying declines in real prices "due mainly to stagnant world economic growth and the continued depressed state of the international steel and metal industries"

Diamond sales had fallen by about 42% this year, the value of gold was down by 20%, and "other minerals", including platinum, uranium and vanadium, were 39% lower than they were last year

The only minerals which have enjoyed higher export sales this year were asbestos, chrome, coal and fluorspar

From 1970 to 1980 mineral exports rose from R2 200-million to R15 200-million, with an increase each year until now

Mineral exports, including gold, accounted for 58,5% of SA's total merchandise exports in 1970, and by 1980 this figure had risen to 76,5%

Mr Fenton said he was "cautiously optimistic" that a fairly widespread economic revival would begin in the second half of next year

The current export-led revival of certain European economies would expand, and tax cuts in the US would ultimately stimulate growth Japan would continue to be a prime economic performer

Lower interest rates were a possibility, and would induce a more favourable climate for investment in precious metals and other hedging mineral commodities

"I would not, however discount the possibility of more volatile interest rates, particularly associated with crowding out in the tight financial markets in the US, which could make trading in precious metals fairly precarious and lead to some fluctuation in prices"

Several forecasts for the world steel industry indicated a revival in production next year, and it was to be hoped that SA would be able to sell its minerals related to steel, metal and ferro-alloy production in more favourable markets next year

Coal second

Coal export earnings totalled R488-million for the first seven months of this year, said Mr Fenton — more than 30% higher than in the same period last year — and were expected to comfortably exceed R800-million by the end of the year, placing coal second to gold as SA's main export earner

There were, however, some signs of slackness in the world coal market, and maintenance of real export earnings from coal "would be "perfectly satisfactory" under current market conditions

The improved economic performance of the major countries should assist industrial demand for gold in 1982, said Mr Fenton Demand for low-premium gold — in jewellery or small gold bar form in the Middle and Far East — had shown signs of strong recovery in recent months

It was estimated that demand for low premium gold in the Middle East could exceed 200 tons this year, and a similar amount could be bought in the Far East, with 120 tons being imported by Japan alone

Prospects for lower interest rates next year, especially in the US, and a consequent decline in the dollar's value, should signify an improved investment climate for gold

A major factor influencing sentiment in the gold market next year would be the report of the US gold study commission, expected in mid-1982

"The groundswell of opinion in Washington suggests that unless some sign of improvement in the US economy, particularly a fall in interest rates, is forthcoming in the near future, then the potential for some use to be made of gold in US domestic policy will be considerably enhanced"

EDM (210) 28/10/81

Black Mountain has record quarter profit of R14-million

By ADAM PAYNE

BLACK Mountain Mineral Development Company, in which GFSA is the major partner with Phelps Dodge Corporation, had its best quarter ever in September with a net profit of just under R14-million, or 55% of the earnings for the nine months to September

The June quarter profit was only R5 661 000

Since Black Mountain will be a significant earner in GFSA's portfolio the revenue figures are now important, totalling R76-million for the nine months against a GFSA estimate at the beginning of last year of R110-million a year

If revenue maintained at R25-million in the current quarter, the mine will be just below target

GFSA holds 49,98% of Black Mountain, Vogelstruisbult as 1,02% and Phelps Dodge 49%

In the September quarter milling was increased to 300 000 tons (292 000 tons) but the mine produced less metal in concentrates than in December Only copper production was higher

Lead was lower grade and total lead production was 23 878 tons (27 619 tons)

Silver grade was also marginally lower resulting in lower silver production.

Sales of silver and lead were considerably higher than production Lead sales totalled 38 624 tons (24 946 tons) compared with production of 23 878 tons

This increase in sales was due to the shipping schedule. If concentrates are sold cif the sale in reflected on delivery As a result, a 10 000 tons shipment can be included in a later quarter than expected

The progressive figures of production for the nine months to September at 75 790 tons of lead, 3 422 tons of copper, 15 733 tons of zinc and 111 tons of silver are approximately on target.

With higher silver, lead and especially zinc prices in the quarter, compared with June, and the the rise in sales there was a big jump in sales revenue to R36-million(R22-million) The cost of sales was higher at R18-million (R13-million) and finance costs were slightly up

The company repaid loans of R15 200 000 in the quarter to total R23 900 000 repaid in the nine months Outstanding loans totalled R98-million at September 30

Capital spending was low in the quarter at R1 969 000 and the unexpended balance of authorised capital spending at September 30 was low for such a big mine at R4 300 000

The mine has done well so far Its profitability rests on lead, zinc and silver prices. The silver price is down on the level at the beginning of the year It is now 496p an oz in London against 657p at the beginning of the year

A continuing surplus of lead and zinc metal was forecast for 1982 by the reliable International Lead-Zinc Study Group (ILZSG) at its annual meeting in Geneva this month

Free World lead consumption is expected to increase 3% next year to 4 030 000 tons from a projected 3 900 000 tons this year

Total metal production, including secondary output, is expected to total 4 080 000 tons in 1981 and 4 280 000 in 1982 resulting in a surplus of about 250 000 tons

ILZSG forecasts that Socialist countries will import 100 000 tons of lead in concentrate and 140 000 tons of lead metal from the Free World in 1981 and 1982

The production figures assume full output from mines and smelters, with no labour disruptions

Zinc consumption is expected to increase from 4 480 000 tons this year to 4 680 000 tons in 1982 Zinc mine production is expected to reach 4 970 000 tons in 1982 from 4 570 000 tons this year, due to increase mine capacity in North America and Australia plus expected full resumption of work at mines where strikes are now holding up production.

Metal production should increase next year by 200 000 tons to 4 780 000 tons However, the zinc concentrate market should remain tight because of exports to Socialist countries and zinc-oxide production.

ILZSG added that 1982 consumption levels will reflect the course of the year's economic activity and production forecasts have seldom been fully achieved

High tin price boosts Rooiberg Tin

By ADAM PAYNE

ROOIBERG Tin, with a much higher tin price in the September quarter, ending at £8 215, compared with £6 365 at the end of June, had a good quarter

Earnings a share after capex were 27c An interim dividend of 30c was declared in June Earnings a share after capex for the nine months to September total 40c

The weakening of the pound against the rand in the quarter was an adverse factor but overall production, sales and profit were better than in June

There was an improvement in grade so that tin metal production in gravity and flotation concentrates was higher

Smelter production rose considerably to 532 tons (396 tons) because the mine started smelting flotation as well as gravity concentrates

Sales of tin in concentrates and tin metal were down slightly but the better price resulted in gross profit a ton sold being well up at R4 248 (R2 511)

Total gross profit rose to R1 967 000 (R1 218 000) but tax jumped to R460 000 against a credit of R11 000 in June to leave after-tax profit at R1 606 000 (R1 352 000)

Union Tin's results were greatly improved over June Production was steady at 94 tons (100 tons)

Sales vary with shipments and were slightly down Sales revenue a ton was higher as were costs of sales a ton to result in gross profit of R3 068 a ton (R906 a ton)

Profit after higher tax rose to R209 000 (R155 000) and earnings a share after capex were 5,75c

Earnings a share for the nine months were 11c A dividend of 5c was declared in June

Apex pays 70c interim in steady quarter

By ADAM PAYNE

APEX Mines, the shares of which have risen from 3 875c at the beginning of July to 5 150c yesterday, had a steady September quarter with earnings a share after capex totalling 283c for the nine months to September 30

An interim dividend of 70c has been paid leaving 213c for distribution and assuming similar or slightly higher earnings in the current quarter to those in the last quarter of 87c, the total at the year-end should be between 300c and 320c

The unexpended balance of authorised capital spending at September 30 was R8 900 000 of which R2 600 000 or 133c a share is expected to be spent in the remainder of the year

On that basis, the mine will have about 170c available for distribution at the year-end

Since there is further capital spending ahead next year and as GFSA is conservative in dividend distribution, one might look for a final of, say, 130c to total 200c compared with last year's distribution of 170c

This total would provide a yield of only 3,88% which is just below the average of top-rank coal producers, but above the historic yields of Amcoal and Trans-Natal

Apex's rise in share price has not been explained but my guess is that investors are looking for more than a good performance in production, sales and profits

They could be hoping for an export quota for GFSA under the new programme after 1985 and in such an event Apex could be involved as the GFSA's only coal producer

If the exports are derived from a newly-developed mine on the Piet Retief railway, Apex might still benefit.

In that event it could be possible that GFSA would take out minorities in Apex as Johnnies did with Tavistock However, this is mere speculation but it could be one of the reasons for the strong rise in the share price

The September quarter's figures show a fall in sales largely because power station smalls exports were down This was not because of any production difficulties but arose from shortage of transport to Richards Bay

Domestic sales from No 4 Seam were a little lower and the gross profit was R1-million lower at R2 839 000

Other coal mining revenue, which is from Apex's participation in TCOA exports, was higher and interest and sundry revenue were higher to produce a lower profit before tax of R4 628 000 (R5 220 000) but tax after higher capex was considerably lower at R1 162 000 (R1 758 000) leaving after-tax profit virtually unchanged at R3 466 000

RDM 31/10/81

Minorco — Anglo's finger in many pies

283 216

By NEIL BEHRMANN

LONDON — A report by stockbrokers Rowe & Pitman says Minorco has become the multinational resource company within the Anglo American empire.

In 1970 Minorco's directors decided to "broaden its field of operations and seek new business throughout the world" It then had few interests outside Zambia and its copper industry

Today it is a major natural resource investment company with net assets of more than $1 700-million

It has interests in all continents and covering a wide variety of commodities and industries including base metals, especially copper, precious metals, diamonds, coal, oil and gas, chemicals, fertilisers, commodity trading, mining and industrial finance

Many of these investments were acquired in the past year after two major reorganisations of the Anglo American group

"It is the principal vehicle for the group's overseas expansion and has created a company large enough to operate independently," says Rowe & Pitman, which is closely connected with Anglo

Minorco's main quoted investments are Zambia Copper Investments in which it has a 50% holding, Hudson Bay Mining (44%), Charter Consolidated (36%), Consolidated Gold Fields (29%), Engelhard Corporation (27%), Phibro Corporation (27%) and Francana Oil & Gas (17%)

Interests in unquoted companies include Anglo American Zimbabwe (47%), Plateau Holdings, which has US copper and coal interests (50%), Trend International, an oil exploration company (43%), and Australian Anglo American (30%)

Rowe & Pitman says Minorco intends to remain an investment holding company

"It does not intend to become an operating company, nor does it seek to manage any of the companies in which it is invested"

Last year several influential American and European businessmen were appointed to Minorco's board These include Mr C E Ritchie, chairman of the Bank of Nova Scotia, Mr Walter Wriston, chairman of Citicorp, Mr H J Schreiber, managing director of Dresdner Bank, and Mr Felix Rohatyn, senior partner of Lazard Freres

Major shareholders of Minorco are Anglo American with 43%, De Beers 23%, Charter 10% and Customers Company Inc 5%

This leaves 19% for outside shareholders, showing that Minorco is a tightly held share

Rowe & Pitman estimates that in spite of the minerals slump net profits will rise in the year to June 1982 because a year's contribution from Charter and Consolidated Gold Fields will be included for the first time

But the stockbrokers estimate that earnings a share will decline from 155 US cents to 122c because the share capital has been diluted by nearly 60% The dividend, however, should rise from 22c to 30c

The net asset value on October 12 was $10,83 — a marginal premium over current market prices on the Johannesburg Stock Exchange

"Minorco has entered a new phase in its life in which it is starting to take a much more active part in the development of its interests," says Rowe & Pitman

It has already made two acquisitions in partnership with Hudson Bay Mining and Sovereign Coal

Recently Phibro, the international commodities trading concern, merged with Salomon Brothers, the renowned New York financial house.

Copper remains an important element of earnings and Rowe & Pitman believes when that market recovers, copper will boost Minorco's profits materially Minorco has a 20% interest in Brazil's gold operations which are expanding rapidly

TC Land's Petersen .. counting on coal

extend the life of the veteran gold producer. If the mine fails to generate sufficient funds internally, TC Land may feel it necessary to provide short-term funding For the moment, establishment of gold mining operations at the Barberton prospect is not an important factor in the capital spending plans mix

By way of contrast, the company's two quoted coal subsidiaries, Witbank Colliery and Welgedacht, both have growth potential this year Witbank is gradually increasing deliveries to the Duvha power station And during the present year the 50 50 Rietspruit export coal joint venture between TC Land and Shell should approach full capacity Chairman Tony Petersen is counting on these three interests to provide most of the thrust of any profit improvement this year And in the longer term he hopes that there will be further growth based on new sales to Escom and greater export allocations

Petersen believes that things cannot get any worse as far as the remaining base minerals interests are concerned But he seems to believe that gold dividend receipts will be lower than last year Even so, he says that earnings will grow at a faster rate than last year's pedestrian 5,7%

Last year, deferred tax provisions had a large effect on earnings and, because of the impact of this large non-cash item, management felt that dividend cover could be reduced safely This year, capital spending is slated at R112m and a further dividend cover reduction seems unlikely The best that can be expected unless trading conditions improve for the non-coal interests — including newly acquired RMP — is a dividend increase to 300c But that may be verging too far on the optimistic

At its present price of 6 000c, the share thus yields a prospective 5% or below and looks less attractive on near-term income considerations than the quoted coal subsidiaries However, the lack of near-term income attractions need not be a drawback as far as longer-term portfolios are concerned

Jim Jones

ad nutritional education, and to teach vegetable gardeni
t is hoped that the guardians will then be better equipp
prevent a relapse in their children's condition on ret
me and that the guardians will pass on their acquired
owledge to others, so having an effect on their communi
a whole.
In order to evaluate the effectiveness of the NRU's,
llow-up studies were carried out at Holy Cross Hospital
ere a nutrition unit was started in 1969, and at Rietvle
spital where a nutrition unit was started in 1973.
Holy Cross Hospital is situated in the Flagstaff dis
f Transkei. The children in the follow-up sample came f
llages within a radius of approximately 60 km from the
ospital. Medical services are provided by the hospital,
ne permanent outlying clinic and by mobile clinics which visit
patterns are of

TC LAND

Coal powered

FM 4/12/81

Activities *Mining investment and exploration company which is 63%-owned by Barlow Rand Main investments are Witbank Colliery (70%) Welgedacht (71%) and Harmony (17%) Has extensive chrome and base mineral interests*

Chairman *T C Petersen*

Capital structure *8,6m ordinaries of R1 Market capitalisation R518m*

Financial *Year to September 30 1981 Borrowings long- and medium-term R61,7m, net short-term, R46,1m Debt equity ratio 33,0% Current ratio 0,87 Group cash flow R131,7m Capital commitments R189,4m*

Share market *Price 6 000c (1980-81 high 6 950c low 3 800c trading volume last quarter 24 000 shares) Yields 13,1% on earnings 4,3% on dividend Cover 3,0 PE ratio 7,7*

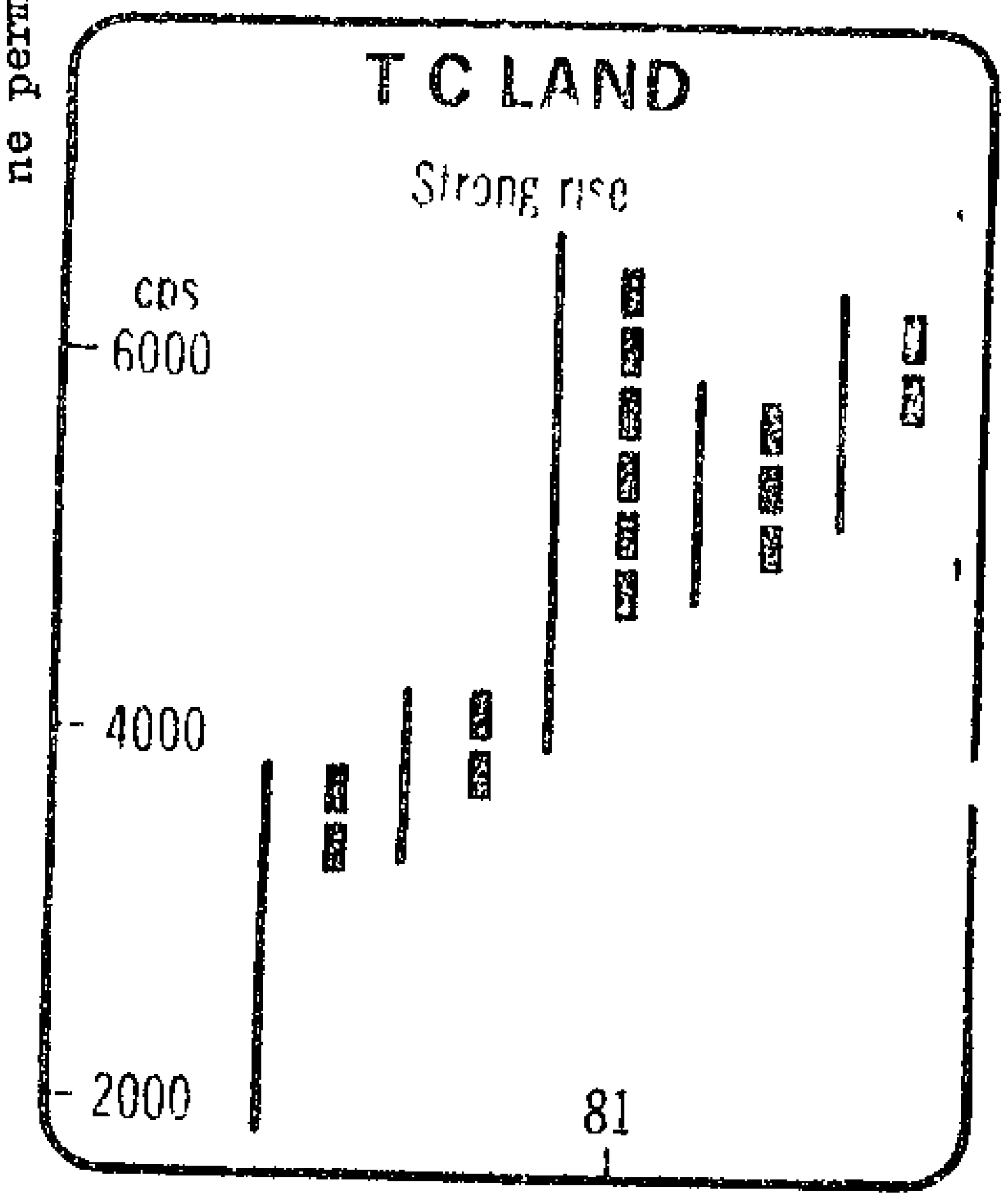
	78	79	80	81
Turnover (Rm)	141,6	97,1	281,0	380,0
Pre-tax profit (Rm)	56,5	65,6	91,0	113,6
Earnings (c)	367	450	715	785
Dividend (c)	110	135	215	260
Net asset value (R)	17,9	26,6	16,8	38,6

After a year in which the company made considerable progress TC Land's shares are trading lower than they were at the same time last year The market still puts a justifiable premium on the company's shares but at this stage of the economic cycle a case could be made for switching out of the top company into one or other of the less problematic subsidiaries

Diversification is all very well but there is sometimes little reason for investing in a diversified company when only one or two of the divisions are better than just marginally profitable

In something of a retrogressive step management has decided not to tell shareholders how each of the individual base mineral operations is progressing In 1980 for example it was disclosed that newly-acquired Marico Fluorspar made a loss of R712 000 in the nine months it was managed by TC Land Despite optimism at the end of 1980 and technical improvements which allow greater tonnages of higher grade ore to be treated last year's results were well below expectations Presumably that means management has not yet been able to stop operating losses

Then there is the aborted venture into asbestos In 1980, asbestos contribution was sharply lower It now seems that in financial 1981 management was unable to capitalise on the virtually guaranteed markets for crocidolite it acquired along with Everite's asbestos operations The asbestos interests



are being sold to Gefco at a price much lower than the assets cost and it is a fair assumption that asbestos results were again poorer

Overall the contribution of base minerals to attributable profit rose marginally to R3,37m (R3,3m) So there appears to have been something of an improvement in the results of the three chrome mines Even so taking a medium-term view prospects for a significant revival are poor until world steel markets recover strongly

Effectively, then the company's near-term prospects depend almost entirely on gold and coal With the exception of Blyvoor the managed mines are low-grade and highly geared to gold price movements At least for the first six months of the current financial year gold-sourced income will be at best static and at worst in a decline

In addition ERPM is engaged on a major capital programme to expand capacity and

2 Regulasie 2 van die Regulasies word hierby gewysig deur die woord "Sekretaris" deur die woord "Direkteur-generaal" te vervang

3 Bylaes A, B, C, D, F en G van die Regulasies word hierby gewysig deur die woorde "Sekretaris van Mynwese" oral waar dit voorkom deur die woorde "Direkteur-generaal: Mineraal- en Energiesake" te vervang

DEPARTEMENT VAN MINERAAL- EN ENERGIESAKE

No R 2703 11 DESEMBER 1981

WYSIGING VAN REGULASIES

WET OP MYNE EN BEDRYWE, 1956 (WET 27 VAN 1956)

Die Staatspresident het kragtens artikel 12 van die Wet op Myne en Bedrywe, 1956 (Wet 27 van 1956), die regulasies in die Bylae uitgevaardig

BYLAE

1 In hierdie regulasies beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing R 992 van 26 Junie 1970, soos gewysig by Goewermentskennisgewings R 303, R 304 en R 305 van 1 Maart 1972, R 1346 van 4 Augustus 1972, R 2101, R 2102 en R 2103 van 15 November 1974, R 513 van 1 April 1977, R 1189 van 8 Junie 1979, R 537 van 21 Maart 1980 en R 2227 en R 2228 van 31 Oktober 1980

2. Hoofstuk 1 van die Regulasies word hierby gewysig—

(a) deur die volgende omskrywing na die omskrywing van "ontplofbare stof" in te voeg

"(25A) 'outomatiese hysinstallasie' enige hysmasjien of ander toestel vir die vervoer van persone, materiaal of delfstowwe deur middel van 'n hyshok, skip of ander soort vervoermiddel in enige skag of daalgang waar die dryfmasjiene normaalweg outomaties gewerk word sonder dat 'n drywer teenwoordig is, maar sluit nie enige hystoestel, hyser, stoelhyser, ringtouvervoer of skraperwenas-aanleg in nie, (1A)",

(b) deur die omskrywing van "drukhouer" deur die volgende omskrywing te vervang

"(9) 'drukhouer' enige houer waarin of in die mantel waarvan 'n druk van meer as 40 kilopascal meterdruk kan heers, maar sluit nie die volgende in nie

(a) 'n Stoomketel,

(b) 'n houer waarin die druk uitgeoefen word deur 'n vloeistof onskadelik vir die houer, waarvan die temperatuur nie die kookpunt van die vloeistof by atmosferiese druk oorskry nie, en met dien verstande dat 'n kussing van gas of damp nie bokant die vloeistof kan ontstaan nie,

(c) die werksilinder of kamer van 'n stoom-, hitte- of lugenjin, of enige oorbringkolom of pyplyn,

(d) 'n vervoerbare gashouer,

(e) 'n houer waarin die maksimum werkmeterdruk 35 kilopascal oorskry maar waarin die produk van die werkmeterdruk in kilopascal en die inhoudsvermoë in kubieke meter nie 10 oorskry nie,

(f) silindriese houers met 'n binnedeursnee van minder as 150 mm, (22)",

(c) deur die woorde "vertikale of skuins weg" deur die woorde "skag of daalgang" in die omskrywing van "hysinstallasie" te vervang, en

(d) deur die woord "hysmasjien" waar dit voorkom voor die woord "ringtouvervoer" in die omskrywing van "hysinstallasie", deur die woord "hystoestel" te vervang

2 Regulation 2 of the Regulations is hereby amended by the substitution for the word "Secretary" of the word "Director-General"

3 Schedules A, B, C, D, F and G of the Regulations are hereby amended by the substitution for the words "Secretary for Mines" wherever they occur of the words "Director-General: Mineral and Energy Affairs"

DEPARTMENT OF MINERAL AND ENERGY AFFAIRS

No R 2703 11 DECEMBER 1981

AMENDMENT OF REGULATIONS

218

MINES AND WORKS ACT, 1956 (ACT 27 OF 1956)

The State President has, in terms of section 12 of the Mines and Works Act, 1956 (Act 27 of 1956), made the regulations in the Schedule

SCHEDULE

1 In these regulations "the Regulations" means the regulations published under Government Notice R 992 of 26 June 1970, as amended by Government Notices R 303, R 304 and R 305 of 1 March 1972, R 1346 of 4 August 1972, R 2101, R 2102 and R 2103 of 15 November 1974, R 513 of 1 April 1977, R 1189 of 8 June 1979, R 537 of 21 March 1980 and R 2227 and R 2228 of 31 October 1980

2 Chapter 1 of the Regulations is hereby amended—

(a) by the insertion before the definition of "banksman" of the following definition

"(1A) 'automatic winding plant' means any hoist or other appliance for the conveyance of persons, material or mineral by means of a cage, skip or other means of conveyance in any shaft or winze where the driving machinery is normally operated automatically without a driver in attendance, but shall not include any lifting machine, elevator, chairlift, endless rope haulage or scraper winch installation, (25A)",

(b) by the substitution for the definition of "pressure vessel" of the following definition

"(22) 'pressure vessel' means any vessel in the interior or jacket of which a pressure of more than 40 kilopascals gauge pressure may obtain but shall not include—

(a) a boiler,

(b) a vessel in which the pressure is exerted by a liquid harmless to the vessel, the temperature of which does not exceed the boiling point of the liquid at atmospheric pressure and provided that a cushion of gas or vapour cannot form above the liquid,

(c) the working cylinder or chamber of a steam, heat or air engine, nor any transmitting column or pipe line,

(d) a portable gas container,

(e) a vessel in which the maximum working gauge pressure exceeds 35 kilopascals but in which the product of the working gauge pressure in kilopascals and the capacity in cubic metres does not exceed 10,

(f) cylindrical vessels with an internal diameter of less than 150 mm, (9)",

(c) by the substitution for the words "vertical or inclined way" in the definition of "winding plant" of the words "shaft or winze", and

(d) by the substitution for the word "hysmasjien" where it appears before the word "ringtouvervoer" in the definition of "hysinstallasie" in the Afrikaans text of the word "hystoestel"

for full text see Gaz